

# **TRADE AND ECONOMIC POTENTIAL OF KAZAKHSTAN WITHIN ECO MARKETS IN THE NEW GEO-ECONOMIC REALITIES**

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## Introduction

In 1964, the Islamic Republic of Iran, the Islamic Republic of Pakistan and the Republic of Turkey founded the Forum for Regional Cooperation and Development (RCD), which later changed its format in 1985 and was renamed the Economic Cooperation Organization (ECO).

The second significant milestone in the development of the ECO was the accession of the Islamic Republic of Afghanistan and the Republic of Azerbaijan to the ECO as new members in the 1990s, as well as five Central Asian countries, including the Republic of Kazakhstan, the Kyrgyz Republic, the Republic of Tajikistan, Turkmenistan and the Republic of Uzbekistan, which significantly expanded the geographical and economic reach of this organization and gave new impetus to its development.

Currently, the ECO includes 10 countries: Azerbaijan, Afghanistan, Iran, Kazakhstan, Kyrgyzstan, Pakistan, Tajikistan, Turkmenistan, Turkey, Uzbekistan<sup>1</sup>.

The following have joined this organization as observers at various times:

- Turkish Cypriot State (since October 2012);
- Cooperation Council of Turkic Speaking States (since October 2014);
- International Energy Charter (since February 2017).

In recent decades, the organization has developed as an effective platform for economic diplomacy and cooperation between countries that have common historical roots, a number of cultural and economic ties, and that allow them to find a vector for mutually beneficial advancement of common interests, while being countries with significant differences in basic models of economic and political development.

Its aggregate parameters, such as almost 7 million square kilometers of territory, more than 350 million people, large reserves of mineral raw materials and other natural resources, high transport and transit potential of member countries, are significant prerequisites for active economic cooperation among ECO states.

The main objectives of the Organization are to create conditions for ensuring the progressive socio-economic development of member countries, the consistent and gradual integration of their economies into the global system of economic relations, active regional cooperation and mutual assistance in technical, scientific and other spheres.

To solve the above-mentioned tasks, a multi-level organizational structure for coordination and management of regional cooperation has been formed, and a number of specialized agencies and regional institutes

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<sup>1</sup>Official website of the ECO <https://eco.int/>

operate. Among them are: the Institute of Culture, the Institute of Education and the Scientific Foundation; the Shipping Company, the Aviation Company, the Chamber of Commerce and Industry, the Reinsurance Company, the Trade and Development Bank, and the Consulting and Engineering Company. The adopted structure defines the main areas of cooperation: foreign trade; fuel and energy sector; transport and communications; industry and agriculture; the social sphere, including health care, education and science.

**The basic documents of the ECO are:**

Treaty of Izmir, September 14, 1996 (ratified by the Republic of Kazakhstan Law of the Republic of Kazakhstan dated June 29, 1998 No. 241);

Agreement on the legal status of the Economic Cooperation Organization (ECO), representatives of member countries and international staff, signed in Izmir (Turkey) on September 14, 1996 (ratified by the Republic of Kazakhstan Law of the Republic of Kazakhstan dated June 29, 1998 No. 240).

At the 13th Summit in Islamabad in March 2017, the Heads of State/Government of the ECO endorsed and adopted the "ECO Vision 2025". This document is a roadmap for the development of sectoral cooperation within the ECO 2025.

The basic criteria for membership in this international organization, according to Article XIII of the Treaty of Izmir, are geographical proximity to the ECO region and sharing of ECO tasks and principles.

In order to analyze the understanding of the benefits of the further direction of policy development, Kazakhstan needs to understand the entire spectrum of its international economic and political relations with the ECO countries, both in a bilateral format and within the framework of other regional international organizations in which they have mutual obligations.

The study is a comprehensive analysis of trade and economic relations of the ECO member countries, including the structure of trade, investment, transport and logistics issues. The research methodology also covers a wide range of statistical, logical, and retrospective analysis methods. The results and conclusions of the work will allow a broader and deeper look at potential niches for cooperation between member countries, as well as in developing further steps to deepen interaction and build up trade ties.

## **1. Analysis of trade and economic policy of the Republic of Kazakhstan with the ECO countries**

### **1.1. Analysis of the foundations of international economic relations of the Republic of Kazakhstan with the ECO countries**

Given the close geographical proximity, as well as the rich experience of interaction in various historical periods, Kazakhstan has established diplomatic and, accordingly, international economic ties with the ECO states, practically from the very beginning of its sovereignty.<sup>2</sup>

The Republic of Kazakhstan established diplomatic relations with ECO member countries in the early years of its independence in 1991-1993. Turkey became the very first country in the world to officially recognize Kazakhstan's independence in 1991.

Numerous state and working visits are carried out with all countries at the highest levels, during which multifaceted issues are resolved, agreements are signed from strategic partnership to border delimitation issues. Business ties are established at the sites of bilateral meetings.

Kazakhstan provides regular humanitarian aid to Afghanistan and Kyrgyzstan.

On October 17, 2021, during the visit of the Special Representative of the President of the Republic of Kazakhstan for International Cooperation E. Kazykhan to Afghanistan, humanitarian aid in the amount of 5 thousand tons of flour (74 vans) was delivered.

In December 2021, during the visit of the Kazakh trade and economic delegation headed by the Minister of Trade and Integration B. Sultanov, humanitarian aid in the form of medicines (1.5 tons) was transferred to the Afghan side. In January 2022, the remaining humanitarian aid was transferred to Mazar-i-Sharif (200 tons of rice, 60 tons of vegetable oil, 2 tons of pasta, 116 tons of canned meat, 30 winter tents, medicines: moxifloxacin and favipiravir).

On February 20, 2022, the official transfer of the next batch (5 containers, 39 tons of medicines) of Kazakhstani humanitarian aid to the Afghan people took place at the Afghan railway port of Hairaton (Balkh province).

On August 31, 2022, an official ceremony of handing over Kazakhstani humanitarian aid (9 wagons, including food, clothing, tents, beds, etc.) to UNAMA representatives for the Afghan people affected by the earthquake in the southeastern provinces of the country at the end of June 2022 was held at the UN logistics terminal "Termez Cargo Center" in Termez (RU).

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<sup>2</sup>The information below was compiled using information from the official websites of the Ministry of Foreign Affairs of the Republic of Kazakhstan and the Bureau of National Statistics of the Agency for Strategic Planning and Reforms of the Republic of Kazakhstan.

On April 10 and 12, 2023, 81 wagons of humanitarian aid were sent to the Afghan railway station "Hayraton" (Balkh province), which included food products (buckwheat, peas, butter, condensed milk, etc.).

On April 15, 2023, during the visit of the Deputy Prime Minister - Minister of Trade and Integration of the Republic of Kazakhstan S. Zhumangarin to Kabul, a batch of humanitarian aid in the form of medicines was handed over.

On October 10, 2023, a 45-member rescue team of the Ministry of Emergency Situations of the Republic of Kazakhstan arrived in Herat to provide assistance as a result of a major earthquake in Herat province.

On October 11, 2023, in connection with the instruction of the President of the Republic of Kazakhstan K.K. Tokayev, a humanitarian cargo arrived in the province of Herat by a special airborne flight for the victims of the earthquake, which included food, tents, clothing and bedding weighing over 1,600 tons.

On October 21, 2023, a batch of Kazakhstani humanitarian aid for victims of the earthquake in the Afghan province of Herat arrived at the Afghan railway station "Hayraton" (Balkh province) in the amount of 27 wagons with a total weight of 1,662 tons. The aid included rice, flour, vegetable oil, canned milk, mattresses, blankets, sheets, pillows, warm clothes, tents, underwear, pillowcases and beds.

In 2009 and 2018, agreements on educational cooperation were signed, within the framework of which Afghan students, master's students and doctoral students regularly study at universities in Kazakhstan on the basis of the provided grants. In May 2023, the next recruitment of 30 Afghans was carried out.

Since 1998, Kazakhstan has regularly provided humanitarian aid to fraternal Kyrgyzstan. During this period, food products, industrial goods, material assets intended for the elimination of emergency consequences, coal, diesel fuel, as well as funds from the emergency reserve of the Government of the Republic of Kazakhstan were sent to the Kyrgyz Republic.

In May 2020, humanitarian aid worth more than 3 million US dollars was sent to the Kyrgyz Republic in the form of 5 thousand tons of flour, in November 2020 - 400 units of ventilators and 2 million medical masks, for a total of 900 thousand US dollars.

In May 2021, humanitarian aid in the form of 10 thousand tons of flour was sent to the Kyrgyz Republic, and in June 2021, 25 thousand doses of the domestic QazVac vaccine.

In March 2022, the next humanitarian aid was delivered in the form of 1 thousand tons of elite wheat seeds.

Since 2005, Kazakhstan has provided humanitarian aid to Kyrgyzstan totaling 17.2 million US dollars.

At the same time, cultural ties between Kazakhstan and all ECO countries are developing: joint forums, exhibitions, international scientific symposiums, round tables, poetry evenings, cultural days and seminars with the participation of the intelligentsia and the public are held.

For example, during the official visit of the President of the Republic of Kazakhstan K.K. Tokayev to the Kyrgyz Republic in 2022, a monument to Abai Kunanbayev was opened in Bishkek, as well as a branch of the Kazakh National University named after Al-Farabi. On October 27-29, 2022, the Days of Culture of Kyrgyzstan in Kazakhstan were successfully held in Astana.

The Kazakh National Cultural Center "Baiterek" operates in Dushanbe. The Days of Culture of Tajikistan were held in Kazakhstan on August 23-29, 2023. During this period, performances by masters of art and young performers, exhibitions of fine arts and folk crafts, meetings of leading figures of literature and science of the two countries, exhibitions and fairs of agricultural and industrial products, as well as handicrafts of Tajikistan were organized in Astana, Almaty and Shymkent.

There are 15 monuments, 9 cultural centers, 4 schools, 18 streets and 12 parks connected with Kazakhstan in Turkey. In addition, monuments have been erected in honor of outstanding national figures and poets and writers of Kazakhstan Abay Kunanbayuly, Ablai Khan, Suyunbay Aronuly, Zhambyl Zhabayev, Magzhan Zhumabayev, Kabanbay Batyr.

Cooperation between the ECO countries in a bilateral format covers issues of the transport and logistics complex, namely the development of the Trans-Caspian international transport route, the energy sector, investments, military-technical, educational spheres and others.

Taking into account the geographical proximity of Kazakhstan, together with other ECO states in various combinations, it is currently part of various regional international organizations similar in their tasks to the ECO: the UN, the OIC, the CICA, the SCO, the EAEU, OTS, and the Special Working Group on the Caspian Sea.

**In the Organization of Islamic Cooperation (OIC)** All ECO member countries are represented. Established in 1969, the OIC currently unites 57 states of the Islamic world.

According to Article 1 of the Charter of the Organization of the Islamic Conference, ratified by the Republic of Kazakhstan by the Law of the Republic of Kazakhstan dated February 21, 2012 No. 570-IV, the objectives of the Organization of the Islamic Conference are:

1. To improve and strengthen the bonds of fraternity and solidarity among Member States;

2. Safeguarding and protecting the common interests and supporting the legitimate rights of Member States, as well as coordinating and uniting

the efforts of Member States, taking into account the challenges facing the Islamic world in particular and the international community in general;

3. Recognition of the right to self-determination, non-interference in internal affairs, as well as respect for the sovereignty, independence and territorial integrity of each Member State;

4. Support for the restoration of full sovereignty and territorial integrity of any Member State under occupation as a result of aggression, on the basis of international law and cooperation with relevant international and regional organizations;

5. Ensuring the active participation of Member States in global decision-making processes on political, economic and social issues in order to protect their common interests;

6. Promoting the development of interstate relations based on justice, mutual respect and good-neighborliness to ensure global peace, security and harmony;

7. Reaffirmation of support for the rights of peoples as provided for in the UN Charter and international law;

8. Supporting and enabling the Palestinian people to exercise their right to self-determination and to establish a sovereign state with Al-Quds Al-Sharif as its capital, while preserving the historical and Islamic character of the city and the holy places located therein;

9. Strengthening economic and trade cooperation among Islamic States in order to achieve economic integration leading to the creation of an Islamic common market;

10. Struggle to achieve sustainable and inclusive human development and economic well-being in Member States;

11. Dissemination, promotion and preservation of Islamic teachings and values based on moderation and tolerance, promotion of Islamic culture and preservation of Islamic heritage;

12. Preserving and protecting the true image of Islam, combating slander against Islam and encouraging dialogue between civilizations and religions;

13. Strengthening and developing science and technology, encouraging research and cooperation among Member States in these fields;

14. Promoting the exercise and protection of human rights and fundamental freedoms, including the rights of women, children, youth, the elderly and people with disabilities, as well as the preservation of Islamic family values;

15. Emphasizing, protecting and promoting the role of the family as the natural and fundamental unit of society;

16. Protecting the rights, dignity and religious and cultural identity of Muslim communities and minorities in countries that are not Member States;

17. Promotion and protection in international forums of a unified position on issues of common interest;

18. Cooperation in combating terrorism in all its forms and manifestations, organized crime, drug trafficking, corruption, money laundering and human trafficking;

19. Cooperation and coordination of humanitarian assistance in emergency situations such as natural disasters;

20. Promoting cooperation between Member States in the social, cultural and information fields<sup>3</sup>.

The new OIC 2025 program is based on the provisions of the OIC Charter and focuses on 18 priority areas and 107 goals. The priority areas include peace and security, Palestine and Al-Quds, poverty alleviation, counter-terrorism, investment and finance, food security, science and technology, climate change and sustainability, moderation, culture and interfaith harmony, women's empowerment, Joint Islamic Humanitarian Action, human rights and good governance, and others.

**Shanghai Cooperation Organization (SCO)** was formed on the basis of agreements on strengthening trust in the military sphere and on mutual reduction of armed forces in the border area, signed by the Republic of Kazakhstan, the People's Republic of China, the Kyrgyz Republic, the Russian Federation and the Republic of Tajikistan respectively in 1996 and 1997. The members of the SCO are Iran, Kazakhstan, Kyrgyzstan, Pakistan, Tajikistan and Uzbekistan.

**The main areas of cooperation within the SCO are:**

- maintaining peace and strengthening security and confidence in the region;
- search for common points of view on foreign policy issues of common interest, including in international organizations and at international forums;
- development and implementation of measures to jointly combat terrorism, separatism and extremism, illegal drug and arms trafficking, other types of transnational criminal activity, as well as illegal migration;
- coordination of efforts on disarmament and arms control issues;
- support and encouragement of regional economic cooperation in various forms, assistance in creating favorable conditions for trade and investment in order to gradually achieve the free movement of goods, capital, services and technologies;
- efficient use of existing infrastructure in the field of transport and communications, improvement of the transit potential of member states, development of energy systems;

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<sup>3</sup>Official website of the Organization of Islamic Cooperation <https://new.oic-oci.org/>



- ensuring rational use of natural resources, including the use of water resources in the region, the implementation of joint special environmental protection programs and projects;
- providing mutual assistance in preventing natural and man-made emergencies and eliminating their consequences;
- exchange of legal information in the interests of developing cooperation within the SCO;
- expansion of cooperation in the fields of science and technology, education, healthcare, culture, sports and tourism<sup>4</sup>.

SCO member states may, by mutual agreement, expand areas of cooperation.

**Commonwealth of Independent States (CIS)** is based on the principles of sovereign equality of all its members and operates on the basis of the Charter of January 22, 1993. The member states of the Commonwealth are independent and equal subjects of international law. The members of the CIS are Kazakhstan, together with Azerbaijan, Kyrgyzstan, Uzbekistan, Tajikistan and Turkmenistan.

**Currently, within the framework of this organization, cooperation is carried out in the following areas:**

- humanitarian cooperation;
- interparliamentary cooperation;
- interregional and cross-border cooperation;
- general political issues;
- legal cooperation;
- cooperation in the field of security;
- cooperation in the field of interstate exchange of scientific and technical information;
- cooperation in the financial sphere;
- economic cooperation<sup>5</sup>.

In addition, Azerbaijan, Kazakhstan, Kyrgyzstan, Turkey, and Uzbekistan are member states of the Organization of Turkic States (OTS). Turkmenistan is an observer state.

Cooperation between the member states and observer states of the UTG is carried out on the following issues: political, economic, customs, transport cooperation, tourism, energy, healthcare, agriculture, etc.<sup>6</sup>

One of the main documents of the organization is the "Vision of the Turkic World - 2040", adopted during the Summit of Heads of State held in Istanbul in 2021. It aims to develop a framework for supporting the potential of its members to individually and collectively address the problems of our time.

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<sup>4</sup>Official website of the Shanghai Cooperation Organization <https://rus.sectsko.org/>

<sup>5</sup>Official website of the CIS Executive Committee // URL [<https://cis.minsk.by/cooperation>]

<sup>6</sup>Official website of the UTG // URL [<https://www.turkicstates.org/en/isbirligi-alanlari>]

The priority areas of cooperation within the framework of Vision 2040 are political, security, economic and industrial cooperation, cooperation between people, as well as relations with international organizations.

The transport and logistics complex is of no small importance for the development of trade. In this context, it is worth noting the "Middle Corridor" or "Trans-Caspian Route" project.

Today, the potential for transportation of Kazakhstani cargo along this corridor alone is estimated at more than 4 million tons per year. In the context of changed international supply chains, logistics operators can also reorient their volumes to this route.

The most advanced level of integration among regional associations in which the participants are the ECO member countries: Kazakhstan and Kyrgyzstan, is the Eurasian Economic Union (EAEU). It is important to understand that the EAEU is an economic integration organization, implying the creation of a free trade zone, a customs union, and common markets. It is worth assuming that this form of integration most contributes to the development of both domestic and foreign trade of member countries. At the same time, none of the above associations have agreements on the creation of a single economic space.

Conceptually, the main areas of cooperation in the above-mentioned organizations are declared to be coordination of foreign policy, cooperation in customs and transport spheres, regional security, promotion of trade and investment, scientific and technological cooperation, etc.

In this context, it is important to note the provisions of the Izmir Treaty, which establishes cooperation among the ECO countries. Thus, Article II defines the tasks of this association:

a) creation of conditions for continuous socio-economic development and, on this basis, an increase in the standard and quality of life in member countries;

b) taking measures to consistently eliminate trade barriers in the ECO region and expand intra- and interregional trade, taking into account experience and global economic trends;

(c) expansion, in accordance with the main aspirations of the member countries, of economic cooperation with the aim of enhancing the role and contribution of the ECO region to the growth of world trade and eliminating unfair trade policies that lead to unfavourable conditions of trade for developing countries, in particular for the ECO countries, by developing a unified approach in international forums;

d) consistent and gradual integration of the economies of member countries into the world economy to ensure their more active participation in the globalization process;

d) establishing active regional cooperation and mutual assistance in the economic, social, cultural, technical and scientific spheres;

e) accelerating the development of transport and communications infrastructure that will connect member countries with each other and with the rest of the world;

g) promoting the integration of public and private sector activities, paying particular attention to economic liberalization and privatization and seeking to expand the participation of the private sector in regional economic development in the form of joint ventures and investments;

c) development of joint programs for the development of human resources in the ECO region;

i) mobilization and use of natural resources of the ECO region, in particular energy resources;

k) intensification of efforts to effectively use the agricultural and industrial potential of the ECO region;

l) development of regional cooperation to eradicate the abuse of narcotic and psychotropic substances;

m) promoting cooperation in the field of environmental protection and solving environmental problems;

n) establishing mutually beneficial cooperation between ECO and other regional and international organizations, as well as financial institutions;

o) further strengthening of historical and cultural ties between the peoples of the ECO region, as well as exchanges in the field of tourism.

The ECO countries supported the candidacy of Kazakhstan for non-permanent membership in the UN Security Council for 2017-2018, and voted for holding the International Specialized Exhibition EXPO-2017 in Astana. This confirms the strong political ties and allied relations between the countries of the Organization.

An analysis of the foundations of international economic relations between the Republic of Kazakhstan and the ECO countries primarily shows the presence of a number of prerequisites that determine the need for this cooperation.

First of all, this is the geographical proximity of these members, which actually forces them to build relationships in the field of transport, trade, and also taking into account a number of geopolitical features of the region and in the field of security. Moreover, it can be concluded that geographical proximity actually puts the state in an interdependent position. The understanding of this dependence is clearly highlighted by the existence of bilateral and multilateral agreements on automobile transportation.

The second aspect promoting this cooperation is the close historical, ethnic, cultural and religious ties between the countries of the region. It should be noted that it can be traced both in the analysis of the real interaction of the ECO countries and in the analysis of the goals regulated in the basic documents of regional organizations, including the ECO itself, as well as bilateral documents.

The third, no less important factor for Kazakhstan in building relations with the ECO member countries is economic benefit, which is shown by the analysis of trade and economic relations and even a superficial analysis of import/export. Most ECO countries are among the top countries in terms of trade volumes. At the same time, in most cases, the balance between import and export for Kazakhstan is positive.

Kazakhstan's interest in promoting relations with the ECO member countries is also indirectly indicated by the establishment of diplomatic relations practically from the first years of gaining sovereignty. At the same time, this interaction has only increased in the last decade, including in the form of mutual visits of heads of state.

In addition, an analysis of international cooperation among ECO states shows that, despite the presence of a large number of cooperation formats, the red line is the development of mutually beneficial economic interests, such as increasing trade turnover, primarily food products and energy resources, coordinating the vector of economic development, building transport and logistics corridors, as well as coordinating efforts to counteract factors that negatively affect these issues.

For Kazakhstan as a whole, the ECO is one of the platforms that allows for the coordination and scaling of economic and geopolitical interests discussed within other formats, and harmoniously fits into the paradigm of the multi-vector format for the development of international economic relations, which our state adheres to.

## **1.2 Analysis of the structure and dynamics of trade between Kazakhstan and the ECO countries over the past 10 years**

### **Trade Review**

According to statistics from the Economic Cooperation Organization (ECO), intraregional trade of the ECO accounts for 8.2% of the region's total trade with the rest of the world. Meanwhile, the trade balance between Kazakhstan and the ECO countries has demonstrated stable positive dynamics over the past ten years. The total volume of Kazakhstan's exports to the ECO countries over the past ten years amounted to 68.7 billion US dollars, while the volume of imports amounted to 28.5 billion US dollars.

In 2023, the volume of trade between Kazakhstan and other countries amounted to 15.2 billion US dollars, which is 10.9% of the total trade volume of Kazakhstan. Kazakhstan's trade with Turkey accounts for 3.9%.

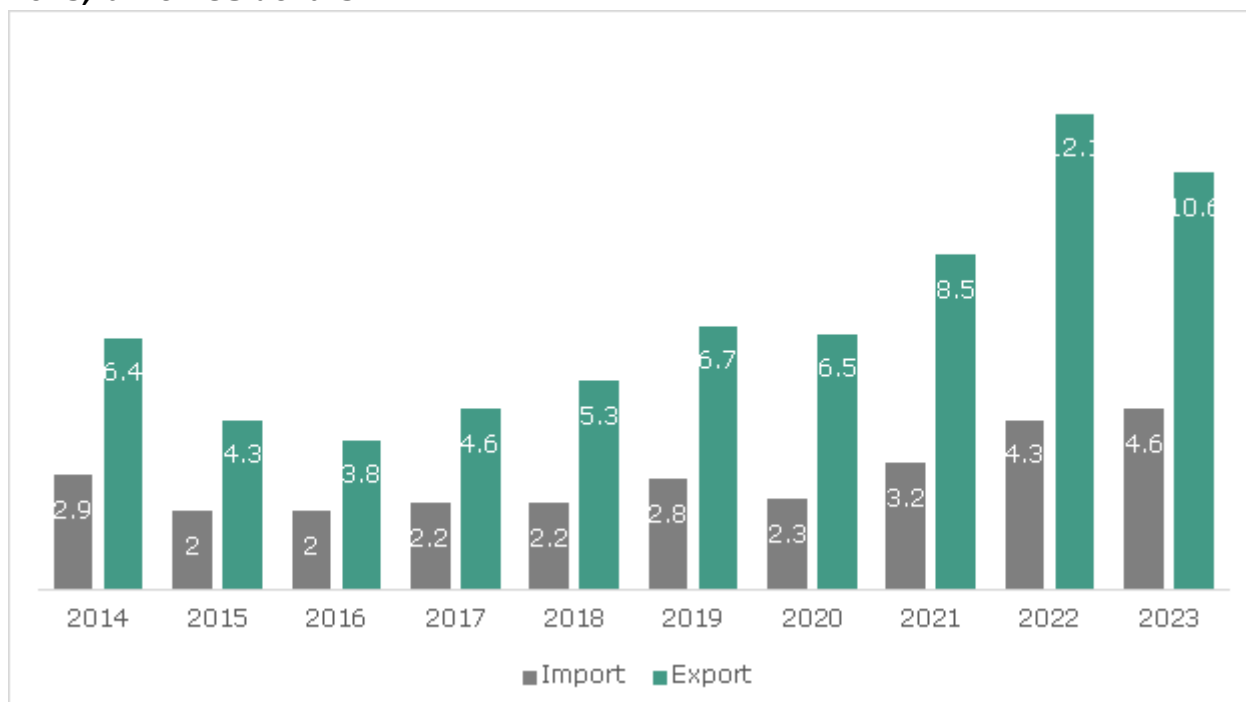
The export volume in 2023 amounted to 10.6 billion US dollars, which is 14% lower than the previous year. In 2022, the volume of Kazakhstan's exports is a record over the past 10 years and amounted to 12.1 billion US dollars. Such indicators are associated with the high yield of grain crops in 2022 and increased demand in the ECO market (in 2022, Kazakhstan

exported more than 13.2 million tons of grain and flour in grain equivalent, including 10 million tons of grain - these are the highest figures in the entire history of Kazakhstan).

Kazakhstan's exports to ECO countries grew steadily from 2017 to 2023, and the 67.9% decline in exports from 2014 to 2016 is likely due to the impact of several negative shocks and the subsequent devaluation of the tenge.

During the period under review, it can be seen that imports from ECO countries are relatively stable from 2014 to 2021, showing minor fluctuations within the range of 2-3 billion US dollars. However, in 2022, there is a significant increase in imports by 34% compared to the previous year, when the import volume reached 4.3 billion US dollars. In 2023, imports continued to increase their pace and reached 4.6 billion US dollars. The increase in imports is partly due to the import of cars and car bodies from Uzbekistan (Imports in 2022 increased by 83% from 37 million US dollars to 234 million US dollars).

**Figure 1. Export and import volumes of Kazakhstan and ECO countries from 2014-2023, billion US dollars**

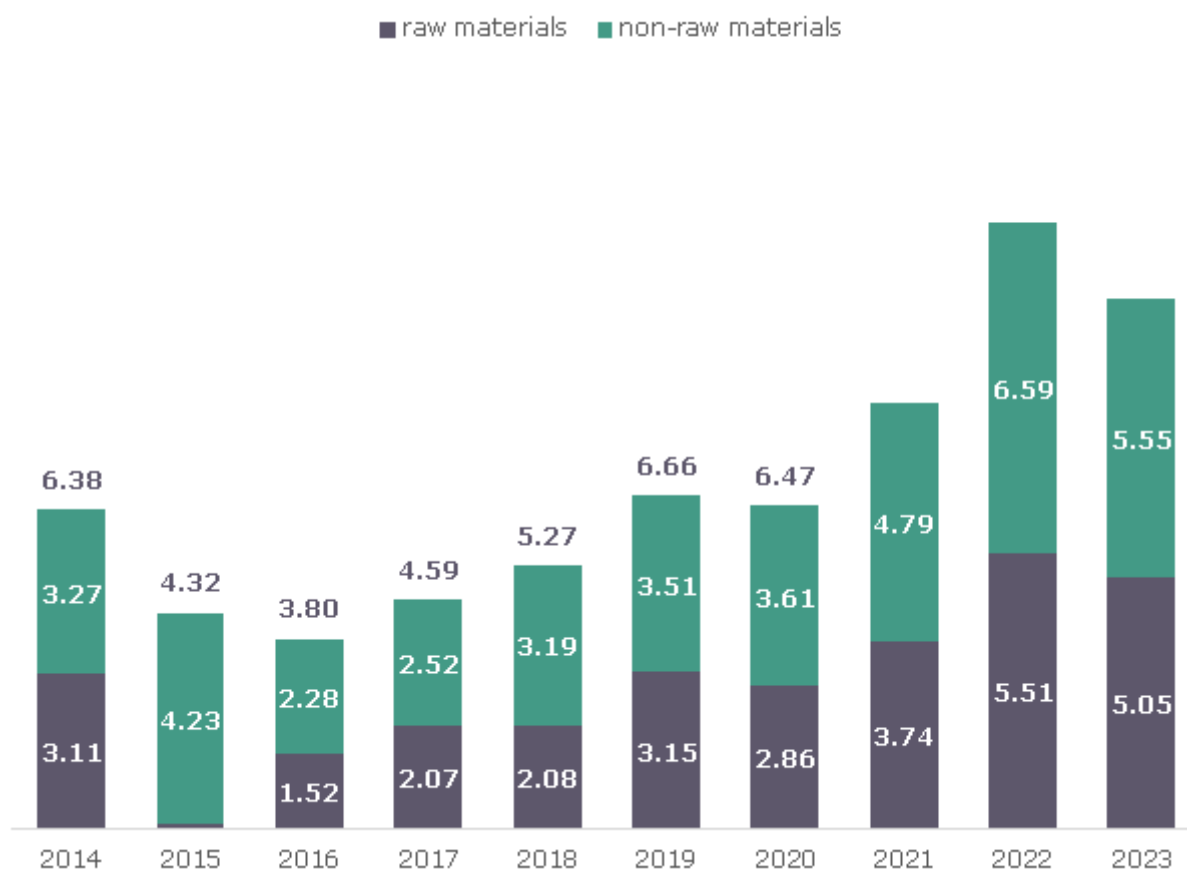


Source: own calculations based on data from the Bureau of National Statistics of the Republic of Kazakhstan

### Structural statistics

Structural analysis of trade with ECO countries demonstrates the diversification of the export basket of Kazakhstan. During the period under review, non-commodity goods accounted for the majority of exports, while the share of raw materials averaged 40.3% of total exports.

**Figure 2. Kazakhstan's exports in terms of raw materials and non-raw materials, billion US dollars**



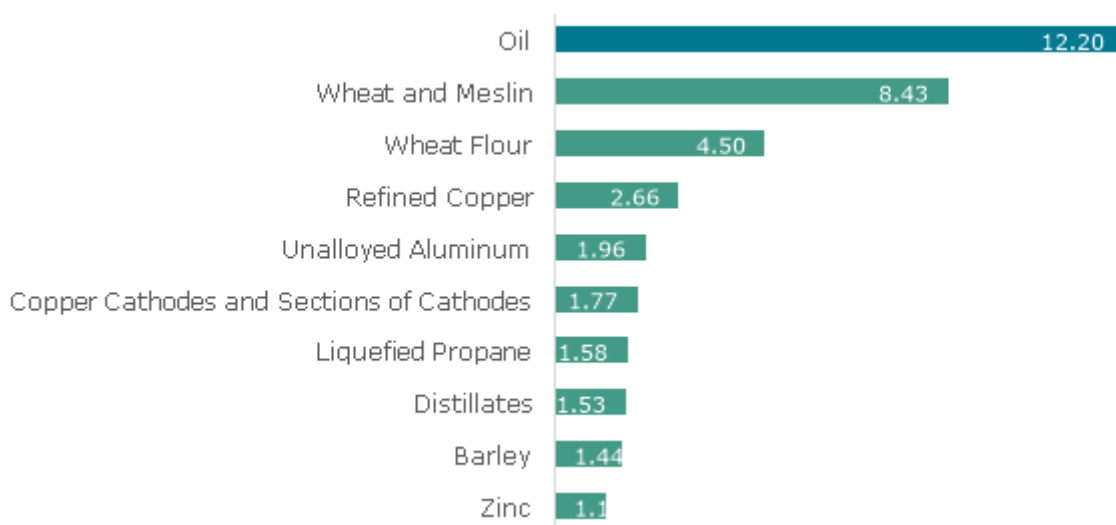
Source: own calculations based on data from the Bureau of National Statistics of the Republic of Kazakhstan

The main exported goods of the raw materials industry of the Republic of Kazakhstan are energy resources (oil, natural gas) and metals (coal, iron ore, non-ferrous metals). From 2014 to 2023, the export of basic metals amounted to 15.5 billion US dollars, and oil and gas 12.7 billion US dollars. It is important to note that in 2015, against the backdrop of increased competition in the oil market and a slowdown in the growth of developing countries, prices for energy resources (-48.6% on average for the first 7 months compared to the same period last year) and other types of raw materials, including metals (-45.6% on average for iron ore, -15% for copper, etc., prices in July/August 2015 for metals fell to the most critical levels over the past 5-10 years, depending on the metal). In this regard, 98% of exports to ECO countries in 2015 consisted of non-resource goods.

Structurally, non-resource sector exports are diverse and include a wide range of goods, from agricultural products to textile products. The bulk of non-resource sector exports are agricultural products, including food industry and agriculture. These industries together have exported 21.2 billion US dollars over the past 10 years, and their share of all non-resource

exports averages 54%. At the same time, textile and light industry exports are insignificant and account for no more than 10% of all exports.

