



## Market profile

Central Asia has a population of over 76 million, consisting of five republics: Kazakhstan (pop. 19 million), Kyrgyzstan (7 million), Tajikistan (10 million), Turkmenistan (6 million), and Uzbekistan (34 million).

Being richly endowed with natural resources from the geostrategy position the Central Asia considered as is an ethnic cauldron, prone to possible instability and rather a mixture of historical cultural influences, tribal and clan loyalties, and religious fervor. Projecting influence into the area is no longer just Russia, but also Turkey, Iran, China, Pakistan, India and the United States.



It is a really diverse region with a mix of upper middle and low income countries with major strategic importance due to their geographic location and natural resource endowments. Most prominent countries from the business perspective are Kazakhstan and Uzbekistan. The economies of other 'stan countries of the region rely on international financial institutions funding mainly. Increases in policy uncertainty could undermine business and investor confidence in the region.

Country	Surface area, thousands sq km	Population, mln in 2021	Population density per sq km	GNI per capita, US\$* 2020	FDI, million US\$* 2020	Ease of DB index	Fertility rate	Life expectancy
<b>Kazakhstan</b>	2 724	19,4	7	9 122	7 406	25	2,7	72,3
<b>Kyrgyzstan</b>	200	6,7	33	1 175	-401,5	80	3,0	71,0
<b>Tajikistan</b>	141,4	9,9	66	859	106,5	106	3,6	71,0
<b>Turkmenistan</b>	488	6,2	13	7 612	1 169	n/a	2,8	68,0
<b>Uzbekistan</b>	447,4	34,4	74	1 751	1 731	69	2,5	71,4

\* Gross National Income, Foreign Direct Investments

Sources: OECD, World Bank, UNCTAD

## Economy and business structure

Central Asia, though referred to as a single region, consists of five culturally and ethnically diverse countries that have followed different political and economic transformation paths since independence from the Soviet Union. Kazakhstan and Kyrgyzstan have in relative terms made strides in market reforms, while Turkmenistan and Uzbekistan still have not completed their transitions to a market economy and Tajikistan represents an intermediate case.

After experiencing more than a decade of growth based on hydrocarbon booms, Central Asian countries are faced with increasing challenges resulting from falling commodity prices, declining trade and lower migrant remittances. The main policy challenge is to move away from commodity-based growth strategies to macro-oriented diversification and adoption of a broad spectrum of economic, institutional and political reforms. However, structural diversification is easier said than done.

The major obstacles to political reform and economic diversification in the five Central Asian economies are internal and external geopolitical factors and deeply embedded institutional weaknesses within countries, particularly in areas where economic management interacts with authoritarian political systems and legal institutions.

### Trade and Economic Integration

Organization	Kazakhstan	Kyrgyzstan	Tajikistan	Turkmenistan	Uzbekistan	Membership
World Trade Organisation (WTO)	Yes	Yes	Yes	No	No	Uzbekistan is an observer
Commonwealth of Independent States (CIS)	Yes	Yes	Yes	No	Yes	All former Soviet Union states except Baltics, Georgia, Turkmenistan and Ukraine
Eurasian Economic Union	Yes	Yes	No	No	No	Armenia, Belarus, Kazakhstan, Kyrgyzstan and Russia
Economic Cooperation Organisation	Yes	Yes	Yes	Yes	Yes	Afghanistan, Azerbaijan, Iran, Pakistan and Turkey
Shanghai Cooperation Organisation	Yes	Yes	Yes	No	Yes	

Macroeconomic indicators of Central Asia, affected by COVID pandemia

Indicators, 2021	Kazakhstan	Kyrgyzstan	Tajikistan	Turkmenistan	Uzbekistan
GDP growth, %	3,2	2,09	5,0	4,5	6,1
GDP per capita, US\$	10,144	1,224	839	8,843	1,901
Unemployment rate, %	4,8	6,6	2,3	3,9	6,9
Inflation, % (ave)	7,5	12,9	7,9	12,4	10,9

Source: IMF report

## Key industries and their trends

The geo-economic importance of the whole of Central Asia as an important transit and communication hub between the East and West definitely concerns the development of logistics industry, especially "One Belt-One Road, New Silk Road" project, which is vital for all 'stan countries and neighbors. Russian invasion to Ukraine has led to the revision of existing routes via the Russian Federation and importance of alternative options. Currently each Central Asian country tries to revise their economical strategic plans and minimize dependence of Russian import to them.

