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ECO ANNUAL ECONOMIC REPORT

2024

OVERALL ECONOMIC SITUATION AND TRANSPORT CONNECTIVITY IN THE ECO AREA

CONTENTS

FOREWORD

It is both a privilege and a responsibility to present the *Annual Economic Report for 2024*, a key document that reflects the economic progress, challenges, and aspirations of the Economic Cooperation Organization (ECO). As we stand at the crossroads of a rapidly changing global landscape, the need for deeper economic cooperation, sustainable growth, and shared prosperity among our member states has never been more evident.

In 2024, the ECO continued to serve as a vital platform for fostering regional integration, trade facilitation, and economic collaboration. This report provides a comprehensive analysis of the economic performance across our member countries, offering valuable insights into both the opportunities and challenges that lie ahead.

The world is witnessing significant shifts in geopolitical dynamics, technological innovation, and environmental sustainability. In this context, the ECO's role in facilitating economic cooperation and supporting the development of a robust, resilient regional economy is more critical than ever. Through our shared vision and commitment, the ECO is advancing towards its goals of promoting sustainable development, enhancing trade connectivity, and improving the living standards of our peoples.

The year 2024 marked notable progress across several strategic areas in the region. Connectivity and infrastructure development saw encouraging momentum, with key investments in cross-border transport corridors, rail networks, and digital infrastructure helping to strengthen regional mobility and integration. Environmental sustainability continued to gain prominence, as member states responded to challenges such as climate change, desertification, and water scarcity by adopting green technologies and advancing renewable energy solutions. Agriculture, a cornerstone of many ECO economies, received renewed focus through initiatives aimed at modernizing practices, improving food value chains, and enhancing resilience against environmental shocks.

Trade and investment trends remained encouraging with intra-regional commerce showing signs of recovery. Efforts to harmonize regulations, streamline customs procedures, and reduce trade barriers contributed to a more business-friendly environment. At the same time, digital transformation accelerated, driven by increased adoption of e-commerce, fintech innovation, and digital public services-positioning the region for greater competitiveness in the global economy.

Human capital development also remained central to our shared priorities. Investments in education, vocational training, and healthcare, alongside youth and gender-focused initiatives, played an important role in promoting inclusive growth and social well-being across the region.

As we look ahead to the future, it is our collective responsibility to continue strengthening the bonds of cooperation within the ECO framework, ensuring that we harness the full potential of our shared resources, diverse economies, and strategic location. This report serves as both a reflection of our achievements and a guide for the path forward.

I invite you all to engage with the findings presented within this report, as it lays the foundation for constructive dialogue, collaboration, and innovative solutions that will shape the future of our region.

Asad M. Khan
Secretary General

ACKNOWLEDGMENTS

The preparation of the *Annual Economic Report for 2024* would not have been possible without the valuable contributions and collaborative efforts of many individuals and institutions. We extend our sincere gratitude to all who played a role in the development of this important document.

First and foremost, we acknowledge the unwavering support of the member states of the Economic Cooperation Organization (ECO), whose insights, data, and continued engagement form the backbone of this report. Their strong commitment to regional integration, sustainable development, and shared prosperity continues to drive the success of our collective initiatives.

We also express our deep appreciation to the experts and professionals of the ECO Secretariat, whose tireless work in gathering, analyzing, and synthesizing economic data has been essential to the report's preparation. In particular, we extend our special thanks to Ambassador Silapberdi Nurberdiyev, Deputy Secretary General of ECO, and his dedicated team**,** whose coordination and support have significantly contributed to the quality and comprehensiveness of this publication.

Our gratitude further extends to the national economic and financial institutions, research organizations, and academic bodies across the ECO region. Their critical input, independent analysis, and ongoing collaboration ensure that the report remains both rigorous and relevant in addressing the complex challenges and opportunities facing our economies.

Finally, we thank all our stakeholders-within and beyond the ECO—whose support and engagement have enriched this report and contributed to its successful completion. As we move forward, we look ahead to continued cooperation in advancing the shared goals of economic development, sustainability, and regional solidarity.

Together, we are shaping a future of shared growth and prosperity, and we remain committed to strengthening the bonds of collaboration for the benefit of all our nations.

In the preparation of this report, information was sourced from official government publications, authoritative websites, and data provided by international financial institutions. Accordingly, Member States are invited to propose amendments or updates, should they deem any revisions necessary.

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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 Labour 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 WORLD AND ECO AREA

1. Trade, Investment and Inflation in the World and ECO area in 2024

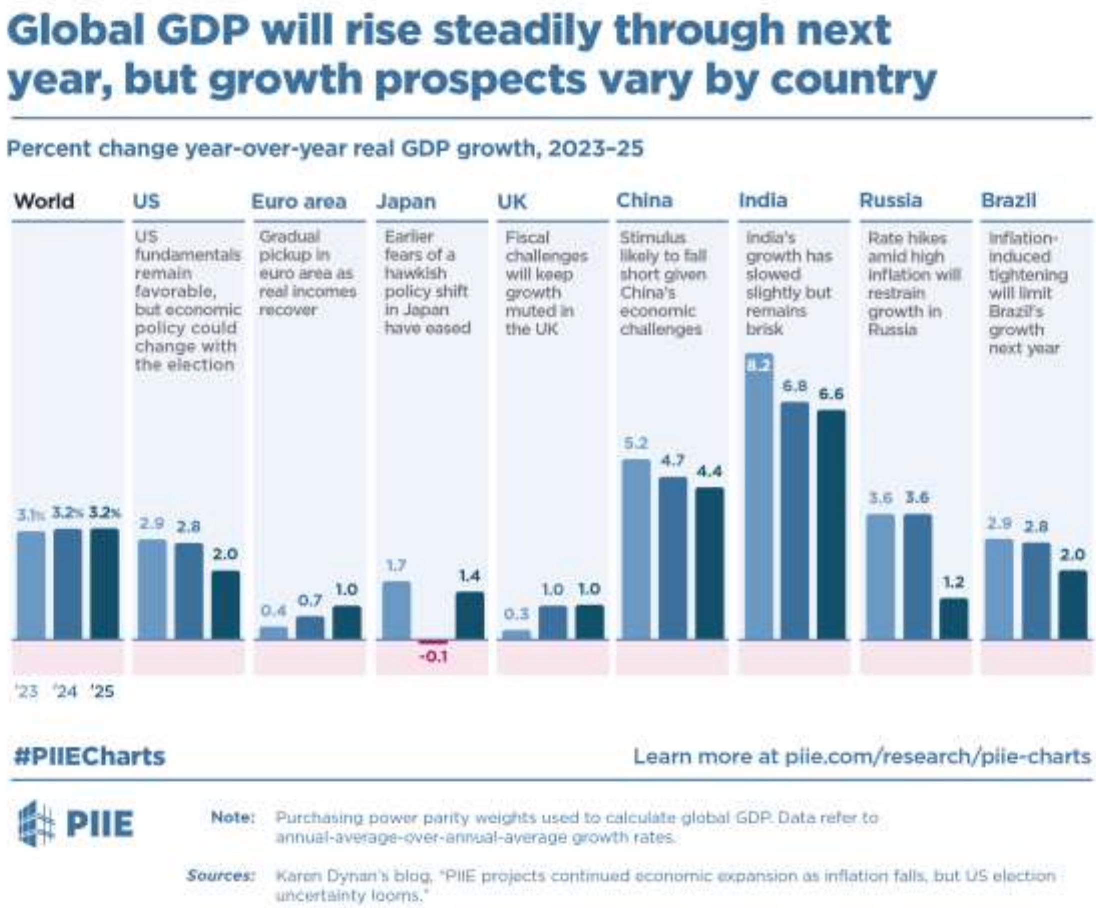
1. After a challenging few years marked by the pandemic, supply chain issues, and inflationary pressures, global economic growth remained subdued in 2024. The International Monetary Fund (IMF) forecasted global growth around 3.2%,[1] slower than the pre-pandemic average.

2. The global economy in the year 2024 was shaped by slower growth, moderating inflation, and challenges such as debt and geopolitical instability.

3. In 2024, global trade experienced significant growth, reaching an all-time high of nearly $33 trillion, a $1 trillion increase from the previous year *(UNCTAD Global Trade Update).*

4. This 3.2% annual growth was primarily driven by a 7% rise in trade in services, contributing $500 billion to the overall expansion. Trade in goods grew at a slower pace of 2%, remaining below its 2022 peak.

[1] https://www.imf.org/en/Publications/WEO/Issues/2024/04/16/world-economic-outlook-april-2024



5. In 2024, global investment experienced a complex landscape marked by both challenges and strategic shifts across various sectors.

6. According to the UN Conference on Trade and Development (UNCTAD), global Foreign Direct Investment declined by 1.5% to $1.5 trillion in 2023, influenced by economic slowdowns and rising geopolitical tensions[2].

7. The International Energy Agency (IEA) reported that global energy investment surpassed $3 trillion for the first time in 2024, with $2 trillion allocated to clean energy technologies and infrastructure. This shift underscores a growing commitment to renewable energy sources, with spending on renewable power, grids, and storage now exceeding investments in traditional oil, gas, and coal.

8. 2024 was a year of strategic realignments in global investment, characterized by a pivot towards clean energy, robust private equity activity, and a reorientation towards international markets. These trends reflect a dynamic investment environment responding to evolving economic, geopolitical, and technological factors.

[2] https://unctadstat.unctad.org/datacentre/dataviewer/US.FdiFlowsStock

9. In 2024, global inflation experienced a notable decline, primarily due to tighter monetary policies and falling energy prices. According to the International Monetary Fund (IMF), global inflation decreased to 5.8% in 2024, down from an estimated 6.8% in 2023.While global inflation rates decreased in 2024 compared to the previous year, the rates remained elevated in certain countries, reflecting a complex and varied global economic landscape.

10. In 2024, the ECO Member States faced diverse economic conditions influenced by regional and global factors. The developing economies of the ECO region experienced a moderation in growth, with projections indicating a slowdown to 3.3% in 2024 from 3.5% in 2023. This deceleration was attributed to factors such as reduced external demand and weaker economic performance in major trading partners, notably the European Union.

11. ECO Member States, like many countries globally, faced fiscal challenges in 2024. For instance, the European Union, which shares several member states with the ECO, experienced a general government deficit of 3.1% of GDP in 2024, with projections indicating a gradual decrease to 2.8% by 2026. This fiscal stance was influenced by factors such as revenue windfalls and fiscal consolidation efforts.

12. Political stability played a significant role in shaping the economic landscape of ECO Member States. In 2024, political challenges in countries with developed economies impacted their economic policies and responses to global economic pressures. These challenges underscored the importance of effective governance in addressing economic issues.

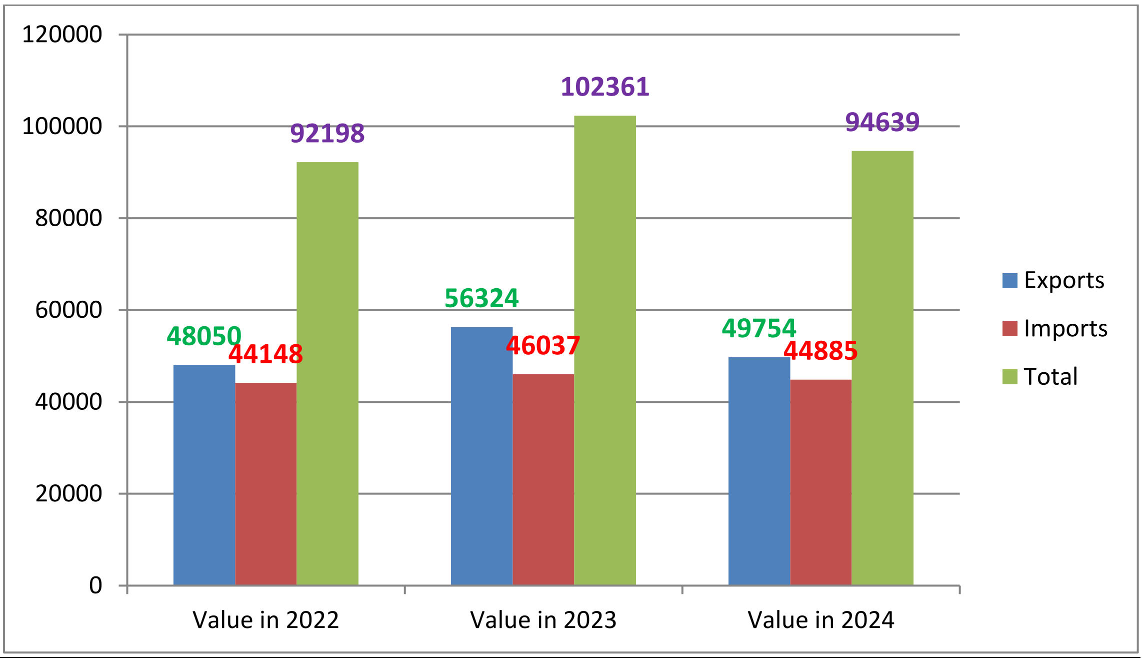
13. The economies of ECO Member states in 2024 were influenced by a combination of global economic trends, fiscal policies, investment in structural reforms, and political stability. Addressing these challenges and leveraging opportunities for growth and development remain critical for the region's economic future.

14. ECO region's contribution to global merchandise trade was recorded at a value of USD 1 trillion 170 billion in global trade in 2023. In 2024, as per data reported so far, the ECO regional contribution to global merchandise trade has recorded a value of USD 1 trillion 76 billion, which constitutes 4.4% of the global merchandise trade in 2024[3]. Likewise the Intra-regional trade within ECO was recorded at USD 102.3 billion accounted for only 8.75% of its total trade with the rest of the world in 2023[4], which increased to 8.8% of region's trade with the rest of world in 2024 with a value of USD 94.6 billion.

[3]https://www.trademap.org/Bilateral_TS.aspx?nvpm=1%7c%7c56416%7c%7c56416%7cTOTAL%7c%7c%7c2%7c1%7c1%7c1%7c2%7c1%7c1%7c1%7c1%7c1

[4]https://www.trademap.org/Bilateral_TS.aspx?nvpm=1%7c%7c56416%7c000%7c%7cTOTAL%7c%7c%7c2%7c1%7c1%7c2%7c2%7c1%7c1%7c1%7c1%7c1

Intra Regional Trade in ECO- 2024 (USD Millions)



Source : ITC web based Too, Trade map

15. Addressing these challenges requires ECO Member countries to prioritize regional economic cooperation, reduce trade barriers, and leverage their collective strengths to enhance both intra-regional and global trade performance.

16. At the same time, Member countries are opening their markets to the international investors and the ECO region has thus become more attractive for investment in the last decade.

17. In principle, the ECO's activities have been focused on reducing the barriers towards an enhanced share of ECO in global economy and increased intra-regional trade through inter alia supporting initiatives aimed at the reduction of tariffs and harmonization of regulations. To serve the above-mentioned goals, the Economic Cooperation Organization Trade Agreement (ECOTA) which had been signed in 2003 and entered into force in 2008, despite its potential role as the pillar of region's trade status change had remained unimplemented. A significant breakthrough occurred in June 2024**,** ECOTA Cooperation Council agreed to recommend to the 5th Ministerial Meeting on Commerce and Foreign Trade to review and amend the ECO Trade Agreement, supplemented with a Negotiation Strategy/roadmap and a Negotiation Committee to deal with technical details. This development is expected to mark a major step forward in making the agreement both implementable and more inclusive as the number of Member States is concerned and will also contribute to accelerating progress toward regional economic integration. The main aim of the ECO remains to actualize the region's potential through deeper and more effective regional cooperation.

18. Second, transportation is one of the areas to be focused to underline the importance of the ECO. Within the framework of the joint projects, the ECO provides a platform for member countries that are already involved in regional infrastructural initiatives.

Regional efforts made by the ECO members on improving trade and transportation through implementation of infrastructural project such as the North-South Transport Corridor, the Trans-Caspian Transportation Route, the China-Pakistan Economic Corridor, Chabahar and Gwadar ports complement each other. All these projects have the potential to function better in parallel with the wider and more comprehensive initiative, namely, China's One Belt One Road (OBOR). Considering the geographical positions of the ECO member countries, it is possible to say that the success of the Silk Road-like projects depends on their desire for cooperation and integration. In that sense, the ground was already established three decades ago. Since 7 out of 10 ECO members are landlocked, so, it is vital for these countries to develop and enhance mutual cooperation in the fields of transportation and communications. Therefore, integration with the international community might be easier via regional mechanisms, sub-regional formations, and adaptability. Hence, in such a context, the ECO may gain momentum in the upcoming years. Secondly, energy resources and energy transportation corridors will be one of the pillars of the ECO in the future. Some of the ECO members such as Azerbaijan, Kazakhstan, Iran, Turkmenistan, and Uzbekistan, have rich energy resources. Since the Ukrainian crisis and the instability in the Middle East highlighted the importance of energy security, the European Union member countries have become more interested in seeking ways to diversify their energy resources, especially, searching to alleviate their high- dependency to Russia. Therefore, five energy-rich ECO member countries together with oil and natural gas transportation corridors passing through Central Asia – South Caucasus – Europe via Türkiye are getting more attention.

19. Thirdly, even though political disagreements persist among some ECO member states, the region has succeeded in fostering strong cultural ties that serve as a foundation for second-track diplomacy and mutual understanding. Drawing on a shared history, linguistic affinities, and extensive people-to-people connections, the ECO region continues to explore the social and cultural dimensions of integration. These enduring linkages not only strengthen regional identity but also support broader cooperation efforts beyond formal diplomatic channels.

20. In 2017 the ECO members adopted the Islamabad Declaration and Vision 2025 that targets promoting efforts for regional integration and serves as a guideline for the organization for the next 10 years. Now, this document comes to end and the ECO Member States are working on developing a new strategic document which will include current challenges and define priorities.

21. In conclusion, it is possible to say that the ECO members recognize the need to focus on the real potential of the ECO region and to strengthen the integration processes in order to increase national welfare. Additionally, the ECO region is becoming increasingly important for outside powers and projects covering Eurasia overall.

II. Transport Connectivity in the world and ECO area in 2024

22. Transport connectivity in 2024 is marked by a blend of innovation, sustainability, and recovery. Global networks are becoming smarter, more sustainable, and increasingly interconnected. The world is moving toward greener, more efficient transport systems, driven by advancements in electrification, digitalization, and new technologies like autonomous vehicles and urban air mobility. However, geopolitical tensions and supply chain disruptions remain challenges to overcome.

23. In 2024, transport connectivity across the world continued to evolve with advancements in infrastructure, technology, and sustainability. Here's an overview of key trends shaping global transport connectivity:

1. Air Travel

- **Recovery Post-Pandemic**: Global air traffic has largely recovered since the pandemic, with international flights seeing a surge, particularly in regions like Asia-Pacific, Europe, and North America. Increased demand for leisure travel and business mobility has spurred growth.
- **Sustainability Efforts**: Airlines and airports are increasingly investing in sustainable aviation fuel (SAF), electric planes, and carbon offset programs to meet climate goals. Airports are integrating green technologies to reduce emissions.

2. Rail Networks

- **High-Speed Rail Expansion**: High-speed rail networks are expanding in countries like China, Japan, and parts of Europe (such as the EU's Trans-European Transport Network). China remains a leader in building the largest high-speed rail network.
- **Sustainability and Electrification**: Electrification of railways and introduction of green technologies are reducing carbon footprints, making rail a more eco-friendly alternative to air and road transport.
- **Cross-Border Connectivity**: More countries are exploring or expanding cross-border rail services. The China-Europe rail link has become a major part of global freight networks, connecting Asia with Europe more efficiently than sea freight.

3. Road Transport

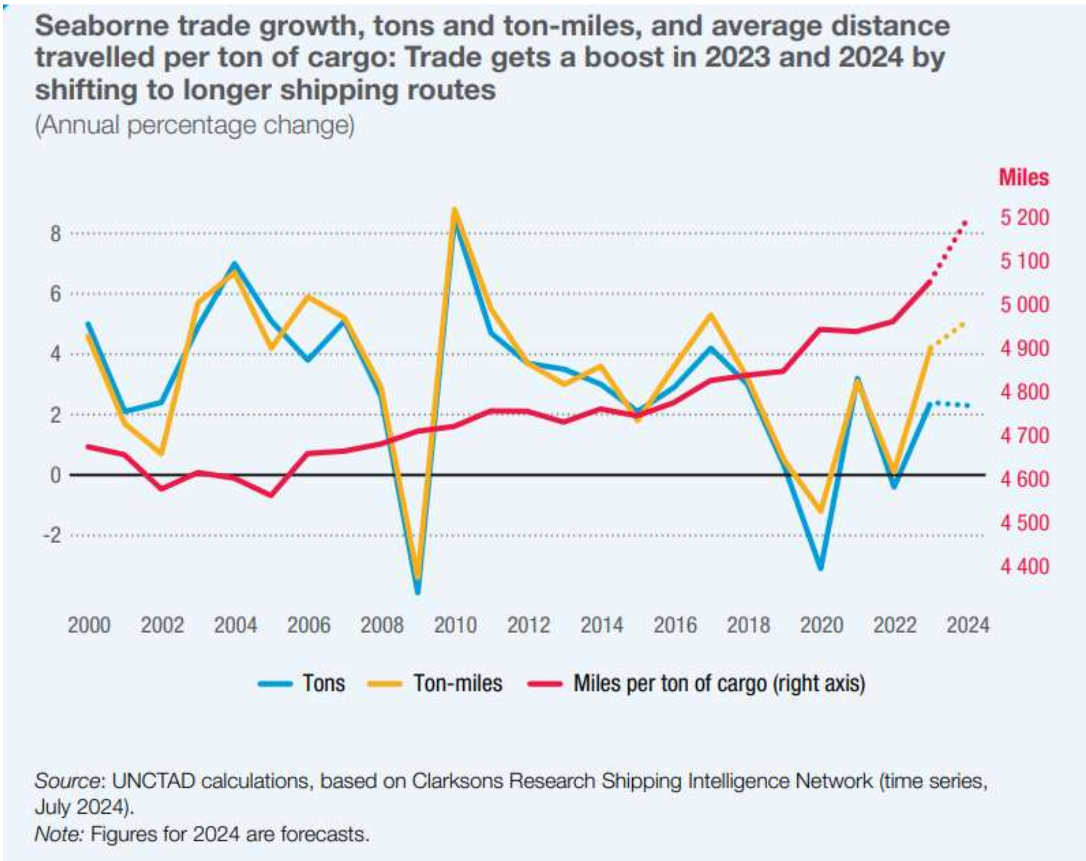
- **Electric Vehicles (EVs) Adoption**: Governments and private sectors are heavily investing in the development of EV infrastructure and adoption. This includes building charging stations, offering incentives, and manufacturing EVs. The EU, China, and North America are leading in EV infrastructure.
- **Autonomous Vehicles**: Autonomous driving technology is advancing, with pilot projects underway in several countries. This includes both passenger cars and heavy freight trucks. These developments promise to reshape road transport networks and logistics.
- **Smart Roads**: The introduction of "smart" roads that are equipped with sensors and connected to vehicles is helping improve traffic management, reduce congestion, and enhance safety.

4. Maritime Transport

- **Global Supply Chain Resilience**: Following disruptions from the COVID-19 pandemic and geopolitical tensions (such as in the South China Sea and the Black Sea), global maritime transport is focusing on enhancing resilience. This includes diversifying routes, expanding port capacity, and integrating digital tracking systems for better efficiency.
- **Sustainability in Shipping**: The shipping industry is moving toward decarbonization, with investments in hydrogen-powered and ammonia-powered vessels, as well as

efforts to reduce emissions through cleaner fuel options. The International Maritime Organization (IMO) has set stricter regulations for reducing carbon emissions.

- **Port Modernization**: Ports worldwide are adopting smart technologies like AI, IoT, and automated systems for faster and more efficient cargo handling. This is crucial to meeting the demands of larger vessels and the ongoing growth of global trade.



5. Urban Mobility

- **Public Transport Expansion**: Cities around the world are expanding and modernizing their public transport systems, focusing on metro, bus rapid transit (BRT) systems, and light rail networks. These systems are designed to reduce traffic congestion and improve air quality.
- **Shared Mobility**: The rise of ride-sharing services (e.g., Uber, Lyft) and micro-mobility solutions (e.g., e-scooters, e-bikes) is transforming how people navigate cities, reducing dependency on private cars and promoting more sustainable urban transport.
- **Mobility-as-a-Service (MaaS)**: This concept is gaining traction, allowing users to plan, book, and pay for multiple types of transport through a single platform. MaaS is being rolled out in several major cities to provide more integrated, efficient travel options.

6. Space Travel and Connectivity

- **Commercial Space Travel**: Companies like SpaceX, Blue Origin, and Virgin Galactic are making significant strides in commercial space travel. This could one day expand the possibilities of global connectivity, enabling faster travel between Earth's continents or even facilitating space tourism.

- **Satellite Connectivity**: Satellite-based internet services like SpaceX's Starlink are growing, providing high-speed internet access to remote and underserved areas worldwide. This is particularly important for enhancing communication and connectivity in rural and island regions.

7. Geopolitical and Technological Challenges

- **Supply Chain Shifts**: Geopolitical events and changing trade agreements are reshaping global transport networks. The ongoing conflict in Ukraine, for example, has caused shifts in maritime routes and supply chains in Europe and beyond.
- **Technological Integration**: The rise of 5G and advanced AI technologies is improving the efficiency of transportation networks, enhancing predictive maintenance, and facilitating real-time traffic and transport management.

8. Sustainability Challenges

- **Green Initiatives**: Sustainability continues to be a key focus for global transport networks. Many countries are investing in renewable energy sources for transport, electric infrastructure, and alternative fuels to reduce the carbon footprint.
- **Carbon Offsetting and Reduction**: There's increasing pressure on countries and corporations to meet climate goals, including reducing emissions from transportation. Companies in various transport sectors are focusing on innovation in green technologies and alternative fuels.

24. In 2024, the **ECO region** was witnessing rapid developments in transport connectivity, driven by improved infrastructure, enhanced regional cooperation, and efforts toward sustainability. Rail, road, air, and maritime transport are all undergoing transformation, which is enabling more efficient movement of goods and people across the region. While geopolitical tensions remain, the momentum toward integrated, sustainable, and digitalized transport networks provides a hopeful outlook for future connectivity within the ECO region.

a. **Rail Connectivity**: Rail networks are expanding rapidly in the ECO region, with projects to connect major cities and trading hubs. For example:

- **The China-Central Asia-Europe Railway**: This key rail corridor facilitates trade between China, Central Asia, and Europe. It's becoming a critical part of the region's logistics infrastructure, reducing transit times and providing a more sustainable alternative to sea freight.
- **Iran-Pakistan-Turkmenistan Railway**: This railway line, which connects Iran with Central Asia and Pakistan, is being expanded and modernized, enhancing trade routes and regional connectivity.
- **Kazakhstan's Rail Network**: Kazakhstan has invested heavily in rail infrastructure, including the development of high-speed trains and more efficient cargo handling systems, facilitating both domestic and cross-border trade.

b. **Road Transport**: The ECO region is investing in enhancing road networks to support trade and mobility. Major projects include:

- **The Central Asia Regional Economic Cooperation (CAREC) Corridors**: Several road corridors under CAREC are being developed to connect landlocked countries in Central Asia with international markets, improving transportation of goods across borders.

- **Pakistan's Road Expansion**: Pakistan continues to build new highways to connect major ports like Karachi with Central Asian countries and China, enhancing trade routes under the China-Pakistan Economic Corridor (CPEC).

c. **Multimodal Transport Hubs.**The ECO region is investing in the development of seaports to boost connectivity, including:

- **Chabahar Port (Iran)**: Iran's Chabahar port is becoming a key hub for trade, particularly between the ECO region, India, and Afghanistan, helping to bypass the Strait of Hormuz and providing a link to the Indian Ocean.
- **Port of Karachi (Pakistan)**: Pakistan's port facilities are being upgraded to handle growing volumes of trade, especially within the framework of CPEC, which is improving Pakistan's connectivity with China, Central Asia, and beyond.
- **Baku Port (Azerbaijan)**: Azerbaijan's Caspian Sea port is playing a key role in facilitating trade between Central Asia, the Caucasus, and Europe.

d. **Air Transport**: Airports across the ECO region are modernizing to accommodate growing passenger and cargo traffic. Examples include:

- **Istanbul Airport (Türkiye)**: As a major global hub, Istanbul connects Europe, Asia, and Africa. It's expanding to handle increasing international traffic, strengthening Türkiye's role as a key player in the region.
- **New Airports in Central Asia**: Airports in countries like Kazakhstan and Uzbekistan are being modernized to support regional and international connectivity. For example, **Tashkent International Airport** in Uzbekistan has seen major upgrades.
- **Air Cargo Corridors**: Air cargo connectivity between ECO member countries is improving, with airfreight services linking major hubs like Tehran, Istanbul, and Karachi, providing faster trade routes for high-value goods.

e. Digitization and Smart Transport Systems

- **Digitalization of Borders**: Efforts to streamline cross-border trade are accelerating. The introduction of **digital customs systems**, smart border checkpoints, and real-time cargo tracking systems are making transport more efficient and reducing delays at borders between ECO member states.
- **E-Visas and Cross-Border Mobility**: Digital and e-visa systems are improving the ease of travel within the region, promoting tourism, business travel, and labor mobility.
- **Smart Traffic Management**: Some cities, particularly in Türkiye, Iran, and Kazakhstan, are implementing smart traffic systems to reduce congestion, optimize traffic flow, and improve safety on key roads and highways.

f. Sustainability and Green Transport

- **Electric Vehicles (EVs)**: Several countries in the ECO region, particularly Türkiye and Kazakhstan, are investing in electric vehicle infrastructure to reduce reliance on fossil fuels and decrease pollution.
- **Green Ports and Green Infrastructure**: The ECO region is focusing on green transport initiatives, including cleaner shipping practices, investments in renewable energy sources for transport infrastructure, and the introduction of sustainable public transport solutions like electric buses and trains.
- **Cross-Border Cooperation for Environmental Sustainability**: The ECO countries are working together to implement policies and share technologies that promote sustainable transport systems, including reducing emissions from the transport sector and investing in cleaner fuels.

g. Regional Cooperation and Integration

- **ECO Trade and Transport Facilitation**: The ECO region is working to reduce trade barriers and increase intra-regional cooperation, which includes simplifying customs procedures, improving regulatory standards, and ensuring that transportation infrastructure, can accommodate the growing demands of regional trade.
- **The ECO Transit Transport Framework**: This initiative aims to create a unified transit transport system within the region, making cross-border transport smoother and reducing delays. It focuses on harmonizing transport policies, improving infrastructure, and facilitating regional trade.

h. Geopolitical Challenges and Opportunities

- **Afghanistan's Role**: Afghanistan, situated at a strategic crossroads between Central and South Asia, is increasingly involved in regional connectivity projects. Efforts to stabilize the country and improve its infrastructure are vital to opening up new transport corridors connecting Central Asia to Pakistan, Iran, and India.
- **Tensions and Conflicts**: Geopolitical tensions in some part of the ECO region and the instability in Afghanistan, continue to pose challenges for transport connectivity.

III. Agriculture and Industry in the world and ECO area in 2024

(i) Agriculture

25. 2024 was a pivotal year for global agriculture, marked by technological progress, environmental challenges, and complex trade dynamics. Addressing these issues requires coordinated efforts from governments, industry stakeholders, and farming communities to build a resilient and sustainable agricultural future.

26. In 2024, global agriculture experienced significant shifts influenced by technological advancements, climate change, and evolving trade dynamics. The convergence of advanced technologies, such as the Internet of Everything (IoE), has revolutionized farming practices. These innovations facilitate automation in water management, crop

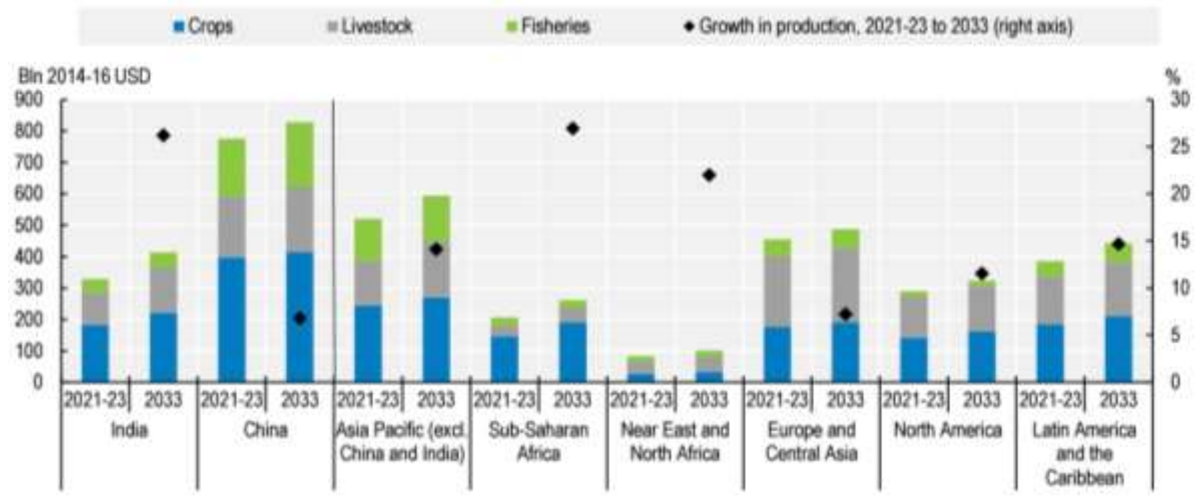
monitoring, disease control, and harvesting, enhancing productivity and sustainability. Embracing these technologies is crucial to meet the food demands of a growing global population.

27. Farmers worldwide are increasingly concerned about climate change, with extreme weather events emerging as a top issue. In regions like Europe and Latin America, these events have become the primary concern, reflecting the impact of phenomena such as El Niño in 2023, which led to widespread droughts, flooding, and temperature fluctuations.

