ECO ANNUAL ECONOMIC REPORT

Economic Outlook and Tourism Development in the ECO Region

2025

www.eco.int

CONTENTS

FOREWORD..3

ACKNOWLEDGEMENTS ……..4

ACRONYMS AND ABBREVIATIONS..5

CHAPTER I: ECONOMIC SITUATION IN THE WORLD AND ECO AREA ….....6

I. Trade, Investment and Inflation in the world and ECO area in 2025......................6
II. Transport and Communications in the world and ECO area in 2025……………......9
III. Agriculture and Industry in the world and ECO area in 2025...............................14
(i) Agriculture..…......................14
(ii) Industry...16
IV. Energy and environment in the ECO Region…………………...………..……..… 17
V. Human Resources and Sustainable Development……...………………....……....25
VI. Tourism in ECO Region 26
VII. Economic Research and Statistics in the ECO Region…………………...……...…28

CHAPTER II. ECONOMIC SITUATION AND TRANSPORT CONNECTIVITY IN THE ECOMEMBER STATES IN 2025

I. Azerbaijan..30

II. Iran...36

III. Kazakhstan...40

IV. Kyrgyzstan...49

V. Pakistan..56

VI. Tajikistan..63

VII. Türkiye 70

VIII. Turkmenistan 77

IX. Uzbekistan 82

FOREWORD

It is both a privilege and a responsibility to present the **Annual Economic Report for 2025**, a flagship publication that captures the economic performance, evolving challenges, and shared aspirations of the Economic Cooperation Organization (ECO). As we navigate an increasingly complex and interconnected global environment, the imperative for deeper regional cooperation, sustainable growth, and inclusive prosperity among ECO member states has become more pressing than ever.

In **2025**, the ECO continued to play a pivotal role as a platform for advancing regional integration, trade facilitation, and economic collaboration. This report offers a comprehensive assessment of economic developments across member countries, providing critical insights into emerging trends, policy responses, and the opportunities and risks shaping the region's economic outlook.

The global economy continues to undergo profound transformations driven by shifting geopolitical dynamics, rapid technological advancement, and the growing urgency of environmental sustainability. Against this backdrop, the ECO's mission to foster economic cooperation and support the development of a resilient and competitive regional economy remains of paramount importance. Guided by a shared vision and collective commitment, the Organization continues to advance its objectives of sustainable development, enhanced trade connectivity, and improved living standards for the peoples of the ECO region.

The year **2025** witnessed meaningful progress across several strategic priority areas. Connectivity and infrastructure development gained further momentum, with sustained investments in cross-border transport corridors, rail networks, and digital infrastructure contributing to improved regional integration and mobility. Environmental sustainability remained high on the regional agenda, as member states intensified efforts to address climate change, desertification, and water stress through the adoption of green technologies and the expansion of renewable energy initiatives. Agriculture, a vital pillar of many ECO economies, continued to receive focused attention through programs aimed at modernizing production systems, strengthening agri-food value chains, and enhancing resilience to climate-related shocks.

Trade and investment dynamics showed continued improvement, with intra-regional trade demonstrating renewed vitality. Ongoing efforts to harmonize regulatory frameworks, simplify customs procedures, and reduce non-tariff barriers helped foster a more predictable and business-friendly environment. Simultaneously, digital transformation accelerated across the region, supported by the growing uptake of e-commerce, fintech solutions, and digital public services—further positioning ECO economies to compete in an increasingly digital global marketplace.

Human capital development remained central to the ECO's development agenda in 2025. Investments in education, skills development, healthcare, and social protection—alongside targeted initiatives for youth and women—played a critical role in promoting inclusive growth, social cohesion, and long-term economic resilience.

Looking ahead, strengthening cooperation within the ECO framework remains a shared responsibility. By effectively leveraging our collective resources, economic diversity, and strategic geographic position, the ECO region can unlock new pathways for sustainable and inclusive growth. This report stands as both a reflection of progress achieved and a strategic reference for future policy dialogue and cooperation.

I invite all stakeholders to engage with the analysis and findings presented in this report. It is intended to support informed decision-making, foster constructive dialogue, and encourage collaborative and innovative solutions that will help shape a prosperous future for the ECO region.

Asad M. Khan
Secretary General

ACKNOWLEDGMENTS

The Annual Economic Report for 2025 is the result of extensive cooperation and valuable input from a wide range of partners and contributors. We wish to convey our sincere appreciation to all individuals and institutions whose efforts made the preparation of this publication possible.

We are particularly grateful to the Member States of the Economic Cooperation Organization (ECO) for their continued support and active engagement. The data, perspectives, and policy inputs provided by national authorities constitute the core of this report and reflect the strong collective commitment of Member States to regional cooperation, sustainable development, and shared economic progress.

Our appreciation is also extended to the staff and experts of the ECO Secretariat, whose professionalism and dedication in compiling, reviewing, and analyzing economic information were fundamental to the completion of this report. Special recognition is accorded to Ambassador Silapberdi Nurberdiyev, Deputy Secretary General of ECO, and his team for their leadership, coordination, and sustained support, which greatly enhanced the depth and quality of this publication.

We further acknowledge the important contributions of national economic and financial institutions, research centers, and academic organizations throughout the ECO region. Their analytical work, technical expertise, and constructive collaboration ensured that the report remains analytically sound and responsive to the evolving economic realities of the region.

We also extend our thanks to all stakeholders—both within and outside the ECO framework-whose cooperation and constructive engagement added value to this report and supported its timely completion. As the Organization moves forward, continued collaboration will remain essential in advancing common goals related to economic development, sustainability, and regional cohesion.

Through joint efforts, we are laying the groundwork for sustained and inclusive growth, reaffirming our commitment to deeper cooperation for the collective benefit of all ECO Member States.

The information contained in this report was compiled from official government publications, reputable sources, and data provided by international financial institutions. Member States are therefore invited to submit comments, corrections, or updates should they deem any modifications necessary.

***

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
AZN – Azerbaijani Manat
WTTC – World Travel and Tourism Council
PTDC – Pakistan Tourism Development Corporation
GSTC – Global Sustainable Tourism Council
UN – United Nations
ECO-ACT – ECO Advisory Committee on Tourism
ECO-TEN – ECO Tourism Education Network

CHAPTER I:
ECONOMIC SITUATION IN THE WORLD AND ECO AREA

1. Trade, Investment and Inflation in the World and ECO area in 2025

1. Following several years of global economic disruption, world economic growth remained modest in 2025. Global GDP growth stood at around 3.0%**,** remaining below pre-pandemic averages as the recovery continued to be constrained by high financing costs, subdued investment, and ongoing geopolitical tensions.

2. The global economic landscape in 2025 was marked by slower but more stable growth dynamics, alongside a gradual easing of inflationary pressures. While inflation declined in many economies compared with previous years, it remained elevated in several emerging and developing countries, reflecting supply-side constraints, energy price volatility, and currency pressures. Average global inflation in 2025 declined to approximately 4–4.5%, compared with higher levels recorded in 2024.

3. Global trade registered further expansion in 2025, building on the strong performance of the previous year. Total global trade in goods and services exceeded USD 34–35 trillion, reaching a new historical high. Trade growth was supported by the recovery of supply chains, steady demand for services, and increased trade in digital and green-technology-related products, despite continued fragmentation and protectionist measures in some major economies.

4. Global investment activity in 2025 remained moderate, reflecting cautious investor sentiment amid persistent uncertainty and relatively tight financial conditions. While investment flows increased in selected sectors - particularly renewable energy, digital infrastructure, and logistics - overall capital formation growth remained uneven across regions, including within the ECO area.

5. In this environment, monetary and financial conditions remained restrictive for much of 2025, as central banks balanced inflation control with the need to support economic activity. Although disinflation progressed, core inflation stayed above long-term targets in several economies, influencing trade costs, capital flows, and economic performance across regions.

6. This 3.0% annual growth in 2025 was driven largely by a strong expansion in trade in services, which increased by about 6–7% and contributed an estimated USD 450–500 billion to overall global economic activity. In contrast, trade in goods expanded more modestly, by around 2–3%, remaining below the peak levels recorded in 2022, as weaker manufacturing demand and ongoing trade frictions continued to weigh on goods trade.

7. In 2025, global investment continued to reflect a complex landscape, shaped by both persistent challenges and strategic sectoral shifts. According to the UN Conference on Trade and Development (UNCTAD), global Foreign Direct Investment (FDI) declined slightly by around 1% to USD 1.48–1.50 trillion, influenced by slower economic growth, rising interest rates, and ongoing geopolitical uncertainties. Meanwhile, the International Energy Agency (IEA) reported that global energy investment exceeded USD 3.1 trillion in 2025, with approximately USD 2.1 trillion directed toward clean energy technologies and infrastructure. Investment in renewable power generation, grids, and energy storage continued to surpass spending on conventional fossil fuels, highlighting a sustained global shift toward low-carbon energy systems.

8. Overall, 2025 was marked by strategic realignments in global investment, with continued emphasis on renewable energy, strong private equity activity, and an increasing focus on international diversification. These trends illustrate a dynamic investment environment adapting to evolving economic, technological, and geopolitical conditions.

9. In 2025**,** global inflation continued its downward trajectory, largely supported by sustained monetary tightening and easing energy prices. According to the International Monetary Fund (IMF)**,** global inflation declined to approximately 5.2% in 2025, compared with 5.8% in 2024. Despite this overall moderation, inflation remained elevated in several emerging and developing economies, reflecting persistent supply-side constraints, food and energy price volatility, and differing domestic policy conditions. This pattern highlights the continued heterogeneity of inflationary pressures across regions and the complexity of the global economic environment.

10. In 2025, the ECO Member States experienced diverse economic outcomes shaped by both regional and global developments. The developing economies of the ECO region recorded moderate growth, with GDP expansion estimated at 4.0–5.5%, reflecting stronger domestic demand in some countries and continued recovery in sectors such as services, industry, and infrastructure. This growth, however, remained sensitive to external conditions, including slower growth in key trading partners and fluctuations in global commodity markets.

11. Fiscal pressures continued to influence economic policies in the region. While some ECO Member States maintained disciplined budgetary frameworks, others faced deficits ranging from 2–4% of GDP, reflecting ongoing efforts to balance fiscal consolidation with support for growth and social development programs. Effective governance and political stability remained critical determinants of economic performance, particularly in countries undertaking structural reforms or responding to global economic shocks.

12. The ECO region's contribution to global merchandise trade in 2025 was estimated at approximately USD 1.1 trillion, representing around 4.3% of global trade. Intra-regional trade within ECO stood at about USD 97–98 billion, accounting for roughly 8.8% of total regional trade, indicating a gradual improvement in regional market integration compared with previous years. These trends highlight the growing importance of the ECO region as both a participant in global trade and a promoter of intra-regional economic linkages.

13. Overall, the economic performance of ECO Member States in 2025 was shaped by a combination of global economic trends, fiscal policies, investment in structural reforms, and political stability. Addressing ongoing challenges and enhancing regional cooperation remain key to sustaining growth, increasing trade integration, and achieving long-term economic resilience in the region.

14. In 2025, intra-regional trade within the ECO region reached USD 82.71 billion, comprising USD 43.8 billion in exports and USD 38.8 billion in imports. In contrast, the region's aggregate global trade valued at USD 1,057 billion, with outbound and inbound trade recorded at USD 458.9 billion and USD 598.1 billion, respectively (*Source: https://www.trademap.org as on 16 June, 2026).*

15. Addressing these challenges requires ECO Member States to prioritize regional economic cooperation, reduce trade barriers, and leverage their collective strengths to enhance both intra-regional and global trade performance. At the same time, member countries have continued to open their markets to international investors, making the ECO region increasingly attractive for investment over the past decade.

16. The ECO has focused on reducing barriers to increase its share in the global economy and strengthen intra-regional trade through initiatives such as tariff reduction and regulatory harmonization. The Economic Cooperation Organization Trade Agreement (ECOTA), signed in 2003 and in force since 2008, has long been seen as a cornerstone of regional trade integration but remained largely unimplemented for many years. A significant breakthrough took place at the 5th Ministerial Meeting on Commerce and Foreign Trade, held in Istanbul, Türkiye in November 2025, where ECO ministers reached consensus on several key trade instruments, including the ECOTA Amendment Negotiation Strategy/Roadmap, the ECO Trade Facilitation Strategy, and the Istanbul Declaration - all aimed at simplifying and modernizing trade and transit procedures across the region. These agreements provide a clearer and more actionable framework for revising and implementing ECOTA, expanding its membership and preparing the groundwork for deeper tariff liberalization and regulatory alignment. The adoption of these strategies aimed at making ECOTA more implementable and inclusive, accelerate progress toward regional economic integration, and enhance ECO's role as a platform for coordinated economic development.

17. Transportation is another priority area underscoring the importance of the ECO. Through joint projects, the organization provides a platform for Member States involved in regional infrastructure initiatives. Projects such as the North–South Transport Corridor, Trans-Caspian Transportation Route, China–Pakistan Economic Corridor, Chabahar, and Gwadar ports complement each other and can operate more effectively alongside broader initiatives like China's Belt and Road Initiative (BRI). Considering that 7 out of 10 ECO members are landlocked, enhanced cooperation in transportation and communications is vital to facilitate both regional and international connectivity.

18. In June 2025, ECO transport ministers gathered at the 13th Meeting of ECO Ministers of Transport in Tehran, where they adopted the Tehran Declaration to deepen cooperation on integrated transport systems, promote multimodal corridors, advance digitalization in logistics, and expand cross-border connectivity - reaffirming transport as a cornerstone of economic integration and regional development. At this meeting, participants also prepared for the Third United Nations Conference on Landlocked Developing Countries (LLDC3), held in August 2025 in Awaza, Turkmenistan, which endorsed the Awaza Programme of Action 2024–2034 to strengthen transport connectivity and reduce trade costs faced by LLDCs, including many ECO members.

19. These developments reflect growing political will among ECO members to strengthen transport infrastructure, streamline transit procedures, and improve logistics networks — all essential for better linking inland economies with global markets and unlocking the region's economic potential.

20. Energy resources and energy transportation corridors are expected to remain a pillar of ECO cooperation. Member countries such as Azerbaijan, Kazakhstan, Iran, Turkmenistan, and Uzbekistan are rich in energy resources. Recent geopolitical

developments, including the Ukrainian crisis and instability in the Middle East, have highlighted the importance of energy security, prompting European countries to seek diversification away from Russian energy. Consequently, these five energy-rich ECO members, along with oil and gas corridors passing through Central Asia, the South Caucasus, and Türkiye, are receiving heightened global attention. Despite persistent political disagreements among some members, the region has successfully fostered strong cultural and social ties, which serve as a foundation for second-track diplomacy and mutual understanding. Shared history, linguistic affinities, and people-to-people connections continue to strengthen regional identity and support broader cooperation beyond formal diplomatic channels.

21. In 2017, ECO members adopted the Islamabad Declaration and Vision 2025, which set out guidelines for promoting regional integration over a ten-year horizon. As this strategic framework reaches its conclusion, member states are now developing a new strategic document to address current challenges and define priorities for the coming decade.

22. In conclusion, ECO members increasingly recognize the importance of harnessing the region's economic potential and advancing integration processes to improve national welfare. At the same time, the region is gaining geopolitical significance, drawing attention from external powers and contributing to broader projects across Eurasia.

II. Transport and Connectivity in the world and ECO Region in 2025

23. Transport and Communications in 2025 are marked by a blend of innovation, sustainability, and resilient recovery. Global networks, both in transport and telecommunications, have become smarter, more sustainable, and increasingly interconnected. Technological advancements in electrification, digitalization, autonomous vehicles, and urban air mobility are reshaping how people and goods move. At the same time, telecommunication networks are evolving to support 5G connectivity, IoT systems, and smart infrastructure. However, geopolitical tensions and supply chain disruptions continue to present challenges.

24. In 2025, both transportation and communications sectors continued to evolve with advancements in infrastructure, technology, and sustainability initiatives. While transport systems are becoming more electric, autonomous, and digitally connected, the communications sector is playing a central role in enabling these shifts, providing the backbone for smart cities and connected transportation systems. Governments and private enterprises are investing heavily in green technologies for transport and digital communications to increase connectivity, enhance efficiency, and meet climate goals.

Key trends shaping global transport and communications connectivity in 2025 include:

- **Electrification and Clean Energy**: Global adoption of electric vehicles (EVs) has accelerated across all modes of transport, from road and rail to maritime and air travel, spurred by investments in EV infrastructure and policy incentives.
- **Autonomous Transport**: **Autonomous vehicles** are gaining traction in freight logistics and passenger transport, with increased testing and scaling of technology in both developed and emerging markets.
- **Smart Infrastructure**: The development of smart roads, connected transport systems, and digital border management tools have further enhanced transportation efficiency. Similarly, 5G networks and high-speed fiber optics are becoming foundational for

smart cities, enabling real-time traffic management, digital logistics, and remote services.
- **Sustainability and Green Transport**: Emphasis on electric freight corridors, hydrogen-powered rail, and sustainable urban mobility solutions is driving a shift toward low-carbon transport networks across the world.
- **Telecommunications as a Facilitator**: The communications sector is pivotal in supporting the rapid evolution of transportation. With the growing reliance on data and smart technologies, countries are investing heavily in 5G infrastructure and broadband networks, enabling high-speed communication for autonomous vehicles, smart grids, intelligent transport systems, and real-time information sharing.
- **Digitization and Connectivity**: Governments and businesses are investing in digital border solutions, IoT-based systems, and cloud infrastructure to improve logistics, customs efficiency, and the global supply chain. Digital payments**,** fintech platforms, and digital government services are expanding rapidly, improving the integration between transport and communications.

25. Despite these advancements, challenges remain. Supply chain disruptions, rising fuel prices, and the complexities of regulatory frameworks for new technologies continue to affect both sectors. The global push for sustainability in transport and communications has led to stricter environmental regulations, requiring constant adaptation.

26. In this context, international collaboration is essential to address regulatory challenges, improve cross-border connectivity, and foster investment in green and digital infrastructure. The momentum of regional economic integration in initiatives like the Belt and Road Initiative (BRI) and ECO's transport and communications projects is crucial for ensuring that landlocked countries and developing regions benefit from these technological advancements.

ECO developments

27. The ECO region in 2025 continued to realize its huge potential in transport and communications, driven by improved infrastructure, enhanced regional cooperation, and a growing commitment to sustainability and digital transformation. Rail, road, air, and multimodal transport networks are undergoing rapid transformation, enabling more efficient and sustainable movement of goods and people across the region. While geopolitical tensions persist, there is a strong momentum toward integrated, sustainable, and digitalized transport systems, fostering optimism for future connectivity within the ECO region.

28. In 2025, the ECO transit network continued to provide the most competitive corridors connecting China to Europe and beyond. Its multimodal capacities also continued to prove its value for its Central Asian members to exchange trade with other Asian and global markets. However, challenges in terms of physical infrastructures and logistics continued to exist making ECO and its Member States more determined to act collectively and promisingly.

a. Rail Connectivity

29. Railway transport remains a priority in the ECO Member States and in the ECO Region. The las meeting of the railways authorities of the ECO countries emphasized on the need for an ECO digital corridor management system to oversee and harmonize the functioning

of the ECO rail corridors. Several key projects enhancing regional connectivity and trade can be highlighted here:

- **The China-Central Asia-Europe rail connection**: This critical inter-regional transit passage utilizes existing and emerging ECO rail corridors. Almaty-Tehran-Istanbul corridor and Almaty-Bandar Abbas corridor are connecting China to Europe and Persian Gulf and Indian Ocean through ECO rail corridors. The UNECE-ECO Coordination Committee, in place since 2023, is a joint mechanism to promote transit between China and Europe through trans-Caspian corridor and Almaty-Tehran-Istanbul corridor. In 2025, the Committee continued its mandate.

- **Pakistan-Iran-Central Asia rail connection**: Iranian and Pakistani ports in the Persian Gulf and Oman Gulf are attractive transit points for exports/imports of the ECO Central Asian member states. In 2025, two important ECO rail corridors, namely **Kazakhstan-Turkmenistan-Iran (KTI)** and **Islamabad-Tehran-Istanbul** (ITI) remained available to traders and forwarders to move their cargoes to/from Central Asia. Expanding and modernizing the railways connecting Pakistan-**Iran- Central Asia** and Türkiye-Iran-Central Asia are imperative to maintain their competitiveness and viability.

- In 2025, the ECO Secretariat started to conduct some studies hiring international consultants to support efforts for enhanced rail transit in the region. A study on digital track modelling (DTM) was conducted targeting the advanced railway construction/maintenance in the ECO region. It is expected that application of the findings of this study would contribute to energy saving and sustainability.

- **Kazakhstan's Rail Network**: **Kazakhstan** has intensified investments in rail infrastructure, including **high-speed trains** and more efficient **cargo handling systems**, further enhancing its position as a vital transport hub between **East** and **West**.

b. Road Transport

29. In 2025, the ECO region continued to rely on its road transit network for intra-regional and inter-regional transit trade:

- In addition to existing ones, two new corridors have been defined by the ECO, namely Tajikistan-Uzbekistan-Turkmenistan-Iran-Türkiye corridor (TUTIT) and Kyrgyzstan-Uzbekistan-Turkmenistan-Iran-Türkiye corridor (KUTIT) corridors**.** The en-route countries have discussed in different occasions issues such as the need for digitalization roadmap for freight transport; common tariffs, optimal routing, infrastructure development priorities, etc. Test-runs, utilizing e-CMR and e-TIR (road and rail modes), have also been planned to identify probable operational and logistical challenges.

- A major development with a long-term impact on KUTIT is the inauguration of construction of the railway connecting China with Kyrgyz Republic in December 2024. The construction is said to be completed in by 2028. This rail link will bring to its more effectiveness through higher multimodality (road and rail).

- Pakistan's Road Expansion: Pakistan is ramping up the development of new highways, especially under the China-Pakistan Economic Corridor (CPEC), linking Karachi with China and Central Asia, further enhancing connectivity and trade routes within ECO

c. Multimodality and the role ports and transport hubs

30. Given the missing links in transport and transit networks of the ECO region, some ECO rail and road corridors are still offering multimodal passage to cargos. Apparently, this effective mode of transport will remain in action for years to come.

   - In 2025, a new multimodal transport corridor across Kazakhstan-Turkmenistan-Afghanistan-Pakistan (KTAP) was introduced in the ECO. A comprehensive study as well as approaching the regional and international partners for financing the corridor have been planned to realize this corridor as early as possible.

31. The role of ports in the ECO region is increasing because of the need of its 7 landlocked countries to have access to the high seas. In 2025, some ports in the region continued to invest in their infrastructures and logistics with a view to improving connectivity and facilitate regional and global trade. There have been positive developments in most of the ports in the ECO region, including but not limited to:

- **Chabahar Port (Iran)**: Iran's Chabahar Port has become an increasingly significant trade hub between the ECO region**,** India**,** and Afghanistan**,** bypassing the Strait of Hormuz and providing a link to the Indian Ocean. This port plays a key role in diversifying trade routes.

- **Port of Karachi (Pakistan)**: Upgrades to Pakistan's Port of Karachi under CPEC are boosting its ability to handle growing trade volumes, increasing connectivity with China, Central Asia, and global markets.

- **Aktau and Kuryk seaports (Kazakhstan)** continued to experience in 2025 good records, including inn container transshipment. A container hub in port of Aktau is now in place and more cargo vessels and ferries are in the pipelines. Kazakhstan projects 50% increase in port throughput and triple container capacity by 2028. Both ports, vital points at the Middle Corridor and North-South Corridor, are also facing bottlenecks in terma of loading/unloading capacity, small number of ships as well as sea level declining (like the other ports in the Caspian). Falling water levels threaten not only the survival of unique biological resources but also the very foundation of economic integration and inter-connectivity in the ECO region.

- **Baku Port (Azerbaijan)**: Azerbaijan's Caspian Sea port continues to play a crucial role in facilitating trade between Central Asia, the Caucasus, and Europe, positioning itself as a vital link in the region's transportation infrastructure.

- **Turkmenbashi International Seaport** (Turkmenistan) is focusing on cooperation and partnerships with development partners to modernize and enhance its capacities as a key hub of the Trans-Caspian Transport Corridor. Priority areas include the simplification of trade and logistics operations, as well as the implementation of advanced digital solutions. Particular emphasis is being placed on upgrading the existing terminal operating system (TOS) and introducing a maritime single window (MSW) system. The seaport is also committed to further enhancing its environmental performance and aligning its operations with international best practices in sustainability and environmental management.

d. Air Transport

32. In 2025, airports across the ECO region continue modernizing to accommodate growing passenger and cargo traffic:

- **Istanbul Airport (Türkiye):** As a major global hub, Istanbul connects Europe, Asia, and Africa, with expansions to accommodate increasing international traffic**.** The airport strengthens Türkiye's role as a regional and international air transport hub.

- **New Airports in Central Asia:** Kazakhstan and Uzbekistan continue modernizing key airports to support regional and international connectivity. Notably, Tashkent International Airport in Uzbekistan has undergone substantial upgrades to meet growing demand. Samarkand (Uzbekistan) and Gabala (Republic of Azerbaijan) have been nominated to move towards becoming ECO regional air hubs.

e. Digitization and Smart Transport Systems

- **Digitalization of Borders**: Efforts to streamline cross-border trade have accelerated. The introduction of digital customs systems, smart border checkpoints, and real-time cargo tracking is making transportation more efficient, reducing delays at borders between ECO member states.
- **E-Visas and Cross-Border Mobility**: The roll-out of e-visa systems and digital travel platforms is simplifying cross-border movement within the region, promoting tourism, business travel, and labor mobility.
- **Smart Traffic Management**: In the ECO cities, **smart traffic systems** are increasingly optimizing traffic flow, reducing congestion, and improving road safety, contributing to more efficient urban transport.

f. Sustainability and Green Transport

30. The ECO region is increasingly prioritizing sustainable transport solutions:

- **Electric Vehicles (EVs)**: Türkiye and Kazakhstan have taken significant steps toward establishing electric vehicle (EV) infrastructure, promoting greener alternatives and reducing carbon footprints.
- **Green Ports and Infrastructure**: Investment in green transport infrastructure is increasing, including cleaner shipping practices, renewable energy sources for transport facilities, and sustainable public transport solutions like electric buses and trains.
- **Cross-Border Cooperation for Environmental Sustainability**: ECO countries are advancing joint initiatives to promote sustainable transport systems, focusing on reducing emissions, implementing cleaner fuels, and improving energy efficiency across the transport sector.

g. Geopolitical Challenges and Opportunities

- **Afghanistan's Role**: Afghanistan continues to play a pivotal role as a key connection point between Central Asia and South Asia. The country is involved in various regional connectivity projects, with the stabilization of its infrastructure vital for opening new transport corridors linking Central Asia to Pakistan, Iran, and India.
- **Tensions and Conflicts**: Geopolitical tensions in parts of the ECO region, particularly in Afghanistan, remain an ongoing challenge for transport connectivity. However, recent efforts to stabilize and enhance cooperation - especially with projects involving regional stakeholders - hold promise for more effective regional integration in the future.