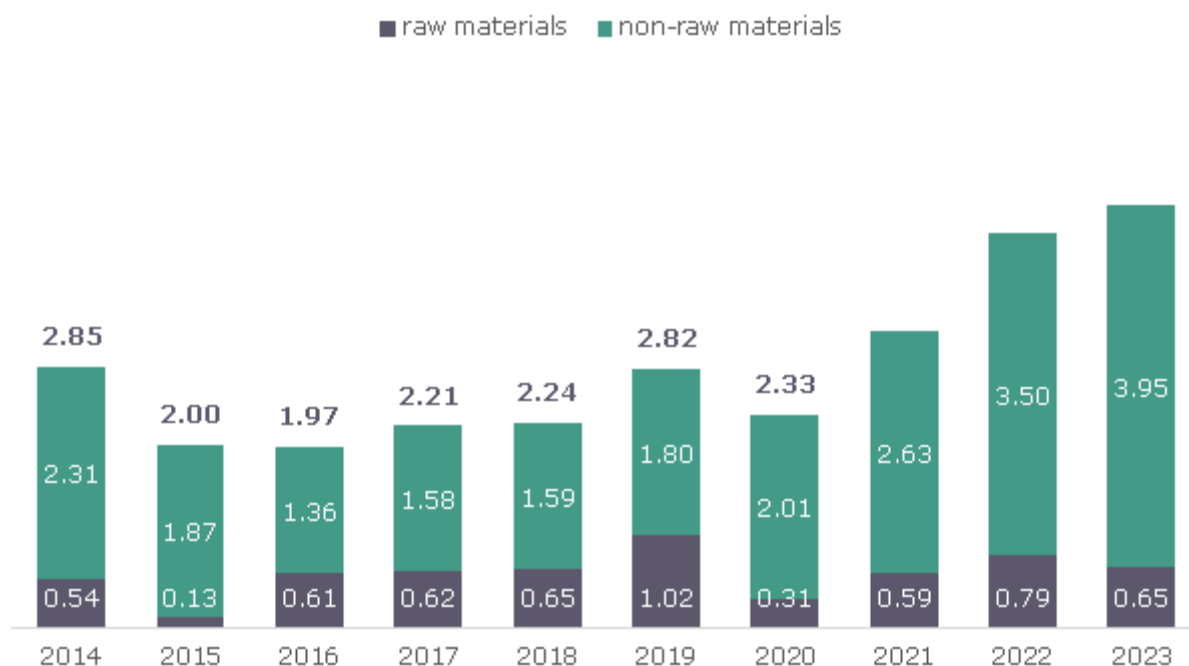
**Figure 3. Top 10 Exported Goods 2014-2023, billion US dollars**



Source: own calculations based on data from the Bureau of National Statistics of the Republic of Kazakhstan

The structure of imports of the Republic of Kazakhstan from the ECO countries has a pronounced non-raw material character. The share of non-raw material goods in imports varies within 80-85%. The import basket mainly consists of agricultural, textile and automotive products.

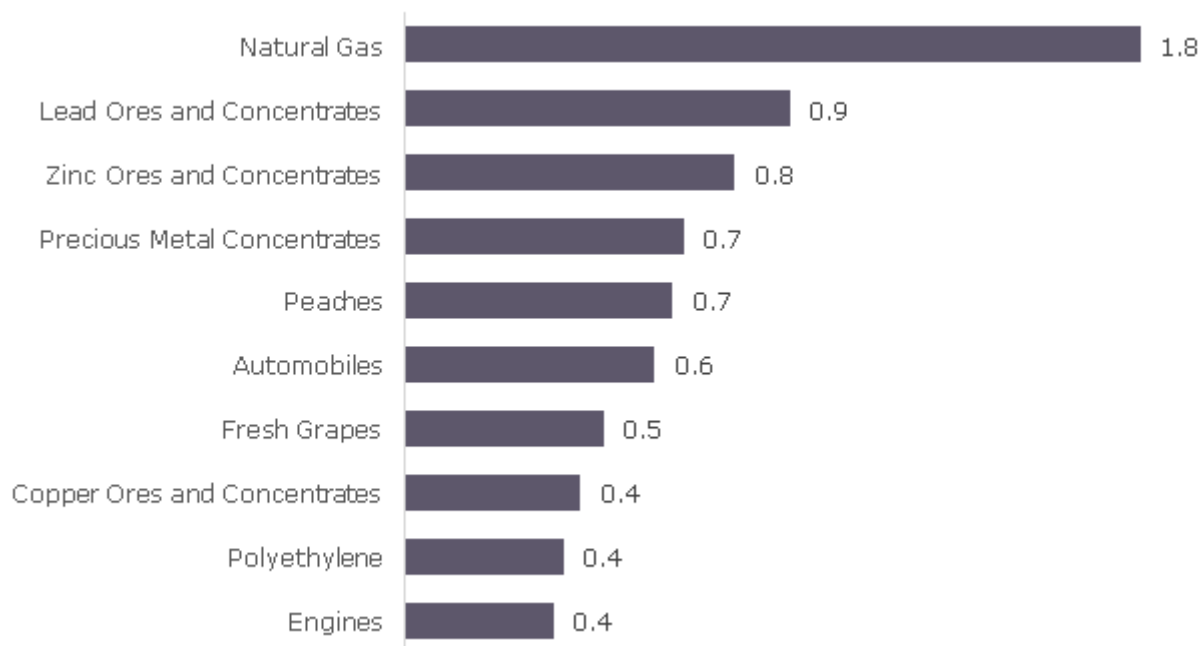
**Figure 4. Imports of raw materials and non-raw materials from ECO countries, billion US dollars**



*Source: own calculations based on data from the Bureau of National Statistics of the Republic of Kazakhstan*

The top three leaders in the top 10 imported goods include products of the raw materials industry: natural gas (1.8 million US dollars), lead (0.9 million US dollars) and zinc ores (0.8 million US dollars). Agricultural products are also actively imported: peaches (0.7 million US dollars) and grapes (0.5 million US dollars).

**Figure 5. Top 10 imported goods for 2014-2023, billion US dollars**

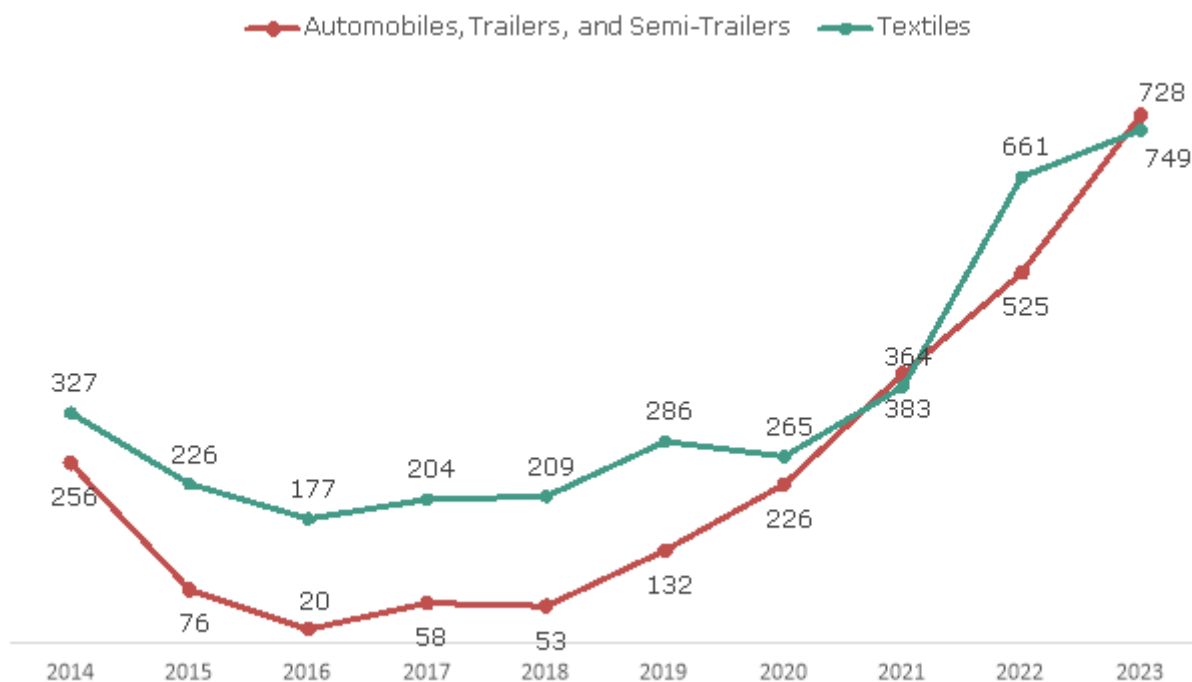


*Source: own calculations based on data from the Bureau of National Statistics of the Republic of Kazakhstan*

The textile and automobile industries have shown the highest growth in 10 years. Automobile imports in 2023 amounted to 749 million US dollars, more than 3 times higher than in 2014 (256 million US dollars). The textile industry has shown more than 2 times growth: from 327 million US dollars in 2014 to 728 million US dollars in 2023.



**Figure 6. Textile and automotive industry imports for 2014-2023, million US dollars**



Source: own calculations based on data from the Bureau of National Statistics of the Republic of Kazakhstan

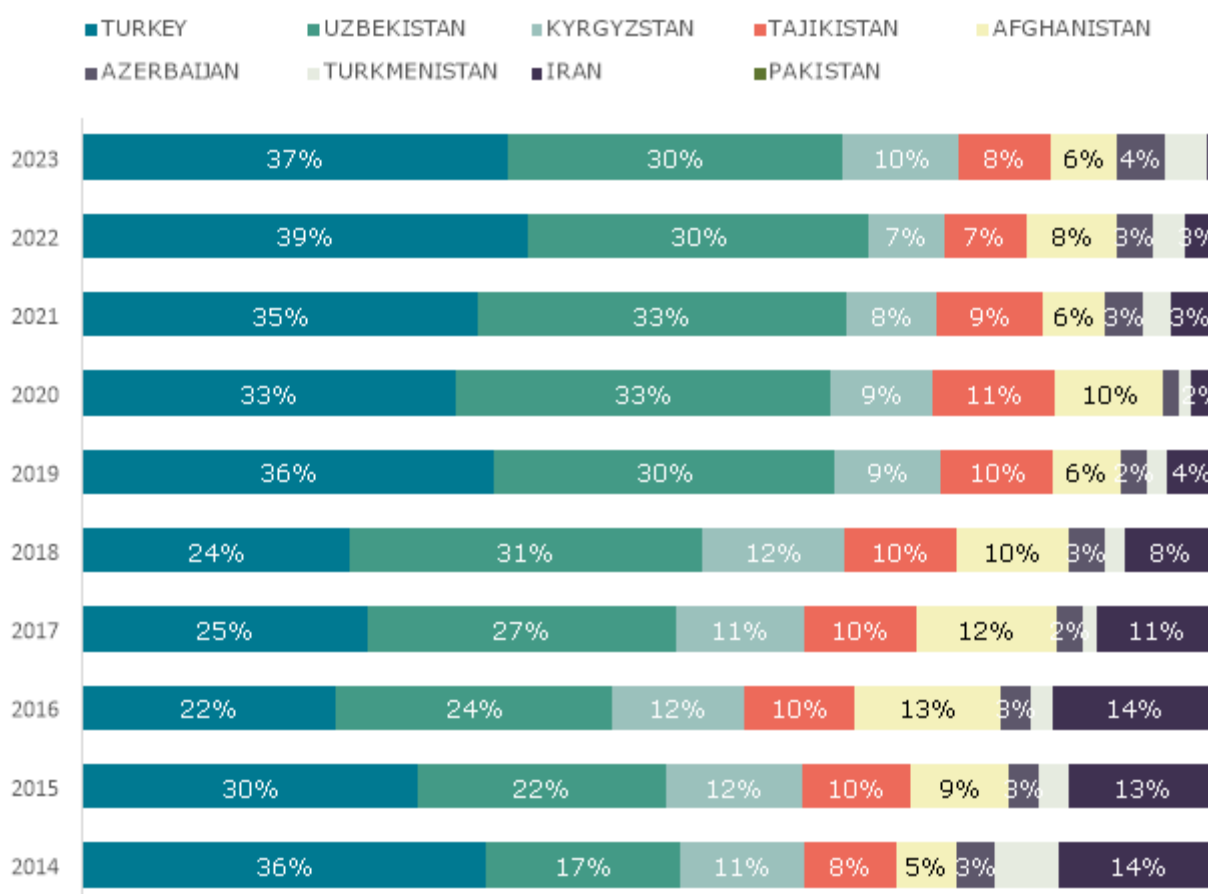
### By country

In the country-by-country breakdown of Kazakhstan's trade relations with the ECO, several key trends can be identified. Firstly, the largest volume of exports in 2023 falls on Turkey and Uzbekistan, whose shares in exports are 37% and 30%, respectively. The leading positions of these countries remain high throughout the period under review. Turkey is the only partner within the ECO with which export relations have a pronounced raw materials nature.

Relations with Kyrgyzstan, Tajikistan and Afghanistan are generally stable and show neither significant growth nor decline. The share of these countries in the total export of Kazakhstan to the ECO countries fluctuates in the range of 7-10%.

The least active trade relations are with Iran and Pakistan. During the period under review, exports to Pakistan did not exceed 1% of all export operations in the ECO countries. In turn, trade with Iran demonstrates a significant decrease in the share of Kazakhstan's exports: if in 2014 the share of Kazakhstan's exports among the ECO countries to Iran was 14%, then in 2023 it was no more than 1%.

**Figure 7. Shares of countries in Kazakhstan's exports within the ECO, %**



Source: own calculations based on data from the Bureau of National Statistics of the Republic of Kazakhstan

### **Türkiye**

Kazakhstan's exports to Turkey in 2023 amounted to 3.9 billion US dollars, which is 19% lower than the export volume in 2022 (4.7 billion US dollars). In general, during the period under review, Kazakhstan's exports demonstrated stability and remained high even during the recession in 2015-2016. The most exported goods of Kazakhstan are: crude oil (2.1 billion US dollars), refined oil products (248 million US dollars) and precious metals (1.3 billion US dollars). The export of these goods accounts for 92% of all exports to Turkey.

Turkey's imports in 2023 amounted to 2 billion US dollars, up 21% from the previous year (2022 - 1.59 billion US dollars). The main imported products are textile products and automobiles: clothing (396.5 million US dollars), textile materials (103.9 million US dollars), automobiles (82.5 million US dollars).

### **Uzbekistan**

Uzbekistan is Kazakhstan's second largest partner within the ECO. Kazakhstan's exports in 2023 amount to 3.1 billion US dollars, which is 16%

lower than exports in 2022 (3.6 billion US dollars). Kazakhstan traditionally supplies Uzbekistan with seasonal crops (893 million US dollars in 2023), wheat flour (196 million US dollars) and other agricultural products. Large volumes of ferrous metal exports (551 million US dollars) and non-ferrous metal ores (134 million US dollars) should also be noted.

Imports from Uzbekistan in 2023 amounted to 1.2 billion US dollars and have remained consistently high in recent years. The bulk of imports are automotive products: cars (202 million US dollars in 2023), car bodies (298 million US dollars).

### **Kyrgyzstan**

Export relations between the Republic of Kazakhstan and Kyrgyzstan are characterized as stable and mutually beneficial. Over the period under review from 2014 to 2023, a gradual increase in the volume of exports of goods can be noted from 704 million US dollars to 1 billion US dollars.

Kazakhstan exports a variety of goods to Kyrgyzstan, including industrial and agricultural products, as well as energy resources. Of particular note is the increase in precious metal exports in recent years (268 million US dollars in 2023). Beverage exports also stand out, demonstrating a three-fold increase since 2014: from 26 million US dollars to 97 million US dollars.

Kyrgyzstan, in turn, is an important partner for Kazakhstan in providing raw materials: non-ferrous metals (160 million US dollars in 2023), oil refined products (50.8 million US dollars), nitrogen fertilizers (43 million US dollars) and ferrous metals (41 million US dollars).

### **Tajikistan**

Tajikistan, along with Kyrgyzstan, is an important trading partner of Kazakhstan. Kazakhstan's exports to Tajikistan in 2023 amounted to 859.3 million US dollars, which is 2% lower than in 2022, when exports amounted to 877.2 million US dollars. The largest increase occurred in 2021, when exports grew by 13% from 693.2 US dollars to 800.3 million US dollars. Agricultural products and raw materials form the basis of exports: seasonal crops were exported in 2023 in the amount of 306 million US dollars, and oil products - 138.2 million US dollars.

Tajikistan's imports in 2023 amounted to 271.2 million US dollars, down 87% from 2022 (507.6 million US dollars). Kazakhstan imports non-ferrous metals (200 million US dollars in 2023) and fruits (20.5 million US dollars) from Tajikistan.

### **Afghanistan**

At the end of 2023, the volume of Kazakhstan's exports to Afghanistan amounted to 615.3 million US dollars, and the absolute record is the export volume in 2022, which amounted to 978 million US dollars or 2,451.5 thousand tons of products. The industry structure shows that the food industry and agricultural products account for 89% of all exports. The main

exported products are wheat flour (368 million US dollars), wheat (109.3 million US dollars), liquefied propane (11.9 million US dollars), peas (18.3 million US dollars) and flax seeds (13.9 million US dollars). At the same time, the export of wheat flour to Afghanistan accounts for 63% of all exports of these products. This fact indicates some dependence of Kazakhstan on the Afghan market, and possible restrictions on trade relations may result in great risks for companies in the agro-industrial complex.

Afghanistan's imports to Kazakhstan in 2023 amounted to 21.1 million US dollars and doubled from 2022 (9.2 million US dollars). The main imported products are carbonated drinks and raisins. The growth of imports is ensured by the stabilization of the Afghan economy and demand in the domestic market of Kazakhstan (domestic producers do not cover the population's demand for drinks).

### **Azerbaijan**

The volume of Kazakhstan's exports to Azerbaijan in 2023 amounted to 456.3 million US dollars, which is 2 times higher than exports in 2014 (220 million US dollars). The export basket consists mainly of raw materials and refined petroleum products: precious metals (157 million US dollars in 2023), coke and semi-coke (91 million US dollars), crude oil (86 million US dollars) and ferrous metals (17.2 million US dollars). It should be noted that crude oil exports were zero from 2019 to 2021, and only intensified in 2022 and 2023 amid the geopolitical crisis and diversification of oil transportation routes.

Imports from Azerbaijan are relatively small in volume and amount to 73.1 million US dollars in 2023. The import basket consists of manufactured and shipbuilding goods: steel pipes (19 million US dollars in 2023), ships and boats (14 million US dollars), and beverages (12 million US dollars).

### **Turkmenistan**

Turkmenistan's exports in 2023 amounted to 397.2 million US dollars, which is 14% higher than the previous year (340.4 million US dollars). As in most ECO countries, the most exported goods are related to the agricultural industry: wheat and barley (179.5 million US dollars or 45% of all exports to Turkmenistan).

In turn, imports from Turkmenistan amount to 165.9 million US dollars, which is 40% more than the previous year (98.3 million US dollars). The import basket consists of natural gas (95.5 million US dollars in 2023) and seasonal crops (35 million US dollars).

### **Iran**

Kazakhstan's exports to Iran have shown a significant decline over the past 10 years: from 2014 to 2023, the volume of exports to Iran decreased 10 times from 892 to 83.5 million US dollars. The decline in exports is due to a decrease in demand for ferrous metals (cast iron, steel, iron): exports

from 2014 to 2018 decreased from half a billion to 91 million US dollars, and then dropped to zero. The main exported goods at the moment are seasonal crops (wheat, barley), the export of which in 2023 amounted to 69.7 million US dollars.

At the same time, Iran's imports to Kazakhstan during the period under review increased more than 2-fold from 94 million to 218.6 million US dollars. The bulk of imports are chemical and agro-industrial products: nitrogen fertilizers (55.7 million US dollars in 2023), perennial crops (27 million US dollars), seasonal crops (20 million US dollars).

### **Pakistan**

Pakistan is the least active trading partner of Kazakhstan. Export of goods to Pakistan is 5.7 million US dollars in 2023, and the most active period is 2021, when Kazakhstan exported goods worth 66 million US dollars. The main exported products are seasonal crops, including wheat and barley. The share of these goods in exports is 96%.

Pakistan's import in 2023 is 46.8 million US dollars and the main imported products are perennial crops (14 million US dollars in 2023) and garments (10 million US dollars).

## **1.3 Analysis of transport and communication links of Kazakhstan with the ECO countries**

Transport and transit infrastructure play a key role in international trade, connecting producers and consumers around the world and providing access to global markets. For countries whose economies rely heavily on international trade, having a well-developed transport system is critical. Efficient transport and transit systems simplify the process of moving goods and services, allowing companies to expand their markets and increase their operations.

If we talk about the ECO member countries, it is important to note that all the states are geographical neighbors and are located around the Caspian Sea. At the same time, despite the fact that transport and communications are one of the areas of cooperation within the ECO, it is difficult to talk about any specific steps in this direction.

Basically, interaction in the field of transport and logistics between member countries is carried out within the framework of bilateral cooperation or for the purpose of developing transport corridors in which ECO states are participants.

Kazakhstan has significant transport potential due to its strategic location and developed infrastructure. The North-South railway corridor connects Kazakhstan with Russia and Iran, facilitating trade between Europe and Asia. Its length within Kazakhstan is about 677 km. Other railway projects include the Darbaza-Maktaaral corridor (152 km) and the Bukhta-

Ayagoz corridor (272 km). These projects are aimed at increasing capacity and improving connections with neighboring countries<sup>7</sup>.

Kazakhstan is part of several international road corridors, including the Trans-Asian Railway and various European routes. Notable roads include the routes connecting Almaty, Astana, Aktobe and Atyrau, with a total length of about 2,567 km. These roads play a key role in both domestic and international transportation.<sup>8</sup> With the completion of new railway and road projects, Kazakhstan intends to significantly increase the volume of transit traffic. The Darbaza-Maktaaral corridor is expected to transport an additional 10 million tons of cargo per year. Road projects are aimed at supporting the increase in cargo and passenger traffic<sup>9</sup>.

Situated at one of the important crossroads of routes between Europe and Asia, Kazakhstan serves as a "bridge" for interaction with both eastern and western countries. The transport potential of Kazakhstan and the region is quite significant. The volume of transit cargo transportation through the territory of Kazakhstan amounted to 23.2 million tons of cargo in 2022, which exceeds the figures for 2018 by 20.8% (19.2 million tons). In addition, in 2022, the volume of container transportation amounted to 1.13 million TEU (twenty-foot equivalent unit, about 21.6 tons), which is 110.2% more than the figure for 2018 (0.54 million TEU). The indicators for the transport corridors of Central Asia also demonstrate a stable increase in cargo transportation volumes with an annual growth of 15-20%.

Azerbaijan also has a strategic position as a transit hub, located at the crossroads of the East-West (TRACECA) and North-South transport corridors.

The length of the Baku-Tbilisi-Kars (BTK) railway corridor is 826 km, which facilitates the development of trade between Azerbaijan, Georgia and Turkey, and the transit volume is about 6.5 million tons per year<sup>10</sup>. The Baku-Tbilisi-Kars railway significantly reduces the time of cargo delivery from China to Europe by more than fifty percent compared to delivery by sea. Increasing the capacity of this railway, which plays a decisive role in maintaining stability and security in the region, opens up significant opportunities for strengthening foreign trade ties and stimulating economic growth<sup>11</sup>.

Uzbekistan's strategic location and extensive transport network contribute to its significant transport potential. The length of the China-Kyrgyzstan-Uzbekistan railway corridor through Uzbekistan is about 523 km, which contributes to the development of trade between China, Kyrgyzstan and Uzbekistan. The Bukhara-Miskin-Urgench-Khiva railway electrification

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<sup>7</sup> <https://dknews.kz/ru/ekonomika/311509-itogi-razvitiya-transportnoy-otrasli-kazahstana>

<sup>8</sup> <https://primeminister.kz/ru/news/kazakhstan-aktiviziruuet-razvitie-mezhdunarodnykh-transportnykh-koridorov-23138>

<sup>9</sup> <https://dknews.kz/ru/ekonomika/311509-itogi-razvitiya-transportnoy-otrasli-kazahstana>

<sup>10</sup> <https://thediplomat.com/2024/03/the-middle-corridor-a-renaissance-in-global-commerce/>

<sup>11</sup> <https://president.az/en/pages/view/azerbaijan/silkroad>

project is aimed at expanding freight and passenger transportation along the 465 km route<sup>12</sup>. In Uzbekistan, international freight traffic reached 59.2 million tons in 2023, or 110.4% of the 2022 figure. At the same time, the flow of imported goods is almost twice as high as exports 29.7 million tons of goods were imported to Uzbekistan, 15.5 million tons were exported. The growth rates are 114.1% and 100.8%, respectively. The volume of transit goods transported through the territory of Uzbekistan amounted to 13.9 million tons<sup>13</sup>.

The largest volume of cargo was transported to neighboring countries - 33 million tons (56%). In second place were transportations in the northern direction (Uzbekistan - Kazakhstan - Russia - the Baltics, Uzbekistan - Kazakhstan - Russia - Belarus - the European Union), 17.8 million tons (30.2%). In third place were cargo deliveries in the eastern direction (Uzbekistan - Kazakhstan - eastern ports of Russia, Uzbekistan - Kazakhstan (Khorgos, Alashankou) - China, Uzbekistan - Kyrgyzstan (Irkeshtam) - China, Uzbekistan - Tajikistan (Kulma) - China), 6.3 million tons (10.6%).

Slightly less cargo was delivered in the western direction (Uzbekistan - Kazakhstan - Russia - Georgia - Turkey - Europe, Uzbekistan - Turkmenistan - Iran - Turkey - Europe), 5 million tons (8.5%). The southern direction remains underdeveloped (Uzbekistan - Turkmenistan - Afghanistan - Iranian ports, Uzbekistan - Afghanistan - Pakistani ports) - 2.5 million tons were transported (4.3%). In general, the volume of exports of transport services for 2023 amounted to 1 billion 585.7 million US dollars (129.1%)<sup>14</sup>.

Kyrgyzstan's transport infrastructure plays a critical role in facilitating trade and connectivity in the region.

The main railway line in Kyrgyzstan is the northern branch, which starts from Lgovaya station in Kazakhstan's Zhambyl region, runs along the foothills of the Kyrgyz Range, passes through Bishkek and ends at Balykchy on the western shore of Lake Issyk-Kul. More than 7 million tons of cargo are transported along this line annually<sup>15</sup>.

The railway network of Kyrgyzstan is represented by scattered and unconnected dead-end tracks. The total length of railways in the country is only 420 km.

Thus, almost no transit traffic passes through the territory of this state. The existing railways in Kyrgyzstan do not meet the needs of the state. The absence of the shortest transport routes to world markets significantly complicates the development of foreign economic relations and increases the cost of transporting exported goods.

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<sup>12</sup><https://astanatimes.com/2024/03/central-asian-countries-expand-trade-with-new-transport-corridors/>

<sup>13</sup><https://www.inform.kz/ru/strani-tsentralnoy-azii-stroyat-novie-transportnie-koridori-i-menyayut-logistiku-6bdc74>

<sup>14</sup>[http://www.kitaichina.com/rxinwen/202401/t20240112\\_800354306.html](http://www.kitaichina.com/rxinwen/202401/t20240112_800354306.html)

<sup>15</sup> [https://unece.org/sites/default/files/2022-02/ECE-TRANS-291e-Web%20-%20Corr\\_0.pdf](https://unece.org/sites/default/files/2022-02/ECE-TRANS-291e-Web%20-%20Corr_0.pdf)

Freight and passenger transportation in Kyrgyzstan is complicated by the mountain ranges that divide the country into northern and southern regions and, accordingly, prevent their direct railway connection. In this regard, transportation within the country is carried out through the railway networks of Kazakhstan, Uzbekistan and Tajikistan, which, in turn, affects the increase in the cost of transportation and, accordingly, the final price of industrial goods.

Tajikistan's transport infrastructure plays a crucial role in facilitating regional connectivity and trade. The Dushanbe-Khujand railway corridor, some 352 km long, is a vital North-South corridor, transporting some 3 million tons of cargo annually. The Dushanbe-Tursunzoda-Uzbekistan border railway, some 115 km long, greatly facilitates freight transport between Tajikistan and Uzbekistan.<sup>16</sup>

It is important to note that the main flow of Tajikistan's trade turnover is with Uzbekistan. This is due to the fact that the central part of Uzbekistan is connected to the three most populated regions of the country, located in the Fergana Valley, only by a highway that passes through the mountainous Kamchuk region, as well as the Sogd section of the Tajik railway. The northern part of the Tajikistan railway also provides a connection between the southern section of the Kyrgyz railway and the main railways of Uzbekistan and then Kazakhstan.

The Dushanbe-Kurgan-Tyube-Kulyab highway, which is about 250 km long, serves as an important transport route for both passengers and commercial vehicles, with more than 10,000 vehicles passing through daily. Tajikistan's rail and road corridors provide significant transit volumes, with millions of tons of cargo transported annually. For example, the Dushanbe-Khujand rail corridor transports about 3 million tons of cargo per year<sup>17</sup>.

Turkmenistan's transport infrastructure plays a crucial role in regional connectivity and trade.

In 1999, a new railway was built in the eastern part of Turkmenistan, Turkmenabat – Atamurat, 203 km long. The line connected isolated areas of the country with the regional center and capital of Turkmenistan.

In 2006, Turkmenistan completed the construction of the Ashgabat-Dashoguz railway, called the Trans-Karakum Railway. The project to build this 540 km long railway took about 5 years. The route passes through the Karakum Desert and connects the capital of Turkmenistan with the northern part of the country.

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<sup>16</sup> <https://astanatimes.com/2022/09/china-kyrgyzstan-uzbekistan-railway-corridor-to-boost-regional-cooperation/>

<sup>17</sup> <https://thediplomat.com/2023/10/who-will-actually-benefit-from-the-china-kyrgyzstan-uzbekistan-railroad/>



The most promising direction for Ashgabat is Iran, which opens access to the ports of the Persian Gulf, Turkey and the EU. This was facilitated by the launch of the Iranian railway Mashhad-Bafk-Bandar Abbas, which shortened the route from the transit Turkmen station of Tejen to the Iranian port city of Bandar Abbas by 700 km.

This type of infrastructure projects ensure the economic development of the transport system of Turkmenistan. The interconnected regions of the country determine the development of industry, agriculture, create new jobs in the state. In addition, this provides the opportunity for the most complete use of the transit potential of Turkmenistan.

Turkmenistan ranks third among the Caspian countries in terms of hydrocarbon deposits. Lacking direct access to world markets, Ashgabat is also interested in developing transportation networks. Turkmen resources are sold mainly through Russia. However, like Kazakhstan, Turkmenistan is seeking to create alternative routes for transporting its energy resources.

In 2009, the Turkmenistan-Uzbekistan-China gas pipeline was opened. Ashgabat places great hopes on the Trans-Afghan Gas Pipeline or TAPI project, which takes its name from the first letters of the participating countries: Turkmenistan, Afghanistan, Pakistan and India. At the same time, today Turkmenistan trades more or less successfully with China, without having any relatively impressive gas markets<sup>18</sup>.

Iran's extensive transportation network serves as an important link in regional and international trade. The Zahedan-Mashhad railway project is about 155 km long, improving transport links within Iran and supports the International North-South Transport Corridor (INSTC) by providing rail access to the Persian Gulf via the port of Chabahar. The Mianeh-Bostanabad-Tabriz railway project, which is approximately 203 km long, is part of the Southern Corridor of the Trans-Asian Railway (TAR), which aims to increase Iran's share in international freight transport<sup>19</sup>.

Iran has a good rail network from Bandar Abbas in the south to Rasht in the north; however, the 162-km Rasht-Astara railway remains the missing rail link in the International North-South Transport Corridor (INSTC), the completion of which is vital for regional rail transit. The International North-South Transport Corridor (INSTC) is an important multimodal transport route for Central Asian freight transit<sup>20</sup>.

It is worth noting that Iran is also using every opportunity, given the limitations resulting from economic isolation. In the event of transporting Caspian oil through its territory, Tehran will receive huge dividends from transit.

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<sup>18</sup>Tyulebekova D., *Transit Potential of Central Asia*. Monograph / Nur-Sultan: ENU named after L.N. Gumilyov, 2021, ISBN 978-601-337-517-5, p. 104.

<sup>19</sup> <https://www.tinn.ir/Section-railway-144/258037-iran-rail-achievements-since>

<sup>20</sup> <https://www.tinn.ir/Section-railway-144/258037-iran-rail-achievements-since>

Turkey has a strategic location between Europe and Asia, being the main alternative to diversify the Russian route of resource transportation. In this regard, Ankara is actively implementing and participating in projects that ensure the supply of Central Asian energy resources to European markets.

The Northern Marmara Highway is approximately 400 km long, including the Yavuz Sultan Selim Bridge, which diverts heavy traffic from Istanbul and carries significant freight and passenger traffic. The Trans-European Motorway (TEM) is approximately 6,500 km long, connecting Europe and Asia via Turkey and carries heavy daily commuter and freight traffic.

Turkey is actively pursuing large-scale infrastructure projects that are fundamentally changing its transportation system and landscape, increasing connectivity, efficiency, and promoting economic growth. Key projects such as the Istanbul Airport, Canal Istanbul, the high-speed train network, the 1915 Canakkale Bridge, and the Marmaray and Eurasia Tunnel are playing a major role in this transformation.

### ***International corridors linking the territories of ECO countries***

The most promising transport corridor that can unite the economic potential of the ECO member countries is the Trans-Caspian International Transport Route (TITR) or the Middle Corridor.

It starts in Southeast Asia and China, passes through Kazakhstan, the Caspian Sea, Azerbaijan, Georgia, Turkey, the Black Sea and continues on to Europe. Situated at the crossroads between East and West, the Middle Corridor countries have enormous, but to some extent untapped, potential not only to connect Asia and Europe, but also to open and expand their developing markets to global trade. Modern Azerbaijan has a clear advantage, an infrastructure that, combined with anti-Russian sanctions, will strengthen Azerbaijan's role as an international transportation hub. For example, by facilitating the transit of Turkmen gas to Europe in the coming years, Azerbaijan could play a role in diversifying gas transit routes to Europe. Thus, the existing Baku-Tbilisi-Kars railway.

The Baku-Tbilisi-Kars (BTK) railway is becoming a key rail hub connecting Azerbaijan, Georgia and Turkey. In operation since 2017, the 846 km railway provides a direct route for freight transport from the Caspian Sea to Europe. Designed to carry up to 1 million passengers and 6.5 million tons of cargo per year, the BTK railway improves logistics efficiency, reduces transportation costs and strengthens economic ties between the South Caucasus region and Europe<sup>21</sup>.