28. Trade relationships significantly impacted agricultural markets in 2024. China's decision to impose additional tariffs on U.S. agricultural products in response to U.S. tariffs escalated tensions, affecting global supply chains and prices. This move highlighted the vulnerability of agriculture to geopolitical disputes.

29. Despite advancements, agricultural productivity growth in 2024 fell short of meeting global food demand projections. The 2024 GAP Report emphasized the need for increased investment and innovation to ensure food security in the coming decades.

Trends in global agricultural production



Note: Estimates are based on historical time series from the FAOSTAT Value of Agricultural Production domain which are extended with the Outlook database. Remaining products are trend-extended. The net value of production uses own estimates for internal seed and feed use. Values are measured at constant USD of the period 2014-2016.
Source: OECD/FAO (2024), "OECD-FAO Agricultural Outlook", OECD Agriculture statistics (database), http://dx.doi.org/10.1787/agr-outl-data-en.

30. In 2024, agriculture in the Economic Cooperation Organization (ECO) region faced significant challenges and transformations, largely influenced by climate change, policy shifts, and regional cooperation efforts.

31. In the face of the challenges experienced during 2024, the Economic Cooperation Organization (ECO) continued its activities and efforts across seven priority areas in the agricultural sector, operating through agreed mechanisms and initiatives. Recognizing agriculture's critical role in enhancing regional economic growth and productivity, ECO

placed strong emphasis on agricultural development and food security. The seven priority areas, namely: food security, seed supply and trade, animal trade and veterinary services, water management, meteorological cooperation, agricultural biotechnology, and enhanced cooperation with relevant international and regional organizations, remained central to ECO's annual agenda.

32. Notably, food security was addressed as the top priority through the implementation of the ECO Regional Programme for Food Security (ECO-RPFS) and other complementary initiatives. To promote regional cooperation for food security and agricultural development, the Economic Cooperation Organization (ECO) also worked throughout 2024 to strengthen and operationalize several initiatives and specialized bodies. These include the ECO Regional Coordination Centre for Food Security (ECO-RCCFS), the ECO Seed Association (ECOSA), supporting regional seed supply and trade; the ECO Permanent Veterinary Commission (ECO-VECO), fostering cooperation on animal trade and veterinary services; the ECO Agricultural Biotechnology Network (ECO-ABN), promoting agricultural innovation; the ECO Meteorological Calibration Centre (ECO-MCC), enhancing regional preparedness against climate-related agricultural risks; and the ECO Centre of Excellence for Efficient Water Utilization in Agriculture (ECO-CEEWUA), addressing water resource management in agriculture. These mechanisms are integral to a holistic and coordinated approach aimed at building sustainability, resilience, and innovation across the region's agricultural systems.

33. The year 2024 was marked by extreme weather events that severely affected agricultural productivity across the ECO region:

- **Central Asia**: Countries like Uzbekistan and Turkmenistan experienced severe droughts, leading to reduced water availability for irrigation. This scarcity adversely impacted staple crops such as cotton and wheat.
- **South Asia**: Pakistan and Afghanistan faced devastating floods during the monsoon season, resulting in the displacement of farming communities and the destruction of crops, particularly in low-lying areas.
- **Iran**: The country endured both floods and droughts, disrupting planting and harvest cycles, especially affecting rice and wheat production in the northern and western regions.

34. These climatic anomalies led to food security concerns and economic losses, prompting governments and international organizations to seek adaptive agricultural practices and disaster resilience strategies.
35. Agricultural trade within the ECO region saw both opportunities and challenges in 2024:

- **Export Growth**: Kazakhstan and Azerbaijan increased exports of grains and oilseeds, benefiting from favorable harvests and improved logistics infrastructure.
- **Import Dependencies**: Countries like Afghanistan and Tajikistan remained heavily dependent on food imports, especially during periods of climatic stress, highlighting the need for enhanced local production capabilities.

36. Overall, 2024 was a pivotal year for agriculture in the ECO region, characterized by resilience in the face of climate-induced challenges and a collective move towards sustainable and technologically advanced agricultural practices.

(ii) <u>Industry</u>

37. In 2024, the global industry landscape continues to evolve, driven by technological advancements, geopolitical shifts, and societal changes. Here are some key trends and sectors that are likely to dominate:

a) Technology & AI Industry

- **Artificial Intelligence**: AI is set to continue its rapid growth, with advancements in natural language processing, machine learning, and robotics. AI is being integrated into nearly every sector, from healthcare and finance to manufacturing and entertainment.
- **Quantum Computing**: Though still in its early stages, quantum computing has made substantial strides. Companies like IBM, Google, and various startups are pushing the envelope, promising faster processing for complex problems.
- **Cybersecurity**: As digital transformation continues, the need for robust cybersecurity solutions is growing. Companies and governments alike are investing heavily in cybersecurity to protect sensitive data and critical infrastructure.

b) Green and Renewable Energy

- **Clean Energy Transition**: The shift from fossil fuels to renewable energy sources like wind, solar, and hydroelectric power is accelerating due to climate change concerns and government policies.
- **Electric Vehicles (EVs)**: The global automotive industry is embracing electric vehicles, with more countries implementing stricter emissions regulations and offering incentives for EV adoption.
- **Battery Technology**: Advances in energy storage solutions, such as solid-state batteries, will play a significant role in the broader clean energy transition.

c) Healthcare and Biotech

- **Telemedicine**: The healthcare sector has seen an increase in telehealth services post-pandemic, and this trend is expected to continue, with more focus on remote monitoring, diagnostics, and virtual consultations.
- **Gene Editing & Biotechnology**: CRISPR and other gene-editing technologies are advancing rapidly, opening up possibilities in treating genetic disorders, enhancing agricultural production, and creating personalized medicine.
- **Aging Population & Healthcare Needs**: As the global population ages, especially in developed nations, there will be greater demand for healthcare services, eldercare, and technologies that assist with aging, such as robotics.

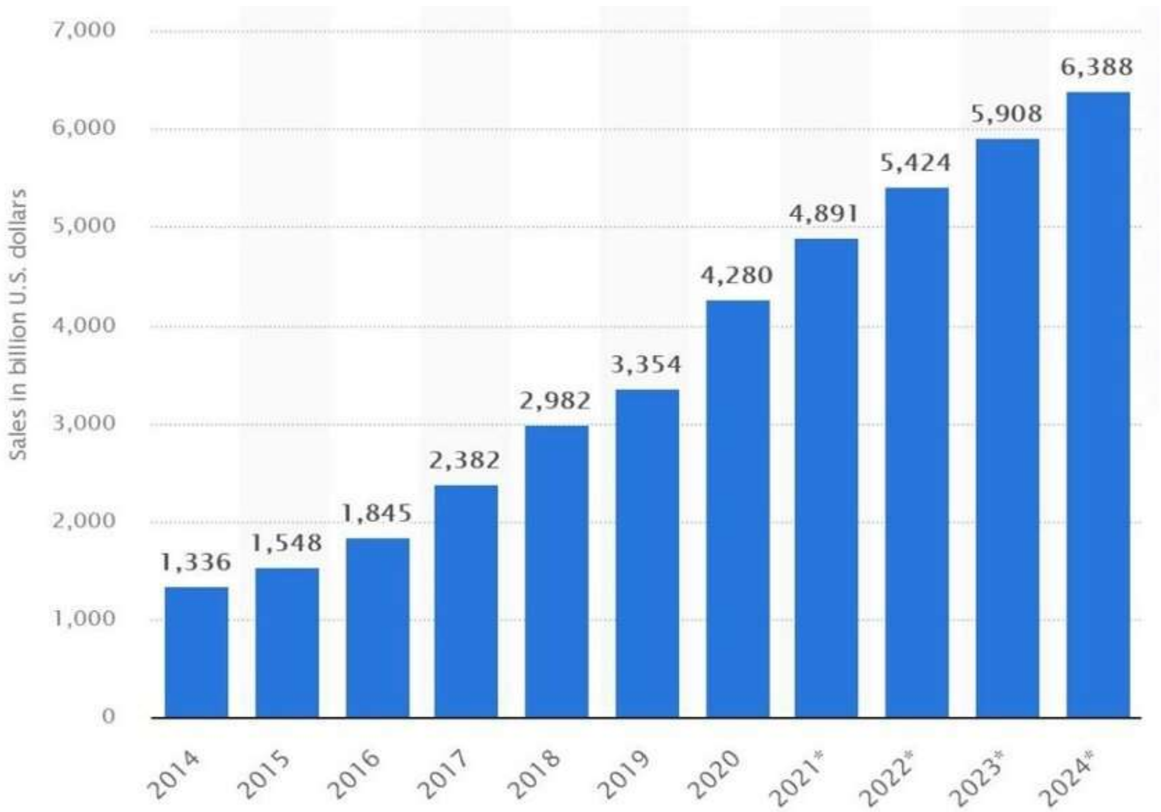
d) Finance & FinTech

- **Digital Currencies**: Central Bank Digital Currencies (CBDCs) and crypto currencies are becoming more mainstream. Governments and financial institutions are exploring digital currencies, while private sector crypto currencies continue to evolve.
- **Fintech Innovations**: Mobile payments, blockchain-based finance are among the growing sectors in the financial technology space, revolutionizing traditional banking and insurance industries.
- **Sustainable Finance**: Environmental, social, and governance (ESG) considerations are increasingly being incorporated into investment strategies, with sustainable finance becoming a key driver of growth.

e) E-Commerce & Retail

- **E-Commerce Growth**: Online retail continues to grow, driven by the ongoing shift to digital shopping, particularly in emerging markets. Companies are focusing on enhancing customer experience with personalized recommendations, faster delivery, and seamless payment solutions.
- **Sustainability in Retail**: Brands are under pressure to adopt sustainable practices, from eco-friendly packaging to ethical sourcing and carbon offset initiatives.
- **AR/VR in Retail**: Augmented and virtual reality are being used to enhance the online shopping experience, allowing customers to try products virtually and experience immersive brand experiences.

Retail E-commerce Sales Worldwide from 2014 to 2024 (in billion U.S. dollars)



Source: researchgate.net

f) Transportation & Mobility

- **Autonomous Vehicles**: Self-driving cars, trucks, and drones are becoming a major area of focus for tech and automotive companies, with significant implications for logistics, transportation, and urban planning.
- **Mobility-as-a-Service (MaaS)**: The future of transportation is increasingly characterized by integrated services like car-sharing, ride-hailing, and public transportation all accessible via digital platforms.
- **Hyperloop & High-Speed Rail**: High-speed rail projects and futuristic transportation technologies, such as Elon Musk's Hyperloop, are being pursued as more sustainable alternatives to air travel.

38. In 2024, industrial development in the region is poised to undergo significant transformation, driven by both regional initiatives and global trends. The ECO region has a diverse industrial landscape that is evolving through modernization, diversification, and regional cooperation. Below are key areas of focus for industrial development across the region:

a) Manufacturing & Industrial Diversification

- **Industrialization Push**: Countries in the ECO region, such as **Uzbekistan**, **Pakistan**, and **Türkiye**, are focusing on shifting from a reliance on raw material exports to more **value-added manufacturing**. Key industries include **automobiles**, **textiles**, **chemicals**, **electronics**, and **machinery**. For instance, **Türkiye** is strengthening its **automotive** industry, while **Uzbekistan** is expanding its **textile production** and increasing its role as a **manufacturing hub**.
- **Automation and Industry 4.0**: The **digital transformation** of industries, driven by **Industry 4.0 technologies** (including **automation**, **AI**, and **IoT**), is gaining traction in countries like **Kazakhstan** and **Türkiye**. These technologies are helping improve productivity, reduce costs, and boost competitiveness in sectors like **automotive**, **electronics**, and **pharmaceuticals**.

b) Agriculture and Agri-Tech

- **Agricultural Modernization**: Agriculture remains a key pillar of the economy in many ECO countries. In 2024, industrial development was focused on enhancing agricultural production and productivity through **technology integration**. **Uzbekistan**, **Pakistan**, and **Iran** were focused on modernizing irrigation systems, using **drones** and **smart farming tools**, and improving crop yield through **genetically modified crops**.
- **Agri-Tech Startups**: The rise of **Agri-Tech** is transforming farming practices in the region. Startups in countries like **Türkiye** and **Pakistan** are developing solutions for efficient farming, including **precision agriculture**, **automated harvesting**, and **blockchain for supply chain transparency**.

c) Transportation and Logistics

- **Infrastructure Projects**: **Transport infrastructure** is a key focus in the ECO region, as governments and private sectors invest in **roads**, **railways**, **ports**, and **airports** to increase connectivity and facilitate trade. Projects such as the **China-Pakistan Economic Corridor (CPEC)**, which enhances trade links between **China** and **Pakistan**, and **Baku-Tbilisi-Kars (BTK)** railway corridor connecting **Azerbaijan, Georgia,** and **Türkiye**, are essential to boosting regional trade and industrial growth.
- **Smart Logistics**: The development of **smart logistics systems**, incorporating **IoT**, **AI**, and **big data**, is improving the **efficiency of supply chains**. Countries like **Türkiye** and **Kazakhstan** are focusing on enhancing port facilities and creating more efficient trade routes for export-import industries.

d) Textile and Apparel Industry

- **Uzbekistan and Pakistan**: These two countries are major players in the global textile and apparel industry, with **Uzbekistan** being one of the largest producers of **cotton** in the world. The focus in 2024 was on upgrading the **textile production process**, transitioning from raw cotton exports to more advanced **textile manufacturing** and **finished goods** exports. The implementation of **sustainable and eco-friendly** practices is also a priority, with demand for **sustainable fashion** increasing globally.

- **Türkiye's Textile Sector**: **Türkiye** remains a key player in the **textile** and **garment industry**, with plans for further investment in **high-value textiles** and expanding **exports** to global markets. The use of **advanced technologies**, such as **3D knitting** and **digital fabric printing**, will be critical in boosting the industry's competitiveness.

e) Construction and Real Estate

- **Infrastructure and Urbanization**: With rapid urbanization, countries in the ECO region, particularly **Pakistan**, **Kazakhstan**, **Türkiye**, and **Uzbekistan**, are investing heavily in **infrastructure** and **real estate development**. Major urban centers are undergoing significant expansion, with the construction of **smart cities**, **residential complexes**, and **commercial properties**.
- **Green Building Technologies**: As sustainability becomes a priority, countries are adopting **green building technologies** and **energy-efficient construction methods**. **Türkiye** and **Azerbaijan** are among those integrating **eco-friendly designs** in their urban development.

f) Digital and Technology Industries

- **Tech Startups**: The **technology sector** in the ECO region is expanding, with countries like **Türkiye**, **Azerbaijan**, and **Kazakhstan** developing vibrant startup ecosystems. **Fintech**, **e-commerce**, and **artificial intelligence** are rapidly growing industries, with increased venture capital and government support driving innovation.
- **Digital Transformation**: The region is undergoing significant **digitalization** in both private and public sectors. **E-governance**, **cloud computing**, and **data centers** are being established to support the growing demand for digital services. **Türkiye**, in particular, is positioning itself as a **technology hub** in the region.

g) Pharmaceuticals and Biotechnology

- **Pharmaceutical Production**: The pharmaceutical industry is gaining momentum in the region, especially in countries like **Iran** and **Türkiye**, which are expanding their **generic drug** manufacturing capacities. There is also increasing attention on the **biotech** sector, with focus on **vaccines**, **biopharmaceuticals**, and **biotechnology-driven agriculture**.

h) Mining and Mineral Processing

- **Kazakhstan, Turkmenistan, and Tajikistan**: These countries have significant deposits of minerals such as **copper**, **gold**, **uranium**, and **coal**. In 2024, the focus was on enhancing **mining technology**, improving **resource extraction methods**, and increasing **value-added mineral processing**. **Kazakhstan**, in particular, is expanding its role in global **uranium production**, while **Turkmenistan** focuses on **natural gas** and **coal**.
- **Sustainability**: Efforts are being made to improve the environmental sustainability of the mining sector by incorporating **green technologies** and minimizing the impact of mining on local ecosystems.

39. In 2024, **industrial development** in the **ECO region** is marked by a growing shift towards diversification, sustainability, and technological innovation. With significant investments in energy infrastructure, manufacturing, digitalization, and transportation, the region is positioning itself as a key player in the global economy. The region's rich natural resources, coupled with increasing investment in high-tech industries and sustainable practices, will continue to drive its industrial growth in the years to come.

40. Free Economic Zones (FEZs) across the ECO region have played a pivotal role in advancing industrial production, diversifying exports, and attracting foreign direct investment (FDI). These zones have provided a favorable business environment through tax incentives, simplified customs procedures, and modern infrastructure, making them important drivers of industrial growth. The experience of ECO member states demonstrates that FEZs can serve as incubators of industrial innovation and competitiveness, while also reinforcing regional economic cooperation and integration.

41. In 2024, the Economic Cooperation Organization (ECO) continued its efforts to promote sustainable and inclusive industrial development across the region, despite persistent challenges such as disparities in industrialization levels, inconsistent regulatory practices, limited engagement and support from Member States, global policy shocks, trade restrictions, and inequitable access to modern technology and international supply chains. Within the industrial sector, seven priority areas remained on the agenda of Member States in 2024, including quality infrastructure cooperation; nanotechnology network development; promotion of industrial property rights; development of micro, small and medium-sized enterprises (MSMEs) and entrepreneurship; privatization and private sector development; and enhanced cooperation with relevant international and regional organizations. Among these, promoting quality infrastructure cooperation was recognized as a foundational prerequisite for regional industrial growth and trade, with particular emphasis on the full operationalization of the ECO Regional Institute for Standardization, Conformity Assessment, Accreditation and Metrology (ECO-RISCAM). Industry continues to be a pivotal driver of economic growth and productivity in the ECO region; however, progress has been constrained by delays in ministerial consultations, insufficient financial and technical resources, and insufficiency of coordinated strategic alignment. To address these challenges, ECO underscores the importance of deepening regional integration, harmonizing industrial standards, and fostering a conducive environment for public-private collaboration.

IV. Energy, Minerals and Environment

42. In 2024, energy and environmental issues are at the forefront of global discussions as countries strive to balance economic development with sustainable practices. Many nations are accelerating their transition to renewable energy sources like wind, solar, and hydroelectric power. The push for cleaner energy is driven by the need to reduce carbon emissions and combat climate change. Governments and organizations continue to negotiate and implement plans to mitigate the effects of climate change, including through global agreements like the Paris Climate Agreement. Carbon neutrality targets are becoming more ambitious, but challenges in meeting them remain significant.

43. Overall, 2024 is a year where energy transition and environmental protection are key priorities, but achieving sustainability goals requires addressing significant challenges, including strengthening the means of implementation and revitalizing the global

partnership for sustainable development as highlighted in SDG17, technological development, policy coordination, and economic investments.

44. The ECO region, with its vast oil and natural gas reserves, particularly in **Kazakhstan, Azerbaijan, Turkmenistan and Iran** continues to be a major player in global energy markets. In 2024, the region is likely to focus on increasing production efficiency and exploring new energy reserves, while also seeking to develop more advanced refining technologies.

45. The ECO region is quite diverse in terms of energy trends and mix. Although it is mostly dominated by fossil fuels of the Caspian and Gulf basins accounting one-third of global hydrocarbon resources, the majority of ECO countries have an enduring commitment to phasing down fossil fuels and increasing the share of renewables in their total energy mix. While fossil fuels remain dominant, **renewable energy** investments are increasing, especially in **solar** and **wind** energy. **Iran**, **Uzbekistan**, **Türkiye**, **Azerbaijan** and **Kazakhstan** are expanding their renewable energy capacities, with large-scale solar farms and wind projects underway. This transition is being supported by both government initiatives and foreign investments in clean energy technologies.

46. ECO countries strive to enhance their energy security predominantly through diversification of sources and routes. Huge energy transportation infrastructure projects, being implemented over the past three decades have been shaping the energy architecture in the ECO region. Projects like the **TANAP (Trans Anatolian Natural Gas Pipeline)** and other cross-border pipelines are central to regional energy infrastructure development. The new tendency of development of long-term perspective green energy corridors and power interconnectors among Central Asia, Caucasus and Europe is a testimony of solidarity and resolve of the ECO Member States to speed up the energy transition in the region.

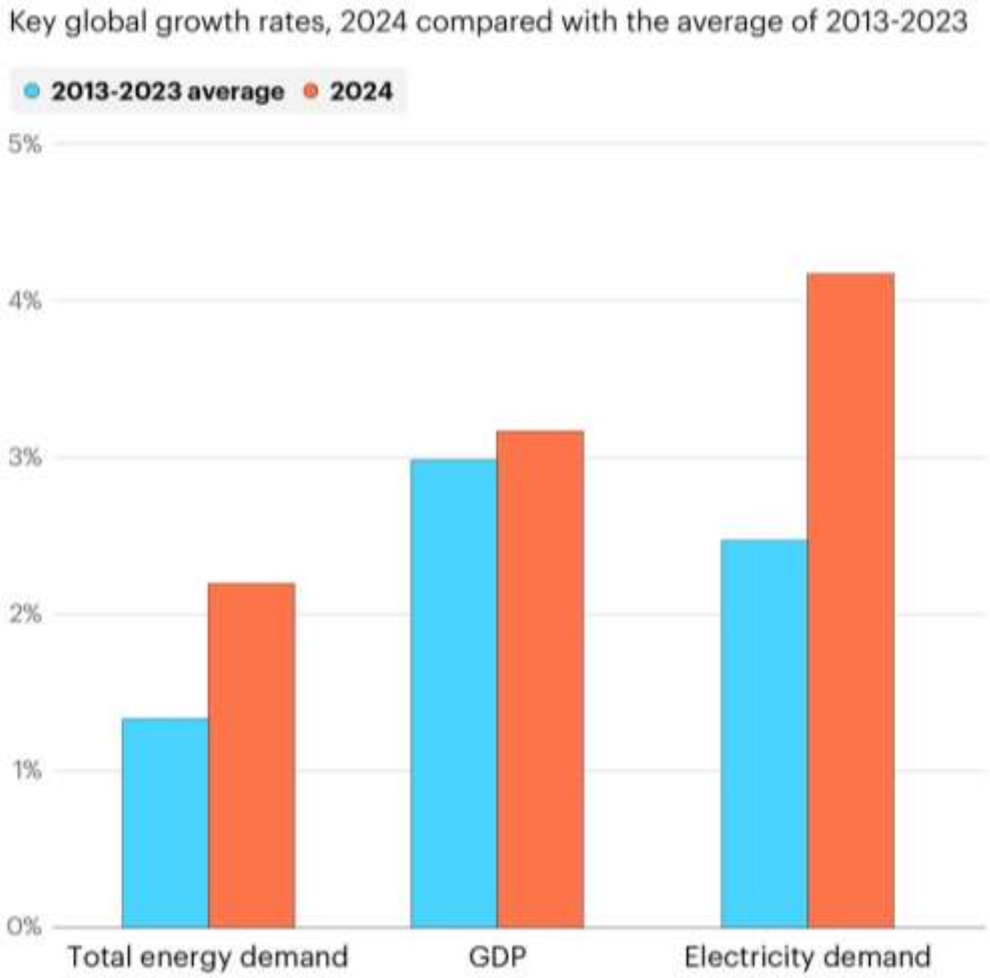
Energy

47. In 2024, the energy landscape in the **ECO Region** is undergoing significant changes as they strive to balance economic growth, energy demand, and environmental sustainability. The region's energy dynamics are shaped by a mix of traditional energy sources, growing renewable energy adoption, and efforts to enhance energy security.

48. Energy security remains a key concern in many ECO countries. Political instability, particularly in Afghanistan, and shifting alliances in the region, influence the reliability of energy supplies. As a result, there is a growing emphasis on diversifying energy sources, including developing domestic resources and regional cooperation.

49. The intra- and inter-regional connectivity in the ECO region was enhanced through implementation of huge energy infrastructure projects of regional and trans-regional importance under different multilateral formats. This is where ECO Member States have found critical mass of common interests.

Growth in global energy demand surged in 2024 to almost twice its recent average



Source: International Energy Agency

50. Investments in energy infrastructure, including cross-border energy transmission networks, pipelines, and regional electricity grids, are aimed at enhancing energy security and ensuring stable supplies to the growing populations in the region. There is an increasing push to develop renewable energy sources, particularly solar and wind power. Many countries in the ECO region, such as **Kazakhstan**, **Uzbekistan**, **Pakistan**, **Iran, Turkmenistan and Azerbaijan** have significant solar potential due to their sunny climates. **Afghanistan** and parts of **Iran** and **Azerbaijan** also show promise for wind energy development. Hydroelectric power remains a significant source of energy, especially in countries like **Tajikistan** and **Kyrgyzstan**, which have abundant water resources.

51. Natural gas and oil continue to play a dominant role in the energy mix of many ECO countries. **Iran** and **Turkmenistan** are significant natural gas producers, while **Azerbaijan** and **Kazakhstan** have large oil reserves. The heavy reliance on fossil fuels, however, creates challenges for environmental sustainability and meeting international climate targets.

The demand for energy in the region is rising rapidly due to population growth, urbanization, and industrialization. Governments are investing in energy infrastructure to meet growing demand while balancing the need for sustainable practices. Regional cooperation through energy projects, such as the **TAPI (Turkmenistan-Afghanistan-Pakistan-India) gas pipeline** and the **CASA-1000 project** (which aims to transmit hydropower from Central Asia to South Asia), is growing. These projects are designed to improve energy security, foster economic integration, and reduce energy deficits in the region. The CASA-1000 project remains a landmark initiative in strengthening regional energy cooperation, enabling clean hydropower electricity generated in Tajikistan to be transmitted to Afghanistan and Pakistan. Significant progress was achieved in 2023–2024, with the transmission infrastructure nearing completion and regional coordination frameworks becoming more operational. Tajikistan, in particular, has registered a steady increase in electricity exports, capitalizing on its substantial hydropower potential. The CASA-1000 project has also demonstrated tangible achievements in establishing modern cross-border energy infrastructure to integrate regional power markets; facilitating sustainable use of Tajikistan's hydropower resources; promoting regional stability and economic connectivity through energy trade; and supporting clean energy transition goals in importing countries by supplying surplus renewable electricity. These developments reinforce the role of Tajikistan and other ECO members in advancing sustainable energy cooperation, enhancing energy security, and promoting economic integration across the broader ECO region.

52. There are efforts to boost cooperation on renewable energy development. For example, countries like Kazakhstan and Uzbekistan are working together to develop solar and wind energy projects that can help power both domestic needs and regional exports.

53. ECO continued to mainstream the sustainable energy transition in its overall energy agenda in 2024. The joint ECO-UNIDO Project on establishment of ECO Clean Energy Centre was an explicit example of these transformation efforts. The Centre is expected to become a promising element of the Global Network of Regional Sustainable Energy Centres, being implemented across the globe. The key overall objective of the Centre is to increase access of the Member States to modern, affordable, reliable and sustainable energy services, as well as energy security and mitigation of negative externalities of the energy.

54. ECO's another major energy project - the establishment of the ECO Regional Electricity Market (ECO-REM) also progressed in 2024. It is expected to be realized through building up synergies and complementarities among the fragmented electricity grids in the ECO region by mobilizing and integrating them under the ECO-REM platform. ECO-REM is central to the long-term energy connectivity and sustainability in the ECO region.

55. In 2024, the ECO region is at a pivotal point in its energy development, with a growing focus on renewable energy, improving energy access, and enhancing regional

cooperation. While fossil fuels still dominate, countries are making gradual shifts toward cleaner energy sources, balancing economic growth with environmental sustainability. The energy landscape in the region is poised for transformation, though challenges remain in terms of infrastructure, investment, and achieving climate goals.

Minerals

56. As the long-term global forecasts highlight the growing demand in minerals and new commodity markets, ECO region stands as a key current and future demand centre for minerals production. The minerals sector represents one of the major contributors to the economies and industrial growth of ECO Member States.

57. Overall, the minerals sector of the ECO member countries showcased positive growth and development in 2024, with each country making efforts to attract investment and improve their mineral industries. Environmental sustainability, regulatory frameworks, and geopolitical factors played significant roles in shaping the outcomes of the region's mineral resources sector during the year. The country-wise briefs on minerals is outlined below:

Afghanistan:
Afghanistan possesses significant mineral resources, including copper, lithium, and rare earth elements. However, ongoing security issues and lack of infrastructure hindered the extraction and exploitation of these resources. The country faced challenges in exporting and benefiting from its mineral resources.

Azerbaijan:
Azerbaijan's mining sector saw growth in the production of natural gas, oil, and metals like copper and gold. The country invested in modernizing mining operations and attracting foreign investment. Environmental and regulatory issues remained central for Azerbaijan's mineral resources sector.

Iran:
Iran continued to be a major producer of copper, iron ore, and coal. The country mined significant amounts of these minerals and exported them to various international markets. However, due to sanctions and geopolitical tensions, Iran encountered challenges in exporting its minerals to certain countries, leading to potential revenue losses.

Kazakhstan:
Kazakhstan remained a major producer of minerals such as uranium, copper, and coal. The country attracted foreign investment and improved mining operations. Environmental concerns and regulatory challenges were areas of focus for Kazakhstan's mining sector.

Kyrgyz Republic:
The Kyrgyz Republic has continued to focus on the development of its mineral sector, particularly in gold mining. The country's gold production has increased steadily, making it a key player in the ECO's mineral sector. The government has also implemented

policies to attract foreign investment in the sector, leading to further growth and expansion.

Pakistan:
Pakistan experienced growth in the production of coal, limestone, and gypsum. The country focused on attracting investments and improving regulatory frameworks to support the mining sector. Security concerns and infrastructure limitations continued to be challenges for Pakistan's mineral resources sector.

Tajikistan:
Tajikistan has also seen growth in its mineral sector, with a focus on aluminum and gold production. The country has made efforts to improve its infrastructure and regulatory framework to attract more investment in the sector. Tajikistan's mineral exports have increased, contributing to the country's economic growth.

Turkiye:
Turkiye was a key exporter of boron, coal, and copper. The country saw growth in mining activities and successfully sold these minerals to global markets. Environmental concerns and regulatory issues posed challenges for Turkiye's mining sector.

Turkmenistan:
Turkmenistan has vast reserves of natural gas, making it a key player in the ECO's mineral sector. The country has continued to invest in the development of its gas fields and infrastructure, leading to increased production and exports. Turkmenistan has also focused on diversifying its mineral sector, including the development of its gold and oil industries.

Uzbekistan:
Uzbekistan has made significant strides in its mineral sector, particularly in the development of its gold and copper mines. The country has implemented reforms to attract foreign investment and improve its mining regulations. Uzbekistan's mineral exports have increased, contributing to the country's economic growth.

Environment

58. In 2024, the **environmental landscape** of the **ECO region** faces a mix of significant challenges and opportunities. The region is rich in natural resources, but it also faces pressing environmental issues that require coordinated action to ensure sustainable development. The ECO region is increasingly experiencing the effects of climate change, including more frequent and intense droughts, floods, and extreme temperatures. Countries like **Afghanistan**, **Iran, Pakistan**, and parts of **Central Asia** are vulnerable to these climate events, which threaten agriculture, water resources, and livelihoods.
59. The outdated belief that economic growth must come first - with environmental protection deferred until we are rich enough - is no longer tenable. The truth is, the economy depends entirely on a healthy environment. Yet, we have long surpassed the planet’s ecological limits, with devastating consequences for human health, stability, and economic resilience. Our region urgently needs to rethink policies and realign priorities to reflect this reality. For instance, water is not merely an environmental issue; it is the lifeblood of agriculture and industry. Sustainable water management must be integrated

into economic planning, as overuse and pollution directly threaten food security, energy production, and industrial growth. The ECO region must prioritize water efficiency in farming, enforce responsible industrial usage, and treat water scarcity as a core economic challenge, not just an ecological concern.

60. Many ECO countries have environmental protection laws, but enforcement remains a challenge. Environmental issues in the ECO region are often transboundary in nature, especially water, land degradation and air pollution. Regional cooperation is essential for managing shared resources and addressing environmental problems. For instance, the **Caspian Sea** states have begun to collaborate more closely on environmental protection. For the Economic Cooperation Organization, integrating environmental sustainability into every sector and level of governance must be a core mission. Member States should collaborate on a unified, long-term strategy to systematically embed ecological priorities into all economic and developmental planning. We should explore how to make environmental action a paradigm-shifting force for good in our region.

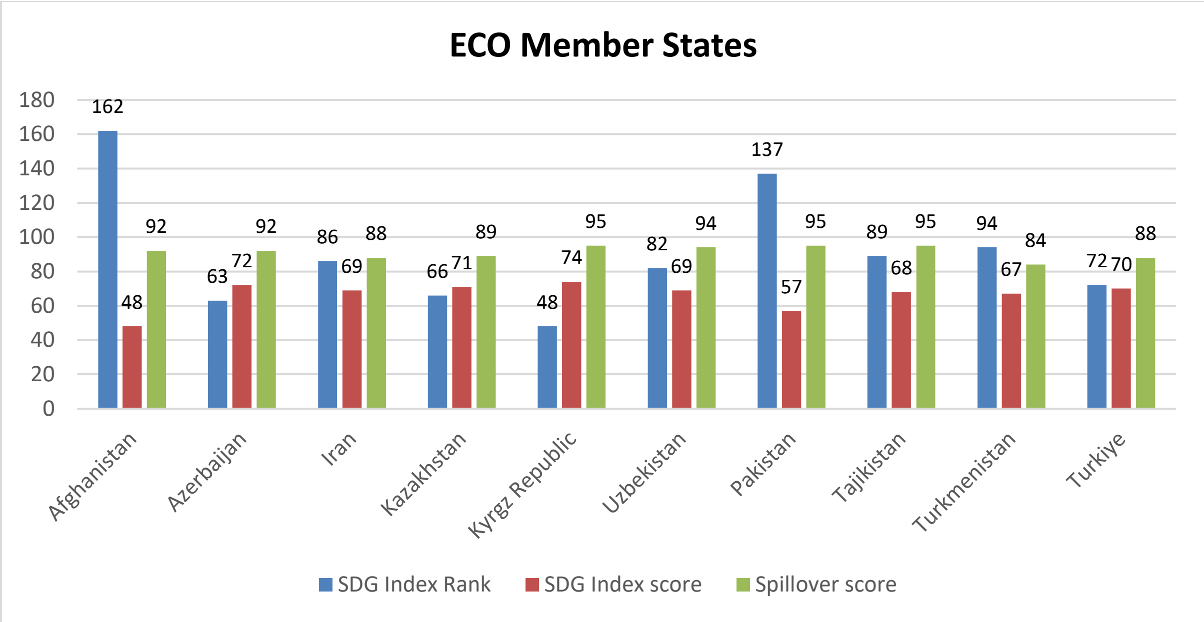
61. In 2024, the **ECO region** faces significant environmental challenges, including the impacts of climate change, pollution, biodiversity loss, and resource depletion. However, there is a growing awareness of the need for sustainable practices, regional cooperation, and policy reform. While progress has been made in certain areas, much work remains to ensure the long-term environmental health of the region, especially in terms of environmental action, resource efficiency, pollution control, and conservation. Addressing these issues will require collective regional action, stronger enforcement of environmental laws, and investment in green technologies and infrastructure. By prioritizing resource efficiency, clean energy, and climate adaptation, we can enhance environmental resilience and mitigate ecological risks while fostering sustainable development in the ECO region.

