



Challenges and opportunities for trans-border livestock value chains in Central Asia

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Overview

- Trade opportunities & challenges in Central Asia
- Trade potential in livestock
- The Trans-Livestock project: local trade at the Tajik-Uzbek border

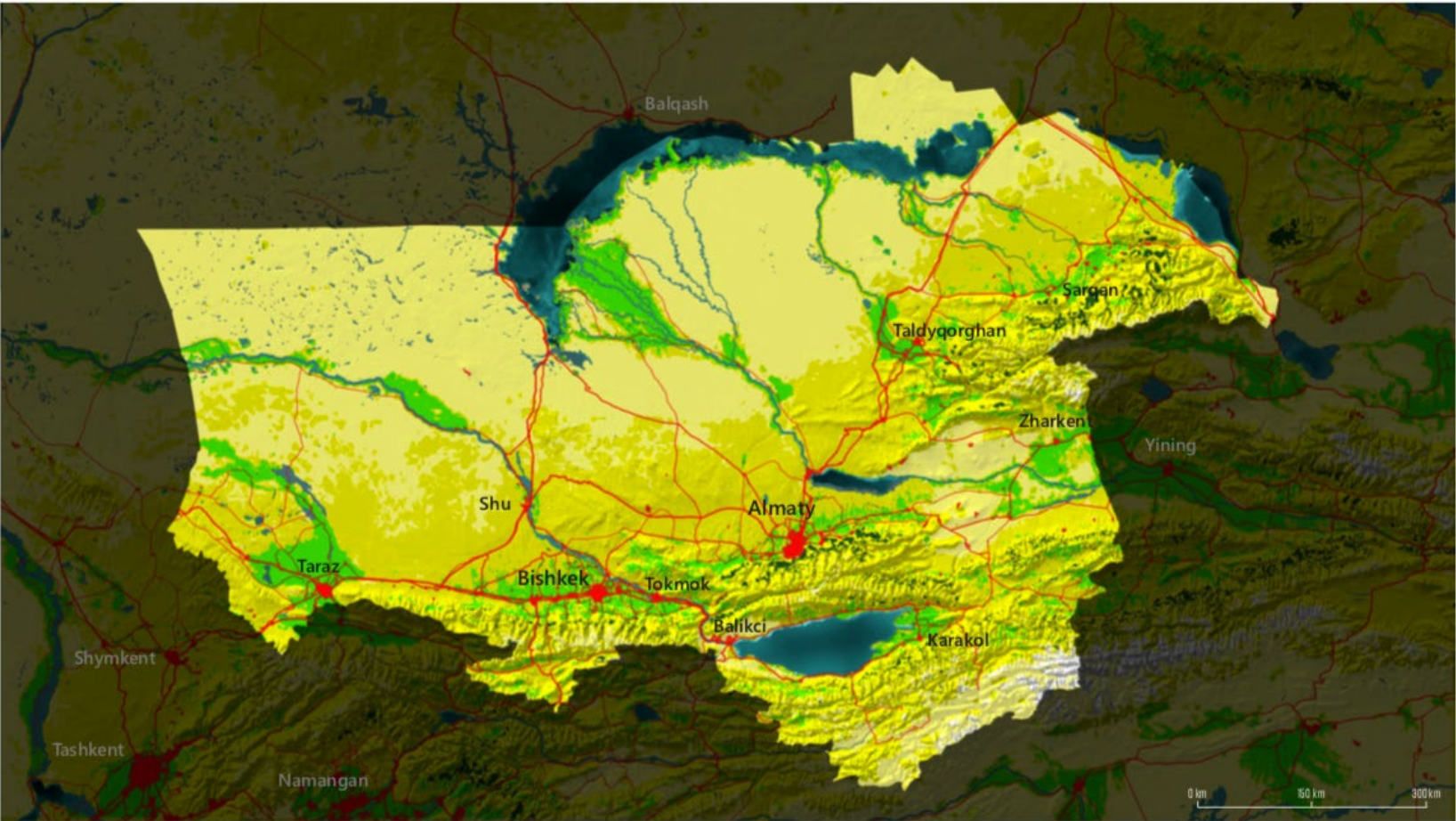
Trade opportunities & challenges in Central Asia

The New Silk Road



Source: Bird et al 2020.