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<sup>21</sup> <https://thediplomat.com/2024/03/the-middle-corridor-a-renaissance-in-global-commerce/>

The Baku-Tbilisi-Ceyhan (BTC) pipeline is becoming a cornerstone in the transportation of crude oil from the Caspian region to world markets. The pipeline, which has been in operation since 2006, is approximately 1,768 km long and runs from Baku in Azerbaijan via Tbilisi in Georgia to Ceyhan on the Turkish Mediterranean coast. With a capacity of approximately 1 million barrels per day, the BTC pipeline significantly increases energy security for European markets by providing an alternative route for Caspian oil. By bypassing the congested Bosphorus Strait, it reduces the risks associated with maritime shipping, thereby providing a more reliable and efficient energy supply chain<sup>22</sup>.

Kazakhstan is also a participant and user of this oil pipeline. Thus, the company "KazTransOil" increased the transportation of Kazakh oil from the port of Aktau to the port of Baku (Azerbaijan) in 2023 to 1.4 million tons, which is 5.5 times more than in 2022<sup>23</sup>.

The increase in Kazakhstan's share in oil transportation along this route is due to both the instruction of the President of the Republic of Kazakhstan Tokayev K.-Zh. and the country's strategic interests. In addition, an agreement was concluded between KazMunaiGas (a subsidiary of Samruk-Kazyna) and the state oil company of the Azerbaijan Republic SOCAR, which provides for the transportation of up to 1.5 million tons of oil per year from the Tengiz field.

An important difference in the transportation of oil and gas is that for oil it is possible to deliver it by tankers, whereas for gas a gas pipeline is required (with the exception of liquefied gas).

In this regard, it can be said that the Middle Corridor in the matter of oil transportation is part of the Baku-Tbilisi-Ceyhan oil pipeline.

The Baku-Tbilisi-Erzurum (BTE) pipeline, a vital component of the Southern Gas Corridor, facilitates the transportation of natural gas from the Shah Deniz field in Azerbaijan to Turkey and onwards to Europe. The SCP pipeline, which runs parallel to the BTC pipeline to Erzurum in Turkey, is approximately 692 km long. Since its inception in 2006, it has played a crucial role in diversifying Europe's gas supply routes, reducing dependence on Russian gas. With an initial capacity of 7 billion cubic meters per year and the potential for expansion, the SCP pipeline makes a significant contribution to strengthening regional energy security and contributes to greater energy independence for Europe<sup>24</sup>.

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<sup>22</sup> <https://www.socarmidstream.az/project/btc/#technical-parameters>

<sup>23</sup> <https://kz.kursiv.media/2024-01-12/zhnbt-ktooilrfubroad/>

<sup>24</sup> [https://aze.mofa.go.kr/az-](https://aze.mofa.go.kr/az-ko/brd/m_8265/view.do?seq=764664&srchFr=%3BsrchTo=%3BsrchWord=%3BsrchTp=%3Bmulti_itm_seq=0&%3Bitm_seq_1=0&%3Bitm_seq_2=0&%3Bcompany_cd=%3Bcompany_nm=)

[ko/brd/m\\_8265/view.do?seq=764664&srchFr=%3BsrchTo=%3BsrchWord=%3BsrchTp=%3Bmulti\\_itm\\_seq=0&%3Bitm\\_seq\\_1=0&%3Bitm\\_seq\\_2=0&%3Bcompany\\_cd=%3Bcompany\\_nm=](https://aze.mofa.go.kr/az-ko/brd/m_8265/view.do?seq=764664&srchFr=%3BsrchTo=%3BsrchWord=%3BsrchTp=%3Bmulti_itm_seq=0&%3Bitm_seq_1=0&%3Bitm_seq_2=0&%3Bcompany_cd=%3Bcompany_nm=)

Central Asian countries are not suppliers of gas for the SCP gas pipeline due to the lack of infrastructure capabilities. In addition, the main consumers of Kazakh gas are Russia and China.

It is worth noting that the Middle Corridor transit and energy routes, including the BTC pipeline, SCP pipeline and BTK railway, play an important role in facilitating trade and energy transportation between Europe and Asia. These corridors not only improve connectivity, but also contribute to regional stability, economic development and energy security for all stakeholders.

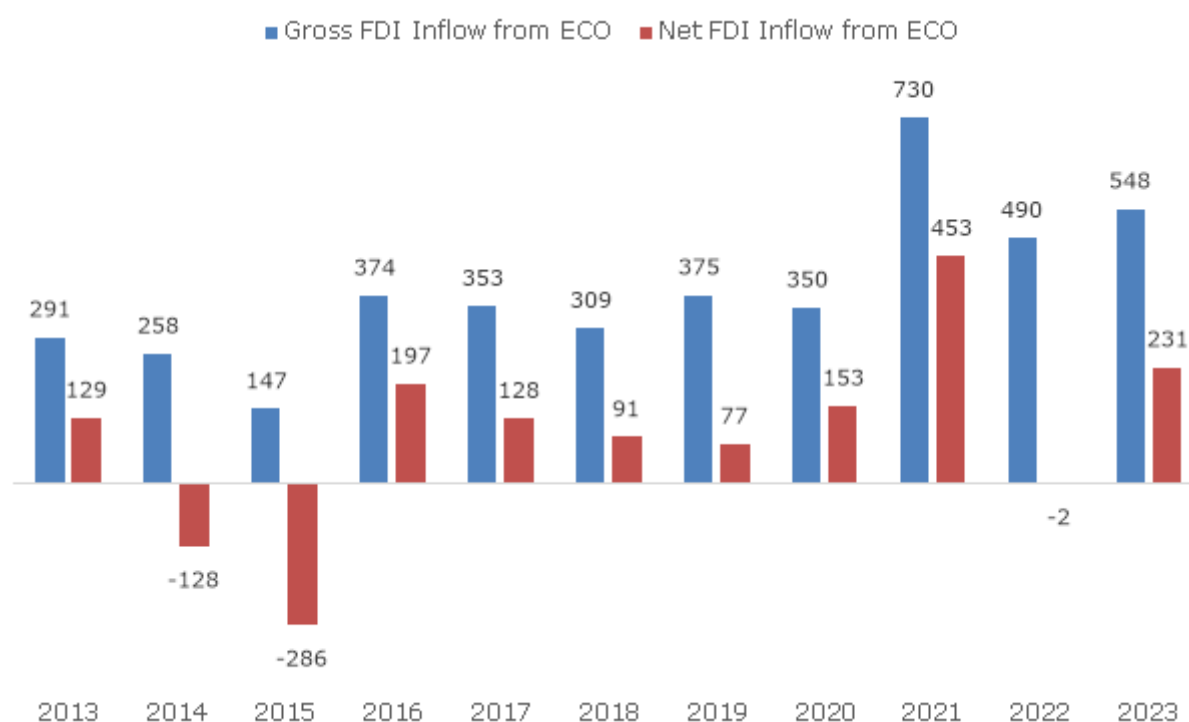
## 2. Analysis of cooperation and investment relations of the Republic of Kazakhstan with the ECO countries

### 2.1. Analysis of current investment policies between ECO countries

#### *Gross and net FDI inflows to Kazakhstan*

Gross FDI inflow from ECO countries to Kazakhstan in 2023 amounted to 548 million US dollars, which is 12% higher than in 2022 (490 million US dollars). In annual terms, the largest FDI inflow occurred in 2021, when the volume of investments reached 730 million US dollars. At the same time, it should be noted that 79% of investments from ECO came from investors from Turkey (434 million US dollars).

**Figure 8. Dynamics of FDI from ECO countries to Kazakhstan, million US dollars**



*Source: own calculations based on data from the Bureau of National Statistics of the Republic of Kazakhstan*

In international practice, it is customary to pay more attention to the indicator of net FDI inflow. This is due to the fact that this indicator, along with incoming flows, also takes into account outgoing flows, which makes it possible to assess the situation with FDI flows more objectively.

For example, in 2014-2015 and 2022, the gross FDI inflow from ECO countries to Kazakhstan showed positive dynamics. However, the net inflow remained negative due to debt repayments and investor exit. The net inflow from ECO amounted to - 128.4 million US dollars, - 286.1 million US dollars,

and - 2.1 million US dollars, respectively. In 2021, thanks to large investments from Turkey (434 million US dollars), the net FDI inflow from ECO reached a record 452 million US dollars. In 2023, the net inflow recovered to 231 million US dollars.

**Table 1. Gross and net FDI inflows from ECO countries, million US dollars**

Country	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
<b>Gross inflow, million US dollars</b>											
<b>PAKISTAN</b>	3	1	1	0	-1	-1	-1	0	0	0	0
<b>TAJIKISTAN</b>	0	0	0	0	1	0	12	1	0	0	4
<b>AFGHANISTAN</b>	0	0	0	0	0	0	0	7	0	4	1
<b>AZERBAIJAN</b>	55	41	22	35	49	5	8	-5	-9	70	38
<b>KYRGYZSTAN</b>	-60	-26	-18	-3	0	4	3	5	2	8	8
<b>UZBEKISTAN</b>	5	1	-1	5	14	-1	2	-25	22	-4	22
<b>IRAN</b>	17	0	-1	-1	-5	1	-6	4	26	32	20
<b>TURKMENISTAN</b>	0	0	0	0	2	0	0	0	0	0	21
<b>Türkiye</b>	271	241	145	338	294	300	358	364	688	380	434
<b>ECO countries</b>	<b>291</b>	<b>258</b>	<b>147</b>	<b>374</b>	<b>353</b>	<b>309</b>	<b>375</b>	<b>350</b>	<b>730</b>	<b>490</b>	<b>548</b>
<b>Net inflow, million US dollars</b>											
<b>PAKISTAN</b>	3	1	1	-1	-1	-1	-1	0	0	0	0
<b>TAJIKISTAN</b>	0	0	1	0	0	0	12	0	0	0	4
<b>AFGHANISTAN</b>	0	0	0	0	0	0	0	0	0	1	0
<b>AZERBAIJAN</b>	30	11	16	14	45	-1	5	-12	-9	69	38
<b>KYRGYZSTAN</b>	-63	-26	-31	-5	0	2	2	-3	-1	-10	10
<b>UZBEKISTAN</b>	2	0	-6	0	7	-3	0	-26	5	-16	1
<b>IRAN</b>	16	6	-3	-1	-5	0	-6	4	24	14	19
<b>TURKMENISTAN</b>	1	1	0	0	2	0	0	0	0	0	21
<b>Türkiye</b>	141	-122	-264	189	80	94	66	190	434	-61	137
<b>ECO countries</b>	<b>129</b>	<b>-128</b>	<b>-286</b>	<b>197</b>	<b>128</b>	<b>91</b>	<b>77</b>	<b>153</b>	<b>453</b>	<b>-2</b>	<b>231</b>

*Source: own calculations based on data from the Bureau of National Statistics of the Republic of Kazakhstan*

**Within the framework of the ECO** the most active investors are from Turkey. The gross inflow of FDI from Turkey to Kazakhstan over 10 years is 3.8 billion US dollars, and the net inflow of FDI is 884 million US dollars. According to the EDB, Turkish investments in Kazakhstan are represented by several large projects.

Turkey's Anadolu Group has invested 313 million US dollars in Efes Kazakhstan beer production in the Karaganda region since 1997, and has invested 300 million US dollars in soft drink production through Coca-Cola Almaty Bottlers since 1994.

Yildirim Group has invested 250 million US dollars in a soda ash plant, while Nobel Ilac has invested 103.5 million US dollars in pharmaceutical production since 2002.

A significant event in the pharmaceutical industry occurred in October 2012, when Global Pharm sold 60% of its shares to the Turkish company

Abdi Ibrahim. This move was part of a project to build a new plant in Kazakhstan. Following the deal, the company was renamed Abdi Ibrahim Global Pharm, and Abdi Ibrahim's total investment was 60 million US dollars.

YDA Group has invested in the construction of an international airport in the city of Turkestan. The project, launched in 2019 and commissioned in 2020, cost 200 million US dollars.

**The second largest investor is Azerbaijan**, which invested 307.5 million US dollars over 10 years. Investors from Azerbaijan practically do not use debt financing, and therefore the gap between gross and net FDI is insignificant - the volume of net FDI is 206.7 million US dollars.

It should be noted that the majority of Azerbaijani investments were made between 2013 and 2017. Subsequently, the indicators significantly decreased and reached negative values in 2020 and 2021 (-5.1 and -8.9 million US dollars). At the same time, in 2022, there was a sharp jump in investments to 69.7 million US dollars, with a subsequent decrease to 38.4 million US dollars in 2023.

Large Azerbaijani investments in Kazakhstan are concentrated in the Mangistau region. In the special economic zone "Seaport Aktau", a project was launched to build the Aktau EnergoMash LLP plant for the production of cables and transformers, with Azerbaijani investments of about 40 million US dollars. The Azerbaijani company Azersun Holding built the logistics center "Seaport Aktau" in 2016, investing about 20 million euros in the project USA.

**FDI from Turkmenistan and Iran deserves special mention.**, have shown significant growth in recent years. Investors from Turkmenistan were extremely inactive until 2022. Net FDI inflow from 2013 to 2022 amounted to 4.2 million US dollars. However, already in 2023, Turkmenistan invested 21 million US dollars in the framework of a transport and logistics project.

In 2023, Iran's gross FDI inflow decreased by 40% compared to 2022 and amounted to 19.5 million US dollars, while the net inflow was 19 million US dollars. In 2021, with the help of Iranian businesses, the development of the Borly copper-molybdenum deposit in the Karaganda region was launched. In 2022, the construction project of a hydrometallurgical plant for copper production with a capacity of 5,000 tons per year was completed, with an investment of 24.4 million US dollars.

**Tajikistan, along with Pakistan and Afghanistan, are among the least active investors in Kazakhstan.** The 13.7 million US dollars net inflow is due to large investments in 2021 - 11.7 million US dollars. Otherwise, the net FDI inflow from Tajikistan did not exceed 1 million US dollars.

**Uzbekistan and Kyrgyzstan show negative values of net FDI inflows**, the volume of which is -44.7 and -133.1 million US dollars by

2023. Kyrgyzstan demonstrated an outflow of investments from Kazakhstan in the period from 2013 to 2016 and the total net FDI at that time was -31.2 million US dollars. Positive dynamics of net FDI was only in 2017-2019 and the volume of FDI did not exceed 2 million US dollars.

Among Uzbek projects in Kazakhstan, it is worth noting the restoration of a textile plant in Shymkent by the Uzbek company Alliance Textile, which invested 46 million US dollars in the project. In 2023, Global Textile began construction of a cotton processing plant in the Turkestan region, investing 2.5 million US dollars. Since 2022, Uzbek investors, including Artel, have begun construction of a household appliances plant in the Karaganda region with investments of 52.5 million US dollars.

Within the framework of the ECO, Kazakhstan has a convention "For the avoidance of double taxation and the prevention of fiscal evasion with respect to taxes on income and on capital" with all ECO countries, except Afghanistan.

Also, within the framework of investment activities between the countries, the Agreement on the Promotion and Protection of Investments of 2005 was formed. However, in general, the work on developing the investment climate between the ECO countries can be characterized as weak and insufficiently developed. Especially with regard to Kazakhstan's participation in this organization, as evidenced by the indicators of net FDI inflow and export operations.

In the context of the current geopolitical situation in the region caused by the conflict in Ukraine, the potential benefits of active work with the ECO countries are quite high. Kazakhstan is an important supplier of grain crops, food products and raw materials. This competitive advantage opens up opportunities for attracting investment in the agro-industrial complex with the right approach to attracting investors. In addition, deep development of relations with the ECO countries opens up other markets in the Near and Far East.

In an extremely optimistic perspective, there is the possibility of forming a customs union and a common market, which will shift the focus of foreign trade to more stable markets, expand the domestic market for product sales and increase the inflow of foreign direct investment.

However, the process of forming a customs union and a common market within the ECO may be difficult, as members may be reluctant to lower tariffs due to their protectionist approach to domestic production. However, active assistance from institutions such as the ECO Trade and Development Bank can facilitate the implementation of such initiatives.



## **2.2. Definition of existing cooperation projects of the Republic of Kazakhstan with the ECO countries**

Currently, a number of projects are being implemented within the framework of cooperation between the Republic of Kazakhstan and the ECO countries in various areas:

### **1. Energy cooperation**

Kazakhstan is actively working with ECO members to develop cross-border energy projects, including the oil and gas sector and renewable energy sources:

- The project of the Turkish company JSC Mimsan Endustri Kazanlari Sanayi ve Ticaret AS for the construction of a heat source with an installed capacity of 30 Gcal/hour and the installation of three modern boilers is being implemented within the framework of the public-private partnership mechanism in the village of Glubokoye in the East Kazakhstan region. The total investment in the project will amount to more than 49 million US dollars.

The advantages of this project are that modern technologies will improve energy efficiency and reduce operating costs. Providing heat to populated areas will improve the quality of life of the population and develop infrastructure.

- The project of the Turkish company "Yildizlar SSS Holding" for the construction of a gas piston power plant in the Kyzylorda region with a capacity of 138 MW jointly with the SPK "Baikonur" for 50 million US dollars.

The project will ensure reliable energy supply to the region, which is especially important for the industrial sector. In addition, gas piston power plants are characterized by lower CO<sub>2</sub> emissions compared to traditional coal plants. In turn, the introduction of advanced Turkish technologies contributes to the development of Kazakhstan's energy infrastructure.

- The project of the Turkish company "Aksa Energy" for the construction of a new combined-cycle plant (CCP) in the city of Kyzylorda with an electric capacity of 240 MW and a thermal capacity of 277 Gcal. The estimated cost of the project is 490 million US dollars.

It is worth noting that combined-cycle plants are highly efficient and can operate under variable load conditions, which is important for ensuring the stability of the energy system. The transition to gas reduces dependence on coal generation, which has a positive effect on the environment. The project will create new jobs and ensure the development of local businesses related to the supply and maintenance of equipment.

- A project by the Turkish company Aksa Energy to build a new combined-cycle gas turbine (CCGT) in Shymkent with an electrical capacity of 500 MW. The estimated cost of the project is 700 million US dollars.

The project will significantly increase the region's generating capacity, which is especially important for Shymkent's growing industrial needs. The use of modern technologies in energy increases Kazakhstan's competitiveness in the global market. Successful implementation of the project strengthens the strategic partnership between Kazakhstan and Turkey in the energy sector.

- The project of the Kazakh company TGS-Energy Limited for the construction of the Toru-Aygyr solar power plant in the Issyk-Kul region (Kyrgyzstan) with a capacity of 300 MW for a total of approximately 200 million US dollars.

The project supports global efforts to transition to renewable energy sources and reduce carbon footprint. In addition, by demonstrating the close energy ties between Kazakhstan and Kyrgyzstan, the project contributes to the development of integration in Central Asia. The installation of a large solar power plant will create new jobs and attract additional investment to the region.

All of the above projects represent strategic investments that have great potential for developing Kazakhstan's energy infrastructure and strengthening regional cooperation in Central Asia. These projects contribute to the diversification of energy sources, increased energy security, and reduced environmental impact. Successful implementation of these initiatives also opens the door for further cross-border projects and economic cooperation within the ECO.

## **2. Trade and investment**

Kazakhstan and the ECO countries cooperate in increasing bilateral trade and attracting investment, including through the creation of free economic zones.

- A project of the Turkish company "LC Waikiki" for wholesale and retail trade throughout Kazakhstan. The first store was opened in 2010, and currently there are 31 stores, each of which is valued at 1.5 million US dollars.

The project contributes to the expansion of the brand's presence in the Kazakhstan market, strengthening its position in the fashion retail sector. The opening of new stores leads to the creation of jobs in various regions of the country.

- A project of an Azerbaijani company to open a Trading House in Astana in 2021. There is no information on investments, but it is assumed that the project was fully financed with budget money.

This project contributes to strengthening trade and economic ties between Kazakhstan and Azerbaijan and helps promote Azerbaijani products on the Kazakh market, providing new opportunities for export. In addition, the opening of the trading house can be seen as a symbolic strengthening of relations between the two countries.

- A project of a Kazakh company to open a Trading House in Baku in 2020. There is no exact data on the size of the investment, but it is assumed that the project was financed by the personal funds of Rufat Rzayev, the general director of the trading house.

The project contributes to strengthening economic and cultural ties between Kazakhstan and Azerbaijan and is a platform for promoting Kazakh goods and services in Azerbaijan.

- The project of the Kazakh company Magnum Cash & Carry LLP to open two Magnum supermarkets in Tashkent in 2021. The initial investment was 20 million US dollars. Also, in 2023, the company completely bought out Majid Al Futtaim LLC Uzbekistan, the owner of the Carrefour supermarket chain, but the amount of the transaction is unknown.

Entering the Uzbek market opens up new opportunities for the company and helps increase its market share. The acquisition of the Carrefour chain allows Magnum to become one of the leaders in retail trade in Uzbekistan. The development of the supermarket chain contributes to the development of trade and the creation of new jobs in the region.

- The project of the Kazakh motor company Astana-Motors TOO to purchase 70% of the Uzbek company Hyundai Auto Asia SP in 2020. The deal was approved by the State Committee of Uzbekistan for the development of competition.

The deal strengthens Astana Motors' position in the automobile market of Uzbekistan and promotes the development of the automobile industry in the region. The possibility of joint production and assembly of cars in Uzbekistan helps reduce costs and increase the competitiveness of products. The project promotes deepening economic cooperation between Kazakhstan and Uzbekistan.

### **3. Agriculture**

Development of joint agricultural projects aimed at increasing productivity and exchanging experience in the field of agriculture:

- The project of the Turkish company "Arbel" to build a plant for processing legumes in the Kostanay region, which was opened in 2023. The size of Turkish investments amounted to 8.5 million US dollars.

The construction of the plant will help increase the export of Kazakh legumes to international markets, especially to Europe and the Middle East. Processing legumes on site will increase the added value of the products and increase farmers' income. In addition, the project will help create new jobs in the region and develop the local economy.

- The project of the Turkish company "Great Production LTD (Goknur Gida)" to build a fruit processing plant in the Zhambyl region. The project was launched in 2022 and is scheduled for completion in 2024. The total

investment amounted to 98.4 million US dollars. It is expected to create 1,000 jobs, which will be hired by local residents<sup>25</sup>.

The project contributes to the development of the processing industry and improvement of product quality in Kazakhstan. It is important to note that modern equipment and innovative technologies will be used in the implementation of the project. The plant is export-oriented, which increases foreign exchange earnings and improves the country's trade balance.

- The project of the Turkish company "Agrobest Group" to build a plant for the production of plant protection products in the Almaty region. The project was launched in 2020, the investment amounted to 30 million US dollars.

The project envisages the production of plant protection products: herbicides, insecticides, fungicides, seed treatments and glyphosate. More than 60% of the products will be sent to the domestic market, and the rest to the markets of Kyrgyzstan, Turkmenistan and Uzbekistan.

- The project of the Turkish company "Omtis Ortadoğu Makina" to build a sugar factory in the Aktobe region. The total investment amounted to 550 million US dollars, and the project is expected to be completed by 2024.

The project is being implemented on the instructions of the President of the country, with the aim of ensuring food security and increasing the share of domestic products on the market. The construction of this sugar plant is one of the priorities for Kazakhstan, since the country's market and, in particular, the Aktobe region, remains dependent on imported supplies.

- The project of the Turkish company "GENGROUP™" for the construction of a greenhouse complex for growing bananas in the Turkestan region. The initial investment was 4 million US dollars, further expansion is planned.

The project is the first and so far the only one for growing bananas in Kazakhstan, which is aimed at reducing dependence on banana imports by creating local production. This will contribute to the region's self-sufficiency in the food sector, as well as the creation of new jobs. Further expansion of capacities and development of new crops are planned, which can increase the range and profitability of the project.

- The project of the Turkish company "KOÇ Holding" to build a tomato plant in the Kyzylorda region. The investment volume amounted to 28 million US dollars.

The project envisages the construction of a full-cycle plant for the production of tomato paste, as well as a greenhouse complex for growing tomato seedlings. The construction of the plant will reduce the volume of imports of canned tomatoes in Kazakhstan and provide the domestic market

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<sup>25</sup>[https://www.inform.kz/ru/tureckiy-zavod-po-pererabotke-fruktov-planiruyut-postroit-v-zhambylskoy-oblasti\\_a3928817](https://www.inform.kz/ru/tureckiy-zavod-po-pererabotke-fruktov-planiruyut-postroit-v-zhambylskoy-oblasti_a3928817)

with high-quality domestic products. The full cycle of production allows for more effective control over the Project's costs for the delivery of raw materials to production facilities.

- The project of the Uzbek company "INVEST IN HAYOT" on growing grapes in the Turkestan region. The planned implementation period is 2024-2029, and the investment amount is 7.8 million US dollars.

The implementation of the project envisages, in addition to the creation of agricultural infrastructure, also the sale of products to international markets, given that the export of Uzbek grapes is already popular abroad, including the United States.

- The project of the Uzbek company Global Textile for a cotton processing plant in the Turkestan region. Construction began in August 2023, the investment amount is 2.5 million US dollars.

The project is aimed at introducing environmentally friendly cotton processing technologies, which will reduce the negative impact on the environment. This project is aimed at localizing production, which will shorten the supply chain and reduce the cost of transporting raw materials. The plant will be equipped with modern equipment, which will allow the production of high-quality textile products that meet international standards.

- A project of the Turkish company "Alarko Holding" to build a new format greenhouse complex in Shymkent. During the implementation of the project, 5 thousand new jobs will be created, investments will amount to 650 million US dollars.

The project will contribute not only to the development of agriculture, but also to the implementation of new business methods, training of local specialists, as well as the export potential of products. It is also important to take into account the positive factors from the implementation of the project for related industries, such as transport, procurement of raw materials and infrastructure.

- The project of the Kazakh company TO Esentai to open a flour mill in Tajikistan in 2018. The cost of the project was 5 million US dollars, 1.6 million US dollars of which was provided by the Kazakh side<sup>26</sup>.

The launch of the project envisaged not only the establishment of flour production, but also the development of the local economy, creating jobs and increasing the volume of grain processing. The implementation of the flour mill allowed improving the access of local residents to high-quality flour, reducing dependence on imports and increasing the level of food security in the country.

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<sup>26</sup><https://www.dialog.tj/news/partnery-iz-kazakhstana-zapustili-v-tadzhikistane-liniyu-po-proizvodstvu-muki>

- The project of the Kazakh company "Prodcorporation" to build a grain terminal in Iran in 2010. The investment volume amounted to 18.2 million US dollars<sup>27</sup>.

The project was aimed at improving the logistics of grain supplies to the Iranian market, which contributed not only to strengthening Kazakhstan's position as an exporter of agricultural products, but also to the development of trade relations with Iran. The construction of the grain terminal was also of strategic importance, given that Iran is a major consumer of grain and agricultural products.

Since the launch of the terminal, an increase in the volume of grain processing and storage has been noted, which has contributed to the increased efficiency of export operations and the strengthening of Kazakhstan's position in the international arena.

#### **4. Struggle with climate change**

Joint initiatives to protect the environment and mitigate the effects of climate change.

- The project of the Turkish company "Altrade Company" for the construction of a plant for processing produced aluminum in the Pavlodar region. At the first stage of construction, the volume of investments will be about 16.5 million US dollars and more than one hundred jobs, and the second stage provides for an additional 18.5 million US dollars of investment.

The implementation of the project will be an important step towards the development of the aluminum industry and strengthening the local economy by increasing the level of local processing of raw materials and reducing dependence on the import of finished products. The project will have a positive impact on the economic development of the Pavlodar region, which can attract additional investment and contribute to the development of other related industries.

- The project of the Turkish company "Mimsan Endustri Kazanlari Sanayi ve Ticaret AS" to build a boiler house that will generate heat using the latest energy-efficient technologies, which will significantly reduce the consumption of organic fuel and reduce emissions into the atmosphere. The project is partially sponsored by government funds, and the contribution of Turkish businessmen will be 6.5 million US dollars. The implementation period is 12 years.

The project represents an important step in the field of sustainable energy supply. The use of such technologies will significantly reduce the consumption of organic fuel, which in turn will lead to a decrease in emissions of pollutants into the atmosphere.

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<sup>27</sup>[https://online.zakon.kz/Document/?doc\\_id=30767228](https://online.zakon.kz/Document/?doc_id=30767228)

- A project of the Turkish company "Yildirim Group" for the production of soda ash in the Zhambyl region. According to experts, the plant's capacity will be enough to meet the entire volume of soda imported to Kazakhstan. The plant is designed according to the "Zero Waste technology" principle with minimal impact of the enterprise's activities on the environment. The total investment is estimated at 400 million US dollars, and the planned start of production is 2024.

The project will supply soda ash not only to Kazakhstan, but also to a number of neighboring countries. Investors intend to use new technologies and establish waste-free production. The enterprise will become the largest center for the production of chemical products in Central Asia.

- The project of the Kazakh company TGS Energy Limited to build a solar power plant in Kyrgyzstan. The total capacity of the project is 300 MW for about 200 million US dollars, consisting of the 50 MW Toru-Aigyr SPP and 250 MW in the Batken region. The first stage of construction of 50 MW is estimated at 34.3 million US dollars, of which 20% of the project cost will be contributed by TGS-Energy, the remaining part of the financing will be carried out by attracting a bank loan.

The project will not only contribute to the development of renewable energy infrastructure in Kyrgyzstan, but will also have a positive impact on the region's economy by creating new jobs and ensuring a stable electricity supply. This project is also an important step for the country in transitioning to environmentally friendly energy sources and reducing dependence on traditional sources of electricity.

## **5. Healthcare**

Projects aimed at improving healthcare systems, exchanging medical technologies and training specialists:

- The project of the Turkish company "RenEll Co. Ltd." for the construction of a multidisciplinary hospital in the city of Kokshetau. The cost of the project was 372 million US dollars, and it is expected that the construction will be completed by 2026.

The project is designed to meet the growing demand for medical services and improve the quality of healthcare in the region. In addition, the implementation of the project will create new jobs both during construction and after the opening of the hospital, which will have a positive impact on the economy of the region. It is also important to note that the implementation of such a project can contribute to the development of medical technologies and interaction with international standards in the field of healthcare.

- The project of the Turkish company Orhun Medical to build a tomotherapy center in Almaty. The tomotherapy device was installed in 2021, the investment cost was 6.5 million US dollars.

This project will not only expand access to quality medical services for local residents, but will also attract patients from neighboring countries, promoting the development of medical tourism. In addition, the implementation of such a project will further influence the investment climate and the development of other medical initiatives in the region. It is also important to note that such a center requires qualified personnel, which creates an opportunity to improve the level of training of medical specialists in the field of radiation therapy and related areas.

- The project of the Turkish company "MFA Mask" for the production of modern medical masks and respirators in Astana. The project is expected to be implemented by 2024, and the total investment amounted to 9.3 million US dollars.

The project will help provide the local population with high-quality personal protective equipment, as well as create new jobs and develop the local economy. In addition, the project will have a positive impact on the import and export of medical products, strengthening Kazakhstan's position as a manufacturer in this area.

- Projects of the Turkish company Orhun Medical to modernize two diagnostic centers in Almaty and Pavlodar region. The investment volume is estimated at 1.5 and 1 million US dollars, respectively.

The project envisages the modernization of diagnostic centers, including equipment upgrades, the introduction of modern diagnostic technologies, training of medical personnel, and infrastructure improvement. These projects are aimed at improving the quality of medical services for the population in order to improve health indicators in the regions.

- A project of the Turkish company "YDA Group" to build a multi-profile plant for the production of medical equipment, medical and office furniture, modular prefabricated structures, as well as facades, stained glass, windows and doors. The plant will be built on the territory of JSC "UK SEZ Astana-Technopolis". The total investment will amount to more than 47 million US dollars.

The project will be aimed at:

- Creation and assembly of medical devices and instruments, which will contribute to the development of healthcare in Kazakhstan and provide local medical institutions with the necessary resources.

- The production of medical and office furniture will ensure the creation of ergonomic and functional solutions that improve working conditions and patient treatment.

## **6. Financial services**

Cooperation in providing banking, insurance and credit services for the entire population and businesses:

- The project of the Turkish company "TC Ziraat Bankasi AS" to open the bank JSC "DB KZI Bank" with 100% Turkish capital in Almaty in 1993.



The annual investment volume over the past 8 years has varied from 35 to 106 million US dollars.

With the establishment of the bank with 100% Turkish capital, the foundation was laid for strengthening economic ties between Turkey and Kazakhstan, as well as for attracting foreign investment to the country. Over the following years, the bank actively developed its services, introducing modern financial instruments and technologies, which allowed it to take a stable position in the financial market.

- The project of the National Bank of Pakistan to open a branch of JSC DB NB Pakistan in Almaty. The office was opened in 1996, but in June 2021, the bank received permission for voluntary liquidation.

In order to expand the presence of the Pakistani financial institution at the international level and provide banking services to both the local population and businesses, this project was implemented in the country. The opening of the branch contributed to the strengthening of economic ties between Kazakhstan and Pakistan.

- Projects of the Kazakh export-credit insurance corporation JSC Kazexportgarant to open branches of the insurance organization in Tajikistan and Uzbekistan. The transactions took place in 2019, but there is no data on the amount of investment.

This project is aimed at providing reliable insurance for export operations and reducing risks associated with international trade. In addition, the presence of JSC Kazexportgarant in Tajikistan and Uzbekistan contributes to strengthening economic ties between Kazakhstan and these countries, as well as increasing mutual trade and investment flows.

- The project of the Kazakh JSC Halyk Bank of Kazakhstan to open the bank CJSC Halyk Bank Tajikistan in 2006. In 2022, the subsidiary was sold to CJSC International Bank of Tajikistan.

The implementation of this project was an important step in the bank's international expansion strategy and strengthening of financial ties between Kazakhstan and Tajikistan. The opening of Halyk Bank Tajikistan provided access to banking services for the local population and businesses, contributing to the development of the country's financial sector. Throughout its existence, the bank offered a wide range of financial services, including lending, deposit products and various banking operations, responding to the needs of the local market. This also contributed to attracting investment and improving the business climate in Tajikistan.