62. The circular economy can protect the environment, improve economics, and elevate social justice. This is key for accelerating environmental action and resilience and could be a game changer for the green transition in the ECO region and beyond. This is why the ECO Secretariat in partnership with the Republic of Azerbaijan launched the Regional Initiative on Resource Efficiency, Sustainability, and Circular Economy in the ECO Region (RESCUE) during 2024 United Nations Climate Change Conference (COP29) in Baku. Its key overarching objective is to create a regional cooperation platform that will advocate for a just transition to a resource-efficient, circular, and regenerative economy, as well as support coherent policies for circularity and more sustainable management of natural resources.

V. Human Resources and Sustainable Development (HRSD)

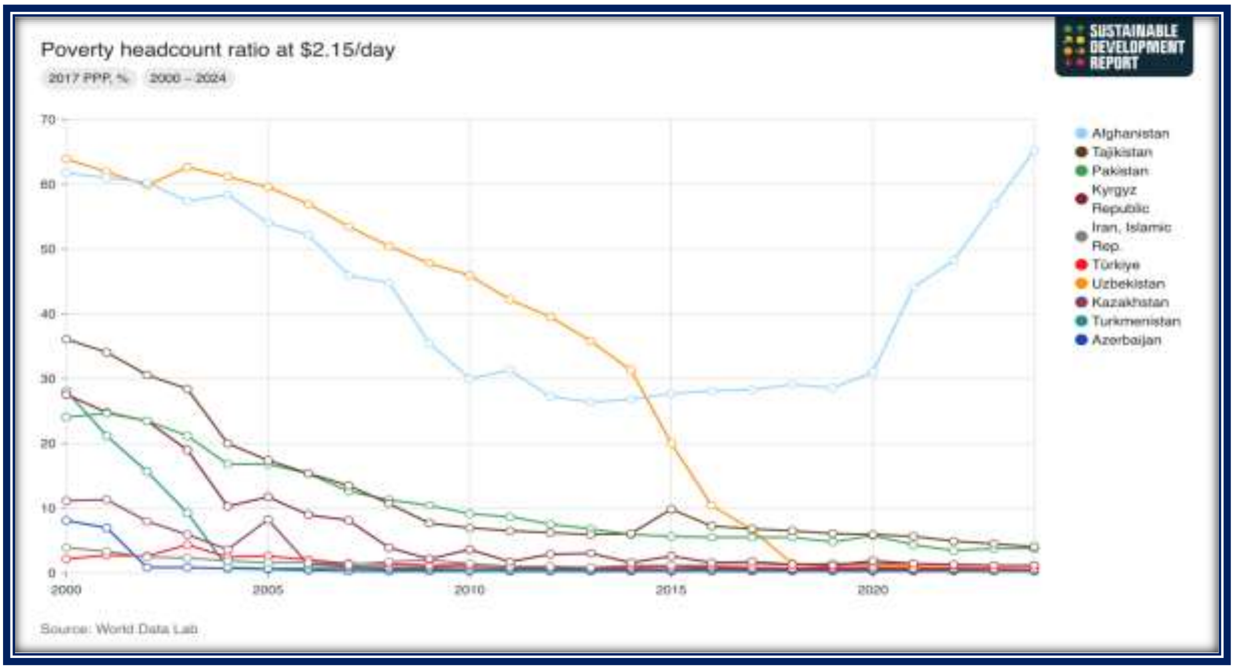
63. The Economic Cooperation Organization (ECO), in alignment with the SDGs, has incorporated “sustainability” as one of the fundamental principles of its **ECO Vision 2025**. This vision aims to improve the standard of living, quality of life, economic welfare, and well-being of people in the region.

64. The figure below presents the most recent performance of ECO member countries regarding the Sustainable Development Goals (SDGs), as reported by the SDG Transformation Center in 2024.

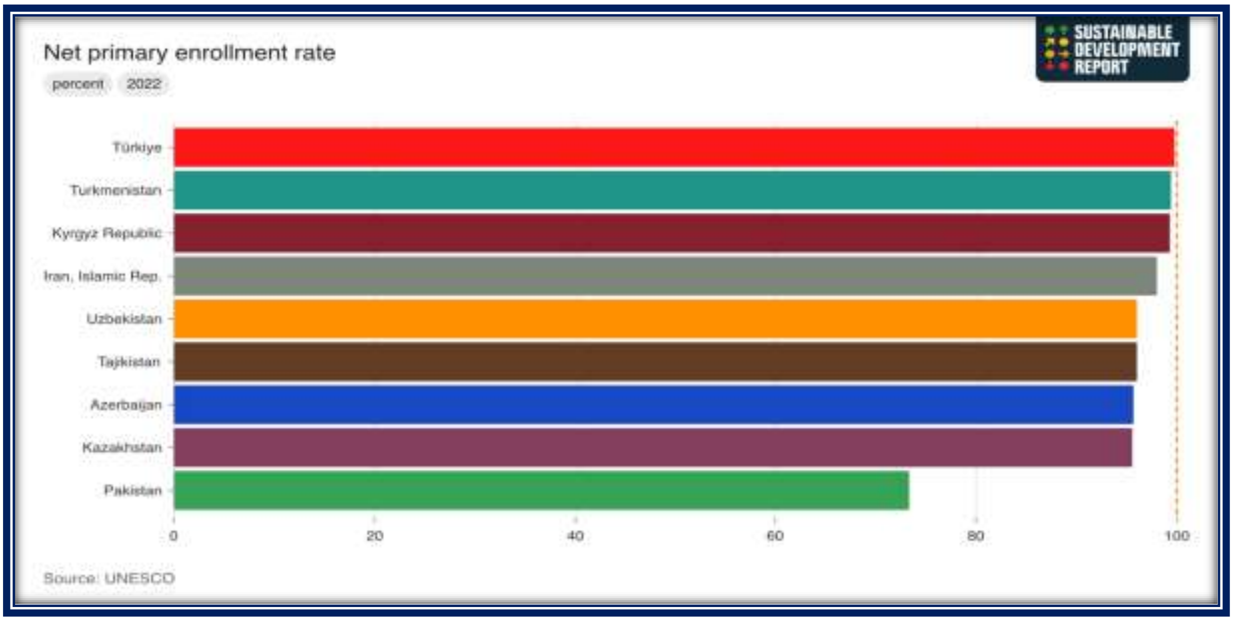


Source: https://dashboards.sdgindex.org/rankings

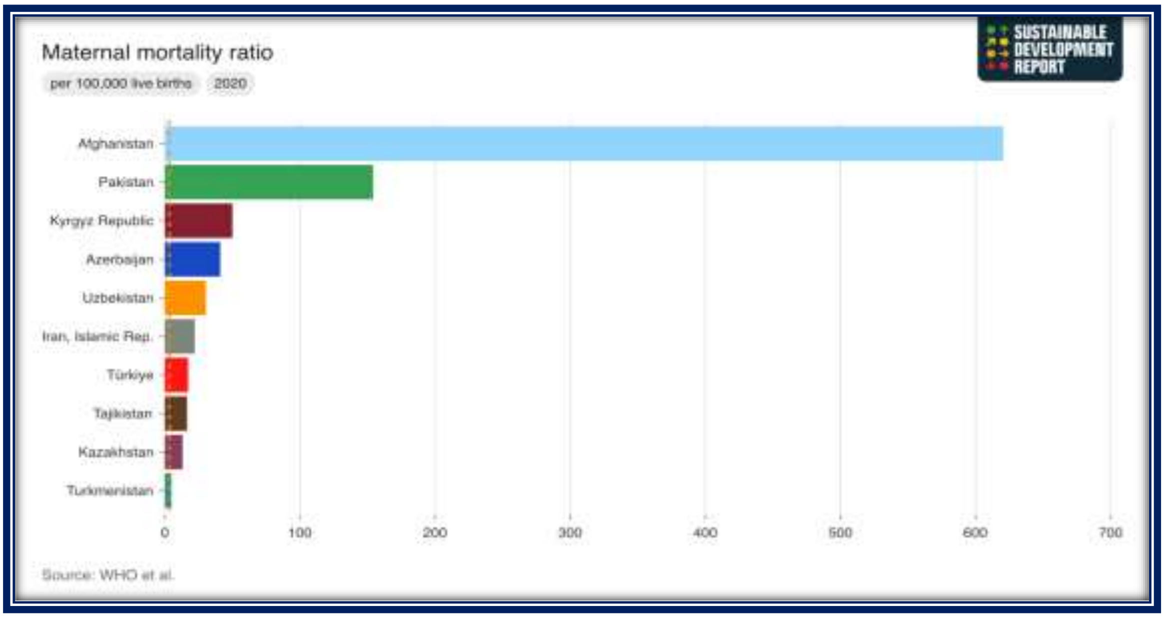
65. For instance, as illustrated in the figure below, by 2024, nearly all ECO Member States, excluding Afghanistan, have achieved the SDG 1 target, which is no poverty, based on the poverty headcount ratio at the $2.15/day threshold. However, when broader indicators are taken into account—such as the poverty headcount ratio at $3.65/day—the overall SDG 1 performance scores for ECO Member States, with the exception of Turkmenistan, reflect ongoing challenges in fully eradicating poverty. In the case of Afghanistan, significant structural and socio-economic barriers persist, highlighting the presence of major challenges in meeting the targets of SDG 1.



66. Although, the ECO Member States have performed well relatively in terms of achieving SDGs on education, it could be stated that there exist some challenges for ECO Member States on education as well, as seen in the figure below which illustrates the net primary enrollment rate, a key sub-indicator of SDG 4. It shows that Türkiye, Turkmenistan, and Kyrgyzstan have successfully met the target for this objective.



67. As for the health and well being indicators for ECO Member States such as maternal mortality rates as seen in the figure below, it could be said that there are still major challenges for the majority of ECO Member States to meet this indicator, which is the sub-indicator of SDG 3.



68. In 2024, Human Resources (HR) and Sustainable Development are increasingly intertwined as businesses, governments, and organizations globally recognize the importance of aligning workforce management with sustainability goals. The human aspect of sustainability focuses not only on the efficient and responsible use of resources but also on the well-being and development of people, communities, and future generations.

69. As sustainability becomes central to business strategies, HR plays a pivotal role in reshaping organizations. Companies are now focusing on building a workforce that is not only skilled in traditional areas but also well-versed in sustainability, climate action, and green business practices. HR is investing in reskilling and upskilling employees to handle new roles in green technologies, circular economy models, and environmental management.

70. In 2024, the integration of Human Resources and Sustainable Development is no longer just a trend but a necessity for long-term organizational success. HR is at the forefront of driving sustainable business practices, from improving employee well-being and promoting diversity to facilitating the transition to green technologies. Sustainable human resources management, combined with a focus on the UN SDGs, is helping businesses address environmental and social challenges, ensuring that companies not only thrive but also contribute to the greater good of society and the planet.

VI. <u>Tourism</u>

71. According to UN Tourism, international tourism nearly fully recovered from the COVID-19 pandemic in 2024, reaching 99% of pre-pandemic levels with approximately **1.4 billion overnight visitors** globally, an 11% increase over 2023. The recovery was driven by strong demand, robust performance from major source markets, and ongoing rebounds in Asian and Pacific destinations.

72. UN Tourism has reported that total tourism export revenues reached a record **USD 1.9 trillion** in 2024, surpassing pre-pandemic figures slightly in real terms, and international arrivals are expected to grow further in 2025 by 3% to 5%, supported by a positive outlook among industry experts. The latest annual research of the World Travel and Tourism Council indicates that travel and tourism contributed **USD 10,9 trillion** to global GDP in total, including direct, indirect and induced impacts. Domestic visitors spent USD 5,3 trillion in their travels in 2024.

73. The sector's outlook remains optimistic, with the UN Tourism Confidence Index scoring 130 for 2025, indicating a strong recovery trajectory. About 64% of UN Tourism Panel experts believe prospects will be better or much better in 2025 compared to 2024, despite ongoing economic and geopolitical challenges that pose risks to confidence levels. Overall, the tourism industry has demonstrated resilience and is on a steady path toward full recovery, reinforced by increasing international visitor numbers, rising revenues, and positive future growth expectations.

74. In April 2024, ECO celebrated **Shahrisabz**, Uzbekistan, as the **ECO Tourism Capital for 2024** through a series of vibrant festivities. These included the Official Inauguration Ceremony, during which the city received its official certificate, as well as a cooking

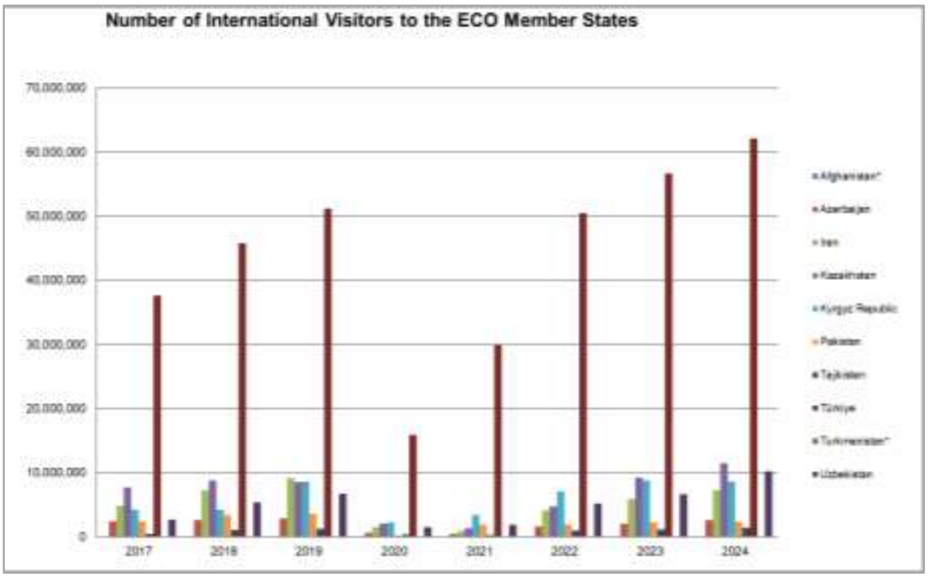
competition, fashion show, ethnosport games, and a Sustainable Tourism Forum. In May 2024, the **First ECO Tour Operators Forum** was held in **Baku**, Azerbaijan, bringing together private sector stakeholders from ECO Member States. The event concluded successfully with several B2B partnership agreements.

75. Moreover, the **ECO Tourism Website and** relevant YouTube channel were officially launched during the 28th Council of Ministers (COM) Meeting held in Mashhad, Iran, in December 2024, marking another key milestone in regional tourism cooperation.

76. In 2024, the ECO Secretariat actively participated in several high-level international tourism events in the Member States, including the **17th Tehran International Tourism and Related Industries Exhibition** in Iran (February), the **International Conference on "The Main Directions and Opportunities of Tourism Development"** in Ashgabat, Turkmenistan (March), the **12th Session of the Conference of Tourism Ministers of the OIC** in Uzbekistan, and **the International Travel and Tourism Symposium** in Islamabad, Pakistan (June).

77. Throughout the year, the Secretariat also collaborated with relevant stakeholders to develop key regional documents, including the **ECO Sustainable Tourism – Common Criteria for Tourism Accommodation Facilities**, the organization's first tourism standardization framework, and the 1st Edition of the **ECO Tourism Investment Guide**, aiming to enhance investment and quality standards across the region.

78. In 2024, more than **104 million** tourists visited the ECO Member States, Türkiye (62.2 million), Kazakhstan (11.5 million), Uzbekistan (10.2 million), Kyrgyz Republic (8.62 million), and Iran (7.3 million) are the leading member states in terms of visitor numbers. Although the number of international tourists continued to rise in 2023 and 2024, public and private stakeholders at both national and regional levels must continue to collaborate to enhance regional travel.



Graphic 1. Number of International Visitors to ECO Member States (2017-2024)

**Data Unavailable (Source: National Statistical Portals of the ECO Member States, Media Coverage for the Official Statements of High-Level Officials, UN Tourism Data Dashboard, WTTC)*

79. **Tourism revenue** in the ECO region has a growing trend in 2024, driven by both inbound international travelers and domestic tourism. **Türkiye** remains the largest contributor, with a **USD 61,1 billion** in tourism revenue, **Uzbekistan** generated **USD 3,5 billion** from tourism services whereas **Kazakhstan** obtained **USD 2.6 billion** from the expenditures of foreign tourists in 2024.

80. The 2024 edition of the World Economic Forum's (WEF) Travel and Tourism Development Index (TTDI) featured eight ECO Member States, most of which recorded an improvement in their rankings compared to the previous edition. Among them, Uzbekistan demonstrated the most significant progress.

81. The ECO region achieved an average TTDI score of 3.76, marking a 6.11% increase compared to the 2019 edition. However, as this score remains below the global average, the findings indicate that further efforts are needed to enhance tourism competitiveness across the region, as illustrated in Chart 1 below.

TTDI (Travel and Tourism Development Index) 2024 Scores in the ECO Region

Overall Rank	ECO Member State	Score	Change since 2019		Difference from Global Average (%)	Change since 2017 Rank
			Rank	Score		
29	Türkiye	4,39	8	3.1%	10.6%	14
52	Kazakhstan	4,07	6	3.7%	2.6%	29
56	Azerbaijan	3,98	-5	-0.6%	0.3%	15
73	Iran	3,72	4	1.5%	-6.3%	20
78	Uzbekistan	3,68	16	7.8%	-7.3%	NA
99	Tajikistan	3,42	-3	0.7%	-13.7%	8
101	Pakistan	3,41	3	3.6%	-14.0%	23
102	Kyrgyz Republic	3,38	1	2.8%	-14.0%	13
	ECO Region Avg Score 2024	3.76		6.11%	-5.37%	
	ECO Region Avg Score 2019	3.54			-7.90%	
	TTDI Global Average	3.96				

Chart 1: TTDI 2024 Scores for ECO Member States *(Source: World Economic Forum)*

82. According to the WEF's study, the ECO region scored highest in price competitiveness. However, it should be noted that this advantage may diminish over time in economies experiencing high inflation. The tourism sector in the region is expected to flourish further if Member States adopt more tourism and travel friendly policies and place greater emphasis on environmental sustainability.

ECO Average Score	TTDI Indicators
5.81	Price Competitiveness
5.47	Safety and Security
4.85	Health and Hygiene
4.60	ICT Readiness
4.56	T&T Socieconomic Impact
3.99	Prioritization of T&T
3.88	T&T Demand Sustainability
3.86	HR and Labour Market
3.77	Environmental Sustainability
3.63	Business Environment
3.28	Opennes to T&T
3.25	Air Transport Infrastructure
3.21	Ground and Port Infrastructure
2.78	Natural Resources
2.53	Cultural Resources

Chart 2: Average Scores for Each TTDI 2024 Indicator *(Source: World Economic Forum)*

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VII. Economic Research and Statistics

83. One of the ECO projects in the field of Economic Research and Statistics istransformation of the ECO Economic Journal (EEJ) into an internationally recognized, widely disseminated and reputable publication. EEJ can become a leading think-tank in the region that has the capacity to contribute publications and research materials related to the economies, trade and investment potential of ECO Member States.

84. Leading strategic research institutions and experts of the Member States could cooperate with EEJ to publish their materials and articles as well as to carry out joint research projects.

85. Another important project is the "Establishment of ECO Research Center ERC) in Baku". The main objective of the Center is to help ECO and its membership to build their regional cooperation on the solid research-based foundations with a view to ensuring concrete outcomes.

86. The ECO Economic Journal (EEJ) may be constitutive part of the ECO Research Center (ERC), since both of them are located in Baku.

CHAPTER II:

ECONOMIC SITUATION AND TRANSPORT CONNECTIVITY IN THE ECO MEMBER STATES IN 2024

87. In this part of the Report, the emphasis is made on transport connectivity in the ECO Member States pursuant to the aspirations and priorities of the participating countries expressed at the 15th and 16thSummits that took place in 2021 and 2023 respectively, as well as in line with the goals and objectives outlined in the ECO Vision 2025.

88. During the 15th and 16th Summits of Heads of State and Government, and the 28th Meeting of Ministers of Foreign Affairs of ECO countries, there was extensive discussion on intra-regional trade, transport connectivity and sustainable development. Therefore, while highlighting overall developments in the ECO region, the Report aims to engage relevant state agencies and members of the expert community in discussions to identify areas where cooperation and interaction among member states in transport connectivity can be constructive and fruitful. Country reports on overall economic situation are as below:

I  **REPUBLIC OF AZERBAIJAN**

Azerbaijan
Azerbaijan 2024 Population 10 372.5 mln
GDP nominal 74,3 bln USD (126,3 bln AZN)
Inflation 2.2%
Currency exchange rate AZN1.70/1USD

89. Azerbaijan`s economy demonstrated a 4.1 percent increase in 2024, with the gross domestic product reaching 74,3 bln USD (126,3 billion manats). This marks a 4.1 percent growth compared to the corresponding period of the previous year. GDP per capita in 2024 amounted to 7284 USD (12 thousand 382.5 manats).

90. Azerbaijan has invested heavily in infrastructure, including transport, logistics, and housing, with a significant focus on the development of its capital, Baku. The country’s strategic location between Europe and Asia makes it a critical player in international trade routes, particularly with its investments in transportation infrastructure, such as the Baku-Tbilisi-Kars railway and modernizing its ports.

91. Azerbaijan is a major player in the oil and gas industry in the South Caucasus region. The country's energy resources, particularly its vast oil reserves in the Caspian Sea, have historically been the backbone of its economy. In 2024, the oil and gas sector remained

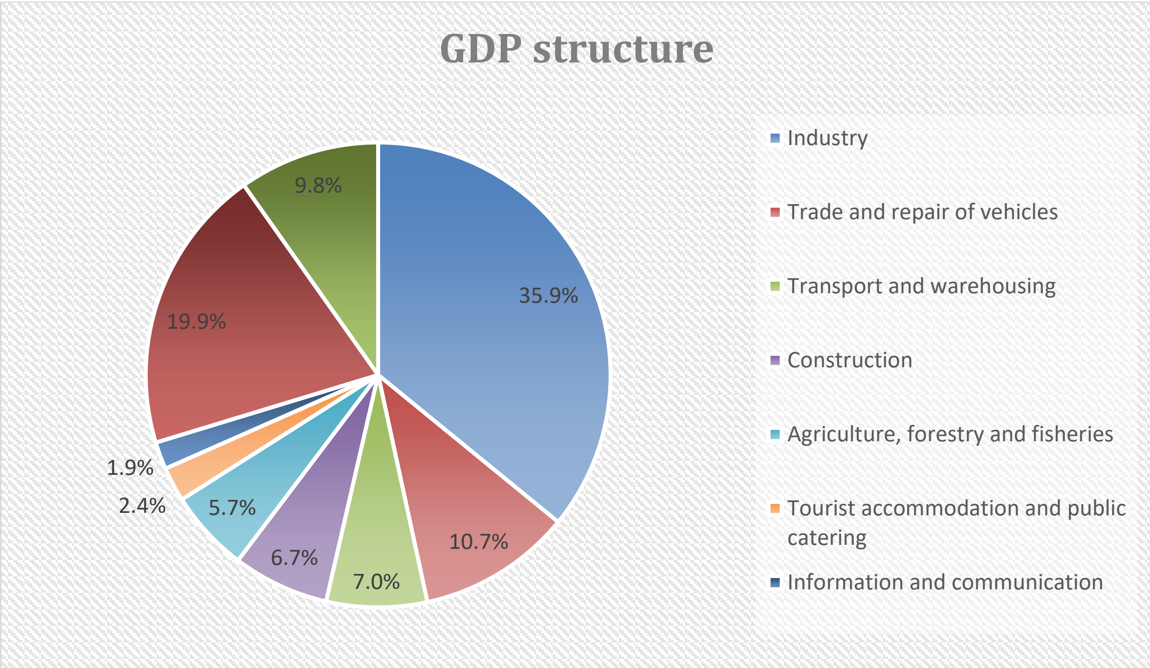
central to the economy, although there are efforts to diversify. The State Customs Committee of Azerbaijan recorded a 3.2% decrease in gas exports to 25 billion 772 million cubic meters in 2024.

92. Azerbaijan supplies gas to ten European countries based on various contractual mechanisms. Long-term contracts with fixed supply volumes have been concluded with Italy, Greece and Bulgaria. Agreements with Romania, Hungary, Serbia, Slovenia, Croatia and Slovakia provide for flexible terms on purchase volumes. A memorandum of cooperation has been signed with North Macedonia.

93. Azerbaijani gas is transported to Turkiye via two main pipelines - TANAP and the South Caucasus Pipeline Mainline (SCPM). Supplies to Georgia are made through the SCPM and the Gazimagomed-Gazakh gas pipeline.

94. The total value of exported gas in 2024 reached $ 8.407 billion, which shows a decrease of 38.5% compared to the previous period. This dynamic reflects changes in the global energy market situation.

95. In the structure of GDP, 35.9% fell to industry, 10.7% - to trade and repair of vehicles, 7% - to transport and warehousing, 6.7% - to construction, 5.7% - to agriculture, forestry and fisheries, 2.4% - to tourist accommodation and public catering, 1.9% - to information and communication, 19.9% - to other industries. The share of taxes in GDP amounted to 9.8%.



96. In response to global climate concerns, Azerbaijan hosted the COP29 climate conference in Baku in November 2024. The event underscored the nation's commitment to transitioning towards renewable energy, with plans to increase the share of green power generation to 33% by 2027.

97. Looking ahead, projections suggest a moderation in growth, with real GDP expected to increase by 2.7% in 2025. These forecasts remain sensitive to fluctuations in global oil

and gas prices, emphasizing the need for economic diversification and sustainable development strategies.

98. While Azerbaijan's economy in 2024 was influenced by its energy sector, there are clear efforts towards diversification, infrastructure development, and enhancing non-oil industries. The country's ability to navigate these transitions while managing external challenges will likely shape its economic trajectory.

Non-oil economy

99. The Azerbaijani government has made strides in diversifying the economy beyond oil and gas. The non-oil sectors, including agriculture, tourism, manufacturing, and information technology, are seen as critical to the long-term growth of the country. Particularly, agricultural products such as cotton, fruits, vegetables, and nuts play an increasingly important role in exports.

100. The non-oil and gas sector also contributed significantly, growing by 6.2% during the same period. In 2024, Azerbaijan is continued focusing on attracting foreign investment into these non-oil sectors. Tourism has also been growing, particularly due to the country's rich cultural heritage, modern infrastructure, and increasing flights to major global hubs.

Fixed capital investments

101. According to the State Statistics Committee of Azerbaijan, Investments in fixed capital in Azerbaijan amounted to 21.4 billion manat ($12.5 billion) in 2024, which is 0.7 percent less than the indicator of the corresponding period of 2023.

Consumer market

102. In 2024, Azerbaijan's consumer market exhibited positive growth. In November 2024, the Consumer Price Index increased by 4.4% compared to November 2023, with food products, beverages, and tobacco products contributing significantly to this rise. December saw a slight uptick to 4.9% year-on-year inflation.

103. Consumer spending is a critical indicator of economic health. In the third quarter of 2024, consumer spending in Azerbaijan rose to 18,832.6 million AZN (approximately $11.1 billion), up from 17,118.4 million AZN in the second quarter.

104. The value of goods sold and services provided to meet consumer demands reached 67.4 billion manats (about $39.6 billion) from January through November 2024, marking a 4.6% increase over the same period in the previous year. The private sector accounted for a substantial portion of this growth, with a 4.5% year-on-year increase during the same period.

Retail

105. In 2024, Azerbaijan's retail sector experienced notable growth, reflecting a positive economic trajectory. The retail trade turnover for the year reached 62.2 billion manat, marking an increase of nearly 4% compared to the previous year.

106. Baku, the capital, boasts several shopping malls, including Ganjlik Mall—the largest in the city—and the newly opened Crescent Mall in May 2024, enhancing the retail landscape.

107. Overall, 2024 was a year of steady growth for Azerbaijan's retail sector, supported by economic development and evolving consumer habits.

Services and Catering

108. In 2024, Azerbaijan's services sector, particularly catering and hospitality, experienced significant growth, reflecting the nation's economic resilience and diversification efforts. The services sector, encompassing areas like retail trade and transportation, expanded by 2.3% in 2024, contributing notably to the nation's GDP growth.

109. Public catering turnover across Azerbaijan reached approximately 2.374 billion manats in 2024, marking a 21.2% year-on-year increase. In Baku, the public catering turnover by legal entities amounted to 938.9 million manats ($552.29 million) in 2024, representing 55.4% of the city's total catering turnover.

110. The hospitality industry saw a 25% growth in the first nine months of 2024, with a significant increase in overnight stays at hotels and similar establishments.

111. These developments underscore the dynamic expansion of Azerbaijan's services sector in 2024, driven by robust growth in catering and hospitality, contributing to the nation's broader economic advancement.

Salary

112. In 2024, the average monthly salary in Azerbaijan was approximately 1,007.5 manat (about $592.60 USD). The official minimum wage remained unchanged at 345 manat per month (approximately $202.94 USD). However, average salaries varied significantly across different sectors. For example, employees in the mining industry earned an average of 3,088.3 manat per month, while those in administrative and support services received about 431.6 manat.

113. Additionally, Baku, the capital city, offered higher average salaries compared to other regions, with workers earning around 1,000 manat per month. Overall, Azerbaijan ranked 99th out of 196 countries globally in terms of average monthly salary, with an average of $494 USD.

Inflation and income of population

114. In 2024, Azerbaijan experienced a notable decrease in inflation compared to previous years. The annual inflation rate stood at 4.9%, with food inflation at 5.5%, non-food inflation at 2.4%, and services inflation at 6.3%. This decline aligns with projections from the Asian Development Bank, which anticipated a slowdown to 5.5% for the year.

115. Regarding income, the average monthly salary across Azerbaijan increased by 8% in 2024, reaching 996.8 manats (approximately $594 USD) from January to November. These figures represent a substantial improvement in the country's wage levels, reflecting positive economic trends.

116. Overall, 2024 was a year of economic stabilization for Azerbaijan, marked by reduced inflation and increased average incomes.

Trade

117. In 2024, Azerbaijan maintained a positive trade balance, with exports totalling $24.042 billion and imports at $18.772 billion, resulting in a surplus of $5.270 billion.

118. Additionally, Azerbaijan's oil production remained stable, with projections of 29 million tons per year for both 2024 and 2025. The Shah Deniz gas field's output increased to about 28 billion cubic meters in 2024, up from 26 bcm in 2023. To sustain production levels, BP planned the addition of six new gas wells in the Shah Deniz field. These figures highlight Azerbaijan's significant role in regional trade and its ongoing efforts to maintain and enhance production capacities in the oil and gas sectors.

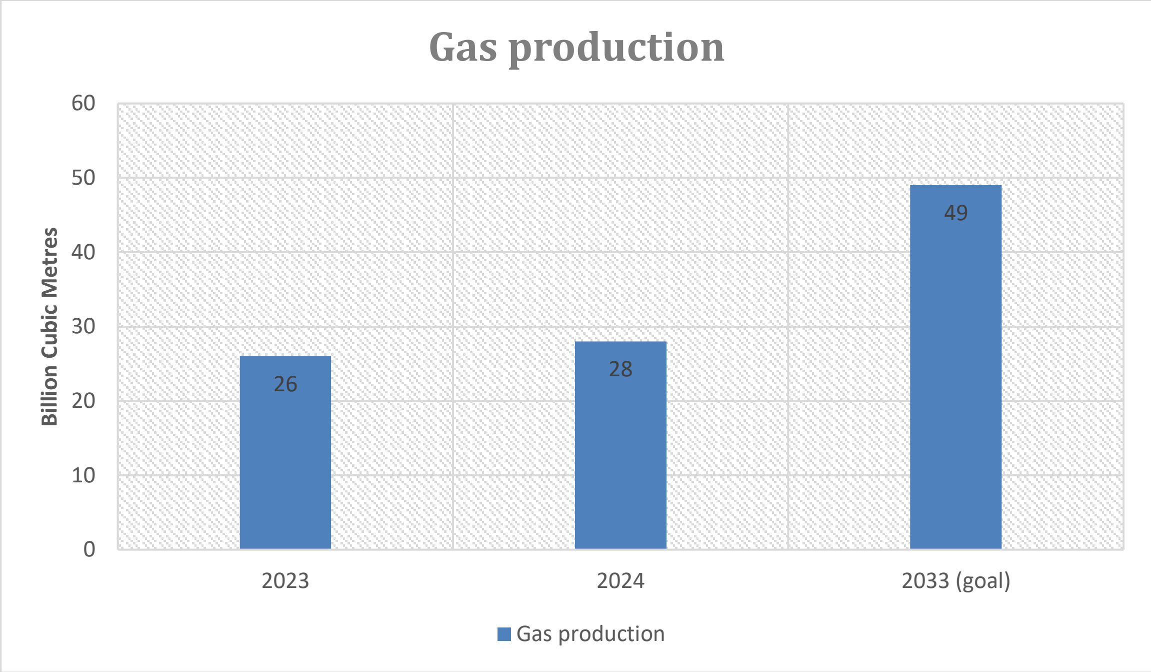
Employment

119. In 2024, Azerbaijan's labor market experienced notable developments, marked by significant job creation and a slight decrease in unemployment.Between January and September 2024, approximately 69,600 new jobs were created, with over 92% of these positions in the private sector. By September 2024, the total number of employed individuals reached approximately 5.02 million, reflecting an increase from 4.996 million in June 2024.