III. Agriculture and Industry in the world and ECO area in 2025

(i) Agriculture

31. The year 2025 was an important year for global agriculture, marked by continued technological innovation, climate-related challenges, land and water pressures, and evolving trade conditions. International assessments indicate that agricultural production growth over the coming decade will depend primarily on productivity improvements, while sustainability pressures will remain significant. Addressing these issues requires sustained collaboration among governments, international organizations, industry stakeholders, research institutions and farming communities to foster a more resilient and sustainable agricultural future.

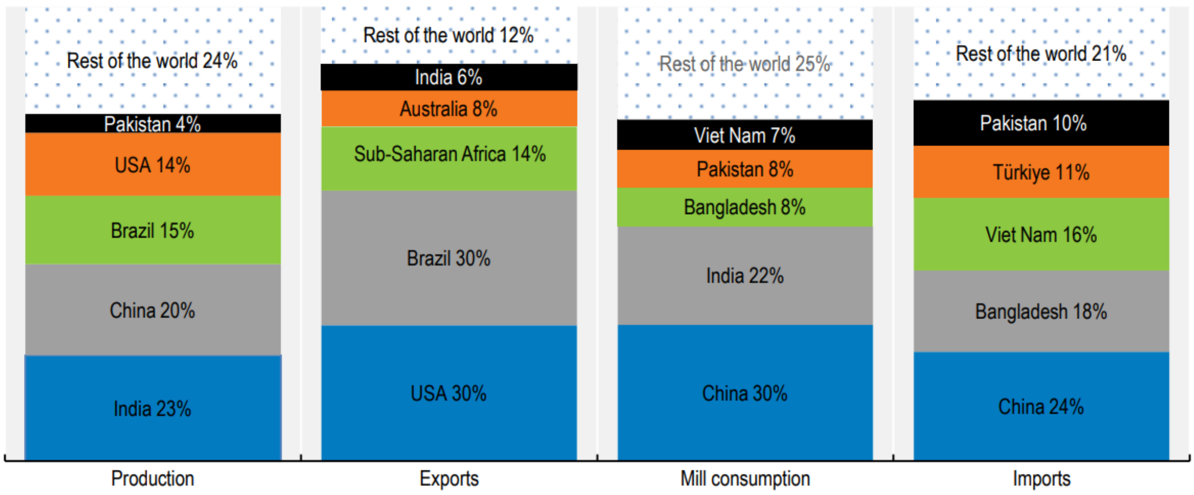
32. Global agriculture continued to evolve through the wider use of digital agriculture, precision farming, remote sensing, automation, data-driven farm management and climate-smart practices. These technologies are increasingly influencing water management; crop monitoring, plant and animal health surveillance, disease control and harvesting operations. Their wider adoption can support productivity growth, resource efficiency and reduced environmental intensity, but access to such technologies remains uneven across countries and farm scales.

33. Climate change remained one of the most significant risks facing agricultural systems worldwide. Extreme weather events, including heatwaves, droughts, heavy rainfall, floods and tropical cyclones, continued to disrupt livelihoods, production systems and food supply chains. These developments reinforced the importance of climate adaptation, early warning systems, resilient farming practices, sustainable land management and efficient water use.

34. In 2025, trade dynamics continued to shape agricultural markets. Ongoing tensions between major players, such as the imposition of tariffs between China and the U.S., exacerbated trade disruptions, impacting global supply chains and commodity prices. These geopolitical disputes highlighted the vulnerabilities of the agricultural sector to shifting trade relationships and underscored the importance of diversifying supply chains.

35. Despite technological progress, agricultural productivity growth in 2025 fell short of meeting global food demand projections. The 2025 Global Agricultural Productivity (GAP) Report emphasized the critical need for increased investment, innovation, and policy reforms to ensure food security in the face of growing global challenges.

Global players in cotton markets in 2024



Note: Presented numbers refer to shares in world totals of the respective variable.
Source: OECD/FAO (2025), "OECD-FAO Agricultural Outlook", OECD Agriculture statistics (database), http://data-explorer.oecd.org/s/1hc.

36. Cotton remained a strategic agricultural commodity for several ECO Member States, particularly Uzbekistan, Turkmenistan, Pakistan and Azerbaijan. Beyond its contribution to agricultural output and export earnings, cotton also supports regional textile and manufacturing value chains. Developments in global cotton markets therefore continue to have direct implications for rural employment, export revenues and industrial competitiveness across the ECO region.

37. Wheat remained one of the most strategically important agricultural commodities for the ECO region in 2025. Several Member States, including Kazakhstan, Pakistan, Türkiye and Iran, continued to play important roles in regional wheat production and trade. At the same time, a number of ECO countries remained vulnerable to fluctuations in global grain markets due to import dependence, climate variability and logistics constraints. Strengthening regional cooperation in grain production, storage, transport and trade therefore remains important for enhancing regional food security and market stability.

38. Oilseeds, vegetable oils, fruits, vegetables and horticultural products continued to play an increasingly important role in regional food systems and agricultural trade. Rising demand, changing consumption patterns and global price volatility highlighted the importance of strengthening domestic production capacities, improving cold-chain logistics, enhancing quality infrastructure and expanding market access opportunities. These products offer significant potential for export diversification, rural income generation and value-chain development across the ECO region.

39. In 2025, agriculture within ECO region faced a continued evolution, shaped by both ongoing challenges and significant efforts to bolster regional cooperation and resilience. Climate change, policy shifts, and a renewed focus on innovation remained central themes as the region worked to enhance agricultural productivity and food security.

40. Throughout 2025, ECO advanced its efforts across seven priority areas in the agricultural sector, with an ongoing commitment to addressing the challenges and transformations that affected the region. These priority areas—food security, seed supply and trade, animal health and veterinary services, water management, meteorological cooperation, agricultural biotechnology, and cooperation with international and regional organizations - have remained at the core of the Organization's agenda, contributing to enhanced regional cooperation, economic resilience, and sustainable development across the ECO region.

41. Food security remained a critical focus in 2025, particularly through the ECO Regional Programme for Food Security (ECO-RPFS) and related cooperation mechanisms. ECO continued efforts toward the operationalization and strengthening of specialized regional mechanisms, such as the ECO Regional Coordination Centre for Food Security (ECO-RCCFS), the ECO Seed Association (ECOSA), the ECO Permanent Veterinary Commission (ECO-VECO), the ECO Agricultural Biotechnology Network (ECO-ABN), the ECO Meteorological Calibration Centre (ECO-MCC), and the ECO Centre of Excellence for Efficient Water Utilization in Agriculture (ECO-CEEWUA). These mechanisms worked together to enhance regional cooperation in areas like food security, agricultural innovation, climate adaptation, and efficient water resource management.

42. In 2025, the region continued to grapple with the lingering effects of climate change on agricultural productivity:

- **Central Asia**: Countries like Uzbekistan and Turkmenistan remained vulnerable to recurring droughts, which led to ongoing challenges in water availability for irrigation, particularly affecting crops like cotton and wheat.
- **South Asia**: Pakistan and Afghanistan faced further disruptions from extreme flooding, which continued to displace farming communities and decimate crops, particularly in low-lying areas.
- **Iran**: The country experienced a blend of flooding and drought conditions, which affected the planting and harvest cycles for staple crops like rice and wheat, further complicating efforts to stabilize production.

43. Agricultural trade performance across the ECO region remained mixed. Some Member States benefited from favorable harvests, improved logistics and market-access opportunities, particularly in cereals and selected agri-food products. Others continued to depend on food imports, especially during periods of climatic stress or market disruption.

44. Overall, agriculture in the ECO region in 2025 was characterized by resilience, adaptation needs and continued efforts to strengthen regional cooperation. ECO's work on food security, seeds, veterinary cooperation, water efficiency, meteorology, biotechnology and partnerships with relevant international organizations provided a useful platform for advancing food security and sustainable rural development.

(ii) <u>Industry</u>

45. In 2025, the global industrial landscape continued to evolve in response to technological innovation, digitalization, sustainability objectives, shifting trade patterns and geopolitical developments. Similar trends affected industrial development across the ECO region, though the pace and nature of transformation varied among Member States.

46. Digital transformation remained a major driver of industrial modernization. Artificial intelligence, automation, robotics, digital platforms, advanced manufacturing and Industry 4.0 technologies continued to support productivity gains, operational efficiency and innovation across manufacturing and related services. At the same time, industrial decarbonization and resource efficiency became increasingly important elements of modern industrial policy.

47. At the same time, industrial development continued to face challenges arising from geopolitical tensions, trade policy uncertainty, supply-chain adjustments, and changing investment patterns. These factors encouraged both developed and developing economies to strengthen industrial resilience and diversify production networks.

48. In the ECO region, industries followed a similar trajectory of technological adoption, but with unique regional challenges and opportunities. The region, spanning Central Asia, South Asia, and parts of the Middle East, continued to rely heavily on natural resources like oil, gas, and minerals, but there was a growing shift towards diversification. Countries like Kazakhstan, Turkmenistan, and Azerbaijan, known for their energy exports, also began investing in renewable energy sources, such as solar and wind, aligning with the global energy transition trend.

49. Industrial diversification was another focus in the ECO region, with countries like Iran, Pakistan, and Uzbekistan working to modernize their manufacturing and technological sectors. Automation, digital tools, and new production processes gained traction, particularly in the manufacturing and agro-processing industries. Agro-processing, in particular, emerged as a key growth sector, with nations like Uzbekistan investing in food processing and agricultural technology to improve food security, reduce post-harvest losses, and add value to agricultural exports.

50. Infrastructure development was also crucial for the region's industrial growth. Projects to improve transportation networks, including roads, railways, and ports, gained momentum, particularly in countries like Pakistan, Tajikistan, and Afghanistan. The China-Pakistan Economic Corridor (CPEC) and other regional infrastructure projects were key to improving regional connectivity and trade, enhancing industrial efficiency, and reducing transport costs.

51. The ECO region also continued to face challenges related to sanctions, instability, financing constraints, regulatory differences and uneven implementation of regional agreements. Regional cooperation frameworks, including ECOTA, continued to provide an institutional basis for future trade and industrial integration.

52. Sustainability considerations gained further prominence in industrial policymaking across the region. ECO Member States continued to explore opportunities in renewable energy technologies, resource efficiency, cleaner production, waste management, circular economy approaches and environmentally sustainable industrial development. These efforts should be linked to quality infrastructure, standards, conformity assessment and accreditation, which are essential for supporting green industrial products and facilitating trade.

53. Overall, in 2025, both the global and ECO region industries experienced transformative changes, propelled by technology, sustainability initiatives, and efforts to strengthen regional cooperation. While challenges such as geopolitical instability and climate change remained significant, both regions demonstrated resilience and an ongoing commitment to modernizing their industrial sectors, ensuring growth and sustainability for the future.

IV. <u>Energy, Minerals and Environment</u>

54. In 2025, the energy and environment agenda remained at the forefront of global and regional discourse while countries strive to balance economic growth with sustainability. While the world was moving towards a green economy, the fossil fuels continued to represent the primary energy source of the globe and ECO region. Almost all ECO countries possess significant untapped renewable energy potential and enduring commitments of phasing down fossil fuels thus increasing the share of renewables in their total energy mix. However, the ECO region is mostly dominated by fossil fuels of the Caspian and the Gulf basins accounting one-third of global hydrocarbon resources.

55. Even in view of accelerated energy transition, the fossil fuels and investments in traditional energy sectors were not and could not simply abandoned – the process needs to be balanced, with due consideration given to different national circumstances, economic linkages and respective capabilities.

56. The regional transition to renewable energy sources, notably wind, solar, and hydroelectric power, was gradually surging driven by the urgent need to reduce carbon emissions and address climate challenges. Governments and organizations are focused on negotiating and implementing plans to mitigate the effects of climate change, with global agreements, namely the Paris Climate Agreement continuing to guide efforts. Carbon neutrality targets have become more ambitious, though significant challenges remain in achieving them, including strengthening the means of implementation, technological development, policy coordination, and economic investments, as outlined in SDG 17. These goals highlight the importance of revitalizing the global partnership for sustainable development to ensure effective progress.

57. In the ECO region, which spans over several energy producing countries, specifically Iran, Kazakhstan, Turkmenistan, Azerbaijan and Uzbekistan, and others, energy remained a key driver of economic growth. While fossil fuels continued to dominate, the region was increasingly focusing on balancing its reliance on traditional energy sources with efforts to expand the share of renewable energy. Traditional energy producers are now expanding their renewable energy capacities, with large-scale solar and wind projects underway. This transition is supported by both government initiatives and foreign investments in clean energy technologies.

58. The energy security remains a critical concern for many ECO countries, particularly in regions affected by political instability, such Iran as Afghanistan. Shifting alliances and geopolitical tensions influence the reliability of energy supplies, leading to a growing emphasis on diversifying energy sources and strengthening regional cooperation. The countries in the region are investing in energy infrastructure projects, such as the Southern Gas Corridor and the Central Asia-China gas pipeline to enhance energy connectivity and security. These energy transportation projects are central to the region's development, enabling better access to regional and global markets, and fostering economic growth.

59. As the ECO region strives to enhance its energy security, governments are also prioritizing diversification of energy sources in their energy strategies. While fossil fuels remain dominant, the increasing investments in renewable energy, particularly in solar and wind, show a clear shift toward cleaner sources of energy. The region's vast renewable energy potential and resolve positions it as a key player in the global energy transition, with opportunities for both domestic use and export, particularly to Europe and neighboring regions.

60. Furthermore, there is a noticeable trend in the region toward developing green energy corridors and power interconnectors, linking Central Asia, the Caucasus, and Europe. These long-term strategic projects, namely Black Sea Submarine Cable and Central Asia-Azerbaijan green energy corridor reflect the resolve of the ECO Member States to accelerate the energy transition and meet sustainability goals. The development of these infrastructure projects demonstrates the region's commitment to building a more sustainable energy future while maintaining economic stability and security.

61. In 2025, the ECO region has made significant strides in advancing its energy infrastructure, transitioning to renewable energy, and fostering regional cooperation to meet the growing demand for energy. Investments in energy infrastructure, including cross-border energy transmission networks, pipelines, and regional electricity grids, have become a strong assets in the efforts of ECO countries to enhance energy security and ensure stable supplies for its rapidly growing populations. Countries like Kazakhstan, Uzbekistan, Pakistan, Iran, Turkmenistan, and Azerbaijan have significant solar potential due to their sunny climates, and projects to harness solar and wind energy are gaining

momentum. Afghanistan and parts of Iran and Azerbaijan are also showing promise for wind energy development, while Tajikistan and Kyrgyzstan continue to rely heavily on their abundant hydropower resources.

62. Despite the growing interest in renewables, natural gas and oil remain dominant in the energy mix for many ECO countries. Iran, Kazakhstan, Turkmenistan, Azerbaijan and Uzbekistan are important producers/exporters of hydrocarbons. However, this heavy reliance on fossil fuels poses significant challenges for environmental sustainability and achieving international climate targets. The demand for energy in the region is rising rapidly due to factors like population growth, urbanization, and industrialization. To meet this increasing demand while promoting sustainable practices, governments are investing heavily in energy infrastructure projects aimed at diversification and ensuring reliable energy access across the region.

63. The regional cooperation in energy is also strengthening, with 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 playing key roles. These projects are designed to improve energy security, foster economic integration, and address energy deficits within the region. The CASA-1000 project, in particular, has made significant progress in 2025, with transmission infrastructure nearly complete and regional coordination frameworks becoming more operational. This project facilitates the transmission of clean hydropower electricity from Tajikistan to Pakistan and Afghanistan, supporting regional stability, promoting economic connectivity, and helping importing countries achieve their clean energy transition goals. Tajikistan has seen a steady increase in electricity exports, leveraging its substantial hydropower potential, and is positioning itself as a regional leader in clean energy trade.

64. Countries like Kazakhstan and Uzbekistan are also collaborating on solar and wind energy projects to meet both domestic needs and regional energy exports. This growing partnership helps to create a more diverse and sustainable energy mix in the region. In addition, Iran has expanded its wind energy projects along its Caspian Sea and Persian Gulf coasts, tapping into offshore wind potential, while Azerbaijan continues to invest in solar and wind energy potential to complement its energy strategy.

65. The energy cooperation within the ECO region was further supported by operationalization of the ECO Clean Energy Centre (CECECO) in 2025 in Baku (Azerbaijan). Since then CECECO has been evolving into a pivotal triangular capacity hub to ramp up the industrialisation, energy and climate goals in the ECO region and beyond. Meanwhile, it is now becoming a strong component of the Global Network of Regional Sustainable Energy Centres (GN-SEC), being successfully realized across the globe. This Centre aims to enhance the access to modern, affordable, reliable, and sustainable energy services across ECO Member States.

66. Another major initiative, the ECO Regional Electricity Market (ECO-REM), has made certain progress in 2025. By integrating fragmented electricity grids across the region, ECO-REM aims at creating a more cohesive and sustainable energy market. This platform would enable more efficient energy trade between and among Member States, stabilize electricity prices, reduce energy deficits, and facilitate the use of renewable energy sources across the region. The development of power interconnectors linking Central Asia, Caucuses and Iran with Europe further enhance the region’s energy connectivity and resilience.

67. While fossil fuels continue to dominate the energy mix in the ECO region, there is a clear and growing commitment to renewable energy. The integration of solar, wind, and hydropower resources into the energy portfolio is gaining pace. However, challenges remain, most specifically the need for continued investment in infrastructure, addressing the region's dependence on fossil fuels, and overcoming barriers to regional cooperation caused by geopolitical tensions. Despite these challenges, the ECO region is poised for significant transformation in its energy landscape, with a focus on energy security, sustainability, and economic integration. The region's continued investments in renewables and the development of cross-border energy infrastructure in 2025 provide a clear path toward achieving long-term energy resilience and contributing to global climate goals.

68. In sum, 2025 marks a significant year for the ECO region as it continues to balance its dependence on traditional energy sources with growing investments in renewable energy. The development of energy infrastructure, including green energy corridors and interconnectors, highlights the region's commitment to ensuring long-term energy security and sustainability. As the region strives to meet both domestic energy demands and global sustainability goals, the continued push for innovation, diversification, and regional cooperation will be crucial to navigating the energy transition successfully.

Minerals

69. In 2025, the minerals sector continued to be a vital driver of economic growth and industrial development of ECO Member States, positioning the region as a key player in the global minerals market. With the ongoing rise in global demand for minerals driven by technological advancements, the green transition, and the growing need for critical commodities, the ECO region stands out as an increasingly important source of mineral production. The region is endowed with abundant natural resources, making it a significant hub for global supply chains, particularly in sectors like electric vehicles, renewable energy, and electronics.

70. These mineral resources provide the Member States with considerable opportunities to diversify their economies, attract investment, increase export revenues, and support sustainable industrialization. Throughout 2026, member countries continued to implement policies aimed at improving the competitiveness of their mining industries, expanding exploration activities, modernizing production facilities, and encouraging greater participation of the private sector.

71. The minerals sector in ECO countries has demonstrated the continued positive growth in 2025, with each country focusing on attracting investment, improving mining technologies, and enhancing infrastructure to capitalize on their mineral resources. For instance, Kazakhstan, a major producer of copper and uranium, and Uzbekistan, with its extensive gold and copper reserves, have ramped up efforts to increase production and attract foreign capital. Iran, with its significant reserves of rare earth elements, is also intensifying its focus on diversifying its mining sector, responding to the growing demand for these minerals in the global transition to clean energy technologies.

72. Benefiting from abundant reserves of strategic and critical minerals, ECO member states continued to strengthen their position in global mineral supply chains at a time when international demand for raw materials essential to the energy transition, advanced manufacturing, renewable energy systems, and digital technologies continued to rise.

73. Technological innovation has been at the forefront of efforts to improve mining efficiency and environmental sustainability. The region has seen the introduction of advanced mining techniques, including automation, digitization, and sustainable practices, aimed at enhancing operational efficiency and minimizing environmental impact. These technological improvements not only increase the profitability of the sector but also help address growing concerns about the environmental footprint of large-scale mining operations. In response, many ECO countries are aligning their mining practices with international environmental standards, implementing eco-friendly technologies, and focusing on areas like water management, energy efficiency, and reducing the carbon emissions associated with mining. Member States increasingly invested in digitalization, automation, artificial intelligence, remote sensing technologies, and modern geological surveying techniques to improve productivity, operational efficiency, and workplace safety. These technological advancements also contributed to better resource management and enhanced environmental monitoring, supporting the transition toward more sustainable mining operations.

74. Environmental sustainability has become a key issue in the region's mineral extraction activities, and ECO Member States have been making efforts for improving their regulatory frameworks to address these concerns. Kazakhstan and Uzbekistan have introduced reforms to attract investment in mining while ensuring compliance with environmental protection standards. These reforms are crucial in meeting the global demand for ethically sourced minerals, and also in addressing local concerns about resource depletion and environmental degradation. Many countries in the region are also focused on improving resource management and developing sustainable mining practices to meet global sustainability goals, ensuring that their mineral wealth can be harnessed in a way that balances economic development with environmental protection.

75. The geopolitical dynamics of the region have continued to influence the development of its mineral resources. As global competition for critical minerals intensifies, the ECO region is emerging as a key player in securing reliable and stable supply chains for minerals, particularly in the context of the global energy transition. The growing demand for minerals required for electric vehicle production, energy storage, and renewable energy infrastructure has made the region even more attractive to foreign investors. However, the ECO region faces competition from China, a major player in global mineral extraction and processing, and this has led countries in the region to strengthen their regional cooperation and pursue long-term trade agreements to secure their position in the global market. Kazakhstan and Azerbaijan are central to facilitating mineral trade routes, leveraging their strategic locations between Europe and Asia, which gives them a unique advantage in accessing both Eastern and Western markets.

76. In 2025, regional cooperation within the ECO region has strengthened, particularly in the development of infrastructure needed to support the growing demand for minerals. Many countries are investing in transportation networks, including railways, pipelines, and ports, to improve the logistics of moving minerals from extraction sites to processing plants and export terminals. This enhanced infrastructure not only boosts the efficiency of the mineral trade but also reduces costs and increases the region's competitiveness in global markets. Countries are also working together to share technological expertise and improve mining practices through joint ventures and collaborative research initiatives. The growing focus on shared technological platforms and knowledge exchange is helping to improve the capacity of ECO member states to fully exploit their mineral resources in a sustainable and efficient manner.

77. Another major achievement within ECO in 2025 was the development and adoption of the ECO Five-Year Roadmap on Minerals Cooperation for 2026-2030. Prepared through

extensive consultation among Member States and relevant stakeholders, the Roadmap was formally endorsed as a strategic framework for strengthening regional cooperation in the minerals sector over the next five years. The Roadmap outlines priority actions in areas such as sustainable mining practices, geological cooperation, investment promotion, technological innovation, value-added mineral processing, environmental management, human resource development, and regional connectivity. Its adoption reflects the shared commitment of ECO Member States to unlocking the full potential of the region's mineral resources while ensuring their responsible and sustainable utilization.

78. Regional cooperation in the minerals sector is expected to gain further momentum building upon the objectives of the newly adopted Roadmap, The Member States intensified collaboration in knowledge sharing, capacity building, geological research, technology transfer, and infrastructure development. Efforts were also made to facilitate dialogue between public institutions, private sector stakeholders, and international partners to promote investment and foster innovation throughout the mineral value chain. These collaborative initiatives contribute to enhancing the resilience, efficiency, and sustainability of the regional mining sector.

79. While the minerals sector in the ECO region is on an upward trajectory, significant challenges remain. Environmental concerns, particularly in relation to water usage, land degradation, and the carbon footprint of mining activities, continue to pose risks to the sustainability of the sector. Furthermore, infrastructure constraints, commodity price volatility, financing gaps, and geopolitical uncertainties remain important considerations for the long-term development of the sector. Additionally, issues related to resource nationalism, and the need for greater technological investment in mining processes remains significant obstacles. The need for greater investment in mineral processing and value-added industries highlights the importance of continued policy reforms and regional cooperation. ECO Member States have demonstrated their commitment to addressing these challenges through strengthened governance, improved investment frameworks, and the promotion of sustainable development principles. ECO Member States are also encouraging public-private partnerships to attract foreign investment and promote the sustainable development of their mineral sectors.

80. In conclusion, 2025 marked a year of continued positive growth in the minerals sector for the ECO region, driven by increased demand for minerals, significant investments in mining infrastructure, ongoing technological advancement, enhanced regional cooperation, and the adoption of the ECO Five-Year Roadmap on Minerals Cooperation for 2026-2030". While challenges remain, the region's abundant mineral resources, commitment to sustainable practices, and strategic location as a key player in global mineral supply chains position it well for long-term success in the global market. The combination of technological advancements, improved governance, and sustainability initiatives will ensure that the ECO region continues to play a central role in the global minerals sector, meeting the growing demand for critical commodities required for the green economy and industrial growth. Looking ahead, the successful implementation of the Roadmap is expected to further strengthen regional collaboration, improve sustainability outcomes, and enhance the role of the ECO region as a reliable and competitive supplier of mineral resources in the global economy.

Environment

81. In 2025, the environmental landscape of the ECO region continues to evolve, marked by an increased urgency to tackle climate change, resource depletion, and pollution. While

the region remains rich in natural resources, these very resources are at risk due to unsustainable practices and the ongoing impacts of climate change. Over the past year, the region has shown a growing commitment to integrating environmental sustainability into economic planning. This shift is - particularly urgent as climate-induced events, such as droughts, floods, and extreme temperatures, continue to threaten agriculture, water availability, and livelihoods, especially in vulnerable countries like Afghanistan, Iran, Pakistan, and parts of Central Asia.

82. Climate change remains a major concern, with rising temperatures and increasingly erratic weather patterns intensifying environmental challenges. Agriculture, which forms the backbone of the economy in many ECO countries, is under severe pressure due to water scarcity, soil degradation, and growing weather unpredictability. Promoting Sustainable Land Management (SLM) practices and achieving Land Degradation Neutrality (LDN) are therefore essential for enhancing ecosystem resilience and ensuring long term agricultural productivity. The urgency for climate adaptation and resource-efficient practices has never been higher. Water scarcity lies at the heart of these pressures. In 2025, sustainable water management has emerged as a key focus for the ECO region, with an emphasis on water efficiency in agriculture, industrial use, and the development of water reuse technologies. The region's growing population and expanding industries exacerbate the strain on water resources, making it clear that water management must be integrated into every level of economic planning and policy-making.

