

Economic development of the Central Asian states

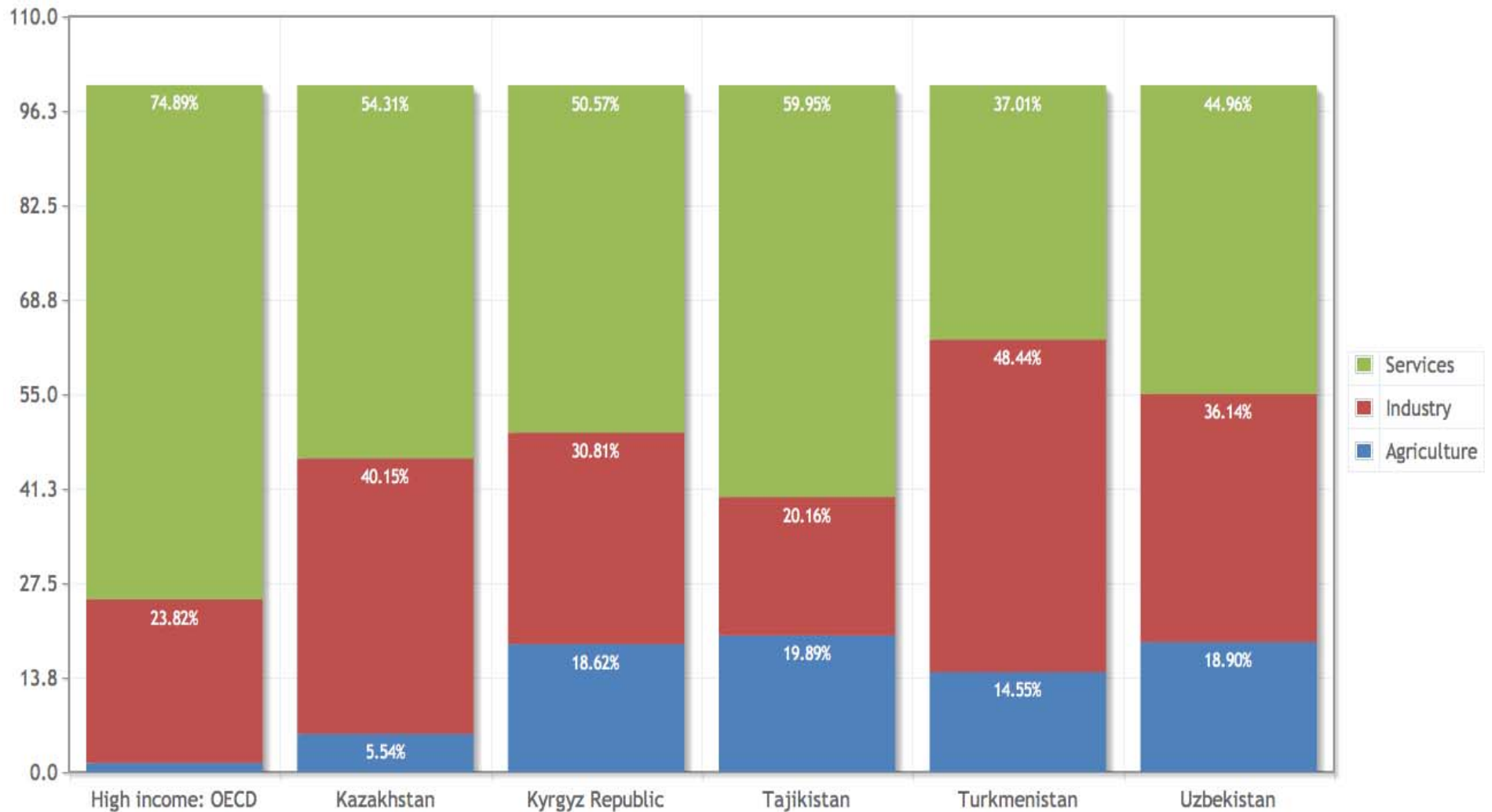
Sergei Gretskey

**U.S. Relations with Central Asia after 2014 and the New
Silk Road
Regional Integration, Trade and Economic Prospects**