- The project of the Kazakh JSC Halyk Bank of Kazakhstan to open a branch of Tenge Bank in several regions of Uzbekistan. The branches were opened in 2019. The bank's equity capital in 2023 was 105.3 million US dollars.

The implementation of this project allowed Tenge Bank to offer a variety of products such as loans, savings accounts and other financial

services that meet the needs of Uzbek clients, which in turn contributed to the establishment of strong economic ties between Kazakhstan and Uzbekistan.

- The project of the Kazakh bank "Jysan Bank" to purchase the Kyrgyz "Optima Bank" with its own funds. On December 30, 2020, after receiving approval from the regulatory authorities of Kazakhstan and Kyrgyzstan, Jýsan Bank acquired 99.76% of the shares of ATFBank, the parent company of Optima Bank OJSC. In accordance with the terms of the transaction, ATFBank's equity capital in the amount of 300 million US dollars was used to create additional provisions. After covering the losses by the current shareholder, Jýsan Bank carried out additional capitalization of ATFBank in the amount of 200 million US dollars.

The project is an important strategic initiative aimed at expanding the bank's presence in the Central Asian market and strengthening its position in neighboring Kyrgyzstan. This project not only improves Jysan Bank's position in the regional arena, but also contributes to the development of banking services in Kyrgyzstan, offering local clients a wider range of financial products and strengthening economic ties between the two countries.

- Project of the Kazakh JSC "People's Bank of Kazakhstan" to purchase the Kyrgyzstani JSC "Kairat Bank" and further rename it OJSC "Halyk Bank Kyrgyzstan" in 2004.

The project of the Kazakh JSC Halyk Bank of Kazakhstan provided opportunities to increase assets and improve banking services in Kyrgyzstan, which contributed to the expansion of the client base and the development of the country's financial sector.

As part of the project, steps were taken to modernize banking operations and improve the quality of customer service, which significantly increased the competitiveness of Halyk Bank Kyrgyzstan in the market. This cooperation strengthened economic ties between Kazakhstan and Kyrgyzstan, and contributed to the sustainable development of banking services in the region.

- The project of the Kazakh bank "BTA Bank" to purchase the Kyrgyz JSC "Ineximbank" in 2007.

This project was an important step in the bank's strategy of expanding in international markets and strengthening its position in Central Asia. The acquisition of Ineximbank provided BTA Bank with the opportunity to enter the Kyrgyz market, which opened up new prospects for growth and expansion of the client base.

The change of ownership allowed the introduction of modern banking services and products, as well as improving the quality of customer service, which contributed to the increased competitiveness of the new financial institution. The integration of Ineximbank into the BTA Bank structure also

led to the introduction of best management practices and an increased level of trust from local clients.

### **7. Transport corridors**

ECO countries are working together to improve transport infrastructure, which includes building roads connecting Kazakhstan with other countries in the region and constructing international airports:

- The project of the Turkish company "ATM Grup Uluslararası Havalimani Yapım Yatırım ve İşletme Ltd" for the purchase and further development of the airport in Aktau. In 2007, the rights of "Aktau International Airport JSC" were fully granted to the Turkish company for 28 years. By 2023, more than 21 million US dollars in investments had been invested in the airport.

The implementation of the project involves investments aimed at modernizing the airport infrastructure, improving the quality of services, expanding the capacity for handling passengers and cargo, and ensuring compliance with international safety standards.

The project not only contributes to the development of transport in the region, but also strengthens economic ties between Kazakhstan and Turkey, creating new jobs and increasing the influx of tourists and business travelers. Ultimately, this cooperation improves the overall quality of life of local residents and provides modern transport solutions, which is important for economic growth and the integration of Aktau into the international transport network.

- The project of the Turkish company "YDA Group" to build an international airport in Turkestan. The construction of the airport began in 2019 and was completed in September 2020. The total cost of the project was 200 million US dollars.

The project aims to improve Turkestan's connections with other cities in Kazakhstan and foreign countries, promoting the growth of tourism and business activity in the region.

The opening of the airport not only expanded transport opportunities, but also created new jobs and contributed to the development of infrastructure and economic activity in Turkestan and adjacent territories. The implementation of the project underscored Kazakhstan's desire to improve its position on the map of international logistics and trade, which is an important step towards integration into the global economy.

### **8. Development of natural resources**

Cooperation aimed at improving the development of natural resources, developing the metallurgy and raw material extraction sectors:

- The Iranian company "IMIDRO" copper mining project. In 2021, Iranian businessmen began exploration and development of the Borly copper-molybdenum deposit in the Karaganda region. In November 2022, the project for the construction of a hydrometallurgical plant for copper

production with a capacity of 5,000 tons per year was completed. The amount of funds spent on the construction of the plant is 24.4 million US dollars.

The project is an important initiative in the development of mineral resources in Kazakhstan. The project has created new jobs and increased the level of qualifications of personnel in the mining industry.

- The project of the Turkish company "Yildirim Group" to purchase the mining and processing complex "Voskhod" in the Aktobe region in 2013. The complex was purchased in a package with the Tikhvin Ferroalloy Plant for 425 million US dollars. The distribution of the amount is unknown, therefore the volume of investments in this enterprise is estimated at approximately 213 million US dollars.

The implementation of this project is of a strategic nature, as Yildirim Group aims to strengthen its position both in the local and international markets. These investments have created new jobs, contributing to the introduction of modern technologies and improving the quality of products, which in turn has had a positive impact on the economic development of the region.

- A project for exploration of gold, platinum, chrome ores and associated components from the Turkish company Yildirim Group in the East Kazakhstan region. Total investment for 2018 is 2.1 million US dollars.

The objective of the project was to conduct detailed geological studies with the possibility of determining the resources and potential of deposits of precious metals and minerals. Successful exploration of these resources created the basis for future production projects and contributed to the improvement of the economic situation in the region.

- Projects of the Kazakh company United Cement Group to purchase two cement plants in the Chui region of Kyrgyzstan: Kant Cement Plant and Tekhnolin Plant in 2005. The amount of direct investment in the plants is 63 and 14 million US dollars per year, respectively.

The project is aimed at improving production processes, increasing the efficiency and quality of manufactured products, as well as introducing modern processing technologies. These projects contributed to the development of the construction industry in Kyrgyzstan, ensuring a stable supply of high-quality cement necessary for the implementation of infrastructure and construction projects.

- A project by the Kazakh company Verny Capital to build a cement plant from scratch in Kyrgyzstan. Construction began in 2007 and was completed in 2011. Investment estimates range between 60 and 75 million US dollars.

The project not only provided the local market with high-quality cement needed for construction projects, but also contributed to the creation of jobs, thereby improving the economic situation in the region.

The construction of the plant facilitated the introduction of advanced technologies into the production process, which resulted in improved product quality and operational efficiency. It also opened up new opportunities for local manufacturers and construction companies, reducing dependence on imports.

- A project by Kazakhstan's KAZ Minerals to open a copper-gold mine in Bozymchak, Kyrgyzstan. Resource extraction began in 2014, and the company says it has invested 350 million US dollars by 2018.

The project represents an important initiative in the field of mineral extraction in the region.

The project made it possible to create new jobs, which contributed to the improvement of the socio-economic situation in the region. It is also important that the successful implementation of this project attracted additional investments in the mining industry of Kyrgyzstan and increased interest in the country's deposits among international investors.

### **9. Food production**

Development of joint projects for the construction of factories and plants for the supply of food products and beverages:

- The project of the Turkish company "Anadolu Group" to purchase a brewery. In 1997, "Efes Beer Group" privatized and then completely reconstructed the Karaganda brewery "Kolos", on the basis of which the company Efes Kazakhstan was created. By 2021, the company invested 313 million US dollars.

The Anadolu Group project in Karaganda is an example of the successful implementation of foreign capital in Kazakhstan and its important contribution to the development of the local economy. The brewery has become one of the key players in the market, providing a stable supply of quality products and active participation in the community.

- A project of the Turkish company "Anadolu Group" for the production of soft drinks. In the early 1990s, the Government of the Republic of Kazakhstan sold the domestic enterprise "Almaty Production Association of the Beer and Soft Drinks Industry" to the American company "The Coca-Cola Company". According to the latest data, the investment amount is 300 million US dollars.

As part of the project, modern technologies and quality standards are being actively introduced, which has allowed us to provide consumers with high-quality products. The project has also contributed to strengthening Kazakhstan's position in the soft drinks market and attracting new foreign investment to the country.

- The project of the Turkish company "Iskefe Holding" to build a plant for the production of gelatin in Almaty. The opening of the plant is planned for 2024, the investment volume will be 20 million US dollars. The

production capacity of the enterprise will allow the production of more than 7 thousand tons of gelatin of the "Halal" standard annually.

Iskefe Holding's project to establish a gelatin plant will not only strengthen Kazakhstan's position in the food ingredients market, but will also demonstrate the country's potential to attract foreign investment and develop production infrastructure, highlighting the importance of cooperation between Kazakhstan and Turkey in the industrial sector and export opportunities. The plant will be focused on both domestic demand and export activities.

- The project of the Turkish company "Aysultan Candy" for the production of confectionery products in the Almaty region. The project was implemented in 2021, the cost of the project was about 3 million US dollars.

The project is focused on the production of various confectionery products, which allows not only to satisfy the demand of local consumers, but also for export to neighboring countries. The project includes the introduction of modern technologies and quality standards, which contributes to the creation of competitive products on the market. The opening of production created new jobs, which had a positive effect on the economic situation in the region.

- The project of the Turkish company "Aksa Energy" for the production of tomato paste in the Kyzylorda region. The cost of the project is estimated at 21 million US dollars.

The project will focus on processing tomatoes and producing high-quality tomato paste, which will not only satisfy domestic demand, but also ensure export of products to neighboring countries. The introduction of modern technologies and production standards contributes to the effect of improving the quality and safety of manufactured products.

The project will also be a significant step towards the development of the local economy, creating new jobs and increasing the income of local farmers and suppliers who will cooperate with the plant. This, in turn, will contribute to the development of the agricultural sector of the region, improving the financial conditions for rural residents.

- A project of the Turkish company "Iskefe" for the production of gelatin in Almaty. The opening of the plant is expected in 2024, the cost is about 20 million US dollars.

The uniqueness of this plant is that it will specialize in the production of gelatin, which is in high demand both in the domestic and international markets. The project is focused on the production of products that meet Halal standards, which opens up additional sales opportunities both in Kazakhstan and in countries with similar consumer preferences.

## **10. Production of non-food products**

Projects for the production of non-food products, from the simplest everyday products to technologically advanced ones.

- The project of the Turkish company "Işıklar Holding" to build a plant for the production of paper packaging for dry construction mixtures in the Turkestan region. Implementation is planned for 2024, the total investment will be 12 million US dollars.

The project will involve the production of packaging that is necessary for the storage and transportation of dry construction mixtures, thereby ensuring demand both in the domestic market and outside of Kazakhstan. Environmental sustainability and product safety will play an important role in the production process, making the packaging more attractive to consumers.

- The project of the Turkish company "Fores" to build a plant for the production of fittings for plastic windows in the Almaty region. The plant began operations in 2019, the investment volume in the project is estimated at 4.3 million US dollars.

The aim of the project is to produce high-quality fittings that are necessary for window structures, which improves the standard of construction and ensures the durability of plastic windows. The opening of the plant was an important step to meet the growing demand for products in the context of the active development of the construction sector in the country.

- The project of the Turkish company "ASELSAN AS" to build a machine-building complex in Almaty. The project was launched in 2013, investments are estimated at 9 million US dollars.

The project is aimed at producing high-quality equipment and technologies used in various industries, including defense, communications and the energy sector. The creation of such a high-tech enterprise contributes not only to increasing the efficiency of production in Kazakhstan, but also to the introduction of modern solutions and innovative technologies necessary for the development of the local economy.

- The project of the Turkish company "Gold aluminum & plastic CO" to modernize the production of aluminum and plastic profiles in the Turkestan region. The volume of investments in modernization is estimated at 6 million US dollars, the project was completed in 2019.

The main goal of the project was the introduction of modern technologies and equipment, which allowed to improve production processes and increase the quality of manufactured profiles. This, in turn, allowed the company to more effectively meet the needs of customers, both in the domestic and foreign markets, providing a wide range of high-quality products.

- The project of the Turkish company "Kanalmaç Group" to create aerated concrete block production in the Turkestan region. Construction began in 2022, the total investment is 2.2 million US dollars.

The project envisages the production of high-quality gas blocks, which are used in the construction of residential and commercial buildings due to

their unique characteristics, such as lightness, heat and sound insulation. The introduction of this production will meet the growing demand for effective building materials in the context of the expanding construction market of Kazakhstan.

- The project of the Turkish company Femas Metal Sanayi ve Ticaret AS for the production of gas-electric stoves in the Almaty region. The project, worth 7 million US dollars, created up to 200 new jobs. The implementation was completed in 2021.

The implementation of the project allowed to create the production of gas-electric stoves, which are in high demand on the market due to their functionality and efficiency. The new production allows to provide local consumers with high-quality and modern kitchen appliances, which significantly improves the quality of life and convenience for users.

- The project of the Turkish company "VOKS Otomotiv Kapi Sistemleri" to create a production of automatic gates in the Almaty region. The cost of the project at the initial stage was 1 million US dollars, the implementation took place in 2021.

The project involves the development and production of automatic gates that find a wide range of applications in both residential and commercial properties. These products provide comfort and safety, and can also have various functional features, such as control via mobile applications, security systems, and integration with other automated systems.

- A project of the Turkish company "Borsan" for the production of cable products from copper and aluminum. The annual production capacity of the enterprise is 12 thousand tons, it is expected to create 500 jobs. The total cost of the project is 90 million US dollars.

One of the key features of the project is the creation of 500 new jobs, which not only helps reduce unemployment in the region, but also offers local specialists the opportunity for professional growth. This project highlights the strategic importance of attracting foreign investment and developing the local economy, which in turn can stimulate the growth of related industries and strengthen economic ties between Kazakhstan and Turkey.

- The project of the Turkish company "Kartal Tekstil Sanayi Ve Ticaret LTD.STI" for the production of carpet products in Shymkent. The new line of carpet products was launched in 2019, the investment volume in the project is estimated at 3.7 million US dollars.

The main goal of the project is to create high-quality carpet products that are in demand both in the local and international markets. The introduction of new production not only improves the range of products available to consumers, but also contributes to the creation of new jobs,



which has had a positive impact on the level of employment and professional development of local specialists.

- The project of the Turkish company "EKOL Textile" for the production of hosiery in Shymkent. The volume of investments in the project is estimated at 1.9 million US dollars.

The main objective of this project is to create a line for the production of hosiery, providing the local market with high-quality products, as well as the possibility of export. This will not only satisfy the growing demand for such products, but also strengthen Kazakhstan's position as a manufacturing hub in the textile sector.

- The project of the Uzbek company "Alliance Textile" to restore a spinning mill in Shymkent. The total investment is 46 million US dollars. Restoration of the plant began in 2020. In the joint venture - the trade and industrial company Alliance, the share of the Uzbek side is 51%. The Investment Fund of Kazakhstan, which owns the remaining 49%, obliged the Uzbek side to invest 12 million US dollars in the first stage.

The project is expected to create new jobs, which will have a positive impact on local employment and improve the socio-economic situation in the region. In addition, the modernized spinning mill will help meet the growing demand for textile products in both domestic and foreign markets, strengthening Kazakhstan's position as an important player in the textile industry of Central Asia.

- A project of the Uzbek company JSC Uzavtosanoat to produce Chevrolet Onix cars using the small-knockdown (CKD) method in the Kostanay region. The total cost of the project is estimated at 50 million US dollars, and it is planned to be implemented using the financial instruments of the BRK group, including leasing programs of the Industrial Development Fund. The construction period is 2025.

The project involves the use of modern technologies and equipment for the assembly of cars, which will not only meet the needs of the local market, but also strengthen export capabilities. The construction of the plant is scheduled for 2025, and it is expected to create new jobs in the region, which will have a positive impact on the level of employment and economic development of the Kostanay region.

- The project of the Turkish company "Teksan" to build a plant for the production of lighting fixtures in the Almaty region. The volume of attracted investments is more than 2.5 million US dollars, the launch took place in 2012.

The plant's production capacity allows it to produce a variety of lighting fixtures, which helps meet demand in both domestic and foreign markets. The project also has a positive impact on the region's economy, as it has created new jobs and helped improve the skills of local specialists.

## **11. Construction industry**

Joint projects aimed at commissioning and management of residential, office and entertainment premises.

- The project of the Turkish company "Tavros Group" to build the hotel "Dedeman Hotel Oskemen" in the East Kazakhstan region. The opening took place in 2014, the investment amount is 25 million US dollars.

The Dedeman Hotel Oskemen offers a wide range of services and amenities, making it attractive to both tourists and business clients. Investments in the project have contributed to the creation of new jobs and the development of the local economy, as well as an increase in the flow of tourists to the region.

- The project of the Turkish company "Sembol Construction" for the construction of the multifunctional complex TOO "Turkistan Silk Way Harbor". According to the report of the BRK, the final cost of construction of the "Kazakh Venice" was 180 million US dollars. Of this amount, 82.7 million US dollars were allocated as a loan from the bank. KIDF, which owns 47.5% of the shares, invested 46.1 million US dollars in the project. The company "Fettaha Tamince" - 51.1 million US dollars.

The project "Turkistan Silk Way Harbor" is aimed at creating a unique multifunctional center, which includes various shopping, entertainment and cultural facilities. The project helps to attract tourists, create new jobs and improve the quality of life of the local population.

- The project of the Turkish company Sembol Construction for the construction of the Rixos Water World Aktau hotel. According to the DBK, the final price of Rixos is 141.5 million US dollars, of which 86.9 million US dollars is a loan from the bank. The remaining 54.6 million US dollars is KIDF, which owns 49% of the common shares of the project company, and Fettaha Tamince, which owns 51%. Thus, the fund invested 26.8 million US dollars, and Fettaha Tamince spent 27.9 million US dollars. The opening of the hotel took place in 2020.

The hotel offers a wide range of services and amenities, including a water park and other entertainment facilities, making it attractive not only to tourists but also to local residents. The project contributes to the creation of new jobs, attracting tourists and developing the regional economy. Thus, the Rixos Water World Aktau project not only strengthens Kazakhstan's position on the tourist map, but also emphasizes the importance of international cooperation in the field of investment and development of the hotel business.

- The project of the Turkish company "Sembol Construction" to build the TetysBlu entertainment water park in the Mangistau region. The total investment amounted to 97.6 million US dollars. Of these, private investor funds amounted to 32.7 million US dollars. The project started in November 2020 and was commissioned in July 2021.

TetysBlu Aquapark offers a wide range of attractions and entertainment for visitors of all ages, making it attractive to both locals and tourists. The opening of the Aquapark contributes to the creation of new jobs and attracting tourists, which in turn has a positive impact on the region's economy. Thus, the TetysBlu project by Sembol Construction not only enriches the entertainment infrastructure of the Mangystau region, but also contributes to the development of domestic tourism, strengthening Kazakhstan's position as an attractive destination for recreation and entertainment.

- The project of the Kazakh company "BI Group" for the construction of the residential complex NRG Oybek in Tashkent. This is the first joint project of BI Group with an Uzbek company. The total cost is 33 million US dollars, the amount of investment from the Kazakh side is 16.5 million US dollars.

The NRG Oybek residential complex will be offered with modern architectural solutions and convenient infrastructure, providing comfortable housing for local residents and greater accessibility for families. The project aims not only to meet housing needs, but also to improve the quality of life by creating modern living conditions.

Taking into account the above-mentioned projects implemented in the ECO countries, it can be concluded that the member countries of the Organization actively coordinate with each other and successfully integrate their economies. Within the framework of this analysis, 70 investment projects between the Republic of Kazakhstan and the ECO countries that exist today are presented. In 17 of these projects, Kazakhstan acts as an investor, and in the remaining 53 projects, Kazakhstan was the recipient of investments.

The undisputed leader in investments in Kazakhstan is Turkey, participating in 47 projects. At the same time, Kazakhstan itself most often invested in neighboring Kyrgyzstan and Uzbekistan. The most popular sectors for investment in Kazakhstan were the food and non-food production sectors, as well as the extraction of natural resources.

### **2.3. Study of the essential content and structural content of cooperation and investment potential of the ECO member countries**

#### **Potential for trade cooperation.**

The ECOTA (Economic Cooperation Organization Trade Agreement), signed by ECO member countries on July 17, 2003, was intended to reduce tariffs, eliminate non-tariff barriers and increase mutual trade. Additionally, the agreement provided for the harmonization of standards and procedures to simplify trade between countries, which was supposed to reduce bureaucratic barriers and speed up the exchange of goods.

However, despite ECOTA’s ambitious goals, the agreement has so far failed to significantly increase the level of economic integration and trade ties among ECO countries. In 2023, intra-regional trade volumes amounted to approximately 37.2 billion US dollars, down 18% from 2022 levels (45 billion US dollars). Such low intra-regional trade volumes are due to a variety of factors: political instability, economic instability in some members, and infrastructure issues. However, geographic proximity and a large domestic market remain clear advantages that have not yet been fully realized.

To assess the potential of trade relations between the ECO member countries, the Trade Complementarity Index (TCI) was calculated. The Trade Complementarity Index measures the degree of correspondence between the export structure of one country and the import structure of another country, which allows assessing the potential for mutual trade. The formula for calculating the TCI is as follows:

$$TCI = 100 \times \left( 1 - \sum \left| \frac{X}{X_i} - \frac{M}{M_i} \right| \right)$$

where is  $X_i/M_i$ — the shares of product  $i$  in the total volume of exports and imports of two countries, respectively,  $X$  and  $M$  — the total volume of exports and imports. TCI values range from 0 (no complementarity at all) to 100 (full compliance). A high TCI level (usually above 40) indicates complementarity of export and import structures, which creates favorable conditions for trade. Values below this threshold may indicate the presence of significant barriers to mutual trade, such as structural imbalances or mismatches in the needs and capabilities of partner countries.

**Table 2. Trade complementarity index of ECO member countries**

Exporter	Importer	tci
<b>Azerbaijan</b>	Türkiye	14.3
<b>Azerbaijan</b>	Pakistan	11.9
<b>Azerbaijan</b>	Afghanistan	9.6
<b>Azerbaijan</b>	Tajikistan	9.0
<b>Azerbaijan</b>	Turkmenistan	7.8
<b>Azerbaijan</b>	Uzbekistan	7.5
<b>Azerbaijan</b>	Iran	6.1
<b>Azerbaijan</b>	Kyrgyzstan	6.1
<b>Azerbaijan</b>	Kazakhstan	5.6
<b>Afghanistan</b>	Pakistan	20.2
<b>Afghanistan</b>	Türkiye	14.8
<b>Afghanistan</b>	Azerbaijan	10.6
<b>Afghanistan</b>	Iran	9.5
<b>Afghanistan</b>	Tajikistan	8.3
<b>Afghanistan</b>	Turkmenistan	8.0

<b>Afghanistan</b>	Uzbekistan	7.0
<b>Afghanistan</b>	Kyrgyzstan	6.9
<b>Afghanistan</b>	Kazakhstan	5.8
<b>Iran</b>	Pakistan	36.1
<b>Iran</b>	Türkiye	34.4
<b>Iran</b>	Tajikistan	23.2
<b>Iran</b>	Azerbaijan	22.8
<b>Iran</b>	Uzbekistan	21.2
<b>Iran</b>	Afghanistan	20.7
<b>Iran</b>	Turkmenistan	20.4
<b>Iran</b>	Kazakhstan	16.9
<b>Iran</b>	Kyrgyzstan	14.7
<b>Kazakhstan</b>	Türkiye	28.0
<b>Kazakhstan</b>	Tajikistan	18.6
<b>Kazakhstan</b>	Pakistan	18.5
<b>Kazakhstan</b>	Uzbekistan	14.1
<b>Kazakhstan</b>	Afghanistan	12.9
<b>Kazakhstan</b>	Turkmenistan	12.5
<b>Kazakhstan</b>	Azerbaijan	12.4
<b>Kazakhstan</b>	Iran	10.1
<b>Kazakhstan</b>	Kyrgyzstan	7.4
<b>Kyrgyzstan</b>	Türkiye	29.0
<b>Kyrgyzstan</b>	Pakistan	21.6
<b>Kyrgyzstan</b>	Tajikistan	21.3
<b>Kyrgyzstan</b>	Azerbaijan	18.3
<b>Kyrgyzstan</b>	Afghanistan	18.3
<b>Kyrgyzstan</b>	Turkmenistan	16.5
<b>Kyrgyzstan</b>	Uzbekistan	15.3
<b>Kyrgyzstan</b>	Iran	13.6
<b>Kyrgyzstan</b>	Kazakhstan	12.9
<b>Pakistan</b>	Kyrgyzstan	44.4
<b>Pakistan</b>	Kazakhstan	33.2
<b>Pakistan</b>	Tajikistan	32.6
<b>Pakistan</b>	Afghanistan	27.9
<b>Pakistan</b>	Iran	24.6
<b>Pakistan</b>	Turkmenistan	22.3
<b>Pakistan</b>	Azerbaijan	21.5
<b>Pakistan</b>	Uzbekistan	21.2
<b>Pakistan</b>	Türkiye	20.8
<b>Tajikistan</b>	Türkiye	18.9
<b>Tajikistan</b>	Pakistan	15.6
<b>Tajikistan</b>	Azerbaijan	13.5
<b>Tajikistan</b>	Afghanistan	12.4
<b>Tajikistan</b>	Turkmenistan	12.2
<b>Tajikistan</b>	Kyrgyzstan	11.5

<b>Tajikistan</b>	Uzbekistan	9.7
<b>Tajikistan</b>	Kazakhstan	8.3
<b>Tajikistan</b>	Iran	7.8
<b>Turkmenistan</b>	Türkiye	12.0
<b>Turkmenistan</b>	Pakistan	10.6
<b>Turkmenistan</b>	Azerbaijan	7.8
<b>Turkmenistan</b>	Afghanistan	7.7
<b>Turkmenistan</b>	Tajikistan	7.2
<b>Turkmenistan</b>	Iran	5.8
<b>Turkmenistan</b>	Uzbekistan	4.7
<b>Turkmenistan</b>	Kyrgyzstan	3.5
<b>Turkmenistan</b>	Kazakhstan	3.3
<b>Türkiye</b>	Tajikistan	71.0
<b>Türkiye</b>	Azerbaijan	69.1
<b>Türkiye</b>	Kazakhstan	68.9
<b>Türkiye</b>	Uzbekistan	65.1
<b>Türkiye</b>	Kyrgyzstan	64.4
<b>Türkiye</b>	Turkmenistan	60.9
<b>Türkiye</b>	Iran	56.6
<b>Türkiye</b>	Pakistan	56.1
<b>Türkiye</b>	Afghanistan	41.7
<b>Uzbekistan</b>	Türkiye	27.1
<b>Uzbekistan</b>	Pakistan	25.1
<b>Uzbekistan</b>	Tajikistan	21.3
<b>Uzbekistan</b>	Afghanistan	19.4
<b>Uzbekistan</b>	Azerbaijan	19.0
<b>Uzbekistan</b>	Turkmenistan	19.0
<b>Uzbekistan</b>	Kyrgyzstan	17.0
<b>Uzbekistan</b>	Iran	15.1
<b>Uzbekistan</b>	Kazakhstan	14.8

*Source: own calculations based on International Trade Centre UNCTAD/WTO data*

According to the calculation results, Turkey stands out as one of the most important trading partners within the ECO, demonstrating the highest TCI values with several countries. For example, the complementarity between Turkey and Tajikistan is 71.0, which is the highest among all countries in the region. The values with Azerbaijan (69.1), Kazakhstan (68.9) and Uzbekistan (65.1) also remain high, indicating deep potential for trade expansion. Turkey's high TCI is explained by its diversified economy and competitive advantages in various sectors, which allows it to effectively complement the needs of partner countries.

Iran and Pakistan occupy a special place in the ECO trading system due to their high complementarity scores with key regional countries. Iran's TCI with Pakistan is 36.1 and with Turkey it is 34.4, indicating significant

scope for deepening bilateral trade. These data suggest that the economic structures of Iran and Pakistan are largely complementary, and further reduction of trade barriers could lead to significant growth in trade between the two countries. Pakistan also shows relatively high complementarity with Kyrgyzstan (44.4) and Kazakhstan (33.2), underlining its importance as a key player in regional trade.

However, despite the high scores of some countries, many ECO members have TCIs below 30, indicating insufficient trade complementarity. For example, the TCI between Kazakhstan and Turkmenistan is only 12.5, and between Kazakhstan and Azerbaijan it is 12.4. These low scores indicate significant differences in economic structures and possibly insufficient levels of production diversification in these countries.

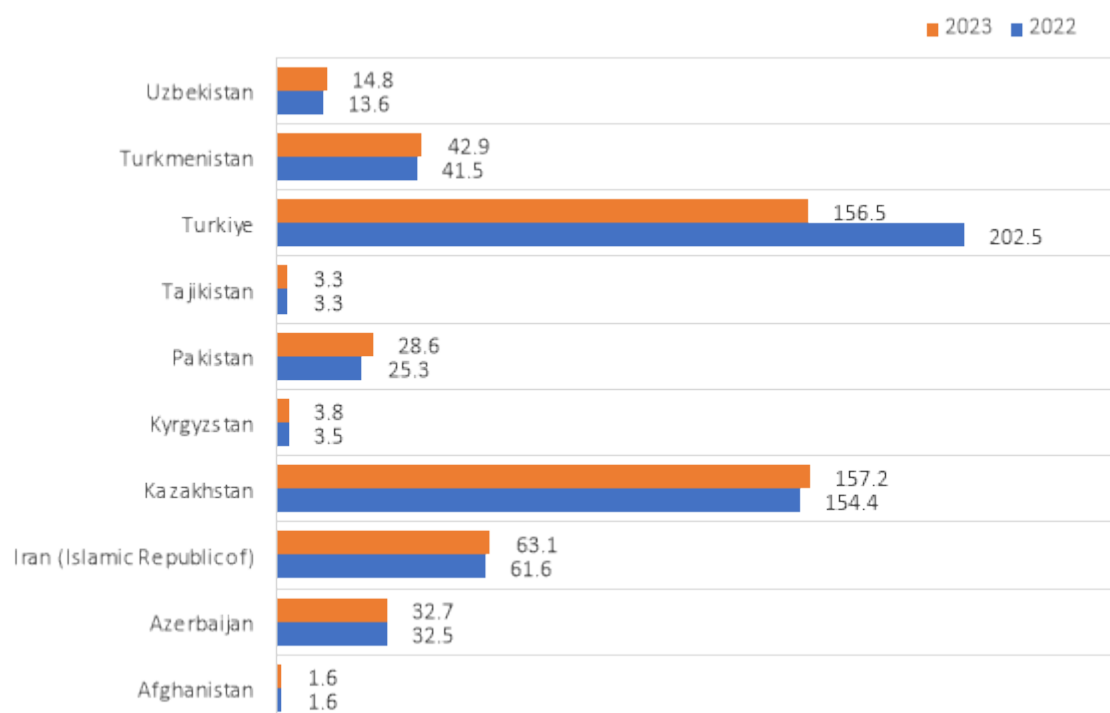
### **Potential for investment cooperation.**

The investment potential of the ECO countries is determined by their geographical location, resource base and aspiration to integrate into the world economy. The average GDP per capita in the ECO countries is about 3,578 US dollars, and the total population of the region is over 400 million people. The ECO region covers large territories with diverse natural resources, including oil, gas, agricultural land and mineral resources.

The ECO has a number of agreements aimed at promoting and protecting investment among its member countries, the key one being the Agreement on the Promotion and Protection of Investments signed in 2005. This agreement provides protection for the rights of foreign investors, including fair treatment, protection against illegal expropriation, and the ability to transfer funds freely. Despite this agreement, the level of integration and intra-regional investment within the ECO remains low.

In 2023, the volume of accumulated investment in ECO countries amounted to about 504.6 billion US dollars, which is only 1% of the global accumulated investment (49 trillion US dollars in 2023). Over the past two years (2022-2023), ECO member countries have seen noticeable changes in the volume of accumulated foreign direct investment (FDI).

***Figure 9. Stock of FDI of ECO member countries for 2022-2023, billion US dollars***



Source: own calculations based on data from the Bureau of National Statistics of the Republic of Kazakhstan

Kazakhstan and Turkey remain leaders in attracting FDI, despite economic fluctuations and the geopolitical situation. In 2023, Kazakhstan reached 157.2 billion US dollars, while Turkey reached 156.5 billion US dollars. Both countries are actively developing their energy and infrastructure sectors, which contributes to the inflow of investments. Turkmenistan and Azerbaijan also continue to attract significant FDI, reaching 42.9 billion US dollars and 32.7 billion US dollars in 2023. However, it should be noted that these investments have a pronounced raw materials focus.

On the other hand, countries such as Afghanistan and Tajikistan remain the least attractive to foreign investors, with FDI volumes barely exceeding 1.6 billion US dollars in Afghanistan and 3.3 billion US dollars in Tajikistan by 2023.

The level of foreign direct investment (FDI) in ECO member countries remains well below its potential and is much lower than the FDI received by rapidly developing countries such as Brazil, India and China. The only exception is Turkey, which has managed to attract increasing FDI through its market reforms and liberalization policies. At the domestic level, the situation is even worse. With the exception of Turkey's investment projects in the region and bilateral investments between Turkey and Iran, intra-regional investment remains negligible. There are many restrictions that hinder both global and intra-regional investment in the ECO region.

Insufficient economic diversification remains a key challenge for most ECO countries, with the exception of Turkey and partly Kazakhstan. These



countries rely heavily on a limited number of sectors, such as energy and mining. Narrow specialization of the economy limits the opportunities to attract investment in a wider range of sectors, such as manufacturing, agriculture, technology and innovation. This poses significant risks to the economic sustainability of the countries in the region, especially in the context of global economic changes and market volatility.