83. Across the region the outdated notion that economic growth and environmental protection are mutually exclusive is increasingly being rejected. The reality of environmental degradation and resource scarcity has forced policymakers to confront the idea that economic stability is inseparable from the health of the environment. As such, the region has shifted towards recognizing the interconnectedness of ecology and economy, understanding that a sustainable future is essential not only for the environment but for long-term economic resilience. This growing awareness has led to the introduction of circular economy principles in more countries, as a way to reduce waste, increase resource efficiency, and minimize the carbon footprint of industries.

84. One of the major strides in the region has been the launch and progress of the Regional Initiative on Resource Efficiency, Sustainability, and Circular Economy (RESCUE) in 2024, a collaborative effort led by the ECO Secretariat in partnership with the Republic of Azerbaijan. This initiative has gained traction in 2025 as countries work to adopt circular economy principles and ensure that resource efficiency becomes a cornerstone of regional economic growth. Through RESCUE, countries in the region are aiming to build a sustainable, regenerative economy that reduces waste and supports long-term environmental and economic health. The program advocates for a just transition to a resource-efficient and circular economy, ensuring that sustainable practices are not only good for the planet but also create economic opportunities and social equity.

85. Regional cooperation has been essential in addressing transboundary environmental issues such as water scarcity, air pollution, and land degradation. The Caspian Sea states, for instance, have enhanced their collaboration on environmental protection, recognizing that transboundary water bodies and ecosystems demand collective action. In 2025, this collaboration has expanded, with countries aligning their policies to safeguard the Caspian's marine environment and address the growing pollution in the region. Further efforts are underway to improve pollution control, waste management, and sustainable resource extraction practices, especially in the energy and mining sectors, where environmental damage is most acute.

86. While significant progress has been made in the region’s environmental policies, challenges remain, especially in terms of enforcement. Despite the existence of environmental protection laws, enforcement remains uneven across the region. As a result, many countries are now focusing on strengthening environmental governance through improved law enforcement and enhanced cooperation between governments, businesses, and civil society. ECO member states are increasingly recognizing the need for transparency and accountability in managing natural resources, ensuring that the benefits of economic development are balanced with long-term environmental stewardship.

87. Countries are focusing on creating green jobs, fostering clean energy innovation, and promoting sustainable industries. The transition to a green economy has become a primary goal. This shift is crucial for the ECO region’s long-term prosperity, and it aligns with global sustainable development goals (SDGs) such as climate action, clean energy, and responsible consumption and production.

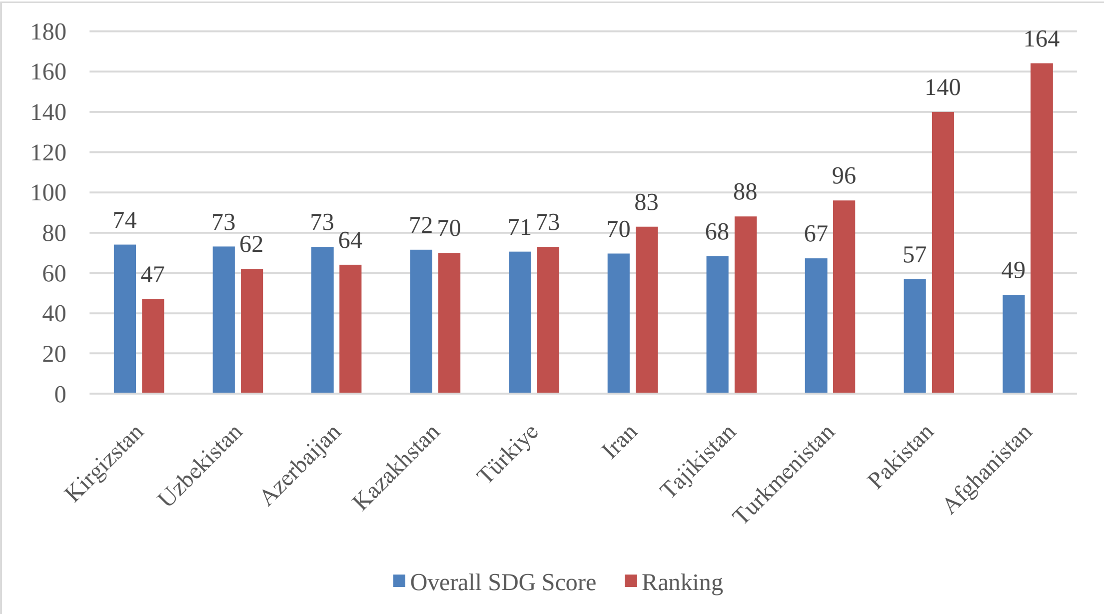
88. However, the path forward is not without challenges. The overuse of natural resources, including unsustainable agriculture, deforestation, and mining practices, continues to degrade the environment. Additionally, political instability in some areas, particularly in Afghanistan, and growing pressures from economic development make environmental policy a difficult balancing act. Nevertheless, ECO member states are increasingly committed to sustainable development, recognizing that the future of the region hinges on responsible environmental stewardship. The call for climate adaptation, green infrastructure, and renewable energy investments is set to shape the region's trajectory over the next decade. In such a context, scaling up climate finance, leveraging green investment mechanisms, and aligning national budgets with environmental goals are emerging priorities that will help translate ambition into lasting impact.

89. In conclusion, 2025 marks a pivotal year for environmental sustainability in the ECO region, with growing awareness, stronger regional cooperation, and enhanced focus on resource efficiency and the circular economy. The region’s response to its environmental challenges, particularly in terms of climate adaptation and water management, is evolving rapidly, and the collaborative initiatives launched in 2024 are starting to show tangible positive outcomes. Moving forward, the focus must remain on embedding sustainable practices across all sectors and ensuring that environmental protection becomes a foundational aspect of the region’s economic and developmental planning. The shift to a circular economy and green transition holds the potential to not only address environmental challenges but also to create economic resilience and social equity, laying the groundwork for a more sustainable future in the ECO region. Continued efforts towards combating desertification and erosion, achieving Land Degradation Neutrality (LDN), restoring degraded lands and promoting sustainable land management will be critical for ensuring long-term environmental sustainability and climate resilience across the ECO region.

V. Human Resources and Sustainable Development (HRSD)

90. In 2025, the ECO continued to emphasize sustainability as a cornerstone of its development strategy, particularly through the ECO Vision 2025, which focuses on improving the standard of living, quality of life, economic welfare, and well-being of people in the region, with the Sustainable Development Goals (SDGs) integrated into long-term planning.

Graph XX: SDG Performance of ECO Countries, 2025



Source: https://dashboards.sdgindex.org/explorer/, SDG Development Report 2025, SDG Transformation Centre.
Note: The overall score measures the total progress towards achieving all 17 SDGs. The score can be interpreted as a percentage of SDG achievement. A score of 100 indicates that all SDGs have been achieved. In addition, rankings are calculated among 167 UN Member States.

91. While ECO Member States made significant progress for achieving SDGs, despite country-specific differences, a number of major challenges continue to persist. However, the ECO Vision 2025 and the outcomes of the 1st SDG Forum, 1st Youth and Women Forums held within 2025 in Turkmenistan and Azerbaijan respectively reflected the growing commitment to regional cooperation and sustainable practices as fundamental to the region's future prosperity. Through policy coherence, green technologies, and inclusive development, the ECO region is on track to achieve long-term sustainable development.

92. A significant highlight of the year was the 1st SDG Forum held in Arkadag, Turkmenistan, which marked an important milestone for advancing the regional SDG agenda. Hosted in the eco-designed city of Arkadag, the Forum brought together

representatives of ECO Member States, international organizations, and civil society to exchange experiences and best practices, align development priorities, and strengthen collaborative mechanisms in support of the 2030 Agenda for Sustainable Development. The Forum served as a key platform for enhancing regional cooperation and fostering dialogue on sustainable development, with a particular focus on renewable energy, sustainable agriculture, climate adaptation, resource efficiency, water management, and circular economy approaches. Reflecting these priorities, the city of Arkadag itself showcased innovative green technologies and energy-efficient urban planning, serving as a model for sustainable urban development.

93. In addition to the SDG Forum, 2025 saw the launch of forums on youth in Agdam and women in Lachin, Azerbaijan, focusing on empowering the next generation and advancing the role of women and youth in the region's development. These forums were crucial in promoting youth engagement, skills development, and women's leadership in driving sustainable development and addressing social inequalities.

94. The year also witnessed continued efforts in water management, clean energy, and biodiversity conservation, with countries like Kazakhstan, Uzbekistan, and Azerbaijan making strides in renewable energy and resource-efficient industries. The ECO Green Energy Initiative and the ECO Regional Energy Market were highlighted as key regional projects promoting energy security and sustainable development

VI. Tourism

95. The Republic of Kazakhstan hosted the International Tourism Forum of Economic Cooperation Organization in Aktau on 25–26 September 2025, bringing together government officials, tourism authorities, investors, and industry stakeholders from across and beyond the ECO region to raise awareness of the ECO region's investment and marketing regional tourism investment opportunities.

96. The First Meeting of the ECO Silk Road Task Force held in Sheki, Azerbaijan, on 29 October 2025 reaffirmed Member States' interest in revitalizing the Silk Road as a strategic theme in tourism cooperation. This meeting also officially launched the Second Special Edition of the ECO Chronicle dedicated to the 82 UNESCO World Heritage Sites in the ECO Region.

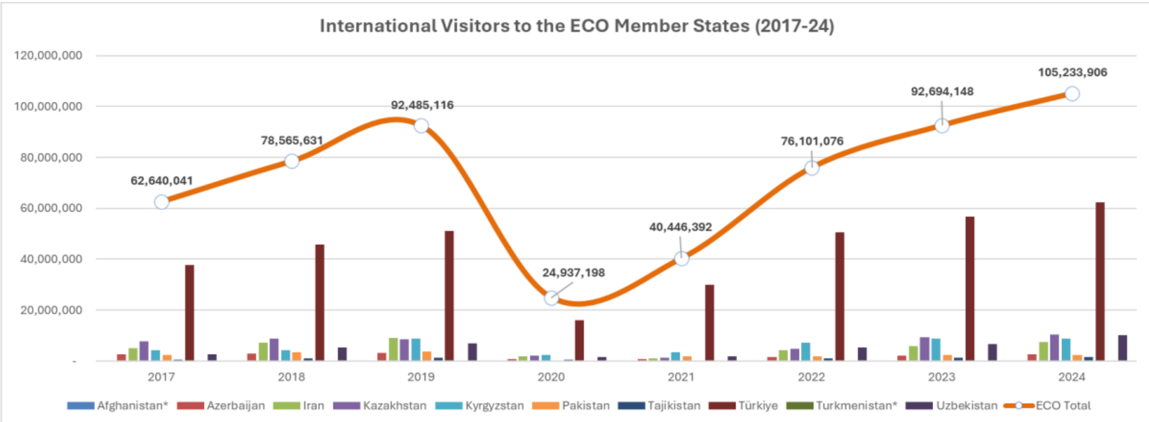
97. The 2nd ECO Tour Operators Forum, jointly hosted by Türkiye and the Turkish Republic of Northern Cyprus (TRNC) from 18–22 November 2025 also enabled private sector representatives to engage in valuable dialogue on joint tour packages and explore the prospects for establishing the ECO Tourism Agencies Federation.

98. Fourth Meeting of the ECO Tourism and Transport Task Force, a vital platform for discussing the nexus between tourism development and transport facilitation. Based on the recommendations received during this meeting, the Secretariat initiated the preparation of an ECO Tourism Connectivity Policy Framework or Master Plan to guide future actions in enhancing regional tourism mobility and accessibility across Member States.

99. Furthermore, one of the notable accomplishments was the establishment of the ECO Tourism Education Network (ECO-TEN). The Member States started to nominate the members for registration into ECO-TEN will contribute to strengthening regional cooperation in tourism education and capacity building, promoting a shared understanding of sustainable tourism practices across the ECO region. Additionally, the

draft Compendium of Best Practices in Ecotourism and the draft Policy Brief on Diversifying Intra-Region Tourism were prepared in 2025.

100.The tourism sector in the ECO region, having 82 UNESCO World Heritage Sites, has made remarkable strides, driven by the strong collaborative efforts of national tourism authorities and key regional stakeholders. Foreign visitor arrivals to ECO Member States reached 105 million in 2024, which is 13.8% above the 2019 pre-pandemic level, as shown in the graph below, marking a historic milestone and reflecting robust growth across the ECO region. In 2025, the tourism sector continued to demonstrate its strategic importance as a key driver of economic integration, cultural exchange, and sustainable development across the ECO region. According to the estimates of the ECO Secretariat, the total visitor arrivals to the Member States collectively were around 108 million at the end of 2025.



** Data is Not Available*

Source: *Data Officially Received from the National Tourism Administrations, Data of the National Statistics Institutions of the ECO Member States, UN Tourism World Tourism Barometer*

101.As depicted in the table below, the share of the ECO Member States within the global economic contribution of the travel and tourism sector raised from 1.55% to 2.27% between 2019 and 2024. The total contribution of the travel and tourism sector to the Gross Domestic Product (GDP) of the ECO region increase to 247.68 billion USD. In

2024, the average GDP contribution of the travel and tourism sector per capita in the ECO Member States is 480.58 USD.

Table 1. Contribution of the Travel and Tourism (T&T) Sector to the National GDP of the Member States in 2019 and 2024

ECO Member States	T&T's Contribution to GDP** (2019) (in Billion $)	T&T's Contribution to GDP** (2024) (in Billion $)	Population (2024) ***	T&T's Contribution to GDP per Capita (2024) (in $)
Afghanistan*				
Azerbaijan	5.00	4.60	10,336,000	445.05
Iran	41.80	48.80	91,567,000	532.94
Kazakhstan	9.20	8.50	20,592,000	412.78
Kyrgyz Republic	0.96	1.30	7,186,000	180.91
Pakistan	16.80	25.10	251,269,000	99.89
Tajikistan	0.62	0.78	10,590,000	73.65
Turkmenistan*				
Türkiye	78.20	153.50	87,473,000	1754.83
Uzbekistan	3.40	5.10	36,361,000	140.26
ECO Total	**155.98**	**247.68**	515,374,000	**480.58**
World Total	**10033**	**10900**	8,162,000,000	**1335.46**
Share of ECO Region	**1.55%**	**2.27%**		

** Data Unavailable*

Source:
***1) WTTC's Travel and Tourism Economic Impact Reports for Countries*
2) WTTC's Travel and Tourism Economic Impact 2025 - Global Trends
****www.worldometers.info/geography/countries-of-the-world/*

Note: *GDP generated by industries that deal directly with tourists, including hotels, travel agents, airlines, and other passenger transport services, as well as the activities of the restaurant and leisure industries that deal directly with tourists.*

VII. Economic Research and Statistics

102. In 2025, one of the key projects in the field of Economic Research and Statistics within the ECO region is the ongoing transformation of the ECO Economic Journal (EEJ) into an internationally recognized, widely disseminated, and reputable publication. The goal is for the EEJ to become a leading think-tank in the region, with the capacity to publish research and materials that focus on the economies, trade, and investment potential of ECO Member States. The journal's role is being strengthened through collaboration with leading strategic research institutions and experts from member countries, who will contribute articles and research materials. This initiative is aimed at fostering deeper intellectual exchange, enhancing the ECO region's research capacity, and providing valuable insights to inform economic policies.

103. The principal event of the year in the field of statistics was the 8th Meeting of the Heads of National Statistical Offices (HNSO) of ECO Member States, held virtually on 16 September 2025 under the Chairmanship of the Republic of Kazakhstan. The Meeting carried out a substantive review of the current Strategic Plan on Statistics 2021–2025 and agreed that the successor framework should take the form of a new 5-year Strategic Plan on Statistics 2026–2030.

104. During 2025, the Secretariat coordinated a capacity-building initiative comprising four online technical webinars, jointly organised by the Islamic Republic of Iran and the Republic of Türkiye: one session delivered by the Turkish Statistical Institute (TurkStat) on 23 October 2025, and three consecutive sessions delivered by the Statistical Centre of Iran (SCI) on 10 November, 8 December and 17 December 2025. The sessions addressed key methodological areas, including the integration of administrative registers into foreign trade statistics — a prerequisite for the ECO Trade Facilitation Strategy — paperless census methodologies and the use of geospatial data.

105. Another significant development in the ECO region is the Establishment of the ECO Research Center (ERC) in Baku, which is set to be a central institution for promoting research and regional cooperation. The main objective of the ERC is to assist ECO Member States in building stronger regional cooperation based on solid, research-driven foundations. By conducting joint research projects and producing evidence-based studies, the ERC aims to create a robust framework for regional integration, economic development, and investment promotion.

106. The ECO Economic Journal (EEJ) and the ECO Research Center (ERC) are closely aligned, with the EEJ potentially serving as a key component of the ERC. Since both institutions are located in Baku, they can foster synergies and create an integrated research platform that strengthens the region’s intellectual capacity and its ability to influence economic discourse on a global scale. This collaboration is expected to have a lasting impact on the development of the ECO region, contributing to data-driven policymaking, economic growth, and regional cooperation. The Secretariat oversaw the publication of the 10th and 11th issues of the Journal in 2025. In December 2025 the Council of Permanent Representatives (CPR) approved a dedicated allocation of USD 5,000. The Secretariat also approached the ETDB during 2025 with a request for an additional allocation of USD 20,000, on which the Secretariat will follow up in 2026.

CHAPTER II:

ECONOMIC SITUATION IN THE ECO MEMBER STATES IN 2025

107. 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 15^{th} and 16^{th} Summits that took place in 2021 and 2023 respectively, as well as in line with the goals and objectives outlined in the ECO Vision 2025.

108. During the 15^{th} and 16^{th} Summits of Heads of State and Government, and the 28^{th} 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 2025 Population 10,262,4 mln
GDP nominal 75,9 bln USD (129,1 bln AZN)
Inflation 5.6%
Currency exchange rate AZN1.70/1USD

109. Azerbaijan's economy demonstrated a 1.4% increase in 2025, with the gross domestic product reaching 75.9 billion USD (129.1 billion AZN). GDP per capita in 2025 amounted to 7413 USD (12602.2 AZN).

110. Azerbaijan has invested heavily in infrastructure, including transport, logistics, and housing, with a significant focus on the development of its capital, Baku and liberated territories. 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.

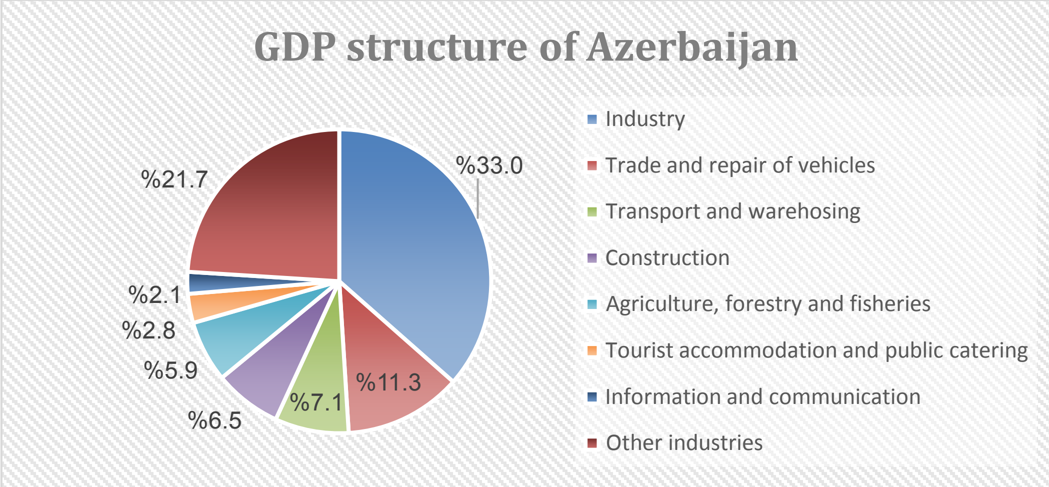
111. Azerbaijan is a major player in the oil and gas industry in the South Caucasus region. The country's energy resources, particularly its vast oil reserves in the Caspian Sea, have historically been the backbone of its economy.

112. According to the State Customs Committee of Azerbaijan, recorded oil exports were 23.38 million tons in 2025. The total value of exported oil in 2025 reached 12.09 billion USD.

113. The largest importers of Azerbaijani oil in 2025 were Italy, Czechiya, Croatia, Romania, Germany, Portugal, Greece, United Kingdom, Ireland and Tunisia.

114. According to the State Customs Committee of Azerbaijan, recorded gas exports were 25.2 billion cubic meters in 2025. The total value of exported gas in 2025 reached 8.8 billion USD.

115. In the structure of GDP, 33.0% fell to industry, 11.3% - to trade and repair of vehicles, 7.1%-to transport and warehousing, 6.5% - to construction, 5.9%-to agriculture, forestry and fisheries, 2.8% - to tourist accommodation and public catering, 2.1% - to information and communication, 21.7% - to other industries. The share of taxes in GDP amounted to 9.6%.



Non-oil economy

116. 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, products such as cotton and tobacco; chemical industry products (urea, methanol, polymers); aluminum; fruits (persimmon, apple, tomato, peach, nectarine, strawberry); vegetables; dried fruits and nuts; eggs; alcoholic and non-alcoholic beverages play an increasingly important role in exports.

117. In 2025, GDP growth was due to the non-oil and gas sector. The non-oil and gas sector grew by 2.7% in 2025. Among the sub-sectors of the non-oil and gas sector, high growth was observed in the sectors of tourist accommodation and public catering, information and communication, non-oil and gas industry, and transport and warehousing.

118. The manufacturing sector also grew, expanding by 4.2%, and contributed 9.5% to total GDP. This growth was largely driven by increased production in food processing, textiles, and construction materials, as Azerbaijan continues to focus on reducing reliance on raw material exports.

119. In construction and real estate, the sector saw an increase of 5.3%, with private investments and public infrastructure projects driving growth. The real estate market grew by 6.8%, fueled by rising demand for residential properties in Baku and other major cities.

120. Azerbaijan's tourism sector also flourished in 2025, growing by 8%, contributing around 3.2% of GDP. The number of international tourists increased by 12% compared to the previous year, with a growing focus on eco-tourism and cultural tourism, particularly in regions like the Caspian Sea coast and mountainous areas.

121. In the technology and IT sectors, Azerbaijan saw a 10% increase in digital investments, contributing approximately 2.5% to GDP. The country has rapidly developed its digital economy, particularly in e-commerce, fintech, and software development, supported by tech parks and a growing startup ecosystem.

122. The financial services sector saw 5.5% growth, with the country's push for digital banking and microfinance expanding access to financial services across the country.

Mobile payments and digital wallets became more widely adopted, contributing to Azerbaijan's modern financial landscape.

123. In renewable energy, Azerbaijan made strides with a 2% share of the energy sector from solar and wind power in 2025, with an aim to expand this share to 10% by 2030.

124. Trade and logistics continued to grow, with a 7% increase in trade volume due to improvements in infrastructure such as the Baku-Tbilisi-Kars railway and the Baku International Sea Port. These developments enhanced Azerbaijan's role as a key transit hub for goods moving between Europe and Asia.

125. Overall, Azerbaijan's non-oil economy in 2025 showed positive growth across multiple sectors, contributing to a more diversified and sustainable economic base, reducing the country's dependency on oil revenues and improving its resilience against global price fluctuations.

Fixed capital investments

126. According to the data of the State Statistical Committee of Azerbaijan, in 2025, investments in fixed capital in Azerbaijan amounted to 21.23 billion AZN (12.49 billion USD), including investments in fixed capital in the oil and gas sector of 5.34 billion AZN (3.14 billion USD), and in the non-oil and gas sector of 15.89 billion AZN (9.35billionUSD).

Consumer market

127. Consumer spending is a critical indicator of economic health. In the third quarter of 2025, consumer spending in Azerbaijan rose to 20.8 billion AZN (approximately12.2 billion USD), up from 18.6 billion AZN (approximately 11 billion USD) in the second quarter.

128. In 2025, the value of goods sold and services provided to meet consumer needs amounted to 85.4 billion AZN, an increase of 4.9% compared to 2024. The value of goods sold and services provided by economic entities operating in the non-state sector increased by 4.8% compared to 2024.

Retail

129. In 2025, the volume of retail trade turnover was 67.6 billion AZN, which is 3.8 % more than the previous year. In the reporting year, the volume of retail trade turnover for food products, beverages and tobacco products increased by 1.2% to 36.9 billion AZN, and for non-food products – by 6.8 % to 30.7 billion AZN.

Services and Catering

130. In 2025, the added value created in the service sector increased by 3.1% in real terms compared to the previous year. Of the sub-sectors of the service sector, 3.3% was observed in trade, 8.5% in tourist accommodation and public catering, 4.6% in transport and warehousing, and 8.7% in information and communication.

131. Public catering turnover across Azerbaijan reached approximately 2.8 billion AZN in 2025, marking a 12.2% increase compared to the previous year.

132. In 2025, the added value created in the field of tourist accommodation and public catering increased by 8.5% in real terms compared to the previous year. It should be noted that in 2025, an increase was observed in the number of overnight stays in hotels and hotel-type facilities compared to the previous year. At the same time, the increase in public catering turnover made a positive contribution to the growth of the sector.

Salary

133. In 2025, the average monthly nominal salary in Azerbaijan was 1102.9 AZN (648.8USD), and the minimum wage was 400 AZN (235.3 USD). In 2025, the average monthly nominal salary in the public sector was 1080.8 AZN,and in the private sector it was 1124.4 AZN. The average monthly nominal wage in the oil and gas sector was 3938.6 AZN, and in the non-oil and gas sector it was 1050.7 AZN. In 2025, the average monthly nominal salary in Baku was 1381 AZN.

Inflation and income of population

134. In December 2025, annual inflation decreased compared to November and was 5.2%, including annual inflation for food products of 6.4%, non-food products of 2.5%, and services of 5.7%. The average annual inflation in 2025 was 5.6%.

135. In 2025, the income of the population of Azerbaijan increased by 8.0% in nominal terms and reached 89.9 billion AZN (52.9 billion USD). The income per capita of the population increased by 7.6% in nominal terms and amounted to 8777.6 AZN (5163.3 USD). This indicator indicates that the income level of the population in the country has increased and positive economic trends have been formed. In 2025, the nominal growth rate of the population's income exceeded the average annual inflation rate and the population's income has increased in real terms.

Trade

136. In 2025, Azerbaijan maintained a positive trade balance, with exports totaling 25.04 billion USD and imports at 24.38 billion USD, resulting in a surplus of 0.66 billion USD. Azerbaijan's trade experienced steady growth, with a notable increase in non-oil exports, particularly in agriculture, textiles, and machinery. Key exports included fruits, vegetables, cotton, and renewable energy technologies, while imports mainly consisted of machinery, electronics, and consumer goods. Azerbaijan's main trading partners included Turkiye, Russia, China, and the EU, with strong trade ties to Turkiye and Iran through regional trade corridors like the Baku-Tbilisi-Kars railway and Baku International Sea Port. The trade balance remained positive, with a gradual improvement in the non-oil trade balance as Azerbaijan worked to diversify its export sectors, although oil and gas exports continued to be a significant contributor to overall trade.

