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IMF's Oct'26 WEO: Russia's Backyard Boom

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By **Manasee Kurlekar** | October 14, 2026



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Kyrgyzstan is forecast at 9.0%, Uzbekistan at 7.8%, Tajikistan at 7.3% and Georgia at 7.2%. Kyrgyzstan is coming off two straight years of roughly 11%. The IMF's own explanation is one

line: the Caucasus and Central Asia "continue to experience favorable growth tailwinds from commodity prices, remittances, and reform momentum."

Read that list again with a map in hand. Much of what is lifting these economies runs through Moscow.

The boom is cooling: five of the seven neighbours grow more slowly in 2026 than in 2025, Kyrgyzstan and Kazakhstan by about two points.

Three engines, one hub

1. **The back door for goods.** Kyrgyzstan, Armenia and Kazakhstan sit inside the Eurasian Economic Union with Russia, ***so goods cross with no customs checks***. Cars, electronics and equipment from China and Europe flow in and on to Russia. The Asian Development Bank estimates 30–40% of Kyrgyzstan's growth over the past four years is linked to these re-exports. EU exports to Kyrgyzstan are about eight times their 2021 level.
2. **The pay packet from Moscow.** Millions of Central Asians work in Russia, and Russia's war economy is short of labour. Tajikistan received an estimated \$9.2 billion in remittances in 2025, about 52% of GDP and the highest share in the world. Uzbekistan took a record \$9.2 billion in just the first half of 2026, nearly 70% of it from Russia.

3. Gold and a building boom. Gold is Kyrgyzstan's main export and Uzbekistan's largest, and prices have been high. Governments are recycling the windfall into roads, airports, housing and energy, from Kyrgyz state construction to Tajikistan's Rogun dam.

Not all of this is borrowed from Russia. Uzbekistan's exports excluding gold rose almost 30%, mostly to China and its neighbours, and reforms are real. But strip out the Russian channel and the region's numbers look ordinary.

The cracks are already showing

Armenia is the preview. It was the first big re-export winner, growing 12.6% in 2022. The IMF now has it at 5.5% for 2026, and first-quarter growth was just 4.0% as the Russian channel

narrowed ([Caspian Post](#)).

Brussels is closing the door. In April 2026 the EU triggered its anti-circumvention tool against Kyrgyzstan, banning certain machine tools and radio equipment. In July it added Kyrgyz firms to its enhanced export-restriction list. EU exports to Kyrgyzstan have already slipped from \$3.1 billion in 2023 to about \$2.5 billion.

The hub itself is stalling. Russia grew 1.0% in 2025 and the IMF sees 0.9% in each of 2026 and 2027. A labour market that cools means fewer jobs, and fewer roubles sent home.

Signs of overheating. The IMF puts Kyrgyz inflation at 12.7% in 2026 and Uzbek inflation at 6.9%. The World Bank notes over 60% of private-sector jobs in Uzbekistan, Kyrgyzstan and Tajikistan are informal, a share that has barely moved in five years. Fast growth has not yet built many formal jobs.

WBW take

Sanctions were meant to shrink Russia's economy. Instead they reshaped the trade map around it, and the toll-booth economies on its border collected. Central Asia's growth is partly a measure of how much commerce has rerouted, not only of how much it has built.

That makes these the most Russia-dependent boom numbers in the IMF table. Watch three things in 2027: EU enforcement on transit trade, remittance data out of Tashkent and Dushanbe, and whether Kyrgyz growth follows Armenia's slide.

Read online: <https://worldbusinesswatch.com/global-business-pulse/27/256/imfs-oct26-weo-russias-backyard-boom.html>

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