Asia-Pacific Trade Briefs

Uzbekistan

Merchandise Trade: In 2015, merchandise trade accounted for 88% of Uzbekistan's total trade, while overall trade contributed to 42.8% of Uzbekistan's GDP. Merchandise exports grew modestly by 2.7% per year on average over the period 2010-2015, but in 2015 exports growth stagnated. Gold was the most important export item (20.3%), followed by natural gas (6.8%), and cotton (5.2%). Exports of gold went mainly to Switzerland, which was the largest export destination in 2015, while natural gas exports mainly went to China and Kazakhstan. Despite possessing large natural gas reserves, gas exports were undermined by aging pipeline infrastructure and an energy-security policy which allocates nearly 80% of annual natural gas production for domestic use at heavily subsidized rates. On the imports side, merchandise imports grew robustly by 12.7% on average over the period 2010-2015, but imports growth in 2015 also stagnated. Uzbekistan mainly imports medicaments, oil, flat-rolled iron, wheat and consumer goods. Weakening domestic demand may explain weak imports growth.

Intraregional trade: In 2015, 60.0% of goods exports were absorbed by ESCAP economies. Switzerland (19.0%) is the largest export destination, followed by China (12.8%) and Kazakhstan (7.3%) who are also the largest intraregional export destinations. Meanwhile, 77.3% of imports in goods were sourced from ESCAP economies, with China (41.0%), the Russian Federation (40.7%) and Kazakhstan (17.3%) forming the largest intraregional import sources.

Foreign direct investment (FDI): While FDI inflows into Uzbekistan contracted by 8.2% on average over the period 2010-2015, the country observed substantial inflows growth in 2015 of 70.6%. The sectors which have attracted the majority of the FDI inflows growth are the oil, gas and coal industries in the minerals and energy sectors, and the renewable energy industry in the infrastructure sector. The Russian Federation, Republic of Korea and the United States are the largest foreign investors in the country, with the Russian Federation accounting for around 22% of current projects. Alongside the advantages of market size and abundant natural resources, an announcement by Gazprom in early 2016 indicating an increase in gas imports from Uzbekistan – requiring significant capital investments in pipeline infrastructure – and new development programs launched by the government to encourage economic diversification through state-owned enterprise equitization and private sector growth may explain the robust FDI inflows growth.

Tariffs: In 2014, average MFN applied tariffs at 14.8% was more than twice of the Asia-Pacific average of 6.9%. Uzbekistan has yet to conclude negotiations on accession into the WTO.

Trade costs: Trade costs in Uzbekistan remained considerably higher compared with the most efficient major traders in Asia and the Pacific. Trade costs for Uzbekistan are on average three and two times higher than those for East Asia-3 and European Union-3, respectively, incurred in reaching major trading economies in Asia and the Pacific (China, India, Indonesia and the Russian Federation).

Trade agreement: Uzbekistan has 11 preferential trade agreements (PTAs) in force, which is higher than the Asia-Pacific average of 7.6 agreements. 48.1% of total exports are to PTA partners, compared to 33.3% for the Asia-Pacific, while 41.7% of total imports are from PTA partners, compared to 44.0% for the Asia-Pacific.