Employment

137. A number of changes took place in the Azerbaijani labour market in 2025. During 2025, 102.5 thousand new jobs were created, and 91.1% of them were formed in the private sector. As of January 1, 2026, the number of employed people in the country was 5.105,2 million people.

Energy

138. In 2025, Azerbaijan's energy sector remained dominated by oil and gas, with the country continuing to be a major exporter of crude oil and natural gas to Europe and Asia. However, there was growing emphasis on renewable energy, with solar and wind power accounting for around 3-5% of the energy mix, and the government setting a target to increase this share to 39% by 2030 and 43% in 2035. Overall, Azerbaijan did not abandon its hydrocarbon legacy but reframed it, leveraging existing credibility to accelerate a strategic pivot toward renewables, electricity exports, and green energy diplomacy.

139. Azerbaijan maintained its position as a key regional energy exporter, leveraging pipelines like the Baku-Tbilisi-Ceyhan oil pipeline and the Southern Gas Corridor to supply natural gas to Europe. Natural gas exports, amounting to 25bcm per year, continued to play a critical role in Azerbaijan's energy policy assisting the country's overall foreign policy and geopolitical standing. Through the Southern Gas Corridor (SGC), Azerbaijani gas reached 14 countries, ten of them in Europe, including eight EU member states.

140. Green energy corridors, namely the Black Sea Submarine Cable and the Central Asia–Azerbaijan green energy corridor are designed to leverage Azerbaijan's geographical location at the crossroads of Europe and Asia, its abundant renewable resources, and its growing electricity infrastructure to connect renewable energy producers with high-demand markets.

TOURISM INDUSTRY

141. Tourism in Azerbaijan has been an essential driver of economic growth, fueled by the country's rich history, diverse landscapes, and strategic position at the crossroads of Europe and Asia. The sector has seen remarkable development in recent years, attracting a growing number of international visitors and boosting the local economy.

142. International visitor arrivals to Azerbaijan in 2025 are 2.57 million, a slight decrease from 2.63 million in 2024. This overall figure masks a shift in source markets, with growth in arrivals from ECO member states (notably Türkiye, Kazakhstan, Pakistan, and Uzbekistan) as well as China, Saudi Arabia, and selected European countries, offset by a decline in visitors from India and Russia.1

143. The tourism sector continued to attract investment, reflected in infrastructure expansion. The total number of hotels and accommodation facilities increased from 813 in 2024 to 837 in 2025. Bed capacity grew in parallel, rising from 67,376 to 69,331.[1]

144. According to World Travel and Tourism Council (WTTC) data, the direct contribution of travel and tourism to Azerbaijan's GDP in 2025 was $7.4 billion, representing 9.8% of the national economy. Foreign visitor expenditure for the year is estimated at $2.5 billion.[2]

[1] Source: https://tourism.gov.az/page/statistics
[2] Source: WTTC 2026 Economic Impact Research (EIR) Highlights: Azerbaijan

145. Domestic tourism demonstrated positive growth, with the number of trips increasing from 23.6 million in 2024 to 24.4 million in 2025. Correspondingly, domestic tourism expenditure rose from 5.3 billion AZN to 5.7 billion AZN. [1]

146. Employment in the travel and tourism sector has shown strong recovery and growth since the pandemic, increasing from approximately 500,000 in 2019 to around 614,700 in 2025.

Islamic Republic of Iran
Population 92,4 mln
GDP nominal 356,51 bln USD
Inflation 42%
Currency exchange rate Rial 42,000/1USD

147. Iran's economy in 2025 is characterized by a severe downturn, entering a recession with shrinking GDP, high inflation exceeding 40-50%, and a sharply devalued rial, heavily pressured by renewed sanctions and regional conflict. The World Bank projects a 1.7% contraction in 2025 GDP, reversing earlier growth, driven by reduced oil exports and damaged infrastructure. The economy is sinking into recession, with estimates from the World Bank predicting a 1.7% contraction, driven by a 12-day military conflict in June and subsequent economic disruption.

148. Inflation remains above 40%, with food inflation exceeding 60%, severely impacting purchasing power and increasing poverty.

Non-oil economy

149. In 2025, Iran’s non-oil economy demonstrated continued resilience amid broader domestic and global economic challenges. The World Bank estimates that the non-oil sector grew by approximately 3.2%, with the services industry remaining the key growth driver. While growth in non-oil exports persisted, it decelerated relative to 2024, rising by an estimated 12% between March 21 and December 22, 2025, compared to the same period in the previous year. Non-oil imports also expanded by roughly 4%, reflecting sustained trade engagement despite external pressures.

150. However, growth was uneven across sectors. Agriculture and industry experienced slower performance, while certain segments of the services sector faced structural constraints. These challenges contributed to a moderation in overall GDP growth. The Central Bank of Iran reported that GDP growth in the summer of 2025 stood at around 2.0%, marking a further slowdown from 2.7% in the summer of 2024 and highlighting the economy’s ongoing vulnerability to internal and external headwinds.

151. The 2025 economic trends underscore the importance of diversifying growth beyond the non-oil sector and enhancing productivity in agriculture and industry. Policymakers may need to prioritize structural reforms, investment in technology, and trade facilitation measures to sustain and broaden economic growth.

Fixed capital investments

152. In 2025, Iran's gross fixed capital formation (GFCF), a key measure of investment activity in the economy, continued to exhibit moderate growth. According to the Central Bank of Iran, GFCF increased by around 3.5% year-on-year, following a 4.9% growth in 2024. The construction sector expanded by approximately 2.2% in real terms, supported by ongoing investments in energy, infrastructure, and the oil and gas industries. These investments remain critical for Iran’s long-term economic development, as they

strengthen infrastructure, enhance industrial capacity, and support productivity improvements, contributing to broader economic growth.

Retail

153. In 2025, Iran's retail sector showed moderate resilience amid slower GDP growth and persistent inflation. Retail sales grew by an estimated 3–4%, with spending concentrated on essential goods such as food, household items, and basic apparel.
154. Modern retail channels, including supermarkets and e-commerce platforms, expanded their market share by roughly 5–6%, while traditional bazaars grew more slowly at around 1–2%. Currency volatility and higher import costs shifted demand toward domestically produced goods, particularly in electronics, apparel, and consumer products.
155. Food and grocery remained the core driver of retail growth, contributing approximately 40–45% of total sector sales, while consumer electronics and fashion experienced selective growth of 3–5%. Government initiatives supporting domestic production and digital payment adoption helped modernize the sector, although overall performance remained constrained by macroeconomic conditions.

Services and Catering

156. In 2025, Iran's services and catering sector exceeded $100 billion and remained the largest non-oil industry and employer in the country. The sector experienced significant digitalization, with venture capital backing agritech, cloud kitchens, and local food delivery platforms. Rapid urbanization drove strong demand for dining out and convenient food services, while leisure, entertainment, and F&B services expanded to occupy up to 40% of mall spaces in major cities such as Tehran. Industrial and institutional catering continued to support large-scale operations, contributing to the country's $68 billion Food & Beverage industry.

157. Innovation in digital delivery and fintech modernized spending patterns, while hospitality and tourism recorded robust growth, with the hotel sector achieving 13% annual growth and developers earning 12–20% ROI, aided by government subsidies and tax incentives. Strategic partnerships, including agreements with Russia, Oman, and Türkiye, fostered cross-border F&B cooperation, while over 15,000 private production units supplied the domestic market and expanded halal exports.

Salary

158. In 2025, Iran's Supreme Labor Council set the base monthly minimum wage at approximately 104.4 million rials, equivalent to around $90–$110 USD due to high inflation and a weakening currency. By March 2026, the minimum wage was revised to 166.2 million rials (about $113 USD).

159. Average salaries for general workers and civil servants ranged from 150 million to 400 million rials per month, with the government exempting employees earning up to 400 million rials from income tax.

Inflation and income of population

160. In 2025, Iran's economy faced severe strain due to chronic inflation and stagnant incomes, which sharply reduced the population's purchasing power. Annual headline inflation averaged approximately 42.2%, with some estimates reaching as high as 50.9%.

161. Prices for essential goods, particularly food and beverages, increased by over 70% year-on-year, heavily affecting staples such as dairy, bread, and cereals. Housing and rental costs also rose sharply, climbing more than 36% year-on-year due to high demand and limited construction.

162. Persistent trade bottlenecks, international sanctions, and expansionary monetary policies caused the Iranian rial to fall to historic lows, further inflating the cost of imported goods. Together, these factors eroded real wages and living standards, placing significant financial pressure on households across the country.

Trade

163. In 2025, Iran's total foreign trade reached approximately $94 billion, reflecting the impact of international sanctions and a shift toward Asian and regional partners. The country recorded a trade deficit of around $4 billion, as imports slightly exceeded non-oil exports. Crude oil, averaging 1.6 million barrels per day, along with natural gas, petrochemicals, and agricultural products such as pistachios, saffron, and dates, remained the main exports. Major imports included gold and essential food items like corn, rice, soybeans, and sunflower oil.

164. China was Iran's largest export partner, accounting for $14.5 billion, followed by Iraq ($10.5 billion) and the UAE ($7.5 billion). On the import side, China, the UAE, and India were the top suppliers. A Free Trade Agreement with the Eurasian Economic Union reduced average import duties to 4.5%, strengthening Iran's trade ties with the region. Trade with European countries continued to decline, with Germany's exports to Iran falling 24.5% and total EU-Iran trade reaching €3.72 billion.

165. To circumvent sanctions, Iran relied on a "shadow fleet" of non-Iranian flagged vessels for oil and petrochemical exports, resulting in ongoing international monitoring and blacklisting. Overall, Iran's trade in 2025 remained energy-driven, heavily dependent on China and regional partners, while Western trade diminished and imports of food and gold continued to fund the economy.

Employment

166. In 2025, Iran's labor market faced significant structural pressures, with the national unemployment rate hovering around 7.8%. The overall economic participation rate remained low at approximately 40.7%, influenced by declining job quality, high inflation, and a persistent youth and graduate unemployment crisis. Only about 14% of women participated in the labor force, compared to 67.2% of men, highlighting a pronounced gender gap.

167. The total employed population ranged from roughly 24.8 to 26.9 million, depending on seasonal reporting. Despite stable overall unemployment figures, the labor market continued to struggle with underemployment and limited opportunities for young graduates. Overall, Iran's workforce in 2025 reflected both low participation and significant structural challenges, particularly for women and the youth.

Energy

168. In 2025, Iran's energy sector remained heavily reliant on fossil fuels while experiencing a record surge in renewable energy to address domestic power shortages. The country produced roughly 3.3 million barrels per day of crude oil and 1.3 million barrels per day

of condensate, with crude exports averaging 1.6 million bpd despite strict international sanctions. Iran's dependence on the Strait of Hormuz, a critical chokepoint for nearly 20% of global oil, caused significant global energy market disruptions when regional conflicts escalated, driving oil prices toward $100 per barrel and accelerating renewable adoption.

169. The renewable energy sector grew rapidly, with installed capacity reaching 3,165 MW, a 157% increase over 18 months. Solar photovoltaics accounted for about 63% of this capacity, while wind contributed roughly 28%, supported by major utility-scale parks in Markazi, Isfahan, and Yazd. Domestic electricity demand grew by 6.5% annually, straining the grid and pushing CO_2 emissions to critical levels due to outdated thermal plants and heavy fossil fuel subsidies. Efforts by SATBA and the National Development Fund to modernize infrastructure were frequently delayed by international sanctions, limiting financing and slowing the rollout of sustainable technologies.

TOURISM INDUSTRY

170. In 2025, Iran continued to serve as an important tourism destination within the Economic Cooperation Organization (ECO) region. According to UN Tourism Barometer, Iran welcomed around 6,3 million international visitors between January and November in 2025. [3] According to WTTC data, top 5 source destinations for international visitors arrived in Iran are Iraq, Azerbaijan, Türkiye, Pakistan and Lebanon in 2025.

171. According to WTTC reports, foreign visitor spending in Iran increased from $3.1 billion in 2019 to $4.5 billion in 2025. Furthermore, the contribution of travel and tourism to Iran's national GDP is projected to be around $35 billion by 2025, representing 6.9% of the country's economy. WTTC data also indicates that approximately 2 million people are employed in the travel and tourism sector in Iran by 2025.

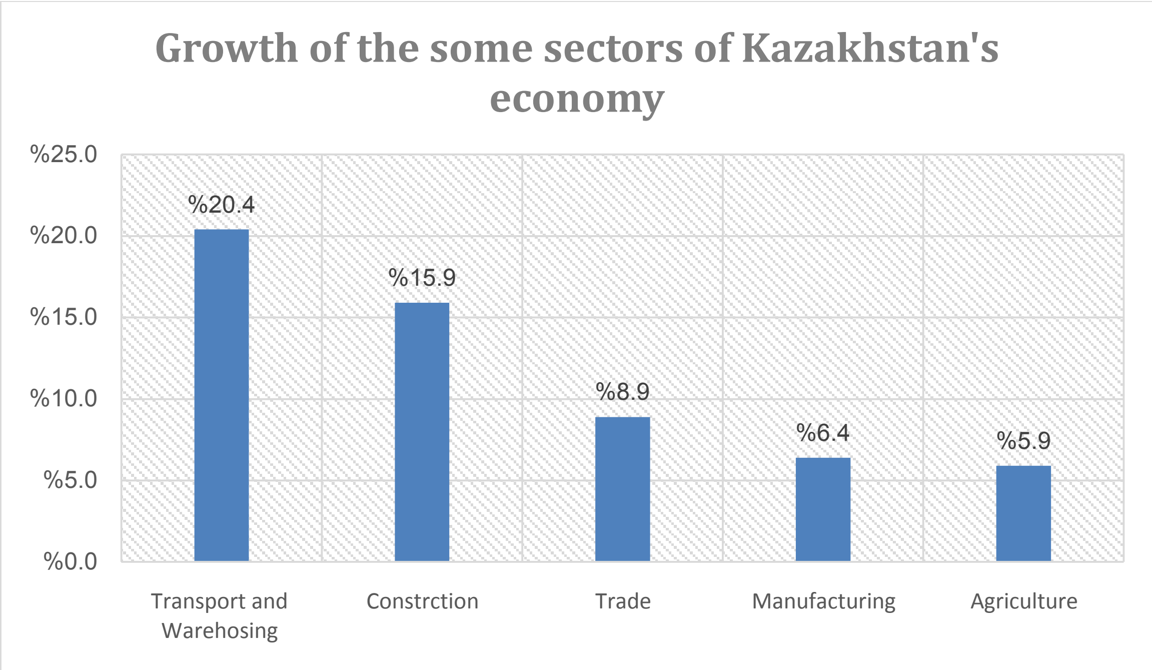
172. Iran hosted several ECO-related events in 2025 to promote regional tourism and cultural exchange. For instance, 3rd ECO Confobition on Health Tourism was held in Hamedan on 11-13 June 2025 marked a milestone for regional health tourism development which Iran places a significant emphasis since there is a potential for growth of tourism in this specific field of tourism. The ECO Region Tourism Market Symposium was also hosted by Iran in Kish Island on 15-17 May 2025 with the participation of tourism stakeholders from the ECO Member States.

173. Religious tourism remained a major driver, particularly visits to the shrines in Mashhad (Imam Reza) and Qom (Fatima Masumeh), with pilgrims contributing significantly to local economies through accommodation, transport, and services. Cultural and historical tourism also attracted large numbers of ECO visitors, with UNESCO World Heritage sites such as Persepolis, Naqsh-e Jahan Square in Isfahan, and the old city of Yazd forming the backbone of heritage tourism.

[3] Source: https://www.untourism.int/tourism-data/un-tourism-tourism-dashboard

Kazakhstan
Population 20,4 million
GDP nominal 300 billion USD
Inflation 12,3 %
Currency exchange rate Tenge av. 522/1USD

174. In 2025, Kazakhstan’s economy grew robustly, with GDP expanding by 6.5%. Unlike 2024, when growth was driven solely by the non-resource sector, the 2025 expansion was supported by a one-off surge in oil output, strong domestic demand, and infrastructure development. Key sectors contributing to growth included Transport and Warehousing, which rose 20.4% due to higher cargo transit volumes and the country’s role as a trade hub; Construction, up 15.9% on the back of large-scale public and social projects; Trade, which grew 8.9%, led by wholesale activity; Manufacturing, up 6.4%, driven by food production and mechanical engineering; and Agriculture, which increased 5.9% thanks to positive crop and livestock dynamics.



175. Industrial production grew by 3.2% year-on-year in the first half of 2025, with manufacturing activity rising 6.4%. The mining and quarrying sector benefited from the surge in oil output, expanding 2.1%. Despite global uncertainties, unemployment remained low at 4.5%, supporting a 2.1% increase in real wages over the same period.

176. Kazakhstan’s oil production reached a record high in March 2025, exceeding OPEC+ quotas. The Caspian Pipeline Consortium (CPC), crucial for transporting Kazakh oil, faced operational challenges due to Russian regulatory actions, temporarily affecting export capacity. These developments prompted OPEC+ to address Kazakhstan’s overproduction at their April 2025 meeting.

177. The Kazakh tenge experienced moderate depreciation in 2025, averaging around 505 KZT per USD by year-end. Contributing factors included global oil market volatility, a strong U.S. dollar, and sustained domestic demand for foreign currency. The National Bank intervened by selling $1 billion in foreign currency to stabilize the exchange rate.

178. By the end of 2025, the Kazakh tenge had strengthened by 3.7% against the US dollar, appreciating from 525.10 to 505.73 KZT per USD. Early support came from foreign currency sales by the National Fund and the mirroring mechanism amid reduced FX demand at the beginning of the year, while mid-year pressures – driven by higher imports, budget spending, and seasonal demand – led to a temporary weakening, prompting central bank interventions ($125,6 million in July). From October onward, the tenge strengthened steadily due to moderately tight monetary policy and increased foreign investment in government securities, which boosted FX supply in the domestic market.

179. Fiscal pressures persisted due to ongoing investments in infrastructure and social programs. Monetary policy continued to balance inflation control with economic growth, with inflation remaining moderate but fluctuating throughout the year.

180. A key energy sector development was the continuation of the nuclear power project in the Almaty region, following the October 2024 referendum. The planned facility, with a total installed capacity of 2400 MW is expected to address growing energy demand and is projected to be completed within a decade.

181. Overall, 2025 was a year of sustained economic growth and strategic diversification, underpinned by both resource-driven gains and strong non-resource sector performance. Kazakhstan effectively managed internal and external challenges, including currency stability, fiscal pressures, and energy security, positioning the economy for continued resilience.

Non-Oil Economy

182. In 2025, Kazakhstan’s non-oil economy remained a key driver of national growth, helping offset fluctuations in global oil revenues. Strong performance across manufacturing, transport, trade, and services, combined with targeted state-led investments, supported real GDP growth of approximately 6.5% during the year.

183. The manufacturing sector recorded robust expansion, led by machinery production growth of 21.9%, alongside rising high-value-added exports and increased food manufacturing output. Domestic trade also made a significant contribution to economic activity, with trade turnover reaching nearly 80 trillion tenge (approximately US$168 billion). The transport and logistics sector experienced double-digit growth, supported by Kazakhstan’s strategic role in the Middle Corridor linking Chinese and European markets.

184. Agriculture remained one of the most resilient sectors and continued to sustain growth momentum into early 2026, even as some other sectors showed temporary moderation.

185. To strengthen economic diversification and reduce dependence on fossil fuel revenues, the government intensified domestic revenue mobilization efforts. Non-oil tax collections, including VAT and corporate income tax, increased by 8.1% during the year. In parallel, state-backed institutions such as Baiterek directed more than 1 trillion tenge into manufacturing and agriculture to encourage import substitution and expand non-resource exports, which reached US$41 billion.

Fixed capital investments

186. In 2025, Kazakhstan's fixed capital investment reached 22.7 trillion tenge (approximately 45.2 billion U.S. dollars). This represented a steady continuation of domestic and foreign investment growth across the real sector, with the majority of funding originating from domestic businesses' own revenues.

Retail

187. Kazakhstan's retail sector recorded dynamic growth in 2025, supported by rising domestic demand, population growth, and rapid expansion in e-commerce activity. Total retail trade turnover reached 26.39 trillion tenge (approximately US$51.7 billion), reflecting a year-on-year increase of 7.5%.

188. Non-food products dominated the retail market, accounting for approximately 66.9% of total sales, while food products represented 33.1%. The sector remained largely driven by the private sector, with domestically owned enterprises and individual entrepreneurs generating nearly 90% of total retail trade. Foreign-owned companies accounted for the remaining market share.

189. Retail activity continued to be concentrated in major urban centers, particularly Almaty and Astana, which led the country in retail turnover and modern retail infrastructure expansion.

190. E-commerce maintained strong momentum throughout the year. Online retail accounted for 17.1% of the total retail market structure, while online transaction volumes increased by 27%. Digital consumption was highly concentrated on online marketplaces, which represented approximately 92% of total e-commerce sales value and 96% of all online transactions. Consumer behavior also shifted toward smaller but more frequent purchases, as reflected in the decline in average order values.

191. Despite strong sector growth, inflationary pressures and currency fluctuations affected consumer purchasing power. Nevertheless, real income growth in urban areas and continued government support for small businesses helped sustain retail activity and supply chain stability. Average retail inventory levels remained healthy, with enterprises maintaining stock coverage of approximately 50 to 60 days.

Services and Catering

192. Kazakhstan's services and catering sector continued to modernize rapidly in 2025, driven by the need to address rising operational costs, labor shortages, and evolving consumer expectations. Companies increasingly adopted digital technologies, automation systems, and sustainable operating practices to improve efficiency and maintain profitability.

193. Digital transformation became a central industry trend, particularly within restaurant operations and remote-site catering services. Automation in food delivery management, intelligent menu planning, and advanced food-waste monitoring systems became essential operational tools rather than optional enhancements. Platforms such as Youmeal and Lean path gained relevance for enabling smarter food waste tracking and operational optimization.

194. Corporate and remote-site catering remained the primary growth drivers within the sector. Large integrated service providers, including CAC Kazakhstan, maintained a strong market presence by managing remote facilities for the energy and mining industries. These operators focused heavily on maintaining strict QHSE (Quality, Health, Safety, and Environment) standards while delivering integrated catering and facility management solutions.

Salary

195. In 2025, Kazakhstan's monthly minimum wage was officially set at KZT 85,000 (approximately US$160–165). Despite continued wage growth across several sectors, national labor statistics highlighted a substantial gap between average and median earnings, reflecting uneven income distribution within the economy.

196. Average nominal monthly wages ranged between KZT 423,133 and KZT 473,158 (approximately US$810–910) during the year, reaching their highest level in the fourth quarter. In comparison, the median monthly wage fluctuated between KZT 300,307 and KZT 339,912 (approximately US$575–650), indicating that more than half of the working population earned below the national average wage level.

197. The highest salaries were consistently recorded in the mining, information and communications technology (ICT), and financial services sectors, where earnings frequently exceeded the national average by more than two times. Among the country's top-paying occupations, pilots earned approximately KZT 1.9 million (around US$3,650–3,800) per month, while marine navigators received between KZT 875,000 and KZT 900,000 (approximately US$1,680–1,730). Deputy site managers in the extractive and mining industries earned salaries exceeding KZT 714,000 (around US$1,370) monthly.

198. In more common professional categories, accountants earned average monthly salaries of approximately KZT 308,000 (around US$590), while lawyers received around KZT 294,000 (approximately US$565). Drivers earned roughly KZT 250,000 (around US$480) per month, and kindergarten teachers averaged approximately KZT 199,000 (around US$380), remaining below the national median wage level.

Inflation and income of population

199. In 2025, Kazakhstan experienced renewed inflationary pressures. Annual inflation accelerated throughout much of the year, reaching a peak of 12.9% in September, before easing slightly to 12.3% by December 2025, up from 8.6% a year earlier. The increase was broad-based and was driven mainly by regulated price adjustments, including utility tariff increases and fuel market liberalization, while inflation expectations remained elevated amid discussions of the planned VAT increase toward the end of the year. External inflationary pressures also remained significant, reflecting higher global prices for certain food products, as well as persistently high inflation in Russia alongside the strengthening of the Russian ruble. In response to the rising inflationary pressures, the National Bank of Kazakhstan tightened monetary policy during the year, increasing the base rate from 15.25% to 16.5% in March 2025 and further to 18.0% in October. The base rate remained at this level through year-end to stabilize prices and anchor inflation expectations. To strengthen policy transmission, new minimum reserve requirements took effect from September 2025. Along with this, additional micro- and macroprudential measures were introduced to cool the retail lending market. In the second half of the year, the government also introduced anti-inflationary measures aimed at containing price growth.

200. Food inflation remained particularly severe, with prices for food products increasing by 13.5% annually. Among the sharpest increases were beef prices, which rose by 32.1%, followed by apples at 18.4% and sunflower oil at 17.5%. Non-food goods prices increased by 11.1%, while paid services, including healthcare, rent, and catering services, recorded growth of approximately 12%.

201. In response to sustained double-digit inflation, the National Bank of Kazakhstan tightened monetary policy by raising its benchmark interest rate to 18% by the end of 2025.

202. Despite inflationary pressures, nominal household incomes and wages continued to increase during the year. Average monthly per capita monetary income reached approximately KZT 235,422 (around US$450), reflecting nominal annual growth of 10.6%. Meanwhile, the average nominal monthly salary stood at approximately KZT 461,486 (around US$885).

Trade

203. In 2025, Kazakhstan's total foreign trade turnover reached approximately US$143.9 billion, representing a nominal increase of 1.3% compared to 2024. Export revenues declined by 3.2% to US$79 billion, while imports increased by 7.4% to US$64.8 billion, resulting in a reduced trade surplus of approximately US$14.2 billion. At the same time, domestic trade activity expanded strongly, with internal trade turnover reaching nearly 80 trillion tenge (approximately US$168 billion).

204. Kazakhstan's export structure remained heavily dependent on commodities, with crude oil and petroleum products accounting for 50.5% of total exports. Export revenues from the mineral and transport equipment sectors experienced notable declines during the year, largely due to weaker global commodity prices and softer external demand.

205. Over the period 2021–2025, the Republic of Kazakhstan demonstrated steady growth in both total exports and exports of processed goods. Total merchandise exports increased from USD 60.3 billion to USD 79.0 billion (+31%), while exports of processed goods expanded at a faster pace, rising from USD 19.8 billion to USD 28.7 billion (+44.9%), thereby outpacing the growth of total exports. Consequently, the share of processed goods in Kazakhstan's total exports increased from 32.9% in 2021 to 36.4% in 2025.