Jamestown Foundation

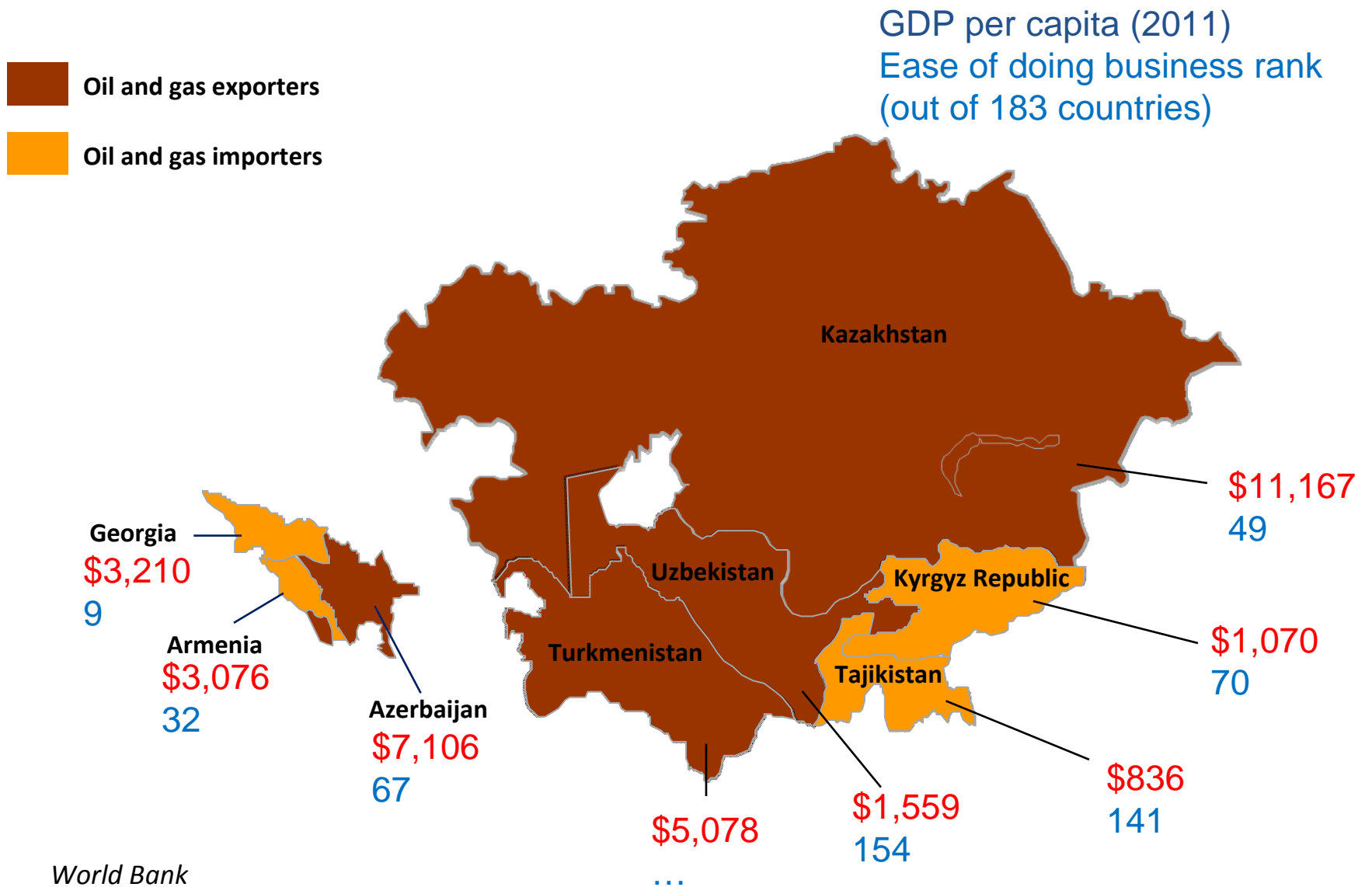
October 25, 2013

Structure of Central Asian economies

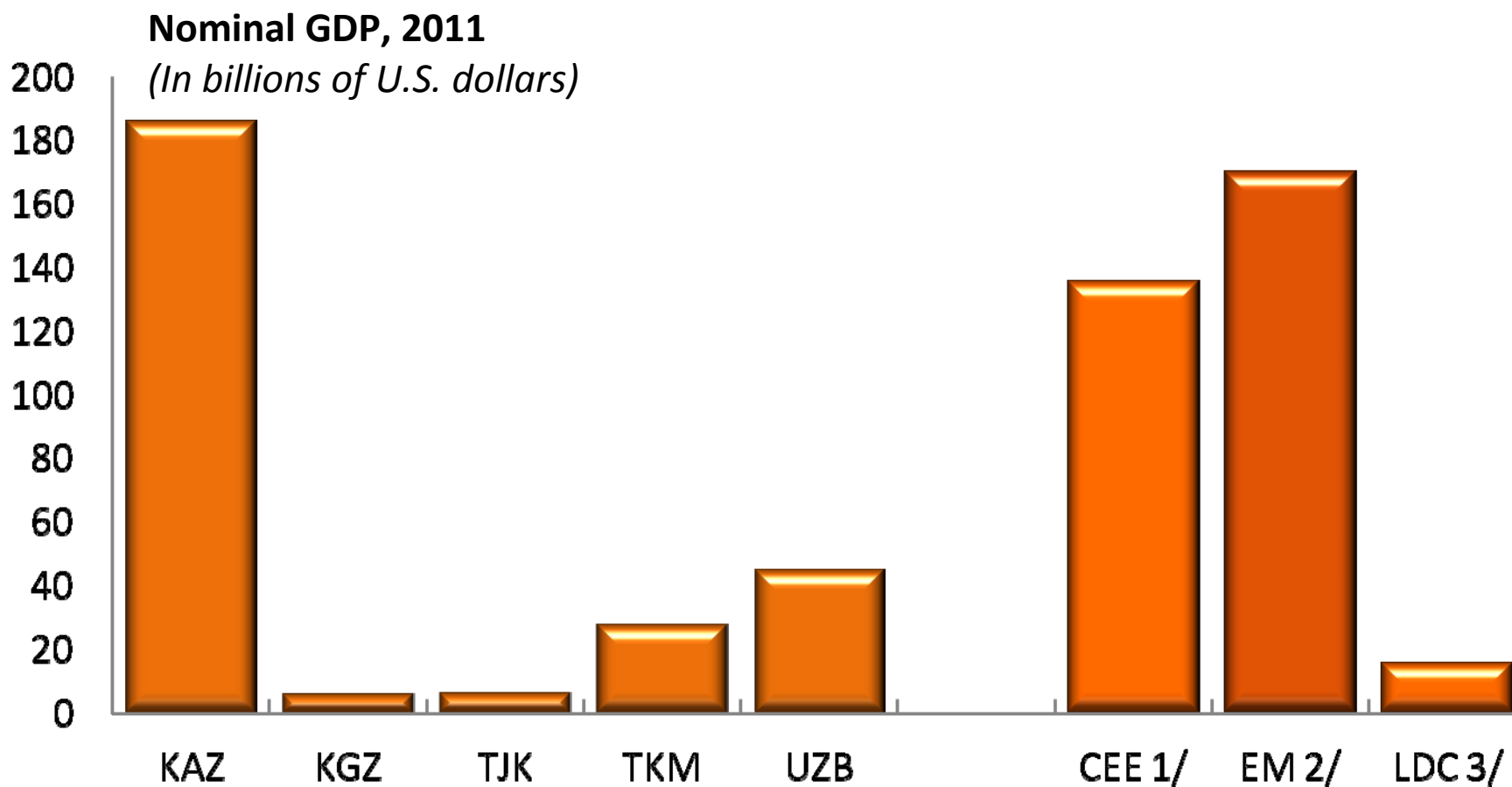


Data source: [World Bank, World Development Indicators](#) - Last updated March 2, 2011