Almaty-Bishkek Economic Corridor



Source: <https://www.almaty-bishkek.org/agribusiness&lang=en>

3.2 THE ALMATY-BISHKEK ECONOMIC CORRIDOR

Provincial Level
LAND COVER



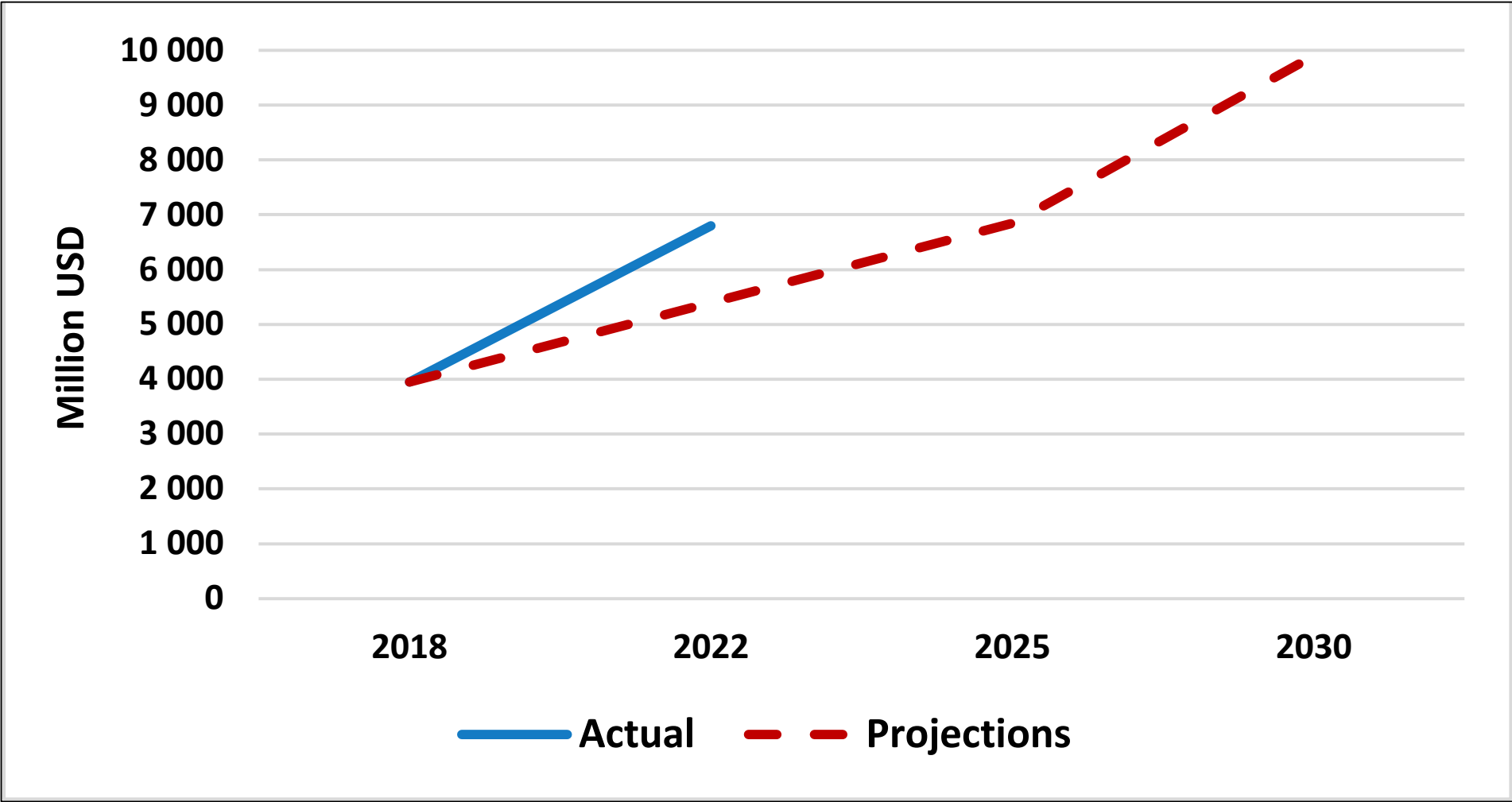
Source: Global Cover <http://geo-wiki.org>

The Shymkent– Tashkent–Khujand Economic Corridor



Source: ADB 2021.

Trade between STKEC economies 2018 - 2030



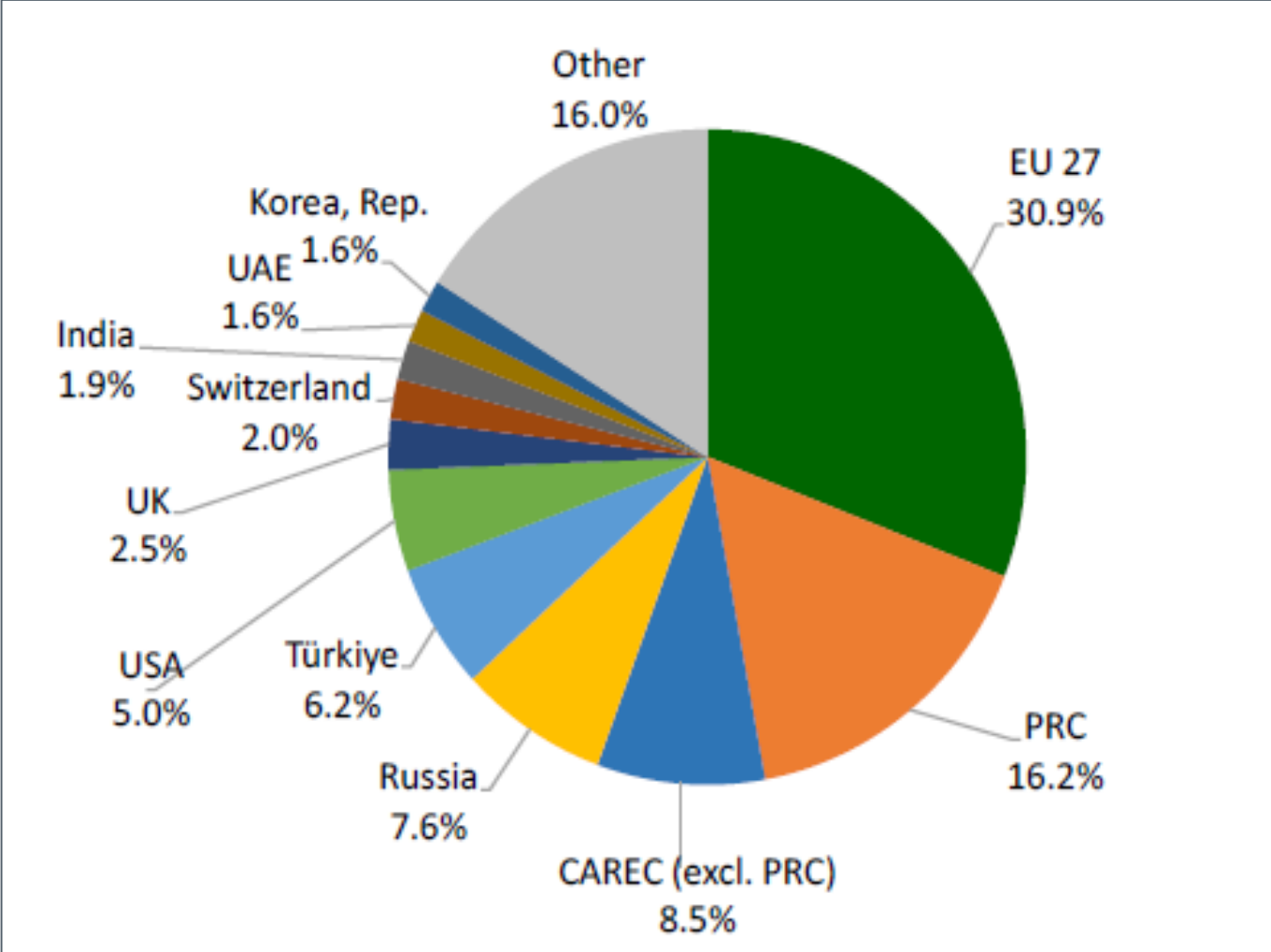
Source: Mogilevskii 2023, ADB.

