



COVID-19 PANDEMIC AND REMITTANCES TO CENTRAL ASIA

From the very beginning, the negative impact of the current COVID-19 pandemic on international human mobility, particularly labor migration, due to closed borders and travel restrictions would seem unavoidable, as the United Nations report suggested, between July 2019 to June 2020 alone international migration decreased by about 27 percent, with the overall number of the migrants reaching 280.5 million. Out of them, the international migrant workers made up about 169 million or about 5 percent of the world's workforce, and, subsequently, their employment, welfare, social remittances and even the economies of their countries of origin were expected to be affected by the global pandemic. Already in April 2020, the report by the International Organization for Migration (IOM) would lay out a rather pessimistic scenario for the migrant workers in Central Asia and the Russian Federation, considering them "among the most severely impacted by the COVID-19 pandemic," as the declining remittances by the estimated 7.6 million Central Asian migrants all over the world would severely impact Central Asian economies, leading, for instance, to a loss of about 5 percent of GDP or 361 million USD for Kyrgyzstan alone.

The recent World Bank estimates revealed a relatively smaller decline of 1.6 percent in officially recorded remittance flows to the so-called low- and middle-income countries (LMICs) in 2020 (540 billion USD) compared to 2019 (548 billion USD), however, the remittances to Europe and Central Asia declined by 9.7 percent, far above the global average. It should also be noted that even prior to the global pandemic, annual remittances to Central Asia were steadily falling, as they declined by 46 percent between 2013 and 2016 due to the return of millions of workers from abroad, causing a sensible drop in Central Asian GDP growth. This

seemed partially due to the declining Russian economy, the principal destination of the Central Asian migrant workers, which in turn caused unemployment and economic hardship in the region. This is especially worrying, since the World Bank reports are not very optimistic about the revival of the Russian economy and project moderate recovery only around 2022.

However, in April 2020 at the onset of the global pandemic, the World Bank report projected the remittances to LMICs to drop by 19.7 percent globally and 27.5 percent for Europe and Central Asia, making it the highest decline among the global sub-regions. Although the relatively low decline in global remittances was partially linked with the necessity to transfer remittances through formal channels due to global travel restrictions, some see extensive governmental support in rich countries as the drive behind unexpectedly strong remittance flows, which might be the reason behind the relatively high decline of remittance flows to Central Asia, since Russia, the primary destination for Central Asian migrant workers, did not provide noticeable governmental support. The reason for strong remittance flows might be a bit gloomier according to the United Nations Secretary-General António Guterres' message on the International Day of Family Remittances, as he notes that "migrants put the needs of their families first, curtailing personal consumption and drawing on savings". Nevertheless, despite 25 percent drop in the first half of 2020, the remittances sent from Russia by millions of Central Asian workers, which at times amounted to up to 30 percent of some regional countries' GDP, had proven vital in easing the economic and social impact of the COVID-19 pandemic throughout Central Asia. Some, however, see the remittance-dependent nature of the Central Asian economies as a vulnerable and not completely

sustainable model, which became especially sensitive during the COVID-19 pandemic, since, according to 2019 data, 28.6 percent Tajikistan's GDP, 28.5 percent of Kyrgyzstan's GDP and 14.8 percent of Uzbekistan's GDP relied on remittances, particularly from Russia. Moreover, in 2019 Tajikistan and Kyrgyzstan became the fourth and fifth most remittance-dependent economies in the world regarding the percentage of GDP after only Nepal, Haiti, and Tonga.

With remittance accounting for only 0.3 percent of the GDP, Kazakhstan is rather a destination country for Central Asian workers, nevertheless, the official remittances to Kazakhstan increased between 2012 and 2019 from 276 million USD to 614 million USD, with those from South Korea, for instance, increasing sixtyfold from 1.7 million USD in 2012 to 105 million USD in 2019. At the same time, despite the global pandemic, the remittances from Kazakhstan increased by 20 percent to 787.7 billion KZT (approx. 1.89 billion USD) compared to 2019, with Russia (27.1 percent), Kyrgyzstan (21 percent), Uzbekistan (19.5 percent) and Turkey (17.4 percent) being the primary destinations.

As for the remittance-dependent countries in the region whose wellbeing, employment health and certain sectors of economy were severely hit by the COVID-19 pandemic and the disruption of labor migration and remittance flows, the implementation of domestic economic reforms and facilitation of stable business environment would seem as a vital step towards mitigating strong reliance on foreign countries. Besides, in addition to the monetary transfers, the heavy and constant reliance on remittances is often accompanied with the so-called "social remittances" that brings in the modification of ideas, practices and identities, which could potentially lead to socio-political strife.