Central Asia: a diverse region



Nominal GDP: “Small” economies

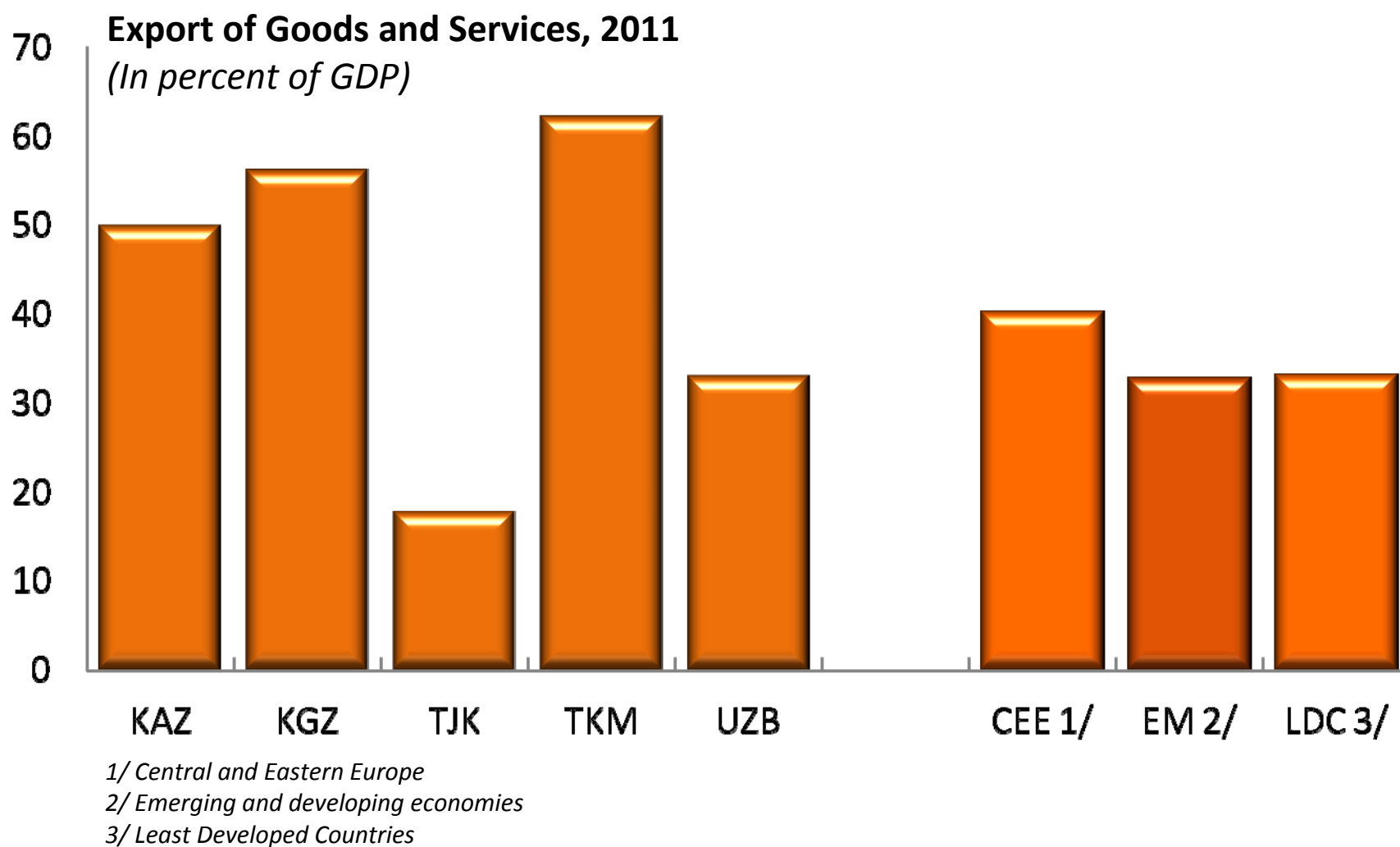


1/ Central and Eastern Europe

2/ Emerging and developing economies

3/ Least Developed Countries

Exports of goods and services



Main Exports

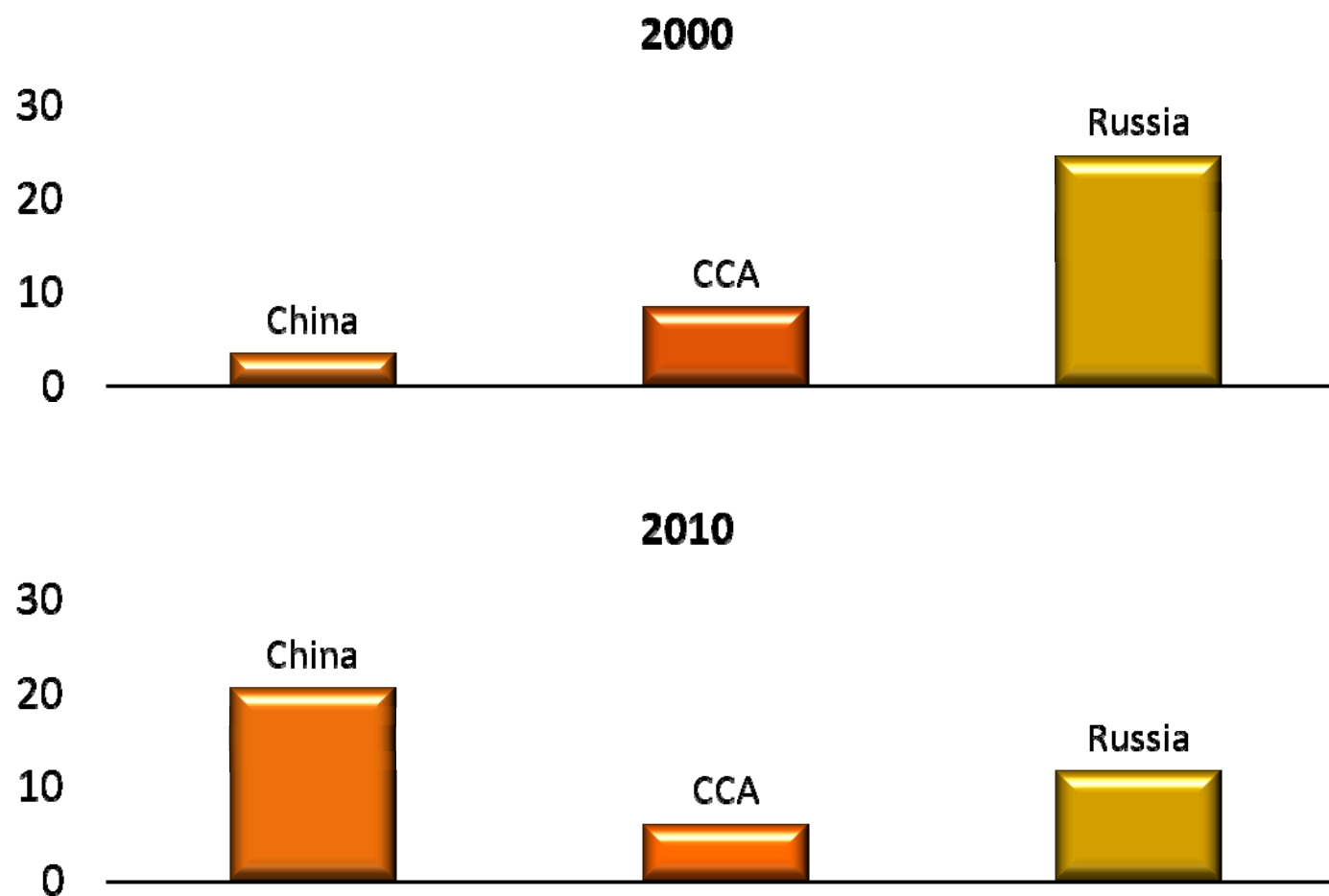
- **Kazakhstan:** Raw oil and oil products, ferrous metals, and chemicals
- **Turkmenistan:** Gas, crude oil, and petrochemicals
- **Uzbekistan:** Copper, gold, cotton, gas, foodstuff
- **Kyrgyz Republic:** Gold
- **Tajikistan:** Aluminum, cotton