120. In 2024, around 15,900 jobs were closed, with 29.7% due to the termination of activities by enterprises and organizations, and 70.3% resulting from cuts within existing enterprises. These statistics indicate a dynamic labor market in Azerbaijan during 2024, characterized by substantial job creation, particularly in the private sector, alongside ongoing challenges related to job closures and unemployment.

Energy

121. In 2024, Azerbaijan's energy sector experienced significant developments, balancing between fossil fuel production and renewable energy initiatives. Azerbaijan's state-owned oil and gas company, SOCAR, and its partners aimed to increase annual gas production from 37 billion cubic meters (bcm) to 49 bcm by 2033. BP planned to add six new gas wells in the Shah Deniz field in the Caspian Sea to maintain stable production, with output reaching about 28 bcm in 2024, up from 26 bcm in 2023.



122. Azerbaijan hosted COP29 in November 2024, using the platform to promote renewable energy projects, including hydropower, solar, and wind initiatives, particularly in the Karabakh region. The government signed investment agreements with companies like ACWA Power and Masdar to develop renewable energy projects, aiming for renewables to constitute 30% of the total installed power-generation capacity by 2030. Azerbaijan increased its focus on energy efficiency to meet its Paris Agreement commitments and reduce dependence on fossil fuels, which account for a significant portion of its export revenues and GDP. The country actively integrated artificial intelligence into its energy sector to drive efficiency, sustainability, and decarbonization, with several pilot projects aiming to advance its green energy transition.

123. In May 2024, Azerbaijan and Iran inaugurated the Giz Galasi Dam on the Aras River, a joint project aimed at hydroelectric power production and irrigation, enhancing regional energy cooperation.

124. Despite these advancements in renewable energy and efficiency, Azerbaijan continued to heavily invest in fossil fuel production, raising questions about the genuineness of its green energy commitments.

TRANSPORT CONNECTIVITY POLICY

125. Azerbaijan has a well-developed transport infrastructure, which plays a key role in connecting the country to its neighbors and international markets. Here’s an overview of the transport connectivity in Azerbaijan:

1. Road Transport

- **Road Network**: Azerbaijan has an extensive road network of over 30,000 kilometers, including highways and local roads. The road system connects major cities, ports, and border crossings, facilitating both domestic and international transport.
- **Highways**: Key highways connect Baku (the capital) to other major cities such as Ganja, Sumgayit, and Mingechevir, as well as to the border crossings with neighboring countries like Russia, Georgia, Armenia, and Iran.
- **Public Transport**: In urban areas like Baku, buses, taxis, and metro services are widely available. Baku's metro system is one of the oldest in the region and is continuously expanding to accommodate more passengers.

2. Rail Transport

- **Rail Network**: Azerbaijan's rail network spans around 2,900 kilometers, linking cities across the country and connecting to neighboring countries. The rail system is operated by Azerbaijan Railways (ADY) and connects with Russia, Georgia, and Iran.
- **International Connectivity**: The rail system is also part of major international corridors, like the Trans-Caspian International Transport Route (also known as the Middle Corridor), which links China to Europe through Kazakhstan, Azerbaijan, Georgia, and Türkiye.
- **Modernization**: The government has been modernizing the rail network, with new high-speed trains connecting Baku with other regions like Ganja, as well as improvements to the infrastructure to handle freight more efficiently.

3. Air Transport

- **Airports**: Azerbaijan has several international and domestic airports, with **Heydar Aliyev International Airport** in Baku being the main hub. It connects Azerbaijan to major cities in Europe, the Middle East, and Asia.
- **Domestic Flights**: Azerbaijan Airlines (AZAL) and other carriers offer domestic flights that connect Baku to regional airports like Ganja, Lankaran, and Gabala.
- **Air Corridors**: Azerbaijan is strategically positioned between Europe and Asia, making it an important hub for both passenger and cargo flights.

4. Maritime Transport

- **Ports**: Azerbaijan has a key role in maritime transport due to its location along the Caspian Sea. Major ports include the **Baku Port** and **Alat Port**, which serve as vital points for both cargo and passenger transport.
- **Caspian Sea**: Azerbaijan is involved in ferry and cargo shipping across the Caspian Sea, connecting to Kazakhstan, Turkmenistan, and Russia. This is especially important for oil, gas, and other goods.

5. Pipeline Infrastructure

- **Oil and Gas Pipelines**: Azerbaijan is a significant player in the energy sector, with pipelines like the **Baku-Tbilisi-Ceyhan (BTC) Pipeline** and the **South Caucasus Pipeline** transporting oil and gas to international markets.

- **Transit Role**: Azerbaijan's location between major energy producers (like Kazakhstan and Turkmenistan) and consumers (in Europe) has solidified its role as a crucial transit hub for energy resources.

6. Baku International Sea Trade Port

- **Development**: The Baku International Sea Trade Port, located in the Alat district near Baku, is one of the largest port infrastructure projects in the Caspian region. It enhances Azerbaijan's position as a trade hub between Europe and Asia.
- **Freight and Transit**: The port handles significant volumes of cargo, including petroleum products, machinery, and agricultural goods, and serves as an important link in the **Trans-Caspian International Transport Route**.

7. Multimodal Transport Initiatives

- **Middle Corridor**: Azerbaijan is an integral part of the **Middle Corridor** (Trans-Caspian International Transport Route), a key part of China's Belt and Road Initiative (BRI). This route connects China to Europe, passing through Kazakhstan, Azerbaijan, Georgia, and Türkiye.
- **Rail, Road, Sea, and Air**: The country aims to integrate its road, rail, sea, and air networks to support efficient logistics, increasing Azerbaijan's role as a regional transit and transport hub.

8. Future Developments

- **Infrastructure Investments**: Azerbaijan is investing heavily in its transport infrastructure, particularly in improving road quality, expanding the metro system, and upgrading ports and airports to handle increased traffic.
- **Smart Transport Systems**: Baku has also started implementing smart transportation technologies, such as intelligent traffic management systems and e-ticketing for public transport.

126. Azerbaijan's transport connectivity is diverse, covering a wide range of infrastructure and playing a crucial role in regional and international trade and travel. The government continues to modernize and expand these systems, positioning Azerbaijan as an increasingly important transport and logistics hub in the region.

II  ISLAMIC REPUBLIC OF IRAN

Islamic Republic of Iran
Population 91,9 mln
GDP nominal 434,24 bln USD
Inflation 35%
Currency exchange rate Rial 419.128/1USD

127. In 2024, Iran's economy experienced modest growth amidst significant challenges. According to the International Monetary Fund (IMF), Iran's gross domestic product (GDP) grew by 3.7% during that year. However, this growth was uneven across different sectors. The industrial sector, crucial to Iran's economy, saw a slowdown, with growth halving to 2.7% in the summer of 2024 compared to the previous year.

128. Despite the overall positive GDP growth, Iran faced significant economic challenges, including high inflation and a depreciating currency.

Non-oil economy

129. In 2024, Iran's non-oil economy demonstrated resilience amid broader economic challenges. The World Bank reported a 3.6% growth in the non-oil sector, primarily driven by the services industry. Additionally, non-oil exports saw significant growth. Between March 21 and December 22, 2024, exports of non-oil commodities increased by 18% compared to the same period in the previous year. This period also witnessed a 5% rise in non-oil imports, highlighting active trade dynamics. Despite these positive indicators, other sectors such as agriculture, industry, and services faced downturns, leading to a deceleration in overall GDP growth. The Central Bank of Iran noted that GDP growth during the summer of 2024 stood at 2.7%, half of the 2023 growth rate.

130. While Iran's non-oil economy showed growth in 2024, particularly in services and exports, the broader economic landscape remained complex, with challenges in various sectors impacting overall growth rates.

Fixed capital investments

131. In 2024, Iran's gross fixed capital formation (GFCF), a key indicator of investment in the economy, showed notable growth. According to the Central Bank of Iran, GFCF grew by 4.9% year-on-year in 2023, following a 9% annual growth in 2022. This upward trend continued into 2024, with the construction industry expanding by 2.8% in real terms, supported by increased investments in energy, infrastructure, and the oil and gas sectors. These investments are crucial for Iran's economic development, as they enhance infrastructure and industrial capacity, potentially leading to increased productivity and economic growth.

Retail

132. In 2024, Iran's retail sector faced a complex landscape shaped by economic challenges and evolving consumer behaviors. The retail delivery market, particularly online grocery shopping, experienced significant growth due to the convenience it offers consumers.

133. Overall, the eCommerce sector was projected to reach revenues of approximately US$15.57 billion by 2025, with an annual growth rate of 11.87% from 2025 to 2029.

134. In an effort to address economic challenges, the Iranian government eased import restrictions on foreign cars and iPhones in 2024. This move aimed to meet public demand and generate tax revenues, though it also led to increased prices for these items, benefiting only those who could afford them.

135. The retail sector in Iran in 2024 was marked by a blend of growth in digital commerce and persistent economic challenges. While certain segments like eCommerce showed promise, the overarching issues of inflation, currency depreciation, and infrastructural limitations continued to influence consumer behavior and retail dynamics.

Services and Catering

136. In 2024, Iran's services sector, encompassing areas such as hospitality and catering, experienced notable developments despite facing economic challenges. The services sector remained a dominant force in Iran's economy, contributing approximately 58% to the nation's GDP in the previous fiscal year. This sector includes a diverse range of industries, with hospitality and catering playing significant roles.

137. In 2024, Iran's services sector, particularly hospitality and catering, demonstrated resilience and growth. Events like the Iran agro food exhibition and the expanding catering equipment market highlighted the sector's dynamism. However, broader economic challenges necessitated strategic adjustments to sustain this growth trajectory.

Salary

138. In 2024, the average monthly salary in Iran was approximately 30,000,000 Iranian rials (IRR), equivalent to about $715 USD. However, salaries varied significantly depending on profession and location. For instance, in Tehran, the average monthly income was around $900 USD. The minimum wage in Iran for 2024 was set at 53,073,300 IRR per month, approximately $1,260 USD.

139. Overall, while nominal salaries in Iran may have increased in 2024, the high inflation rate and currency depreciation significantly affected the real purchasing power of Iranian workers.

Inflation and income of population

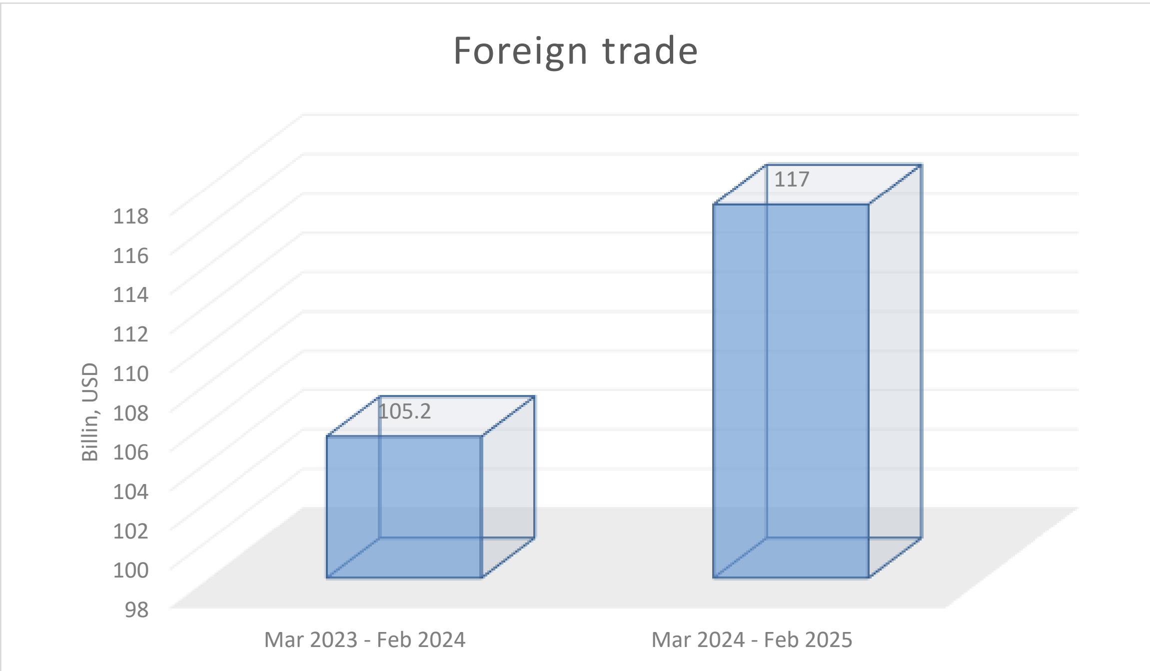
140. IMF estimated that Iran's inflation declined to 31.7% in 2024, down from 40.7% in 2023. Similarly, the IMF's World Economic Outlook reported an average inflation rate of 29.5% for Iran in 2024.In September 2024, the annual (point-to-point) inflation rate eased to 31.2%, slightly down from 31.6% in the previous month.

141. Despite these improvements, inflation remained a significant concern, particularly affecting food prices. In late 2024, reports highlighted escalating food poverty due to rising inflation. These developments underscore the complex economic challenges Iran faced in 2024, balancing between modest inflation reduction and ongoing economic hardships for its population.

142. The Iranian rial experienced a significant depreciation throughout 2024. By December, the rial had fallen to 756,000 per U.S. dollar on the unofficial market, driven by factors such as geopolitical tensions and economic uncertainties. This depreciation contributed to increased prices for imported goods and added pressure to domestic inflation.

Trade

143. In 2024, Iran's trade landscape was influenced by a combination of geopolitical developments, economic agreements, and evolving trade partnerships. Iran's total foreign trade reached approximately $117 billion in the first 11 months of the Iranian calendar year (March 20, 2024 – February 19, 2025), marking an 11.2% increase compared to the same period in the previous year.



144. Iran's exports during this period were valued at $60.2 billion, encompassing oil, technical services, and engineering products. Imports totalled $39.5 billion, including standard gold bullion.

145. Non-oil trade with neighboring countries reached $55.3 billion in the first 11 months of 2024, with exports constituting 67 million tons of goods valued at $25.8 billion and imports amounting to 21.4 million tons valued at $29.4 billion.

146. Throughout 2024, the U.S. imposed new sanctions targeting Iran's petrochemical and oil industries, as well as entities aiding Iran's exports. Despite these measures, Iran managed to maintain and even increase its oil exports, primarily to China, by utilizing non-sanctioned tankers and alternative trade routes.

147. In summary, 2024 witnessed a dynamic trade environment for Iran, characterized by increased trade volumes, strategic agreements, and resilience amid ongoing sanctions and geopolitical challenges.

Employment

148. In 2024, Iran's labor market experienced several notable trends. In the third quarter of 2024 the unemployment rate decreased to 7.50% from 7.70% in the previous quarter. Fourth quarter showed decrease of unemployment rate further to 7.20%.In 2023 the annual unemployment rate was 9.10%, a slight increase from 9.09% in 2022.

Energy

149. In 2024, Iran's energy sector faced numerous challenges and developments, influenced by domestic consumption patterns, international sanctions, and geopolitical tensions.

150. Iran's energy consumption remains notably high, with per capita usage significantly surpassing global averages. The nation consumes electricity at a rate three times the global average and natural gas six times higher. This high consumption is largely attributed to substantial government subsidies, which, while making energy affordable, have led to inefficiencies and increased domestic demand. Consequently, Iran has experienced recurring electricity shortages, particularly during peak summer months, with a reported deficit of 14,000 MW during the summer of 2024.

151. Despite ambitious targets, Iran's progress in renewable energy development has been limited. The goal to add 2,500 MW of renewable capacity in the fiscal year ending March 19, 2024, resulted in less than 75 MW of new installations, achieving only 3% of the target. As of mid-2024, total renewable capacity stood at approximately 879 MW, less than 1% of the country's total electricity generation capacity. This shortfall highlights challenges in infrastructure development and investment in the renewable sector.

152. Iran's oil exports continued amid stringent U.S. sanctions. The U.S. administration imposed sanctions on Chinese companies involved in importing Iranian crude, aiming to curb Iran's oil revenue. In response, Iran's Revolutionary Guards increased their control over oil exports, reportedly managing up to 50% of these exports, primarily to China.

153. Looking ahead, Iran faces the imperative to transform its energy sector to address inefficiencies and sustainability challenges. Strategies include optimizing energy production, reducing consumption, and enhancing the value-added aspects of the energy industry. Investments in renewable energy sources are also being pursued, with plans to increase solar energy capacity by up to 4,000 MW, aiming for a total exceeding 30,000 MW in the coming years.

154. In summary, 2024 was a year of significant challenges for Iran's energy sector, marked by high consumption, limited progress in renewable energy, continued oil export activities amid sanctions, and strained infrastructure. Addressing these issues requires comprehensive reforms and strategic investments in both infrastructure and renewable energy.

TRANSPORT CONNECTIVITY POLICY

155. In 2024, Iran made significant strides in enhancing its transport connectivity, aiming to position itself as a pivotal transit hub between East and West. However, challenges such as geopolitical tensions and infrastructural limitations have influenced the outcomes of these initiatives.
156. Iran continued to invest in expanding its rail network to enhance regional connectivity. A notable project was the Chabahar–Zahedan railway, a 750-kilometer line designed to link the port of Chabahar on the Indian Ocean to Zahedan, connecting to the broader national rail system. The project faced delays, with commissioning initially scheduled for 2024 but later postponed.
157. In December 2023, Iran and Türkiye agreed to increase rail freight transportation between the two countries to one million tons in 2024. This initiative aimed to strengthen bilateral trade and enhance regional transit links.
158. Iran's public transportation sector showed signs of growth, with projections indicating that revenues would reach approximately $1.79 billion by 2025. This growth was expected to continue with an annual increase of 11.55% from 2025 to 2029, reflecting investments and improvements in urban transit systems.
159. The construction industry, closely tied to transportation infrastructure, was projected to expand by 2.8% in real terms in 2024. This growth was driven by increased gross fixed capital formation and investments in energy, infrastructure, and the oil and gas sectors, contributing to the development of transportation networks.
160. While Iran's transportation sector in 2024 saw growth in public transit revenues and ongoing infrastructure projects, it also faced challenges related to underutilization of transit capacities and the complexities arising from regional competition and sanctions.

Rail Infrastructure Developments:

- *Astara–Rasht–Qazvin Railway:* This project aims to link Russia, Azerbaijan, and Iran, forming a crucial segment of the International North-South Transport Corridor (INSTC). In June 2024, the Rasht–Anzali Caspian Port section was inaugurated, enhancing connectivity between the Caspian Sea and Persian Gulf regions. The remaining stretch from Anzali to Astara is under construction, with completion anticipated in the coming years.
- *Chabahar–Zahedan Railway:* Connecting the port city of Chabahar on the Indian Ocean to Zahedan near the Afghan border, this 750 km line is designed to facilitate regional trade. Despite initial plans for a 2024 opening, progress has been delayed, with the line now expected to be operational by 2025.
- *Basra–Shalamcheh Rail Line:* This 32 km line between Basra, Iraq, and Shalamcheh, Iran, aims to strengthen Iraq-Iran transport links. Construction was ongoing in late 2024, with completion projected for October 2024; however, updates on its status are limited.

Road and Bridge Projects:

- *Persian Gulf Bridge:* Under construction since 2011, this 2.4 km road-rail bridge will link Qeshm Island to Bandar Abbas on the mainland. Originally slated for completion by 2016, the project faced delays due to environmental concerns and other factors. As of 2024, the bridge is nearing completion, with an expected opening in 2024, aiming to boost regional trade and tourism.

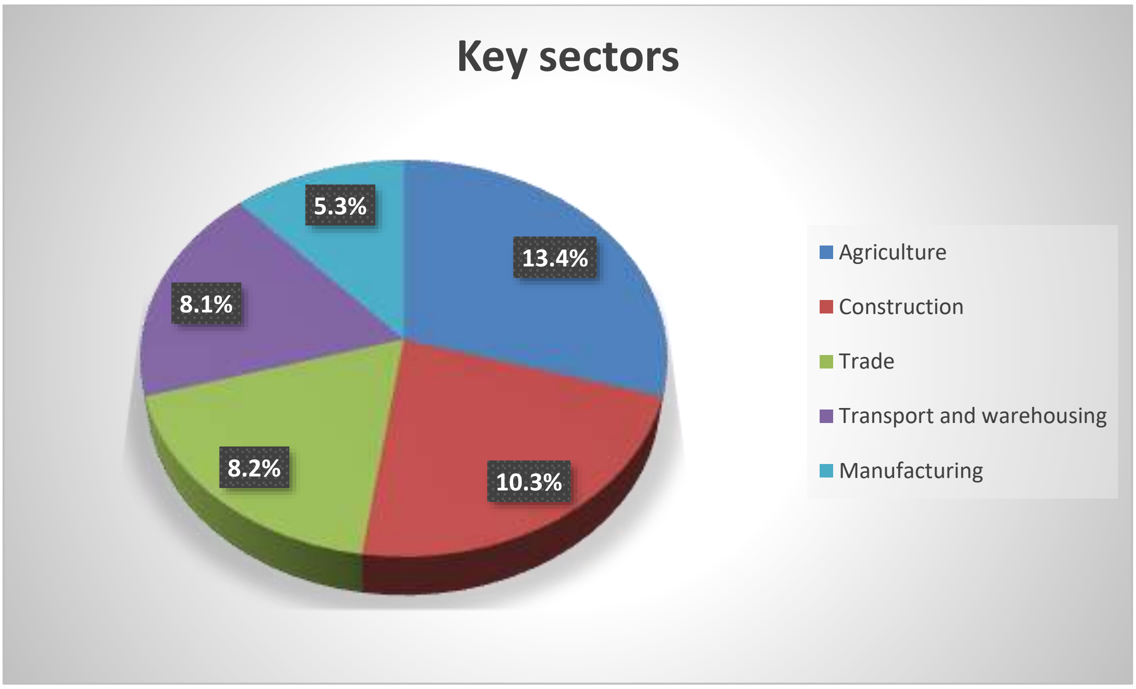
International Collaborations:

- *Iran- Türkiye Rail Freight:* In 2024, Iran and Türkiye agreed to increase rail freight transport between the two countries to one million tons, enhancing bilateral trade and regional connectivity.
- *Mashhad–Dammam Flights:* After a nine-year hiatus, flights resumed in December 2024 between Mashhad, Iran, and Dammam, Saudi Arabia, reflecting improving diplomatic relations and facilitating religious tourism.

III  REPUBLIC OF KAZAKHSTAN

Kazakhstan
Population 20,6 million, a 1.29% increase from 2023.
GDP nominal 296 billion USD
Inflation 8.6%
Currency exchange rate Tenge av. 469.64/1USD

161. In 2024, Kazakhstan's economy demonstrated resilience and growth, marked by strategic diversification efforts and significant challenges. The economy expanded by 4.4% in the first eleven months of 2024, with the non-resource sector being the primary growth driver. Key sectors contributing to this growth included agriculture (13.4% increase), construction (10.3%), trade (8.2%), transport and warehousing (8.1%), and manufacturing (5.3%).



162. Industrial production grew by 2.7% year-on-year in the first half of 2024, with manufacturing activity rising by 5.1%. The mining and quarrying sector showed modest growth of 0.3%. Despite global economic uncertainties, unemployment remained low at 4.7%, supporting a 1.7% increase in real wages during the same period.

163. Kazakhstan's oil production reached a record high in March 2024, with output exceeding OPEC+ quotas. The Caspian Pipeline Consortium (CPC), crucial for transporting Kazakh oil, faced operational challenges due to Russian regulatory actions, which temporarily threatened export capacities. These developments prompted OPEC+ to address Kazakhstan's overproduction in their April 2025 meeting.

164. The Kazakh tenge experienced significant depreciation, weakening to over 500 KZT per USD by December 2024. Contributing factors included a declining Russian ruble, a strengthening U.S. dollar, volatile oil markets, and increased domestic demand for foreign currency. In response, the National Bank intervened by selling $1 billion in foreign currency to stabilize the exchange rate.

165. The government faced budgetary pressures, partly due to increased spending on infrastructure and social support, including flood relief efforts. Monetary policy adjustments aimed to balance inflation control with economic growth, as inflation rates fluctuated throughout the year.

166. A significant development was the October 2024 referendum approving the construction of a nuclear power plant in the Almaty region, addressing the country's growing energy demands. The project, estimated at $15 billion, is expected to take about a decade to complete.

167. Overall, 2024 was a pivotal year for Kazakhstan, marked by economic growth, strategic diversification, and efforts to address both internal and external challenges.

<u>Non-Oil Economy</u>

168. In 2024, Kazakhstan's economy expanded by 4.4%, largely propelled by growth in its non-oil sectors. Key contributors to this expansion included manufacturing, trade, agriculture, and construction. Agriculture experienced a notable 13.4% increase in gross output—the highest since 2011—while construction grew by 10.3%, trade by 8.2%, transport services by 8.1%, and both communications and manufacturing by 5.3%. Investments in fixed assets rose by 3.1%, totaling 15.8 trillion tenge (approximately US$29.9 billion).

169. The non-resource sector also saw significant growth, with financing reaching 4.09 trillion tenge (US$8.2 billion), a 52% year-on-year increase. This funding supported around 58,000 private companies, resulting in the creation of over 6,000 new jobs and the production of goods and services valued at 7.3 trillion tenge (US$14.6 billion). Exports from this sector grew by more than a third, exceeding 1 trillion tenge (US$2 billion).

170. To further bolster economic diversification, the government implemented policies favoring domestic producers, such as limiting foreign participation in public procurement. In 2024, domestic procurement increased to 51.8%, totaling 372.9 billion tenge (US$705 million), a 34.4% rise from 2023. These measures contributed to a 1.8% increase in the share of small and medium-sized enterprises (SMEs) in the economy, bringing their total share to 38.2%. The number of active SMEs surpassed 2 million, employing over 4.2 million people. SME output grew by 19.1% in the second quarter, reaching 34.2 trillion tenge (US$65 billion).

171. Kazakhstan's foreign trade turnover for the first ten months of 2024 reached US$116.9 billion, with exports increasing by 5.1% to US$68.5 billion. Exports of processed goods rose by 10.2% to US$23.3 billion. Key markets included China, Türkiye, and the European Union, with exports diversifying to countries such as Ireland,

Switzerland, and France. Exports to China grew by 5.3%, reaching US$12.3 billion, bolstered by Kazakhstan's participation in major trade exhibitions and e-commerce platforms.

172. These developments underscore Kazakhstan's successful efforts to diversify its economy, reduce reliance on oil exports, and foster sustainable growth across various sectors.

Fixed capital investments

173. In 2024, fixed capital investments in Kazakhstan amounted to **15.8 trillion tenge** (approximately **US$29.9 billion**), marking an increase of **3.1%** compared to the previous year. This boost in investment helped fuel growth in various sectors of the economy, particularly the non-oil sectors like agriculture, construction, and manufacturing. The increase in investment highlights Kazakhstan's ongoing efforts to diversify its economy and strengthen its infrastructure.

Retail

174. In 2024, Kazakhstan's retail sector experienced significant growth, with total retail trade reaching **22.445 trillion tenge** (approximately **US$42.5 billion**), a **9.8%** increase compared to 2023.

175. The e-commerce sector also saw remarkable growth, with sales volume reaching **2.4 trillion tenge** (approximately **US$5.3 billion**) in 2023, a **79%** increase from 2022. E-commerce's share of total retail sales rose to **12.6%**, up from **8.2%** the previous year.

176. Retailers observed a shift towards greater price sensitivity among consumers, with many actively seeking discounts and promotions. The proportion of promotional items in sales increased significantly, rising from **15-20%** in 2015 to **45-50%** in 2024. These developments underscore a dynamic retail landscape in Kazakhstan, characterized by robust growth, a shift towards online shopping, and evolving consumer preferences.

Services and Catering

177. In 2024, Kazakhstan's service sector experienced substantial growth, with the overall services volume increasing by **43.5%** during the first nine months of the year, totaling **734.5 billion tenge** (approximately **US$1.6 billion**). This growth was particularly pronounced in programming, consulting, and related fields, marking the seventh consecutive year of expansion in this sector.

178. The IT services sector emerged as a significant contributor, with software development services accounting for over half of the total services volume, reaching **407.3 billion tenge** (about **US$893.6 million**). This segment saw a remarkable **67.1%** increase compared to the same period in 2023.

179. In November 2024, the Business Activity Index for the service sector rose t**o 50.8**, slightly above the neutral threshold of 50.0, indicating modest growth. This uptick was supported by a renewed rise in new business, attributed to factors such as new contract wins, successful marketing campaigns, and the introduction of new products.

180. The catering industry also underwent notable changes in 2024. Compass Group, a leading global catering company, announced its decision to exit the Kazakhstani market as part of a strategic shift to focus on regions with higher growth potential. This move aligns with the company's broader strategy of reallocating resources to more promising markets.

Salary

181. In 2024, Kazakhstan's labor market experienced notable growth in wages across various sectors.According to the Bureau of National Statistics, the average nominal monthly wage in the fourth quarter of 2024 was **434,982 tenge** (approximately **US$1,000**), reflecting a 10.5% increase from the same period in 2023.

Inflation and income of population

182. In 2024, Kazakhstan experienced notable economic shifts, marked by rising inflation and adjustments in average wages. By December 2024, the annual inflation rate had reached **8.6%**, up from **8.4%** in November. This increase marked the highest inflation rate since July 2024. The rise was primarily driven by higher prices in food (5.5% vs. 5.4% in November) and non-food products (8.3% vs. 8% in November). Paid services inflation remained steady at 13.3%. In response to these inflationary pressures, the National Bank of Kazakhstan raised the base rate to **15.25%** in November 2024, aiming to stabilize prices and manage inflation expectations.

183. The average monthly wage in Kazakhstan decreased to **390,328 tenge** (approximately **US$820**) in the third quarter of 2024, down from **403,251 tenge** in the second quarter. Despite this quarterly decrease, the average wage represented a **10.3%** increase compared to the same quarter in 2023, with a real-term rise of **1.7%**. The median wage during this period was **278,296 tenge**.

Trade

184. In 2024, Kazakhstan's trade sector demonstrated significant growth, highlighted by an increase in exports, a substantial trade surplus, and strategic efforts to diversify trade routes and partners. From January to October 2024, Kazakhstan achieved a foreign trade turnover of **$116.86 billion**, marking a **1.5%** year-on-year increase. Exports rose by **5.1%** to **$68.46 billion**, while imports decreased by **3.3%** to **$48.41 billion**, resulting in a trade surplus of **$20.1 billion**.

185. Major export destinations included Italy (24%), China (17.9%), Russia (11%), the Netherlands (6.6%), France (4.7%), and Türkiye (4.1%). These countries collectively received over half of Kazakhstan's exports. Exports dominated by mineral products (54.4%), including crude oil and its derivatives, followed by refined copper and raw copper alloys (5%), radioactive elements and isotopes (4.9%), copper ores and concentrates (3.9%), and ferroalloys (3%).

186. Primary import sources were Russia (29.7%), China (25.5%), Germany (4.9%), the USA (3.9%), France (3.2%), and South Korea (3.1%). Together, these nations supplied more than half of Kazakhstan's imports. Imports led by passenger cars (4.1%), aircraft (3%), medicinal products (2.9%), mobile phones (2.7%), and vehicle bodies (2.1%).

187. Overall, 2024 was a pivotal year for Kazakhstan's trade sector, characterized by a substantial trade surplus, increased export revenues, and strategic initiatives aimed at diversifying trade routes and partners to enhance economic resilience.

Employment

188. In 2024, Kazakhstan's labor market demonstrated positive trends in employment and unemployment rates. According to the Bureau of National Statistics, by the fourth quarter, the employment rate for individuals aged 15 and older was 65%, with an unemployment rate of 4.6% as per International Labour Organization standards. Throughout the year, over 804,000 individuals secured employment, including more than 200,000 young people. The largest employment shares were in trade (16.8%), education (13.1%), industry (12.5%), and agriculture (10.6%).

189. Overall, 2024 reflected a strengthening of Kazakhstan's labor market, with increased employment opportunities and a stable unemployment rate.

Energy

190. In 2024, Kazakhstan's energy sector experienced significant developments, focusing on expanding both traditional and renewable energy capacities. In March 2024, Kazakhstan achieved a record oil and condensate production of 8.95 million metric tons (approximately 2.17 million barrels per day), surpassing its OPEC+ production quotas.

191. Kazakhstan allocated approximately 50 billion tenge (about $110.7 million) for renewable energy projects in 2024, with specific investments in wind, solar, and hydroelectric power stations. By the end of 2024, eight new renewable energy facilities with a combined capacity of 163.35 MW were commissioned, including wind, solar, and hydroelectric plants across various regions.

192. The Ministry of Energy outlined plans to introduce at least 26 GW of new energy capacity by 2035, with a significant portion dedicated to renewable sources. Collaborations with international companies aim to develop large-scale wind farms, contributing to the country's green energy goals.

193. Overall, 2024 marked a pivotal year for Kazakhstan's energy sector, with substantial investments in renewable energy, strategic infrastructure projects, and efforts to balance oil production with international agreements.

TRANSPORT CONNECTIVITY POLICY

194. In 2024, Kazakhstan's transport connectivity policy emphasized enhancing regional integration and infrastructure to bolster trade among the ECO member states. As Kazakhstan prepared to assume the ECO chairmanship in 2025 under the theme "Promoting Regional Transport Connectivity and Sustainable Development," Kazakhstan initiated several key proposals.