### In Kazakhstan

- Extractive industry (oil&gas, mining)
- Agriculture
- Transportation & Logistics
- Construction
- ICT

KZ Government jointly with the World Bank identified 5 priority sectors to maximize FDI's impact on the economy:

- Infrastructure (transportation, logistics, ICT)
- Agriculture (rural economics, stockbreeding, food processing) and consumer goods industry
- Mining and metal sectors
- Chemical & Petrochemical industries
- Machinery & Equipment industry

### In Uzbekistan key industries are:

- Textiles
- Food processing
- Machine building
- Metallurgy
- Mining
- Hydrocarbon extraction
- Chemicals

According to the state authorities in Uzbekistan such industries as tourism, agriculture, textiles, construction, oil and gas have recently become the most popular sectors of the economy among foreign investors. But they underlined that Uzbekistan is interested in expanding diverse investment cooperation in such industries as energy (renewable sources), aviation (aircraft and airports), logistics and transportation, water management and chemical industry (modernization), in social aspect - education and healthcare.

## Important things to consider when doing business in the Central Asia

The business etiquette slightly differs from country to country in the Central Asia and depends on economic welfare of the country. Being oriental countries, all 'stan countries unite one custom: "yes" does not mean "yes", it means "may be", especially at first meetings. Direct refusals are not accepted and are seen as rude.

As in family life, the business world in the Central Asia and Kazakhstan is defined by a strict hierarchy. Therefore all decisions will be made by senior management in a "top-down" manner, so you should avoid

trying to press too hard for a commitment unless you are dealing with the upper echelons of the company (authority) or the business owner.

It is essential to spend time establishing a good working relationship and building trust with Central Asian people, since everything depends on personal relationships. Hospitality is common custom for the Central Asian society.

## Annual main trade shows and events

Check the exact dates from our office

Event	Event Date	Sector/Theme
<b>Astana Mining and Metallurgy Congress</b>	June 16-17, 2022	Mining & Metallurgy
<b>Aqua Therm Almaty</b>	September 07-09, 2022	Communal and industrial heating, water supply, sanitary, air - conditioning, ventilation equipment
<b>KazKomak 2022, Almaty</b>	September 20-22, 2022	Road and Heavy Construction, Communal Machinery Exhibition
<b>TransLogistica 2022, Almaty</b>	September 20-22, 2022	Transport & Logistics
<b>Mining &amp; Metals Central Asia</b>	September 20-22, 2022	Mining Exploration & Mining Equipment Exhibition
<b>KIOGE 2022, Almaty</b>	September 28-30, 2022	International "Oil & Gas" Exhibition and Conference
<b>PowerExpo 2022 Almaty</b>	September 28-30, 2022	Energy, Electrical Equipment and Machine Building
<b>KazAgroFarm 2022, Nur-Sultan</b>	October 10-12, 2022	Agricultural machinery and equipment, farming and livestock
<b>Kazakhstan Security Systems, Nur-Sultan</b>	October 10-12, 2022	Security & Civil Protection
<b>AgroWorld Kazakhstan</b>	November 02-04, 2022	16th Central Asian International Agriculture Exhibition
<b>Central Asia Plast World, Almaty</b>	November 23-25, 2022	Plastics Exhibition
<b>Digital Forum Astana</b>	July 2022, Not confirmed yet	ICT & Digitalization

## Market data sources and other useful links

### Countries information

- [Search – All World Bank Multimedia](#)
- [Central Asia | EEAS Website \(europa.eu\)](#)
- [Central Asia - The World Factbook \(cia.gov\)](#)
- [Central Asia Regional | U.S. Agency for International Development \(usaid.gov\)](#)
- [Countries | EBRD TR 2020 \(tr-ebrd.com\)](#)
- Invest in Kazakhstan
- [Invest In Kazakhstan - Main](#)
- Invest in Uzbekistan
- [Invest In Uzbekistan - инвестиции в Узбекистан \(invest-in-uzbekistan.org\)](#)
- 
- Doing business World bank reports about countries
- [Doing Business 2020 \(worldbank.org\)](#)
- [Statista - The Statistics Portal for Market Data, Market Research and Market Studies](#)

- Kazakhstan Chamber of Commerce  
<https://atameken.kz/en>
- Uzbek Chamber of Commerce and Industry  
<http://www.chamber.uz/en/index>
- Patents and brands in the Central Asia  
<https://www.ip-coster.com/IPGuide.aspx>
- Intellectual property in Kazakhstan  
<https://kazpatent.kz/en>
- Intellectual property in Uzbekistan  
<http://www.ima.uz/en/>

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## Team Finland in Uzbekistan

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