

Russia Is Pulling Down Ex-Soviet Neighbors' Economies

By [The Moscow Times](#)

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TBILISI — Russia's economic contraction will curb the growth prospects this year for ex-Soviet republics in central Asia and the Caucasus, the European Bank for Reconstruction and Development (EBRD) said Thursday.

Declining remittances from migrant workers in Russia will take a heavy toll on countries from Armenia to Tajikistan, while oil producers such as Kazakhstan and Azerbaijan also have to wrestle with sharply lower global crude prices.

The EBRD released forecasts for the region during its annual meeting, held this year in the Georgian capital Tbilisi.

"As the Russian economy has declined, remittances from Russia to Central Asia and to eastern Europe and the Caucasus have been declining at an alarming rate," the EBRD said.

Data from the first quarter of 2015 suggest the remittances — which account for as much as 42 percent of the Tajik economy — might be declining even faster than during the 2009 global financial crisis, it said in a report.

"This trend is likely to continue in the following three quarters."

Russia's economy, buffeted by the slump in oil prices and by Western sanctions imposed over Moscow's role in the Ukraine crisis, is expected to contract by 4.5 percent this year.

Oil-rich Kazakhstan, the largest Central Asian nation by territory, will see growth slow to 1.5 percent from 4.3 percent last year and then pick up to 2 percent in 2016, the EBRD said.

Uzbekistan, the region's most populous country with 30 million people, is seen expanding this year by 7 percent and by 7.2 percent next year, down from 8.1 percent in 2014.

Migrant Workers

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Roughly half of the workforce in Kyrgyzstan and Tajikistan are also estimated to be working abroad, mainly in Russia, where the ruble shed up to 40 percent of its value versus the dollar last year before recouping some losses. It is now down about one-third since the Ukraine crisis erupted in early 2014.

About 1 million Kyrgyz and 1.2 million Tajiks — roughly half of the two countries' workforce — were estimated to be working abroad, mainly in Russia, before the ruble's plunge.

The Kyrgyz economy is projected to grow by 3 percent in 2015 and 3.1 percent in 2016, down from 3.6 percent last year. Tajik growth is forecast at 3.8 percent both this year and in 2016, down from 6.7 percent in 2014, the EBRD said.

Turkmenistan, holder of the world's fourth-largest natural gas reserves and a major exporter of the commodity to China, is expected to grow by a still-robust 9.5 percent in 2015 and by 10 percent next year, down slightly from 10.3 percent in 2014.

The Caucasus region is also vulnerable to Russia's woes.

Growth in Georgia, which is criss-crossed by pipelines carrying Caspian oil and gas from Azerbaijan to Europe, is put at 2.3 percent for 2015, down from an earlier forecast of 4.2 percent, and at 2.6 percent next year, the EBRD said.

Azerbaijan, where oil and gas generate 75 percent of state revenues, is seen growing by 1.5 percent this year and next.

Neighboring Armenia, heavily dependent on aid and Russian investment, will contract by 1.5 percent this year and grow by 1 percent in 2016, the EBRD predicted.

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