Recent shocks

- Covid-19 pandemic & recovery
- Climate-related shocks, e.g. 2021 drought in Central Asia
- Regime change in Afghanistan in 2021
- Russian invasion of Ukraine 2022 ongoing
- Uzbekistan accession to CIS FTA in 2021

Based on Mogilevskii 2023

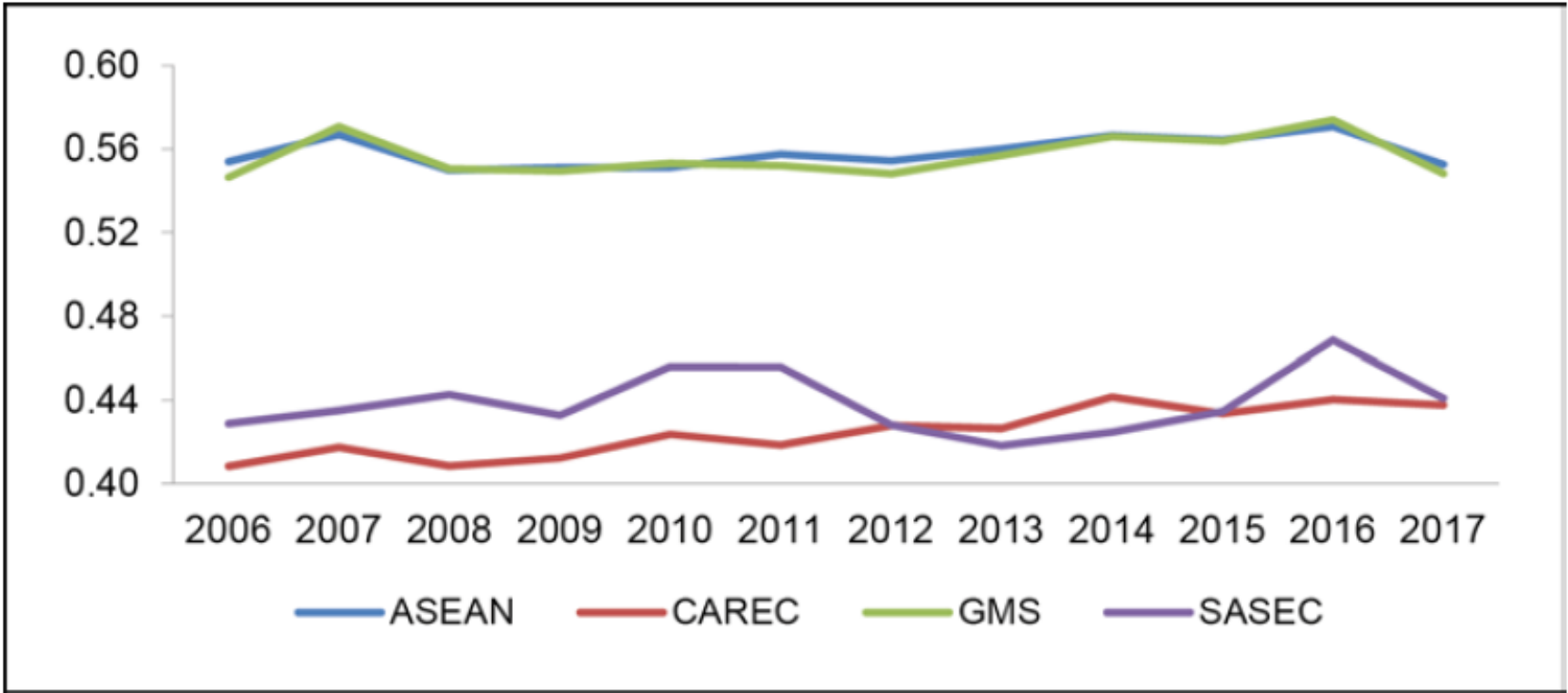
Where did CAREC countries export to in 2021?



CAREC countries:
Afghanistan, Azerbaijan, PR China, Georgia, Kazakhstan, Kyrgyzstan, Mongolia, Pakistan, Tajikistan, Turkmenistan, Uzbekistan

Source: Holzacker et al. 2023, fig 20.

Figure 1: Asia-Pacific Regional Cooperation and Integration Index by Subregional Initiatives



ASEAN = Association of Southeast Asian Nations, CAREC = Central Asia Regional Economic Cooperation, GMS = Greater Mekong Subregion, SASEC = South Asia Subregional Economic Cooperation.

Source: ADB (2019).

Source: Kim & Mariano 2020, ADB.