The state of physical infrastructure also poses a major barrier to attracting foreign investment. Many ECO countries lack modern transport and logistics networks, which increases the cost of doing business and reduces the region's competitiveness. In addition, chronic energy supply problems, such as frequent power outages, seriously undermine investor confidence and make countries less attractive for long-term investment.

Another significant challenge is the lack of skilled labor. While some countries in the region can offer cheap unskilled labor, the skilled labor needed for modern high-tech sectors remains in short supply. This makes it difficult to develop high-value-added production chains and reduces the region's attractiveness to investors focused on innovative technologies and manufacturing.

At the same time, problems with law and order and corruption remain serious obstacles to attracting investment. The unpredictability of the legal system, high levels of bureaucracy and corruption create an unfavorable business climate, which is particularly acute in the less developed countries of the region. This increases transaction costs and reduces the level of confidence of foreign investors.

### **The most important areas of investment.**

**Development of transport infrastructure.** One of the most important areas for deepening economic cooperation in the ECO region is the development of transport infrastructure. This sector plays a key role in integrating the region's economies, as it provides physical connectivity between countries, facilitates access to international markets, and promotes trade growth. In this context, the implementation of large-scale infrastructure projects such as the North-South Transport Corridor and the Trans-Caspian Transport Route can significantly change the situation.

The North-South Transport Corridor is a strategic transport artery connecting India, Iran, Afghanistan, the Caucasus and Russia with Europe. This corridor significantly reduces the time and cost of transporting goods between these regions, making it attractive for international trade. Thanks to this project, ECO countries will not only be able to strengthen their economic ties with each other, but also become important transit points for goods bound for Europe and South Asia. This will create new jobs, increase the investment attractiveness of the region and promote sustainable economic growth.

**Trans-Caspian transport route** is also a key project aimed at developing transport connectivity in the region. This route links China, Kazakhstan, the Caspian Sea, Azerbaijan, Georgia and Turkey, creating an alternative route for transporting goods between Central Asia and Europe. It is important to note that the Trans-Caspian route is becoming even more significant in the context of China's Belt and Road Initiative, which is aimed at developing new trade routes between Asia and Europe. The implementation of this project will allow ECO countries to strengthen their positions on the global stage by increasing the volume of transit cargo and attracting additional investment in transport infrastructure.

**Development of energy infrastructure.** The energy sector remains one of the key areas for cooperation and investment in the ECO region. ECO member countries such as Azerbaijan, Kazakhstan, Iran and Turkmenistan have significant oil and natural gas reserves, which opens up great opportunities for the implementation of large-scale energy projects. These resources are an important factor in global energy security, and with the growing demand for energy resources, especially in Europe, the ECO region can play a strategic role in their supply.

Energy corridors linking Central Asia with Europe and South Asia can be an important element in deepening economic cooperation in the region. For example, the Turkmenistan-Afghanistan-Pakistan-India (TAPI) gas pipeline is a large-scale project aimed at transporting natural gas from Turkmenistan to India via Afghanistan and Pakistan. This project has great potential not only to improve energy security in the region, but also to create new opportunities for economic cooperation among ECO countries.

Kazakhstan is also actively developing its energy infrastructure in cooperation with other ECO countries. For example, several large energy projects are being implemented in Kyzylorda Oblast jointly with Turkey, including the construction of a 138 MW gas piston power plant and a 240 MW combined cycle gas turbine. These projects not only contribute to the development of Kazakhstan's energy infrastructure, but also strengthen the strategic partnership between Kazakhstan and Turkey in the energy sector.

In addition, an important area of energy infrastructure development is the transition to renewable energy sources. In this context, the project to build the Toru-Aigyr solar power plant in Kyrgyzstan, implemented by Kazakhstan, is of interest. This project demonstrates the desire of the countries of the region to reduce their carbon footprint and support global efforts to transition to clean energy.

### **Strengthening regional cooperation**

Deepening economic cooperation in the ECO region requires coordinated efforts by member countries to implement infrastructure projects. This includes not only the construction of new facilities, but also the modernization of existing infrastructure, which will create a more

integrated and efficient economic zone. It is important to note that projects such as the North-South Transport Corridor and the Trans-Caspian Transport Route can only be successful if there is close cooperation and coordination among countries.

In the context of the current geopolitical situation caused by the war in Ukraine, Central Asian countries can reap significant benefits. The conflict has weakened traditional trade and investment routes through Russia, which is stimulating Central Asia to develop alternative routes and economic ties with ECO countries. It also opens up opportunities to attract new investment in infrastructure, energy and logistics, as countries seek to diversify their foreign economic relations and reduce their dependence on Russia.

### **3. Identification of potential cooperation opportunities between ECO countries, preparation of recommendations**

#### **3.1. Conducting an analysis on the implementation of the country's export potential within the ECO region**

##### **1. Analysis of the total market size within the ECO**

According to the World Bank, the total GDP of the ECO member countries for 2023 was about 2.4 trillion US dollars, of which Turkey 1.11 trillion US dollars, Iran 401.5 billion US dollars, Pakistan 338.4 billion US dollars, Kazakhstan 261.4 billion US dollars, Uzbekistan 90.9 billion US dollars, Azerbaijan 72.36 billion US dollars, Turkmenistan 59.9 billion US dollars, Afghanistan 14.5 billion US dollars, Kyrgyzstan 14 billion US dollars and Tajikistan 12.06 billion US dollars<sup>28</sup>.

According to the International Monetary Fund, the main economic sectors of the ECO member countries are mining, agriculture, textiles and services. Turkey and Iran have the most developed industrial sectors, while Kyrgyzstan and Tajikistan depend on agriculture and natural resources<sup>29</sup>.

According to the ECO Trade Reports and the World Trade Organization (WTO Data), the main exports are oil and gas, mainly supplied by Iran, Kazakhstan, and Turkmenistan, textiles, mainly produced by Turkey and Pakistan, machinery and equipment by Turkey, and metals, mainly supplied by Kazakhstan and Uzbekistan. The main imports include machinery and equipment, chemicals, and food<sup>30</sup>.

##### **2. Data on export and import of ECO member countries**

###### **Türkiye**

According to TrendEconomy, the main export destinations of Turkey in 2023 were: Germany with a share of 8.24% (21 billion US dollars), the United States with a share of 5.79% (14.8 billion US dollars), Iraq with a share of 4.99% (12.7 billion US dollars), the United Kingdom with a share of 4.87% (12.4 billion US dollars), Italy with a share of 4.84% (12.3 billion US dollars), Russia with a share of 4.26% (10.9 billion US dollars), France with a share of 4.02% (10.2 billion US dollars), Spain with a share of 3.82% (9.77 billion US dollars), the UAE with a share of 3.35% (8.59 billion US

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<sup>28</sup>World Bank. Available at: [data.worldbank.org](https://data.worldbank.org)

<sup>29</sup>International Monetary Fund. Available at:

<https://www.imf.org/en/Publications/REO/MECA/Issues/2024/04/18/regional-economic-outlook-middle-east-central-asia-april-2024>

<sup>30</sup>ECO Trade Reports. Available at: [eco.int](https://eco.int)

World Trade Organization. Available at: [wto.org](https://wto.org)

dollars) and the Netherlands with a share of 3.07% (7.87 billion US dollars)<sup>31</sup>.

Structure of exports from Turkey. In 2023, it was represented by the following main product groups:

**Table 3. Structure of exports from Turkey in 2023**

HS code	Product group	Share of total export volume	Export volume (in billion US dollars)
87	Means of ground transport	12%	30
84	Nuclear reactors, boilers, equipment and mechanical devices	9.9%	25
27	Mineral fuel, oil and their distillation products	6.4%	16.4
85	Electrical machines and equipment	6%	15.3
71	Pearls natural or cultured	5.3%	13.6
39	Plastics and plastic products	4.1%	10.5
61	Garments and clothing accessories, knitted	4%	10.2
73	Ferrous metal products	3.9%	10
72	Ferrous metals	3.5%	8.9
62	Articles of clothing and clothing accessories, except knitted	3.1%	8

Source: own calculations based on TrendEconomy data

**Table 4. TOP 10 goods exported from Turkey in 2023**

HS code	Commodity position	Share of total export volume	Export volume (in billion US dollars)
7108	Gold	8.3%	30
2710	Oil and oil products	5.7%	20
8703	Cars	5%	18.1
7204	Waste and scrap of ferrous metals	2.1%	7.6
8708	Parts and accessories for motor vehicles	2%	7.2
2701	Coal	1.5%	5.5
8517	Telephone devices	1.3%	4.7

<sup>31</sup>Trend Economy. Available at: [trendeconomy.ru](http://trendeconomy.ru)

7601	Untreated aluminum	1.1%	4.1
7208	Flat rolled products made of iron or non-alloy steel	1%	3.7

Source: own calculations based on TrendEconomy data

**Table 5. Largest trading partners for import of goods to Turkey in 2023**

Country	Share of total imports	Import volume (in billion US dollars)
Russia	12.6%	45
China	12.4%	44
Germany	7.9%	28
Special categories	6.8%	24
Switzerland	5.5%	19.9
USA	4.4%	15.7
Italy	4.1%	14.9
France	3.2%	11.5
UAE	3.2%	11.5
Spain	2.6%	9.5

Source: own calculations according to TrendEconomy

Note:

Special categories include goods not classified by specific country or those passing through free economic zones, as well as goods supplied by international organizations and foreign military forces.

**Table 6. Structure of imports to Turkey in 2023**

HS code	Product group	Share of total imports	Import volume (in billion US dollars)
27	Mineral fuel, oil and their distillation products	19.1%	69
84	Nuclear reactors, boilers, equipment and mechanical devices	11.3%	40
71	Pearls natural or cultured	9.4%	33
87	Means of ground transport	8.9%	32
85	Electrical machines and equipment	7.7%	27
72	Ferrous metals	6.7%	24
39	Plastics and plastic products	4.5%	16.2

29	Organic chemical compounds	2.5%	9.2
90	Optical instruments and devices	1.8%	6.5
76	Aluminum and its products	1.7%	6.3

Source: own calculations based on TrendEconomy data

**Table 7. TOP-10 goods imported to Turkey in 2023**

HS code	Commodity position	Share of total imports	Import volume (in billion US dollars)
7108	Gold	8.3%	30
2710	Oil and oil products	5.7%	20
8703	Cars	5%	18.1
7204	Waste and scrap of ferrous metals	2.1%	7.6
8708	Parts and accessories for motor vehicles	2%	7.2
2710	Coal	1.5%	5.5
8517	Telephone devices	1.3%	4.7
7601	Untreated aluminum	1.1%	4.1
7208	Flat rolled products made of iron or non-alloy steel	1%	3.7

Source: own calculations based on TrendEconomy data

According to Bank CenterCredit<sup>32</sup>, Turkey ranks first in the world in terms of hazelnuts, cherries, apricots and dates, second in cucumbers and chickpeas, third in eggplants and green peppers, fourth in onions and tomatoes. The country is third in Europe in plastics production and sixth in paint production. The state can offer its trading partners many options for cooperation.

Export from Turkey to Kazakhstan is concentrated around the following products: The share of light industry goods is 37% of the total export volume. Businesses trading with Turkey in 2024 are interested in women's and men's clothing (primarily knitwear), accessories, bed linen, carpets and floor coverings. In the first quarter of 2024 alone, 14.9 million units of clothing were imported from Turkey to Kazakhstan for a total of more than 76 million US dollars. Industrial goods account for 20% of the total turnover. This is mainly equipment for processing ores, stone, and soil. Among food products, the leaders in the rating are sunflower seeds (in the first quarter of 2024, Kazakhstan purchased them for almost 20 million US dollars) and

<sup>32</sup>Bank CenterCredit. Available at: [www.bcc.kz/](http://www.bcc.kz/)





		<b>volume</b>	<b>dollars)</b>
27	Mineral fuel, oil and products of their distillation, bituminous substances, mineral waxes	91%	31
08	Edible fruits and nuts; citrus peels or melon rinds	1.5%	0.5
39	Plastics and plastic products	1.3%	0.5
07	Vegetables and some edible roots and tubers	0.6%	0.2
76	Aluminum and its products	0.6%	0.2
87	Means of land transport, other than railway or tram rolling stock, and their parts and accessories	0.5%	0.2
71	Natural or cultured pearls, precious or semi-precious stones, precious metals, metals clad with precious metals, and articles thereof; costume jewellery; coins	0.5%	0.2
52	Cotton	0.5%	0.2
29	Organic chemical compounds	0.3%	0,1
84	Nuclear reactors, boilers, equipment and mechanical devices, and their parts	0.3%	0,1

*Source: own calculations based on TrendEconomy data*

**Table 9. TOP-10 goods exported from Azerbaijan in 2023**

<b>Commodity position</b>	<b>Description</b>	<b>Share</b>	<b>Value (in billion US dollars)</b>
2709	Crude petroleum and crude petroleum products obtained from bituminous minerals	47%	16.2
2711	Petroleum gases and other gaseous hydrocarbons	40%	13.6
2710	Petroleum oils and oils obtained from bituminous rocks, other than crude, products not elsewhere specified or included, containing 70% or more by weight of petroleum oils or oils obtained from bituminous rocks, these oils being the main constituents of the preparations; waste oils	1.7%	0.6

2716	Electricity (electricity)	1.2%	0.4
3902	Polymers of propylene or other olefins in primary forms	0.6%	0.2
0810	Other fruits, fresh	0.6%	0.2
8703	Passenger cars and other motor vehicles primarily designed for the carriage of persons (other than motor vehicles of heading 8702), including panel vans and racing cars	0.5%	0.2
7108	Gold (including gold plated with platinum) unwrought or in semi-manufactured forms or in powder form	0.5%	0.2
0702	Tomatoes fresh or chilled	0.5%	0.2
3901	Polymers of ethylene in primary forms	0.5%	0.2

*Source: own calculations based on TrendEconomy data*

**Table 10. Largest trading partners for import of goods to Azerbaijan in 2023**

Country	Share	Value (in billion US dollars)
Russia	18.2%	3.2
China	17.4%	3
Türkiye	13.2%	2,3
Germany	5.3%	0.9
USA	5.1%	0.9
Turkmenistan	4%	0.7
Italy	2.8%	0.5
Iran	2.7%	0.5
Japan	2.5%	0.4
South Korea	2.5%	0.4

*Source: own calculations based on TrendEconomy data*

As can be seen, ECO countries, including Turkey, Turkmenistan and Iran, are among the major partners in importing goods to Azerbaijan. In the future, these countries can potentially increase the scale of mutual trade, and other ECO member countries can take advantage of these already established trade and logistics links and begin active export/import within the ECO.

**Table 11. Structure of imports to Azerbaijan in 2023**

<b>Product group</b>	<b>Description</b>	<b>Share</b>	<b>Value (in billion US dollars)</b>
87	Means of land transport, other than railway or tram rolling stock, and their parts and accessories	11.9%	2
27	Mineral fuel, oil and products of their distillation, bituminous substances, mineral waxes	11.4%	2
84	Nuclear reactors, boilers, equipment and mechanical devices, and their parts	11.0%	1.9
85	Electrical machines and equipment, their parts, sound recording and sound reproducing equipment, equipment for recording and reproducing television images and sound, their parts and accessories	9.0%	1.5
99	Products not specified by type	3.8%	0.7
73	Ferrous metal products	3.7%	0.6
30	Pharmaceutical products	3.2%	0.6
39	Plastics and plastic products	3.0%	0.5
72	Ferrous metals	2.7%	0.5
10	Cereals	2.2%	0.4

*Source: own calculations based on TrendEconomy data*

**Table 12. TOP-10 goods imported to Azerbaijan in 2023**

<b>Commodity position</b>	<b>Description</b>	<b>Share</b>	<b>Value (in billion US dollars)</b>
8703	Passenger cars and other motor vehicles	8.8%	1.5
2709	Crude oil and crude petroleum products	6.2%	1,1
2710	Oil and petroleum products, except crude	3.0%	0.5
8517	Telephones and communication equipment	2.8%	0.5

3004	Medicines	2.6%	0.4
2711	Petroleum gases and gaseous hydrocarbons	2.1%	0.4
1001	Wheat and meslin	1.7%	0.3
8471	Computing machines and their units (computers)	1.1%	0.2
1701	Cane or beet sugar	1.1%	0.2

Source: own calculations based on TrendEconomy data

## Pakistan

According to TrendEconomy<sup>35</sup>, the top export destinations of Pakistan's goods in 2023 were: the United States with a share of 17.4% (5.01 billion US dollars); China with a share of 9.54% (2.74 billion US dollars); the United Kingdom with a share of 6.87% (1.97 billion US dollars); Germany with a share of 5.27% (1.51 billion US dollars); the Netherlands with a share of 5.02% (1.44 billion US dollars); Spain with a share of 4.92% (1.41 billion US dollars); the UAE with a share of 4.88% (1.4 billion US dollars); Italy with a share of 3.99% (1.14 billion US dollars); Afghanistan with a share of 3.37% (969 million US dollars); Bangladesh with a share of 2.4% (690 million US dollars).

**Table 13. Structure of exports from Pakistan in 2023**

Code	Product group	Share	Value (in billion US dollars)
63	Other finished textile articles, sets, used clothing and textile articles, rags	17.3%	5
61	Articles of clothing and clothing accessories, knitted or crocheted	14.5%	4.2
62	Articles of clothing and clothing accessories, other than knitted or crocheted	11.5%	3.3
10	Cereals	11.1%	3.2
52	Cotton	10.6%	3
74	Copper and copper products	2.7%	0.7
42	Leather goods, saddlery and harness, travel goods, handbags and similar goods, articles of animal intestine (except silkworm fibroin)	2.2%	0.6

<sup>35</sup>TrendEconomy. Available at: <https://trendeconomy.ru/data/h2/Pakistan>

12	Oil seeds and fruits, other seeds, fruits and grain, medicinal plants and plants for industrial purposes, straw and fodder	1.9%	0.5
22	Alcoholic and non-alcoholic drinks and vinegar	1.7%	0.5
02	Meat and edible meat by-products	1.6%	0.5

Source: own calculations based on TrendEconomy data

**Table 14. TOP 10 products exported from Pakistan in 2023**

Commodity position	Description	Share	Value (in billion US dollars)
6302	Bed linen, table linen, toilet linen and kitchen linen	13.4%	3.9
1006	Rice	9.9%	2.9
6203	Suits, sets, men's	9.0%	2.6
5205	Cotton yarn	3.6%	1
6103	Suits, knitted, men's	2.7%	0.8
5209	Cotton fabrics	2.7%	0.8
7403	Refined copper	2.4%	0.7
6110	Sweaters, knitted	2.3%	0.7
6109	T-shirts, sweatshirts, knitwear	2.1%	0.6
4203	Garments made of leather	2.0%	0.6

Source: own calculations based on TrendEconomy data

**Table 15. Pakistan's Largest Trading Partners for Imports of Goods in 2023**

Country	Share	Value (in billion US dollars)
China	23.0%	11.6
UAE	9.6%	4.8
Saudi Arabia	8.9%	4.5
Indonesia	7.0%	3.5
Qatar	6.6%	3.3
Kuwait	3.8%	1.9
USA	3.3%	1.7
Singapore	2.2%	1,1
Japan	2.0%	1

Australia	1.9%	0.9
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Source: own calculations according to TrendEconomy

**Table 16. Structure of imports to Pakistan in 2023**

Code	Product group	Share	Value (in billion US dollars)
27	Mineral fuel, oil and products of their distillation, bituminous substances, mineral waxes	33.0%	16.7
85	Electrical machines and equipment, their parts, sound recording and sound reproducing equipment, equipment for recording and reproducing television images and sound, their parts and accessories	7.1%	3.5
15	Fats and oils of animal or vegetable origin and their cleavage products, prepared edible fats, waxes of animal or vegetable origin	6.5%	3.3
72	Ferrous metals	5.5%	2.7
84	Nuclear reactors, boilers, equipment and mechanical devices, and their parts	5.3%	2.6
29	Organic chemical compounds	4.8%	2.4
39	Plastics and plastic products	4.5%	2,2
12	Oil seeds and fruits, other seeds, fruits and grain, medicinal plants and plants for industrial purposes, straw and fodder	2.6%	1.3
87	Means of land transport, other than railway or tram rolling stock, and their parts and accessories	2.5%	1,2
07	Vegetables and some edible roots and tubers	2.1%	1

Source: own calculations based on TrendEconomy data

**Table 17. TOP 10 Imported Goods to Pakistan in 2023**

Code	Product group	Share	Value (in billion US dollars)
2710	Oil and petroleum products obtained from bituminous rocks, other than crude	12.9%	6.5

2709	Crude petroleum and crude petroleum products obtained from bituminous minerals	9.6%	4.8
2711	Petroleum gases and other gaseous hydrocarbons	8.6%	4.3
1511	Palm oil and its fractions, unrefined or refined	5.8%	2.9
8517	Telephone sets, including telephone sets for cellular networks or other wireless networks	2.5%	1,2
7204	Waste and scrap of ferrous metals; ingots of ferrous metals for remelting (charge ingots)	2.1%	1
8541	Diodes, transistors and similar semiconductor devices, photosensitive semiconductor devices, including photovoltaic cells, light-emitting diodes	2.1%	1
7208	Flat rolled products of iron or non-alloy steel, 600 mm or more in width, hot rolled	1.8%	0.9
5201	Cotton fiber, uncombed	1.8%	0.9
0713	Dried legumes, peeled, seed-peeled or unpeeled	1.7%	0.9

*Source: own calculations based on TrendEconomy data*

## **Uzbekistan**

According to Stat.uz<sup>36</sup>, the countries with the largest share of foreign trade with the Republic of Uzbekistan (for January-December 2023, million US dollars) are: China - 21.9% (export - 2,461.8, import - 11,260.1), Russia - 15.8% (export - 3,307.6, import - 6,576.1), Kazakhstan - 7.0% (export - 1,372.5, import - 3,036.4), Turkey - 5.0% (export - 1,248.5, import - 1,851.2), the Republic of Korea - 3.7% (export - 40.4, import - 2,302.9), Turkmenistan - 1.7% (export - 171.2, import - 923.2), Germany - 1.7% (export - 75.8, import - 978.4), France - 1.6% (export - 392.1, import - 592.6), Kyrgyzstan - 1.5% (export - 631.5, import - 321.9), Afghanistan - 1.4% (export - 856.7, import - 10.3). Next comes Tajikistan (export - 605.0, import - 151.8), and in 18th place is Iran (export - 180.6, import - 322.8). In this regard, it can be noted that Uzbekistan is actively engaged in mutual trade with at least 6 ECO countries. Such statistics give reason to believe that cooperation within the ECO effectively fulfills its functions. Seeing the leadership of the ECO countries in Uzbekistan's foreign trade, it can be assumed that other member countries of this organization have every chance to develop import and export with this country.

Export structure by sections of SITC (United Nations Standard International Trade Classification) (for January-December 2023, share, in %) can be described as follows: 1. food products and live animals - 7.3; 2.

<sup>36</sup>Stat.uz. Available at the link: stat.uz

beverages and tobacco - 0.5; 3. non-food raw materials, except fuel - 1.3; 4. mineral fuel, lubricating oils and similar materials - 3.9; 5. animal and vegetable oils, fats and wax - 0.1; 6. chemicals and similar products - 5.4; 7. manufactured goods - 16.6; 8. machinery and transport equipment - 5.3; 9. miscellaneous finished products - 4.9; 10. other goods - 0.2; 11. gold - 33.4; 12. services - 21.2.

The main share in the import structure is occupied by machinery and transport equipment (39.2%), industrial goods (16.6%), as well as chemicals and similar products (12.8%). The import structure by sections of SITC (United Nations Standard International Trade Classification) (for January-December 2023, share, in %) can be described as follows: 1. food products and live animals - 9.2; 2. beverages and tobacco - 0.5; 3. non-food raw materials, except fuel - 3.0; 4. mineral fuels, lubricating oils and similar materials - 6.9; 5. animal and vegetable oils, fats and wax - 1.1; 6. chemicals and similar products - 12.8; 7. industrial goods - 16.6; 8. machinery and transport equipment - 39.2; 9. miscellaneous finished products - 3.9; 10. other goods - 0.2; 11. services - 6.7. More detailed data with monetary indicators are given below.

**Table 18. Structure of the dynamics of imports of Uzbekistan 2023-2022**

Structure of the SITC	Million US dollars		In % to the previous year		In % of the total	
	2022 year	2023 year	2022 year	2023 year	2022 year	2023 year
<b>Total</b>	30,767.8	38 141,2	120.6	124	100	100
<b>including:</b>						
<b>Food and Live Animals</b>	3 392,9	3,495.7	135.2	103	11	9.2
<b>Beverages and tobacco</b>	139.2	191.6	154.8	137.6	0.5	0.5
<b>Non-food raw materials, except fuel</b>	1 283,6	1 125,3	111.2	87.7	4.2	3
<b>Mineral fuels,</b>	1,795.1	2 633,6	115.3	146.7	5.8	6.9



<b>Lubricating oils and similar materials</b>						
<b>Animal and vegetable oils, fats and wax</b>	400.9	425.4	97.5	106.1	1.3	1,1
<b>Chemicals and similar products</b>	4 372,2	4 864,5	117.1	111.3	14.2	12.8
<b>Industrial goods</b>	5 746,9	6 322,8	122.1	110	18.7	16.6
<b>Machines and transport equipment</b>	9 695,7	14,935.2	117.4	154	31.5	39.2
<b>Various finished products</b>	1,330.9	1,489.8	101.9	111.9	4.3	3.9
<b>Other products</b>	62.9	90.9	5.4	144.5	0.2	0.2
<b>Services</b>	2,547.5	2,566.4	144.1	100.7	8.3	6.7

Source: own calculations based on Stat.uz data

**Table 19. Volume of twenty major partner countries for import of goods and services of Uzbekistan**

<b>Countries</b>	<b>Million US dollars 2022</b>	<b>Million US dollars 2023</b>	<b>Growth rate % 2022</b>	<b>Growth rate % 2023</b>	<b>Position occupied 2022</b>	<b>Position occupied 2023</b>
China	6 427,7	11 260,1	130.6	175.2	1	1
Russian Federation	6 230,7	6 576,1	114.1	105.5	2	2
Kazakhstan	3 243,5	3,026.4	118.3	93.3	3	3
Republic of Korea	2 299,8	2 302,9	124.9	100.1	4	4
Türkiye	1,738.5	1 851,2	101.2	106.5	5	5

Germany	1,071.3	978.4	154.5	91.3	6	6
Turkmenistan	731.6	923.2	103.0	126.2	7	7
Brazil	553.4	652.3	158.9	117.9	8	8
India	655.1	648.5	142.2	99.0	9	9
France	271.7	592.6	104.7	2,2	10	10
USA	368.7	501.9	100.9	136.1	11	11
Belarus	411.6	501.1	129.0	121.7	12	12
Lithuania	400,5	472.9	91.3	118.1	13	13
Italy	329.8	428.8	84.5	130.0	14	14
UAE	395.6	364.2	211.4	92.1	15	15
Iran	296.1	322.8	116.5	109.0	16	16
Kyrgyzstan	280.7	321.9	173.7	114.7	17	17
Switzerland	223.1	312.8	136.2	140.2	19	18
Poland	213.6	311.6	133.2	145.9	21	19
Czech Republic	155.5	292.9	89.3	188.4	24	20

*Source: own calculations based on Stat.uz data*

Uzbekistan's imports from ECO countries, including Kazakhstan, show significant activity. For example, Kazakhstan ranks third in terms of import volume in 2023, despite a slowdown in growth to 93.3%. This indicates a strong trade relationship and potential for further development. Increased imports from countries such as Turkmenistan and Kyrgyzstan also confirm Uzbekistan's interest in strengthening trade relations within the ECO.

These data show that there is significant potential for expanding ECO countries' exports to Uzbekistan, which can stimulate economic development and diversification of export markets. Strengthening trade ties contributes to improved logistics, mutual investments and development of joint projects, which ultimately strengthens economic cooperation and integration in the region.

### **Tajikistan**

According to Trading Economics<sup>37</sup>In Tajikistan, aluminum and cotton account for more than 75% of exports. Electricity is the third-largest export,

<sup>37</sup>TradingEconomics. Available at: <https://tradingeconomics.com/tajikistan/exports-by-category>

a byproduct of the country's hydroelectric power plants. Tajikistan's main export partners are China, Turkey, Russia, Iran, and Afghanistan.

**Table 20. Main directions of export of goods from Tajikistan in 2022**

Export directions	Share	Amount (million US dollars)
Kazakhstan	28%	483
China	13.5%	226
Türkiye	10.7%	179
Uzbekistan	10.7%	179
Iran	6.8%	114
Afghanistan	6.3%	104
Belgium	6.1%	102
Russia	5.3%	88
Switzerland	3.3%	55
Singapore	2.5%	42

Source: Own calculations based on data from Trading Economics

**Table 21. Structure of exports from Tajikistan in 2022**

Product groups	Share	Amount (million US dollars)
Ores, slag and ash	43%	731
Cotton	14.9%	249
Aluminum and its products	10.4%	173
Mineral fuel, petroleum and their distillation products; bituminous substances; mineral waxes	7%	116
Other non-precious metals; metal ceramics; products made from them	6.1%	102
Natural or cultured pearls, precious or semi-precious stones, precious metals, metals clad with precious metals, and articles thereof; costume jewellery; coins	3.4%	56
Salt; sulfur; earth and stone; plastering materials, lime and cement	2.8%	46
Edible fruits and nuts; citrus peels or melon rinds	2.5%	41
Ferrous metals	1.5%	24
Articles of clothing and clothing accessories, other than knitted or crocheted	1.3%	21

Source: Own calculations based on data from Trading Economics

**Table 22. TOP-10 exported goods from Tajikistan in 2022**

<b>Goods</b>	<b>Share</b>	<b>Amount (million US dollars)</b>
Ores and concentrates of precious metals	14.7%	245
Copper ores and concentrates	12.1%	203
Cotton fiber, uncombed	11.6%	194
Untreated aluminum	9.2%	152
Zinc ores and concentrates	8.6%	143
Lead ores and concentrates	7%	117
Electricity (electricity)	6.4%	106
Antimony and its products, including waste and scrap	6.1%	102
Gold (including gold plated with platinum)	3.2%	54
Cotton yarn containing 85% or more cotton fibers by weight	2.9%	48

*Source: Own calculations based on data from Trading Economics*

Tajikistan's exports, especially precious metal ores, copper ores and aluminum, are in high demand in international markets. Strengthening economic ties with Kazakhstan, China and Uzbekistan within the ECO framework will allow Tajikistan to expand its export positions and reduce its dependence on a limited number of markets.

Tajikistan can improve infrastructure and logistics, which will increase the efficiency of transporting goods and reduce costs. Joint investment projects and the development of production capacities within the ECO will contribute to the growth of exports and improvement of product quality.

Strengthening trade ties and economic integration within the ECO will create favorable conditions for attracting investment, developing new industries and creating jobs, which will ultimately contribute to the sustainable economic development of Tajikistan.

In terms of imports, Tajikistan mainly imports aluminum alumina for aluminum production, energy (electricity, natural gas, oil and oil products), consumer and capital goods, grain and flour. Tajikistan's main importers are Russia, Kazakhstan, the European Union, China and Ukraine.

**Table 23. Largest trading partners for import of goods to Tajikistan in 2022**

<b>Country</b>	<b>Share</b>	<b>Cost (million US dollars)</b>
Russia	30.0%	1,580

Kazakhstan	18.4%	957
China	16.2%	841
Uzbekistan	7.6%	392
Türkiye	3.3%	171
USA	2.9%	151
India	2.4%	125
Iran	2.4%	123
Germany	2.2%	113
Japan	2.1%	106

*Source: Own calculations based on data from Trading Economics*

**Table 24. Main commodity groups of imports to Tajikistan in 2022**

Product group	Share	Cost (million US dollars)
27 - Mineral fuel, oil and products of their distillation	19%	987
87 - Means of land transport other than railway or tram vehicles	7.9%	408
84 - Nuclear reactors, boilers, equipment and mechanical devices; parts thereof	7.7%	397
10 - Cereals	7.1%	366
72 - Ferrous metals	6.5%	335
85 - Electrical machines and equipment	4.2%	217
44 - Wood and wood products	4.1%	214
39 - Plastics and plastic products	3.4%	174
15 - Fats and oils of animal or vegetable origin	3.3%	172
30 - Pharmaceutical products	2.7%	142

*Source: Own calculations based on data from Trading Economics*

**Table 25. TOP-10 imported goods to Tajikistan in 2022**

Product group	Share	Cost (million US dollars)
2710 - Petroleum and petroleum products obtained from bituminous rocks	13.2%	685
1001 - Wheat and meslin	6.3%	329

2711 - Petroleum gases and other gaseous hydrocarbons	4.6%	237
8703 - Cars and other motor vehicles	4.5%	234
7214 - Bars and rods of iron or non-alloy steel	2.9%	151
4407 - Timber	2.2%	114
1701 - Cane or beet sugar	1.8%	94
3002 - Blood and immune serums, vaccines, toxins	1.7%	88
8802 - Other aircraft	1.6%	82
1517 - Margarine and mixtures of fats or oils	1.5%	76

*Source: Own calculations based on data from Trading Economics*

## Iran

According to Trading Economics<sup>38</sup>, oil and natural gas are Iran's most important exports, accounting for 82% of the country's export earnings. Other exports include chemicals, plastics, fruits, ceramics and metals. Iran's main export partners are China (36% of total exports), Iraq (25%) and Turkey (18%). Other countries include the UAE and India.

According to the TradeMap portal<sup>39</sup> In 2023, Iran will export aluminum worth 396.37 million US dollars and plastic products worth 332 million US dollars to Turkey in trade with ECO countries. Copper worth 302.88 million US dollars and zinc worth 264.77 million US dollars also made up a large share of exports. Exports to Pakistan are mostly petroleum products worth 655.9 million US dollars.