195. Kazakhstan, in collaboration with Azerbaijan, Georgia, and Türkiye, advanced the Middle Corridor project to facilitate trade between China and Europe. This initiative aims to increase the corridor's capacity to 10 million tons per year by 2027, enhancing regional connectivity and economic integration.

196. To improve regional trade, Kazakhstan initiated the construction of the Beineu-Shalkar highway, connecting its western regions with Uzbekistan. This project is part of the broader effort to establish the 8th TRACECA road corridor, aiming to streamline transportation and bolster trade among ECO member states.

197. Kazakhstan introduced digital solutions to optimize transport operations, including border crossings and terminal procedures. The integration of the "Tez Customs" module into the Digital Trade Corridor platform exemplifies efforts to enhance efficiency and transparency in regional trade processes.

198. In February 2025, a virtual meeting was held to discuss enhancing trade and transport cooperation among ECO exporters via the Kazakhstan-China border. This meeting underscored Kazakhstan's role as a logistics hub and its commitment to facilitating trade within the ECO region.

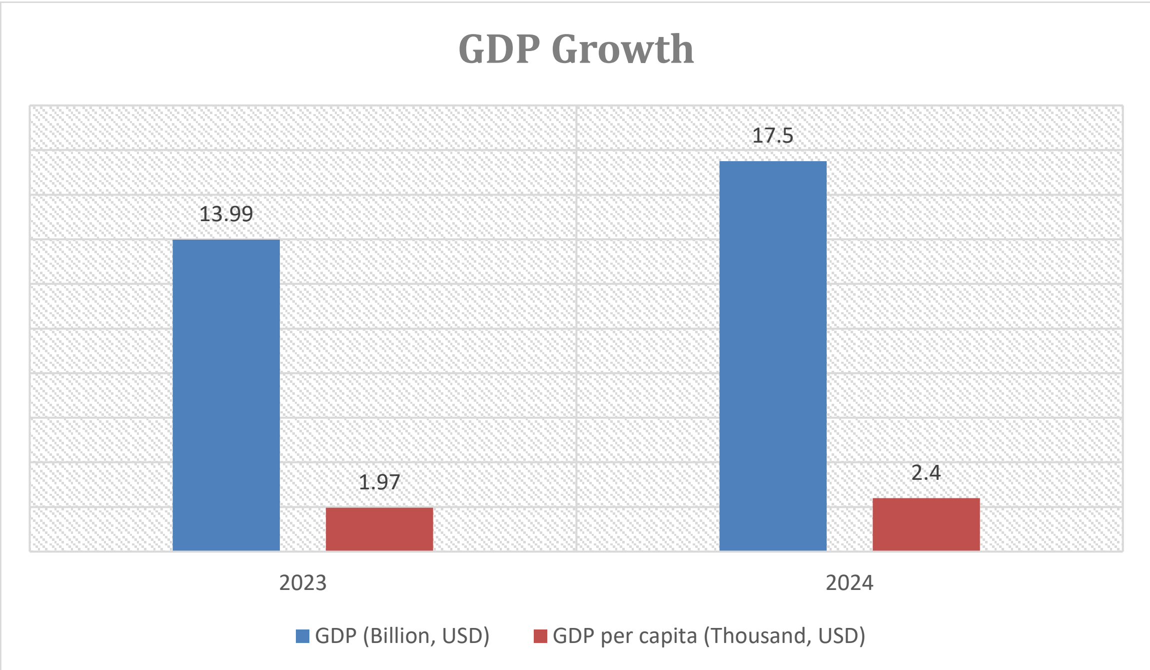
199. Through these initiatives, Kazakhstan demonstrated a strong commitment to enhancing transport connectivity within the ECO region, aiming to foster economic growth, regional integration, and sustainable development.

IV 

THE KYRGYZ REPUBLIC

The Kyrgyz Republic
Population 7,3 mln
GDP 17,5 bln USD
GDP per capita 2400 USD
Inflation 6.3%
Currency exchange rate Som 87 /1USD

200. In 2024, Kyrgyzstan experienced strong economic growth, positioning itself as one of the fastest-growing economies in Central Asia. The country's real GDP grew by 9%, significantly exceeding initial projections. The nominal GDP reached approximately 1.523 trillion Kyrgyz soms, which is around $17.5 billion USD. On a per capita basis, GDP was about $2,400 USD.



201. This economic performance was driven by robust activity across several sectors. The services sector, which accounted for over half of the national GDP, grew by 9.3%, supported by expanding trade, tourism, and transport services. The construction sector experienced a remarkable 18% increase, fueled by large-scale infrastructure projects and housing development. Agriculture also contributed positively, growing by 6.3% due to improved irrigation and government support. Industry, including mining and manufacturing, saw a 5.6% growth rate.

202. On the monetary side, inflation remained moderate, ending the year at 6.3%, within the National Bank of Kyrgyzstan's target range of 5–7%. To help control inflation and stabilize the national currency, the central bank maintained its key interest rate at 9%

throughout the year. The Kyrgyzstani som (KGS) appreciated slightly against the US dollar, strengthening from 89.08 to 87.00 per USD by December 2024. The National Bank intervened in the currency market, spending approximately $675 million to maintain exchange rate stability.

203. Trade and regional connectivity also improved in 2024. Kyrgyzstan boosted exports of gold, textiles, and agricultural products, while importing machinery, fuel, and consumer goods. Its main trading partners included China, Russia, Kazakhstan, and Uzbekistan. The government began publishing the Chinese yuan exchange rate daily, promoting smoother trade with China. Additionally, customs reforms like the "Tez Customs" digital platform reduced border delays and improved transparency.

204. In terms of fiscal and public policy, Kyrgyzstan increased investment in infrastructure, public services, and energy. Remittances, especially from Russia and Kazakhstan, remained a vital part of household income and domestic consumption. Although the business environment showed signs of improvement, challenges like bureaucracy, corruption, and reliance on remittances persisted.

205. On the sustainability front, Kyrgyzstan made progress toward green development goals, focusing on renewable energy and environmental protection. The government emphasized rural development and worked with international organizations to support climate resilience. Overall, 2024 was a strong and transformative year for Kyrgyzstan’s economy. It saw broad-based growth, stable inflation, currency stability, and improved infrastructure. However, continued reforms will be needed to ensure long-term sustainability, reduce external dependency, and diversify the economy.

Fixed capital investments

206. In 2024, Kyrgyzstan experienced a significant increase in fixed capital investments. According to the National Statistical Committee, investments in fixed assets reached 214.5 billion Kyrgyzstani soms (approximately $2.5 billion), marking a 47.3% rise compared to the previous year. This growth was fueled by both domestic and foreign financing sources, with foreign investments surging by 80%.

207. Key sectors attracting these investments included mineral extraction, transportation, and energy. Foreign direct investment (FDI) also saw remarkable growth. In the first half of 2024, Kyrgyzstan secured $462.2 million in FDI, a 107.7% increase from the same period in 2023. Major investors were China (24% of total FDI), Russia (23%), and Türkiye (13%), with Türkiye's investments growing by 187.7%.

208. Regional distribution of FDI showed that Bishkek attracted 50% of the total foreign investments, Chuy Region received 21%, and Jalal-Abad Region accounted for 14%. The manufacturing sector was the primary recipient of FDI, absorbing 37% of the total, followed by trade (19%) and mining (15%). These investments have laid a foundation for sustainable economic development in Kyrgyzstan, fostering job creation and infrastructure improvement.

Retail

209. In 2024, Kyrgyzstan's retail sector demonstrated significant growth, bolstered by both traditional commerce and the expanding digital market.The turnover in wholesale and retail trade reached 1.7trillion Kyrgyzstani soms in 2024, reflecting the sector's robust activity.

210. The e-commerce sector is projected to grow from $360million in 2024to$595.7 million by 2028**,** with tax revenues expected to more than double by 2025. In October 2024, the E-Commerce Expo 2024 was held, attracting over 600 participants, including business leaders, government officials, and entrepreneurs. The event aimed to accelerate digital transformation and foster collaboration within Central Asia's e-commerce landscape. The digital commerce market's transaction value is projected to reach $309.10 million in 2024**,** with an expected annual growth rate of 23.01%from 2024 to 2029, potentially totalling $870.60 million by 2029.

211. Overall, 2024 marked a year of substantial growth and transformation for Kyrgyzstan's retail sector, driven by both traditional markets and the burgeoning e-commerce industry.

Services and Catering

212. In 2024, Kyrgyzstan's service sector remained a pivotal component of its economy, contributing significantly to the nation's GDP and experiencing notable growth across various sub-sectors. The service sector accounted for approximately 50% of Kyrgyzstan's GDP in 2024, reflecting its dominant role in the national economy. The overall GDP for January–September 2024 reached over 951.8 billion soms ($10.9 billion), marking an 8.4% increase compared to the same period in 2023.

213. Kyrgyzstan ranks among the top three countries in Central Asia for catering market growth, attracting interest from international brands and indicating a robust and expanding market. Kyrgyzstan's catering and service sectors experienced significant growth in 2024, reflecting a dynamic shift in consumer behaviour and economic activity.

214. The number of catering establishments in Bishkek surged by 53.1% to 3,440, and in Osh by 57.2% to 885. This growth indicates a heightened demand for dining options across the country. Between January and November 2024, the volume of services provided by hotels and restaurants reached 41.7 billion KGS, marking a 20.8% increase from the previous year.

215. The meal delivery market generated $2.93 million in 2024, with an annual growth rate of 6.65%, driven by the increasing demand for convenient dining options. Specialising in off-site catering, Kyrgyz Concept offers over 200 products and 20 ready-made menus, including options for vegetarians, children, and dietary restrictions. Their services are designed to seamlessly integrate into events, ensuring guest satisfaction.
216. Looking ahead, the service sector is projected to continue its upward trajectory, with anticipated growth rates of 5.2% in 2025.This growth is expected to be driven by sustained demand in trade, transportation, hospitality, and ICT services.

217. In summary, Kyrgyzstan's service sector in 2024 demonstrated robust performance, underpinned by increased consumer spending, digital advancements, and a favorable business environment. These factors collectively contributed to the sector's sustained dominance in the national economy.

Salary

218. In 2024, the average monthly salary in Kyrgyzstan was approximately **36,000 soms** (about **$413 USD**), reflecting a notable increase from previous years. The average salary in Kyrgyzstan saw a **12.7% increase** in 2024 compared to the previous year, indicating a positive economic trend.

Inflation and income of population

219. In 2024, Kyrgyzstan experienced a notable increase in its inflation rate, which had implications for household incomes and the cost of living. By December 2024, the inflation rate had risen to 6.3%**,** up from 5.7% in November. This increase was primarily driven by higher prices in food and non-alcoholic beverages, which constitute a significant portion of the consumer price index.

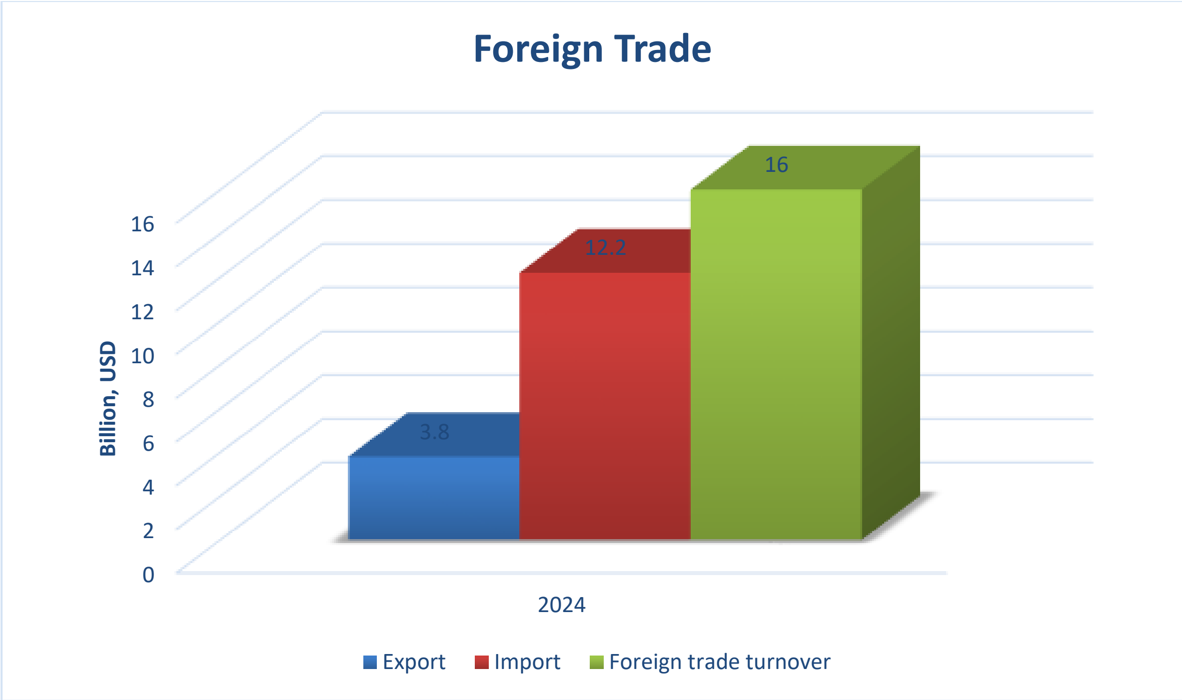
220. The food sector saw a modest increase of 1.4% in the first nine months of 2024. Specific items like meat, animal fats, and potatoes experienced price hikes, contributing to the overall inflation. Core inflation, which excludes volatile items such as food and energy, stood at 6.2% in December, indicating underlying inflationary pressures in the economy.

221. The National Bank of Kyrgyzstan aims to maintain inflation within the 5% to 7% range in 2025, supported by targeted monetary policies. The EDB anticipates a 5% inflation rate for 2025, citing factors such as rising global commodity prices and cooling consumer demand.

222. In 2024, the income of the population in Kyrgyzstan showed a gradual increase, although it was somewhat offset by rising inflation. The average monthly salary rose to around 36,000 soms (approximately $413 USD**),** reflecting a 12.7% growth compared to the previous year. Despite the salary growth, many households still faced financial pressure due to increased living costs. Larger enterprises paid the highest average salaries—up to $760 USD per month—while small businesses and public sector workers earned significantly less.

Trade

223. In 2024, Kyrgyzstan's foreign trade turnover reached $16 billion**,** marking a 0.9% increase compared to the previous year. Exports grew by 13.1% to $3.8 billion**,** while imports declined by 2.4% to $12.2 billion**,** resulting in a trade deficit of approximately $8.4 billion**.**



224.The Eurasian Economic Union **(**EAEU**)** remained a significant trading bloc for Kyrgyzstan, with mutual trade amounting to nearly $5billion, an 8.5%increase from 2023.Within the EAEU, Russia accounted for 71.2% and Kazakhstan for 26.8% of Kyrgyzstan's mutual trade.

225.Trade with China continued to dominate, with total trade reaching $5.5 billion. Kyrgyzstan's exports to China were $123.6 million**,** while imports from China totalled$5.4 billion**,** highlighting a significant trade imbalance. In the European Union**,** Kyrgyzstan's trade amounted to over $2.2 billion, comprising $1.3 billion in exports and $851 million in imports.

226.In 2024, Kyrgyzstan's trade with the Economic Cooperation Organization countries was relatively limited compared to its trade with other regions. Trade with ECO countries such as Iran, Pakistan, and Turkiye is likely to be a part of Kyrgyzstan's broader trade relationships.

227.Overall, Kyrgyzstan's trade dynamics in 2024 reflected a continued reliance on regional partners, particularly within the EAEU and China, while also expanding engagements with the EU.

Exchange rate

228.In 2024, the exchange rate of the Kyrgyzstani som (KGS) remained relatively stable despite some fluctuations throughout the year. The average rate for the US dollar was around 87.13 KGS, with the highest rate reaching 89.51 KGS in March and the lowest at 84.03 KGS in July. By the end of December, the som had appreciated by 2.34% against the dollar, closing the year at 87.00 KGS per USD.

229. To manage exchange rate stability, the National Bank of Kyrgyzstan conducted several market interventions, spending $675.65 million during the year.

Employment

230. In 2024, Kyrgyzstan's employment landscape exhibited notable developments, characterized by a low official unemployment rate, significant labour migration, and a predominance of informal sector employment.

231. The official unemployment rate in Kyrgyzstan decreased to 1.8% by January 2025, with 70,600 individuals registered as unemployed. This reflects a broader trend of declining unemployment, as the number of unemployed citizens decreased by 23.3% compared to the previous year. In 2023, the unemployment rate stood at 4.1%, with 112,000 unemployed individuals aged 15 and older.

232. Labour migration remained a significant aspect of Kyrgyzstan's employment strategy. In 2024, over 20,000 Kyrgyz citizens secured employment abroad through official channels, with the United Kingdom, South Korea, Türkiye, Bulgaria, and Hungary being primary destinations. Private employment agencies facilitated the employment of more than 16,000 individuals abroad.

233. The government has implemented various programs to address domestic employment. In 2024, the Ministry of Labor, Social Security, and Migration created 38,000 jobs through social contracts and public sector projects. Additionally, 16,700 citizens were employed through employment services in 2023, marking a 6% increase from the previous year

Energy

234. In 2024, Kyrgyzstan made significant strides in its energy sector, focusing on renewable energy expansion, infrastructure modernization, and regional cooperation. The country increased its electricity generation from renewable sources, producing 12.8 billion kWh from hydropower plants and 250 million kWh from small hydropower plants. Additionally, solar power generation reached 170,000 kWh. To address energy deficits, Kyrgyzstan imported 3.63 billion kWh of electricity from neighboring countries. The government plans to achieve energy surplus and begin electricity exports by 2026.

235. In 2024, the government allocated 74 billion soms to the energy sector, focusing on the modernization of substations and preparation for the autumn-winter period.

236. Kyrgyzstan's energy security in 2024 faced significant challenges, primarily due to outdated infrastructure, overreliance on hydropower, and increasing electricity demand. Kyrgyzstan's gas infrastructure is over 35 years old and highly inefficient, comprising extensive transmission and distribution networks. The aging system requires substantial refurbishment to meet modern energy demands.

TRANSPORT CONNECTIVITY POLICY

237. Kyrgyzstan's transport connectivity policy is a key part of its national development strategy, focusing on transforming the country into a regional transit hub in Central Asia. Given its landlocked geography and mountainous terrain, the policy aims to improve both domestic infrastructure and international connectivity.

238. To support regional integration, Kyrgyzstan actively participates in international initiatives such as the Economic Cooperation Organization, the Central Asia Regional Economic Cooperation (CAREC) program, and China's Belt and Road Initiative (BRI).

239. The country is working to modernize its customs procedures and border infrastructure to reduce transit times and support smoother trade flows. Investment in logistics centers, dry ports, and digital transport systems is encouraged to boost efficiency and competitiveness in freight and passenger services. Kyrgyzstan seeks to attract foreign investment and public-private partnerships (PPPs) to finance large-scale transport projects.

240. The government is also focused on making the transport sector more climate-resilient by upgrading roads and infrastructure that are vulnerable to landslides, floods, and other environmental risks. Additionally, Kyrgyzstan supports the harmonization of regional transport regulations and actively contributes to multilateral transport agreements under ECO.

241. Kyrgyzstan's transport connectivity policy aligns closely with the strategic objectives of the ECO, focusing on enhancing regional integration, facilitating trade, and improving infrastructure. The ECO emphasizes strengthening connectivity among member states through initiatives like the ECO Transit Transport Framework Agreement (TTFA), which serves as the primary regional legal instrument for transport cooperation. This framework aims to promote the construction of missing links, digitalization of transit procedures, and the development of comprehensive road and rail networks. Studies such as the "ECO Railway Network Development Plan" and "ECO Road Network Development Plan" identify regional connections and investment needs, providing a foundation for collaborative projects and attracting international investment.

242. Kyrgyzstan actively participates in regional transport projects that align with ECO's objectives:

- China-Kyrgyzstan-Uzbekistan Railway: This railway project is a priority for Kyrgyzstan, aiming to enhance regional cooperation and economic development among ECO member countries. The implementation of such railway corridor projects is considered a strategic task for Kyrgyzstan.
- Trans-Afghan Multimodal Corridor: Proposed by ECO member states, this corridor aims to optimize transcontinental transport routes, linking the ECO region with major markets in Asia, South Asia, the Middle East, and Europe. The launch of this corridor is seen as beneficial for all member states .

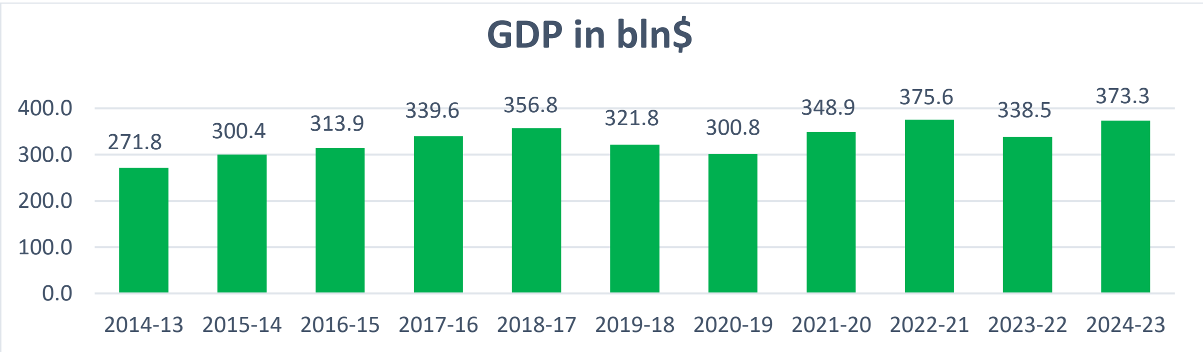
V

ISLAMIC REPUBLIC OF PAKISTAN

Pakistan	2024	
Population	251.3 mln	
GDP nominal	373.3 bln$	1.5 trln$ PPP
GDP per capita	1669$ nominal	6670$ PPP
GDP growth	2.50%	
CPI inflation	23.410%	

243. The economy of Pakistan is among the three largest economies of the ECO region. The Gross Domestic Product (GDP) in Pakistan was worth 373.3 billion US dollars in 2024, according to official data from the Pakistan Bureau of Statistics. Growth of Pakistan's GDP in 2024 was 2.50%.

244. Pakistan's economy is the 23rd-largest worldwide in terms of GDP based on purchasing power parity (PPP). According to first ever Digital Population and Housing Census 2023, the country has a population of 241.5million people (5th-largest worldwide). As of the financial year 2024 (FY-24), the nominal GDP of Pakistan stands at US$373.3 billion with a nominal GDP per capita of US$1,669 (177th worldwide); its GDP based on PPP stands at $1.512 trillion with a GDP per capita of $6,662.



245. Inflation remained a major concern throughout the year, with average CPI inflation at 23.410%, although monthly rates significantly declined by year-end, reaching 4.1% in December, thanks to tighter monetary policies and easing food prices. The State Bank of Pakistan responded with aggressive interest rate cuts to stimulate economic activity and tame inflation.

246. On the fiscal side, debt servicing continued to weigh heavily on the budget, with external debt and IMF commitments shaping policy decisions. The country remained under an IMF program, which required structural reforms, fiscal consolidation, and improved governance in the energy and tax sectors.

247. **Structure of GDP:** In 2024, agriculture contributed approximately 23.99 percent to the GDP of Pakistan, around 17.68 percent came from the industry, and over half of the economy’s contribution to GDP came from the services sector.

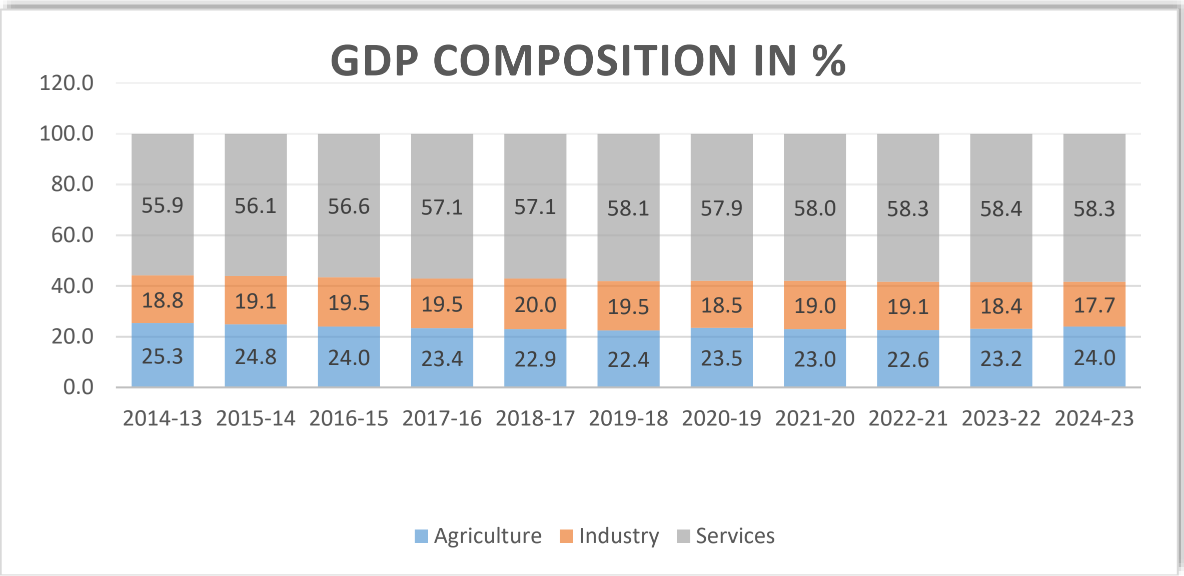
248. **Agriculture** contributes around 23.99 percent of gross domestic product (GDP) and accounts for 37.4% of employed labour force in 2021 and is the largest source of foreign exchange earnings. The most important crops are wheat, sugarcane, cotton, and rice, which together account for more than 55.3% of the value of total crop output. Pakistan's largest food crop is wheat. In 2024, Pakistan produced 31,814,444 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 2022/23 Pakistan exported a record 3.7 million tonnes of rice as compared to around 4.9 MMT during the corresponding period last year.

249. 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%.

250. **Industry accounts** for approximately 17.68% of GDP. In FY2024 industry recorded a growth of -1.65% as compared to the growth of -3.78% in FY2023. 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, oil refineries, dairyproducts, food processing, beverages, construction materials, clothing, paper products and shrimp.

251. 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.

252. **Services accounts** for about 58.33% of GDP. Transport, storage, communications, finance, and insurance account for 25.90% of this sector, and wholesale and retail trade about 31.1%.



253. Pakistan's demographic dividend remained a key economic factor, with 79% of its population under the age of 40, offering both an opportunity for growth and a challenge in job creation, education, and skill development.

254. While 2024 was a year of fragile recovery and cautious optimism, Pakistan's economy was shaped by global economic trends, regional cooperation efforts, and internal structural challenges that require continued reform, investment, and stability to unlock sustained growth.

255. At the 28th ECO Council of Ministers meeting in Mashhad, Iran, Pakistan's Deputy Prime Minister and Foreign Minister, Ishaq Dar, emphasized the need for enhanced intra-regional trade, noting that ECO's share of global trade remains below 8%, a stark contrast to other regional groupings like the EU and ASEAN. He advocated for the establishment of integrated markets and production facilities within the ECO region to bolster economic integration.

Fixed capital investments

256. In 2024, Pakistan's fixed capital investment remained subdued, reflecting ongoing economic challenges. The Gross Fixed Capital Formation (GFCF) amounted to approximately PKR 12.12 trillion (about $41.5 billion), marking an 11.4% increase from the previous fiscal year. However, this growth was insufficient to offset the overall decline in investment ratios.

257. Pakistan total Foreign Direct Investment during FY-24 has been 2346 million US$ which was previously 1,627 Million US$ in FY-23 showing a positive growth of 44.19.During FY-24 country received total 30251 million US$ remittances an increase of 10.68% growth with the previous year. Though there is improvement in the current

account balance in FY-24 from -3275 million US$ to -2072 million US$ due to decline in imports during FY-24.

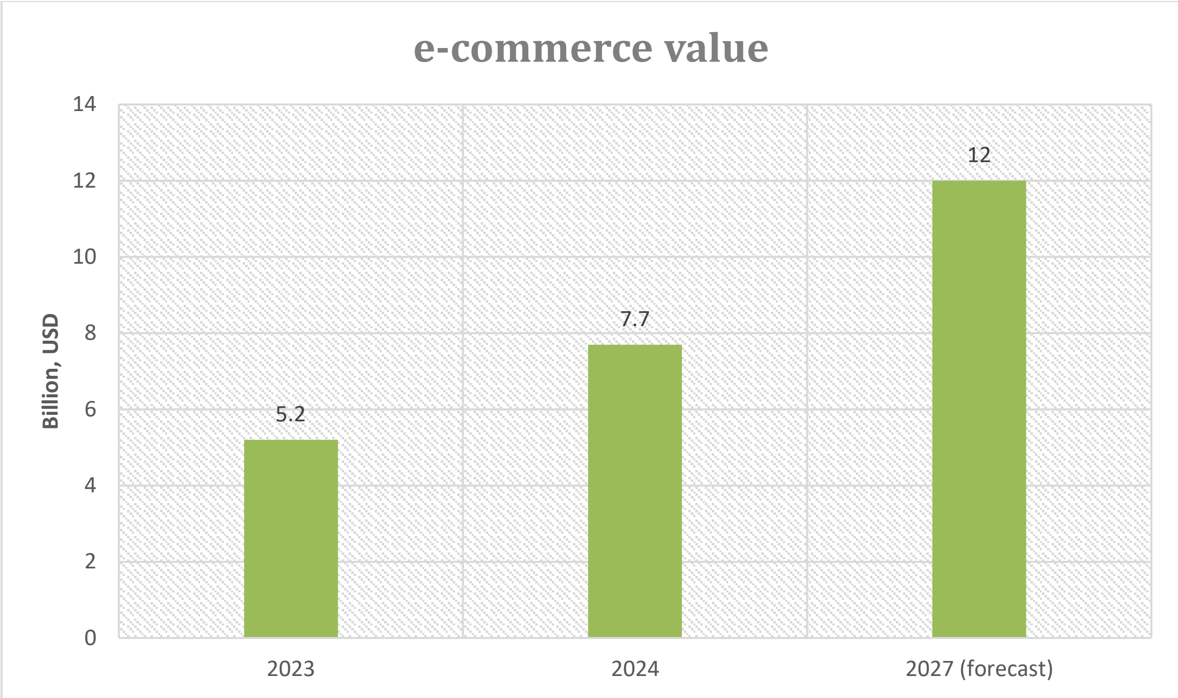
Related	FY-23	FY-24	Unit	References
Current Account	-3275	-2072	US$ Million	June 24
Terms of Trade	73.97	82.02	Points	June 24
Remittances	27333	30251	US$ Million	June 24
Foreign Direct Investment	1,627	2346	US$ Million	June 24

258. The investment-to-GDP ratio stood at 13.1%**,** the lowest in over five decades, indicating limited capital formation relative to the economy's size. Private sector investment contributed 8.7%**,** the lowest in nearly 25 years, while public sector investment was 2.8%**,** the lowest in four years, due to fiscal constraints and incomplete budget allocations.

259. Despite these figures, certain sectors attracted significant investments. For instance, the World Bank's International Finance Corporation (IFC) committed $300 million to the Reko Diq copper-gold mining project, one of the world's largest undeveloped deposits. Additionally, China's BYD announced plans to establish a car production plant in Karachi, marking a significant entry into Pakistan's electric vehicle market.

Retail

260. In 2024, Pakistan's retail sector experienced significant growth, particularly in e-commerce, driven by increased digital adoption and supportive government policies. Pakistan's e-commerce market reached an estimated $7.7 billion in 2024, with projections indicating a compound annual growth rate (CAGR) of 17% through 2027. This growth is attributed to rising internet penetration, mobile adoption, and a shift in consumer shopping behaviors. Online marketplaces like Daraz, Foodpanda, and OLX have become household names, offering a wide range of products and services. These platforms have facilitated the entry of small and medium-sized enterprises into the online market, enabling them to reach a broader audience without significant investment in physical stores.



261. Digital transactions accounted for 82% of retail transactions in the second quarter of fiscal year 2024.Mobile and internet banking emerged as preferred modes of digital transactions, with 16 million and 11 million users, respectively. Moreover, mobile banking apps processed 1.3 billion transactions worth Rs 19 trillion during the quarter, reflecting an 11% rise in volume and 14% in value.

262. The government introduced new taxes on the retail sector in the 2024 budget to meet IMF conditions for a $7 billion loan. These measures faced public backlash, including nationwide strikes by retailers. Despite protests, the finance minister affirmed the government's commitment to these tax policies as part of economic reforms.

263. Looking ahead, Pakistan's retail sector is poised for continued growth. The expansion of digital infrastructure, increased smartphone usage and a young, tech-savvy population are expected to drive further developments in e-commerce and digital payments. Additionally, cross-border e-commerce presents new opportunities for Pakistani businesses to access global markets.

Services and Catering

264. In 2024, Pakistan's services and catering industry experienced notable growth and innovation, driven by evolving consumer preferences, technological advancements, and a focus on inclusivity.

265. The catering sector in Pakistan, particularly in cities like Lahore, saw the emergence of several key trends. Caterers increasingly adopted eco-friendly practices, such as using bamboo dishes and compostable cutlery, and sourcing seasonal ingredients locally to reduce waste and environmental impact. Events featured interactive cooking stations, including tandoor and roti setups, barbecue grills, and dessert stations like gulab jamun and nitrogen ice cream, enhancing guest engagement and dining experiences.

266. Catering services offered themed menus, such as Desi Extravaganza, Pan-Asian Fusion, and Middle Eastern Feast, aligning food offerings with event themes to create cohesive atmospheres. Caterers utilized digital platforms for booking, menu customization, and event management, streamlining operations and enhancing customer satisfaction.