KYRGYZSTAN



Bad Company: Are Kyrgyzstan's Smuggling Kings Being Legitimized?



Source: <https://www.rferl.org/a/kyrgyzstan-smuggling-japarov-matrimov-abdukadyr/32320009.html> .

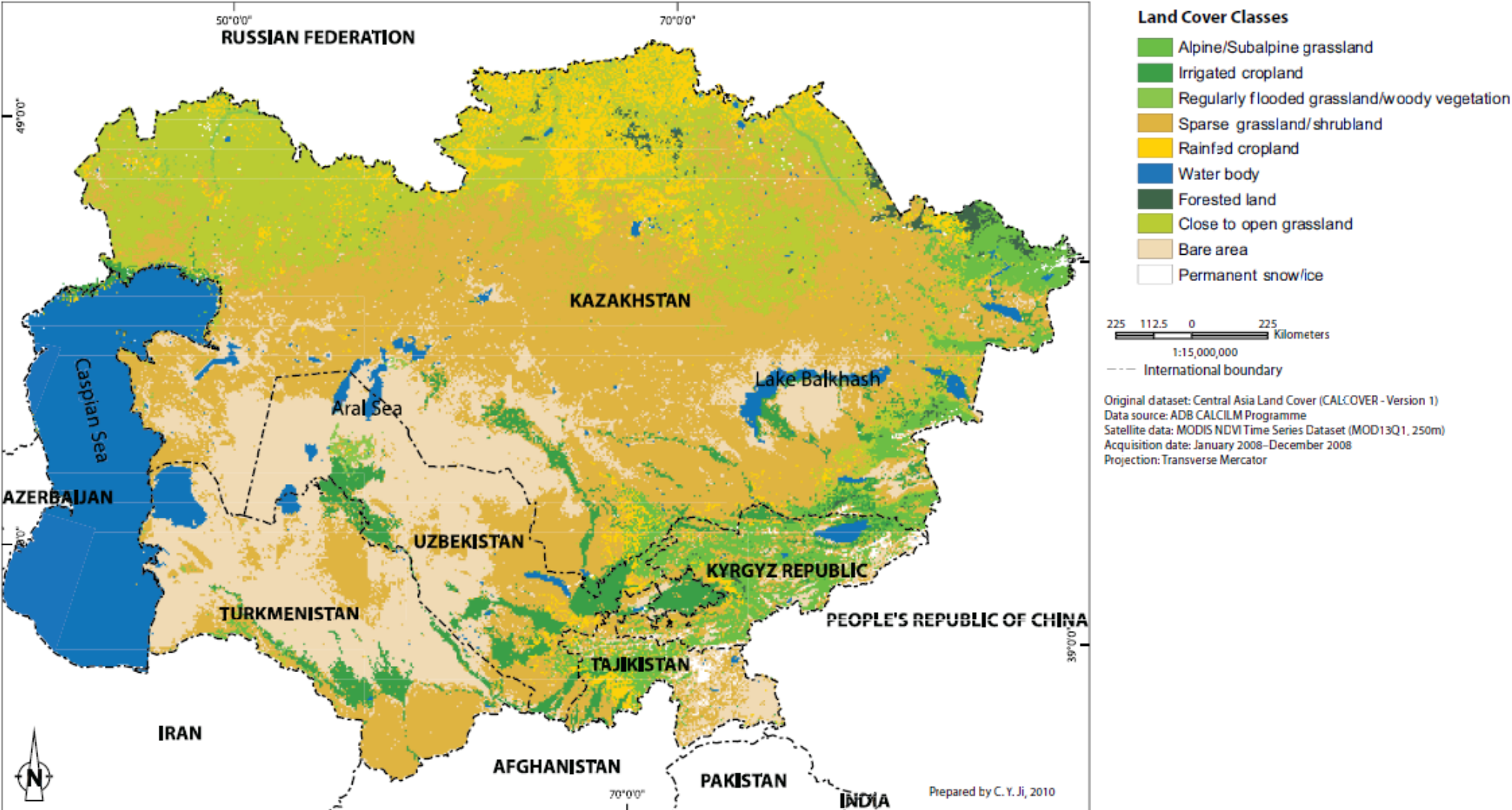
Reasons for little trade integration in Central Asia

- Similar production structures
- Low export diversification
- Geography poses physical barriers to trade
- Trade diversion of regional trade agreements (e.g. EAEU)
- Lacking trade infrastructure (transport, quality control, governance issues)
- Different goods imported than exported, hence different infrastructures required (asymmetric trade flows)