In terms of imports, the main imports are: non-electrical machinery (17% of total imports), iron and steel (14%), chemical products and related goods (11%), vehicles (9%) and electrical machinery, tools and instruments (7%). The main import partners are: the United Arab Emirates (40% of total imports) and China (34%). Other countries include: Turkey, Germany and India.

**Table 26. Imports from Iran by category in 2021 (latest available official data)**

Category	Share	Value in billion US dollars
Cereals	14%	7.6
Electrical, electronic equipment	14%	7.5

<sup>38</sup>TradingEconomics. Available at: <https://tradingeconomics.com/iran/exports-by-categorytradingeconomics.com>

<sup>39</sup>Trade Map. Available at: [.trademap.org](https://www.trademap.org)

Machines, nuclear reactors, boilers	13%	7.1
Animal, vegetable fats and oils, breakdown products	5.2%	2.8
Transport vehicles other than railway and tram	3.9%	2.1
Organic chemicals	3.8%	2
Pharmaceutical products	3.6%	1.9
Products not listed by type	3.5%	1.8
Oilseeds, fruits, grains, seeds, fruits	3.4%	1.8
Optical, photo, technical, medical devices	2.8%	1.5
Plastics	2.7%	1.4
Iron and steel	2.6%	1.3
Food industry residues and waste, animal feed	2.4%	1.3
Rubbers	1.6%	847.5
Artificial threads	1.3%	700.9
Products made of iron or steel	0.9%	486.2
Edible fruits, nuts, citrus peels, melons	0.9%	482.3
Wood and wood products, charcoal	0.8%	419.6
Extracts for tanning, dyes, tannins, their derivatives	0.8%	408.5
Meat and edible meat by-products	0.8%	380.1
Aluminum	0.8%	346.5
Cotton	0.8%	312.5
Essential oils, perfumes, cosmetics, toiletries	0.8%	242.9

*Source: Own calculations based on data from Trading Economics*

**Table 27. Main partner countries importing to Iran in 2021 (according to the latest available official data)**

Country	Value (in billion US dollars)	Share
United Arab Emirates	16.5	31%
China	12.7	24%
Türkiye	5.3	10%
Germany	1.9	3.7%
Russia	1.7	3.2%

India	1.6	3.0%
Switzerland	1.5	2.9%
Iraq	1,2	2.3%
United Kingdom	1,1	2.2%
Netherlands	0.9	1.7%

*Source: Own calculations based on data from Trading Economics*

To increase the export potential of the OIC member countries, it is necessary to strengthen regional ties through improved infrastructure and transport routes, which will reduce the cost and time of transporting goods. The conclusion of bilateral and multilateral trade agreements will help reduce customs barriers and stimulate trade between countries. Joint investments in technology and innovation will improve the quality of products, making them more competitive in international markets. Support for small and medium-sized businesses, through preferential loans and grants, will allow the development of new export-oriented enterprises. Marketing support, including the organization of exhibitions and trade missions, will help promote the products of member countries in international markets. Improving the business climate through reforms will attract more foreign investors and increase production volumes for export. Cooperation in the field of education and training, through the exchange of knowledge and technology, will improve the skills of workers and improve productivity. These measures will comprehensively increase the export potential of the OIC member countries, contributing to their economic development.

### **Kyrgyzstan**

According to Trading Economics<sup>40</sup>, the economy of Kyrgyzstan is heavily dependent on the export of gold and other precious metals and stones (32% of total exports). Other exports include: oil, gas and other mineral products (15% of total exports), textiles (12%), vegetables (9%) and transport equipment (8%). The main export partners are: Switzerland (33% of total exports), Kazakhstan (24%), Russia (13%) and Uzbekistan (11%). Other partners include: China, Turkey, Turkmenistan and Afghanistan. As can be seen, Kyrgyzstan actively cooperates in terms of trade with at least 5 ECO member countries. This may indicate that economic cooperation within the ECO demonstrates effectiveness in trade relations of the members of the organization, and also creates favorable

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<sup>40</sup>Trading Economics. Available at:

<https://tradingeconomics.com/kyrgyzstan/exports#:~:text=Exports%20in%20Kyrgyzstan%20averaged%20109.21,Million%20in%20February%20of%201993>



conditions for potential trade initiatives of other members in the form of established trade routes and links.

The main imported goods of Kyrgyzstan are: fuel and other mineral products (22% of total imports); transport equipment (13%); machinery (12%); chemicals and related products (9%); food products, alcoholic and non-alcoholic beverages, vinegar and tobacco (8%); non-metallic metals (7.7%) and textiles (7%). The main importing countries are: Russia (33% of total imports), China (23%) and Kazakhstan (10%). Others include the USA, Japan and Germany. It is worth noting that Kazakhstan is among the top three countries from which Kyrgyzstan imports goods. This is a good indicator for the country, as well as motivation to further develop the export flow to this country, since the main foundation for strong trade relations has already been laid.

According to Trade Map data<sup>41</sup>, petroleum products occupy a large share in the structure of Kyrgyzstan's exports to the ECO countries. In 2023, Kyrgyzstan exported petroleum products to Turkey in the amount of 166.853 million US dollars and to Turkmenistan in the amount of 0.484 million US dollars. Exports of precious metals to Turkey are estimated at 30.727 million US dollars. Exports of lead to Turkey are estimated at 11.075 million US dollars.

The largest part of export products are agricultural products. The largest export item to Turkey, excluding minerals, is cotton export, the volume of which is estimated at 18.505 million US dollars, and various vegetables worth 12.177 million US dollars. Fruits and berries are also a large export item to Turkey, worth 9.152 million US dollars.

Kyrgyzstan exports electronics worth 1.586 million US dollars and raw materials for construction materials such as cement, lime and stone worth 1.366 million US dollars to Turkmenistan.

**Table 28. Main directions of export of goods from Kyrgyzstan in 2023**

Export directions	Share	Amount (million US dollars)
Switzerland	32%	1080
Russia	22%	746
Kazakhstan	13.7%	455
Uzbekistan	7.8%	290
UAE	5.7%	189
Türkiye	4.5%	148

<sup>41</sup>Trade Map. Available at: [trademap.org](http://trademap.org)

Hong Kong	3.5%	117
China	2.4%	80
Belarus	0.8%	27
Iran	0.8%	25

Source: Own calculations based on data from Trading Economics

**Table 29. Structure of exports from Kyrgyzstan in 2023**

Product groups	Share	Amount (million US dollars)
Natural or cultured pearls, precious or semi-precious stones, precious metals, metals clad with precious metals, and articles thereof; costume jewellery; coins	38%	1280
Ores, slag and ash	7%	233
Mineral fuel, petroleum and their distillation products; bituminous substances; mineral waxes	6%	200
Nuclear reactors, boilers, equipment and mechanical devices; parts thereof	5.9%	195
Electrical machines and equipment, their parts; sound recording and sound reproducing equipment, equipment for recording and reproducing television images and sound, their parts and accessories	4.8%	157
Means of land transport, other than railway or tram rolling stock, and their parts and accessories	4%	132
Vegetables and some edible roots and tubers	2.7%	88
Copper and copper products	2.4%	81
Edible fruits and nuts; citrus peels or melon rinds	2%	67
Plastics and plastic products	1.9%	62

Source: Own calculations based on data from Trading Economics

**Table 30. TOP-10 exported goods from Kyrgyzstan in 2023**

Goods	Share	Amount (million US dollars)
Gold (including gold plated with platinum) unwrought or in semi-manufactured forms or in powder form	38%	1280
Ores and concentrates of precious metals	5.9%	195

Petroleum oils and oils obtained from bituminous rocks, other than crude; products, not elsewhere specified or included, containing 70% or more by weight of petroleum oils or oils obtained from bituminous rocks, these oils being the main constituents of the preparations; waste oils	3.4%	112
Telephone sets, including telephone sets for cellular networks or other wireless networks; other apparatus for transmitting or receiving voice, images or other data, including apparatus for communication in a wired or wireless data network	2.8%	92
Copper waste and scrap	2.4%	81
Cars and other motor vehicles	2.1%	69
Dried legumes, peeled, peeled or unpeeled, split or unsplit	1.9%	64
Machines for washing or drying bottles or other containers; machinery for filling, corking bottles, cans, closing boxes, bags or other containers, for sealing or labeling them; machinery for hermetically sealing packaging	1.8%	58
Coal; briquettes, pellets and similar solid fuels obtained from coal	1.5%	50
Other bars and rods of iron or non-alloy steel, not further worked than forged, hot rolled, hot drawn or hot extruded, including bars and rods twisted after rolling	1.5%	49

*Source: Own calculations based on data from Trading Economics*

## **Afghanistan**

According to Trading Economics<sup>42</sup>, in Afghanistan, exports account for about 20% of GDP. Afghanistan's main exports are: carpets and rugs (45% of total exports); dried fruits (31%) and medicinal plants (12%). The main export partners are: Pakistan (48% of total exports), India (19%) and Russia (9%). Other countries include: Iran, Iraq and Turkey.

In terms of imports, Afghanistan's main imports are: oil (33% of total imports), machinery and equipment (15%), foodstuffs (14%), and non-ferrous metals and related products (9%). The main import partners are: Pakistan (14% of total imports), Russia (13%), Uzbekistan (11%), Iran (9.1%), and China (9%). Other countries are: Turkmenistan, Kazakhstan, and Japan.

According to ECO World<sup>43</sup>, most of Afghanistan's exports in 2021 are agricultural products. Thus, in 2021, Afghanistan exported rice to Pakistan

<sup>42</sup>Trading Economics. Available at: <https://tradingeconomics.com/afghanistan/exports-by-category>

worth 176 million US dollars, which accounted for 18.1% of total exports to this country. The main export items to Iran were plants used for perfume production, worth 4.09 million US dollars, sunflower seeds worth 2.42 million US dollars, and seeds of other plants worth 2.5 million US dollars. Dried fruits worth 0.897 and 2.16 million US dollars, as well as nuts worth 1.13 and 0.229 million US dollars, are exported to Uzbekistan and Tajikistan, respectively.

**Table 31. Main export destinations of goods from Afghanistan in 2019 (according to the latest available data)**

Export directions	Share	Amount (million US dollars)
India	47%	410
Pakistan	34%	298
China	3.6%	31
Türkiye	2.9%	25
UAE	2.9%	24
Iran	1.7%	15
Iraq	1.7%	14.5
Germany	1.3%	11.7
Saudi Arabia	1.1%	9.4
Tajikistan	0.6%	5.1

Source: Own calculations based on data from Trading Economics

**Table 32. Structure of exports from Afghanistan in 2019 (according to the latest available data)**

Product groups	Share	Amount (million US dollars)
Edible fruits and nuts; citrus peels or melon rinds	44%	386
Natural shellac, unrefined; gums, resins and other plant juices and extracts	13.2%	115
Vegetables and some edible roots and tubers	9.3%	80

<sup>43</sup>OECD World. Available at: <https://oec.world/en/profile/bilateral-country/pak/partner/afg#:~:text=The%20main%20products%20that%20Afghanistan,to%20%24440M%20in%202022>.

Mineral fuel, petroleum and their distillation products; bituminous substances; mineral waxes	8%	69
Coffee, tea, mate, or Paraguayan tea, and spices	6.5%	56
Oil seeds and fruits; other seeds, fruits and grain; medicinal plants and plants for industrial purposes; straw and fodder	5%	43
Cotton	3.2%	27
Carpets and other textile floor coverings	2.8%	24
Salt; sulfur; earth and stone; plastering materials, lime and cement	2.2%	19
Cereals	1%	8.8

*Source: Own calculations based on data from Trading Economics*

**Table 33. TOP 10 exported goods from Afghanistan in 2019 (according to the latest available data)**

<b>Goods</b>	<b>Share</b>	<b>Amount (million US dollars)</b>
Grapes, fresh or dried	14.9%	130
Vegetable juices and extracts; pectic substances, pectinates and pectates; agar-agar and other glues and thickeners of vegetable origin, whether or not modified	13.2%	115
Other nuts, fresh or dried, whether or not shelled, with or without skin	11.5%	100
Dates, figs, pineapples, avocados, guavas, mangoes and mangosteens, or garcinia, fresh or dried	9.8%	85
Coal; briquettes, pellets and similar solid fuels obtained from coal	8%	69
Onions, shallots, garlic, leeks and other allium vegetables, fresh or chilled	4.1%	35
Seeds of anise, star anise, fennel, coriander, Roman cumin, or caraway, or cumin; juniper berries	3.4%	29
Ginger, saffron, turmeric, thyme, bay leaf, curry and other spices	3%	26

Knotted carpets and other textile floor coverings, whether or not made up	2.8%	24
Tomatoes fresh or chilled	2.8%	24

Source: Own calculations based on data from Trading Economics

### Turkmenistan

According to Trading Economics<sup>44</sup>, Turkmenistan is the world's fourth largest exporter of natural gas. Turkmenistan also exports oil, cotton, polymers, cotton, textiles and vegetable products. Turkmenistan's main export partners are China, Turkey, Italy, the United Arab Emirates, Afghanistan, Iran, Kazakhstan, Ukraine, Poland and Hungary.

**Table 34. Structure of Turkmenistan's exports in 2022<sup>45</sup>**

Product	Share
Natural gas	73.9%
Petroleum products	10.3%
Crude oil	3.2%
Electricity	1.3%
Nitrogen fertilizers	4.7%
Cotton (not for retail)	1.1%
Raw cotton	0.5%
Sulfur	0.5%
Recycled goods	0.4%

Source: Own calculations based on data from Trading Economics

Uzbekistan's main natural gas export partners are China (8.83 billion US dollars, 95.95%), Uzbekistan (249 million US dollars, 2.7%), Azerbaijan (98.5 million US dollars, 1.07%) and Kazakhstan (32.7 million US dollars, 0.35%).

In terms of imports, Turkmenistan mainly imports iron and steel pipes, heavy construction machinery, wheat, sorting machinery and vehicles. The main importers of Turkmenistan are Turkey, Russia, China, the United Arab Emirates, Germany, Iran, Ukraine, Uzbekistan, France and the United States.

**Table 35. Turkmenistan imports 2022**

Product	Share of total imports	Amount (million US dollars)
Broadcasting equipment	15.2%	694.6
Cars	3.5%	158.1
Wheat	2.7%	122.9
Tractors	1.6%	74
Packaged medicines	1.5%	70.8

<sup>44</sup>Trading Economics. Available at: <https://tradingeconomics.com/turkmenistan/exports-by-category>

<sup>45</sup>OECD World. Available at: <https://oec.world/en/profile/country/tkm>

Iron structures	1.9%	88.2
Rubber tires	1.2%	55.3
Insulated wire	1.4%	65.3
Electrical control panels	1.2%	53
Refrigerators	1.1%	50.3
Video displays	1.1%	48.9
Valves	1%	47.1
Air conditioners	1%	44.3
Liquid pumps	0.8%	37.5
Office equipment	0.8%	37
Centrifuges	0.7%	33.8
Parts of motor vehicles	1.4%	64
Trucks	1%	44.8
Iron pipes	0.8%	35.6
Wheat flour	0.4%	20.1
Raw sugar	1%	45.2
Coffee	1%	44.3
Aluminum	0.7%	30.6
Jewelry	1%	45.2
Prefabricated buildings	0.6%	26
Poultry meat	1.1%	48.9
Lighting fixtures	0.5%	23.8
Wood	0.3%	13.7

*Source: Own calculations based on data from Trading Economics*

The ECO member countries have significant economic potential due to the diversity of their economic sectors and the wide range of export products. Turkey and Iran are key industrial centres, while the Central Asian countries rely more on mining and agriculture. There is significant scope for expanding trade links among ECO countries by increasing trade in industrial goods, agricultural products, and energy resources. Thus, for Kazakhstan, as a key ECO member country, there is potential to continue developing and diversifying its export base, as well as strengthening trade links with other members. This could include improving production capacity, expanding the range of export products, and finding new markets.

### **3. Kazakhstan's exports to ECO countries**

#### **Türkiye**

In 2023, trade turnover between Kazakhstan and Turkey decreased by 5.3% compared to 2022, reaching 6 billion US dollars.

Exports from Kazakhstan decreased by 11%, amounting to 5.6 million tons, which is equivalent to 3.9 billion US dollars. Oil supplies to Turkey decreased by 18%, to 3.8 million tons, and unprocessed zinc - by 2 times, to 45.3 thousand tons. However, growth is observed in other major export goods. For example, copper exports increased by 1.6 times, reaching 119.3 thousand tons, and aluminum - by 2 times, to 64.3 thousand tons. In

addition, Turkey purchased more lentils, peas and chickpeas from Kazakhstan - 147.5 thousand tons, which is 1.8 times more than in the previous year.

At the same time, imports from Turkey to Kazakhstan increased by 9.9%, reaching 348.4 thousand tons worth 2 billion US dollars. Kazakhstan began to import more clothes from Turkey - by 6.2% (86.1 million units), car bodies and spare parts - by 2.8 times (8.6 thousand tons). Three unmanned aerial vehicles were also sent to the local market. However, furniture imports decreased by 20%, to 10.3 thousand tons, and medicine supplies decreased by 7.1%, to 1.4 thousand tons.

**Table 36. Structure of trade turnover between Kazakhstan and Turkey in 2023**

Main products	Quantity	Change	Cost (million US dollars)
<b>Export from Kazakhstan to Turkey</b>			
Oil and oil products	3.8 million tons	-18%	2200
Refined copper and alloys	119.3 thousand tons	+1.6 times	962.2
Raw aluminum	64.3 thousand tons	+2 times	148.2
Raw zinc	45.3 thousand tons	-2 times	124.2
Lentils, peas, chickpeas	147.5 thousand tons	+1.8 times	80.6
<b>Import from Turkey to Kazakhstan</b>			
Clothing and accessories	86.1 million units	+6.2%	452.7
Bodies and spare parts for transport	8.6 thousand tons	+2.8 times	112.7
Medicines	1.4 thousand tons	-7.1%	76.3
Furniture and fittings	10.3 thousand tons	-20%	43.6
Unmanned aerial vehicles	3 units		17.2



Source: own calculations based on data from the Bureau of National Statistics of the Republic of Kazakhstan<sup>46</sup> and the State Revenue Committee of the Ministry of Finance of the Republic of Kazakhstan<sup>47</sup>

## Afghanistan

In 2023, exports from Kazakhstan to Afghanistan showed a decrease of 16.4%, amounting to 2 million tons, which is equivalent to 615.3 million US dollars (a decrease of 1.6 times) compared to the previous year. Supplies of traditional goods decreased: flour by 6.3% (1.2 million tons), wheat - by 1.5 times (448 thousand tons), flaxseed - by 1.5 times (42 thousand tons), and peas, chickpeas and lentils - by 1.7% (49.1 thousand tons). The volume of supplies of petroleum gas also decreased - to 71.7 thousand tons (-26.8%) and flat rolled products - to 62.5 thousand tons (-1.5 times). However, growth is observed in some categories: supplies of sunflower and safflower oil increased by 16% to 20.3 thousand tons, and cigarette exports increased by 2.2 times, reaching 269.5 million pieces. Fertilizer shipments also increased by 1.5 times to 30.9 thousand tons.

At the same time, a relatively small amount of goods was imported from Afghanistan to Kazakhstan - only 55 thousand tons worth 21.1 million US dollars. Nevertheless, compared to 2022, imports have increased threefold. Kazakhstan purchased mainly sweet drinks - 45.1 million liters (+4.4 times). Also, supplies of onions increased - 1.5 thousand tons (+7.2 times), licorice root - 1.7 thousand tons (+7.1 times), and grapes - 3.3 thousand tons (+28.7%). There was more clothing from Afghanistan - 19.5 thousand units (+4.1 times). In addition, imports of dishwashing sponges increased - 268.7 tons (+1.6 times), matches - 102.1 tons, as well as jade - 74.3 tons (+39.1 times) and talc - 261.3 tons (+1.9 times).

**Table 37. Structure of trade turnover between Kazakhstan and Afghanistan in 2023**

Main products	Quantity	Change	Cost in million US dollars
<b>Export from Kazakhstan to Afghanistan</b>			
Wheat flour, wheat-rye flour	1.2 million tons	-6.3%	367.9
Wheat and meslin	448 thousand tons	-1.5 times	110

<sup>46</sup>Bureau of National Statistics ASPIR RK. Available at: <https://stat.gov.kz/ru/industries/economy/foreign-market/publications/123068/>

<sup>47</sup>State Revenue Committee of the Ministry of Finance of the Republic of Kazakhstan. Available at: [https://kgd.gov.kz/ru/exp\\_trade\\_files](https://kgd.gov.kz/ru/exp_trade_files)

Flat rolled products	62.5 thousand tons	-1.5 times	37.1
Sunflower, safflower, cottonseed oil and their fractions	20.3 thousand tons	+16%	20.4
Chickpeas, lentils	49.1 thousand tons	-17.7%	20
<b>Import from Afghanistan to Kazakhstan</b>			
Sweet drinks	45.1 million l	+4.4 times	16.3
Fresh and dried grapes	3.4 thousand tons	+28.7%	2
Licorice root	1.7 thousand tons	+7.1 times	0.5
Onions, shallots	1.5 thousand tons	+7.2 times	0.5
Cloth	19.5 thousand units	+4.1 times	0.3

*Source: State Revenue Committee of the Ministry of Finance of the Republic of Kazakhstan<sup>48</sup>*

### **Azerbaijan**

Trade turnover between Kazakhstan and Azerbaijan in 2023 amounted to 529.4 million US dollars, which is 14.2% more than in 2022. Exports from Kazakhstan decreased by 3.3%, amounting to 629.1 thousand tons, but in monetary terms increased by 21.6% and reached 456.3 million US dollars. Exports decreased for almost all items, with the exception of three. Kazakhstan sold more oil and oil products to Azerbaijan - 337.8 thousand tons (+38.8%), unprocessed aluminum - 66.3 thousand tons (an increase of 1070.3 times), sea tankers and cargo-passenger ships - 21 units (an increase of 5.2 times). Last year, 17 railway cars were also shipped. Wheat supplies decreased by 2.6 times, to 111 thousand tons, flat rolled products supplies – by 1.7 times, to 10.7 thousand tons, rails – by half, to 6 thousand tons, electric batteries – by 18.5%, to 115.1 thousand units. In addition, lentil exports decreased by 20.1%, to 2.2 thousand tons, and cookies – by 3.2%, to 573.2 tons.

<sup>48</sup>State Revenue Committee of the Ministry of Finance of the Republic of Kazakhstan. Available at: [https://kgd.gov.kz/ru/exp\\_trade\\_files](https://kgd.gov.kz/ru/exp_trade_files)

Imports from Azerbaijan to Kazakhstan decreased by 6%, amounting to 71.8 thousand tons or 73.1 million US dollars. Kazakhstan purchased 1 thousand tons of sacks and packages (a decrease of 14.7%), 272.1 tons of furniture (an increase of 2.1 times), 65.6 tons of insulated wires (a decrease of 2.5 times), 75.3 tons of tableware (a decrease of two times). Imports of sweet drinks amounted to 20.1 thousand tons (an increase of 42.2%), and fresh fruits - 10.6 thousand tons (an increase of 1.9 times).

**Table 38. Structure of trade turnover between Kazakhstan and Azerbaijan in 2023**

Main products	Quantity	Change	Cost in million US dollars
<b>Export from Kazakhstan to Azerbaijan</b>			
Oil and oil products	337.8 thousand tons	+38.8%	169.8
Raw aluminum	66.3 thousand tons	+1070.3 times	154.4
Wheat and meslin	111 thousand tons	-2.6 times	35.6
Cargo and passenger ships, tankers	21 units	+5.2 times	15.1
Flat rolled products	10.7 thousand tons	-1.7 times	9.5
<b>Import from Azerbaijan to Kazakhstan</b>			
Pipes, tubes, profiles made of ferrous metals	11.6 thousand tons	+1.7 times	18.9
Cargo and passenger ships, tankers	7 units	+2.3 times	14
Sweet drinks	20.1 thousand tons	+42.2%	10.4
Fresh fruit	10.6 thousand tons	+1.9 times	6.5
Aluminum rods and profiles	817.1 tons	+5.2 times	3

Source: State Revenue Committee of the Ministry of Finance of the Republic of Kazakhstan<sup>49</sup>

## Kyrgyzstan

<sup>49</sup>State Revenue Committee of the Ministry of Finance of the Republic of Kazakhstan. Available at: [https://kgd.gov.kz/ru/exp\\_trade\\_files](https://kgd.gov.kz/ru/exp_trade_files)

In 2023, trade turnover between Kazakhstan and Kyrgyzstan increased by 26% compared to the previous year, reaching 1.5 billion US dollars.

Kazakhstan exported 4 million tons of goods to Kyrgyzstan, which is 28.7% more than in 2022. The total value of exports amounted to 1 billion US dollars. Gold supplies increased by 1.7 times and reached 3.9 tons, which is equivalent to 260 million US dollars. Kyrgyzstan also purchased more electricity (1 billion kWh, +48.7%), liquefied propane and butane, distillates and bitumen (99 thousand tons, +14.7%), coal (1.3 million tons, +40.8%), cigarettes (2.5 thousand tons, +2%) and washing machines (37.3 thousand units, +1.5 times). In addition, meat and fish (8.7 thousand tons, +17.6%), eggs (4.3 thousand tons, +4.6%), mayonnaise, ketchup and soy sauce (5.3 thousand tons, +0.7%) and sweet drinks (262 million liters, +35%) were sent to Kyrgyzstan.

Imports from Kyrgyzstan to Kazakhstan also increased by 23.2%, reaching 715.4 thousand tons worth 495.1 million US dollars. The main products were steel rods (76.7 thousand tons, +26.3%), precious metal ores (96.5 thousand tons, -2.4%) and soda ash (107.3 thousand tons, an increase of 3.4 times). Ceramic tiles (5.2 thousand tons, -11.8%), sheet glass (48.4 thousand tons, -15%), plastic caps and bottles (13.7 thousand tons, -1.9 times) were also imported to Kazakhstan. Among food products, the most popular were Kyrgyz dairy products (46.1 thousand tons), bakery products (3.1 thousand tons, +5.4%), and alcoholic tinctures and vodka (3.3 thousand tons, -30.6%).

**Table 39. Structure of trade turnover between Kazakhstan and Kyrgyzstan in 2023**

Main products	Quantity	Change	Cost in million US dollars
<b>Export from Kazakhstan to Kyrgyzstan</b>			
Gold	3.9 tons	+1.7 times	260
Sweet waters and drinks	262 million l	+35%	92.8
Cigarettes	2.5 thousand tons	+2%	56.7
Coal and solid fuels from it	1.3 million tons	+40.8%	49.3
Distillates, liquefied propane and butane, petroleum gas and bitumen	99 thousand tons	+14.7%	42.6

<b>Import from Kyrgyzstan to Kazakhstan</b>			
Ores and concentrates of precious metals	96.5 thousand tons	-2.4%	160.8
Distillates	61.2 thousand tons	+2.8 times	46.3
Iron and non-alloy steel rods	76.7 thousand tons	+26.3%	38.9
Soda ash	107.3 thousand tons	+3.4 times	32.6
Milk and dairy products	46.1 thousand tons	+1.5 times	22.9

*Source: own calculations based on data from the Bureau of National Statistics of the Republic of Kazakhstan*

## **Pakistan**

According to the Unified Platform of Internet Resources of Government Agencies<sup>50</sup>, the trade turnover between the Republic of Kazakhstan and the Islamic Republic of Pakistan in 2022 amounted to 73.5 million US dollars (-22.7%). Exports - 35.9 million US dollars (-45.6%), imports - 37.6 million US dollars (+28.8%).

For January-November of this year, this figure amounted to 43.2 million US dollars, which is 33.2% lower than for the same period of the previous year (exports - 4.9 million US dollars, imports - 38.3 million US dollars).

Export from Kazakhstan: dried legumes, onions, garlic, oats, buckwheat, millet and other cereal grains, ferrous metal products.

Import to Kazakhstan: citrus fruits, medicines, women's and men's clothing, other food products, potatoes.

## **Tajikistan**

In January-February 2024, Kazakhstan exported over 453 thousand tons of goods to Tajikistan worth 387.1 million US dollars, which is 36.4% more compared to the same period last year. The main volume of exports was wheat - 180 thousand tons (+43.5%) worth 47.2 million US dollars. Tajikistan also purchased 9.9 thousand tons of sunflower and cottonseed oil

<sup>50</sup>Unified platform of Internet resources of government agencies. Available at: <https://www.gov.kz/memleket/entities/mfa-islamabad/press/article/details/4844?lang=ru>

(an increase of 1.8 times), 14.8 thousand tons of oilcake (an increase of 1.5 times) and 10.4 thousand tons of corn (a decrease of 6.2%). Exports of petroleum gas increased by 5.2%, to 45.9 thousand tons; aluminum oxide - by 13%, to 10 thousand tons; iron and steel rods - by 42.6%, to 36.8 thousand tons. Supplies of fuel oil and lubricating oils increased almost fivefold, to 15.3 thousand tons, and smartphones - 5.4 times, to 51.3 thousand units. Exports of baby diapers increased 380 times, reaching 266.2 tons.

Imports from Tajikistan, on the contrary, decreased. In January-February, 37.3 thousand tons of goods worth 23 million US dollars were imported to Kazakhstan, which is 1.7 times less than in the previous year. The decrease in imports was caused by a reduction in the supply of ores and concentrates: lead - by 2.3 times (6.9 thousand tons) and zinc - by 10% (11.6 thousand tons). Imports of sweet drinks also decreased by 2.2 times, to 1.6 thousand tons. However, imports increased for some items. Kazakhstan purchased 1.5 times more dried fruits (9.7 thousand tons), 1.6 times more peanuts (355 tons) and 29.4% more lollipops (33 tons). Tufted carpets (28.9 thousand square meters), cotton fabric (169.4 thousand square meters), packaging bags (an increase of 2.1 times, to 288.2 tons) and plastic toys (an increase of 8.9%, to 24.4 tons) were also imported to the local market.

**Table 40. Structure of trade turnover between Kazakhstan and Tajikistan for 2 months of 2024**

Main products	Quantity	Change	Cost in million US dollars
<b>Export from Kazakhstan to Tajikistan</b>			
Wheat and meslin	180 thousand tons	+43.5%	47.2
Oil gas	45.9 thousand tons	+5.2%	19.3
Rods made of iron or non-alloy steel	36.8 thousand tons	+42.6%	22.9
Aluminum oxide	24.6 thousand tons	+13%	10
Sunflower and cottonseed oil	9.9 thousand tons	+1.8 times	7.5
<b>Import from Tajikistan to Kazakhstan</b>			
Lead concentrates	6.9 thousand tons	-2.3 times	9.9

and ores			
Zinc concentrates and ores	11.6 thousand tons	-9.9%	8.5
Dried fruits	9.8 thousand tons	+1.5 times	1.8
Packaging bags and textile bags	288.2 tons	+2.1 times	0.7
Sweet drinks	1.6 thousand tons	-2.2 times	0.6

Source: State Revenue Committee of the Ministry of Finance of the Republic of Kazakhstan<sup>51</sup>

### **Turkmenistan**

In 2023, the trade turnover between Kazakhstan and Turkmenistan reached 563 million US dollars, which is 28.3% more than in 2022. Kazakhstan exported 714.1 thousand tons of goods worth 397.1 million US dollars to Turkmenistan, which is 34.7% more than last year. Supplies of computers and laptops increased by 2.4 times, amounting to 36.8 thousand units. Exports of grills, microwaves, water heaters and electric stoves increased by 3.4 times, reaching 17.4 thousand units. Turkmenistan also actively purchased iron pipes and rods - 37.5 thousand tons, which is 2.8 times more than in 2022. Kazakh farmers sent 540.2 thousand tons of wheat to Turkmenistan, which is 60% more than in the previous year. However, exports of some goods decreased. Flour supplies decreased by 10.7%, to 42.5 thousand tons, and vegetables (potatoes, onions, peas, chickpeas and lentils) – by 1.5 times, to 12.7 thousand tons. Smartphone exports decreased by 13.9%, to 615.5 thousand units, and TVs and monitors – by 1.8 times, to 10.9 thousand units.

Imports from Turkmenistan to Kazakhstan also increased by 17.4%, amounting to 73.7 thousand tons worth 165.8 million US dollars. Turkmenistan supplied Kazakhstan with 405.5 million cubic meters of natural gas, which is 10.2% more than last year. Imports of washing powder and detergents increased by 7.2 times, reaching 24.4 thousand tons, and toilets, bidets and ceramic sinks - by 1.9 times, amounting to 71 thousand units. Purchases of sacks and packages increased by 8.2%, to 2.2 thousand tons, and tomatoes - by 13.8%, to 35.5 thousand tons. Kazakhstan also imported 17.4 tons of chewing gum and 47 railway cars, which were not there in 2022. At the same time, imports of bed and table linen decreased by 30%, to 1 thousand tons.