Figure 1. Key trade and investment indicators

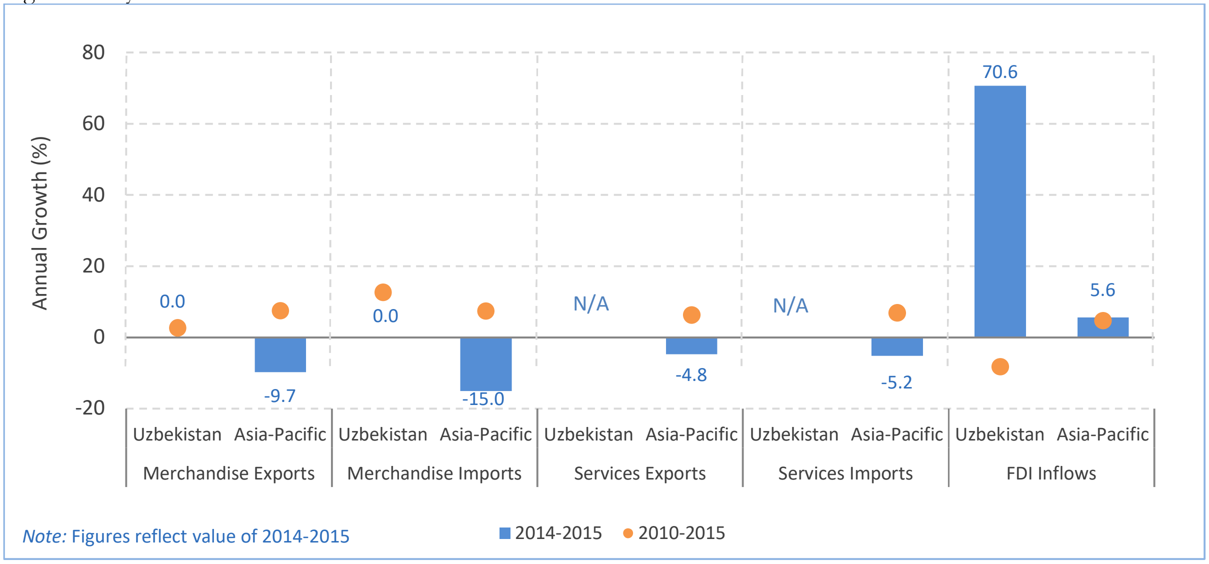

Figure 2. Top merchandise markets

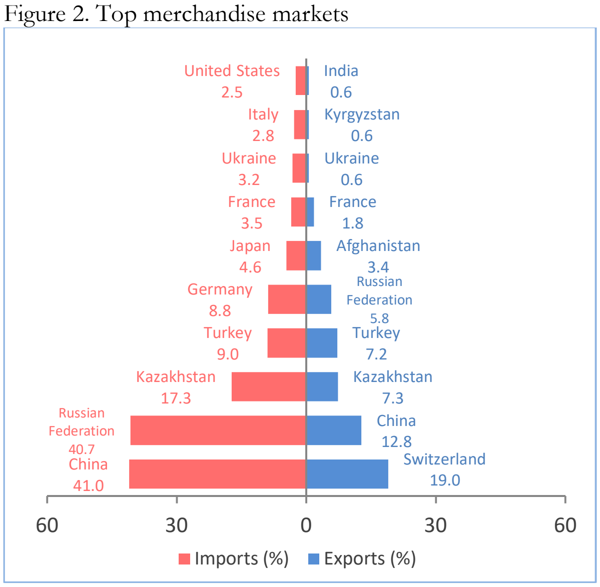

Figure 3. Top merchandise products

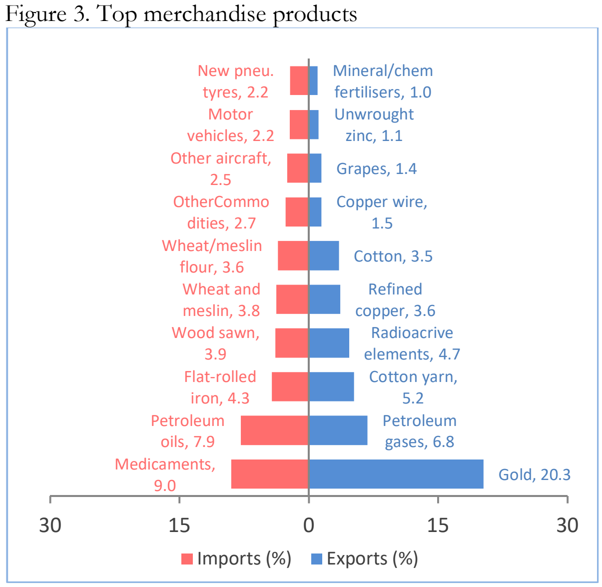