Politics, Foreign Affairs, and Security

- Taliban continues to strengthen its position in Afghanistan. The movement controls over 70% of the border with Tajikistan. However, according to the representative of the Taliban Zabiullah Mujahid, the movement guarantees Tajikistan security and non-interference. At the same time, Mujahid called for dialogue with the government of Afghanistan to solve the remaining problems through negotiations. He mentioned that the movement had a negotiating team in Qatar, which was waiting for the Afghan government to come and talk (UzReport, 08.07.2021).
- The President of Uzbekistan Shavkat Mirziyoyev called Founding President of Kazakhstan Elbasy Nursultan Nazarbayev to congratulate Elbasy on his birthday and to discuss the state of bilateral affairs. Mirziyoyev mentioned the special role and great contribution of Nursultan Nazarbayev to strengthening the Uzbek-Kazakh relations. The politicians also discussed priority projects in the field of trade, industry, agriculture, transport and logistics. They paid special attention to the issues of the Central Asian regional agenda including aggravation of the situation in Afghanistan (Kun.uz, 06.07.2021).
- Recently, the President of the 75th session of the United Nations General Assembly Volkan Bozkir visited Turkmenistan, where he had several meetings with high level politicians including with the country's President Gurbanguly Berdimuhamedov. The parties discussed cooperation issues between Turkmenistan and the United Nations, including climate change, gender equality, food security, social development and digitalization. The politicians also considered the Central Asian regional agenda and mentioned the importance of the UN Regional Center for Preventive Diplomacy for Central Asia (Trend, 05.07.2021).
- Turkey, Azerbaijan and Georgia are planning to join the Eternity-2021 military exercises on October 4-8, 2021. The drills aim to strengthen mutual cooperation and ensure interoperability between the armed forces of the three countries. The drills are considered to be significant in terms of ensuring the security of joint strategic projects of international importance passing through the territories of the three countries. The Defense Ministries held the first meeting on planning the drills (AzerNews, 09.07.2021).
- The President of Russia Vladimir Putin had a telephone conversation with his Tajik counterpart Emomali Rahmon and discussed the situation on the border between Tajikistan and Afghanistan. Putin confirmed his readiness to provide Tajikistan with the necessary support both bilaterally and within the framework of the Collective Security Treaty Organization (CSTO). In addition, the leaders expressed a mutual disposition to further strengthen Russian-Tajik relations (Russian.rt.com, 05.07.2021).
- The President of Ukraine Volodymyr Zelensky had a telephone conversation with the President of Turkey Recep Tayyip Erdogan. The leaders discussed the strategic partnership between the two states and exchanged views on the importance of deepening cooperation in the field of security and defense. Zelensky thanked Turkey for its strong support for Ukraine on the path to gaining full membership in NATO, in particular during the Brussels summit of the Alliance. The leaders also noted the intensification of the work on finalizing the Agreement on a free trade zone between Ukraine and Turkey (Interfax.com.ua, 08.07.2021).

Economy, Finance, and Energy

- Kazakhstan's automotive industry demonstrates promising results. During the five months of 2021, domestic car sales reached 28.5 thousand units. In 2020, the numbers of produced and exported cars correspondingly equaled 67 and 8 thousand units. The main markets for Kazakhstan's cars are Uzbekistan and Russia. The annual growth rate of the sector varies from 15% to 20%. It is expected that the annual capacity of the sector will exceed 100 thousand cars (Qazaq TV, 07.07.2021).
- The construction sector of Uzbekistan shows significant growth. During the 5 months of 2021, the value of construction works in the country amounted to \$3.5 billion, increasing by more than 100% compared to the same period last year. Shares of the state-owned organizations and the private sector in total construction works correspondingly equaled 4% and 96%. It is important to note that small enterprises and micro-firms carried out construction works worth \$2.1 billion (UzReport, 10.07.2021).
- The Minister of Foreign Affairs of Kyrgyzstan Ruslan Kazakbaev had a meeting with Azerbaijan's Prime Minister Ali Asadov. The parties agreed to strengthen bilateral cooperation through the joint intergovernmental commission on trade and economic cooperation. They discussed measures to increase bilateral trade flows, which surged by 67% during the past five months. However, the trade turnover remained low and equaled \$3.6 million. The parties also considered issues on the creation of a joint investment fund (AzerNews, 05.07.2021).
- One of the biggest energy companies of Russia, Rosneft discovered a large gas condensate field in the Republic of Sakha, Russia. The total reserves are estimated at more than 40 billion cubic meters of gas and 2 million tons of gas condensate. These reserves were put on the balance of the State Commission on Stocks. Experts created a regional geological model of the field, assessed the resource potential, and carried out field seismic surveys (TASS, 09.07.2021).
- During five months of 2021, Belarus' exports of agricultural products increased by 11.3% compared to the same period of the last year, amounting to \$2.5 billion. Belarus supplies its food and agricultural products to 93 countries. The growth rate of export to the Commonwealth of Independent States region was the lowest and equaled 6.2%. Growth in exports to the markets of the African countries, European Union, Asia and Oceania, and American and Caribbean countries varied from 25% to almost 86% (BelTA, 08.07.2021).
- A business delegation led by the Mayor of Hatay Province of Turkey Lutfu Savas recently visited Kyrgyzstan, where conducted a meeting with the country's Minister of Investments Almambet Shykmamatov. The Minister presented investment opportunities in Kyrgyzstan and proposed to open joint ventures. Turkey's business circles are interested in the market of the Eurasian Economic Union and in the creation of industrial zones in Kyrgyzstan. The parties signed an agreement on bilateral cooperation and implementation of investment projects (Kabar, 06.07.2021).