206. The *metals industry* continued to account for the largest share of processed goods exports, with exports reaching USD 16.0 billion in 2025, representing 55.5% of total processed exports. At the same time, notable growth was recorded across several higher value-added manufacturing sectors, including *food products* (growth by 2.6 times from USD 1.3 billion to USD 3.4 billion), *chemicals and chemical products* (growth by 2.8 times from USD 919.1 million to USD 2,541.2 million) and *machinery and equipment* (growth by 3.3 times from USD 304.0 million to USD 994.2 million).

207. Overall, the observed trends reflect the continued expansion of Kazakhstan's processed goods exports, accompanied by an increasing share in total exports and the gradual diversification of the export structure through the development of non-resource sectors.

208. In the context of the sustainable economic development of the Republic of Kazakhstan, the modernization of the national technical regulation system has become a key priority.

The Republican State Enterprise Kazakhstan Institute of Standardization and Metrology (KazStandard) under the Committee for Technical Regulation and Metrology of the Ministry of Trade and Integration of the Republic of Kazakhstan serves as a central pillar of this infrastructure. Combining the functions of the National Standardization Body and the State Scientific Metrology Center, the Institute coordinates strategic processes that support technological advancement and the modernization of the country's national measurement standards system.

209. As the state-authorized organization responsible for the establishment and maintenance of the Unified State Fund of Regulatory Technical Documents, KazStandard ensures the legitimacy and transparency of standards applied in Kazakhstan, including national standards (ST RK), interstate standards (GOST), as well as international and regional standards. The Institute provides a comprehensive range of high-value services, including the development and expert review of technical standards, verification and calibration of measuring instruments, scientific research activities, and professional training programs. These efforts directly contribute to enhancing the competitiveness of domestic products, facilitating technology transfer, and strengthening Kazakhstan's integration into the international quality infrastructure system. ***Strategic Focus:*** *KazStandard's activities are aimed at harmonizing the national standardization system with international requirements, which is essential for the global recognition of Kazakhstan's measurement results and for reducing technical barriers to trade.*

210. One of the most dynamic avenues for diversifying Kazakhstan's exports is the development of the **Halal industry**, supported by strong institutional backing from the state. The specialized **Halal Conformity Assessment Body** of KazStandard provides international certification services for domestic products in accordance with globally recognized standards, including **GSO 2055-1** (requirements for Halal food products) and **GSO 993** (requirements for animal slaughtering practices).

211. The high level of confidence in Kazakhstan's Halal certification system is demonstrated by the accreditation of KazStandard's Halal Conformity Assessment Body by the Emirates International Accreditation Centre (EIAC) in the United Arab Emirates, with accreditation validity extending through 2028 and subject to annual independent external audits. In addition, the Body has been successfully registered with the key regulatory authorities of the Kingdom of Saudi Arabia, namely the Saudi Standards, Metrology and Quality Organization (SASO) and the Saudi Food and Drug Authority (SFDA). This institutional recognition provides Kazakhstani producers with direct access to the rapidly growing and high-value markets of the Middle East, strengthening export opportunities and enhancing the international competitiveness of Kazakhstan's agricultural and food products.

Target Sector / Category	Geographic Coverage	Economic Impact
• Meat and meat products • Dairy products • Flour, cereals, and pasta products • Processed food products	• Saudi Arabia • United Arab Emirates • Kuwait, Bahrain, Qatar, Oman	• Single recognized certificate • Reduction of transaction costs • Streamlining of customs procedures

212. The implementation of an integrated certification system through KazStandard generates significant microeconomic and macroeconomic benefits for Kazakhstan's economy:

Optimization of logistics and time-related costs: Obtaining a single internationally recognized Halal certificate issued by KazStandard's Halal Conformity Assessment Body eliminates the need for repeated and costly conformity assessment procedures abroad. This significantly reduces the time required to introduce products to target markets (time-to-market).

Expansion of market access: Recognition of the certification system facilitates access to the markets of the Gulf Cooperation Council (GCC) countries, enabling exporters to diversify the geographical structure of agricultural and food exports and reduce dependence on traditional markets.

Enhancement of brand value and competitiveness: Official recognition by the EIAC, SASO, and SFDA helps reduce non-tariff trade barriers, minimizes the risk of import restrictions and product claims, strengthens confidence among international buyers, and increases the overall investment attractiveness of Kazakhstan's food-processing and manufacturing enterprises.

213. On the import side, rising consumer demand contributed to growth in machinery and vehicle imports. Passenger cars alone accounted for approximately 4.4% of total imports, highlighting continued demand for consumer goods and transportation equipment.

214. External trade remained concentrated among a limited number of partners. Kazakhstan's top ten export destinations represented approximately 79% of total exports. Imports were dominated by Russia and China, which supplied 29.7% and 29.2% of total imports respectively.

215. The agricultural trade sector achieved notable growth during the year, supported by expanding international partnerships. Agricultural trade with China increased by 36.8%, while trade with Türkiye rose by 25% to nearly US$360 million.

216. Domestic wholesale and retail trade remained an important contributor to economic activity, accounting for approximately 26% of total GDP growth. Wholesale trade emerged as one of the strongest drivers of economic expansion, reflecting healthy business inventories and rising commercial activity. However, economic concentration remained centered around major urban hubs, particularly Almaty and Astana.

217. Geopolitical developments further increased the strategic importance of Kazakhstan's logistics and transport sector. The government continued investing in the expansion of the Caspian Sea ports of Port of Kuryk and Port of Aktau, while accelerating development of the Trans-Caspian International Transport Route. Additional investments focused on upgrading Almaty International Airport into a major regional logistics hub for Central Asia.

218. To reduce dependence on mineral revenues and strengthen economic diversification, the government prioritized the expansion of high-value-added non-resource exports, which reached approximately US$41 billion in 2025. Economic policy also focused on increasing the capitalization of national development institutions to finance more than 1,500 projects across agriculture, manufacturing, and infrastructure sectors.

Employment

219. Kazakhstan's labor market remained stable and resilient throughout 2025, supported by steady economic growth and continued expansion in non-oil sectors. Total employment reached approximately 9.32 million people, while the national unemployment rate remained unchanged at 4.6%, indicating relatively strong labor market conditions.

220. The country recorded a labor force participation rate of 67% among the population aged 15 and older, placing Kazakhstan among the stronger-performing labor markets globally. The employment-to-population ratio stood at approximately 64.6%, reflecting broad workforce engagement across the economy.

221. Youth unemployment among individuals aged 15 to 34 remained comparatively low at 3.1%, supported by sustained hiring activity in trade, services, manufacturing, and public sector industries.

222. Formal salaried employment continued to dominate the labor market, while informal employment levels gradually declined as economic activity became increasingly formalized and regulated.

223. Employment remained concentrated in several core sectors of the economy. Wholesale and retail trade represented the largest source of employment, accounting for approximately 17.0% of the workforce. The education sector followed with 13.2% of total employment, while industry and manufacturing contributed 12.5%. Agriculture remained an important employer, accounting for approximately 10.3% of total employment, particularly in rural regions.

Energy

224. Kazakhstan's energy sector underwent significant transformation in 2025, driven by large-scale infrastructure modernization, rising hydrocarbon production, and accelerated investment in renewable energy. The government launched a long-term modernization initiative valued at approximately 6.2 trillion tenge (around US$11.5 billion), aimed at upgrading national energy and utility infrastructure through 2029.

225. Oil production increased substantially following completion of the Future Growth Project at the Tengiz oil field, which added approximately 12 million tonnes to annual output capacity. Natural gas production also expanded, supported by development of new fields such as Barkhannaya gas field.

226. The domestic fuel market continued transitioning away from strict administrative price controls toward more market-oriented pricing mechanisms, with the government aiming to improve supply stability and investment attractiveness.

227. In refining, Kazakhstan advanced plans to significantly expand the capacity of the Shymkent Oil Refinery from 6 million to 12 million tonnes annually, strengthening domestic fuel processing capacity and reducing import dependency.

228. Renewable energy development accelerated throughout 2025. Nine new renewable energy facilities with a combined generating capacity exceeding 500 megawatts were commissioned during the year, increasing total installed renewable capacity to approximately 3.5 gigawatts. Renewable energy sources officially accounted for roughly 7% of Kazakhstan's total electricity generation mix in 2025. The government maintained its long-term clean energy targets of generating 15% of national electricity from renewable sources by 2030 and 50% by 2050.

229. The government approved a comprehensive national modernization program focused on upgrading aging power generation and utility infrastructure. Under the initiative, nearly 6.2 trillion tenge (approximately US$11.5 billion) will be invested across 29 major energy generation projects by 2029.

230. As part of Kazakhstan’s emissions reduction strategy, authorities accelerated coal-to-gas conversion projects for heavily polluting thermal power facilities, including Almaty CHP-2 and Almaty CHP-3. These projects are intended to reduce carbon emissions and improve air quality in densely populated urban regions.

231. Kazakhstan also continued advancing plans for its first nuclear power plant. During 2025, government agencies evaluated international reactor technologies and proposals from global suppliers as part of broader efforts to establish a long-term national nuclear energy strategy and secure future strategic partnerships.

TOURISM INDUSTRY

232. In 2025, Kazakhstan’s tourism industry continued to develop as a key service-sector contributor, supported by infrastructure upgrades, digital transformation, and increasing regional integration. The sector showed a clear shift toward sustainable and eco-tourism development, with growing emphasis on nature-based, cultural, and cross-border travel experiences.

233. Kazakhstan welcomed 11,1 million foreign tourists in 2025 and top 5 source markets are Uzbekistan, Russia, Kyrgyz Republic, China and Tajikistan.[4]

234. Kazakhstan’s tourism sector has also experienced significant growth in terms of investments which have risen by 32% in 2025 exceeding 1.2 trillion KZT (approximately US$2.39 billion) as well as the number of tourists staying in accommodation facilities increased by 12% in 2025. [5]

235. Major cities such as Almaty and Astana continued to serve as primary entry points for international visitors, while natural destinations and protected areas supported the expansion of mountain tourism, medical tourism and business tourism segments. Kazakhstan hosted 13 international events in 2025, in particular, Almaty, as the main business hub, requires a modern international-level congress and exhibition center.[6]

236. Kazakhstan Government sees medical tourism as one of the promising trends since Kazakhstan boasts quality and availability of medical services. In 2025, Kazakhstan received 80,000 foreign patients and the country has ten medical institutions holding JCI international accreditation. A Roadmap for medical tourism (2026–2028) is being developed to define the future steps to grow health tourism in Kazakhstan. [6]

237. According to WTTC data, the GDP contribution of the travel and tourism sector to the national economy of Kazakhstan is $9.3 billion by 2025 which is %3.2 of the overall GDP. The expenditure of the foreign visitors is around $3.5 billion in 2025 while travel and tourism sector employs 335600 people in Kazakhstan. [7]

238. Digital transformation also played an important role in the sector’s modernization. Tourism services increasingly adopted digital platforms for booking, marketing, and visitor management, improving accessibility and efficiency for both domestic and international tourists.

[4] Source: https://stat.gov.kz/en/industries/business-statistics/stat-tourism/
[5] Source: https://astanatimes.com/2026/01/kazakhstans-tourism-investments-surge-32-to-over-2-billion/
[6] Source: https://timesca.com/kazakhstans-tourism-industry-generated-more-than-1-3-billion-in-tax-revenue-in-2025/
[7] Source: WTTC 2026 Economic Impact Research (EIR) Highlights: Kazakhstan

IV

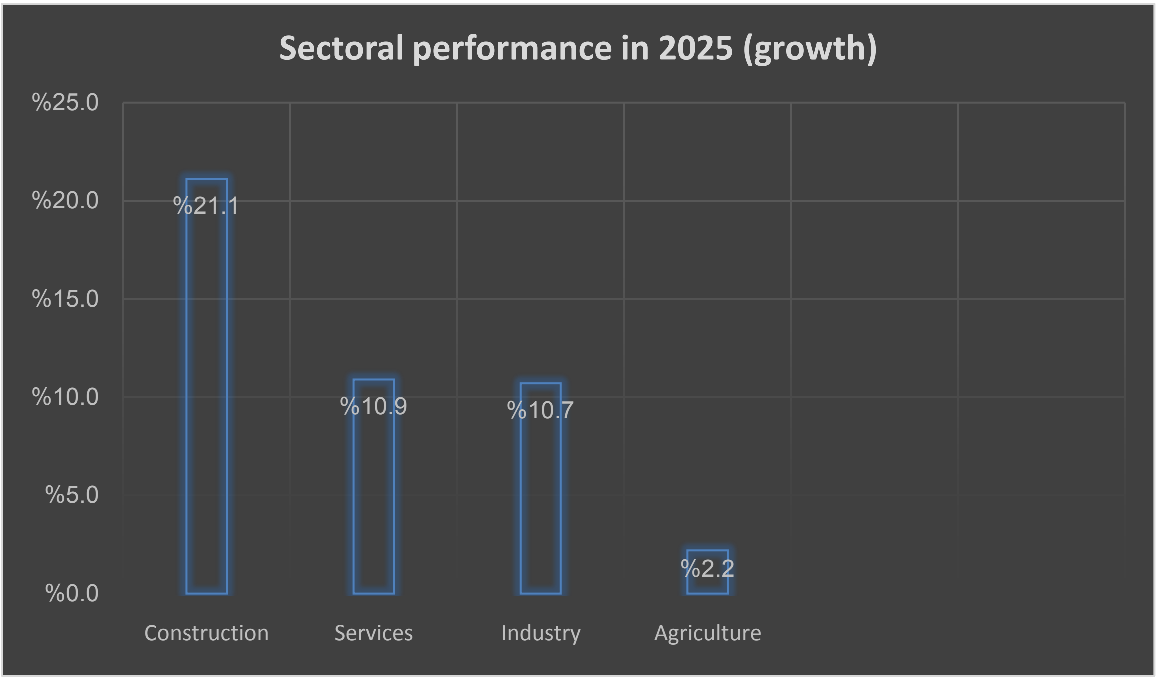
THE KYRGYZ REPUBLIC

The Kyrgyz Republic
Population 7,4 mln
GDP 22,8 bln USD
GDP per capita 2984 USD
Inflation 8.2%
Currency exchange rate Som 87 /1USD

239. In 2025, the Kyrgyz Republic experienced a strong economic expansion, with real GDP growth reaching 11.1%, bringing output to approximately 1.976 trillion som (about US$22.8 billion). This represents a near doubling of the economy since 2022, driven primarily by robust domestic demand, construction activity, and private consumption.

240. Inflation averaged 8.2% over the year, influenced by rising food prices and adjustments in utility and heating tariffs. Public debt increased to 39.5% of GDP, partly due to the issuance of a US$700 million Eurobond in June. Despite this, the government recorded a fiscal surplus of 2.6% of GDP, supported by strong tax and customs revenue collection.

241. Sectoral performance was broadly positive across the economy. The construction sector led growth with an expansion of 21.1%, driven by infrastructure and real estate development. The services sector grew by 10.9%, supported by wholesale and retail trade. The industrial sector increased by 10.7%, with notable gains in manufacturing, including a 70% rise in pharmaceutical production and 30.1% growth in food production. Agriculture grew more modestly at 2.2%.



242. Looking ahead, international institutions such as the World Bank emphasize the need for structural reforms to sustain long-term growth. Key priorities include reducing the role of state-owned enterprises, improving competition, and diversifying exports beyond gold dependency.

Fixed capital investments

243. In 2025, fixed capital investments in the Kyrgyz Republic reached 374.6 billion KGS, representing an 18.4% increase compared to 2024. The growth was primarily driven by domestic funding sources, including housing programs, infrastructure development, and private sector investments, particularly from industry and mobile operators.

244. Total investment volume amounted to 374.6 billion KGS, with strong year-on-year expansion supported by sustained domestic demand and ongoing economic reforms. The capital city, Bishkek, remained the primary investment hub, attracting over 123.1 billion KGS, marking a 24.4% increase.

245. Investment was concentrated in a limited number of key sectors, with more than 82% of total capital allocated to construction and housing, mining and manufacturing, transportation and logistics, energy and electricity supply, and education infrastructure.

246. Growth was supported by several major drivers. Housing and real estate investment expanded under state-backed initiatives such as the "Menin Üyüm" (My Home) program. The tourism sector also contributed through developments in mountain resort infrastructure, including the Ala-Tuu Resort (formerly "Three Peaks") project in the Issyk-Kul region. In addition, infrastructure modernization continued across major cities such as Bishkek and Osh, alongside ongoing telecommunications upgrades nationwide.

247. Overall, investment growth reflected strong domestic demand, government-supported housing initiatives, and continued infrastructure expansion across key economic sectors.

Retail

248. In 2025, the retail sector of the Kyrgyz Republic experienced rapid expansion, driven by strong domestic consumption, rising tourism inflows, and improving purchasing power. Retail trade turnover, including vehicle repair, reached approximately 854.1 billion KGS (about 9.8 billion USD), marking a 20.3% year-on-year increase.

249. Growth was supported by a sharp rise in private consumption, which increased by 17.4% in real terms. The structure of retail sales showed faster growth in non-food goods (+32.8%) compared to food products (+17.5%). Overall, the retail mix consisted of 54.5% food products and 45.5% non-food goods.

250. Regional activity remained highly concentrated in urban centers. Bishkek accounted for nearly 60% of total retail turnover, with strong quarterly performance and continued dominance as the country's main consumption hub. Additional growth was recorded in Chuy Province (+21.7%) and Osh City (+31.5%), reflecting broader geographic expansion of retail activity.

251. The sector continued to modernize in 2025. Traditional bazaars and small shops remained important, but growth was increasingly driven by supermarkets, organized retail chains, and formal commercial centers. E-commerce also expanded significantly,

reaching an estimated 525 million USD, supported by digital payment adoption, improved internet access, and growth in cross-border and quick-commerce platforms.

252.The automotive and fuel retail segments recorded particularly strong performance, with automotive sales expanding significantly faster than traditional wholesale trade, reflecting increased mobility demand and consumer purchasing power.

253.Overall, the retail boom was supported by broader macroeconomic conditions, including 11.1% GDP growth and moderate inflation of 6.9%, which helped maintain affordability of essential goods. Tourism also played a major role, with nearly 21 million foreign entries contributing to higher retail and hospitality spending across the country.

Services and Catering

254.In 2025, the Kyrgyz Republic’s services and HoReCa (hotels, restaurants, catering) sector recorded strong expansion, supported by rising tourism, sustained GDP growth, and increasing domestic consumption. The sector also underwent notable regulatory and tax changes aimed at improving transparency and consumer protection.

255.Sector growth was particularly visible in urban centers, with over 626 new hotels, restaurants, and catering establishments opening in Bishkek alone during the year. This rapid expansion reflects both rising demand and increased private investment in the hospitality industry.

256.The services sector continued to play a central role in the national economy, accounting for over 52% of GDP. Overall economic growth of 11.1% provided additional momentum, reinforcing services as the primary driver of structural expansion.

257.Industry development was also supported by institutional and capacity-building initiatives. The United Nations Food and Agriculture Organization (FAO) conducted training programs aimed at improving food safety standards and strengthening HACCP compliance across catering and food service businesses.

258.At the same time, the sector faced significant regulatory changes. The government introduced legislation banning mandatory service fees, including tips, dish delivery charges, and table-setting fees, with implementation scheduled for January 2026. Under the new rules, all service costs must be included in displayed menu prices to improve price transparency for consumers.

259.Taxation policies also remained a key issue for the industry. Catering businesses operate under an 8% turnover tax within the simplified single-tax regime, which has generated ongoing debate regarding its impact on pricing structures, profitability, and employment conditions.

260.Overall, the HoReCa sector in 2025 was characterized by rapid expansion, increasing formalization, and tighter regulation, reflecting broader structural changes in the Kyrgyz economy

Salary

261.In 2025, the average monthly nominal salary in the Kyrgyz Republic was approximately 42,954 KGS (around 485–500 USD). This marked a substantial year-on-year increase of about 19.1% compared to 2024, reflecting strong nominal income growth across the economy.

262. Wage growth was supported by robust overall economic performance, including 11.1% GDP expansion, strong domestic demand, and tight labor market conditions in key urban and service sectors. Growth in construction, services, and retail trade also contributed to upward pressure on wages, particularly in cities.

263. Despite strong nominal wage growth, real income dynamics were influenced by inflation, which averaged around 8.2% in 2025. This indicates that while purchasing power improved, a portion of wage gains was offset by rising prices for food, utilities, and services.

264. Overall, the wage trend in 2025 reflected a period of rapid economic expansion and labor market tightening, with nominal incomes rising strongly across both public and private sectors.

Inflation and income of population

265. In 2025, Kyrgyzstan recorded an average annual inflation rate of 8.2%, reflecting moderate but persistent price pressures across key consumer categories. Inflation was primarily driven by higher food prices, utility tariffs, and transport and service costs, with services showing the strongest increases compared to goods.

266. Despite inflationary pressures, household incomes continued to rise in nominal terms. Average monthly nominal wages reached approximately 42,954 KGS (around 485–500 USD), representing a year-on-year increase of about 19.1%. Total household cash incomes also grew in nominal terms, supported by strong economic activity, particularly in construction, services, and retail sectors.

267. However, real income growth was more moderate once adjusted for inflation. While wages outpaced inflation on average, the increase in prices reduced the overall improvement in purchasing power for many households, especially in lower-income and rural groups where food and energy expenses account for a larger share of consumption.

268. Overall, the 2025 income–inflation balance in Kyrgyzstan reflected a period of strong nominal income growth combined with moderate inflation at 8.2%, resulting in gradual but uneven improvements in real living standards.

Trade

269. In 2025, the Kyrgyz Republic recorded a total foreign trade turnover of approximately 14 billion USD, reflecting a year-on-year decline of about 12.2%. This contraction was mainly driven by a sharp normalization in re-export activity and a reduction in export revenues compared to previous years of elevated transit-driven trade.

270. Export performance weakened significantly during the year, with some estimates indicating declines of nearly 40% in certain periods. Imports also adjusted, though to a lesser extent, reflecting changes in domestic demand patterns and regional supply chain stabilization after earlier disruptions.

271. Trade with the Eurasian Economic Union (EAEU) remained a key pillar of external economic relations. Total mutual trade with EAEU partners increased by 7.7% to approximately 5.9 billion USD. Russia accounted for around 65% of this trade, while Kazakhstan represented roughly 31.5%, confirming their dominant roles in Kyrgyz external commerce within the bloc.

272. Beyond the EAEU, important export destinations included Uzbekistan and Switzerland, highlighting a combination of regional trade integration and niche external export channels.

273. Throughout 2025, the government actively managed trade flows through policy interventions, including temporary export restrictions on selected raw materials such as livestock and scrap metals. These measures were aimed at stabilizing domestic supply and controlling price volatility in key commodities.

274. A notable feature of 2025 was the continued normalization of re-export activity following earlier peaks linked to shifting regional logistics and supply chain rerouting. This led to a more balanced but lower overall trade volume compared to previous years.

275. As a landlocked developing country, Kyrgyzstan also increased engagement in international initiatives focused on trade facilitation and transport efficiency. In particular, cooperation with the Economic Cooperation Organization region played an important role in efforts to improve regional connectivity, reduce logistics costs, and strengthen cross-border trade corridors across Central and South Asia.

276. Overall, Kyrgyzstan's 2025 trade performance reflected a transition from re-export-driven expansion toward more stable, institutionally integrated regional trade, with EAEU and ECO cooperation forming key strategic frameworks.

Exchange rate

277. In 2025, the Kyrgyzstani som remained relatively stable against major foreign currencies. The average exchange rate was approximately 87.3–87.5 KGS per US dollar over the year, with only minor fluctuations within a narrow trading band. Throughout 2025, the currency traded roughly between 85.6 KGS and 87.5 KGS per USD.

278. This stability was supported by steady foreign exchange inflows, including remittances and trade-related currency earnings, as well as the country's close economic ties with the Eurasian Economic Union. The US dollar continued to serve as the main reference currency for pricing, savings, and external trade transactions.

279. Overall, the Kyrgyzstani som showed low volatility in 2025, reflecting a generally stable exchange rate environment and a managed approach to currency movements.

Employment

280. In 2025, the Kyrgyz Republic's labor market remained tight, supported by strong job creation, low unemployment, and increasing demand for both skilled and unskilled workers. The official unemployment rate was estimated at around 1.8% to 3.7%, indicating near-full employment conditions in the formal sector.

281. Job creation remained strong throughout the year. More than 229,200 new jobs were created in the first nine months of 2025, adding to over 263,100 jobs generated in 2024. This expansion was driven mainly by growth in construction, services, and trade-related activities.

282. Average wages continued to rise significantly. The average monthly salary reached approximately 42,919 KGS (around 499 USD), reflecting a nominal increase of about

19.2% year-on-year. However, wage distribution remained uneven, with variations across sectors and regions.

283. Despite strong employment growth, vulnerable employment remained relatively high. The rate stood at about 25.3% for women and 31.3% for men, highlighting persistent informal or less secure forms of work compared to regional averages in Europe and Central Asia.

284. Sectorally, employment in industry and services expanded, with the industrial sector accounting for roughly 26.8% of total employment. At the same time, the economy faced acute labor shortages, particularly in blue-collar occupations, driven by rising domestic demand and changing migration patterns.

285. To address these shortages, the government expanded the foreign labor quota to 42,000 workers in 2025. In parallel, Kyrgyzstan strengthened labor governance by ratifying ILO Convention No. 181, improving regulation of private employment agencies and worker protection mechanisms for citizens employed abroad.

286. A major legislative development was the entry into force of the updated Labor Code, which formally recognized remote and hybrid work arrangements. It also introduced employment quotas aimed at improving labor inclusion for vulnerable groups, including persons with disabilities and graduates of orphanages.

287. Overall, the 2025 labor market reflected strong job growth and tightening conditions, alongside structural challenges such as labor shortages and a relatively high share of vulnerable employment.

Energy

288. In 2025, the Kyrgyz Republic’s energy sector underwent significant structural transformation aimed at diversifying the energy mix, reducing dependence on hydropower, and reforming long-standing subsidy systems. The sector faced increasing pressure from rising electricity demand and variability in water inflows, prompting accelerated investment in alternative energy sources and infrastructure modernization.

289. A major milestone in 2025 was the commissioning of the country’s first large-scale 100 MW solar power plant in the Chui Region, completed in December. The project, valued at approximately 56 million USD, is expected to generate around 210 million kilowatt-hours annually. In addition, eight small hydropower plants were brought online, further expanding renewable generation capacity beyond traditional large hydro facilities.

290. At the same time, the government expanded coal-related infrastructure to address seasonal energy shortages. A major coal logistics and enrichment project in Osh was launched with initial investment support of around 50 million USD, including Chinese financing. The discovery of five new coal seams in 2025 also strengthened domestic fuel supply prospects and supported both internal generation needs and potential regional exports.

291. Policy reforms played a central role in reshaping the sector. Authorities advanced tariff restructuring and subsidy reduction policies aimed at improving financial sustainability, increasing transparency, and attracting private investment, with support from development partners including the World Bank Group. These reforms marked a shift toward a more market-oriented energy pricing system.