267. Overall, 2024 marked a year of innovation, inclusivity, and growth for Pakistan's services and catering industry, reflecting changing consumer preferences and a commitment to quality and sustainability.

Salary

268. In 2024, the average monthly salary in Pakistan was approximately PKR 71,000. Salaries varied significantly depending on profession, experience, education, and location. The median salary stood at around PKR 70,700, meaning half of the population earned less than this amount, and half earned more. The minimum wage for unskilled workers was officially set at PKR 37,000 per month by the government.

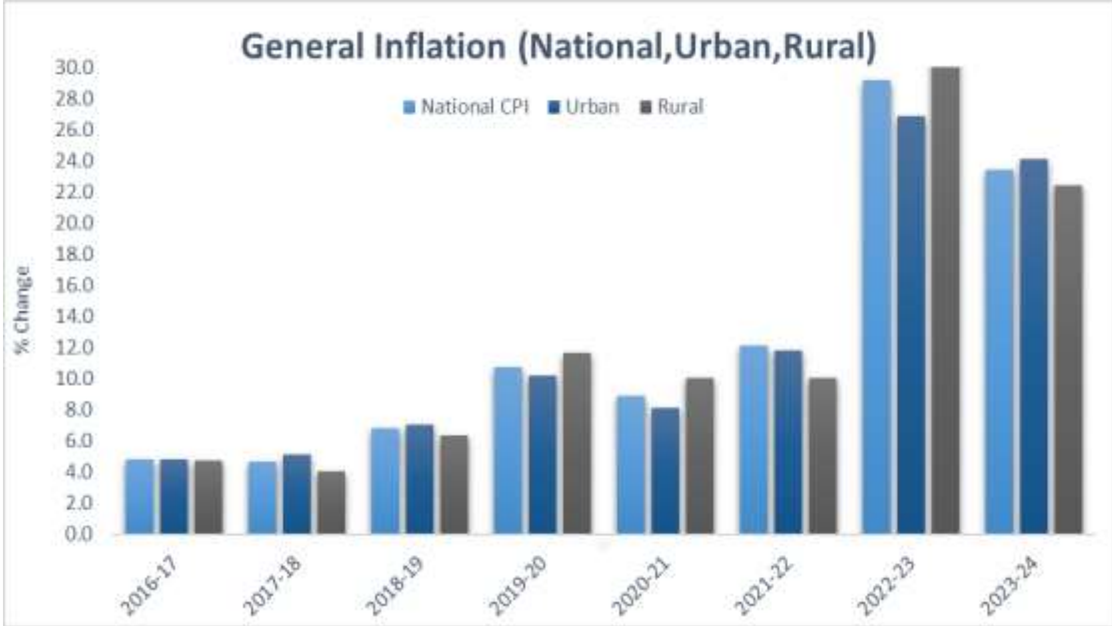
269. Professionals in fields like medicine and software engineering earned well above the national average, with doctors earning close to PKR 195,000 and software engineers around PKR 80,000 per month. In contrast, teachers, sales executives, and entry-level service workers typically earned between PKR 30,000 and PKR 60,000 per month.

270. Urban centers like Islamabad and Karachi tended to offer higher salaries than rural areas, with Islamabad's average salaries ranging from PKR 50,000 to PKR 70,000. Overall, while wages showed gradual improvement, many workers still faced challenges in keeping up with inflation and rising living costs.

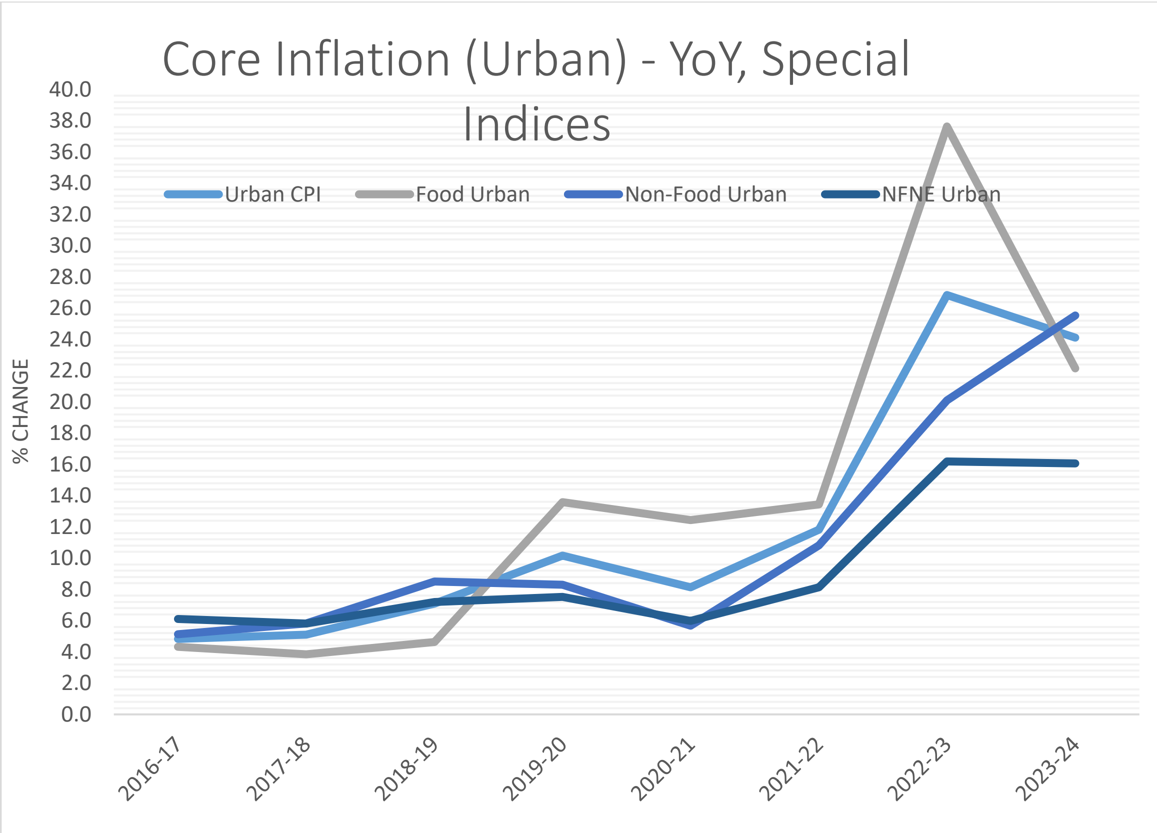
Inflation and income of population

271. In 2024, Pakistan's economy showed signs of stabilization after a period of high inflation. The annual inflation rate decreased to 4.1% in December, marking the lowest level in nearly seven years. This decline was attributed to improved food supply chains, reduced demand pressures, and proactive monetary policies. The International Monetary Fund (IMF) projected that inflation would further decrease to 10.6% by 2025.

272. The national inflation rate for the Financial Year (FY) 2023-24 declined to 23.41% against 29.18% during the last period i.e., FY 2022-23. The Urban Inflation declined slightly from 26.8% in FY 2022–23 contrary to 24.1% in FY 2023–24. Similarly, the Rural Inflation dropped sharply from 32.6% to 22.4% over the same period. Accordingly, the weekly Sensitive Price Indicator (SPI) also reduced to 27.52% against 33.00% for the same period. The wholesale price index (WPI) during the FY 2023-24 followed the same pattern and declined to 20.16% as compared to 32.80% in 2022-23.



273. The Urban inflation rate in FY 2023–24 declined slightly to 24.1%, from 26.8% in FY 2022–23. A significant decrease was seen in urban food inflation, which decreased to 22.1% in FY 2023–24 from 37.6% in FY 2022–23. However, urban non-food inflation increased to 25.5% in FY 2023–24 from 20.1% in FY 2022–23, indicating rising pressure on non-food items. NFNE (non-food non-energy) inflation remained nearly stable, recording 16.1% in FY 2023–24 compared to 16.2% in FY 2022–23.



274. In 2024, Pakistan's nominal GDP per capita was approximately $1,588, reflecting a modest increase from the previous year's figure of $1,407. This growth was attributed to a 2.4% expansion in the economy, bolstered by sectors such as agriculture, industry, and services.

275. When adjusted for purchasing power parity (PPP), which accounts for cost-of-living differences, Pakistan's per capita income was about $6,715 in 2024.

276. In terms of regional comparisons, Islamabad led with a per capita GDP of $2,996**,** followed by Punjab at $1,713**,** Sindh at $1,748**,** Khyber Pakhtunkhwa at $1,388**,** and Balochistan at $1,106 **.**Despite these figures, a significant portion of Pakistan's population continued to face economic challenges. As of 2023, approximately 39.8% of the population lived on less than $3.65 per day, and 84.5% subsisted on less than $6.85 per day.

Trade

277. In 2024, Pakistan's trade dynamics reflected a complex interplay of global and regional factors. Pakistan's trade deficit widened by 35% year-on-year in December 2024, reaching $2.44 billion, the highest since April of the same year. This increase was primarily due to a 14% rise in imports, which reached $5.28 billion, while exports remained relatively stagnant at $2.84 billion.

278. **External trade:** Pakistan’s external trade in 2024 comprised $88.7 billion. Pakistan imports for 2024 was $56.44 billion, a 12.60% increase from 2023. In 2024, exports for Pakistan was $32,321 million. Exports of Pakistan increased from 12,158 million US dollars in 2002 to $32,321 million US dollars in 2024 . **Pakistan's Top Exports in 2024:** Knitwear, Readymade garments, Bedwear, Rice, Cotton cloth, etc. **Pakistan's Top Imports in 2024**: petroleum oils and oils from bituminous minerals, petroleum gases and other gaseous hydrocarbons,palm oil and its fractions; electrical apparats, machinery, etc.

Pakistan’s Balance on trade in goods and services							
Q3 CY-23	Q4 CY-23	CY-23	Q1 CY-24	Q2 CY-24	Q3 CY-24	Q4 CY-24	CY-24
-6013	-6296	-23517	-6,528	-7,885	-6,381	-6,408	-27,201

Note: The termin “CY” Calendar Year

279. During the first half of the fiscal year 2024-25 (July-December), Pakistan's exports increased by 11% to $16.56 billion. Key export destinations included the United States, China, and the United Kingdom. Imports during the same period rose by 6.1% to $27.7 billion, with a notable surge in December, marking the highest monthly import figure in over two years.

280. Afghanistan, Iran and Turkiye are among the main trade partners. Exports to Afghanistan increased by 91% year-on-year during July-December 2024, reaching $504 million. This growth was attributed to improved trade relations and regional cooperation. Imports from Iran saw a 47% year-on-year increase during July-November 2024, totalling $129.7 million. This rise was driven by the easing of trade restrictions and enhanced bilateral relations. Exports to Turkiye declined by 14% year-on-year during July-December 2024, amounting to $155.5 million. This decrease was influenced by global economic conditions and shifts in demand.

281. Pakistan's bilateral trade with ECO countries in 2024 (volume of trade with ECO countries $4.31 billion and its share in external trade is 4.85%)

S.No	ECO FY23 COUNTRY	EXPORT TO	IMPORT FROM	TOTAL
1	Afghanistan	1514.16	659.44	2173.60
2	Azerbaijan	11.50	11.34	22.84
3	Kazakhstan	277.71	1.54	279.25
4	Kyrgyzstan	8.55	0.23	8.78
5	Iran	0.00	1201.92	1201.92
6	Tajikistan	19.23	2.59	21.82
7	Türkiye	239.62	244.68	484.30
8	Turkmenistan	1.81	3.69	5.50
9	Uzbekistan	95.19	18.46	113.65
	Total	**2,167.77**	**2,143.89**	**4,311.66**

282. Pakistan's trade performance in 2024 highlighted the need for strategic diversification of export markets and the enhancement of trade relations with neighboring ECO countries. Efforts to improve export competitiveness and regional cooperation are essential to address the persistent trade imbalance and foster economic stability.

Exchange rate

283. In 2024, the exchange rate between the US Dollar (USD) and the Pakistani Rupee (PKR) experienced fluctuations, reflecting Pakistan's ongoing economic challenges and the implementation of a market-based exchange rate system as part of an International Monetary Fund (IMF) bailout agreement. The peak rate was 1 USD = 281.95 PKR on January 2, 2024. The lowest rate was 1 USD = 276.80 PKR on February 19, 2024. Throughout 2024, the average exchange rate was approximately 278.52 PKR

Employment

284. In 2024, Pakistan faced significant employment challenges, with unemployment rates rising amidst economic instability and structural shifts in the labor market. The

unemployment rate in Pakistan was reported at 6.3%, equating to approximately 4.51million unemployed individuals**.** Youth aged 15–24 experienced the highest unemployment rates, with 11.1% overall, comprising 10.0% of males and 14.4% of females. Female unemployment was notably higher, particularly among younger age groups, reflecting broader gender disparities in the labor market.

285. Despite domestic challenges, many Pakistanis sought employment abroad. As of April 2024, over 13.53 million Pakistanis were working in more than 50 countries, with 96%employed in Gulf Cooperation Council (GCC) countries**,** especially Saudi Arabia and the UAE**.**

286. In 2024, Pakistan's employment landscape was marked by rising unemployment, especially among youth and women, alongside a growing trend of overseas employment.The shift towards the services sector and the government's acknowledgment of increasing unemployment rates underscore the need for targeted economic reforms and job creation strategies.

Energy

287. In 2024, Pakistan's energy sector experienced significant developments, marked by a surge in renewable energy adoption, ongoing power supply challenges, and efforts to modernize infrastructure. As of March 2024, Pakistan's total installed electricity generation capacity reached 42,131 MW. In the fiscal year 2024, the country generated 92,091 GWh of electricity, surpassing the demand of 68,559 GWh, indicating a surplus in generation capacity.

288. Pakistan imported approximately 17 GW of solar panels from China in 2024, making it the world's sixth-largest solar market. This surge was driven by high electricity tariffs and declining panel costs. The Suki Kinari Hydropower Project, with a capacity of 884 MW, commenced operations in September 2024, enhancing the country's renewable energy portfolio.

289. Electricity, gas and water supply industry includes i) electricity generation and distribution, ii) gas distribution, iii) water supply. The Electricity, Gas, and Water supply industry has shown a growth of -10.55 percent during FY 2024(Economic Survey, 2023-24) as compared to growth of 9.95 percent in FY 2023. In Pakistan electricity generation, transmission and distribution activities are conducted separately. The Production of electricity under this heading is confined to water and Power Development Authority (WAPDA), provincial power development companies, public generation companies often abbreviated as “GENCOs “and Independent Power Producers (IPPS). The production of electricity by other producers like shopkeepers, restaurants etc. and by private households are not included. There are four major sources of electricity generation i.e. i) hydel ii) thermal, iii) nuclear iv) renewables (mainly solar and wind – based power generation). A summary of installed capacity and generation of electricity by sources is presented below:

Installed Capacity and generation of Electricity (July-June FY2024)				
Source	**Installed Capacity**			**Generation**
	MW	**Share (%)**	**GWh**	**Share (%)**
Hydel	10,635	22.84	39,902.34	29.08
Thermal	28,766	61.78	67,621.2	49.29
Nuclear	3,620	7.77	23,154.81	16.88
Renewable	3,540	7.6	6,517.73	4.75
Total	**46,561**		**137,196.1**	

Source: Pakistan Bureau of Statistics (PBS)

290. Pakistan aimed to achieve 60% renewable energy in its energy mix by 2030, focusing on expanding solar, wind, and hydropower capacities. Crude Oil Production: Pakistan's crude oil production in early 2025 was approximately 64,538 barrels per day (bpd), marking a 3.8% increase from the previous week. Key contributors included the Nashpa field (10,446 bpd), Kunar Paskakhi Deep (6,254 bpd), and Adhi field (5,454 bpd).

291. Oil Reserves: By June 2024, Pakistan's crude oil reserves had risen by 26% to 243 million barrels, up from 193 million barrels in December 2023. This increase was attributed to new discoveries and enhanced recovery techniques.

292. Import Dynamics: In 2024, Pakistan imported 137,000 barrels per day of crude oil, primarily from the Middle East, totaling $5.1 billion. Discussions were underway to diversify sources, including potential imports from the U.S. and Russia.

293. Natural Gas Production: As of March 2025, Pakistan's gas production was approximately 3.033 billion cubic feet per day (Bcf/d), a 7.6% increase from the previous week. Major contributors included the Mari field (0.933 Bcf/d), Uch field (0.383 Bcf/d), and Sui field (0.255 Bcf/d).

294. Gas reserves grew by 2% in FY 2024, reaching 18.47 trillion cubic feet, up from 18.10 trillion cubic feet in December 2023. These reserves are projected to meet domestic demand for approximately 17 years.

295. The government sought $30 billion in investments to explore 10% of its estimated 235 trillion cubic feet of gas reserves, aiming to reduce reliance on imports and address declining production.

296. Iran–Pakistan Gas Pipeline**:** In 2024, Pakistan approved the continuation of theIran–Pakistan gas pipeline**,** a 2,775 km project designed to deliver natural gas from Iran to Pakistan. This initiative is expected to enhance energy security, though its progress remains subject to geopolitical considerations. Pakistan announced plans to auction nearly 40 offshore and 31 onshore oil and gas blocks, aiming to boost domestic

production and reduce energy import costs. The auctions are expected to attract both local and international investors.

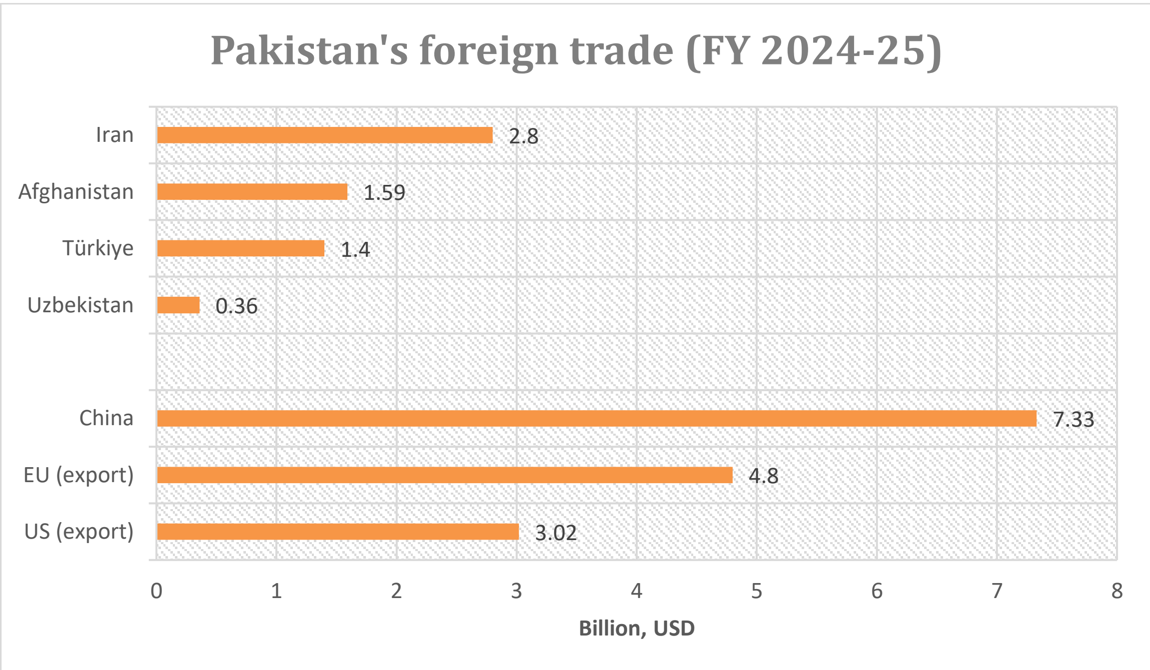
297. In summary, while Pakistan made strides in enhancing its oil and gas reserves and production capabilities, challenges such as declining field outputs, import dependencies, and geopolitical factors persisted. Strategic initiatives, including exploration auctions and infrastructure projects, are pivotal for achieving long-term energy security.

External trade:

298. In 2024, Pakistan’s external trade reached a total of approximately $93.9 billion, with exports amounting to $30.6 billion and imports to $63.3 billion, resulting in a trade deficit of $32.7 billion.

299. Exports grew by 10.5%, driven mainly by the textile and agricultural sectors, while the largest share of imports consisted of petroleum products, machinery, and chemicals.

300. Trade with ECO countries showed moderate growth. Trade with Iran reached $2.8 billion, primarily driven by Iranian exports. With Türkiye, trade increased to $1.4 billion, and both countries targeted a $5 billion trade goal. Pakistan’s exports to Uzbekistan reached $131 million, and imports were $231 million, supported by a new Preferential Trade Agreement. Afghanistan remained a major regional partner, with exports totaling $969 million and imports $531 million. Trade with Kazakhstan, Tajikistan, and Azerbaijan also increased, while volumes with Turkmenistan and Kyrgyzstan remained modest but promising. In terms of major global partners, Pakistan's exports to the European Union rose to $4.8 billion in the first five months of FY 2024–25, and exports to the United States reached $3.02 billion. However, the trade deficit with China widened significantly, as imports from China surged by 32.4% to $6.28 billion, while exports fell by 13.9% to $1.05 billion.



301. Overall, while Pakistan’s export base expanded slightly in 2024, persistent trade imbalances - especially with China and other neighboring countries - remained a major challenge.

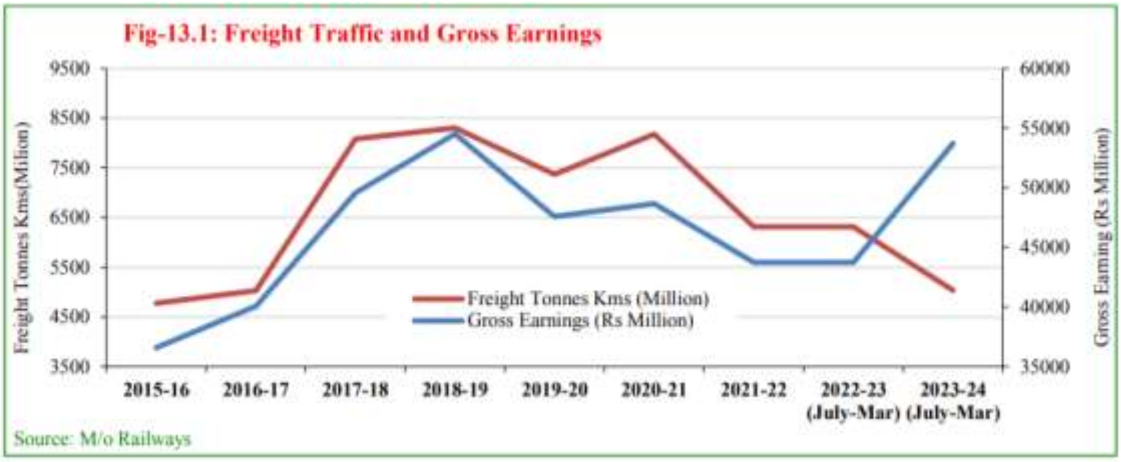
TRANSPORT CONNECTIVITY POLICY

In 2024, Pakistan's transport connectivity policy focused on transforming its infrastructure into a catalyst for economic growth, regional integration, and environmental sustainability. The government prioritized the development of key transport corridors, notably the China-Pakistan Economic Corridor (CPEC).A significant project under CPEC is the Mainline-I (ML-I) railway upgrade, a two-phase initiative aimed at modernizing the Karachi to Peshawar rail link. The first phase, extending from Karachi to Multan, commenced in early 2024, addressing infrastructure damaged by the 2022 floods. The second phase will extend the rail track from Multan to Peshawar, aligning with future demands.

Additionally, the inauguration of Gwadar International Airport is anticipated in mid-2024.Spanning 4,300 acres, this airport boasts a runway accommodating large aircraft and a modern terminal building, marking a new era for air travel in Pakistan.

The federal government initiated plans to convert transport corridors into economic zones. This vision includes establishing industrial parks, agro-processing units, renewable energy projects, and logistics centers along major motorways such as M-1, M-2, and M-5.These zones aim to foster industrial growth, regional integration, and sustainable development.

Pakistan is committed to promoting a safe, sustainable, efficient, and environment-friendly transportation system. The introduction of pink buses specifically for women aims to provide a safe, comfortable, and accessible mode of public transportation. Furthermore, rural accessibility to all-weather roads has significantly improved, reaching ninety-two percent, contributing to sustainable development and providing essential services to the rural population. Pakistan's strategic location at the crossroads of Central Asia, South Asia, and the Middle East positions it as a vital player in regional trade and economic cooperation. Enhancing connectivity with neighboring countries like China, Afghanistan, and Iran is a priority to unlock immense economic potential through strengthened trade relations and cross-border cooperation.



Pakistan emphasized the importance of operationalizing major ECO transport corridors, notably the Istanbul-Tehran-Islamabad (ITI) rail and road corridor. The government is upgrading its rail infrastructure to expedite the flow of goods and facilitate trade within the region.

Additionally, Pakistan is working towards opening more border points within the ECO region to enhance connectivity and trade. Discussions between Pakistan and Kazakhstan have explored options for transport connectivity, including the development of multimodal routes through Turkmenistan. These initiatives aim to create an effective transport and logistics system that could play a critical role in enhancing economic relations between the two countries.

In summary, Pakistan's 2024 transport connectivity policy emphasizes infrastructure modernization, economic corridor development, sustainability, and regional integration to drive economic growth and development.

VI REPUBLIC OF TAJIKISTAN

Tajikistan
Population 10,6 mln (1,94 % growth)
GDP 59 bln. USD
Inflation 3,6%
Currency exchange rate Somoni 10.95/1USD

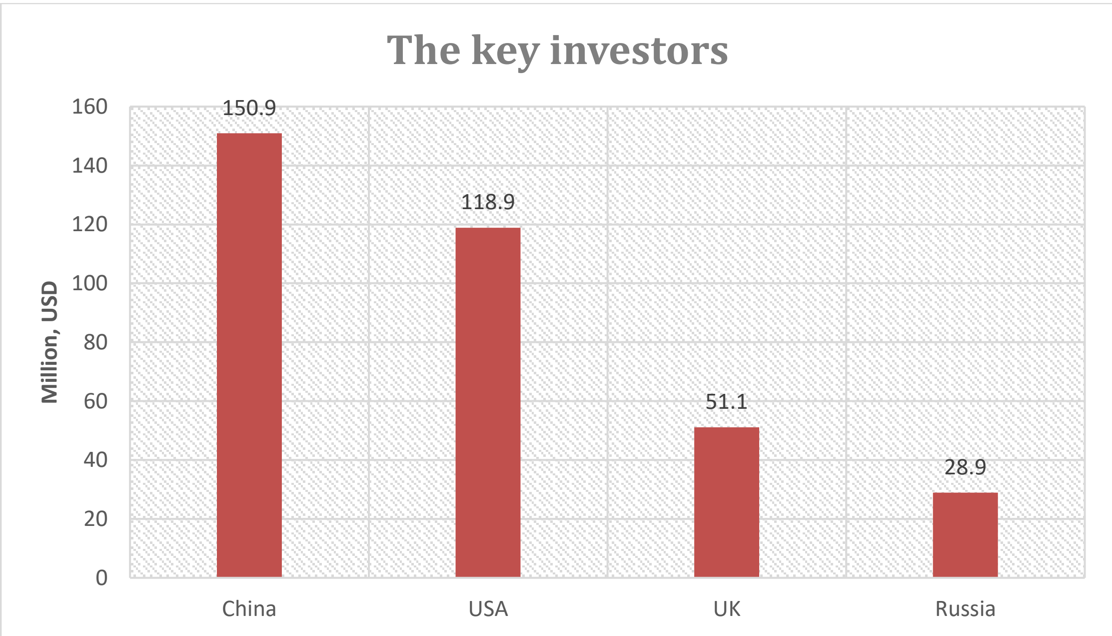
302. In 2024, Tajikistan's economy demonstrated resilience, achieving a 6.5% GDP growth**,** driven by increased gold exports, robust remittances, and substantial public infrastructure investments. However, challenges persist, including fiscal pressures from state-owned enterprises and potential risks from regional migration policies.

303. Annual inflation was 3.1% in September 2024, below the central bank's target range of 6% ±2%, aided by declining global food and fuel prices and a tighter monetary policy.

304. To ensure sustainable development, Tajikistan needs to implement structural reforms focusing on enhancing economic openness, improving public sector governance, and ensuring effective public service delivery.

Fixed capital investments

305. In 2024, Tajikistan experienced a significant increase in fixed capital investments, reflecting a robust expansion in infrastructure and industrial development. Foreign capital inflows reached $4.9 billion in 2024, marking a 73% rise from the previous year. The majority of these investments were concentrated in Dushanbe ($4.1 billion) and Sughd Province ($761.2 million). China remained the leading investor, contributing $150.9 million, followed by the USA ($118.9 million), the UK ($51.1 million), and Russia ($28.9 million).



306. Tajikistan allocated 9.49 billion somoni (approximately $871.6 million) to its industrial sector in 2024.This funding supported the establishment of new enterprises, the import of technological equipment, and the production of new products across various industries.The breakdown of these investments is as follows:

307. **Mining sector**: 960.2 million somoni ($88 million);
308. **Processing sector**: 1.17 billion somoni ($107 million);
309. **Electricity, gas, and water production and distribution**: 7.36 billion somoni ($676 million).

310. Industrial output reached 53.8 billion somoni ($4.9 billion) in 2024, a 20% increase from the previous year. Notably, the mining industry saw a 43% growth, while the electricity, gas, and water sectors grew by 5.7%.Water supply, waste treatment, and recycling experienced a substantial rise of 34.9%. Significant infrastructure projects progressed in 2024, including the construction of the Dushanbe Stadium, a 30,000-seat facility being developed by the Chinese company PFM Stone. The stadium is scheduled for completion in 2026, coinciding with the 35th anniversary of Tajikistan's independence

Consumer price index

311. In 2024, the Consumer Price Index (CPI) in Tajikistan rose by 3.6%, slightly lower than the 3.8% recorded in 2023. During the first half of the year, inflation remained moderate at 1.9%, which was well within the National Bank of Tajikistan's target range of 6% ± 2%. This stable inflation allowed the central bank to lower the refinancing rate from 9.5% to 9.25%.

312. By November 2024, inflation had increased slightly to 4.1%, driven by higher consumer demand and a low inflation base from the previous year. Food inflation also rose to 2.7% in November, up from 1.8% in October. The CPI was mainly influenced by food and non-alcoholic beverages (49%), non-food items (32%), services (17%), and alcohol and tobacco (2%).

313. Looking ahead, the Eurasian Development Bank forecasts inflation to rise modestly to 5.9% in 2025, still within the revised target range of 5% ± 2%, reflecting sustained domestic demand and economic growth.

Retail

314. In 2024, Tajikistan's retail sector experienced strong growth, with total trade turnover - including wholesale, retail, and vehicle repair—reaching 65.8 billion somoni (approximately $6 billion), which represented a 13.6% increase over 2023. This growth was largely driven by rising household incomes, increased public sector wages, and a 52% surge in remittance inflows, which boosted consumer spending.

315. Food products continued to dominate retail sales, particularly bread and flour (17%), meat and sausages (15.5%), and vegetables (5.4%). Among non-food items, building materials led with 30% of sales, followed by petroleum products (10.4%), cars and auto parts (9.6%), and fabrics (9.6%).

316. E-commerce also began to take hold, supported by the World Bank's E-GATE initiative, which helped small and medium-sized enterprises access global B2B platforms. Looking ahead, the retail sector is expected to maintain its momentum, though it remains sensitive to changes in remittance flows and external economic conditions.

Salary

317. In 2024, the average monthly salary in Tajikistan was approximately 2,592.32 somoni (around $241 USD) as of October, marking a 1.4% increase from September 2024 and a 24.7% rise compared to November 2023.

318. The highest average salaries were found in the financial intermediation and insurance sectors, reaching6,894.13 somoni(approximately$630 USD**)**, while the lowest were in agriculture, forestry, and fishing, averaging1,093.58 somoni (around$99 USD**).** The minimum wage in Tajikistan was set at 800 somoni (about $73 USD) as of early 2024.

Inflation and income of population

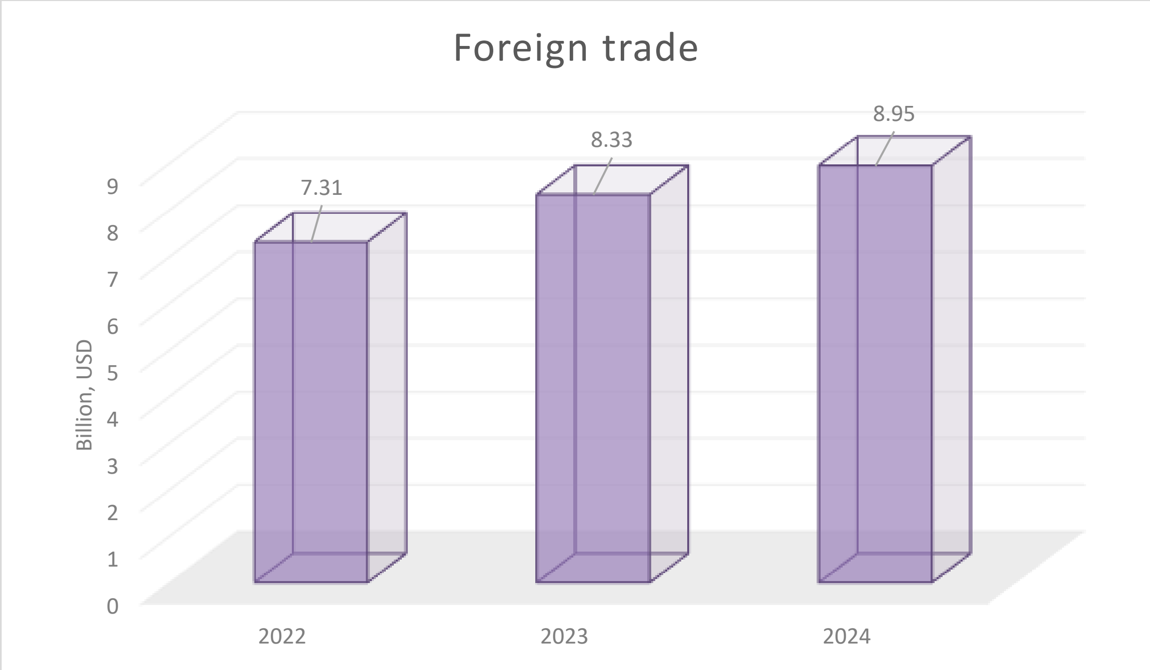
319. In 2024, Tajikistan saw modest inflation and significant increases in public sector wages, but the purchasing power of the average citizen remained limited. The average monthly salary was around 2,592 somoni (approximately $241 USD), which marked a 24.7% increase compared to the previous year.