Main Imports

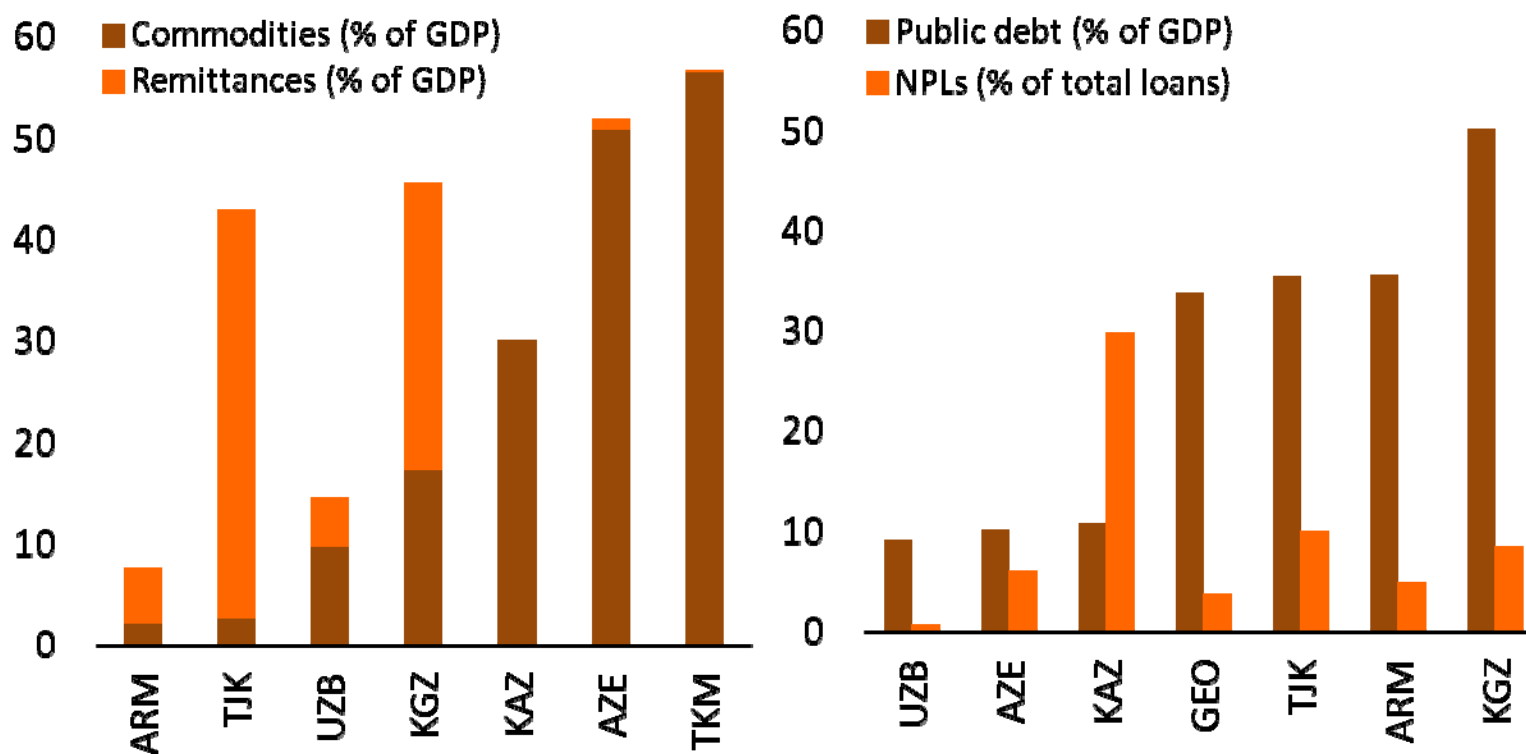
- **Kazakhstan:** Machinery and equipment, metal products, and foodstuff
- **Turkmenistan:** Machinery and equipment, chemicals, and foodstuff
- **Uzbekistan:** Machinery and equipment, foodstuff, and chemicals
- **Kyrgyz Republic:** Oil and gas, machinery and equipment, and chemicals
- **Tajikistan:** Petroleum products, alumina, foodstuff