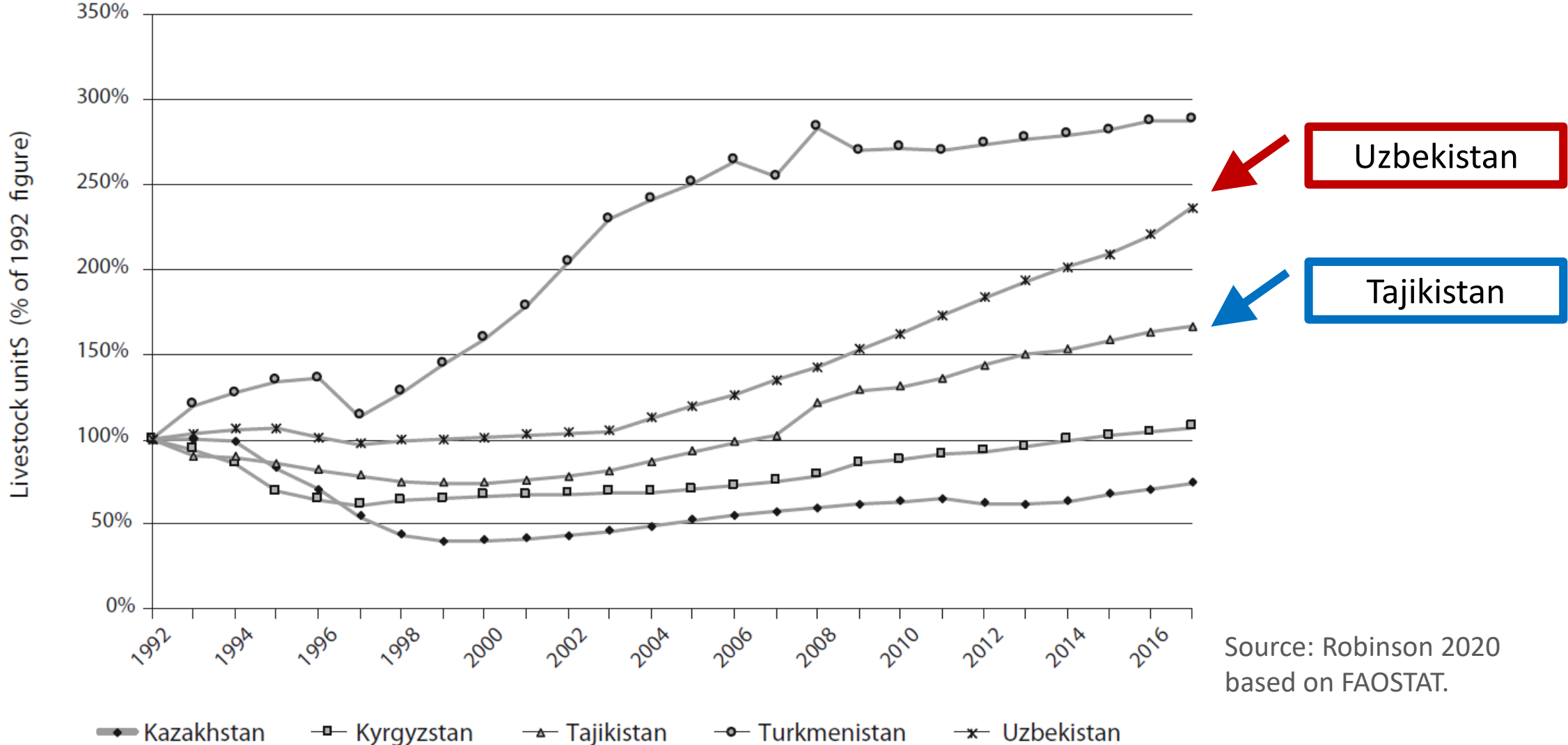
Kim & Mariano 2020, Mogilevskii 2023.