292. Strategically, the government adopted the Green Economy Development Programme (GEDP) in September 2025. The programme sets targets to reduce GDP energy intensity by 20% and expand renewable energy adoption by 2029, reinforcing the country's long-term decarbonization agenda.

293. Looking ahead, the Kyrgyz energy system remains historically dependent on hydropower, making it vulnerable to climatic fluctuations and seasonal water shortages. To address these structural risks, the National Energy Program until 2035 focuses on grid modernization, digitalization to reduce commercial losses, and continued expansion of renewable and thermal capacity.

294. Overall, the 2025 energy sector reflects a transition phase characterized by diversification, infrastructure expansion, and gradual policy liberalization aimed at ensuring long-term energy security and sustainable growth.

TOURISM INDUSTRY

295. Kyrgyzstan's tourism industry continued to expand in 2025, remaining an important contributor to the country's economic growth. According to the National Statistical Committee, revenue from foreign visitors reached $1.098 billion in 2025, up from $1.016 billion in 2024. Tourism accounted for 3.8% of GDP, compared to 3.6% the previous year. At the same time, Kyrgyz citizens spent $564 million on travel abroad. Kyrgyz Republic's foreign visitor numbers for 2025 is around 10 million.[8]

296. Regional performance was highly concentrated in Issyk-Kul, which remained the country's main tourism hub. The region attracted about 2.63 million domestic and international visitors, stimulating strong growth in local hospitality businesses. The number of households offering accommodation increased from 4,866 to 6,330, indicating rapid expansion of community-based tourism services. [9]

297. The government also approved the Programme for Sustainable Tourism Development (2025–2030), which aims to increase tourism's share of GDP to 7%. The strategy emphasizes digital transformation, environmental protection, and preservation of cultural and natural heritage, with a strong focus on mountain and eco-tourism. Mountain tourism continued to be a central pillar of national branding. Ski and high-altitude destinations such as the Karakol Ski Resort gained increasing international attention, alongside long-distance hiking routes and alpine ecosystems. [10]

298. Karakol was also officially designated as the ECO Tourism Capital for 2029 at the 6th ECO Ministerial Meeting on Tourism. This decision reflects the city's strategic role in mountain tourism, ski infrastructure development, and eco-tourism promotion, and is expected to strengthen regional cooperation in tourism across ECO member states.

299. According to the Kyrgyz Tourism Development Fund, most visitors arrive from Uzbekistan, followed by Kazakhstan and Russia. At the same time, the number of tourists from Arab and European countries, as well as from China, India, and the United States, has been steadily increasing.

---

[8] Source: https://24.kg/ekonomika/367557_dohodyi_kyirgyizstana_otturizma_prevyisili_1milliard_poitogam_2025_goda/

[9] Source: https://kg.mir24.tv/news/16671584/turisticheskaya-infrastruktura-kyrgyzstana-prodolzhaet-rasshiryatsya

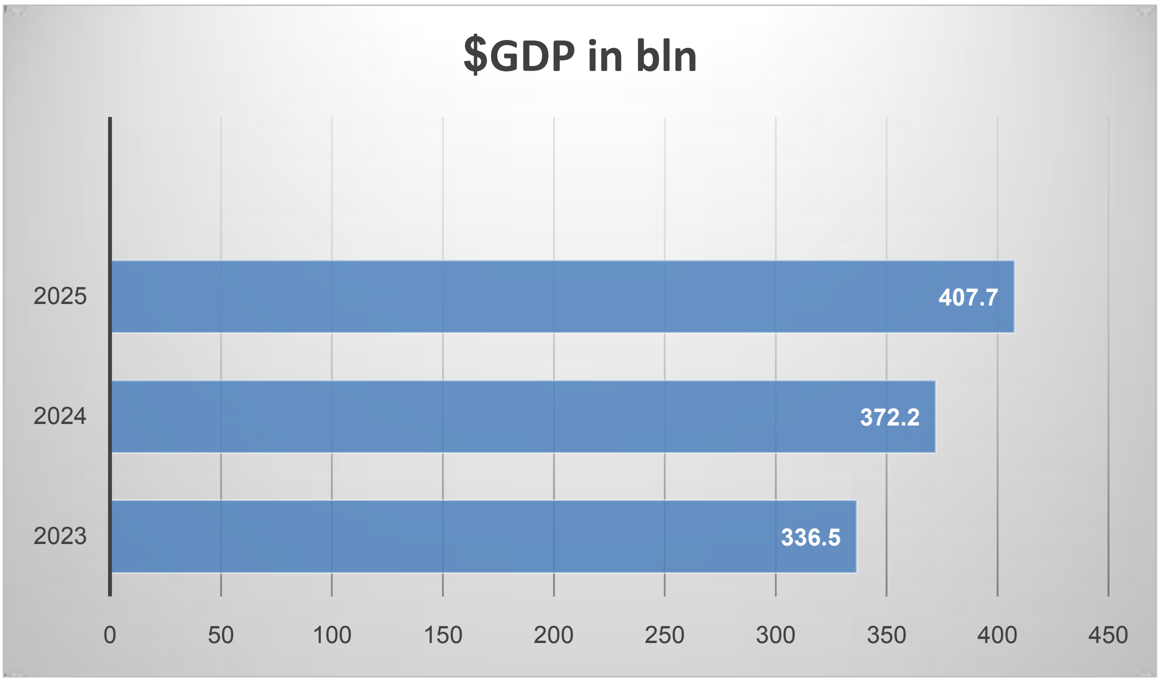
[10] Source: https://timesca.com/kyrgyzstan-launches-sustainable-tourism-development-program/

V 

ISLAMIC REPUBLIC OF PAKISTAN

Pakistan	2025
Population	255 mln
GDP nominal	410 bln$
GDP per capita	1707$ nominal
GDP growth	2.7%
Inflation	3.53%
Currency exchange rate	PKR 281,61 /1USD

300.In 2025, Pakistan achieved significant macroeconomic stabilization under the International Monetary Fund Extended Fund Facility (EFF), transitioning from economic crisis toward gradual recovery. Real GDP growth remained moderate at around 2.7%–3.1%, while nominal GDP reached nearly US$410 billion. Recovery in industrial activity, stronger remittances, and improved external stability supported economic performance.



301.Inflation declined sharply to nearly 3.5%–3.8%, compared with the extremely high inflation levels of previous years. Lower global commodity prices, exchange-rate stability, and strict monetary policies helped reduce price pressures. Consequently, the State Bank of Pakistan reduced the policy interest rate from 22% to around 11% by mid-2025 to encourage investment and economic activity.

302.Fiscal management improved considerably, with the government achieving a primary budget surplus of approximately 3.0% of GDP through expenditure controls, subsidy reforms, and improved tax collection. Pakistan's external sector strengthened as overseas remittances reached record levels of nearly US$38 billion, supporting foreign exchange reserves and maintaining a current account surplus.

303. Sectoral performance remained uneven. Agriculture grew marginally by about 0.6% due to floods, climate shocks, and pest infestations. The services sector expanded by roughly 2.9%, while IT exports surpassed US$3.7 billion, making technology one of the fastest-growing industries. Industrial activity and manufacturing also gradually recovered amid easing inflation and improved import availability.

304. The government accelerated structural reforms and privatization efforts, particularly through the planned privatization of Pakistan International Airlines (PIA). Despite improvements, Pakistan continued to face challenges including high public debt, energy inefficiencies, political uncertainty, and climate vulnerability. Overall, 2025 marked a year of stabilization and cautious economic

Fixed capital investments

305. In 2025, Pakistan recorded a moderate recovery in fixed capital investment, which reached approximately US$51.8 billion. Investment activity improved gradually as macroeconomic conditions stabilized under the International Monetary Fund reform program. However, overall investment levels remained below long-term potential due to high financing costs, fiscal constraints, and structural weaknesses in the industrial sector.

306. Public sector development spending became the primary driver of fixed capital formation growth. The government expanded infrastructure and development projects despite tight fiscal conditions and ongoing consolidation efforts. Public investment focused mainly on transport, energy, and strategic infrastructure aimed at supporting long-term economic stability.

307. Private sector investment remained uneven. Manufacturing investment continued to decline for a second consecutive year due to previously high interest rates, expensive credit, energy costs, and weak industrial competitiveness. Nevertheless, Large-Scale Manufacturing (LSM) began showing early signs of stabilization as inflation eased and monetary conditions improved.

308. Investment in renewable energy and green technology increased during the year. A major development was the entry of BYD into Pakistan’s electric vehicle market through collaboration with Mega Motor Company, marking the beginning of local EV production and signaling growing investor interest in sustainable industries.

309. The services and technology sectors remained among the strongest areas for private investment. Pakistan’s IT industry continued expanding rapidly, supported by rising global demand for digital services and record IT exports exceeding US$3.7 billion. Increased investment in telecommunications, fintech, software development, and digital infrastructure strengthened the country’s growing services economy.

310. Monetary conditions improved significantly during 2025. Inflation moderated to around 5%–7%, enabling the State Bank of Pakistan to gradually reduce interest rates to nearly 10.5%. Despite this easing cycle, analysts argued that deeper single-digit interest rates would be necessary to stimulate stronger industrial and long-term private investment.

311. Privatization and structural reforms also gained momentum. Investor interest in state-owned enterprises increased, particularly with the privatization process of Pakistan International Airlines (PIA). The government viewed privatization as an important strategy for attracting private capital, reducing fiscal burdens, and improving efficiency in public enterprises.

312.Foreign Direct Investment (FDI), however, remained relatively weak at below 1% of GDP. Although domestic investment sentiment improved and the KSE-100 Index crossed 170,000 points, foreign investors remained cautious because of political uncertainty, external financing risks, and global supply chain adjustments. Overall, 2025 represented a year of gradual investment recovery, with stabilization laying the groundwork for future industrial expansion and private-sector growth.

Retail

313.In 2025, Pakistan's retail sector evolved into a nearly US$200 billion market, supported by urbanization, digitalization, and a growing middle class. Despite inflationary pressures and economic stabilization measures, retail activity continued expanding due to strong consumer demand, a large youth population, and rising internet penetration.

314.The sector remained heavily dominated by over 2.5 million traditional small-scale shops, though organized retail and modern trade expanded rapidly. Supermarkets, shopping malls, and branded retail outlets grew significantly, particularly in tier-2 cities. Punjab remained the center of organized retail, hosting more than 67% of the country's 5,200+ supermarkets.

315.Fashion and apparel continued to be one of the largest retail segments, valued at around US$5.66 billion. Demand for traditional clothing remained strong, while major brands such as Khaadi, Gul Ahmed, and Sapphire expanded through physical stores, online platforms, and international markets.

316.E-commerce and digital retail experienced rapid growth, driven by more than 124 million internet users and increasing smartphone usage. Retailers increasingly adopted digital payments, fintech partnerships, and prepaid models to reduce reliance on traditional Cash-on-Delivery (COD) systems and improve cash flow efficiency.

317.Although the sector continued to face challenges such as inflation, taxation, and high operating costs, ongoing digital transformation and the expansion of organized retail positioned Pakistan's retail industry for continued long-term growt

Services and Catering

318.In 2025, Pakistan's catering industry continued to expand, driven by large-scale weddings, corporate events, and growing demand for professional event management services. The sector remained closely linked to Pakistan's hospitality and wedding economy, which is among the largest contributors to urban consumer spending.

319.Catering costs generally ranged between PKR 1,000 and PKR 6,500 per person, depending on menu selection, service quality, venue scale, and event customization. Demand for premium dining experiences, themed weddings, and corporate functions increased significantly, particularly in major urban centers.

320.Leading companies such as Hanif Rajput Caterers and Ziafat Catering strengthened their market presence through large-scale event operations, modernized menus, and full-service event management solutions. Businesses increasingly focused on health-conscious food options, international cuisines, and experiential dining concepts to attract upper-middle and high-income consumers.

Salary

321.In 2025, Pakistan’s average gross monthly salary ranged between PKR 60,000 and PKR 82,100 (approximately US$215–290), reflecting gradual wage adjustments during a period of economic stabilization and declining inflation. Salaries varied widely across sectors, cities, and skill levels due to the country’s large informal economy.

322.Median monthly income remained lower, estimated between PKR 25,000 and PKR 39,000, indicating that a significant share of workers earned below the national average. Informal employment and income inequality continued to limit overall purchasing power for many households.

323.The statutory minimum wage for unskilled workers stood at PKR 40,000 per month in major provinces including Punjab, Sindh, and Khyber Pakhtunkhwa, while Islamabad and Balochistan maintained a minimum wage of around PKR 37,000 per month.

324.Higher-paying industries included information technology, banking, telecommunications, and multinational companies, whereas agriculture, retail, and informal labor sectors generally offered lower wages.

Inflation and income of population

325.In 2025, Pakistan experienced a strong disinflationary phase, with headline inflation easing significantly after the extreme price pressures of previous years. Inflation declined steadily during the year and stabilized at around 3.5%–3.8% by year-end, making it one of the lowest inflation readings in several years.

326.The decline in inflation was supported by lower global commodity prices, improved exchange-rate stability, fiscal consolidation, and tight monetary policy under the International Monetary Fund program. As inflation eased, the State Bank of Pakistan was able to reduce interest rates, helping stabilize financial conditions and support economic activity.

327.Despite the sharp fall in inflation, household purchasing power remained under pressure. Prices had already risen significantly in previous years, so even with lower inflation in 2025, the overall cost of living remained high. Essential categories such as education, utilities, and non-perishable food items continued to weigh on household budgets.

328.Overall, 2025 was a year of price stability rather than price relief, as inflation normalized to around 3.8% but the effects of earlier inflation continued to impact real inc

Trade

329.In 2025, Pakistan’s external trade reflected a phase of macroeconomic stabilization alongside persistent structural imbalances. Goods exports reached approximately US$27.3 billion, while imports rose to about US$48.6 billion, resulting in a trade deficit of nearly US$21.3 billion. Despite the widening gap, external stability was supported by strong remittance inflows and improved financial discipline under the broader reform framework of the International Monetary Fund.

330. Exports remained heavily concentrated in textiles and apparel, which accounted for more than 55% of total goods exports. Key categories included knitwear, garments, and bed linen, with the European Union continuing as a major export destination under preferential trade access. The textile sector remained the backbone of Pakistan's export economy, though it continued to face energy cost and competitiveness challenges.

331. The services sector showed strong momentum, particularly in information technology. IT exports grew to over US$3.1 billion, strengthening the services account and partially offsetting the merchandise trade deficit. Agricultural exports such as rice and other food products remained important but experienced volatility due to climate impacts and global price fluctuations.

332. Imports were dominated by essential and industrial inputs, including palm oil, crude oil, and electrical machinery, reflecting Pakistan's reliance on energy and capital goods imports to sustain domestic consumption and production.

333. Overall external balance was stabilized by record remittances exceeding US$31 billion, which helped cushion the trade deficit and support foreign exchange reserves.

334. On the policy side, Pakistan adopted a more export-oriented strategy, shifting toward a 2025–2030 trade framework aimed at raising exports toward US$60 billion. Reforms focused on reducing energy costs, improving industrial competitiveness, and lowering the cost of doing business to support long-term export expansion.

Employment

335. Pakistan's labor market in 2025 reflected structural transition alongside changes in statistical measurement. The unemployment rate stood at 5.4% under the ILO-modeled World Bank methodology, indicating relative stability in open unemployment, while the labor force size reached approximately 85.2 million persons. Labor force participation remained broadly stable at around 52.3%, consistent with World Bank historical labor force indicators.

336. Sectoral dynamics showed continued expansion in high-productivity segments. Technology and IT services experienced strong demand for software development, artificial intelligence, fintech, and digital services, while renewable energy emerged as a growing employment frontier aligned with global green transition investment trends. Agriculture and traditional services continued to account for a large share of employment but faced ongoing structural adjustment pressures linked to productivity and modernization constraints.

337. Migration remained a key feature of Pakistan's labor dynamics. World Bank analysis highlights that income differentials and demographic pressures are major drivers of labor mobility from South Asia, including Pakistan, contributing to sustained outward migration flows. In 2025, overseas employment continued to absorb a significant share of labor market entrants, particularly in Gulf Cooperation Council countries, with increasing participation of skilled professionals including healthcare and engineering workers.

Energy

338. Pakistan's energy sector in 2025 reflected deep structural stress across both electricity and oil and gas segments, driven by high import dependence, rising capacity costs, and ongoing fiscal and circular debt pressures. The electricity system had an installed capacity exceeding 46,605 MW, with a generation mix dominated by thermal power (55.7%), followed by hydel (24.4%), renewables (12.2%), and nuclear (7.8%). In parallel, the oil and gas sector remained heavily reliant on imported crude oil, petroleum products, and LNG, reinforcing external account vulnerabilities.

339. The power sector continued to face severe financial strain due to elevated capacity payments and fuel costs. Capacity payments reached approximately PKR 1.9 trillion, while circular debt stood around PKR 1.66 trillion despite ongoing efforts to renegotiate contracts and improve cash flow discipline. RLNG accounted for over 50% of total energy purchase costs, significantly contributing to high electricity tariffs and cost volatility. End-user electricity prices ranged from Rs 22.44 per unit to over Rs 65 per unit for higher consumption slabs, intensifying affordability challenges for households and industry.

340. On the demand side, rooftop solar adoption accelerated rapidly in response to high tariffs and grid instability, reaching over 5.3 GW by mid-2025. While this reduced pressure on the national grid and provided consumer relief, it also created new challenges for grid management, including load volatility and declining utility electricity sales.

341. The oil and gas sector remained structurally constrained, with declining domestic natural gas production increasing reliance on imported LNG to meet power generation, industrial, and residential demand. Seasonal gas shortages persisted, particularly in winter, leading to industrial curtailments and managed supply disruptions. Pakistan's dependence on imported energy continued to expose the economy to global price fluctuations and exchange rate risks, contributing to inflationary pressure and external imbalance.

342. Policy responses in 2025 focused on restructuring the power sector through termination or renegotiation of select independent power producer agreements, gradual privatization of distribution companies to improve efficiency, and efforts to contain circular debt accumulation. In parallel, the government pursued reforms in LNG procurement, tariff rationalization, and infrastructure optimization to improve gas sector efficiency. There was also a strategic policy shift toward greater use of coal-based generation, alongside continued investment in renewable energy expansion, to balance cost, reliability, and energy security objectives.

TOURISM INDUSTRY

343. Pakistan's tourism sector in 2025 showed gradual recovery and diversification, supported by improved regional connectivity, heritage promotion, and growing interest in religious, cultural, and eco-tourism segments. International arrivals remained moderate compared to regional peers, but domestic tourism continued to expand, driven by improved road infrastructure and rising middle-class travel demand. . According to PTDC (Pakistan Tourism Development Corporation) Pakistan Tourism Barometer 2025 data, Pakistan welcomed 2,29 million foreign visitors in 2025. Top 5 source markets are Afghanistan, United Kingdom, United States, Iran and Canada. The number of registered

accommodation facilities is 2364 as of 2025. The total number of registered tour operators in Pakistan increased to 11,558 as well.[11]

344. Pakistan's domestic tourism also has a growing trend, especially in the regions of Gilgit-Baltistan, Azad Jammu and Kashmir, and Kyber Pakhtunkhwa. According to WTTC's 2026 Economic Impact Research, the contribution of travel and tourism sector to the national economy of Pakistan is approximately $25 Billion which is %5,9 of the overall GDP. As of 2025, the number of employed people in travel and tourism sector in Pakistan is around 4,7 million. [12]

345. A key development in 2025 was Lahore's designation as the ECO Tourism Capital for 2026 as decided by the 6th ECO Ministerial Meeting on Tourism held in Erzurum, Türkiye on 26 April 2025. This recognition might position Lahore as a central hub for cultural diplomacy and regional tourism promotion, highlighting its Mughal heritage, historical architecture, and UNESCO-listed sites.

[11] Source: PTDC Pakistan Tourism Barometer 2025-2026

[12] Source: WTTC 2026 Economic Impact Research (EIR) Highlights: Pakistan

Tajikistan
Population 10,8 mln
Nominal GDP 19 bln. USD
Inflation 3,5%
Currency exchange rate Somoni 10.25/1USD

346. Tajikistan's economy in 2025 recorded strong and broad-based growth, supported by infrastructure investment, industrial expansion, and sustained foreign capital inflows, according to the World Bank's Tajikistan Economic Update 2025–2026. Real GDP growth reached 8.4%, with nominal GDP estimated at TJS 176.9 billion (approximately USD 19 billion), as reported in World Bank and IMF macroeconomic datasets for 2025. GDP per capita increased to around USD 1,693, reflecting improving income levels alongside rapid economic expansion, while inflation remained contained at 3.5% due to prudent monetary policy by the National Bank of Tajikistan, as noted in IMF Article IV Consultation reports (2025).

347. Fiscal and investment performance strengthened during the year, with state budget revenues reaching TJS 60.3 billion and exceeding planned targets, according to World Bank fiscal monitoring data. Total foreign investment rose by 35% compared to 2024, reaching TJS 59.5 billion, supported by infrastructure-led growth strategies highlighted in World Bank country diagnostics. Growth was further reinforced by large-scale industrial and social infrastructure development, with more than 400 new industrial enterprises and 113 healthcare and infrastructure facilities commissioned, creating an estimated 280,000 new jobs, as recorded in national government development reports and reflected in World Bank assessments.

348. External stability improved, with international reserves rising to USD 5.6 billion, sufficient to cover over eight months of imports, as reported by the IMF external sector statistics. Poverty declined significantly to 14.8% under the lower-middle-income poverty line, supported by wage growth, public investment, and sustained remittance inflows, according to World Bank poverty and equity updates.

349. Despite strong performance, structural vulnerabilities remain. Tajikistan continues to rely heavily on remittances and has a narrow export base, leaving it exposed to external shocks, particularly labor migration policy changes in key destination countries such as Russia, as highlighted by the World Bank and IMF. International institutions, including the World Bank and IMF, emphasize that these risks constrain medium-term stability. In response, the government is prioritizing economic diversification, industrial expansion, and digitalization of trade to reduce logistics costs and improve competitiveness, as outlined in World Bank development strategy reports (2025–2026).

Fixed capital investments

350. In 2025, fixed capital investment in Tajikistan exceeded USD 3 billion, rising by 23% year-on-year and accounting for approximately 15.8% of GDP, according to World Bank investment and macroeconomic monitoring data (Tajikistan Economic Update 2025–2026). This investment expansion was a key driver of the country's strong 8.4% real GDP growth, as highlighted in World Bank and IMF growth assessments for 2025.

351. The structure of investment continued to reflect strong public sector dominance, with the state contributing 46.2% of total fixed capital investment, primarily directed toward large-scale infrastructure projects such as energy generation and transport networks, including flagship hydropower development projects noted in World Bank infrastructure diagnostics. The private sector accounted for around 40% of total investment, largely concentrated in housing construction and commercial real estate development, as recorded in national statistical reporting referenced by the World Bank. Foreign investment and external financing made up approximately 14.3%, reflecting continued reliance on external capital inflows, as documented in IMF and World Bank external financing assessments.

352. Sectorally, investment was broadly balanced between productive and non-productive uses. Around 49% of total investment went into production-oriented sectors such as industry and mining, with expansion in metal ore extraction highlighted in World Bank sectoral growth reviews. The remaining 51% was directed toward non-production sectors, including housing, healthcare, and social infrastructure, with residential construction increasing by 22.3%, according to World Bank housing and urban development data (2025–2026).

353. Overall, World Bank analysis indicates that while investment-led growth remains a key strength of Tajikistan's economy, its heavy dependence on public spending and infrastructure-driven expansion continues to pose medium-term sustainability and diversification challenges.

<u>Consumer price index</u>

354. In 2025, consumer price inflation in Tajikistan remained well contained, with the average annual inflation rate recorded at 3.38%, according to World Bank macroeconomic indicators and IMF Article IV surveillance data (2025–2026). Year-on-year headline inflation fluctuated in a narrow range of approximately 3.1% to 3.6% throughout the year, reflecting stable price conditions as reported in IMF inflation monitoring updates.

355. This stability allowed inflation to remain within the National Bank of Tajikistan's policy target range, supported by prudent monetary policy, exchange rate management, and relatively stable import prices, as noted in World Bank monetary policy assessments. Overall, both the World Bank and IMF highlight that contained inflation in 2025 contributed to macroeconomic stability and supported real income growth in Tajikistan's expanding economy.

<u>Retail</u>

356. Tajikistan's retail sector in 2025 continued its expansion, with retail trade volume increasing by 6.2% in the first half of the year, according to World Bank consumer market and domestic demand indicators (2025–2026). Growth was supported by rising household incomes, strong domestic demand, and gradual improvements in financial inclusion and payment systems, as highlighted in World Bank development updates.

357. The sector is undergoing a structural shift driven by the government's "Years of Digital Economy and Innovation Development (2025–2030)" strategy, which aims to accelerate digital transformation in commerce, as noted in national development plans and reflected in World Bank digital economy assessments. In parallel, the National Program on E-Commerce (2025–2029) is reducing transaction costs and promoting non-cash payments, aligning with World Bank financial sector modernization priorities.

358. A key development in 2025 was the entry of the Russian e-commerce platform Wildberries into the Tajik market, introducing modern online retail infrastructure and distribution points in Dushanbe, as reported in regional market integration analyses referenced by the World Bank. This has contributed to broader e-commerce ecosystem development and improved consumer access to imported goods.

359. Fintech expansion has also played a central role in retail transformation, with platforms such as Alif Bank supporting digital payments, consumer credit, and mobile wallet services, consistent with World Bank financial inclusion reports. Cash usage has gradually declined as digital transactions increase, reflecting ongoing modernization of the payments landscape.

360. Tajikistan's retail market remains heavily dependent on imports for food and consumer goods, making price stability a key determinant of purchasing power. Headline inflation remained contained around 3.6%, as recorded in IMF and World Bank inflation monitoring data, helping to support stable consumption trends.

361. Investment in digital infrastructure, logistics, and retail modernization has increased, supported by government initiatives and international partners, according to World Bank infrastructure and private sector development reports. In addition, the development of industrial parks and textile clusters in Dushanbe, supported by foreign partnerships, is aimed at strengthening domestic production capacity and reducing import dependence in selected consumer goods segments.

Salary

362. In 2025, the average monthly salary in Tajikistan was approximately 2,850 to 3,150 Tajik Somoni (TJS), equivalent to roughly USD 285 to USD 315, according to World Bank labor market indicators and IMF country macroeconomic datasets (2025–2026). This nominal wage level reflects gradual income growth supported by public sector wage adjustments, construction activity, and remittance-driven consumption, as noted in World Bank Tajikistan Economic Update reports.

363. Despite nominal increases, real wage growth remained sensitive to import-dependent price structures, particularly for food and energy, as highlighted in World Bank poverty and labor market assessments. The World Bank also notes that household incomes are significantly supplemented by remittances, which remain a critical component of disposable income and consumption stability in Tajikistan's economy.