Directions of Trade: Key Trends

Share of trade



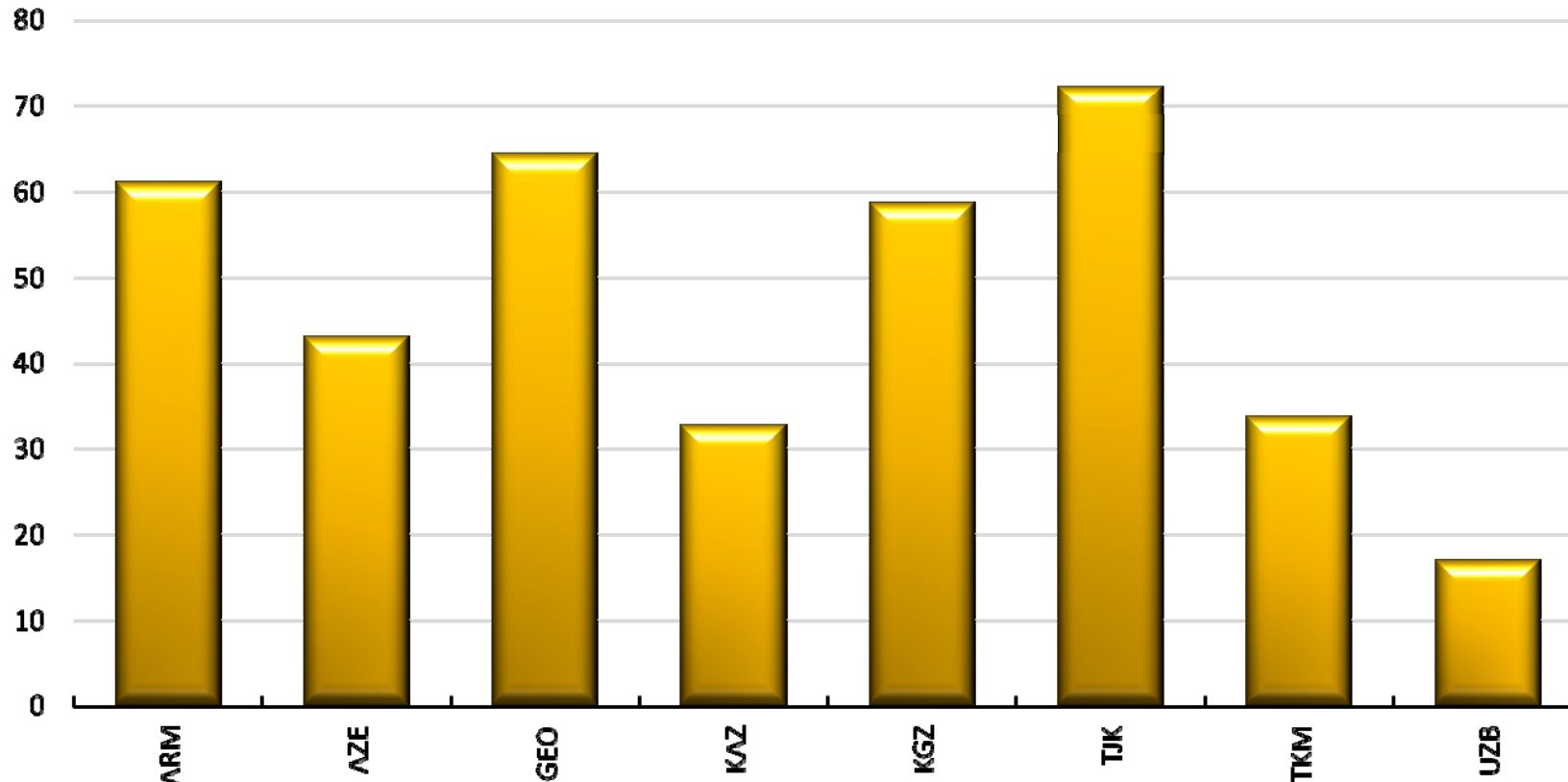
Main vulnerabilities



High dollarization in some countries

Foreign currency deposits

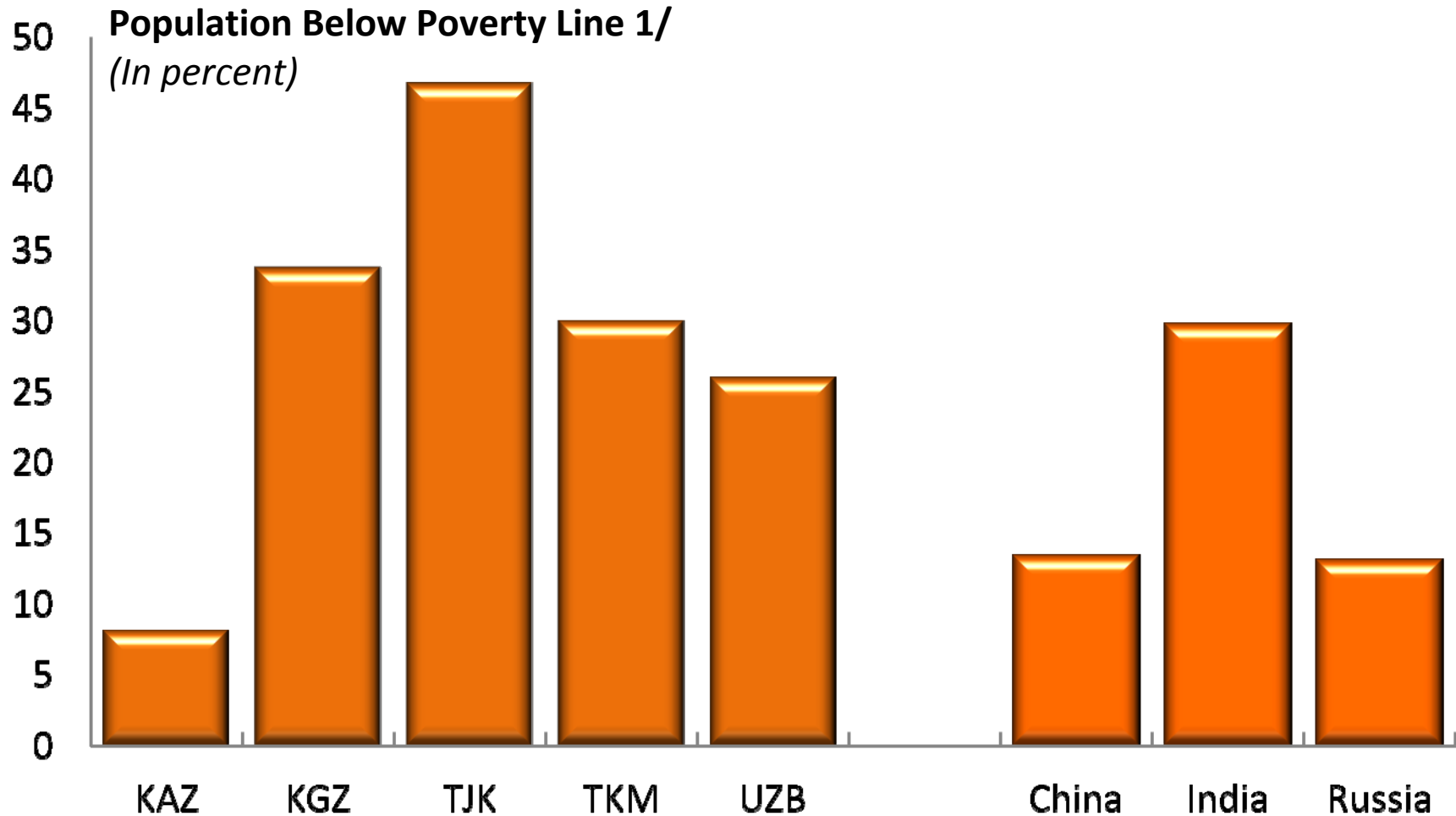
(Percent of total deposits, 2011¹)