320. Inflation in 2024 remained relatively low, dropping to 3.1% in September, compared to 3.8% in 2023. This decrease was attributed to stable global food and fuel prices and a stronger national currency.

321. Looking ahead, inflation is expected to remain within the National Bank's target range of **5**% ± 2%, but the low average salary, combined with inflation, continues to challenge the living standards of the population. Improving these conditions will require sustained economic reforms and efforts to increase foreign investment and domestic job opportunities.

Trade

322. In 2024, Tajikistan's foreign trade showed a mixed performance, with imports rising significantly and exports declining. The total foreign trade turnover reached approximately $8.95 billion, marking a 7.5% increase from the previous year. However, exports fell by 20.5% to $1.95 billion, while imports surged by 19.2%, totaling $7.01 billion. Tajikistan's main export partners included China, Switzerland, Türkiye, Kazakhstan, and Uzbekistan, with China being the top destination for Tajik exports.



323. On the import side, Russia, China, and Kazakhstan were the leading suppliers of goods to Tajikistan. The growing trade imbalance has raised concerns about the country's increasing reliance on imports, which could put pressure on its economic stability and foreign currency reserves.

324. In 2024, Tajikistan's trade with the ECO countries accounted for over 35% of its total foreign trade, emphasizing the growing importance of regional economic ties. Key trading partners within the ECO include Uzbekistan, Iran, Turkiye, Kazakhstan, and Pakistan. These countries contribute significantly to Tajikistan's trade in sectors such as energy, agriculture, construction materials, textiles, and machinery.

325. Tajikistan is also part of the **Tajikistan-Uzbekistan-Turkmenistan-Iran-Türkiye (TUTIT) Multimodal Corridor**, an initiative aimed at improving trade connectivity and facilitating smoother cargo transportation across the region. However, Tajikistan faces challenges in its trade with ECO countries, including non-tariff barriers, complex customs procedures, and limited digital infrastructure. Efforts to address these obstacles include proposals to implement the **ECO Trade Facilitation Agreement**, which seeks to streamline trade processes, promote e-commerce, and eliminate digital barriers, with the potential to double mutual trade within the next decade.

Employment

326. In 2024, Tajikistan's employment situation showed positive trends, with the official unemployment rate dropping to 1.8%, a 9.7% decrease from the previous year. This decline was attributed to initiatives aimed at creating new job opportunities, such as job fairs and the establishment of new industrial and socio-economic projects.

327. The Ministry of Labor, Migration, and Employment also facilitated the employment of over 4,300 individuals through paid community service programs, which included

public works like landscaping and infrastructure development. These programs provided jobs to various segments of the population, including women and youth.

328. Tajikistan's employment support program for 2023–2027 aims to create 221,000 new jobs annually, with a goal of generating 1.2 million new jobs by 2027, particularly in real sectors and services. However, youth employment remains a challenge, with only 20.82% of individuals aged 15–24 engaged in employment as of 2023.

329. These initiatives reflect Tajikistan's ongoing efforts to address labor market challenges and improve job opportunities for its population.

Energy

330. In 2024, Tajikistan's energy sector saw significant advancements, especially in electricity production and renewable energy projects. The country's total electricity production reached 22.427 billion kWh, a 3% increase from the previous year, with 92% of it generated from hydropower.

331. The Rogun Hydropower Plant is a major project, and in 2024, Tajikistan secured $550 million in funding to support its completion, which will make it one of the largest hydropower plants in the region.

332. Additionally, Tajikistan is upgrading its existing plants, including Nurek and Kayrakkum, with a combined investment of $630 million. The government is also pursuing renewable energy projects, such as a 200 MW solar power plant in the Sughd region and a partnership with UAE's Masdar to develop 500 MW of clean energy projects. By 2030, Tajikistan aims to generate 10,000 MW of electricity and increase its renewable energy share, including solar and wind. The country's long-term goal is to transition to a "green" economy by 2032 and achieve "green country" status by 2037, working towards energy independence and reducing carbon emissions.

TRANSPORT CONNECTIVITY POLICY

Tajikistan is a landlocked country in Central Asia. Transport plays an essential role for ensuring connectivity and facilitating movement of goods and people within the country and along borders shared with its neighbors in the region.

The National Development Strategy of the Republic of Tajikistan for the period up to 2030 aims to foster an independent, prosperous, and stable environment for the country's growth.

In 2024, Tajikistan advanced its transport connectivity policy with a comprehensive strategy aimed at transforming the country into a regional transit hub. The government has identified 10 priority trade and transit corridors, including the **Tajikistan–Uzbekistan–Turkmenistan–Iran–Turkiye** route, to enhance access to international markets and seaports.

A significant component of this strategy is the development of the **Rogun–Obigarm–Nurabad** highway, a 76 km route connecting key regions and facilitating smoother trade flows.

Additionally, the government plans to construct 32 bridges**,**5 tunnels totaling 11.2 km**,** and 7 avalanche corridors to improve infrastructure resilience.

International collaboration plays a crucial role in these initiatives. Tajikistan and Turkmenistan have agreed to a unified transport pricing policy to streamline logistics and enhance cross-border trade efficiency.

Furthermore, the Asian Infrastructure Investment Bank (AIIB) has approved a $75.5million loan for the construction of a 920-meter-long bridge on the Obigarm–Nurobod section of the M41 International Highway, which will serve as a vital link for over 350,000residents and connect to neighboring Kyrgyzstan.

Tajikistan's transport connectivity policy reflects a strategic approach to infrastructure development, regional cooperation, and sustainable economic growth.

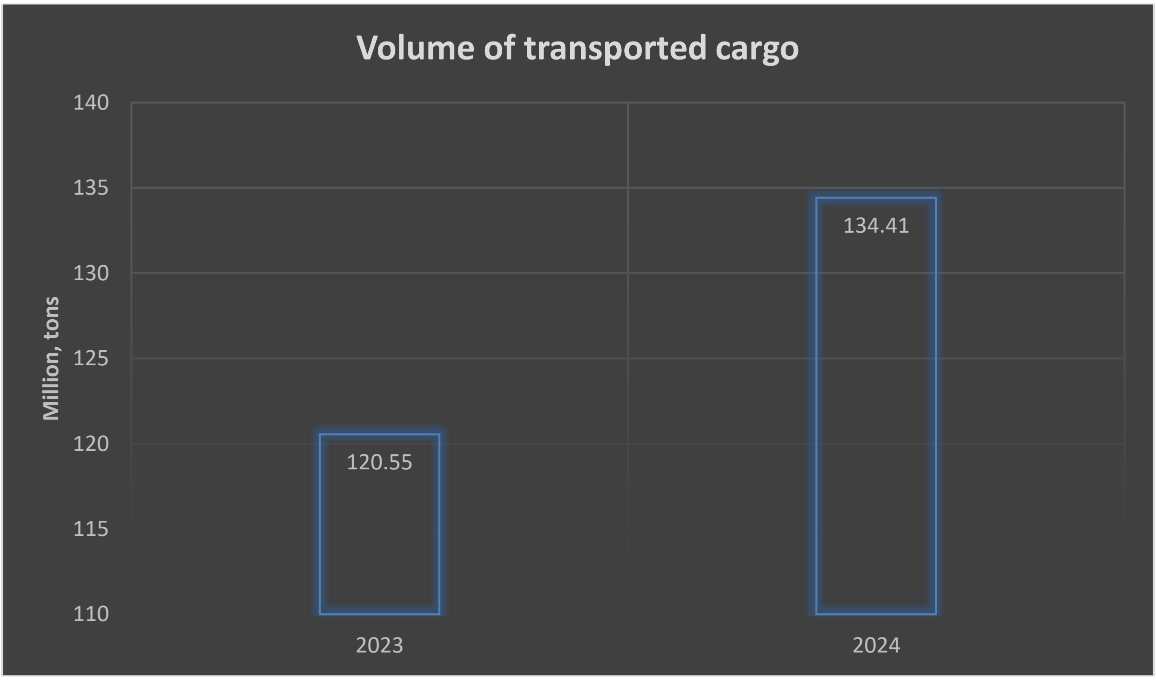
For 2024 in Tajikistan by all types of transport transported 134 million 410.6 thousand tons cargo, this is 11.5% more than a year earlier.

During this period, by road transport all ministries and departments, enterprises and organizations of all forms of ownership that have motor transport, and individuals engaged in commercial transportation, transported 127.7 million tons of cargo, which is 95.0% of the total volume of transportation of all types of transport. Volume cargo transportation automobile by transport compared to 2023, increased by 11.9%.

Structure cargo transportation at the regional level republics shows that in 2024, 37.1% of the total volume of cargo transportation was in the Khatlon region and 29.8% in the Sughd region, respectively. Dushanbe – 16.5 percent, districts of republican subordination – 15.7 percent and GBAO – 0.9 percent.

In 2024, more than 1 billion passengers will be transported, which is 13.4% more than the previous year. Passenger transportation by land plays an important role in the republic. That is, its share is 99.9% of the total passenger flow of all types of transport.

Also during this period by road transport (ministries and departments; enterprises and organizations of all forms of ownership that own motor vehicles, private entrepreneurs) transported 996.1 million passengers, which is 13.6% more than the previous year.



VII REPUBLIC OF TÜRKIYE

Türkiye
Population 85.7mln
GDP current USD trillion 1.3
GDP per capita 15,463 USD
Inflation avg.58,5%
Currency exchange rate average 32.83 TRY – 1 USD

333. Türkiye is the 17th largest economy in the world, according to IMF, with a GDP of $1.3 trillion as of 2024. It is a member of the ECO, OECD and the G20 and an increasingly important donor of official development assistance (ODA).

334. For Türkiye to preserve and further its progress, it must navigate through significant challenges that encompass economic resilience, poverty and inclusion, and sustainability.

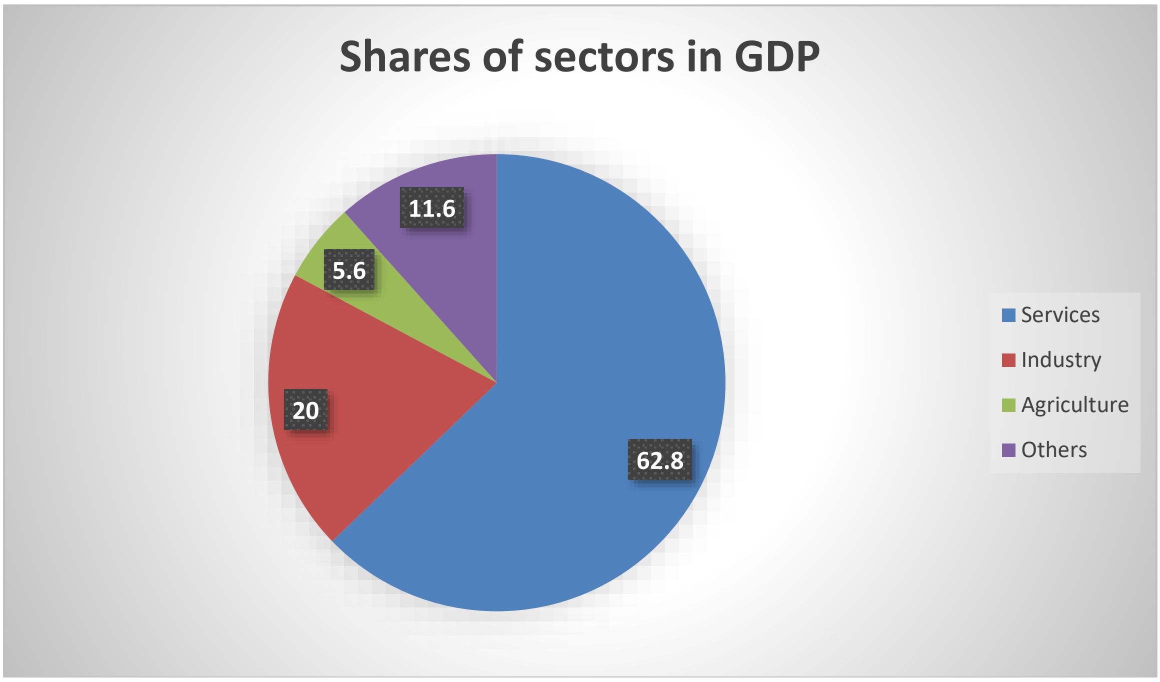
335. Key among these is revitalizing economic growth in a post-COVID era marked by a challenging macroeconomic climate and a downward trend in productivity observed since themid-2010s.

336. The country experienced a robust economic expansion of 3.2 % in2024.
337. In line with the general framework of the 12th Development Plan (2024-2028), the program aims to strengthen macroeconomic and financial stability, promote high value- added production, achieve growth through productivity and export growth with a focus on green and digital transformation and a permanent improvement in the current account balance, reduce inflation to single digits in the medium term, improve the business and investment environment, and establish a policy ground based on maintaining fiscal discipline while effectively combating disasters.

Explanatory notes	**Unit**	**2021**	**2022**	**2023**	**2024**
GDP at Current Prices	Mln. US$	807.893	905.800	1.129.974	1.322.374
Growth Rate of GDP at Constant Prices	%	11,4	5,5	5,1	3,2
GDP per Capita	US$	9.601	10.659	13.243	15.463
Agriculture	Share in GDP	5,5	6,5	6,2	5,6
Industry	Share in GDP	26,1	26,4	22,9	20,0
Services	Share in GDP	57,8	56,6	59,6	62,8
Private Final Consumption Expenditure	Share in GDP	55,2	57,3	59,4	59,4
Government Final Consumption	Share in	12,9	11,7	13,1	14,7

Expenditure	GDP				
Gross fixed capital formation	Share in GDP	28,2	29,2	31,9	31,0
Exports of goods and services	Share in GDP	35,7	38,6	31,9	28,0
Imports of goods and services	Share in GDP	35,3	42,6	34,4	27,8
Total compensation of employees	Share in GDP	26,8	23,6	28,9	33,5
Gross Operating surplus	Share in GDP	63,9	66,6	61,1	56,4
Taxes less subsidies on products	Share in GDP	9,2	9,8	10,0	10,0

Source: TURKSTAT



Financial Markets

Explanatory Notes	**2021**	**2022**	**2023**	**2024**
ng Sector				
Capital Adequacy	18,4	19,5	19,1	19,7
Net FX Position (Million $)	4.526	2.161	3.129	1.203
Non-Performing Loans/ Total Loans	3,1	2,1	1,6	1,8
Monetary Aggregates (End of Period, Million TL)				
M2 (Annual Percentage Change)	52,2	62,3	65,8	28,2
M3 (Annual Percentage Change)	51,1	64,1	65,3	38,3
Credit Volume (Billion TL)	4.900	7.568	11.630	15.901
Interest Rates				
CBRT Overnight Borrowing Interest Rates	12,50	7,50	41,00	46,00
CBRT Overnight Lending Interest Rates	15,50	10,50	44,00	49,00
CBRT 1 Week Repo Interest Rates	14,00	9,00	42,50	47,50
Weighted Average Cost of the CBRT Funding	14,00	9,04	42,50	48,13
CBRT FX Interest Rate (End of Period, Million $))	72.564	82.904	92.830	90.738

Source: TURKSTAT, CBRT

<u>Foreign direct investments</u>

338. FDI stock reached USD 273.2 billion over the 2003-2023 period. It was USD 14.6 billion in the 1984-2002periods.

339. In 2023, FDI inflows realized as USD 10.7 billion. In 2024, FDI inflows realized as USD 11.3 Billion.

340. Direct Investment from Türkiye to abroad reached USD 72.9 billion from 2003 to 2024 on a cumulativebasis.

International Finance

(Million Dollars)	**2020**	**2021**	**2022**	**2023**	**2024**
CURRENT ACCOUNT	-30.976	-6.221	-46.283	-39.877	-10.038
CAPITAL ACCOUNT	-36	-63	-35	-204	-126
FINANCIAL ACCOUNT	-38.746	3.438	-17.497	-51.406	-23.181
Direct Investment	-4.271	-6.224	-8.850	-4.694	-4.652
Portfolio Investment	9.785	7.597	18.471	-5.652	-11.977
Other investment	-12.398	-21.265	-39.429	-39.033	-7.110
Reserve assets	-31.862	23.330	12.311	-2.027	558
NET ERRORS AND OMISSIONS	-7.734	9.722	28.821	-11.325	-13.017

Source: CBRT

Services

341. Türkiye's services exports amounted to USD 115.2 billion in 2024. Türkiye’s services import was realized as USD 53.3 billion in 2024. Thus, balance of services recorded a surplus of USD 62 billion in2024.

Salary

342. As of early 2024, Turkyie's gross monthly minimum wage was raised to 17,002 TRY, a substantial increase aimed at countering inflation and enhancing living standards for low-income workers, enabling the share of labor in national income to reach a historic peak.

Prices

Explanatory notes	Unit	2021	2022	2023	2024
Annual Change of CPI	%	36.1	64.3	64.8	44.4
Annual Change of DPPI*	%	79.9	97.7	44.2	28.5

Inflation

343. The Turkish authorities are grappling with the challenging responsibility of promoting economic growth in the face of numerous obstacles. High inflation and interest rates are hampering private consumption, and the call for fiscal discipline presents challenges for public spending and investment.

344. Inflation decreased from 75.5% in May 2024 to 38.1% in March 2024.Despiteeasingcreditmarket restrictions, the high inflation and moderately strong capital levels have restrained bank loan growth. The banking sector, while facing maturity mismatches, has shown improvements in its foreign exchange position and capitalization, with non-performing loans decreasing and the ratio improving significantly.

Trade

345. In 2024, exports rose 2.4% to $261.8 billion and imports shrank 5% to $344 billion, the Turkish Statistical Institute data showed.

Balance of Payments

Million Dollars	2021	2022	2023	2024
CURRENT ACCOUNT	**-6.221**	**-46.283**	**-39.877**	**-10.038**
Goods, Services and Primary Income	-7.171	-45.914	-40.434	-10.110
Goods and Services	3.517	-37.098	-29.014	5.626
GOODS	**-29.321**	**-89.586**	**-86.280**	**-56.366**
Exports	224.673	253.352	250.999	257.457
Imports	253.994	342.938	337.279	313.823
General merchandise on a balance of payments basis	**-27.356**	**-70.283**	**-60.796**	**-42.947**
Exports f.o.b.	221.139	252.215	246.468	253.775
Exports f.o.b.	225.215	254.171	255.628	261.803
Shuttle trade	3.638	3.384	1.743	1.929
Adjustment: Classification	-7.714	-5.340	-10.903	-9.957
Imports f.o.b.	248.495	322.498	307.264	296.722
Imports c.i.f.	271.425	363.712	361.967	344.016
Adjustment: Coverage	-15.042	-20.933	-22.721	-28.894
Adjustment: Classification	-7.888	-20.281	-31.982	-18.400
Net exports of goods under merchanting (credit)	**51**	**84**	**202**	**201**
Non Monetary Gold (net)	**-2.016**	**-19.387**	**-25.686**	**-13.620**
Exports	3.483	1.053	4.329	3.481
Imports	5.499	20.440	30.015	17.101
SERVICES	**32.838**	**52.488**	**57.266**	**61.992**
Credit	62.863	93.250	106.589	115.249
Debit	30.025	40.762	49.323	53.257
Transport	**13.109**	**18.171**	**20.407**	**19.081**
Credit	24.004	35.173	38.931	39.875
Debit	10.895	17.002	18.524	20.794
Travel	**26.165**	**40.993**	**42.157**	**48.953**
Credit	28.133	45.829	50.063	56.311
Debit	1.968	4.836	7.906	7.358
PRIMARY INCOME BALANCE	**-10.688**	**-8.816**	**-11.420**	**-15.736**
Credit	4.513	5.600	8.014	9.542
Debit	15.201	14.416	19.434	25.278
Other Investment	**-3.082**	**-2.723**	**-5.494**	**-6.793**
Interest Income	2.568	2.970	5.101	6.386
Interest Expenditure	5.650	5.693	10.595	13.179
Long Term	4.370	4.454	8.098	10.074
Central Bank	1	54	265	293
General Government	394	408	755	1.080
Banks	1.176	1.231	2.521	3.122
Other Sectors	2.799	2.761	4.557	5.579
Short Term	1.280	1.239	2.497	3.105
SECONDARY INCOME	**950**	**-369**	**557**	**72**

Foreign Trade

(Million US Dollar)	2021	2022	2023	2024
Total Export	**225 214**	**254 170**	**255 627**	**261 800**
Food and live animals	20 957	24 084	25 636	27 225
Beverages and tobacco	1 216	1 372	1 437	1 540
Crude materials, inedible, except fuels	6 661	7 348	4 762	7 516
Mineral fuels etc	8 310	16 410	16 389	16 553
Animal and vegetable oils, fats and waxes	1 875	3 286	2 814	2 693
Chemicals and related products, n.e.s.	16 107	20 386	20 689	21 263
Manufactured goods classified chiefly by material	63 703	67 350	57 264	57 858
Machineries and transport equipments	60 562	65 018	75 756	78 746
Miscellaneous manufactured articles	39 457	43 132	43 685	44 490
Not classified elsewhere in the SITC	6 366	5 783	4 762	3 915
Afghanistan	220	236	201	171
Azerbaijan	2 113	2 245	2 424	2 664
Iran	2 251	2 440	2 633	2 382
Kazakhstan	1 158	1 327	1 753	1 747
Kyrgyzstan	712	853	1 030	1 106
Pakistan	696	743	469	851
Tajikistan	243	357	364	326
Turkmenistan	914	1 008	895	889
Uzbekistan	1 658	1 613	1 624	1 739
Total Export to ECO Members	9 966	10 821	11 393	11 876
Share in Total Export	4,4	4,3	4,5	4,5

(Million Dollar)	2021	2022	2023	2024
Total Import	**271 426**	**363 711**	**361 967**	**344 013**
Food and live animals	11 378	14 039	15 816	13 940
Beverages and tobacco	1 008	1 419	1 723	1 899
Crude materials, inedible, except fuels	24 456	25 859	19 628	20 301
Mineral fuels etc	17 410	96 548	69 113	65 589
Animal and vegetable oils, fats and waxes	2 441	4 013	3 148	2 781
Chemicals and related products, n.e.s.	44 425	49 109	43 899	42 848
Manufactured goods classified chiefly by material	47 772	58 219	52 765	49 650
Machineries and transport equipments	70 865	78 191	105 744	103 001
Miscellaneous manufactured articles	12 124	15 147	20 114	26 902

Not classified elsewhere in the SITC	39 547	21 167	30 017	17 103
Afghanistan	14	29	11	8
Azerbaijan	645	638	548	616
Iran	2 522	2 913	1 862	2 020
Kazakhstan	1 563	2 128	2 107	2 563
Kyrgyzstan	57	78	235	83
Pakistan	309	402	427	425
Tajikistan	216	138	129	170
Turkmenistan	460	465	286	239
Uzbekistan	1 819	1 539	1 103	997
Total Import to ECO Members	7 606	8 332	6 709	7 121
Share in Total Import	2,8	2,3	1,9	2,1

NOTE: 2024 year foreign trade data are provisional (general trade system)

(SITC Rev 4)

Unemployment

346. Türkiye's unemployment rate was at a 10-year low in 2024, down to 8.7% from 9.4% in 2023. According to the Turkish Statistical Institute (TurkStat) data, the number of unemployed people dropped by 151,000 to 3.11 million year-on-year in2024.

347. The rate was 11.8% for women and 7.1% for men in 2024. The number of employed persons was at 32.6 million, up by 988,000 in 2024 versus 2023.

348. The employment rate was at 49.5% with a 0.8 percentage point increase in 2024 compared to the previous year.

349. The labor force was 35.7 million and the labor force participation rate was at 54.2% in 2024.

350. The youth unemployment rate – in the 15-24 age group – was 16.3% with a 1.1 percentage point decrease compared to the previous year.

Explanatory notes	Unit	2021*	2022	2023	2024
Non-institutional Civilian Population	Thousand	**63 704**	**64 679**	**65 425**	**65 926**
Labor Force	Thousand	**32 716**	**34 334**	**34 896**	**35733**
a. Male	Thousand	**22 156**	**22 862**	**23 052**	**23 478**
b. Female	Thousand	**10 560**	**11 473**	**11 844**	**12 255**
Share of Female in Labor Force	%	**32.3**	**33.4**	**33.9**	**34,3**
Population not in Labor Force	Thousand	**30 989**	**30 345**	**30 528**	**30 193**
Labor Force Participation Rate	%	**51.4**	**53.1**	**53.3**	**54.2**
Total Employment	Thousand	**28 797**	**30 752**	**31 632**	**32 620**

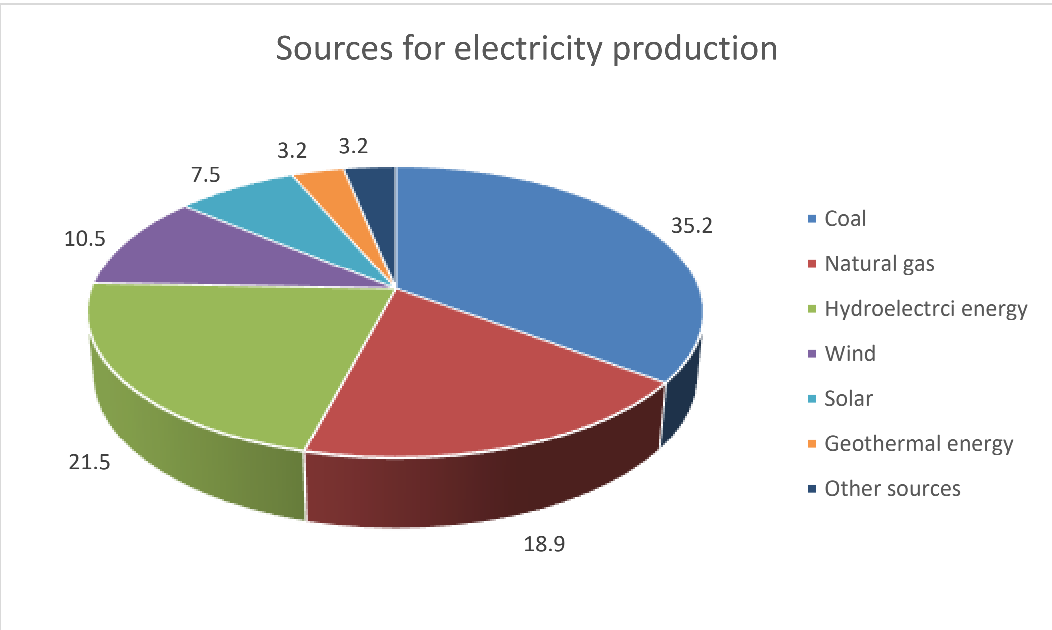
a. Employment in Services	Thousand	**15 928**	**17 378**	**18 230**	**18 886**
b. Employment in Industry and Construction	Thousand	**7 921**	**8 509**	**8 708**	**8 908**
c. Employment in Agriculture	Thousand	**4 948**	**4 866**	**4 695**	**4 827**
Share of Services in Total Employment	%	**55.3**	**56.5**	**57.6**	**57.9**
Share of Industry and construction in Total Employment	%	**27.5**	**27.7**	**27.5**	**27.3**
Share of Agriculture in Total Employment	%	**17.2**	**15.8**	**14.8**	**14.8**
Unemployed	Thousand	**3 919**	**3 582**	**3 264**	**3 113**
Unemployment Rate	%	**12.0**	**10.4**	**9.4**	**7**

Source: TURKSTAT, Labour Force Statistics

Energy

351. Türkiye's electricity consumption in 2024 increased by 3.8% compared to the previous year, reaching 347.9 TWh, while electricity production rose by 5.4% compared to the previous year, amounting to 348.9 TWh.

352. In 2024, Türkiye's electricity production was derived from the following sources: 35.2% from coal, 18.9% from natural gas, 21.5% from hydroelectric energy, 10.5% from wind, 7.5% from solar, 3.2% from geothermal energy, and 3.2% from other sources.



353. According to preliminary data, in 2024, 44% of natural gas consumption in Türkiye was used in cities, 25% in power plants, and 31% in industry.

354. In 2024, 19.1% of Türkiye’s total imports, amounting to 65.6 billion dollars, consisted of energy imports.

355. In the same year, 6.3% of total exports, valued at 16.6 billion dollars, was derived from energy exports under Chapter 27.

Population

356. The population residing in Türkiye increased by 292 thousand 567 people compared to the previous year and reached to 85 million 664 thousand 944 people as of 31 December 2024. Male population was 42 million 853 thousand 110 people and female population was 42 million 811 thousand 834 people. While 50.02% of the total population were males, 49.98% of the total population were females. Annual population growth rate increased to 3.4 per thousand in 2024 from 1.1 per thousand in 2023.

357. Proportion of population residing in province and district centers, which was 93% in 2023, became 93.4% in 2024. Besides, proportion of population living in towns and villages decreased to 6.6% from 7%. 67.2% of Türkiye's population was residing in densely populated areas, 15.5% in intermediate-density areas and 17.2% in rural areas.

358. In Türkiye, while the population of 10 provinces decreased in 2023 compared to the previous year, it was seen that 40 provinces' population decreased in 2024.The median age of the population in Türkiye increased to 34.4 in 2024 from 34 in 2023. When it was analysed by sex, it was seen that the median age increased from 33.2 to 33.7 for males while it increased from 34.7 to 35.2 for females.

359. In Türkiye, when the distribution of marital status was analysed by sex for the years 2009 and 2024, it was observed that the proportion of never married people was higher among males than females, while the proportion of widowed and divorced people was higher among females than males. On the other hand, for the years 2009 and 2024, it was seen that the proportion of married people, which made up the vast majority, was close to each other for both sexes.

360. The proportion of the working age population aged 15-64 increased from 66.5% in 2007 to 68.4% in 2024. On the other hand, the proportion of child population aged 0-14 decreased from 26.4% to 20.9%, and the proportion of population aged 65 and over increased from 7.1% to 10.6%.

361. Total age dependency ratio, which indicates the total number of children and elderly people per person in working age, decreased from 46.3% in 2023 to 46.1% in 2024. Child dependency ratio, which indicates the total number of children per person in working age, decreased from 31.4% to 30.6%. Elderly dependency ratio, which indicates the number of elderly people per person in working age, increased from 15% to 15.5%. In other words, in 2024, every 100 people in working age were responsible for 30.6 children and 15.5 elders in Türkiye.

Source:Ministry of Treasury and Finance,TURKSTAT,CBRT,BRSA

TRANSPORT CONNECTIVITY POLICY

Turkiye's transport connectivity policy is a strategic effort to position the country as a central hub linking Asia, Europe, and Africa through robust infrastructure and regional cooperation. In 2024, Turkiye unveiled a comprehensive transport strategy for 2024–2028, focusing on 11 key areas including digitalization, eco-friendly transport, disaster resilience, and intermodal transportation. A major goal is achieving net-zero emissions in transport by 2053 while strengthening road safety, institutional capacity, and access to services.

Significant developments in 2024 include the launch of the Halkalı–Kapıkule high-speed train linking Istanbul to the EU border, and continued investment in expanding Türkiye’s high-speed rail and highway networks. Regionally, Türkiye reinforced its commitment to trade corridors like the Middle Corridor and the Baku–Tbilisi–Kars railway, and it entered agreements with Iraq, Qatar, and the UAE on the $17 billion Development Road project, which aims to connect Asia and Europe.

On the maritime front, the Turkish government reaffirmed its commitment to the controversial Kanal Istanbul project and pursued regional agreements such as a maritime demarcation deal with Syria. Urban transport policy in 2024 emphasized sustainability, prioritizing public transit and non-motorized mobility to improve connectivity between urban and rural areas.

In 2024, Türkiye strengthened its regional transport connectivity strategy through active collaboration with member states of the ECO, which includes countries like Iran, Pakistan, Azerbaijan, and the Central Asian republics. Türkiye's main goal within the ECO framework is to position itself as a logistical bridge between Europe and Asia by supporting the development of east-west and north-south trade corridors.

One of the key initiatives in 2024 was Türkiye’s participation in the establishment of the Uzbekistan–Turkmenistan–Iran–Türkiye (UTIT) transport corridor, aimed at boosting cargo flow between Central Asia and Europe via unified tariffs and streamlined border procedures. Türkiye also partnered with Uzbekistan on digitizing transport documentation to ease customs processes, which ties into ECO’s broader goal of creating a Digital Transport and Customs Office in Tashkent.

Türkiye played a central role in discussions to enhance major regional routes like the Almaty–Tehran–Istanbul and Trans-Caspian corridors, both critical to ECO’s transport integration strategy. Moreover, the country contributed to the promotion of multimodal transport and logistics hubs that support trade facilitation across landlocked ECO states.

The ECO, under Kazakhstan’s 2025 chairmanship, is prioritizing regional transport connectivity, and Türkiye is expected to be a leading actor in implementing digital transit systems and launching new freight train routes. Overall, Türkiye’s cooperation with ECO members in 2024 highlights a strategic alignment to reduce trade friction, modernize infrastructure, and create more resilient and integrated regional supply chains.