Inflation and income of population

364. Tajikistan experienced robust economic expansion and contained inflation in 2025, with the Consumer Price Index rising by around 3.5%, according to World Bank macroeconomic indicators and IMF Article IV Consultation data (2025–2026). Inflation pressures were mainly driven by a 4.5% increase in food prices, a 1.5% rise in non-food goods, and a 5.7% increase in services, as reported in World Bank inflation breakdown analyses.

365. The country's nominal GDP reached approximately TJS 176.9 billion (about USD 19 billion). Population income was estimated at around TJS 165.0 billion, reflecting strong aggregate demand supported by labor income growth in agriculture and services, alongside sustained remittance inflows. The average monthly wage stood at

approximately TJS 3,230.62 in early 2026 data reflecting 2025 labor market trends, according to World Bank labor indicators.

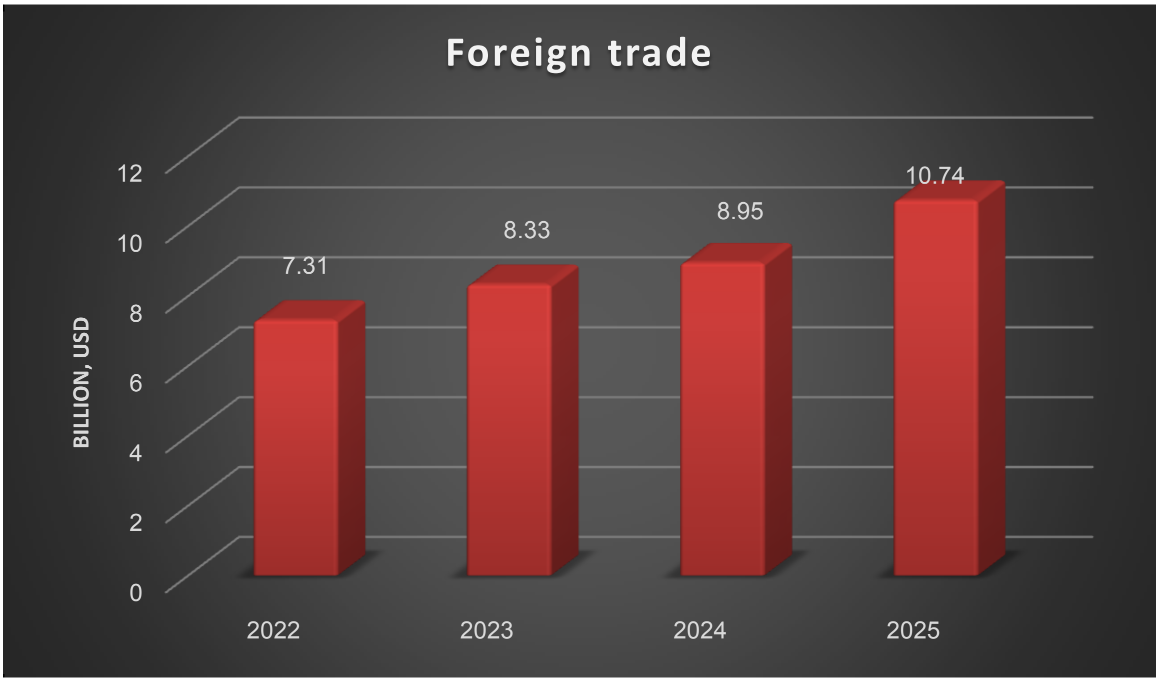
366. The unemployment rate remained low at around 2.0%, based on national statistical estimates referenced in World Bank labor market summaries. Tajikistan's population was approximately 10.72 million, according to World Bank demographic data.

367. Poverty continued its downward trend, declining to around 14.8% under the international poverty line, supported by wage growth, public investment, and remittances. However, World Bank analysis also highlights persistent regional inequalities, particularly in rural areas where income distribution remains uneven and heavily dependent on migrant remittances.

368. Overall, World Bank Group assessments note that while Tajikistan's 2025 performance reflects strong growth, low inflation, and improving incomes, long-term challenges remain related to structural dependence on remittances, limited economic diversification, and regional inequality

<u>Trade</u>

369. Tajikistan's foreign trade in 2025 expanded strongly, with total trade turnover reaching USD 10.74 billion, a 20.2% increase compared to 2024. Despite this growth, the country recorded a significant trade deficit, as imports of about USD 8.3 billion substantially exceeded exports of around USD 2.44 billion.



370. Exports grew by 26% year-on-year but remained concentrated in a narrow range of primary commodities, including antimony and mineral ores, unprocessed aluminum, cotton fiber, electricity, and agricultural products such as fruits and vegetables. This reflects continued dependence on raw materials and limited diversification into higher value-added goods.

371. Imports rose by 18.6%, driven by demand for motor vehicles, industrial machinery, petroleum products, liquefied gas, electrical equipment, food products, and agricultural inputs. The structure of imports highlights Tajikistan's reliance on external markets for both consumer goods and industrial supply chains.

372. Key trading partners included Russia, China, Uzbekistan, Türkiye, and Kazakhstan. Russia remained a major partner with bilateral trade exceeding USD 1.7 billion in early 2025, while China continued to play a central role in infrastructure, mining, and industrial cooperation. Regional partners supported broader Central Asian trade integration.

373. A major development in 2025 was the modernization of customs procedures through the adoption of the ASYCUDAWorld system. This digital transition enabled electronic submission of trade declarations and significantly reduced customs clearance times, improving logistics efficiency and easing cross-border trade operations.

374. Overall, while Tajikistan's trade performance in 2025 shows strong growth momentum, it continues to face structural challenges related to import dependence, export concentration, and vulnerability to external economic conditions.

Employment

375. Tajikistan's labor market in 2025 recorded an unemployment rate of approximately 3.7%, reflecting relatively stable official employment conditions amid strong overall economic growth. However, job creation continued to lag behind the expansion of the working-age population, highlighting ongoing structural pressure in the labor market.

376. Wage levels remained modest, with the minimum wage set at 1,000 somoni per month and the average nominal salary at around 3,136 somoni (approximately USD 314). While nominal wages showed gradual improvement, real income levels remained sensitive to inflation in imported goods and services.

377. The government outlined a five-year employment strategy targeting the creation of 1.4 million jobs, with a strong focus on small and medium-sized enterprises, handicrafts, family businesses, and rural employment generation. This reflects a policy shift toward decentralized and labor-intensive sectors to absorb new labor market entrants.

378. Sectoral demand for labor remained concentrated in services and emerging private-sector activities, including consulting, logistics, tourism, finance, healthcare, education, and broader private sector development. These sectors were identified as key growth areas for formal employment expansion.

379. Outward labor migration continued to play a critical role in the labor market structure. A significant share of household income and national economic activity remained dependent on remittances from Tajik workers abroad, particularly in Russia. Despite evolving labor policies in destination countries, remittance inflows continued to support consumption, reduce poverty, and stabilize household incomes.

380. Overall, Tajikistan's labor market in 2025 reflects a dual structure of domestic underemployment pressures and strong external labor dependence, with remittances remaining a central pillar of economic stability.

Energy

381. Tajikistan's energy sector in 2025 underwent significant modernization, anchored by its heavy reliance on hydropower and expanding investment in renewable diversification. More than 90% of domestic electricity generation continues to come from hydropower, while the sector is being reshaped by large-scale infrastructure expansion and emerging clean energy strategies.

382. The Rogun Hydropower Plant remains the central flagship project, with ongoing construction and capacity additions aimed at addressing chronic winter electricity shortages and strengthening long-term energy security. Alongside this, the country has begun diversifying its energy mix through early-stage solar and wind development, including partnerships with international developers such as ACWA Power for utility-scale renewable projects.

383. Decentralized renewable deployment also expanded in 2025, including smaller hydropower installations such as the Sebzor Hydropower Plant (11 MW) and pilot solar-plus-storage systems in remote regions like Murghab. These projects reflect a growing emphasis on distributed energy access and rural electrification.

384. In parallel, Tajikistan has begun exploring green industrial pathways, particularly Power-to-X applications. Institutions including the Ministry of Energy and Water Resources and major industrial actors such as TALCO have outlined plans to leverage low-cost hydropower for green hydrogen and green ammonia production, signaling early-stage industrial decarbonization efforts.

385. On the regional integration front, progress continued on transmission infrastructure linked to the CASA-1000 project, including upgrades such as the 500 kV Datka–Sughd line to facilitate electricity exports to Afghanistan and Pakistan. At the same time, investments supported by development partners are targeting grid modernization, including reductions in transmission losses and deployment of digital metering and billing systems in key regions like Sughd and Khatlon.

386. Overall, Tajikistan's energy sector in 2025 reflects a transition phase: strong hydropower dominance, expanding renewable diversification, early industrial decarbonization planning, and gradual integration into regional power trade networks.

TOURISM INDUSTRY

387. Tajikistan's tourism industry in 2025 recorded strong expansion, supported by rising regional connectivity and growing international interest in the region. The country received approximately 2.1 million foreign visitors in 2025, representing a year-on-year increase of over 31%, according to national statistical data. Top 5 source markets for Tajikistan tourism are as following: 1- Uzbekistan, 2-Russia, 3-Kyrgyz Republic, 4-China and 5- Kazakhstan. [13]
The sector continued to expand in infrastructure and service capacity. In 2025, Tajikistan had around 194 registered tourism companies and more than 220 operational hotels, along with a growing network of hostels, sanatoriums, and wellness facilities. Tourism services generated significant revenue growth, while employment in the sector exceeded 4,000 workers, reflecting gradual formalization of the industry.

[13] Source: https://www.stat.tj/en/more-than-2-1-million-foreign-nationals-visited-tajikistan-in-2025/

388. According to WTTC data, Tajikistan has a %5,2 share of travel and tourism in country's GDP which amounts $873,8 Million for 2025. Total expenditure of the foreign visitors was around $140 million in 2025.[14]

389. Ecotourism remained a strategic growth area, particularly in the Pamir and mountain regions, where community-based tourism initiatives continued to attract niche international travelers interested in nature, trekking, and cultural experiences. This segment is increasingly supported by sustainability-focused development programs and international partnerships.

390. Overall, Tajikistan's tourism sector in 2025 is characterized by strong visitor growth, heavy reliance on regional markets, expanding infrastructure, and increasing integration into ECO-led regional tourism cooperation framework.

[14] Source: WTTC 2026 Economic Impact Research (EIR) Highlights: Tajikistan

VII REPUBLIC OF TÜRKIYE

Türkiye
Population 86.09 mln
GDP current USD trillion 1.6
GDP per capita 18,040 USD
Inflation 30,89%
Currency exchange rate average 39.48 TRY – 1 USD

391. Türkiye’s economy expanded by 3.6% in real terms in 2025, bringing total GDP to approximately USD 1.6 trillion and GDP per capita to around USD 18,040. Growth slightly exceeded the 3.3% recorded in 2024, although overall momentum moderated compared to earlier high-growth years. Economic activity slowed toward the end of the year as tight monetary conditions and disinflation policies weakened domestic demand.

	GDP	GDP per capita	Growth
2024	1.4 trillion USD	15,325 USD	3.3%
2025	1.6 trillion USD	18,040 USD	3.6%

392. Economic growth was primarily driven by the construction and technology-related sectors. The construction sector recorded particularly strong performance, with value-added increasing by 10.8%, supported by reconstruction activity and infrastructure investment. The information and communication sector also expanded robustly, growing by 8% amid continued digitalization and rising technology demand.

393. Monetary policy remained focused on controlling inflation. The Central Bank of Türkiye maintained a restrictive stance for much of the year to support disinflation efforts. Inflation continued to decline from previous elevated levels toward the 30% range, allowing the central bank to begin a gradual easing cycle later in 2025 by lowering interest rates from historically high levels.

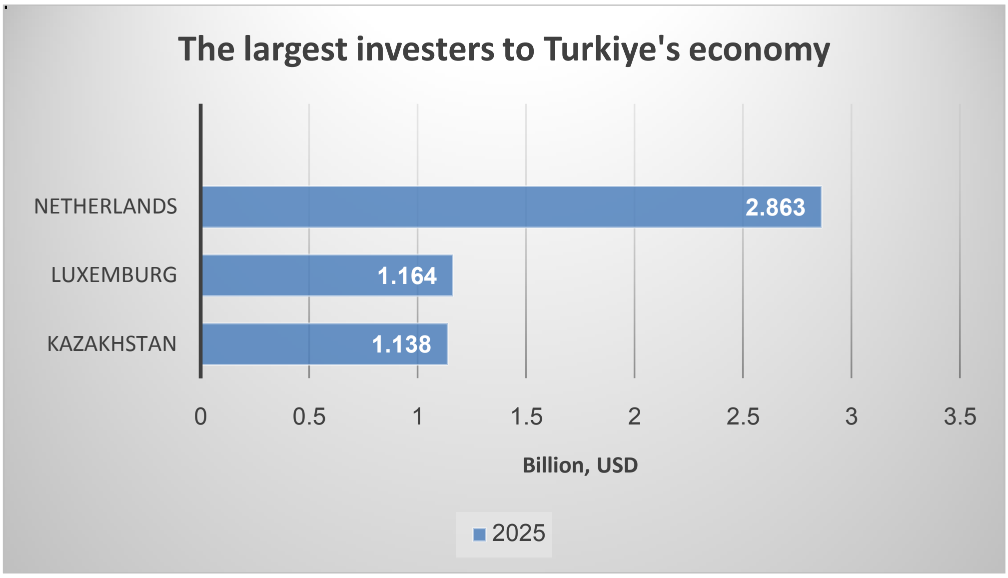
394. On the external side, the current account deficit remained relatively contained due to stronger tourism revenues and a recovery in global demand. Europe continued to be Txrkiye’s largest trading partner. However, changes in global trade policies, including tariff adjustments, as well as geopolitical tensions in the Middle East, created uncertainty for trade and investment flows during the year.

395. Fiscal policy was directed toward gradual consolidation as earthquake-related spending pressures eased. At the same time, increases in wages and household incomes contributed to continued reductions in poverty levels, although labor market informality remained a structural challenge for inclusive economic development.

Foreign direct investments

396. Türkiye attracted USD 13 billion in Foreign Direct Investment (FDI) in 2025, representing an 11.6% increase compared to 2024. Despite a challenging global economic environment, the increase reflected continued investor confidence, a diversified investment base, and government efforts to strengthen integration into global value chains.

397.The Netherlands remained the largest source of foreign investment, contributing USD 2.863 billion. Luxembourg followed with USD 1.164 billion, while Kazakhstan invested USD 1.138 billion. Other major investors included the United States, Germany, France, and the United Arab Emirates, highlighting Türkiye's broad international investment partnerships.



398.Sectoral distribution showed strong concentration in trade, manufacturing, and technology-related activities. Wholesale and retail trade attracted the largest share of FDI, accounting for 32% of total inflows, or approximately USD 3.052 billion, supported by rapid growth in e-commerce and domestic consumption networks. Manufacturing followed closely with a 31% share, totaling USD 3.02 billion, reflecting continued interest in Türkiye's industrial and export capabilities. The Information and Communications sector accounted for 14% of inflows, equivalent to USD 1.308 billion, driven by digital transformation and technology investments.

399.Foreign-invested companies continued to play a significant role in the Turkish economy, generating nearly 30% of the country's total exports in 2025. European Union markets remained the primary destination for these exports, reinforcing Türkiye's strategic trade relationship with Europe.

400.Government policy continued to support investment attraction through the Türkiye International Direct Investment Strategy (2024–2028). The strategy emphasized structural reforms, investment facilitation, regulatory modernization, and digitalization in order to increase Türkiye's competitiveness and share in global FDI flows.

401.Sustainability and the "twin transition" toward green and digital transformation remained central themes in investment activity throughout the year. Investments increasingly focused on green innovation, renewable technologies, and resource efficiency, supported by international partnerships and multilateral initiatives such as the World Bank Türkiye Green Industry Project.

Services

402. The services sector remained the main pillar of the Turkish economy in 2025, accounting for more than 59% of national GDP. Growth across the sector was supported by resilient domestic demand, expanding digital infrastructure, and continued activity in trade, transport, tourism, and real estate services.

403. Tourism and hospitality emerged as one of the strongest-performing segments during the year. The sector supported approximately 3.3 million jobs and generated record international visitor revenues of USD 67.7 billion. Strong tourism performance contributed significantly to employment creation, foreign exchange earnings, and regional economic activity, reinforcing the sector's strategic importance to the national economy.

404. Digital and information services continued to expand rapidly as Türkiye maintained high levels of digital connectivity, with internet penetration exceeding 90% of the population. Information service activities, including data processing, web portals, cloud-based systems, and fintech solutions, recorded strong growth throughout 2025. At the same time, businesses operating in the digital sector continued adapting to evolving local compliance requirements, data regulations, and online content frameworks.

405. Healthcare and medical services also experienced continued modernization and expansion. With approximately 80.7 million active cellular connections nationwide, the adoption of telemedicine, digital health platforms, and health technology solutions accelerated. Public healthcare initiatives and migrant health support programs were further expanded to improve accessibility and service delivery across different population groups.

406. The broader services landscape also presented growing opportunities for international investors. Renewable energy services, fintech applications, and agri-tech solutions attracted increasing attention due to Türkiye's ongoing digital and sustainability transition, as well as government efforts to encourage innovation-driven economic growt

Salary

407. In 2025, average monthly salaries in Türkiye generally ranged between TRY 35,000 and TRY 60,000, equivalent to approximately USD 1,020 to USD 1,750, depending on industry, qualifications, and professional experience. Higher salaries were typically observed in sectors such as technology, finance, engineering, and multinational services, while wages in manufacturing and retail remained comparatively lower.

408. The national minimum wage for 2025 was officially set at a gross monthly amount of TRY 26,005.50. After deductions, the net minimum wage stood at TRY 22,104.67 per month, equivalent to roughly USD 730. The increase in minimum wage levels aimed to support household purchasing power amid ongoing inflationary pressures and rising living costs.

409. Wage growth throughout the year reflected broader economic adjustments linked to inflation, labor market conditions, and government income policies. While nominal wages increased significantly across many sectors, real income gains remained uneven due to elevated consumer prices and differences in regional living costs.

Inflation

410. Türkiye experienced a significant slowdown in inflation during 2025, as annual consumer price inflation declined to 30.89% by year-end. The 12-month average inflation rate for the year stood at 34.88%, reflecting continued price pressures but a notable improvement compared to previous years.

411. The year-end inflation figure represented a substantial decrease from the 44.38% recorded at the end of 2024 and marked the lowest annual inflation rate observed in 49 months. The decline was largely driven by tight monetary policy, reduced domestic demand, exchange rate stabilization, and broader disinflation measures implemented by economic authorities.

412. Throughout the year, the Central Bank of Türkiye maintained a restrictive monetary stance aimed at restoring price stability. As inflationary pressures gradually eased, policymakers gained room to begin a cautious interest rate reduction cycle during the latter part of 2025.

413. Despite the improvement in headline inflation, price levels remained elevated across essential consumer categories, including housing, food, transportation, and services. Businesses and households continued to face cost pressures, although the pace of price increases moderated considerably compared to prior years.

414. The easing inflation environment contributed to improved market confidence, greater macroeconomic stability, and stronger expectations for medium-term economic normalization.

Trade

415. Türkiye's external trade expanded in 2025, with total exports increasing by 4.4% to reach USD 273.2 billion, while imports rose by 6.2% to USD 365.4 billion. As import growth outpaced export performance, the annual trade deficit widened to approximately USD 92 billion.

416. Manufactured goods continued to dominate Türkiye's export structure, accounting for more than 94% of total exports. Industrial production, diversified manufacturing capabilities, and strong integration with European supply chains remained central to the country's export competitiveness.

417. Europe remained Türkiye's primary export destination. The leading export markets in 2025 were Germany, United Kingdom, United States, Italy, and Iraq. Overall, the European Union accounted for roughly 43% of all Turkish exports, reinforcing its position as Türkiye's largest trading partner.

418. On the import side, the main supplier countries were China, Russia, Germany, United States, and Switzerland. Imports continued to be driven by energy products, industrial inputs, machinery, and high-value manufacturing components.

419. The country also achieved a major milestone in the defense and aviation industry, with exports reaching a record USD 9.87 billion in 2025.

420. Trade relations with the European Union remained strategically important under the EU–Türkiye Customs Union framework, which supported bilateral trade exceeding EUR 205,9 billion during the year. Türkiye continued to rank as the EU's fifth-largest trading partner. Throughout 2025, Turkish policymakers actively advocated for modernization of the Customs Union agreement and opposed rising global protectionist measures in order to preserve export competitiveness and industrial growth.

Employment

421. Türkiye's labor market showed continued improvement in 2025, characterized by declining unemployment, expanding workforce participation, and rising wage levels aimed at offsetting inflationary pressures. The year also saw broader adoption of hybrid and flexible working models, particularly across service-based industries and technology-related occupations.

422. The national unemployment rate fell to 8.3% in 2025, marking one of the lowest narrow unemployment levels in recent years. Unemployment among men stood at 6.8%, while the rate for women remained higher at 11.3%, reflecting ongoing gender disparities in labor market participation and employment opportunities.

423. Youth unemployment remained a structural challenge, with the unemployment rate for individuals aged 15–24 recorded at 15.3%. Despite improvements in overall employment conditions, younger workers continued to face difficulties related to job access, skills matching, and labor market integration.

424. Labor force participation reached 53.5% during the year, with the active workforce totaling 35.5 million people. Total employment rose to 32.6 million, supported by growth in services, construction, tourism, and technology-related sectors.

425. The services sector remained the dominant source of employment, accounting for 59.0% of total jobs nationwide. Industry represented 20.2% of employment, while agriculture accounted for 14.0%. The construction sector contributed 6.8% of total employment, supported by infrastructure projects and ongoing reconstruction activity.

426. Wage policy remained an important component of economic management in 2025. The national minimum wage was set at a gross monthly level of TRY 26,005, reflecting government efforts to support household purchasing power amid elevated inflation. At the same time, real wages improved gradually as inflation slowed during the year, contributing to stronger consumer confidence and labor market stability.

Energy

427. Türkiye's energy sector experienced significant transformation in 2025, driven by rising electricity demand, accelerated renewable energy deployment, and increased efforts to strengthen domestic energy security. National electricity demand grew by 5.1% during the year, reflecting expanding industrial activity, urban consumption, and digital infrastructure needs.

428. A major milestone was achieved as wind and solar energy generation permanently surpassed peak domestic coal generation levels for the first time. Total installed electricity generation capacity exceeded 121 GW, highlighting the country's rapid energy transition and continued investment in renewable infrastructure.

429. Solar and wind energy played an increasingly important role in reducing import dependency. Over recent years, renewable generation helped avoid an estimated USD 15 billion in natural gas imports. In 2025 alone, solar energy accounted for 10.5% of total electricity generation, while wind contributed 10.9%.

430. At the same time, Türkiye continued expanding domestic hydrocarbon production in response to energy security concerns and high import costs. Daily domestic oil production reached approximately 132,000 barrels in March 2025. State-owned TPAO also announced the discovery of an additional 57 million barrels of reserves and expanded cooperation with U.S. energy firms to develop unconventional energy resources.

431. Corporate investment activity in the energy market accelerated substantially during the year. A total of 38 energy-related mergers and acquisitions generated an estimated USD 3 billion in transaction value, representing a threefold increase compared to 2024. Investment activity was largely driven by industrial companies seeking to reduce long-term energy costs, strengthen energy independence, and prepare renewable energy portfolios for potential public offerings.

432. Türkiye's electricity generation mix in 2025 reflected both diversification and continued fossil fuel dependence. Coal remained the largest generation source at 33.6%, followed by natural gas at 23.0%. Hydropower contributed 15.8%, while wind and solar accounted for 10.9% and 10.5% respectively. Geothermal and other renewable sources represented the remaining 6.3%.

433. Despite rapid renewable expansion, energy demand continued to outpace the growth of green generation capacity. As a result, Türkiye remained reliant on imported fossil fuels to maintain grid stability and meet peak demand requirements. To address these challenges and support its 2053 net-zero emissions target, the country continued advancing a major pipeline of approximately 33 GW in pre-licensed storage-integrated solar and wind projects aimed at accelerating renewable deployment and improving energy resilience.

Population

434. Türkiye's population reached 86,092,168 in 2025, according to official data published by the Turkish Statistical Institute. This represented an increase of 427,224 people compared to the previous year, reflecting a renewed acceleration in annual population growth.

435. The country's demographic structure remained highly urbanized, with the majority of the population concentrated in major metropolitan areas such as Istanbul, Ankara, and Izmir. Continued urban migration supported growth in housing, transportation, infrastructure, and service-sector demand across large cities.

436. Demographic trends in 2025 also indicated a gradually aging population profile. While Türkiye continued to maintain a relatively young population compared to many European countries, declining birth rates and rising life expectancy contributed to a steady increase in the median age and elderly population share.

437. Population growth and urbanization continued to shape national economic and social policy priorities, particularly in areas such as employment, healthcare, housing, education, transportation infrastructure, and long-term social support systems.

TOURISM INDUSTRY

438. Türkiye's tourism industry continued its strong expansion in 2025, reinforcing its position as one of the world's leading global destinations hosting a record 63,9 million visitors. This influx generated tourism revenues of $65.2 billion, according to data from the Ministry of Culture and Tourism. The primary source markets for Türkiye's tourism in 2025 were Russia (6.9 million visitors), Germany (6.75 million visitors), and the United Kingdom (4.27 million visitors). The sector remained a key driver of foreign exchange earnings, employment, and regional development, supported by strong international demand, diversified tourism offerings, and improved transport and hospitality infrastructure.

439. Since 2017, Türkiye has climbed from 8th to 4th place in international visitor numbers and from 11th to 7th in tourism receipts. This ascent indicates country's evolving reputation as a destination offering high-quality and premium services, beyond its traditional affordability. The average nightly visitor spending per tourist reached $100 USD in 2025. This increase in per capita expenditure, alongside the rise in visitor volume, contributed substantially to the overall revenue growth.[15.]

440. A major highlight of 2025 was the designation of Erzurum as the ECO Tourism Capital 2025. Throughout the year, Erzurum hosted a wide range of international and national events aimed at promoting cultural exchange, winter tourism, sports, gastronomy, and regional cooperation. The Official Opening Ceremony for the ECO Tourism Capital 2025 and the Palandöken Economic Forum were held in Erzurum on 26 April 2025 along with the 6th ECO Ministerial Meeting on Tourism. Throughout the year, the ECO Secretariat actively promoted Erzurum's designation on social media and informed tourism stakeholders of various related celebratory events.

441. Türkiye's National Sustainable Tourism Program, developed with the Global Sustainable Tourism Council (GSTC), surpassed 19,000 certified and verified accommodation facilities in 2025[16]. This milestone highlights the country's transformation from voluntary compliance to legally mandated sustainability standards for all hotels by 2030.