Sources: National authorities; and IMF staff calculations.

¹ ARM, AZE, GEO and KAZ are updated till 2011. the others are in 2009.

High incidence of poverty



1/ Dates range from 2004-2011.

Competitiveness (WEF)

	Global Competitiveness ¹	Institutions	Infrastructure	Macroeconomic environment	Health and primary education	Efficiency enhancers	Higher education and training	Goods market efficiency	Labor market efficiency	Financial market development	Technological readiness	Market size	Innovation and sophistication
Kazakhstan	72	94	82	18	85	76	65	87	21	121	87	55	114
Kyrgyz Republic	126	136	114	141	104	115	92	119	53	113	131	118	138
Tajikistan	105	63	111	120	91	118	96	117	71	119	116	119	100

Sources: World Economic Forum, Global Competitiveness Report, 2011–12
Economies are ranked from 1 to 142, with first place being the best.

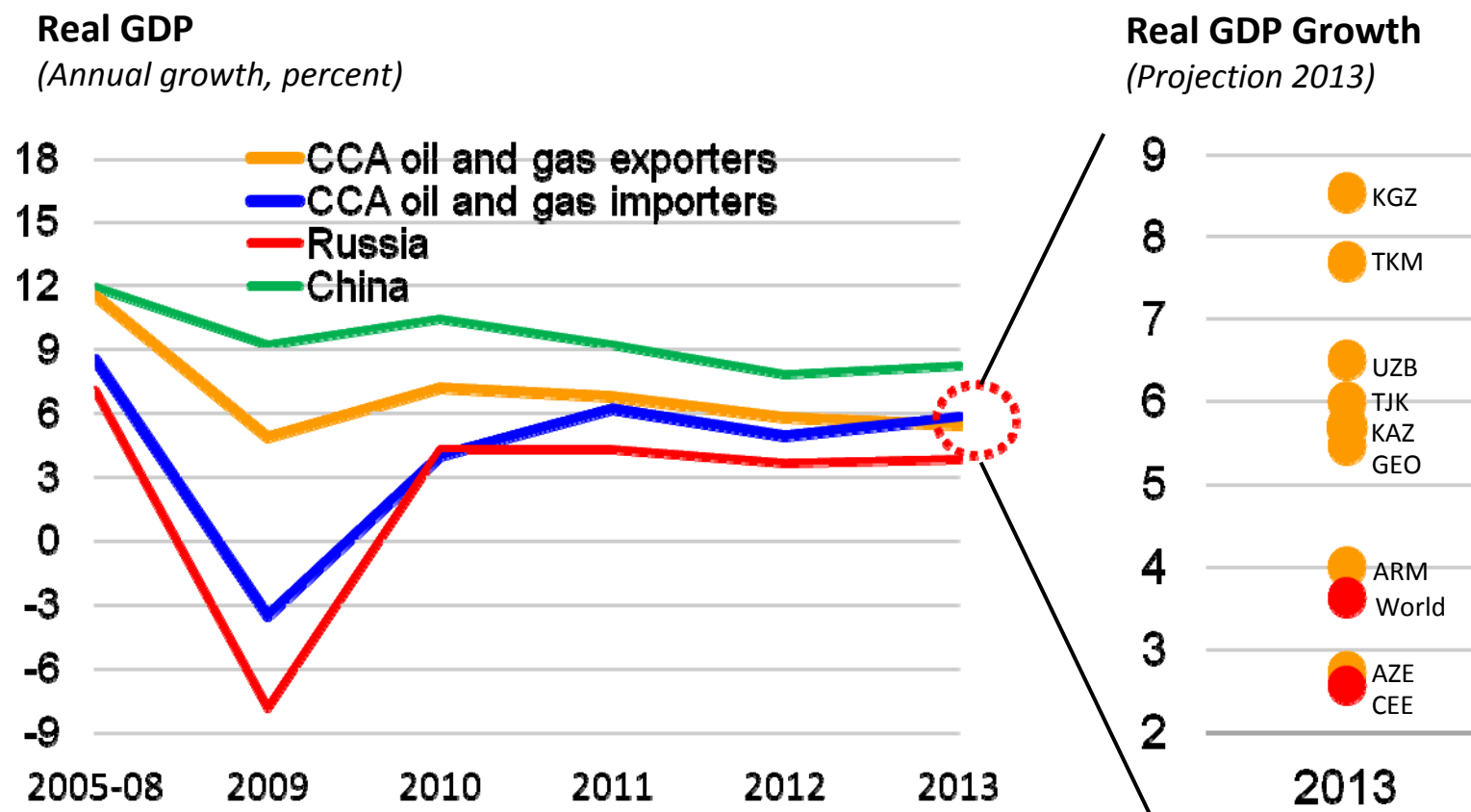
Ease of doing business indicators (WB)

	Ease of Doing Business ¹	Starting a Business	Dealing with Construction Permits	Getting Electricity	Registering Property	Getting Credit	Protecting Investors	Paying Taxes	Trading Across Borders	Enforcing Contracts
Kazakhstan	49	25	155	80	28	83	10	17	182	28
Kyrgyz Republic	70	15	67	177	11	12	13	168	174	47
Tajikistan	141	77	180	181	82	180	25	175	184	43
Uzbekistan	154	90	152	167	138	154	139	161	185	46

World Bank, *Ease of Doing Business 2013*.