Trade potential in livestock

Central Asian land use dominated by rangelands

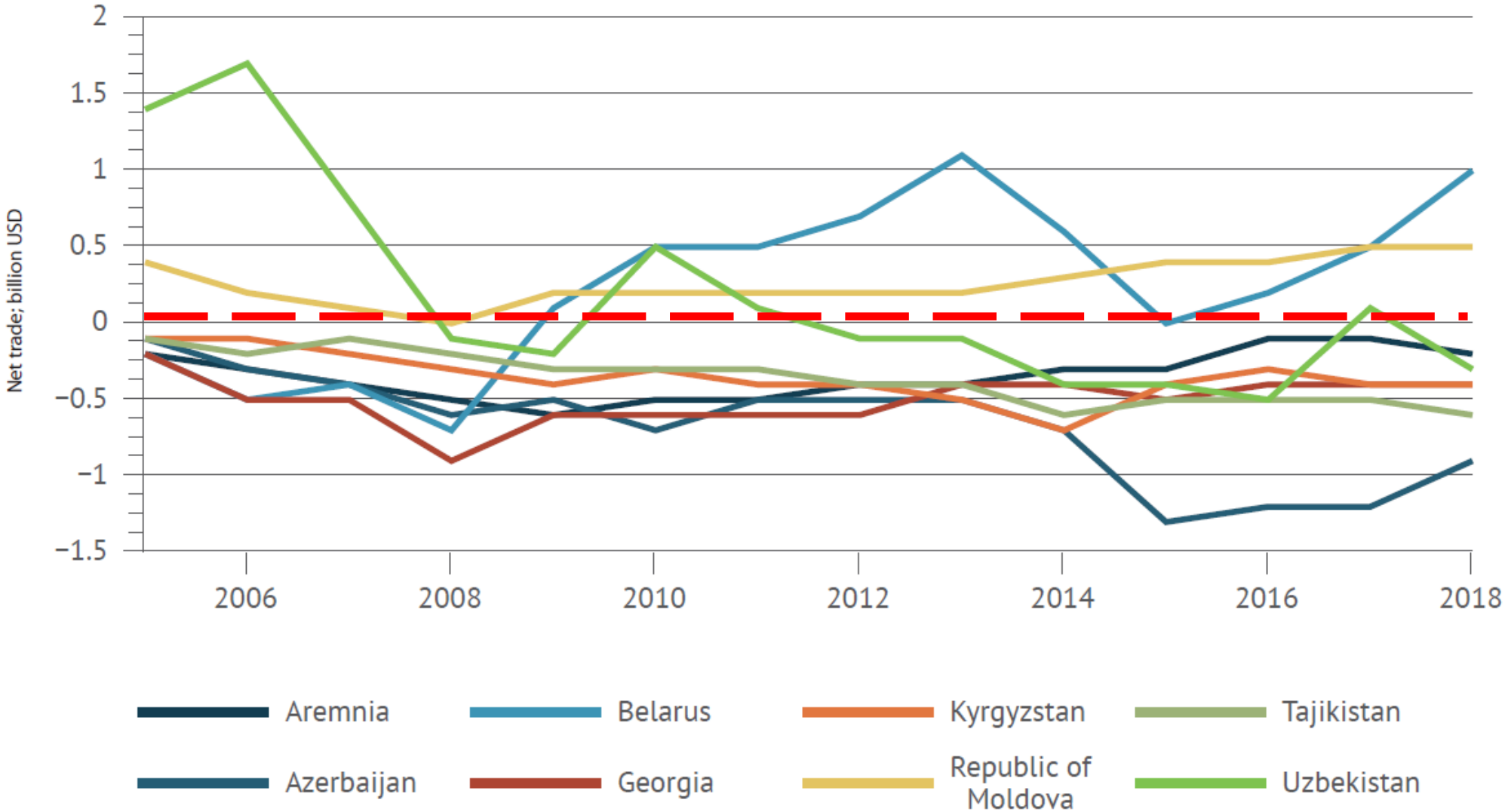


Strong recovery of livestock numbers in CA



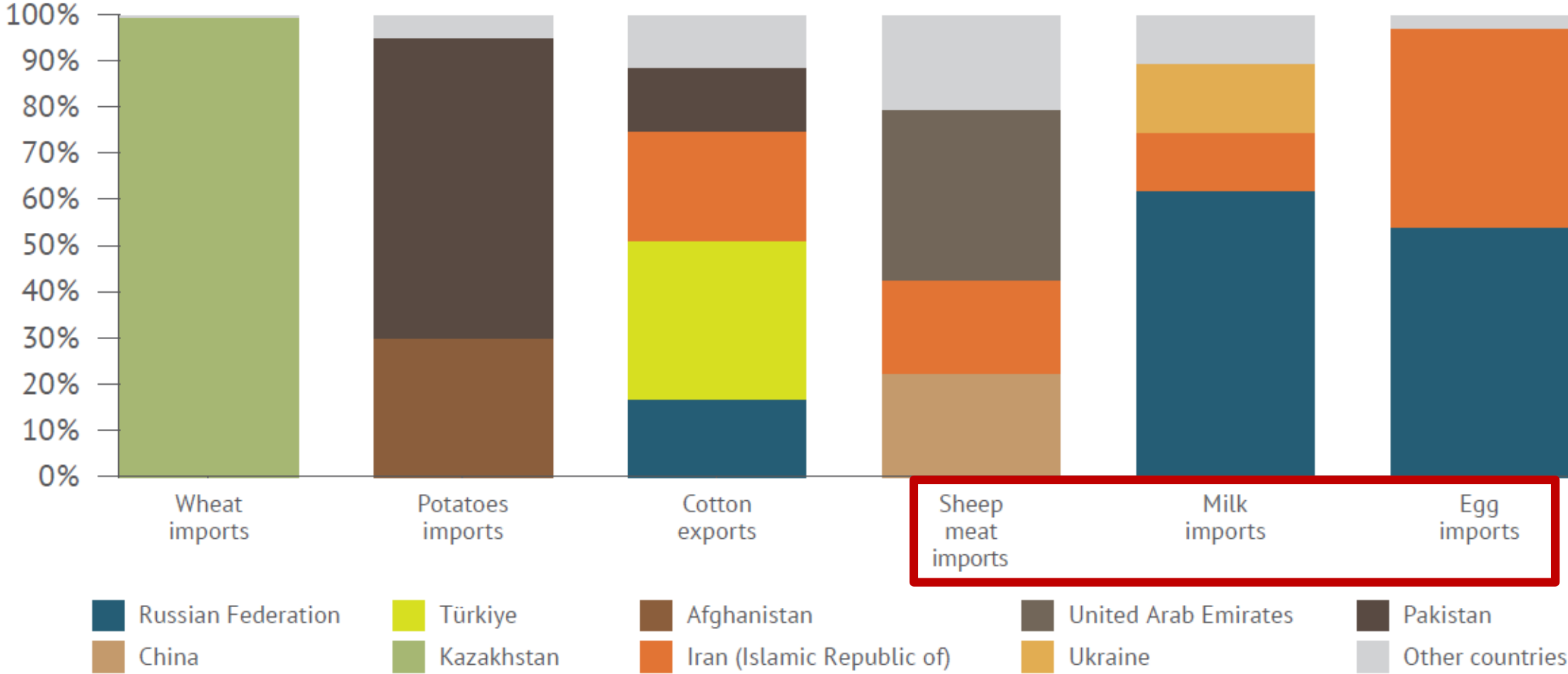
Source: Robinson 2020 based on FAOSTAT.

Figure 2. Net agricultural exports by country (constant 2015 billion USD), 2015–2018



Source: FAO 2022.

A1 Figure 7. Main trading partners of Tajikistan by share in total trade value (percent), average 2014–2018 (except milk, sheep meat and eggs: 2010–2014)



Source: FAO 2022.

Trade potential in livestock

- Pastures in Central Asia an economic asset to utilise & a potential source of comparative advantage
- Strong recent increase in livestock numbers
- Yet all CA countries remain net importers of food
- Example: Tajikistan sources most of its food imports from outside the region

The Trans-Livestock project: local trade at the Tajik-Uzbek border

Research questions

- How has trade between Tajikistan & Uzbekistan evolved over the past years?
- Which are the regional trade potentials of high-value livestock products?
- Who are the key stakeholders in regional livestock trade?
- Which are the (remaining) barriers for trade?