442. A major highlight of 2025 was the designation of Erzurum as the Tourism Capital of the Economic Cooperation Organization (ECO). Throughout the year, Erzurum hosted a wide range of international and national events aimed at promoting cultural exchange, winter tourism, sports, gastronomy, and regional cooperation.

[15] Source: https://www.iletisim.gov.tr/english/dis_basinda_turkiye/detay/turkiyes-tourism-record-revenues-reached-65-billion-dollars-by-the-end-of-2025-orient
[16] Source: https://www.gstc.org/destination-assessments-birgi-side-turkiye/

Turkmenistan
Population 7,6 mln
GDP apprx.77,4 bln. USD nominal
Inflation 3,9%
Currency exchange rate Manat 3.50/1USD

443. Turkmenistan's economy continued to demonstrate stability and resilience in 2025, supported by strong performance in the energy sector and ongoing economic development initiatives. The country's nominal Gross Domestic Product (GDP) was estimated at approximately US$77.4 billion, reflecting sustained economic activity and steady growth.

444. The hydrocarbon sector remained the primary driver of economic performance, with natural gas exports contributing significantly to national income and foreign exchange earnings. Continued investment in energy infrastructure and export capacity supported the country's long-term development objectives.

445. Inflation remained moderate at around 3.9%, helping to preserve purchasing power and maintain a stable business environment. Price stability, combined with prudent economic management, contributed to favorable macroeconomic conditions and strengthened confidence in the domestic economy.

446. Government investment in infrastructure, industry, and social development continued to support economic diversification efforts. Improvements in transportation, utilities, and public services enhanced the foundation for future growth and increased economic efficiency.

447. Overall, Turkmenistan entered the second half of 2025 with a stable economic outlook, characterized by sustained growth, low inflation, strong energy-sector performance, and continued investment in national development priorities.

Fixed capital investments

448. Turkmenistan continued to strengthen its investment environment in 2025, with the government targeting US$11.5 billion in total investments to support economic growth and national development. Investment activity remained strong throughout the year, reflecting the country's commitment to expanding productive capacity and modernizing infrastructure.

449. Fixed capital investment demonstrated robust growth, increasing by 15.6% year-on-year during the first half of 2025 and accounting for 17.7% of GDP. Capital allocation was strategically balanced between economic and social development priorities. Approximately 49% of investments were directed toward industrial production, while 51% supported social infrastructure, including healthcare, education, housing, and public services.

450. Foreign investment continued to play an important role in the economy, particularly within the energy sector. The hydrocarbon industry remained the principal destination for

foreign direct investment, attracting the vast majority of planned foreign capital. Additional investments were directed toward fertilizer production, healthcare projects, and agribusiness initiatives, supporting broader economic diversification efforts.

451. Overall, strong investment growth, continued infrastructure development, and sustained foreign capital inflows reinforced Turkmenistan's long-term economic development objectives and enhanced the foundation for future growth.

Retail

452. The retail sector in Turkmenistan experienced notable growth in 2025, reflecting rising household incomes, digitalization, and government-led modernization initiatives. Overall retail turnover increased by approximately 11–13%, positioning retail as a key contributor to service sector expansion.

453. Retail trade turnover surged year-on-year, reaching up to 13.1% during peak months. Regional development projects fueled expansion across areas such as Balkan and Lebap, with both state-owned and private retail outlets experiencing significant growth.

454. The sector underwent rapid digitalization, with online stores and e-commerce platforms recording an 84% increase in cashless payments, totaling over 2.63 billion manats. The widespread adoption of bank cards, mobile banking, and modern POS systems reshaped consumer behavior, driving efficiency and convenience.

455. Turkmenistan's retail sector remains a mix of state-run networks and expanding private enterprises. Private retail businesses experienced employment growth between 20% and 50%, supported by increasing investment and the adoption of contactless payment technologies, including NFC and QR codes.

456. Retail supply chains continued to rely on imports, particularly in pharmaceuticals, with imported medicines comprising over 90% of pharmacy inventories. The generic pharmaceutical market alone was valued at approximately US$379 million. Consumer demand remained closely linked to state economic projects and the hydrocarbon sector, driving high demand for imported foodstuffs and household equipment.

Salary

457. In 2025, the average monthly wage in Turkmenistan was approximately 2,500 Turkmen Manats (TMT), around 715 USD. Average wages across large and medium-sized enterprises grew by 11.9 percent during the year.

458. The legal minimum wage was revised on January 1, 2025, increasing to 1,410 TMT, approximately 405 USD.

459. Wage levels differed across industries. Government and agricultural jobs were close to the average, while employees in the oil and gas sector and foreign-owned enterprises earned significantly higher salaries.

Inflation and income of population

460. In 2025, Turkmenistan maintained moderate and stable inflation at around 3.9%, supporting household purchasing power and price stability across the economy.

461. Average monthly wages rose steadily, reaching approximately 2,500 Turkmen Manats (around 715 USD), driven by an 11.9% increase in salaries across large and medium-sized enterprises. The legal minimum wage was revised to 1,410 TMT (about 405 USD), ensuring improved earnings for lower-income workers.

462. Income levels varied by sector. Workers in government and agriculture typically earned near the national average, while employees in the oil, gas, and foreign-owned sectors received higher compensation, reflecting the importance of these strategic industries.

463. Overall, 2025 combined low inflation with strong wage growth, providing a favorable environment for economic stability and rising living standards.

Trade

464. In 2025, Turkmenistan's external trade remained strongly export-oriented, with total trade estimated at around US$20–25 billion, depending on statistical coverage of gas re-exports and contract timing.

465. Exports were dominated by natural gas, which accounted for roughly 85–90% of total export earnings. Total exports were estimated at approximately US$13–16 billion, driven mainly by pipeline gas deliveries to China, which remained the largest single buyer. Smaller export contributions came from petroleum products, cotton fiber, textiles, and fertilizers.

466. Imports were estimated at around US$7–10 billion, consisting mainly of machinery, industrial equipment, transport vehicles, pharmaceuticals, food products, and construction materials. The structure of imports reflected continued dependence on foreign suppliers for high-value manufactured goods and advanced technology.

467. As a result, Turkmenistan maintained a strong trade surplus in 2025, estimated at roughly US$5–8 billion, supported by stable hydrocarbon demand and controlled import growth. China remained the dominant trading partner on the export side, while Türkiye, Russia, and China were key import sources.

468. Overall, 2025 trade performance reflected continued reliance on energy exports, alongside a stable external balance supported by consistent foreign demand and managed import levels.

Employment

469. In 2025, Turkmenistan's unemployment rate was approximately 4.2 %. It was also approximately 4.3 percent depending on the estimate used. The private sector employed about 76 percent of the workforce. Job creation was strong in state construction projects, high-tech sectors, and regional development programs, including the Arkadag "smart city," which created thousands of new jobs.

470. Overall, the labor market in 2025 showed low unemployment and steady employment growth across key sectors.

Energy

471. In 2025, Turkmenistan's energy sector focused on expanding hydrocarbon export routes, modernizing domestic refining capacity, and gradually introducing renewable energy projects, reflecting a continued strategy of development and diversification. Progress continued on major infrastructure projects, including the Turkmenistan–Afghanistan–Pakistan–India (TAPI) gas pipeline, where construction advanced and the Afghan section saw key welding works linking Serhetabat and Herat. Cooperation with China also strengthened, with CNPC and Turkmengas signing additional agreements to expand pipeline capacity and support higher volumes of natural gas exports to China, the country's main energy market.

472. On the production side, state company Turkmennebit exceeded performance expectations, achieving about 109 percent of its oil production target and increasing natural and associated gas output by around 1.1 percent over the first eleven months of the year. At the same time, domestic refining saw meaningful upgrades, with refineries beginning exports of higher-quality EURO-5 and EURO-6 compliant A-98 gasoline, reflecting improvements in fuel standards and industrial capability. Technological modernization also progressed, including the introduction of automated control systems and artificial intelligence at the Uzynada oil field to improve efficiency and output.

473. Alongside hydrocarbons, early steps toward diversification were taken in renewable energy. A 10 MW solar and wind power plant in the Balkan region was launched, and cooperation with the Asian Development Bank supported further integration of solar photovoltaic systems, including pilot projects linked to Arkadag City. Overall, 2025 marked a period of strong hydrocarbon performance, infrastructure expansion, and the early but steady development of renewable energy capacity

Population of Turkmenistan

474. In 2025, Turkmenistan's population was approximately 7,618,847 people. The country ranked 104th globally in total population size. The demographic structure remained relatively balanced, with around 3.88 million females (50.9%) and approximately 3.74 million males (49.1%). Overall, the population profile reflected a stable and evenly distributed gender composition.

TOURISM INDUSTRY

475. In 2025, Turkmenistan's tourism sector continued its gradual development, supported by state-led investment in cultural heritage, infrastructure improvement, and regional cooperation. In 2025, the number of tourism enterprises in the country increased to about 250 according to the information of the Ministry of Finance and Economy of Turkmenistan. In 2025, amendments to the immigration law officially entered into force in Turkmenistan, introducing the concept of an electronic visa which will ease tourists to travel to the country.

476. With the increase in the number of tourism enterprises, the quality of services increases, and at the same time the number of tourists visiting our country also increases. Last year, tourists from more than 100 countries from all around the world visited Turkmenistan.[17]

[17] Source: https://www.turkmenistan.gov.tm/en/post/93733/turkmenistan-actively-developing-international-tourism

477. Domestic tourism infrastructure continued to expand, with investments in hotels, transport routes, and heritage site preservation, particularly in cities such as Ashgabat, Avaza and ancient Mary. The Avaza National Tourist Zone that built on the shores of the Caspian Sea is another milestone of the tourism sector in Turkmenistan which has potential to attract more investments.

478. The 6th Ministerial Meeting on Tourism held in Erzurum, Türkiye on 26 April 2025 designated the Mary city as the ECO Tourism Capital for 2028, highlighting its cultural and historical significance and reinforcing Turkmenistan's role in regional tourism development under ECO initiatives.

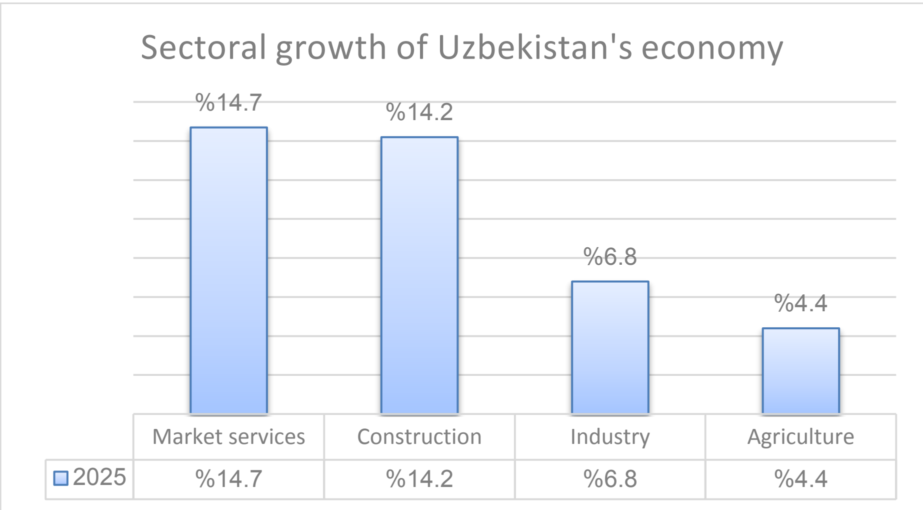
IX  REPUBLIC OF UZBEKISTAN

Uzbekistan
Population 38 mln (1,9 % growth)
GDP nominal 147,07 mln USD
Inflation 7,3%
Currency exchange rate Sum 12.576/1USD

479.Uzbekistan’s economy recorded strong expansion in 2025, with real GDP growth estimated between 7.3 % and 7.7 %, supported by robust domestic demand, industrial development, and rising exports. Nominal GDP exceeded US$145–147.07 billion, marking a record level of economic output.

480.Macroeconomic conditions remained stable, with consumer price inflation slowing to around 7.3 %, reflecting improved supply conditions and tighter monetary policy. The labor market strengthened, with unemployment declining to approximately 4.9 %, while poverty levels fell significantly from 8.9 % to 5.8 %, driven by broad-based income growth and targeted social policies. Real household incomes increased by about 9.2 %, supporting stronger private consumption.

481.Economic growth was broad-based across sectors. Market services expanded by around 14.7 %, construction increased by 14.2 %, industry grew by 6.8 %, and agriculture expanded by 4.4 %, reflecting continued diversification beyond traditional sectors.



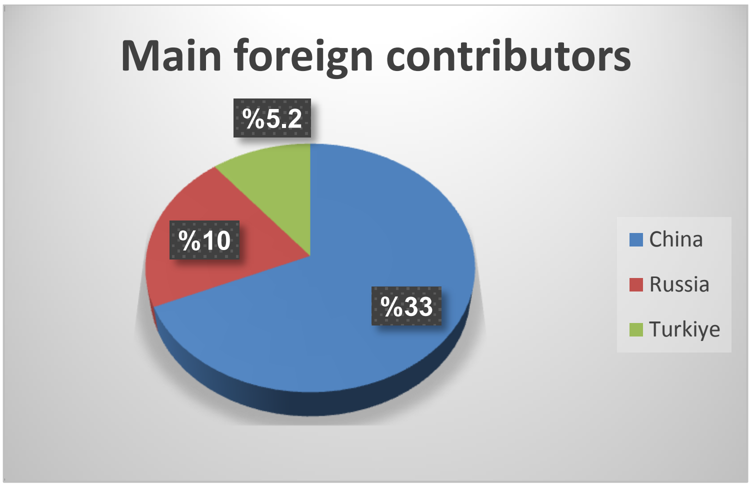
482.External trade also expanded strongly, with total trade turnover exceeding US$81 billion. Exports rose by approximately 24 % to US$33.8 billion, led by gold, energy resources, agricultural products, textiles, and processed raw materials such as copper. Imports continued to support industrialization and consumption demand.

483.Foreign investment reached over US$43 billion, directed mainly toward energy, infrastructure, and logistics projects, reinforcing Uzbekistan’s long-term development strategy and modernization efforts. Overall, 2025 marked a year of rapid growth, improving living standards, and sustained structural transformation in the Uzbek economy.

Fixed capital investments

484.In 2025, fixed capital investments in Uzbekistan reached approximately UZS 591.1 trillion. This was equivalent to about US$43.1 billion. The year-on-year increase was around 10.5 % in local currency terms. In US dollar terms, investment growth was about 24 % compared to 2024.

485.Gross fixed capital formation reached approximately US$50.01 billion in 2025. Foreign investments accounted for roughly 47.5 % to 71 % of total inflows, depending on the reporting period. The main foreign contributors were China with 33 %, Russia with 10 %, and Türkiye with 5.2 %.



486.Investment activity was driven mainly by non-centralized sources such as corporate funds, bank loans, and foreign direct investment, while state-backed financing played a supporting role. Overall, 2025 was a year of strong investment growth and continued economic modernization in Uzbekistan.

Consumer price index

487.In 2025, Uzbekistan’s annual inflation rate closed at 7.3%. This was the lowest inflation level the country had recorded in nine years, indicating improved price stability. Throughout most of the year, monthly consumer price index growth remained moderate, generally ranging between 0.5% and 0.7%.

488.Price increases varied across sectors. Food products rose by approximately 6.0% over the year. Non-food goods increased by about 7.5%. Paid services recorded a stronger rise of around 15.8%, reflecting higher costs in service-related sectors.

489.Housing and utility costs experienced the most significant changes. Prices for housing services, water, electricity, gas, and other fuels increased sharply due to tariff liberalization, reaching levels approximately 115% to 117% higher than in 2024. In contrast, insurance and financial services remained the most stable categories, showing minimal or no annual price growth.

Retail

490. In 2025, Uzbekistan's retail sector experienced rapid expansion driven by strong domestic consumption and overall economic growth. Total retail trade turnover reached approximately $34.5 billion, or around 482.4 trillion soums. This represented year-on-year growth of 11.2%, reflecting rising household demand and expanding consumer activity.

491. Small and medium-sized enterprises played the dominant role in the retail structure, accounting for approximately 73.9% of total turnover. Large enterprises generated about 81.9 trillion soums in sales, contributing to the formalization and scaling of the retail market.

492. Traditional unorganized trade, including open-air markets and bazaars such as Chorsu Bazaar in Tashkent, continued to remain important. However, their share declined to approximately 9.1% of total retail sales, as more consumers shifted toward structured retail formats and modern shopping channels.

Services and Catering

493. In 2025, Uzbekistan's foodservice and catering sector expanded rapidly, supported by record-breaking international tourism, which reached 11.7 million visitors, and government reforms offering tax breaks and simplified VAT measures. The sector generated UZS 17.2 trillion in turnover during the first nine months of the year. Casual dining led the market with UZS 9.7 trillion, followed by quick-service restaurants with UZS 4.7 trillion and catering services with UZS 2.8 trillion.

494. Government measures provided new tax relief, including partial VAT refunds. Enterprises with over 60% non-cash turnover received a 40% VAT cashback, while others received 20%. These policies laid the groundwork for broader 6% VAT reforms planned for 2026, aimed at supporting the catering and service industries.

495. Leading brands such as KFC, Evos, and Oqtepa emerged as the largest taxpayers. The top 50 catering firms collectively accounted for 14% of the market. Consumer spending remained resilient, with the average check around UZS 140,000. Industry exhibitions like HoReCa Uzbekistan and events such as the Delicious Uzbekistan culinary championship highlighted rising service standards and increasing internationalization within the sector.

Salary

496. In 2025, the average monthly salary in Uzbekistan reached roughly UZS 6.37 million, or about $530 USD. This represented an 18.9% increase compared to the previous year. In August 2025, the government raised the national minimum wage to UZS 1,271,000 per month.

497. Wage levels varied significantly by region and sector. In Tashkent, the capital, average monthly salaries ranged from UZS 10.3 million to 10.7 million ($850 to $889 USD). In Navoi Region, salaries ranged from UZS 7.6 million to 7.9 million ($627 to $657 USD). Tashkent Region recorded average wages between UZS 5.4 million and 5.8 million ($419 to $479 USD). Other regions had average salaries ranging from UZS 4.2 million to 4.9 million ($347 to $405 USD

Inflation and income of population

498. In 2025, Uzbekistan's headline inflation declined to 7.3%, marking the lowest level in nine years. This improvement reflected stronger macroeconomic stability and more controlled price dynamics across the economy.

499. At the same time, total aggregate income of the population reached 1,134.3 trillion UZS, equivalent to approximately $90.2 billion. Real household income grew by 9.2% after adjusting for inflation, showing a significant improvement in purchasing power and living standards.

500. Per capita aggregate income reached about 29.9 million UZS, or roughly $2,378. This represented real per capita income growth of 7.2% compared to the previous year. Income growth was mainly driven by rising wages and strong private consumption, with noticeable benefits for lower-income groups.

501. Inflation was contained through a combination of tight monetary policy, a 6.9% appreciation of the national currency (soum) against the US dollar, and the gradual fading of earlier energy price shocks. Overall, 2025 reflected a combination of lower inflation and strong income growth, supporting improved household welfare.

Trade

502. In 2025, Uzbekistan's trade sector reached a record high, with total foreign trade turnover of $81.2 billion, marking a 20.7% increase compared to the previous year. Exports grew by 23–24%, reaching between $33.4 billion and $33.8 billion. Imports totaled $47.4 billion, resulting in a trade deficit of approximately $13.5 billion.

503. Uzbekistan maintained trade relations with more than 170 countries. China remained the primary trading partner, with trade exceeding $6 billion during peak periods. Russia held the second position, exchanging billions of dollars in industrial and agricultural goods. Kazakhstan was another key partner, with trade exceeding $1.8 billion by mid-year. Other notable partners included Türkiye, South Korea, the UAE, and Afghanistan, which showed rapidly growing trade activity.

504. Export diversification continued in 2025. Services exports rose to over $3.4 billion, led by international IT services valued at $940 million and a growing tourism sector generating $5 billion. Agricultural products, food items, and construction materials each produced over $1.1 billion in exports. Industrial goods such as chemical products, machinery, and finished or semi-finished goods expanded their reach to 131 countries worldwide, reflecting Uzbekistan's increasingly diversified trade profile.

Employment

505. In 2025, Uzbekistan's labor market experienced strong expansion, with the unemployment rate declining to 4.9% as the government implemented large-scale employment programs and structural reforms. More than 5 million new jobs were created during the year, supported by rapid growth in construction, services, agriculture, and industrial development projects.

506. The minimum wage was increased to UZS 1,271,000 per month in August 2025, improving income conditions for low-wage workers and supporting broader household consumption. Employment initiatives also focused on social inclusion, with policies

supporting over 2.6 million women and aiming to integrate approximately 92% of targeted youth into the workforce.

507. A key structural shift in 2025 was the continued formalization of employment. Formal sector jobs expanded to approximately 8.58 million people, while informal employment declined significantly as more workers transitioned into registered and regulated positions. Labor migration programs also remained active, while a growing number of citizens returned from abroad to participate in expanding domestic job opportunities.

Energy

508. In 2025, Uzbekistan's natural gas production increased to 42.3 billion cubic meters, rising 2.4% compared to 2024 and marking a reversal of the previous multi-year decline. The growth was supported by new discoveries, including additional reserves in the Karakalpakstan region and the successful integration of the Muynak field into the national system, which produced up to 3 million cubic meters per day. State-owned Uzbekneftegaz remained the dominant producer and continued shifting its focus toward efficiency, reserve replacement, and field-level profitability. Pipeline exports to China generated approximately $773 million in 2025, while most production was directed toward domestic consumption and industrial use.

509. At the same time, crude oil production declined by 7.9% to 655,700 tonnes, and gas condensate output fell by 6.4% to 1,111,300 tonnes, reflecting continued pressure on mature fields. Downstream production showed mixed trends, with automobile gasoline output decreasing to 1.2 million tonnes, while diesel fuel production increased by 18.6% to nearly 1.16 million tonnes. Despite production constraints, fuel prices remained relatively low, averaging around $0.98 per liter for gasoline.

510. The sector's strategic direction in 2025 focused on geological exploration, modernization of infrastructure, and long-term sustainability. Cooperation with international partners, including CNPC and discussions with Russian operators, supported efforts to improve extraction technologies and develop underground gas storage capacity. Overall, 2025 reflected a transition toward more efficient resource use, stronger domestic energy security, and gradual modernization of Uzbekistan's hydrocarbon sector.

511. In 2025, Uzbekistan's energy sector underwent a major transformation, accelerating the shift from fossil fuels to green energy. Total electricity generation reached 86.7 billion kWh, a 6% increase compared to the previous year. Renewable energy output from solar and wind plants doubled to over 5 billion kWh, bringing the share of green energy, including hydropower, to 30% of the total electricity mix. Natural gas production totaled 44.6 billion cubic meters, and exports were halted to prioritize domestic needs. Coal production increased to about 8.9 million tons to meet energy and heating demand.

512. The country commissioned 42 new energy facilities with a combined capacity of 4,647 MW. This included five large solar power plants, four wind farms, and Uzbekistan's first national hydroelectric plant built entirely with local components, a 38 MW facility in Uychi district. Ten battery energy storage systems were introduced to stabilize the grid, and solar stations of 75–100 MW were integrated into water pumping systems to improve industrial efficiency.

513. The expansion was supported by approximately $6 billion in foreign investment directed toward green energy. An additional 21 projects totaling 3,508 MW remain under construction, including four solar projects, two wind projects, and 2,050 km of new power grids. Regional partnerships with Kyrgyzstan and Kazakhstan advanced plans for

the Kambarata-1 hydropower plant. Looking ahead, Uzbekistan aims to exceed 20 GW of renewable capacity by 2030, raising the share of green energy to more than 50% of total electricity generation.

Population of Uzbekistan

514. By late August 2025, the permanent population of Uzbekistan reached 38 million. At the start of the year, on January 1, 2025, the population was recorded at 37,543,167 according to the Statistics Agency. This reflects an annual growth rate of approximately 1.9%.

TOURISM INDUSTRY

515. In 2025, Uzbekistan's tourism industry expanded strongly, becoming one of the fastest-growing sectors of the economy, supported by record international arrivals, infrastructure development, and deeper regional integration. The country continued to benefit from its Silk Road heritage, improved connectivity, and simplified entry procedures, which together helped attract a growing number of visitors and increase tourism revenues.

516. International tourist arrivals reached approximately 11.7 million in 2025, reflecting robust growth in regional and long-haul travel demand. Top five source markets for tourists coming to Uzbekistan are Kyrgyz Republic (3,3 million), Tajikistan (2,7 million), Kazakhstan (2,7 million), Russia (984 thousand) and Afghanistan (477 thousand).[18] Tourism revenues increased significantly, supported by higher spending per visitor, expansion of hotel capacity, and the rapid development of hospitality services in major cities such as Tashkent, Samarkand, Bukhara, and Khiva.

517. According to WTTC data, contribution of travel and tourism sector to Uzbekistan's national GPD increased to $8.3 billion in 2025 which is %65.1 more than the share in 2019. The employment figure in travel and tourism sector also rose to 876800 in Uzbekistan as of 2025. [19]

518. A key driver of sector development in 2025 was strengthened cooperation with the Economic Cooperation Organization (ECO). Uzbekistan actively participated in ECO tourism initiatives focused on regional connectivity, joint promotion of Silk Road routes, and simplified cross-border travel frameworks. In 2025, Azerbaijan and Uzbekistan partnered for series of events across Europe to promote the shared heritage of the Silk Road and organized roadshows together in several European cities such as Vienna, Frankfurt, Budapest and Barcelona together. Uzbekistan also initiated the draft Roadmap for Expansion of Tourism Services (2026-2030) which was primarily elaborated during the first meeting of the ECO-ACT hosted by Uzbekistan in Tashkent on 26 November 2025.

519. Tourism infrastructure continued to expand in 2025, with new hotels, guesthouses, and transport upgrades along with expansion of flight network improving accessibility across key destinations. High-profile cultural sites, including Samarkand, Bukhara, and Khiva, recorded increased visitor numbers, International exhibitions and hospitality industry events such as Tashkent International Tourism Fair held on 25-27 November 2025 further strengthened service standards and encouraged foreign investment in the sector.

520. In sum, 2025 marked a year of strong tourism growth for Uzbekistan, characterized by record visitor numbers, rising revenues, expanding infrastructure, and deepening cooperation with ECO member states, reinforcing the country's position as a leading tourism destination in the region.

[18] Source: https://stat.uz/oz/matbuot-markazi-2/qo-mita-yangiliklar-2/66311-11-7-million-touristsvisited-
[19] Source: WTTC 2026 Economic Impact Research (EIR) Highlights: Uzbekistan