Figure 4. Trade within region and rest of the world

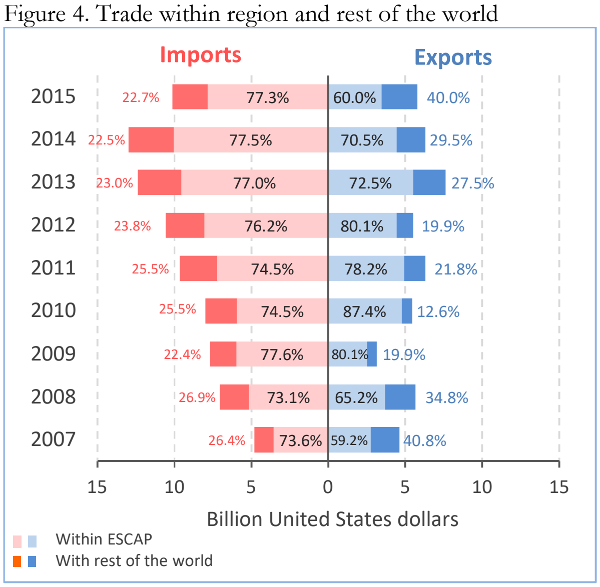

Figure 5. Foreign direct investment

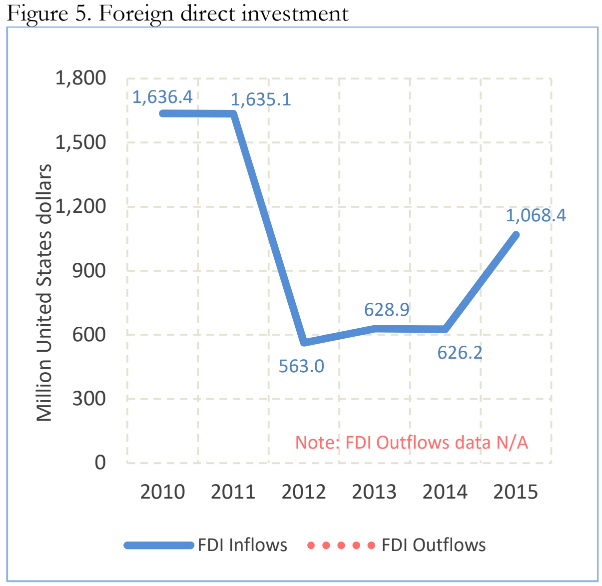

Figure 6. Tariffs (2014)

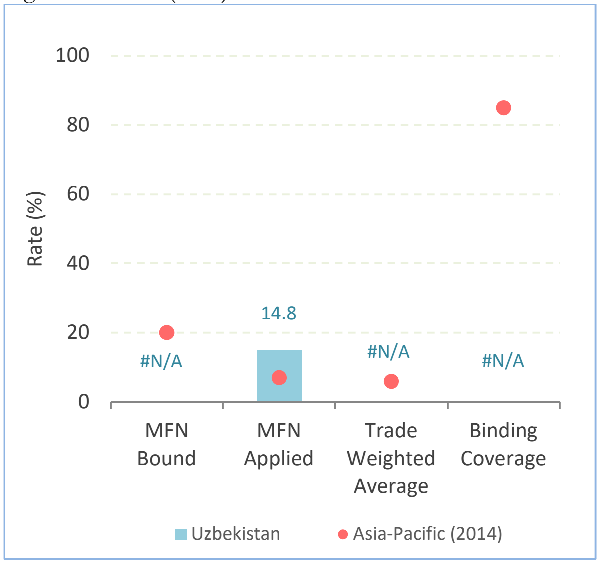

Figure 7. Trade costs