Society and Culture

- An exhibition entitled "Yunus Emre - the standard-bearer of the civilization of love" was opened at the National Museum of the Democratic Republic of Congo. The event was held within the framework of the Year of the Turkish Language and Yunus Emre announced by the President of Turkey Recep Tayyip Erdogan, on the occasion of the 700th anniversary of the great Turkic thinker and poet Yunus Emre and became the first TURKSOY event on the African continent. Before the opening of the exhibition, TURKSOY and the Ministry of Culture, Art and Heritage of the Democratic Republic of the Congo signed a cooperation agreement (Turksoy.org, 05.07.2021).
- An Honorary Consulate of Kazakhstan was opened in Podgorica, the capital of Montenegro. The ceremony was attended by city authorities, representatives of the Ministry of Foreign Affairs of Montenegro, diplomats and the media. The Honorary Consulate was opened to provide operational support and assistance to Kazakh citizens, as well as promoting the development of tourism, business and cultural ties between Kazakhstan and Montenegro (Forbes.kz, 08.07.2021).
- The Embassy of Mongolia in Ankara presented a Mongolian contemporary art exhibition in one of the shopping malls, Ankara between July 1-11, 2021. The event was held in commemoration of the 100th Anniversary of the People's Revolution in Mongolia. In 1921, Mongolian patriots led by Damdin Sukhbaatar liberated the country from foreign invasion and regained its independence for the second time. The exhibition will be later performed in other major Turkish cities such as Istanbul and Gaziantep (Mongolianembassy.com.tr, 05.07.2021).
- An agreement for the implementation of the "Green Rehabilitation Investment Project for Karakalpakstan Republic to address impacts of the Aral Sea Crisis" was signed by the Korean Development Agency (KOICA) and the Global Green Growth Institute (GGGI). The aims of the project include addressing the adverse impacts of the Aral Sea ecological crisis on population and establishing viable measures to pursue disaster-resilient sustainable livelihood for communities of the most affected districts. This project will be implemented from July 1, 2021 – June 30, 2024, and has a budget of \$5.6 million (Smartwatermagazine.com, 07.07.2021).
- More than 1,000 refugees from Afghanistan's Badakhshan province crossed the Tajik-Afghan border and fled into Tajikistan's Gorno Badakhshan Autonomous Region (GBAO) as the Badakhshan province was increasingly coming under the control of the Taliban. This permission was recognized as a gesture of "humanity and good neighborliness" and was appreciated by international organizations. Tajik border personnel continue to admit Afghan troops and civilians seeking refuge in Tajikistan (ASIA-Plus, 07.07.2021).
- The issues of enhancing cultural ties between Azerbaijan and Georgia were discussed during the meeting of Azerbaijan's Minister of Culture Anar Karimov with the Georgian Minister of Culture, Sports and Youth Affairs Tea Tsulukiani. During his visit to Georgia, Minister Karimov also met with Georgian Deputy Prime Minister and Foreign Minister David Zalkaliani, the Georgian Parliament Speaker Kakha Kuchava and other ranking Georgian officials. The sides stressed the importance of strengthening cultural ties between the two countries and exchanged views on other issues of mutual interest (Azernews, 08.07.2021).