<sup>51</sup>State Revenue Committee of the Ministry of Finance of the Republic of Kazakhstan. Available at: [https://kgd.gov.kz/ru/exp\\_trade\\_files](https://kgd.gov.kz/ru/exp_trade_files)

**Table 41. Structure of trade turnover between Kazakhstan and Turkmenistan in 2023**

Main products	Quantity	Change	Cost in million US dollars
<b>Export from Kazakhstan to Turkmenistan</b>			
Wheat and meslin	540.2 thousand tons	+1.6 times	176.9
Smartphones and phones	615.5 thousand units	-13.9%	112.1
Rods, pipes, tubes made of iron and non-alloy steel	37.5 thousand tons	+2.8 times	24.2
Flour (wheat or wheat-rye)	42.5 thousand tons	-10.7%	14.3
Laptops, computers and their units	36.8 thousand units	+2.4 times	6.2
<b>Import from Turkmenistan to Kazakhstan</b>			
Natural gas	405.5 million cubic meters	+10.2%	95.5
Tomatoes (fresh or chilled)	35.5 thousand tons	+13.8%	35
Washing powder, cleaning and detergents	24.4 thousand tons	+7.2 times	15
Bags and packages	2.2 thousand tons	+8.2%	15
Bed, kitchen, table linen	100 tons	+1.9%	10

Source: Bureau of National Statistics of the ASPR RK<sup>52</sup>, State Revenue Committee of the Ministry of Finance of the Republic of Kazakhstan<sup>53</sup>

<sup>52</sup>Bureau of National Statistics ASPR RK. Available at: <https://stat.gov.kz/ru/industries/economy/foreign-market/publications/123068/>

<sup>53</sup>State Revenue Committee of the Ministry of Finance of the Republic of Kazakhstan. Available at: [https://kgd.gov.kz/ru/exp\\_trade\\_files](https://kgd.gov.kz/ru/exp_trade_files)



## Uzbekistan

In 2023, trade turnover between Kazakhstan and Uzbekistan amounted to 4.4 billion US dollars, which is 10% less than in 2022. Kazakhstan exported 11.1 million tons of goods to Uzbekistan, which is 35.8% more in volume, but 13.8% less in value (3.1 billion US dollars).

The main export volume was wheat – 3.5 million tons. Due to crop failure and a large balance of substandard grain, wheat prices fell, which led to a decrease in revenues from its sale by 3.2%, despite an increase in volumes by 18.5% (797.3 million US dollars). Also, supplies of semi-finished products, flat rolled products, wire and rods made of iron increased – 935.3 thousand tons (+15%), fertilizers – 256.1 thousand tons (an increase of 2.5 times), and coal – 3.1 million tons (an increase of 2.5 times). Kazakhstan increased flour exports to 535.9 thousand tons (+25.8%) and sunflower oil to 158.1 thousand tons (an increase of 1.6 times). Supplies of sweet drinks increased more than threefold, reaching 77.2 million liters. At the same time, exports of smartphones decreased by 4.8 times (333.6 thousand units), copper and zinc ores – by 1.8 times (117.4 thousand tons), as well as fish and meat – to 22.6 thousand tons (-16%).

Imports from Uzbekistan to Kazakhstan decreased by 1.5 times, to 1.6 million tons worth 1.2 billion US dollars. Kazakhstan purchased fewer vegetables - 267.6 thousand tons (-27.7%), fruits - 183.9 thousand tons (-26.5%) and cognac - 7.2 thousand tons (-25.4%). Supplies of ceramic bricks and tiles decreased by 2.6 times to 322.4 thousand tons, and refrigerators - by 13.8% to 88.2 thousand units. However, imports of buses and service vehicles increased by 1.8 times (474 units), spare parts and bodies for transport - by 1.4% (33.3 thousand tons), engines - by 1.6% (39.1 thousand units), electric stoves and water heaters - by 0.5% (569.6 thousand units), and clothing - by 1.6 times (119.6 million units).

**Table 42. Structure of trade turnover between Kazakhstan and Uzbekistan in 2023**

Main products	Quantity	Change	Cost in million US dollars
<b>Export from Kazakhstan to Uzbekistan</b>			
Wheat and meslin	3.5 million tons	+18.5%	797.3
Semi-finished products, flat rolled products, angles, rods and wire made of iron and steel	935.3 thousand tons	+15%	545.7

Wheat flour, wheat-rye flour	535.9 thousand tons	+25.8%	365.2
Copper and zinc ores and concentrates	117.4 thousand tons	-1.8 times	134.8
Sunflower, safflower, cottonseed oil and their fractions	158.1 thousand tons	+1.6 times	133.5
<b>Import from Uzbekistan to Kazakhstan</b>			
Bodies and spare parts for transport	33.3 thousand tons	+1.4%	340.7
Internal combustion engines	39.1 thousand units	+1.6%	156.1
Fruits and berries (fresh and dried)	183.9 thousand tons	-26.5%	86.2
Vegetables (fresh and chilled)	267.6 thousand tons	-27.7%	50.6
Clothing and accessories	119.6 million units	+1.6 times	47.7

*Source: State Revenue Committee of the Ministry of Finance of the Republic of Kazakhstan<sup>54</sup>*

## **Iran**

In January-October 2023, exports to Iran decreased threefold and amounted to 285 thousand tons, which brought Kazakhstan 74.1 million US dollars. Wheat supplies decreased 8 times: 68.3 thousand tons were shipped in 10 months, while last year - 549.5 thousand tons. Barley sales also decreased - to 169.4 thousand tons (a decrease of 1.7 times). At the same time, oilcake sales increased 4.5 times and amounted to 29.7 thousand tons. Kazakhstan also exported rapeseed - 11.8 thousand tons and meat - 156.8 tons.

Imports from Iran decreased slightly by 2% to 384.6 thousand tons, which amounted to 175.1 million US dollars. The main imported goods were polymers - 33.1 thousand tons (an increase of 1.8 times), ceramic tiles -

<sup>54</sup>State Revenue Committee of the Ministry of Finance of the Republic of Kazakhstan. Available at: [https://kgd.gov.kz/ru/exp\\_trade\\_files](https://kgd.gov.kz/ru/exp_trade_files)

50.4 thousand tons (+39.6%), detergents and cleaning agents - 8.7 thousand tons (+2.2 times), cement - 142.8 thousand tons (-10.7%). A significant volume of imports accounted for vegetables, fruits and other food products. Kazakhstan purchased dates and figs - 22 thousand tons (+5.8%), kiwi - 6.6 thousand tons (+37.4%), margarine - 2.4 thousand tons, butter - 617.5 tons (+1.2%) and sweet drinks - 7.7 thousand tons (an increase of 7.3 times). At the same time, purchases of eggplants, celery and capsicum peppers decreased by 2.5 times and amounted to 6.4 thousand tons.

**Table 43. Structure of trade turnover between Kazakhstan and Iran for January-October 2023**

Main products	Quantity	Change	Cost in million US dollars
<b>Export from Kazakhstan to Iran</b>			
Barley	169.4 thousand tons	-1.7 times	40.9
Wheat and meslin	68.3 thousand	-eight times	18.4
Oilcake	29.7 thousand tons	+4.3 times	6.3
Rapeseed seeds	11.8 thousand tons		5.6
Beef and lamb	156.8 tons		0.9
<b>Import from Iran to Kazakhstan</b>			
Polymers	33.1 thousand tons	+1.8 times	39.4
Ceramic tiles	50.4 thousand tons	+39.6%	12
Dates and figs	22 thousand tons	+5.8%	8.8
Margarine	2.4 thousand tons		7.2
Eggplant, bell pepper, pumpkin, celery	6.4 thousand tons	-2.5 times	6.8

*Data source: State Revenue Committee of the Ministry of Finance of the Republic of Kazakhstan<sup>55</sup>*

Realization of Kazakhstan's export potential within the Economic Cooperation Organization (ECO) is a strategically important task that

<sup>55</sup>State Revenue Committee of the Ministry of Finance of the Republic of Kazakhstan. Available at: [https://kgd.gov.kz/ru/exp\\_trade\\_files](https://kgd.gov.kz/ru/exp_trade_files)

requires a comprehensive and multifaceted approach. In the context of globalization and growing competition in international markets, Kazakhstan has unique opportunities to expand its export potential, especially in cooperation with ECO states.

The development of transport infrastructure and logistics is the basis for increasing trade volumes. Modernization of key transport corridors, such as the Trans-Caspian route and the «Western Europe - Western China» corridor, as well as investments in logistics centers and simplification of customs procedures will create favorable conditions for the efficient and rapid movement of goods.

Strengthening economic ties with key ECO partners such as Turkey, Iran and Pakistan through trade agreements and participation in international projects such as the «Belt and Road» Initiative will enable Kazakhstan to expand its export markets and enhance economic cooperation.

Diversification of export goods and development of non-resource sectors, such as the agro-industrial complex and industrial production, will help reduce dependence on raw materials and increase the competitiveness of Kazakhstan's exports. Support for small and medium-sized enterprises and innovative start-ups will facilitate the creation of new products and technologies in demand in the ECO markets.

Regional integration and cooperation through the creation of joint ventures and logistics hubs, as well as participation in regional sustainable development initiatives, will provide Kazakhstan with additional competitive advantages and improve its position within the ECO.

Supporting innovation and technology through investment in research, development and the creation of technology parks will facilitate the creation of new products and services that can occupy a significant niche in international markets.

These measures will help Kazakhstan to make the most of its competitive advantages, strengthen economic cooperation with ECO states and realize its export potential, contributing to sustainable economic growth and development of the country.

***Table 44. Kazakhstan's exports to ECO countries in million US dollars (according to the latest available data)<sup>56</sup>***

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<sup>56</sup>TradingEconomics. Available at:

<https://tradingeconomics.com/kyrgyzstan/imports/kazakhstan>

<https://tradingeconomics.com/pakistan/imports/kazakhstan>

<https://tradingeconomics.com/uzbekistan/imports/kazakhstan>

<https://tradingeconomics.com/tajikistan/imports/kazakhstan>

<https://oec.world/en/profile/bilateral-country/kaz/partner/tkm?dynamicBilateralTradeSelector=year2022>

<https://tradingeconomics.com/azerbaijan/imports/kazakhstan>

<https://tradingeconomics.com/iran/imports/kazakhstan>

<https://tradingeconomics.com/afghanistan/imports/kazakhstan>

Members of the ECO	2019 year	2020 year	2021 year	2022 year	2023 year
Afghanistan	522	621	469	643	n/a
Pakistan	0.8	0.5	21.7	37.6	1,1
Uzbekistan	1,900	2 110	2 710	3 220	3 100
Kyrgyzstan	649	435	662	768	838
Türkiye	1,400	1 180	1,600	3 510	6,000
Turkmenistan	116	76.6	211	340	397.1
Azerbaijan	205	116	95.4	494	216
Tajikistan	739	758	817	882	387.1
Iran	105	37.4	77.9	318	n/a
<b>RESULT</b>	<b>5636.8</b>	<b>5334,5</b>	<b>6664</b>	<b>10212.6</b>	<b>10,939.3</b>

*Source: Own calculations based on data from Trading Economics*

As can be seen from the table above, there has been a noticeable increase in exports from Kazakhstan to the ECO countries from 2019 to 2023. Despite a slight decline in 2020-2021 due to the coronavirus pandemic, trade and export volumes have increased significantly by 2022 and 2023.

The volume of exports to Turkey increased from 1.4 billion US dollars in 2019 to 6 billion US dollars by 2023, an increase of more than 4 times.

The volume of exports to Turkmenistan also increased significantly from 116 million US dollars in 2019 to 397.1 million US dollars in 2023, showing an increase of 3.4 times.

Uzbekistan: Exports increased from 1.9 billion US dollars in 2019 to 3.2 billion US dollars in 2022, with a slight decline to 3.1 billion US dollars in 2023. Overall, exports to Uzbekistan are showing steady growth and retain potential for further volume growth.

Kyrgyzstan: Exports increased from 649 million US dollars in 2019 to 838 million US dollars in 2023. Despite slight fluctuations, stable growth is observed. The potential for increasing volumes remains high given the positive dynamics.

In the case of Pakistan, there is an obvious sharp increase in imports from Kazakhstan compared to 2019 (from 800,000 US dollars to 37.6 million US dollars), which could be due to the SCO membership and the influence of the organization in creating trade agreements. Even though, according to official data, Pakistan joined the SCO in 2017<sup>57</sup>, it has only begun to show

noticeable activity in the last few years. This could have affected the positive growth rates of imports from Kazakhstan. A sharp decline in 2023 could be due to civil unrest in Pakistan<sup>58</sup>, which, according to the Institute for the Study of War, led to political instability in the country and likely had a negative impact on trade activities. Given these facts, it can be concluded that, overall, the growth rate of Kazakhstan's exports to this country is showing extremely positive trends.

Thus, a comparative analysis gives every reason to believe that Kazakhstan's membership in the ECO since 1992 has contributed to strengthening trade relations with the countries of Central Asia and the Middle East. Thanks to numerous trade agreements concluded within the ECO, Kazakhstani companies have received new markets for their products. In addition, thanks to trade with the ECO countries, Kazakhstan has been able to diversify its markets, entering the markets of Afghanistan, Turkey, Azerbaijan and Iran within the ECO.

### **3.2. Construction of a scheme for optimizing the structure of Kazakhstan's exports within the framework of the ECO markets**

As noted in the previous sections, **Kazakhstan supplies goods worth 10-12 billion US dollars annually to the ECO countries.** This is 13-14% of Kazakhstan's total exports. The main exported goods of the raw materials industry of Kazakhstan are energy resources (oil, liquefied gas), cereals (wheat and barley) and metals (copper, ferrous metals, aluminum). There are also supplies of agricultural products: flour, sunflower oil, mineral waters and other goods.

Despite the significant volume of exports, Kazakhstan has some goods, the export of which the country could increase to the markets of the ECO countries. And as noted earlier, the realization of Kazakhstan's export potential within the ECO requires a comprehensive approach, including improving transport infrastructure, strengthening economic ties, diversifying export goods and supporting innovations.

Kazakhstan annually exports goods worth 80-85 billion US dollars. The structure of Kazakhstan's exports is not diversified and mainly consists of raw materials or low-processed goods. However, in recent years, Kazakhstan has been actively supporting and stimulating the export of non-raw materials in order to diversify the economy and reduce dependence on the raw materials sector. The Government of Kazakhstan is implementing various programs and initiatives aimed at developing the manufacturing

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<sup>57</sup>Ministry of Foreign Affairs of Pakistan. Available at: <https://web.archive.org/web/20240530051927/https://mofa.gov.pk/sco>

<sup>58</sup>Institute for the Study of War. Available at: <https://www.understandingwar.org/backgrounder/salafi-jihadi-movement-update-special-edition-protests-pakistan-may-9-2023>

industry and creating conditions for entering international markets for products with high added value. Among such measures are the provision of subsidies, tax breaks and affordable loans for enterprises engaged in processing and manufacturing competitive products. Efforts to improve infrastructure, standardize products and promote Kazakhstani brands abroad also play an important role. These steps are aimed at increasing the competitiveness of Kazakhstani goods in the world market and reducing economic risks associated with fluctuations in commodity prices.

According to ITC Trademap, in 2023, ECO countries' imports excluding Kazakhstan amounted to about 507 billion US dollars. The main importers are Turkey (361.8 billion US dollars) and Pakistan (50.4 billion US dollars). It should be noted that statistics for Iran, Uzbekistan, Afghanistan and Turkmenistan are provided as mirror customs data of other countries (marked in yellow in the table below).

**Table 45. Imports of ECO countries since 2019, thousand US dollars**

Importers	2019	2020	2021	2022	2023
ECO countries	358 338 370	353 763 375	454 661 665	563 982 760	507 448 655
Türkiye	210 346 890	219 514 373	271 422 758	363 710 987	361 763 873
Pakistan	50 134 812	45 841 651	73 106 624	71 104 684	50 362 541
Uzbekistan	21 855 139	19 955 151	23 724 275	28 264 000	28 677 291
Iran	43 975 568	38 804 578	52 957 972	58 726 180	23 359 266
Azerbaijan	13 649 506	10 732 039	11 705 787	14 539 859	17 285 345
Kyrgyzstan	4 903 813	3 684 109	5 570 126	9 802 959	12 350 402
Tajikistan	3 327 744	3 139 016	4 217 793	5 182 866	5 704 363
Afghanistan	6 776 781	8 729 608	7 367 737	7 562 134	4 334 739
Turkmenistan	3 368 117	3 362 850	4 588 593	5 089 091	3 610 835

Source: ITC Trademap

**The main import commodities of the ECO countries in 2023 include the following categories:**

- *Gold (code 710812)* – the volume of imports amounted to 29.7 billion US dollars.
- *Medium oils and petroleum products obtained from petroleum or bituminous minerals (code 271019)* – 23.3 billion US dollars.
- *Scrap and waste of ferrous metals (code 720449)* – 8.1 billion US dollars.
- *Automobiles and other motor vehicles primarily designed for the transport of persons (code 870322)* – 7.6 billion US dollars.
- *Bituminous coal, not agglomerated (code 270112)* – 6.1 billion US dollars.
- *Light petroleum products and petroleum mixtures obtained from petroleum or bituminous minerals (code 271012)* – 6.0 billion US dollars.

- *Crude petroleum and petroleum products obtained from bituminous minerals (code 270900)* – 5.9 billion US dollars.
- *Wheat and meslin (code 100199)* – 5.8 billion US dollars.
- *Automobiles and other motor vehicles primarily designed for the transport of persons (code 870323)* – 4.8 billion US dollars.
- *Palm oil and its fractions (code 151190)* – 4.3 billion US dollars.

Overall, in 2023, the import structure of ECO countries continued to reflect their high dependence on raw materials and intermediate goods. The main import items include oil and oil products, gold, scrap metal, coal, indicating the predominance of raw materials. These categories of goods are necessary to support industrial production and energy needs. In particular, oil and oil products play a key role in the energy sector, providing raw materials for oil refineries and related industries. Gold, due to its special status in the global economy, is imported for monetary purposes and as an investment asset.

In addition to primary commodities, ECO countries actively import semi-finished products such as ferrous scrap metal and intermediate petroleum products, which are used in further processing and production. Imports of automobiles and other vehicles are also significant, indicating high demand for finished products in these countries. However, compared with primary commodities, the share of finished products in the import structure is relatively smaller, highlighting the dependence of ECO countries on external supplies of basic materials to support their production capacity.

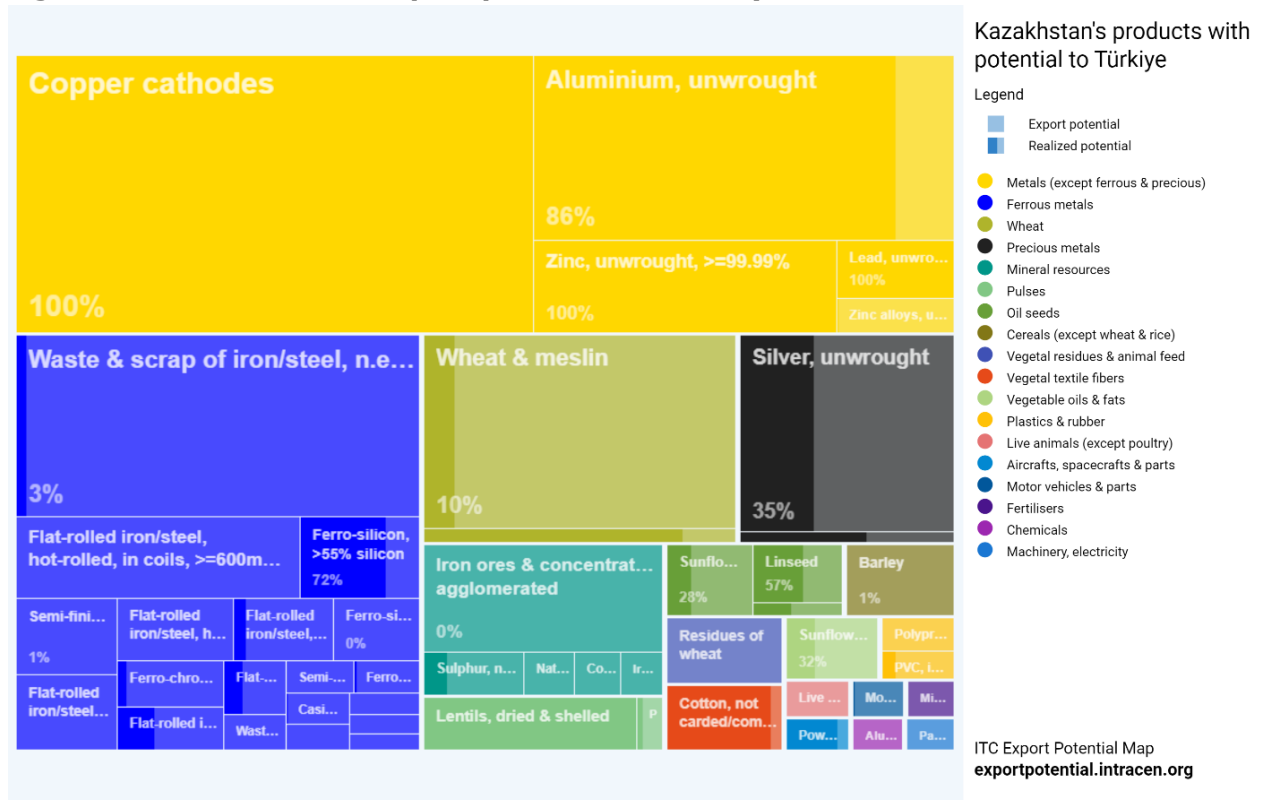
Kazakhstan, which has large reserves of natural resources and a developed raw materials sector, has the potential to significantly expand its presence in the ECO market. Next, based on the identified import needs of the ECO countries and the export capabilities of Kazakhstan, we will conduct a detailed analysis of the unrealized export potential of Kazakhstan in these markets. The import structure of the ECO countries shows a high demand for raw materials such as oil, oil products, metals (including gold and ferrous scrap metal), as well as coal and semi-finished products, which creates significant opportunities for increasing Kazakhstan's exports to these destinations.

**Export potential of Kazakhstan to Turkey.** According to the ITC Export Potential Map estimates, Kazakhstan has significant untapped export potential in the Turkish market, particularly in key categories such as metals, grains and seeds. One of the most promising areas is the export of metal waste and scrap (HS code 720449), where the gap between potential and current exports is an impressive 192 million US dollars. This highlights the opportunity for Kazakhstan to significantly increase supplies of these products to Turkey, given the high demand for metals in the Turkish industry. Also worth noting is unprocessed aluminum, which is already exported to Turkey for 180 million US dollars, but its untapped potential is



another 29 million US dollars, which opens up additional opportunities for expanding supplies.

**Figure 10. Kazakhstan's export potential to Turkey**



In addition to metals, Kazakhstan has significant untapped potential in agricultural exports to Turkey. Wheat and meslin (HS code 1001) show a

gap between potential and current exports of 148 million US dollars, indicating strong demand for these products in Turkey and scope for increasing supplies. A similar situation is observed in the silver (code 710691) and hot-rolled flat products (code 720839) categories, where the untapped export potential amounts to 75 million US dollars and 63 million US dollars, respectively. Non-agglomerated iron ores and sunflower seeds also remain important areas for growth, with the potential to increase exports by 70 million US dollars and 12 million US dollars, respectively. Realizing this potential could significantly strengthen Kazakhstan's position in the Turkish market and contribute to the growth of the country's export revenues.

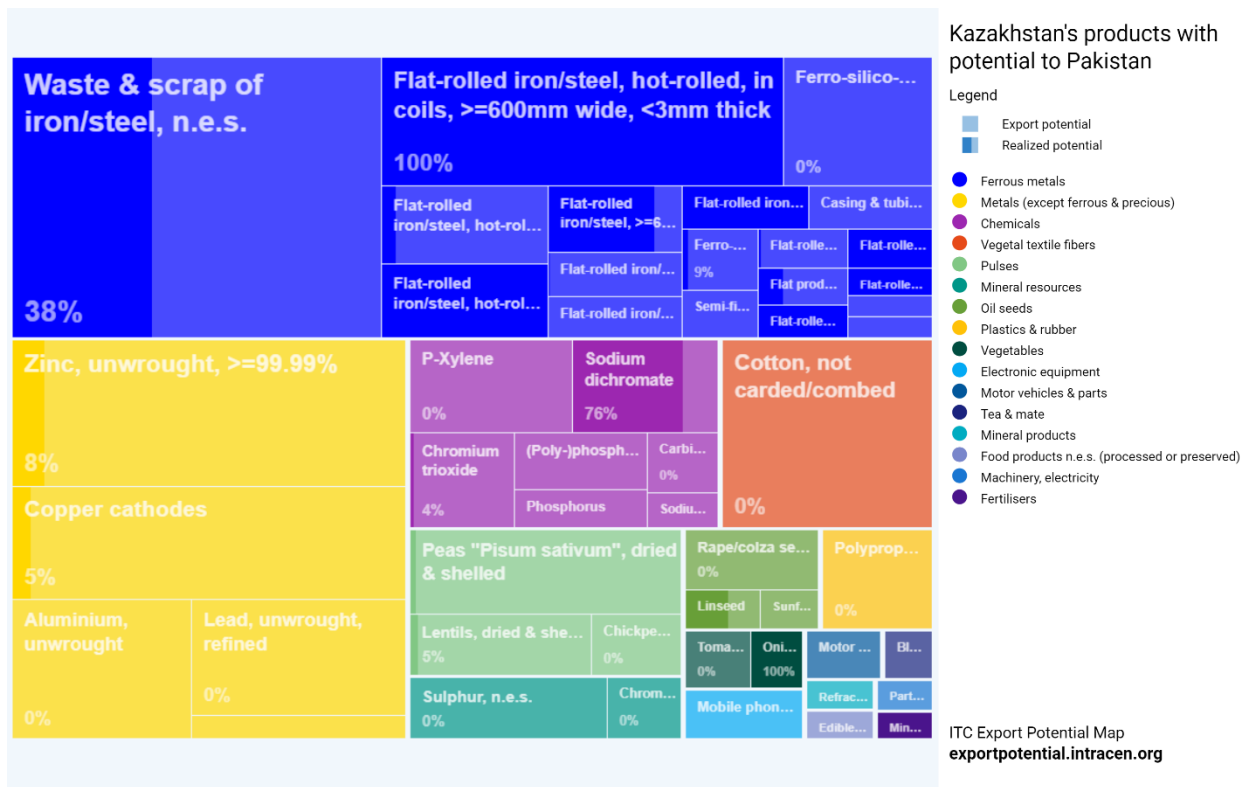
**Table 46. Top 7 Kazakhstani products with unrealized export potential to Turkey, million US dollars**

	<b>Export potential</b>	<b>Current export</b>	<b>Unrealized export potential</b>
Waste and scrap metal (720449 HS)	197	5.3	192
Unwrought aluminium (760110 HS)	209	180	29
Wheat and meslin (HS code 1001)	164	16	148
Silver (710691)	115	40	75
Hot rolled flat products (720839)	63	0	63
Iron ores, non-agglomerated (260112 HS)	70	0	70
Sunflower seeds (1206 HS)	17	4.9	12

*Source: ITC Export Potential Map*

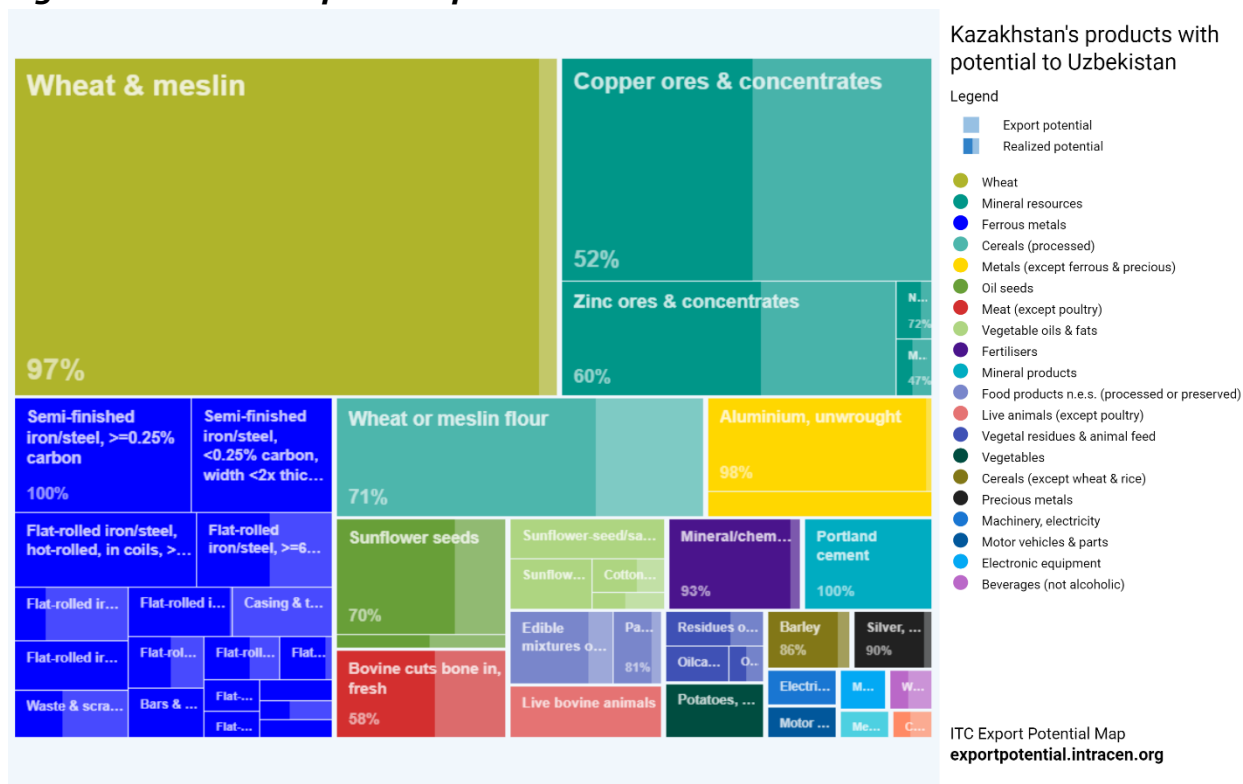
**Export potential of Kazakhstan to Pakistan.** According to the ITC Export Potential Map estimates, the commodities with the highest export potential from Kazakhstan to Pakistan are iron/steel scrap and waste n.e.c., zinc, and iron/steel rough and flat rolled products, hot rolled, in coils. Iron/steel scrap and waste n.e.c. shows the largest absolute difference between potential and actual exports in value terms, leaving scope for additional exports worth 4.5 million US dollars.

**Figure 11. Kazakhstan's export potential to Pakistan**



**Export potential of Kazakhstan to Uzbekistan.** According to the ITC Export Potential Map estimates, Kazakhstan has significant export potential to the Uzbek market, particularly for commodities such as wheat and meslin, copper and concentrates, wheat flour, sunflower seeds, and flat products. These product categories demonstrate not only strong demand but also untapped potential that Kazakhstan can use to increase its presence in the neighboring country.

**Figure 12. Export potential of Kazakhstan to Uzbekistan**



For example, wheat exports from Kazakhstan to Uzbekistan have a potential of 629 million US dollars, but current exports amount to 609 million US dollars, leaving only 20 million US dollars of untapped potential. This is a relatively small gap, which could nevertheless be closed by optimizing logistics and improving trade terms. More significant untapped potential is observed in copper and concentrate exports: with a total potential of 284 million US dollars, current exports amount to only 147 million US dollars, leaving a significant gap of 137 million US dollars. Similar opportunities exist in other sectors, such as wheat flour (with untapped potential of 44 million US dollars), sunflower seeds (21 million US dollars), and flat products (16 million US dollars). Increasing exports of these products could not only strengthen economic ties between Kazakhstan and Uzbekistan, but also significantly increase Kazakhstan’s export revenues.

**Table 47. Top 5 products with unrealized export potential to Uzbekistan, million US dollars**

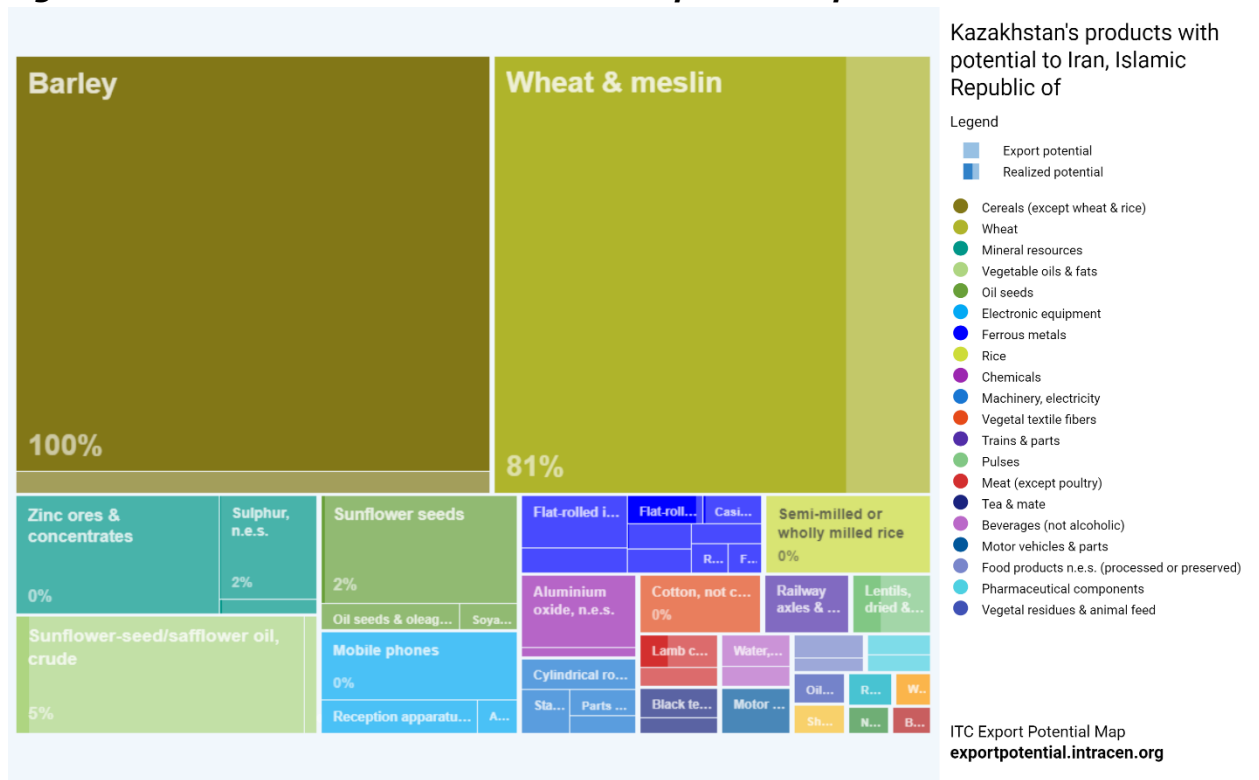
	Export potential	Current export	Unrealized export potential
Wheat and meslin (1001 HS)	629	609	20
Copper and concentrates (2603 HS)	284	147	137
Wheat flour (1101 HS)	151	107	44

Sunflower seeds (1206 HS)	69	49	21
Flat rolled products (721049 HS)	35	19	16

Source: ITC Export Potential Map

**Export potential of Kazakhstan to Iran.** According to the ITC Export Potential Map estimates, Kazakhstan has significant untapped export potential in the Iranian market, especially in the agricultural and mineral categories. The most promising area is the export of wheat and meslin (HS code 1001), where the current export volume is 105 million US dollars, but the potential reaches 130 million US dollars, indicating the possibility of increasing supplies by 25 million US dollars. This is especially important in the context of high demand for grains in Iran, which has traditionally been a major importer of agricultural products. In addition to wheat, there is significant untapped potential in the export of corn (HS code 100590), which is estimated at 7 million US dollars, despite the fact that there are no current exports. This indicates that there is scope for developing corn export supplies to Iran, especially given the agricultural needs of the country.