Economies are ranked from 1 to 183, with first place being the best.

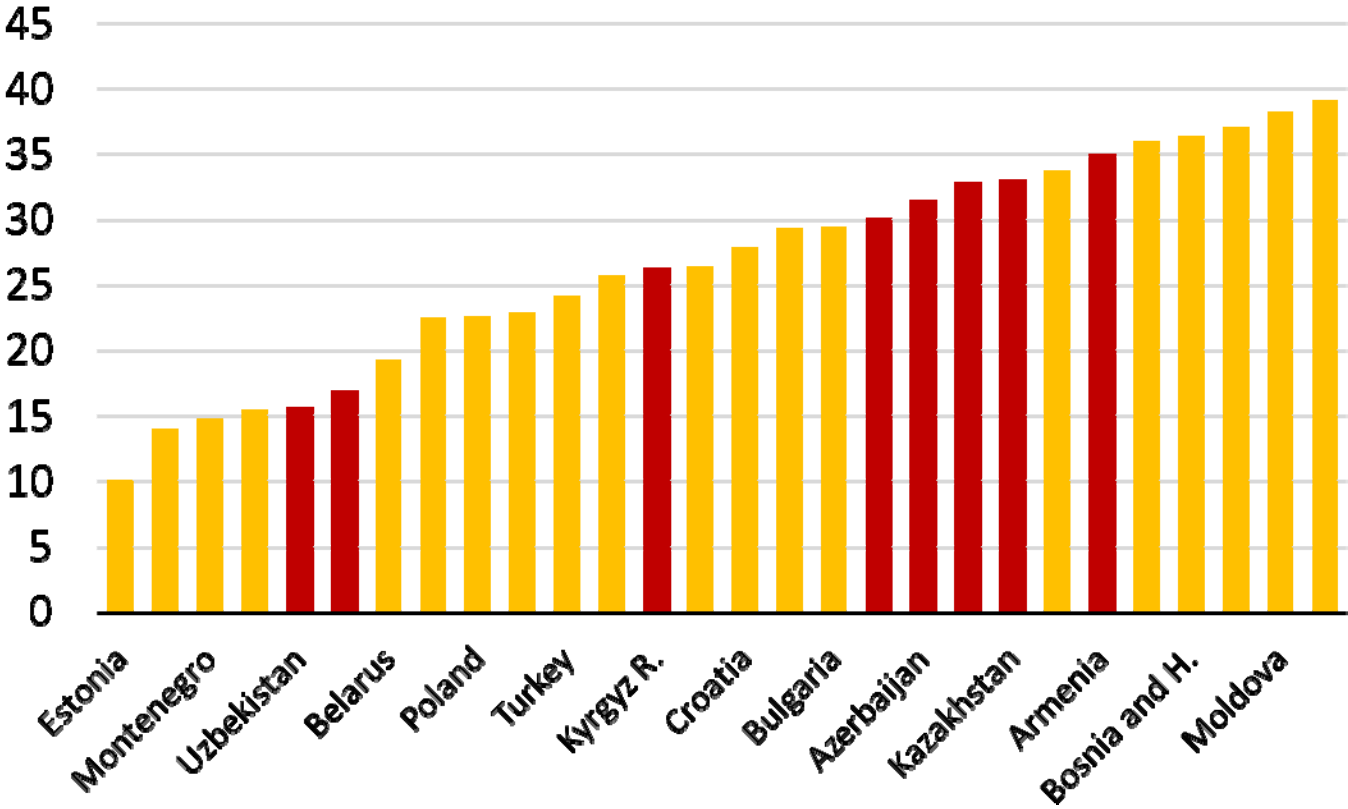
Growth outlook remains broadly positive



IMF, World Economic Outlook, and IMF staff calculations and projections.

Structural challenges: need to tackle the informal sector

Size of the Informal Economy
(Percent of GDP, 2008)