VIII  TURKMENISTAN

Turkmenistan
Population 7,5 mln
GDP apprx.90,9 bln. USD nominal
Inflation 5,0%
Currency exchange rate Manat 3.50/1USD

362. In 2024, Turkmenistan maintained strong and stable economic growth, with GDP rising by 6.3%—matching the growth rate recorded in 2023. This continued momentum was driven by robust performance across nearly all sectors of the economy. Notably, the construction sector saw impressive growth of 11%, while trade expanded by 10.1%. Transport and communication services grew by 7.2%, and agriculture increased by 5.3%. The services sector also demonstrated solid progress with an 8.6% expansion. This widespread growth reflects the positive impact of government reforms, large-scale public investments, and export-led development strategies.

	GDP	Construction	Trade	Transport and Communication	Services	Agriculture
Growth in 2024	6.3%	11%	10.1%	7.2%	8.6%	5.3%

363. In the regional context, Turkmenistan remains one of the most stable and secure countries in Central Asia, which significantly lowers risks for foreign investors and international companies. The government is positioning the country as a regional manufacturing and logistics hub, leveraging its geographic location at the crossroads of Europe and Asia. The long-term development strategy also includes plans to raise the private sector's share in non-energy GDP to over 70% and to continue improving living standards by investing in education, healthcare, and public infrastructure.

Fixed capital investments

364. Turkmenistan's fiscal discipline remained strong throughout 2024. According to the Ministry of Finance, the main state budget revenues were executed at 105.9% of the planned figure, while expenditures were carried out at 99.9%. Local budgets also performed well, with revenues reaching 103.8% of target and expenditures fulfilled at 99.8%. These results reflect improved revenue collection mechanisms and prudent public spending policies. The government continued to prioritize social programs, infrastructure development, and strategic economic initiatives in its budget allocations.

Transport

365. In 2024, Turkmenistan's transport sector experienced significant growth, driven by substantial infrastructure investments, enhanced regional connectivity, and modernization efforts across various modes of transportation.

366. The completion of the second stage of the Ashgabat–Mary–Lebap highway in spring 2024 reduced travel time between Ashgabat and Mary to under three hours. The final section, extending through the Karakum Desert to Turkmenabat, is expected to further expedite transit to the Uzbek border upon its completion.

367. Additionally, Turkmenistan attracted nearly $1 billion in investments for transportation projects, with $953.2 million allocated to the transport complex, including road infrastructure development.

368. Turkmenistan Airlines expanded its fleet with the addition of Boeing 777-300ER and Airbus A330-200 cargo aircraft in early 2024. The modernization of Ashgabat International Airport's ground infrastructure, including new hangars, supports the maintenance of these advanced aircraft.

369. The rail sector saw the opening of the 177-meter Serkhetabat–Torghundi railway bridge in September 2024, enhancing connectivity between Turkmenistan and Afghanistan. This development is part of the Lapis Lazuli Corridor, facilitating trade between Afghanistan, Turkmenistan, Azerbaijan, and Türkiye.

370. The Turkmenbashi International Seaport continued to develop as a regional transit hub. Container freight volumes between Turkmenbashi and Alyat (Azerbaijan) increased nearly threefold in the first half of 2024. Plans to resume regular container freight movements between Turkmenbashi and Makhachkala, along with establishing a logistics center in Astrakhan, aim to boost trade along the North-South corridor.

371. Bilateral trade between Turkmenistan and Uzbekistan reached nearly 400,000 tons of cargo in the first quarter of 2024. Efforts are underway to address visa issuance issues for truck drivers, aiming to facilitate smoother cross-border transportation.

372. In November 2024, Turkmenistan hosted the International Transport and Transit Corridors Conference in Ashgabat, emphasizing the country's role as a regional transport and logistics hub. The event highlighted Turkmenistan's commitment to sustainable transport development and international collaboration.

Retail

373. In 2024, Turkmenistan’s retail sector experienced notable growth, with retail trade volume increasing by 13.1% compared to the previous year. This growth outpaced the 10.9% rise recorded in 2023 and reflected a broader trend of rising household incomes and stronger consumer confidence. The government's continued focus on economic stability and social welfare, including wage and pension increases, contributed to this upward trend in domestic consumption.

374. Infrastructure development also played a crucial role in the retail sector’s performance. Several modern shopping centers and markets were opened, including the prominent Arkach Shopping and Entertainment Center in Ashgabat, which became a key destination for both retail and leisure activities. These new facilities provided consumers with greater access to a diverse range of goods and services in a more modern and convenient environment.

375. Turkmenistan also made visible progress in digital retail, with increased adoption of e-commerce platforms. Many small and medium enterprises in catering, wholesale, and retail sectors began offering online ordering and delivery services. This shift toward digital commerce helped improve service accessibility, especially in urban centers, and signaled a gradual modernization of consumer-facing business models.

376. Overall, the growth of the retail sector in 2024 highlighted the strength of Turkmenistan’s internal market and its potential for continued expansion. It also underscored the importance of both physical and digital infrastructure in driving retail and trade development across the country. Would you like a comparison of this growth with other Central Asian countries?

Salary

377. Starting January 1, 2024, the government raised wages for employees of budget-funded institutions, self-supporting enterprises, public associations, as well as pensions, state benefits, and scholarships for students and trainees by 10%.This decision was formalized through a presidential decree aimed at improving the living standards of the population.

378. Additionally, the minimum wage was set at 1,280 manats per month, providing a baseline for regulating monthly wages across the country. This adjustment reflects the government's commitment to ensuring fair compensation and addressing the needs of workers.

379. Overall, the salary and benefit adjustments in 2024 reflect Turkmenistan's ongoing efforts to improve the economic well-being of its citizens through strategic economic planning and social welfare initiatives.

Inflation and income of population

380. Inflation was brought further under control in 2024, with the annual average rate declining to 5.0%, down from 5.9% in 2023. This was largely due to a combination of tighter monetary policy, stable global commodity prices, and continued price controls. The Central Bank of Turkmenistan maintained its fixed exchange rate regime, which helps stabilize the national currency and foreign exchange markets. Most credit issued during the year went to state-owned enterprises, particularly those involved in priority development sectors such as manufacturing and energy.

Trade

381. Turkmenistan’s foreign trade sector showed significant improvement in 2024. The total value of exports reached approximately $12 billion, an increase over the previous year. The government remains committed to increasing foreign trade turnover, targeting $20.7 billion by further opening its economy and improving trade logistics. As part of these efforts, the country continued to attract foreign partners and investors to its priority sectors, including energy, logistics, and manufacturing.

382. Capital investment into the national economy rose by 9.1% compared to 2023, accounting for 18.6% of GDP. Of this, 50.9% was directed toward social infrastructure (including housing, education, and healthcare), while 49.1% went into industrial facilities. Major public investment projects included new health centers, schools, residential housing, and phases of the “smart city” Arkadag.

383. The government pursued major reforms aimed at improving the investment climate and boosting the role of the private sector. The Law on Public-Private Partnership (PPP), adopted in 2023, began to take effect in 2024, offering incentives and legal guarantees to attract private capital into public infrastructure and service projects. An updated Law

on Enterprises also made it easier for entrepreneurs to register and operate businesses, further supporting small and medium enterprises (SMEs).

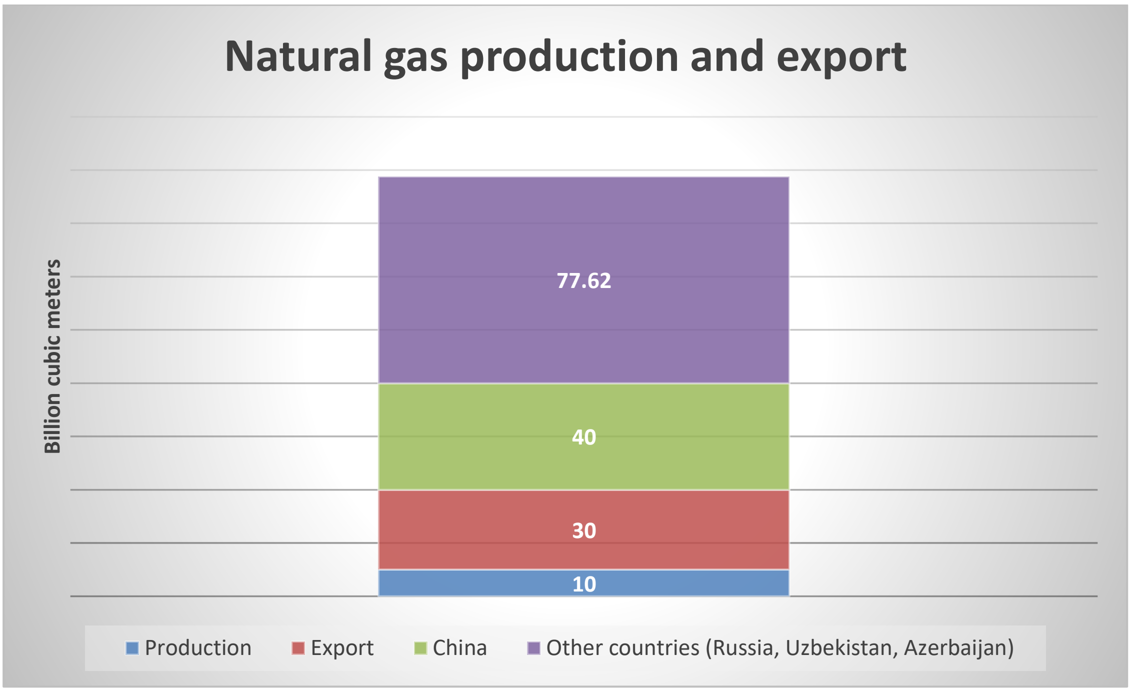
384. Additionally, work on the creation of several new free economic zones progressed in 2024. These zones are expected to offer tax benefits, simplified customs procedures, and streamlined regulations for investors. The government envisions these areas as hubs for trade, logistics, and manufacturing.

Employment

385. Employment generation remained a key government priority in 2024. The country created 5,735 new jobs, significantly exceeding the original target of 3,000 positions.

Energy

386. The energy sector remained a cornerstone of the national economy. In 2024, Turkmenistan produced approximately 77.62 billion cubic meters of natural gas and exported about 40 billion cubic meters. China continued to be the largest recipient, importing over 30 billion cubic meters. Exports also went to Russia, Uzbekistan, and Azerbaijan. A new agreement was signed to begin gas deliveries to Türkiye via a transit route through Iran.



387. Oil production reached more than 8.28 million tons in 2024. The oil refining sector met and exceeded several production targets, with gasoline, diesel, and liquefied gas output surpassing planned volumes. Meanwhile, the government continued to invest in the development of major gas fields such as Galkynyş, and in strategic infrastructure including the Turkmenistan-Afghanistan-Pakistan-India (TAPI) gas pipeline.

388. Turkmenistan advanced its renewable energy agenda in 2024 by continuing construction on its first hybrid (solar and wind) power project. With over 235 sunny days a year and strong wind corridors, the country's solar and wind potential is estimated at 655,000

MW and 10,000 MW, respectively. These initiatives are part of a broader strategy to diversify the energy mix and reduce dependency on fossil fuels in the long term.

Population of Turkmenistan

389. As of 2024, Turkmenistan's population is estimated 7.5 million.

TRANSPORT CONNECTIVITY POLICY

Turkmenistan is located in Central Asia, the region at the crossroads of East-West and North-South trade routes. As a part of the so-called Middle Corridor, Turkmenistan offers a secure, reliable, and alternate transport and transit corridor for international trade. Infrastructure investments are a high Government priority and have strategic importance for the country. Warehouses, distribution centers, cold-chain storage, and other supply-chain facilities will be essential to fully handle the Middle Corridor’s transportation capacity.

In 2024, Turkmenistan significantly advanced its transport connectivity policy through strategic infrastructure development, digital modernization, and enhanced regional cooperation. The government invested nearly $953 million in transport projects, supported by international partners such as the European Bank for Reconstruction and Development, the Asian Development Bank, and the Japan International Cooperation Agency. Key developments included the completion of the second stage of the Ashgabat–Mary–Lebap highway, reducing travel time between Ashgabat and Mary to under three hours and strengthening the link between the capital and major industrial zones.

To streamline international freight operations, Turkmenistan implemented the TIR-EPD electronic pre-declaration system at all border customs points, allowing transporters to submit cargo and vehicle information in advance and improving efficiency at checkpoints. The country also reinforced its role in regional transport corridors, including the North–South corridor connecting Kazakhstan and Iran, the Trans-Caspian route facilitating trade between China and Europe, and the Lapis Lazuli corridor linking Afghanistan with European markets via Turkmenistan.

A major step in cross-border infrastructure was the inauguration of a 177-meter railway bridge connecting Serkhetabat in Turkmenistan with Torghundi in Afghanistan, enhancing integration within the Lapis Lazuli route. Looking ahead, Turkmenistan is exploring the development of a metro system in Ashgabat by 2035, aiming to improve urban mobility and sustainability. These efforts are guided by a national transport policy program focused on modernizing infrastructure, expanding transit corridors, and positioning Turkmenistan as a regional logistics hub.

Especially in the last two decades, Turkmenistan has upgraded its infrastructure network, building roads, railways, and commissioning brand new and the most capable seaport and airport in the region. Ongoing global shifts in trade routes naturally encourage international logistics companies to establish business activities in Turkmenistan. Western logistics companies have a historic chance to grab business opportunities with the highest markup. Turkmenistan and regional countries are working to facilitate trade flows from the Middle Corridor, companies that establish businesses and will most benefit from this investment.

In 2024, Turkmenistan made significant strides in advancing its transport connectivity policy within the framework of the Economic Cooperation Organization (ECO). The country proposed the creation of **Joint Transport and Logistics Centres** to enhance cross-border trade and streamline logistics operations within the ECO. This initiative aims to foster collaboration between small and medium-sized enterprises, improve transportation efficiency, and integrate modern technologies into the logistics sector.

Turkmenistan also advocated for the development of regional **economic corridors** to strengthen cooperation among ECO member countries. These corridors are designed to facilitate the transportation of goods and resources, promote technological innovation, and create stronger partnerships across various industries. Additionally, Turkmenistan is playing a key role in optimizing and expanding existing transit routes, such as the Tejen-Serakhs-Mashhad and the Kazakhstan-Turkmenistan-Iran railway routes, while exploring new multimodal transport networks to boost regional connectivity.

The country's active participation in ECO transport initiatives was also demonstrated during the **28th Meeting of the ECO Council of Ministers** held in Mashhad, Iran, in December 2024. During this meeting, Turkmenistan contributed to discussions on enhancing regional cooperation in various sectors, including transport, trade, digitalization, and green economy. The council also approved work programs and discussed the budget for 2025, emphasizing the importance of further developing transport and transit corridors to stimulate cross-border economic activity.

Through these efforts, Turkmenistan is helping to promote regional connectivity and integration within the ECO, positioning itself as a central player in enhancing infrastructure and fostering sustainable development across the region.

IX REPUBLIC OF UZBEKISTAN

Uzbekistan
Population 37,5 mln (2 % growth)
GDP nominal 114,96 mln USD
Inflation 9,8%
Currency exchange rate Sum 12.65/1USD

390. In 2024, Uzbekistan's economy demonstrated strong performance, with real GDP growing by 6.5%, driven by robust investment, industrial growth, and service sector expansion. The nominal GDP reached approximately $115 billion, and GDP per capita was estimated at $3,093.

391. Key sectors such as industry, construction, and services saw notable increases of 6.8%, 8.8%, and 12.9%, respectively, while agriculture grew by 3.1%.

	GDP	**ICT**	**Services**	**Construction**	**Industry**	**Agriculture**
Growth in 2024	6.5%	24.7%	12.9%	8.8%	6.8%	3.1%

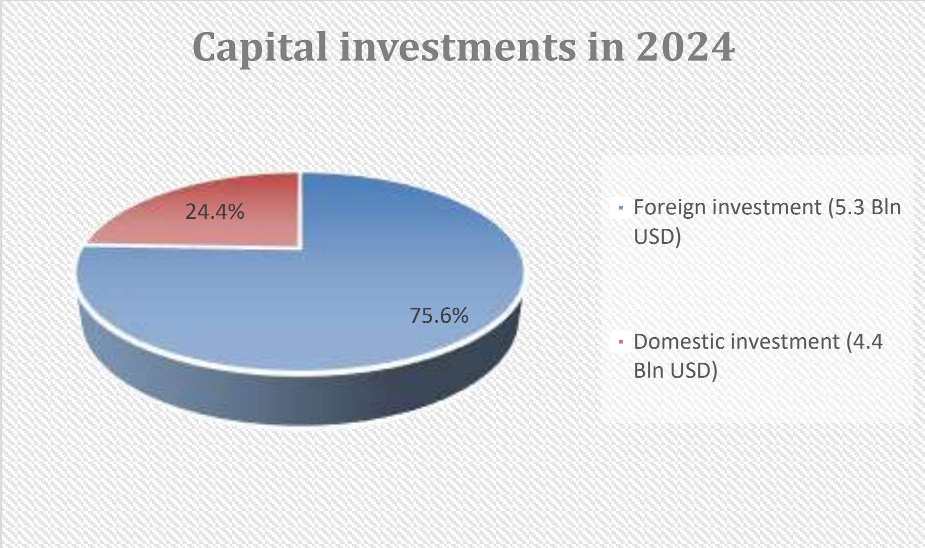
392. Inflation remained elevated at 10.5% by year-end, primarily due to energy price reforms and currency depreciation, though core inflation was more moderate at 7%. The Central Bank continued to implement tight monetary policies in pursuit of its 5% inflation target by 2027.

393. On the external front, the current account deficit was estimated at 6.3% of GDP, while international reserves remained strong, covering 9.5 months of imports. Uzbekistan's population stood at 37.13 million as of mid-2024, and investment in fixed capital increased by 27.6%, signaling confidence in long-term economic growth.

Fixed capital investments

394. In 2024, Uzbekistan saw a significant increase in fixed capital investments, with a total of 493.7 trillion Uzbek soums (about $39.03 billion), reflecting a 27.6% growth compared to the previous year. Foreign direct investments (FDI) also surged by 53.6%, reaching approximately $11.9 billion. In the first half of the year, investments totaled $18.2 billion, with foreign contributions accounting for $15.5 billion.

395. The financing for these investments came from various sources. Foreign investments made up 75.6% of the total, with $5.3 billion from direct foreign investments and additional funds from loans and international sources. Domestic enterprises contributed 24.4%, investing $4.4 billion in their own funds.



396. Sectoral investments focused on machinery and equipment, with $320 million, and construction works, amounting to $640 million. Regions like Tashkent City, Samarkand, and Fergana saw the highest levels of investment, reflecting the government's focus on infrastructure and regional development.

397. These figures highlight Uzbekistan's economic growth and the country's attractiveness as an investment destination.

Transport

398. In 2024, Uzbekistan's transport sector experienced significant growth, driven by substantial investments and infrastructure development. The urban transport system was modernized with a $180 million loan from the China Development Bank, allowing the purchase of 1,000 natural gas-powered buses and 200 electric buses, which will improve public transportation services in cities like Tashkent and Samarkand.

399. In the railway sector, Uzbekistan introduced 1,200 new freight cars, reducing transportation times and increasing efficiency. The aviation industry also saw growth, with Uzbekistan Airways expanding its fleet and flight frequencies, which is expected to help passenger traffic exceed 6 million by the end of 2024.

400. Additionally, road infrastructure improvements were made, such as the rehabilitation of 81 kilometers of the 4R156 road and the construction of a new bridge across the Amu Darya River in the Khorezm region, aimed at enhancing regional connectivity and boosting trade and tourism.

Consumer price index

401. In 2024, Uzbekistan's Consumer Price Index (CPI) experienced a significant increase, reflecting ongoing inflationary pressures. By January, the annual CPI was at 8.6%, and by April, it had risen to 8.1%. By December, the CPI had reached 9.8%, marking a 1.0% monthly increase.

402. Food prices were a major contributor to this rise, with a 1.8% increase in December and an annual food inflation rate of 2.4%. The services sector saw a notable annual increase of 27%, largely due to higher costs in electricity, gas, and other fuels.

403. These trends highlight the ongoing inflation challenges in Uzbekistan, driven by energy price hikes and food cost increases throughout the year.

Retail

404. In 2024, Uzbekistan's retail sector showed strong growth, with retail trade turnover reaching 154.62 trillion soums in the first half of the year, an 8.4% increase from 2023. Large enterprises contributed 27.79 trillion soums, while small businesses and microfirms made up the bulk of the turnover at 126.82 trillion soums. Unorganized trade, particularly in dehkan markets, also grew by 14.1%.

405. The retail landscape is becoming increasingly diverse, with 88,541 commercial enterprises engaged in retail trade. Tashkent city accounted for 26% of the national retail turnover, amounting to 40.21 trillion soums. Retail formats are evolving, with traditional bazaars still dominant, but modern retail spaces are expanding rapidly, especially in Tashkent, which added 478,500 square meters of new retail space in 2024. The government is actively supporting retail growth by simplifying import procedures to attract international brands, and shopping centers like Tashkent City Mall are becoming flagship projects with global retailers.

406. These developments highlight a dynamic retail environment in Uzbekistan, blending traditional markets with modern retail formats.

Services and Catering

407. In 2024, Uzbekistan's services sector continued to be a pivotal driver of economic growth, contributing 47.4% to the nation's GDP. This growth was primarily fueled by sectors such as information and communication technology (ICT), trade, and accommodation and food services. The ICT sector, in particular, saw a remarkable 24.7% increase, underscoring the country's commitment to digital transformation.

408. The retail and catering industries also experienced notable expansion. From January to August 2024, the service market surpassed UZS 367 trillion (approximately $28.8 billion), marking a 13.2% increase compared to the same period in the previous year. Small enterprises played a significant role in this growth, accounting for 46.8% of the total service volume.

409. However, challenges remain in the sector's development. A substantial portion of employment in services is concentrated in low-skilled areas such as retail, hospitality, and transportation, which have shown limited productivity growth. To address this, the World Bank recommends reforms to modernize and liberalize the services sector, aiming to increase labor productivity, create new jobs, and attract investment.

410. Looking ahead, Uzbekistan aims for a 15% growth in the service sector in 2025, targeting a total volume of $82 billion. Key areas of focus include information technology, financial services, tourism, aviation, education, and healthcare.

411. These developments indicate a dynamic and evolving services sector in Uzbekistan, with significant contributions to economic growth and employment.

Salary

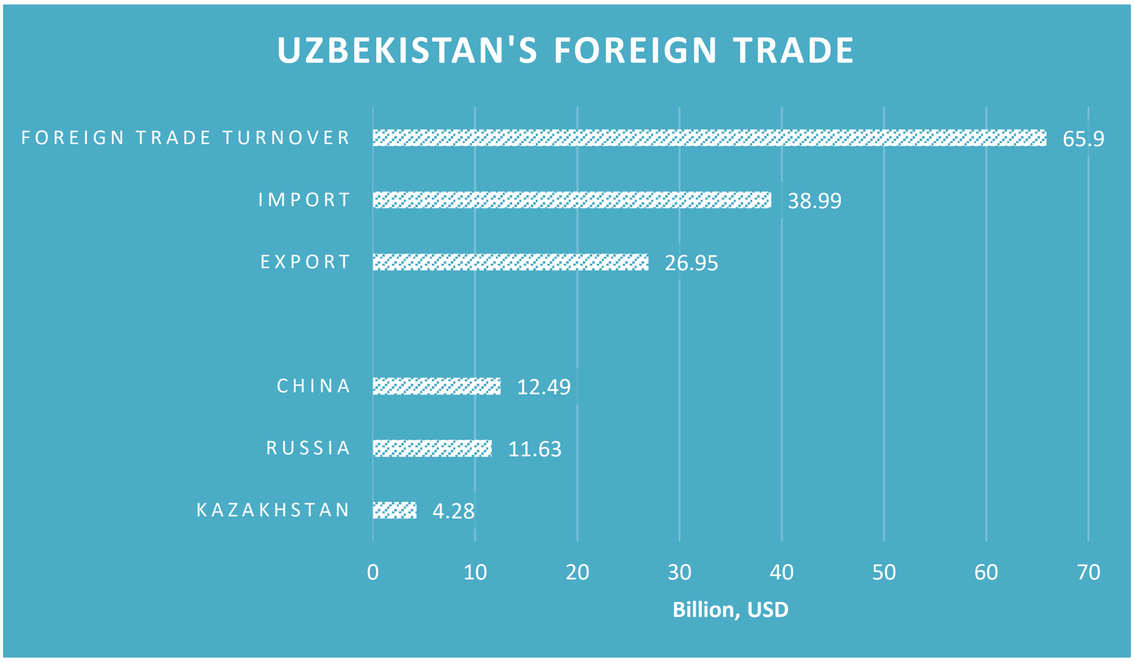
412. In 2024, Uzbekistan's average monthly salary reached 5.36 million UZS, marking a 17.4% increase from the previous year.

Inflation and income of population

413. In 2024, Uzbekistan faced a notable inflationary environment, with the annual Consumer Price Index (CPI) estimated at 9.4%.The Central Bank of Uzbekistan has set a target to reduce inflation to 5% by the end of 2025, aiming to stabilize the economy and ensure sustainable growth.
414. Despite the inflationary pressures, the average monthly nominal salary in Uzbekistan increased by 17.4% in 2024, reaching 5.36 million soums (approximately $423 USD).This growth reflects the government's efforts to improve income levels, although regional disparities persist. For instance, Tashkent city reported the highest average monthly salary at 9.07 million soums, while regions like Kashkadarya and Surkhandarya had the lowest at 3.79 million and 3.81 million soums, respectively.
415. Sectoral differences are also evident, with the banking, insurance, leasing, and credit intermediation sectors offering the highest average monthly salaries at 15.26 million soums, while education and healthcare sectors reported the lowest at 3.6 million and 3.4 million soums, respectively.
416. These figures indicate that while income levels are rising, the real purchasing power of the population may be affected by inflation, especially in lower-income regions and sectors. The government's focus on reducing inflation and addressing regional income disparities will be crucial in improving the overall economic well-being of the population.

Trade

417. In 2024, Uzbekistan's foreign trade turnover reached $65.9 billion, a 3.8% increase compared to the previous year. Exports totaled $26.95 billion, reflecting an 8.4% rise, while imports stood at $38.99 billion, a more modest increase of 0.8%. This led to a trade deficit of $12.04 billion.
418. China was Uzbekistan's largest trading partner, accounting for 18.9% of the total foreign trade turnover, with trade between the two nations reaching $12.49 billion. Russia and Kazakhstan followed as key partners, with trade volumes of $11.63 billion and $4.28 billion, respectively.



419. In terms of imports, machinery and transport equipment made up the largest share, followed by industrial goods and chemicals. Imports of services grew by 21.5%, driven primarily by a rise in travel services.

420. On the export side, gold dominated Uzbekistan's exports, making up nearly 28% of the total, with services exports - especially travel - also contributing significantly. These figures highlight Uzbekistan's expanding global trade footprint, marked by growth in both exports and imports.

421. According to data from 2023, Uzbekistan's trade turnover with ECO countries amounted to $9.2 billion, accounting for 20.5% of its total foreign trade.Exports to these countries reached $4.2 billion, while imports stood at $5 billion.

422. The largest shares in Uzbekistan's trade turnover with ECO countries were occupied by Kazakhstan (37.5%) and Turkiye (26.3%), followed by Kyrgyzstan (10.2%), Turkmenistan (7.5%), Afghanistan (6.1%), Tajikistan (5.5%), Iran (3.5%), Pakistan (1.9%), and Azerbaijan (1.5%).

423. These figures indicate a robust and expanding trade relationship between Uzbekistan and the ECO countries, characterized by increased exports and imports, as well as a diversified trade portfolio. The country's strategic initiatives and active participation in regional trade agreements have played a significant role in fostering these economic ties.

Employment

424. As of early 2024, Uzbekistan's labor market exhibited notable improvements, with the unemployment rate decreasing to 6.8% from 10.5% in 2020.The total labor force comprised approximately 13.7 million individuals, with 12 million employed, including 2.1 million women and 9.9 million men.

425. The government has set an ambitious goal to create 5 million new jobs in 2024, focusing on sectors such as services, agriculture, industry, and construction. Additionally,

500,000 jobs are expected to be generated through the establishment of service and trade facilities along international highways in 68 regions. Over 5,000 investment projects are anticipated to create 197,000 permanent jobs, while family business programs aim to provide UZS 2 trillion ($159.4 million) in credit to 120,000 projects, creating 67,000 additional jobs. Furthermore, 115,000 unemployed individuals are set to receive training in trades, business skills, and foreign languages by the end of the year.

426. The IT sector has also seen significant growth, with IT Park Uzbekistan employing 38,600 people by the end of 2024, marking a 146% increase from the previous year. The sector's export geography covers 89 countries worldwide, with IT services constituting 53% of exports. The government aims to reach $5 billion in IT service exports and create over 300,000 jobs in the sector.

427. Despite these advancements, challenges remain, including the need for comprehensive training programs and addressing regional disparities in employment opportunities. The government's ongoing initiatives aim to tackle these issues and further improve the labor market conditions in Uzbekistan.

Energy

428. In 2024, Uzbekistan significantly advanced its energy sector, focusing on expanding renewable energy and reducing reliance on fossil fuels. Electricity production grew by 4.6%, reaching 81.28 billion kWh. The share of renewable energy rose from 10% to 18%, driven by new solar and wind projects. Notably, a 250 MW solar plant with a 63 MW battery storage system—the first of its kind in Central Asia - was launched. Meanwhile, thermal power's contribution declined from 90% to 70% over three years.

429. Natural gas and oil production continued to fall, while coal output increased by over 26%. To stabilize the energy grid, Uzbekistan began integrating battery energy storage systems. Additionally, the country partnered with Russia to build Central Asia's first nuclear power plant, consisting of six small modular reactors. These moves align with the government’s long-term goal of generating 40% of electricity from renewables by 2030.

430. Natural gas output dropped to 44.6 billion cubic meters, down from 46.7 billion in 2023, due to aging infrastructure, depleted fields, and limited new investments. Oil production also fell by 7.4%, reaching 713,000 tons compared to 779,000 tons the previous year. To meet domestic demand, Uzbekistan significantly increased natural gas imports, spending $1.37 billion in 2024 - more than double the amount spent in 2023. The government is responding with plans to drill new ultra-deep gas wells and revamp older facilities.

431. In parallel, Uzbekistan is shifting its energy strategy by investing in renewables and partnering with Russia to build the region’s first nuclear power plant, signaling a move toward energy diversification.

Population of Uzbekistan

432. As of January 1, 2025, Uzbekistan's population reached approximately 37.54 million, reflecting a 2% increase from the previous year. The population is nearly evenly split by gender, with around 18.9 million men (50.4%) and 18.6 million women (49.6%). Urban residents make up 51% of the population, while 49% live in rural areas.

433. Throughout 2024, the population grew by about 54,500 people each month, or roughly 1,800 individuals per day. Despite this growth, the number of births declined slightly, with 926,400 births recorded—down 3.7% compared to 2023. According to projections from the United Nations, Uzbekistan's population is expected to reach 40 million by 2028 and could exceed 50 million by 2050.

TRANSPORT CONNECTIVITY POLICY

In 2024, Uzbekistan's transport connectivity policy is centered on transforming the country into a key regional transit hub by diversifying trade routes, modernizing infrastructure, and deepening integration with global and regional transport networks. This policy aligns with the government's broader development goals to strengthen economic ties across Asia and beyond, leveraging the country's strategic geographic position.

A major pillar of the policy is the diversification of transit routes. Uzbekistan is actively developing alternative transport corridors that avoid politically sensitive or congested areas. Notably, this includes new routes through Afghanistan, Pakistan, Turkmenistan, Iran, and Turkiye, offering connections to South Asia, the Middle East, and Europe. One of the flagship projects is the Trans-Afghan Railway, which would connect Uzbekistan to Pakistani seaports via Afghanistan, significantly shortening export routes to international markets.

Simultaneously, Uzbekistan is modernizing and expanding its transport infrastructure—including roads, railways, and logistics hubs—to increase freight capacity and efficiency. This is paired with the digitalization of transport processes, such as implementing e-permits and electronic consignment notes (eCMRs) to reduce border delays and administrative burdens for cross-border trade.

On the regional cooperation front, Uzbekistan ratified the Ashgabat Agreement, which seeks to improve transport and transit among Central Asian countries, and it continues to deepen involvement with the TRACECA (Transport Corridor Europe-Caucasus-Asia) initiative to better link with European markets.

In terms of performance goals, Uzbekistan aims to increase transit cargo volume to 14.6 million tons by 2025, reflecting a 13.7% rise compared to previous years. The government also targets an improvement in the World Bank's Logistics Performance Index, aiming to rise from 88th place in 2023 to at least 55th by 2030.

These efforts are not only designed to promote economic growth and job creation but also to enhance Uzbekistan's geopolitical influence by establishing it as a reliable and strategic connector between major global trade routes.

Uzbekistan's transport connectivity policy is closely aligned with the goals of the ECO, focusing on regional integration, efficient logistics, and improved trade infrastructure across member states. During the 16th ECO Summit in Tashkent in late 2023, President Shavkat Mirziyoyev emphasized the urgent need to strengthen transport and communication interconnectivity, especially for landlocked ECO countries, to enhance their access to global markets.

Uzbekistan is actively promoting the development of major regional corridors under the ECO framework. Key projects include the China–Kyrgyzstan–Uzbekistan corridor, the Trans-

Afghan corridor linking Central Asia to South Asia and Pakistani ports, and the Uzbekistan–Turkmenistan–Iran–Turkiye route, which offers a direct overland link to Europe. These multimodal corridors are designed to diversify trade routes, lower transport costs, and reduce dependency on traditional, congested transit pathways.

The government has also proposed creating a Digital Transport and Customs Office in Tashkent and a Council of Railway Authorities within the ECO to foster cooperation and synchronize infrastructure planning across borders.

By positioning itself as a central transit hub in the region, Uzbekistan's strategy within the ECO not only aims to improve its own economic resilience but also contributes to the broader goal of sustainable and integrated economic development across Central and South Asia.