**Figure 13. Kazakhstan's export potential to Iran**



Other product categories such as zinc (HS code 2608) and sunflower seeds (HS code 1206) also have significant untapped potential in the Iranian market, with exports increasing by 17 million US dollars and 14 million US dollars, respectively. In the oils category, safflower oil (HS code 151211) has

the greatest potential, with a gap of 22 million US dollars between export potential and actual supplies. Similarly, sulfur exports (HS code 721049) can also be increased by 6.9 million US dollars. Given these opportunities, Kazakhstan can significantly expand its presence in the Iranian market, strengthening economic ties between the countries and increasing export revenues through better use of untapped potential.

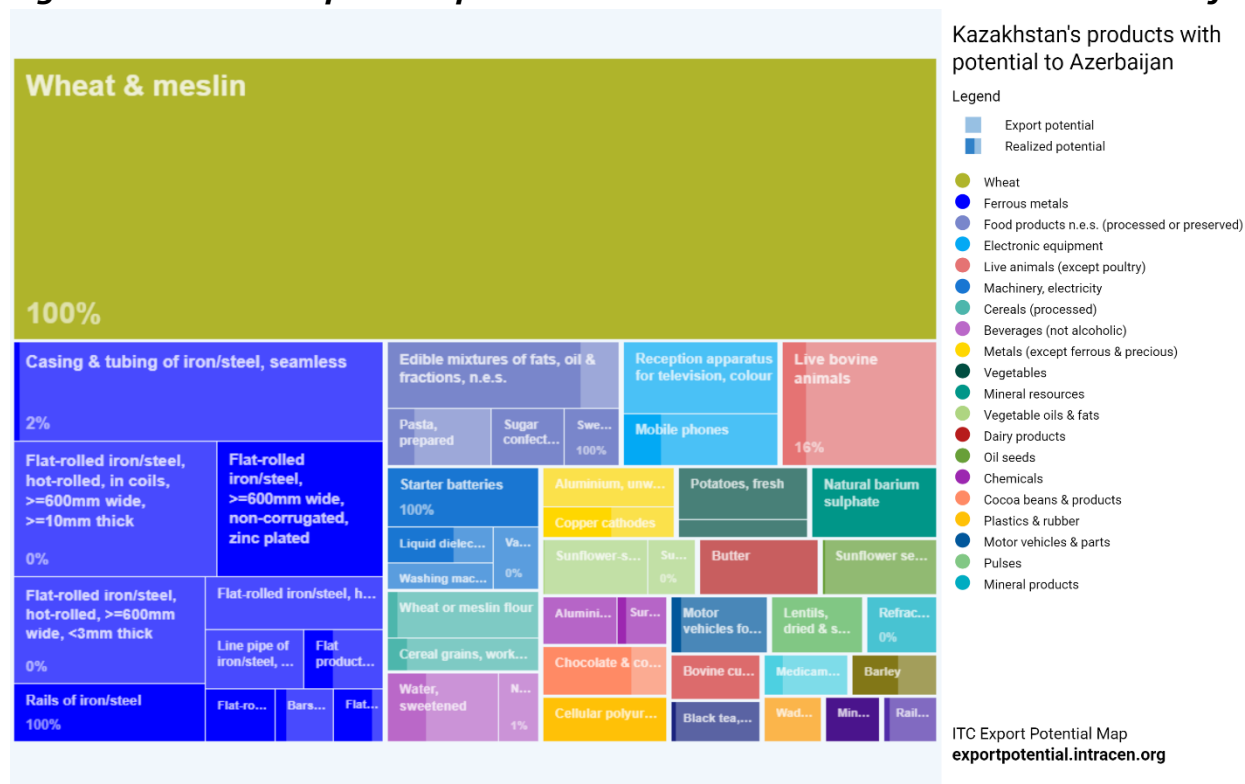
**Table 48. Top Kazakhstani goods with unrealized export potential to Iran, million US dollars**

	<b>Export potential</b>	<b>Current export</b>	<b>Unrealized export potential</b>
Wheat and meslin (1001 HS)	130	105	25
Corn (100590 HS)	7	0	7
Zinc (2608 HS)	17	0	17
Sunflower seeds (1206 HS)	15	0.3	14
Sulfur (721049 HS)	7	0,1	6.9
Safflower oil (151211 HS)	23	1,1	22

*Source: ITC Export Potential Map*

**Export potential of Kazakhstan to Azerbaijan.** According to the estimates of the ITC Export Potential Map, Kazakhstan has little untapped export potential in the Azerbaijani market. This is especially true for products such as casing and tubing (HS code 730429), flat rolled iron products (HS codes 720836 and 720854), as well as pasta and live animals. The most promising area is the export of casing and tubing, where with a potential of 4.6 million US dollars, current exports amount to only 0.1 million US dollars, leaving an untapped potential of 4.5 million US dollars. Similarly, in the category of flat rolled iron products (HS code 720836) with a potential of 3.4 million US dollars, current exports are absent, indicating the need to intensify efforts to promote these products in the Azerbaijani market.

**Figure 14. Export potential of Kazakhstan to Azerbaijan**



Other products such as live animals and pasta also have untapped potential in the Azerbaijani market. Live animal exports could be increased by 2 million US dollars and pasta by 0.55 million US dollars.

**Table 49. Top Kazakhstani goods with unrealized export potential to Azerbaijan, million US dollars**

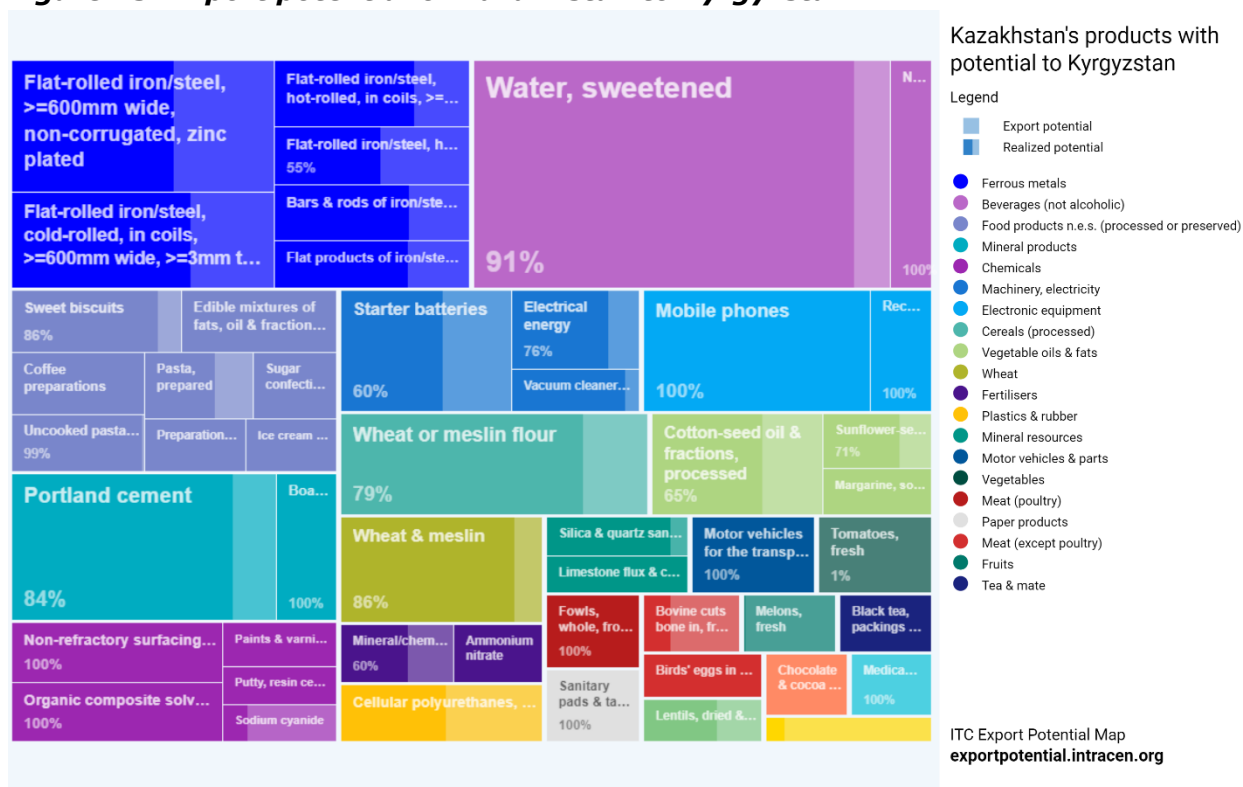
	Export potential	Current export	Unrealized export potential
Casing pipes and tubing (730429 HS)	4.6	0,1	4.5
Live animals (100590 HS)	2.4	0.4	2
Flat rolled products of iron (720836 HS)	3.4	0	3.4
Pasta (190230 HS)	0.76	0.2	0.55
Flat rolled products of iron (720854 HS)	2.5	0	2.5

Source: ITC Export Potential Map

**Export potential of Kazakhstan to Kyrgyzstan.** According to the ITC Export Potential Map estimates, the products with the highest export potential from Kazakhstan to Kyrgyzstan are sweetened water, Portland cement and flat rolled iron/steel products, >=600mm wide, non-corrugated, galvanized. Flat rolled iron/steel products, >=600mm wide, non-corrugated, galvanized, show the largest absolute difference between potential and

actual exports in value terms, leaving room for additional exports of 5.7 million US dollars.

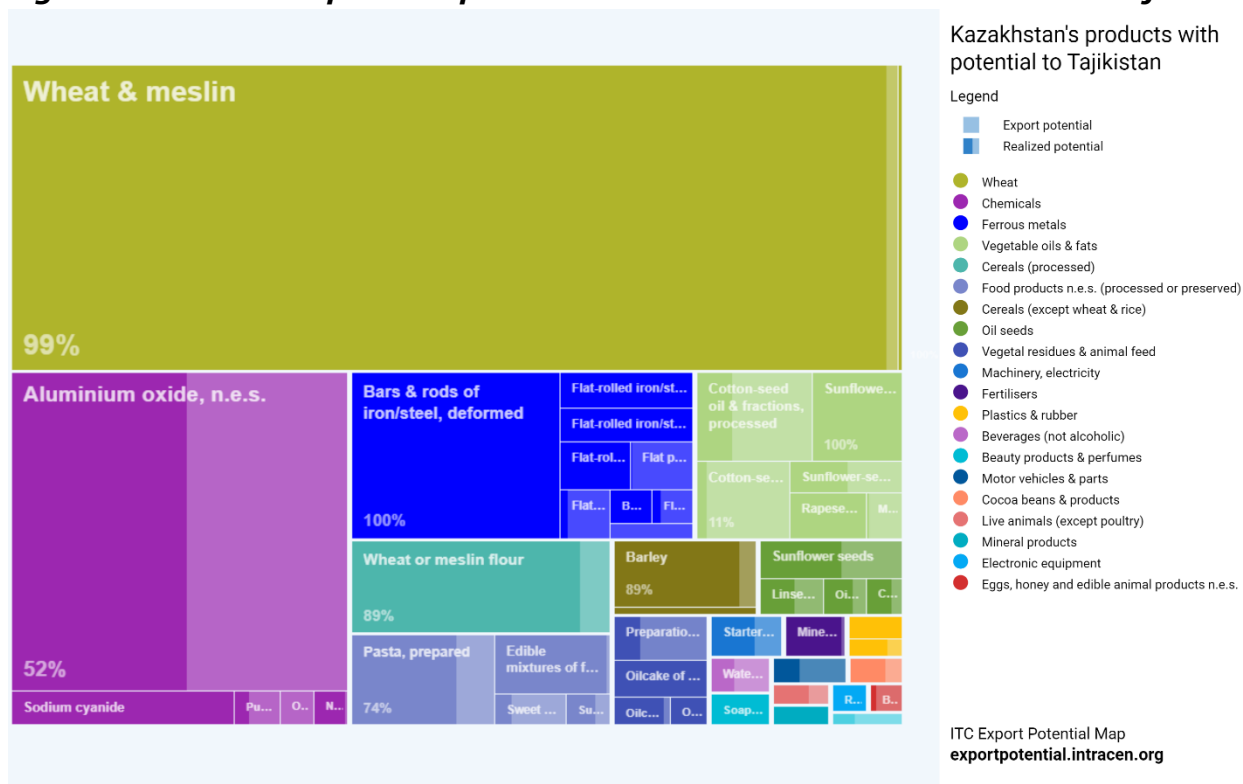
**Figure 15. Export potential of Kazakhstan to Kyrgyzstan**



**Export potential of Kazakhstan to Tajikistan.** The products with the greatest export potential from Kazakhstan to Tajikistan are wheat and meslin, alumina n.e.c., and iron/steel bars and rods, wrought. Alumina n.e.c. shows the largest absolute difference between potential and actual exports in value terms, leaving room for additional exports of 49 million US dollars.



**Figure 16. Export potential of Kazakhstan to Tajikistan**



**Export potential of Kazakhstan to Turkmenistan.** The products with the greatest export potential from Kazakhstan to Turkmenistan are wheat and meslin, wheat or meslin flour, and iron/steel casing and pipes, seamless. Iron/steel casing and pipes, seamless, show the largest absolute difference between potential and actual exports in value terms, leaving room for additional exports of 8 million US dollars.

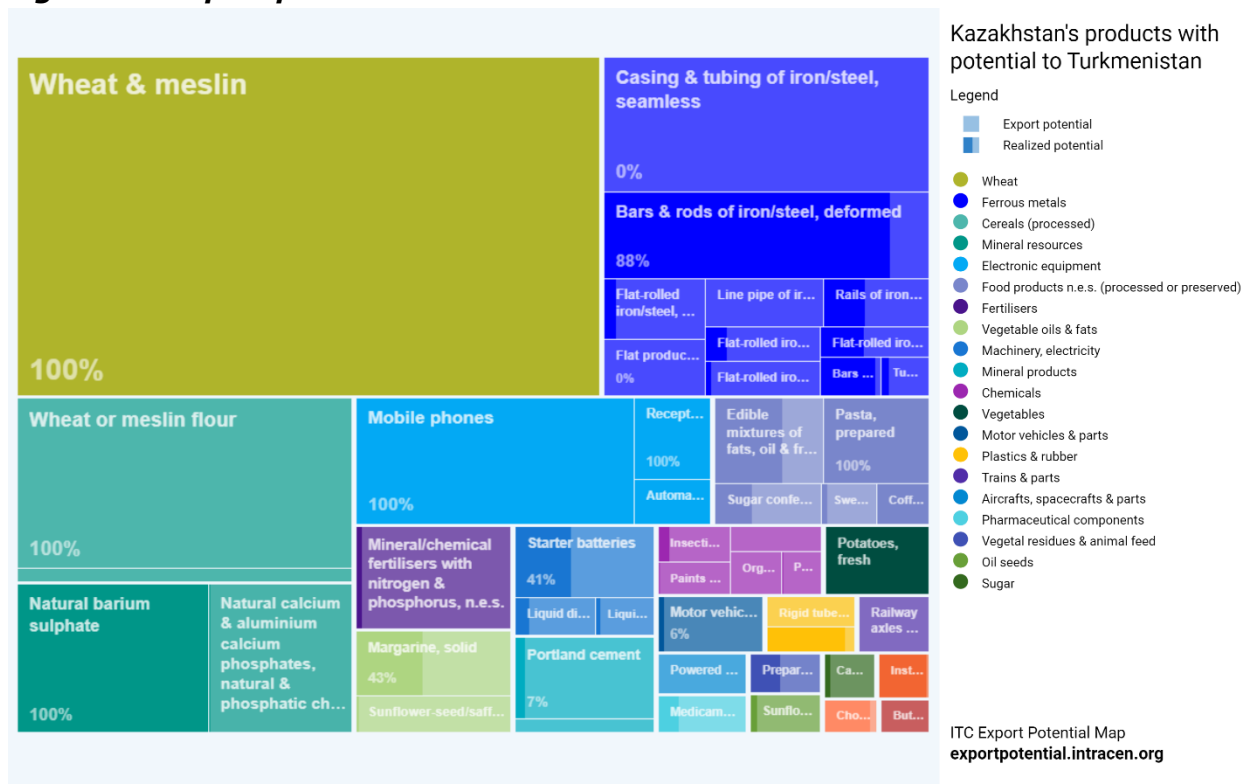
Wheat and flour from Kazakhstan are traditionally in demand abroad due to their high quality and competitive price. Turkmenistan, which is experiencing a deficit in its own grain production, is a promising market for Kazakh wheat. At the same time, the expansion of the market share can be ensured by improving logistics and marketing, as well as establishing direct contacts between producers and consumers.

The iron and steel sector is also of significant interest. Kazakhstan, with its developed metallurgy, can increase exports of seamless pipes and casings, which are widely used in the oil and gas and construction industries of Turkmenistan. Market analysis shows that there is an opportunity to realize additional exports worth up to 8 million US dollars. The main measures to realize this potential include establishing production cooperation, improving product quality and adapting it to the requirements of the Turkmen market.

Among the main factors that can contribute to the growth of exports to Turkmenistan, it is worth highlighting the improvement of trade and economic relations between the countries, state support for exporters, as

well as the improvement of customs and logistics procedures at the border. On the other hand, political instability, fluctuations in exchange rates and changes in the legislation of Turkmenistan affecting foreign trade can be obstacles.

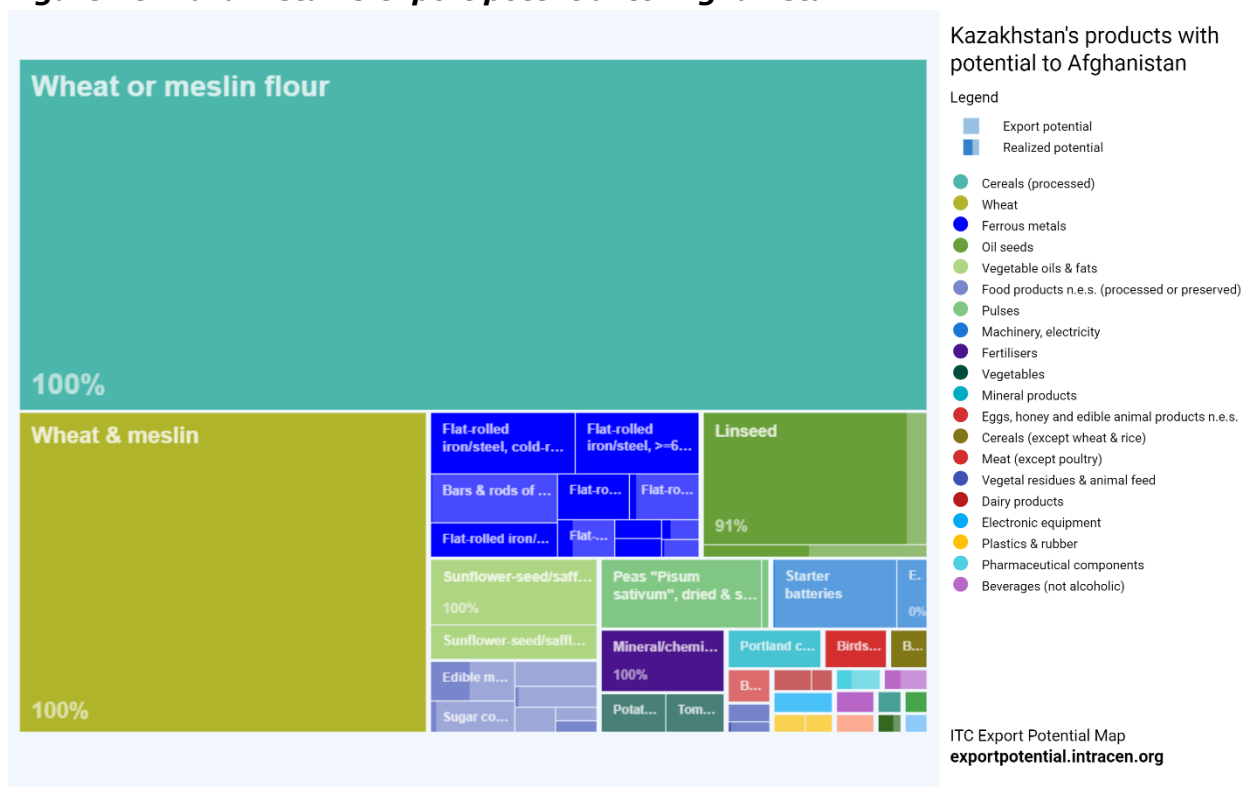
**Figure 17. Export potential of Kazakhstan to Turkmenistan**



**Export potential of Kazakhstan to Afghanistan.** According to the ITC Export Potential Map estimates, the commodities with the greatest export potential from Kazakhstan to Afghanistan are wheat or meslin flour, wheat and meslin, and flaxseed. However, starter batteries show the largest absolute difference between potential and actual exports in value terms, leaving room for additional exports of 5.4 million US dollars.

For successful export development, it is important to consider such factors as political stability in Afghanistan, the presence of trade barriers, the quality of transport infrastructure and the possibility of financing export operations. Kazakhstan should work to strengthen bilateral relations, improve customs administration and create more attractive conditions for Afghan importers.

**Figure 18. Kazakhstan's export potential to Afghanistan**



**Conclusion.** As expected, the analysis confirmed that the greatest export opportunities still lie in the area of raw materials and low-processed goods. This includes energy, metals, grains and semi-finished products, which traditionally form the basis of Kazakhstan's exports. At the same time, Kazakhstan is striving to increase the share of non-raw materials exports, which creates certain difficulties for further non-raw materials cooperation with ECO countries, since their economic structure and needs are also heavily oriented towards raw materials and intermediate goods.

However, in light of recent geopolitical changes such as deglobalization and fragmentation of global markets, ECO countries may become an important alternative for Kazakhstan's exports. With traditional markets becoming less accessible or less stable, ECO can offer Kazakhstan new opportunities to export its key products while maintaining high export revenues and supporting economic sustainability. In order to make the most of this potential, Kazakhstan, together with ECO countries, needs to actively expand transport corridors, conclude free trade agreements, and significantly reduce both tariff and non-tariff barriers. These measures will improve access for Kazakhstan's goods to ECO markets and strengthen long-term economic ties in the region.

### **3.3. Development of recommendations for achieving the set goals in accordance with the national interests of the foreign economic policy of Kazakhstan as a member of the ECO**

The ECO includes several countries with different economic profiles, which creates both opportunities for mutual trade and challenges related to the diversification of exports and imports.

#### **Main commodities and trade structure. Conclusions**

The main export commodities of the ECO countries include oil and gas, which are supplied by Iran, Kazakhstan and Turkmenistan. These commodities are oriented mainly to external markets, including Europe and Asia.

In addition to energy resources, Central Asian countries such as Kazakhstan and Uzbekistan export metals, including copper, aluminum and zinc, which also makes them major suppliers to international markets.

Turkey, Pakistan and Iran play a key role in the production and export of textiles and agricultural products. For example, Turkey exports significant volumes of textiles and food products such as nuts, fruits and vegetables.

Turkey is also a major supplier of machinery and equipment, making it a key player in intra-ECO and extra-ECO trade. Machinery and transport equipment exports occupy an important place in the structure of Turkish exports.

#### **Opportunities for diversification of intra-ECO trade**

Turkey, Iran and Pakistan may increase agricultural trade with Central Asia. For example, Turkey may increase supplies of fruits and vegetables to Kazakhstan and Uzbekistan, replacing some of the imports from third countries.

Also, Turkey and Kazakhstan can expand trade in machinery and equipment, providing greater opportunities for importing these goods to Uzbekistan, Kyrgyzstan and Tajikistan, which rely heavily on imports of such products.

Central Asian countries with large oil and gas reserves could increase energy supplies to Turkey and Iran, reducing dependence on distant suppliers.

Taking into account Turkey's experience and production capacity, Uzbekistan and Tajikistan can expand their textile industries through investment and technology exchange, which will diversify export markets and increase mutual trade in textiles.

In addition, the increase in trade turnover and the diversification of the trade structure will be facilitated by measures and efforts of member countries aimed at simplifying trade procedures and reducing tariff and non-tariff costs, following the example of the ECOTA Trade Agreement.

**To improve trade performance and realize the potential of intra-regional trade, ECO countries need to focus on several key aspects:**

First, an important step is to develop technological capabilities for product differentiation. Investing in research and development aimed at creating unique products within one industry can significantly increase the competitiveness of ECO countries in the world market. Supporting programs to improve product quality and introduce innovations will allow countries to develop intra-industry trade even in cases where they produce similar goods.

Second, vertical specialization is an effective way to strengthen trade links. This approach involves identifying key stages in the production chain in which countries can specialize. For example, one country may focus on the production of raw materials, another on the production of semi-finished goods, and a third on the production of finished goods. The creation of such cooperative chains allows ECO countries to achieve greater economies of scale and effectively exploit their comparative advantages. A good example is the situation with clothing production. Regional trade would be minimal or non-existent if each country produced clothing independently. On the other hand, trade can occur if one country specializes in the production of yarn and fabric, and another in finished goods. Vertical specialization will not only allow regional trading partners to strengthen trade links, but also provide an opportunity to benefit from economies of scale by concentrating on a specific production process in the value chain.

In addition, member countries need to focus on reducing structural imbalances and enhancing the diversification of their economies. Investments in infrastructure, especially transport and logistics, will be critical to reducing trade costs and improving market access. Closer economic cooperation and policy coherence are also needed to remove non-tariff barriers and simplify trade procedures.

Finally, ECO countries may consider forming alliances to jointly promote their competing export products in the global market. Such an approach would not only strengthen economic cooperation in the region, but also allow exporters to benefit from joint efforts to improve export opportunities and conquer new markets.

**Improving transport infrastructure**

Realization of the export potential of Kazakhstan and the ECO member countries requires a comprehensive approach, including improving transport infrastructure, strengthening economic ties, diversifying export goods and supporting innovation. Based on the above data, several key proposals can be identified for the effective implementation of Kazakhstan's export potential within the ECO.

The development of transport corridors such as the Trans-Caspian

route and the «Western Europe - Western China» corridor can significantly reduce the time and cost of delivery of goods, which will contribute to an increase in the volume of mutual trade within the ECO.

Almost all ECO member countries need to make efforts to expand and modernize existing railways and highways connecting Kazakhstan with other ECO countries.

It is important to note that infrastructure and transport sectors are one of the most attractive niches for investment, which will also contribute to the development of investment cooperation within the Organization.

First, the development of transport infrastructure and logistics is a critical factor. Improving transport routes, such as the Trans-Caspian International Transport Route (TITR), which connects Kazakhstan with Turkey and Europe via the Caspian Sea and Azerbaijan, can significantly reduce the time and cost of delivering goods. In turn, the development of the «Western Europe - Western China» corridor, which passes through Kazakhstan, will speed up the transportation of goods between Europe and Asia. In addition, significant investments are needed in the modernization and construction of new railways and roads, as well as in the development of ports on the Caspian Sea and the modernization of airports to increase export opportunities.

Secondly, strengthening economic ties with ECO partners plays an important role. Concluding bilateral free trade agreements with key ECO countries such as Turkey, Iran and Pakistan will help reduce tariff and non-tariff barriers. Organizing and participating in regional economic forums and exhibitions will help promote Kazakhstani goods and find new partners. Attracting investment from ECO countries to various sectors of the Kazakh economy such as petrochemicals, agriculture and mechanical engineering, as well as cooperation in science and technology will help improve the quality of exported goods.

The third important aspect is the diversification of export goods. Investments in the agro-industrial complex and processing of agricultural products will increase the export of grain, meat and dairy products. The development of mechanical engineering, chemical and textile industries contributes to the diversification of the export base. To support small and medium-sized enterprises (SMEs), it is necessary to provide preferential loans and grants, as well as organize training and educational programs to improve the skills of workers and entrepreneurs.

Regional integration and cooperation also play a key role in realizing export potential. Active participation in the «Belt and Road» Initiative and the Eurasian Economic Union (EAEU) will improve transport and trade links with China and other ECO countries, and simplify trade procedures and market access in member countries. Establishing joint ventures with neighboring countries to produce high-value-added goods and developing

regional logistics hubs to store and distribute goods across ECO regions are also important steps. Participation in regional initiatives on sustainable development and ecology helps improve relations and strengthen economic ties.

Finally, support for innovation and technology is necessary to increase competitiveness in international markets. Increasing investment in research and development (R&D) to create new products and technologies, supporting startups and companies working in high technology and innovation, creating technology parks and innovation centers will help develop new technologies and goods. All these measures will allow Kazakhstan to effectively realize its export potential within the ECO.

### **Stimulating investment in processing industries**

ECO countries should invest in the processing of agricultural products and metals, which will increase the added value of exported goods and create new jobs. In turn, the establishment of joint ventures with the participation of ECO countries, especially in the textile and mechanical engineering industries, will improve production capacity and expand the range of exported goods.

In order to attract mutual investments, it is also proposed to establish links between the Investment Promotion Agencies of the ECO member countries and the investment commissioners in the foreign missions. Each individual agency is required to jointly conduct sectoral and regional analysis to determine the most competitive niches of each country. Jointly conducting such an analysis allows us to identify the strengths of each country and determine promising sectors for investment. Based on this data, it is possible to develop targeted investment proposals that will best meet the needs of potential investors and business partners in the ECO countries.

It is necessary to consider the creation of a single information portal for investors from ECO countries, which will contain all the necessary information on investment opportunities, legal requirements and procedures, and would also contribute to raising awareness and facilitating the decision-making process for investors. This site should provide access to information on deposits, available land plots, available resources, transport and utility infrastructure, ongoing investment projects, etc.

In order to improve the investment climate, the regulatory environment should be improved, simplifying the procedures for registering a business and obtaining licenses for investors from the ECO countries. In particular, the «Green Corridor» tool can be used in practice, allowing for accelerated permitting procedures for launching an investment project. This tool also provides the opportunity to provide for a moratorium on business inspections during the construction period and for a year after the facility is put into operation.

In addition, it is possible to consider the mechanism of «Political Risk

Insurance» (PRI), which is a country risk management tool in international investment, designed to protect investors from losses due to adverse political events and government actions.

Currently, there is insurance for export activities in Kazakhstan, but there is no insurance for investor activities. In order to increase investor confidence, it is proposed to consider the possibility of a mechanism for insuring political risks. Such insurance may include:

- Losses arising from a breach or failure to perform a contract by a government (such as a concession agreement or a power purchase agreement);
- Loss, damage, destruction or disappearance of tangible assets, as well as complete business interruption, caused by politically motivated acts of war or civil unrest in the country;
- Losses caused by undesirable legislative acts of government bodies.

This instrument is successfully used in world practice. In 1988, an autonomous international institution was created – the Multilateral Investment Guarantee Agency (MIGA), which promotes the development of foreign direct investment in developing countries. Since 1988, the volume of guarantees issued by MIGA has amounted to about 20.2 billion US dollars, which contributed to the placement of more than 50 billion US dollars of foreign direct investment in 96 developing countries.

In general, it is important to understand that ECO member countries are linked not only by economic and trade relations, but also by cultural and diplomatic ties. In this regard, it is worth believing that the use of soft power through **strengthening multilateral diplomacy and cultural ties** will contribute to deepening mutual understanding and cooperation among ECO countries.

Regular cultural festivals, art exhibitions, film festivals and literary readings in Kazakhstan and ECO countries, representing the cultural heritage of each country, will allow the population of ECO countries to better know and appreciate the cultural diversity of the region. Educational programs and student and faculty exchange programs between universities in Kazakhstan and ECO countries can have a huge impact on deepening friendly ties.

Initiate joint scientific projects and conferences in which scientists from Kazakhstan and ECO countries can discuss current issues and develop innovative solutions. This will increase the scientific potential of the region and promote the development of technological cooperation.

Strengthening strategic cooperation between Kazakhstan and the countries of the Economic Cooperation Organization is of great importance for regional stability and economic development. The ECO region, covering important geographical territories, plays a key role in transport, energy and trade routes connecting the East and the West. Cooperation in such areas as



security, energy and transport infrastructure not only contributes to economic growth, but also strengthens international ties, increasing the overall level of development and welfare of the participating countries.

Economic cooperation within the ECO opens up new opportunities for trade and investment, which is extremely important for the diversification of Kazakhstan's economy. Improving trade relations and deepening economic integration contribute to the creation of a regional market with freer movement of goods, services and capital. This, in turn, increases the competitiveness of countries, stimulates innovation and attracts foreign investment, creating new jobs and improving the quality of life of the population.

Cultural and educational initiatives within the ECO contribute to strengthening mutual understanding and respect among the peoples of the region. Exchanges in the fields of art, science and education enrich cultural diversity and promote peaceful coexistence among different ethnic and religious groups.

At the same time, deepening cooperation among ECO countries is also critical to ensuring regional security. Joint efforts to combat transnational threats such as terrorism, organized crime and drug trafficking contribute to a more secure and stable environment in the region. Countries that work together to ensure security and stability can better protect their national interests and promote peaceful development, which is the basis for progress at all levels of society.