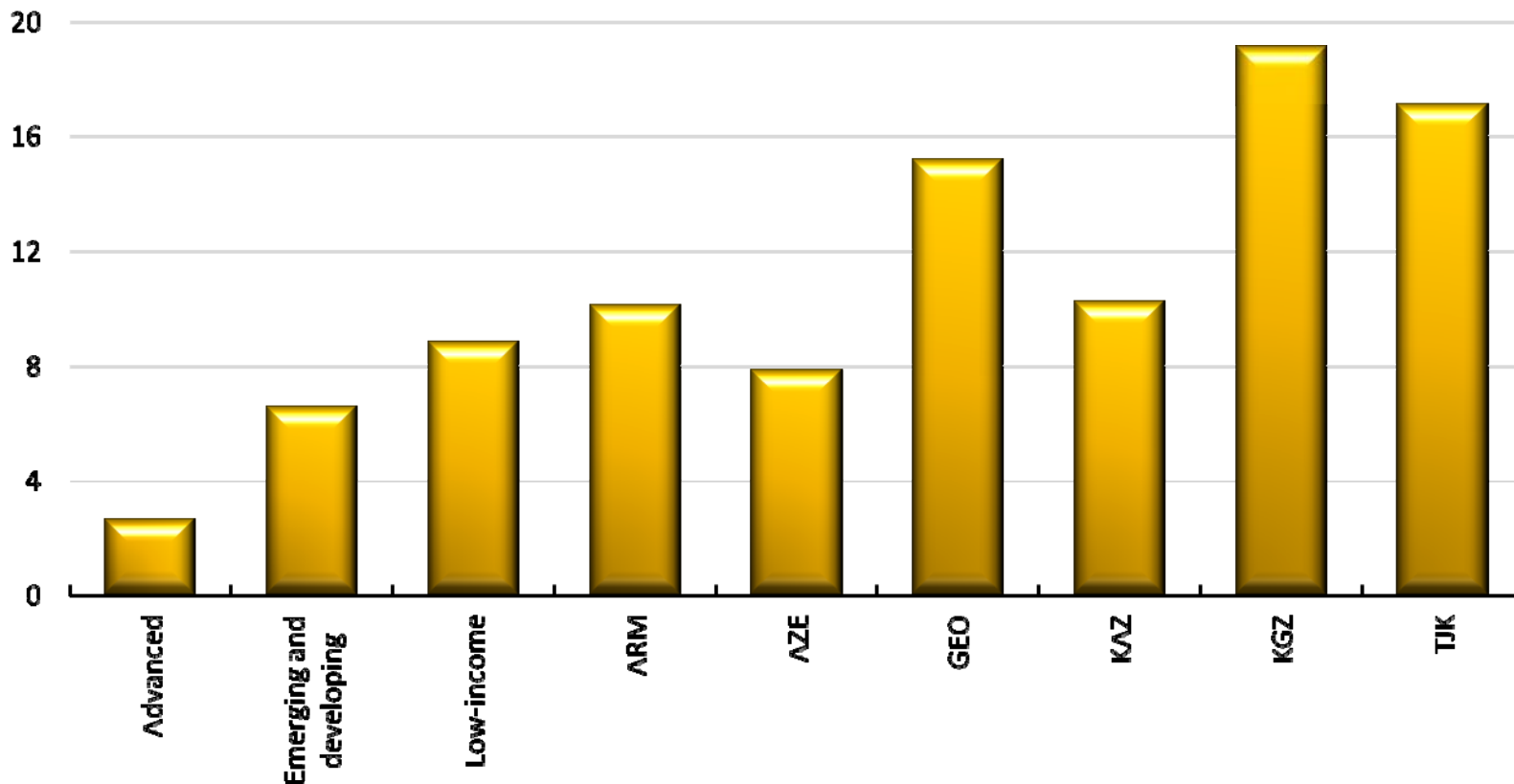


IMF staff estimates

Lack of competition in the banking sector

Spreads between lending and deposit rates

(Percentage points)

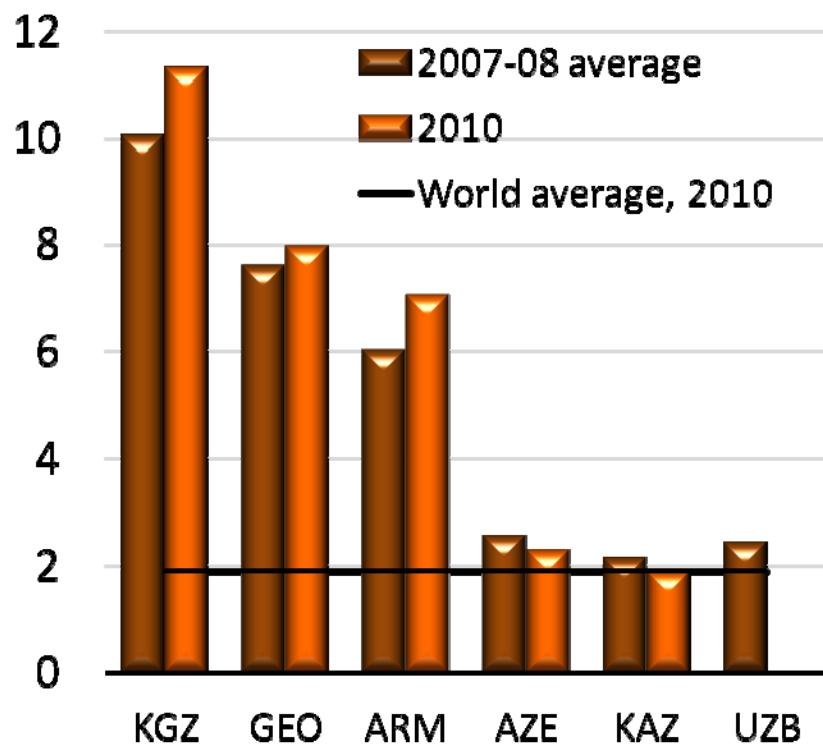


National authorities; IMF staff calculations; and Mishra, Montiel, and Spilimbergo (2010), "Monetary Transmission in Low-Income Countries," CEPR Discussion Paper No. 7951 (London: Centre for Economic Policy Research).

High exposure to international food prices

Food Imports as a Share of GDP

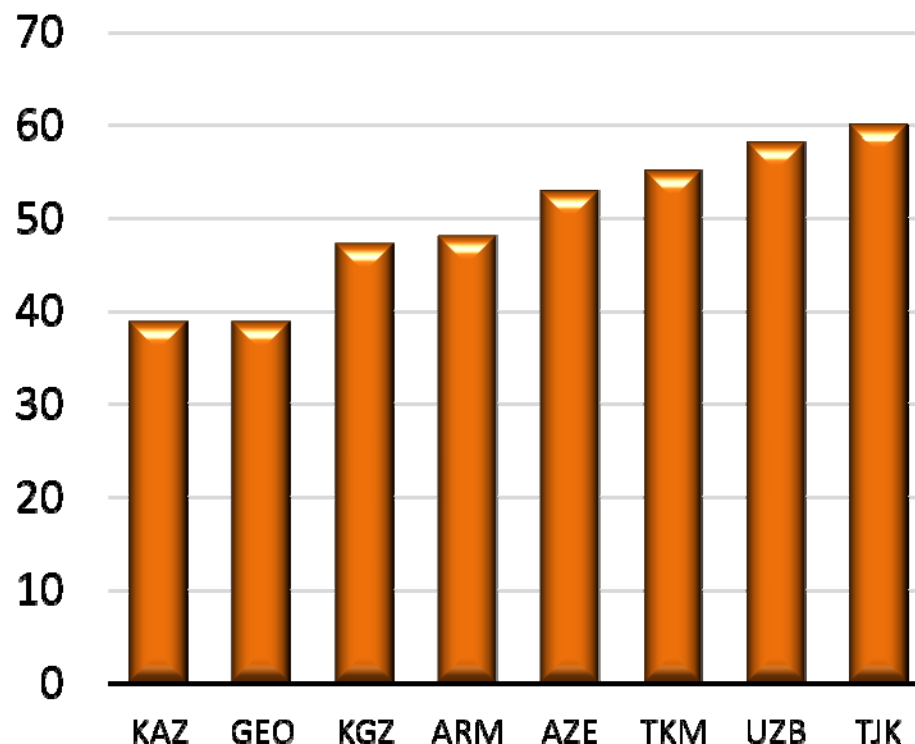
(Percent)



Sources: National authorities; and IMF staff calculations.

Weight of Food in the Consumer Price Index, 2010

(Percent)



Sources: IMF staff; OECD StatExtracts; and Eurostat.