Trade regime in livestock Tajikistan & Uzbekistan

- Tajikistan & Uzbekistan now both applying CIS Free Trade Agreement rules, low to zero import tariffs
- Fairly short distances between production & consumption
- **Import substitution:** subsidies & tax exemptions to industrial livestock operations & genetic improvement
- Export bans on subsidised animals
- General strategy of **export promotion** in livestock

FAO 2022a, authors' fieldwork

Oybek – Buston (Fotehobod) border crossing point



Ойбек ДАН пости

“Ойбек” чегара божхона пости
Behörde

Ойбек божхонаси

Tajik Border Crossing Point

O'ZBEKISTON
TOCHIKISTON

O'ZBEKISTON
TOCHIKISTON

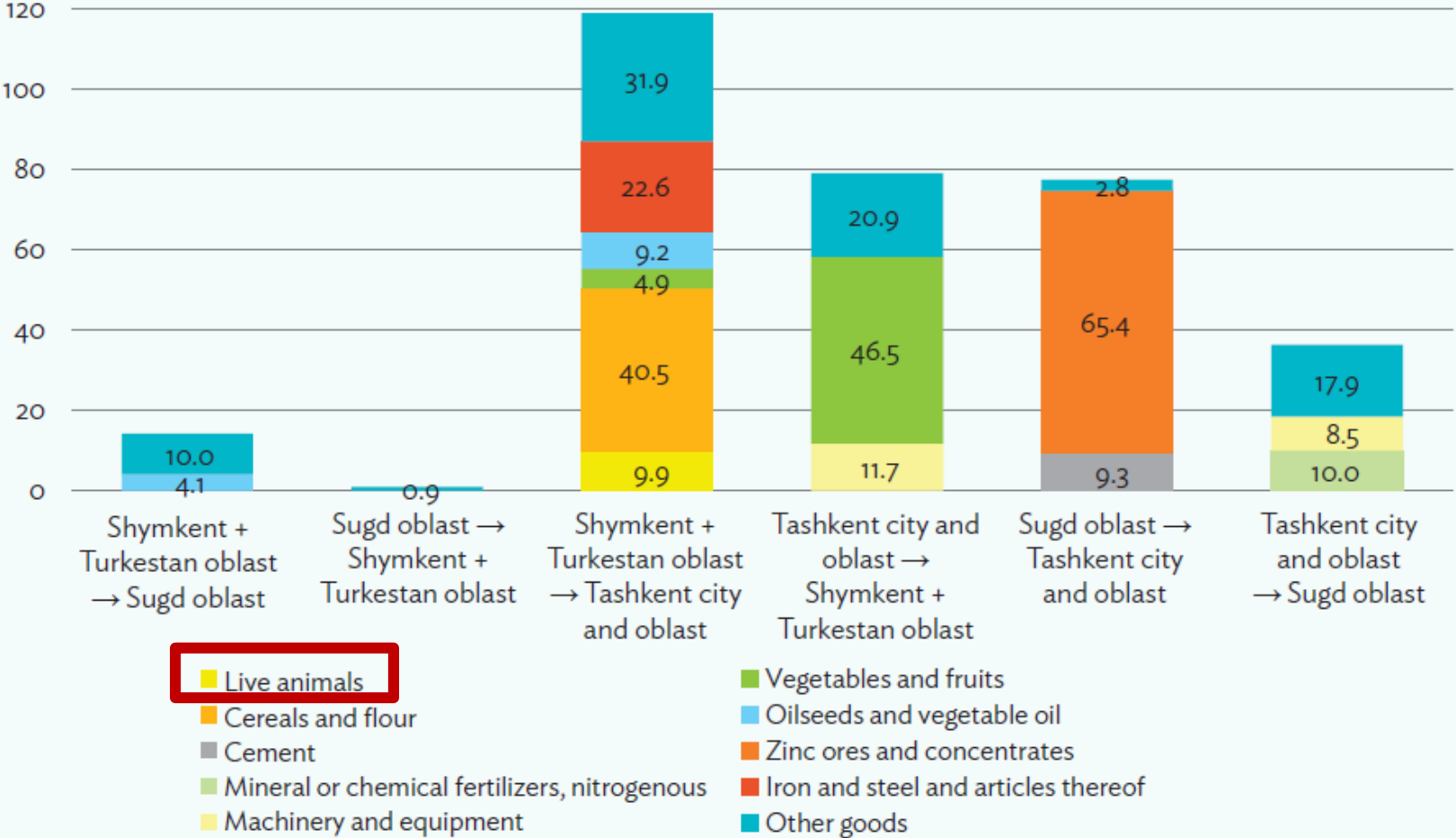
TADSCHIKISTAN
O'ZBEKISTON

Google

Arbitrage opportunities Uzbekistan - Tajikistan

Commodity	Uzbekistan	Tajikistan	Price differential	Data source
Raw milk at farm gate (USD / kg)	0.50	0.30	-39%	Authors' fieldwork
Beef meat (USD / kg)	6.96	5.12	-26%	Statistical Offices
Poultry meat (USD / kg)	4.21	2.97	-29%	Statistical Offices, fieldwork
Cow (USD / live animal at livestock bazaar)	~1000 [350 – 2000]	629.57 [100 - 1500]	-25 to -70%	Authors' fieldwork

Figure 6: Composition of Cross-Border Trade within STKEC Region, 2018
(\$ million)



STKEC = Shymkent–Tashkent–Khujand Economic Corridor.

Sources: Statistics Committee of the Ministry of National Economy of the Republic of Kazakhstan, Government of the Republic of Tajikistan, State Committee of the Republic of Uzbekistan on Statistics, and Asian Development Bank estimates.

Source:
ADB 2021.
44

Table 3: Shymkent-Tashkent-Khujand Economic Corridor—Selected Corridor Performance Measurement and Monitoring Indicators

BCP	2010	2014	2019
Time taken to clear a border crossing point, hours			
Saryagash, Kazakhstan, rail (outbound)	5.0	3.6 ^a	9.6
Keles, Uzbekistan, rail (inbound)	n/a	4.9 ^a	2.4
Oibek, Uzbekistan, road (outbound)	4.5	4.2	1.3
Fotehobod, Tajikistan, road (inbound)	8.0	6.6	1.9
Cost incurred at border crossing clearance, \$			
Keles, Uzbekistan, rail (inbound)	n/a	71 ^b	119
Oibek, Uzbekistan, road (outbound)	160 ^b	81	15 ^c
Fotehobod, Tajikistan, road (outbound)	80 ^d	n/a	27 ^c
Fotehobod, Tajikistan, road (inbound)	74	79	476

BCP = border crossing point, n/a = not applicable.

^a Data for 2013.

^b Data for 2012.

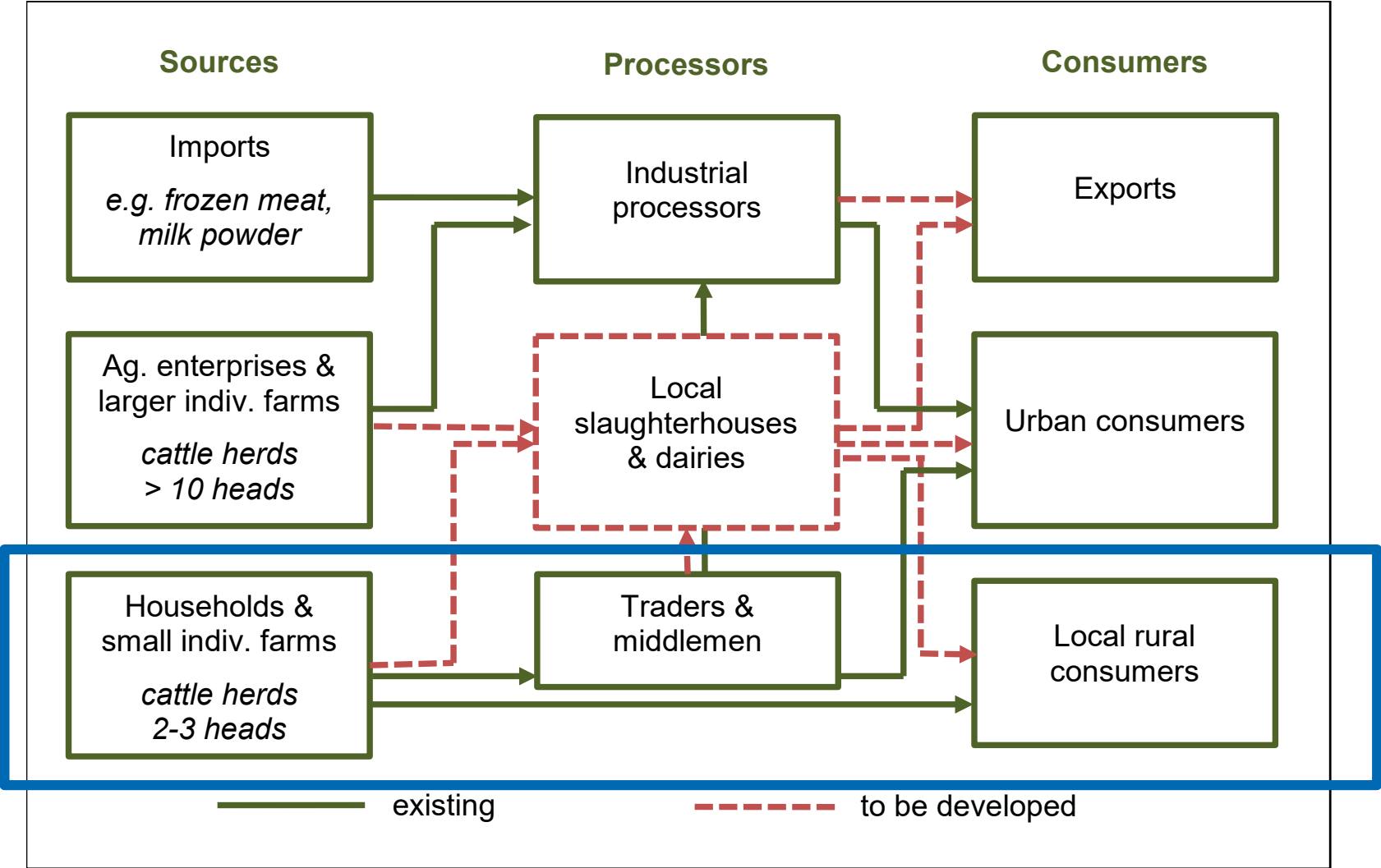
^c Data for 2018.

^d Data for 2011.

Source: Excerpts from the Corridor Performance Measurement and Monitoring database provided by ADB.

Source:
ADB 2021a.

Value chains of beef & dairy production in CA



Widespread informality

Source: modified from Petrick & Oshakbaev 2015.

Why so little livestock trade?

- Informal & fragmented livestock value chains
- Trade barriers relevant for all sectors in Central Asia
- Small trading volumes make trading infrastructure unprofitable (labs, certification)
- Dysfunctional import substitution policies prevent export (animal subsidies)

Conclusions

- Trade potentials in Central Asia long acknowledged, often appealed to
- Still only modest trade integration over recent decades
- High potentials & severe challenges in livestock trade remain

Implications

- Address specific & systemic constraints simultaneously
- Coordination of sufficiently large trading volumes to make trans-border trade profitable
- Investments in infrastructure required along the entire value chain
- Strengthen trans-border trade governance

Robinson & Petrick 2021, topic 5

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