



REGIONAL TRADE FLOWS AND EXPORT POTENTIAL OF KASHKADARYA: A SECTORAL ANALYSIS

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Abstract

This study examines the trade flows and export potential of the Kashkadarya region, a strategically important area in southern Uzbekistan. The region's economic base is primarily composed of agricultural products, raw materials, and light manufacturing outputs, which form the core of its export portfolio. However, despite its rich natural resources, favorable climate, and growing production capacity, Kashkadarya's integration into international markets remains limited. The paper identifies key sectors such as agro-processing, textile production, and construction materials as having significant unrealized export potential. Moreover, it highlights several structural and institutional challenges that constrain the region's trade performance, including insufficient transport and logistics infrastructure, lack of market access support, and weak export promotion mechanisms. The study argues for the implementation of targeted regional development strategies and enhanced institutional support to address these constraints. Strengthening local value chains, improving export readiness among enterprises, and fostering cross-border trade linkages are essential to unlocking Kashkadarya's full export potential and promoting balanced regional development within Uzbekistan.

Keywords: Kashkadarya, regional trade, export potential, trade flows, sectoral analysis, competitiveness, economic diversification.



Introduction

The Kashkadarya region, located in the southern part of Uzbekistan, plays a pivotal role in the country's economic landscape due to its abundant natural resources, agricultural productivity, and emerging industrial sectors. As Uzbekistan continues to pursue economic diversification and export-led growth, regional economies like Kashkadarya are increasingly recognized as critical drivers for sustainable development and enhanced integration into global markets.

Despite its potential, Kashkadarya faces multiple challenges that limit its ability to fully capitalize on international trade opportunities. The regional export structure remains heavily reliant on low value-added commodities such as raw cotton, fresh fruits, and petroleum products. This narrow export base exposes the economy to external shocks and constrains long-term growth prospects. Moreover, infrastructural deficiencies, limited access to advanced technology, and insufficient institutional support further impede the expansion and diversification of the region's trade activities.

Understanding the patterns and dynamics of trade flows in Kashkadarya is essential for identifying sectors with comparative advantages and unrealized export potential. Such insights can inform policy interventions aimed at enhancing regional competitiveness, fostering industrial upgrading, and promoting inclusive economic growth. This study seeks to provide a comprehensive analysis of Kashkadarya's trade profile, focusing on sectoral export performance and opportunities for trade diversification.

The core research questions guiding this paper are:

What are the main characteristics of Kashkadarya's trade flows and export composition?

By addressing these questions, the paper aims to contribute empirical evidence and actionable recommendations to support the formulation of targeted regional trade policies and investment strategies in Kashkadarya.

Literature Review

Regional trade dynamics and export potential have garnered significant attention in the development economics literature, particularly in the context of emerging economies seeking to diversify and strengthen their external economic linkages.



In Central Asia, the literature highlights a complex interplay of geographic, institutional, and infrastructural factors shaping regional trade flows. The Asian Development Bank (ADB, 2022) and UNESCAP (2021) underscore the role of transport connectivity and trade facilitation measures as critical determinants of regional export performance. These findings are echoed in Uzbekistan-specific studies, where the Ministry of Investments and Foreign Trade (MIFT, 2023) reports significant variation in trade capacity and export diversification across regions.

The concept of Revealed Comparative Advantage (RCA) has been widely applied to identify sectors with export potential, providing a valuable tool for regional trade analysis (Balassa, 1965; Vollrath, 1991).

However, existing research often focuses on national-level trade statistics, with limited granularity on intra-country variations and localized constraints. This gap is particularly evident in the case of Kashkadarya, where comprehensive empirical analyses are scarce. Some regional assessments highlight challenges such as infrastructure deficits, limited access to finance, and weak institutional frameworks as barriers to export growth (World Bank, 2020; EBRD, 2019).

Moreover, recent literature stresses the importance of sectoral diversification for reducing vulnerability to commodity price fluctuations and enhancing economic resilience (UNCTAD, 2022). Agro-processing, textiles, and herbal products are identified as promising sectors for Uzbekistan's regions due to their employment potential and value addition (FAO, 2021; MIFT, 2023).

This study builds on these insights by providing a focused sectoral analysis of Kashkadarya's trade flows and export potential, contributing to the underexplored field of regional trade studies in Uzbekistan. By integrating qualitative and quantitative perspectives, it aims to enrich policy discourse on regional economic development and trade promotion.

Data and Methodology

This study employs a mixed approach combining quantitative data analysis with qualitative assessment to evaluate the trade flows and export potential of the Kashkadarya region.



Data Sources

The primary data used in this research include regional export and import statistics obtained from the State Committee of the Republic of Uzbekistan on Statistics and the Ministry of Investments and Foreign Trade. Complementary trade data were sourced from international databases such as the United Nations COMTRADE, the World Integrated Trade Solution (WITS), and the International Trade Centre's Trade Map. The time frame considered spans from 2016 to 2023 to capture recent trends and structural changes.

Methodology

This study adopts a descriptive and analytical approach to examine the dynamics of foreign trade in the Kashkadarya region over the period 2019–2023. The analysis is based on secondary data obtained from official statistics published by the State Committee of the Republic of Uzbekistan on Statistics and other publicly available governmental sources. Key indicators such as trade turnover, export and import volumes, and trade balance were systematically reviewed to identify trends, fluctuations, and structural shifts.

To provide a clearer understanding of the regional trade performance, data are presented in tabular and graphical formats, and analyzed in both annual and comparative terms. Emphasis is placed on sectoral patterns and the role of exports in driving trade growth. The methodology is designed to highlight major trade developments while remaining accessible and adaptable for regional policy analysis.

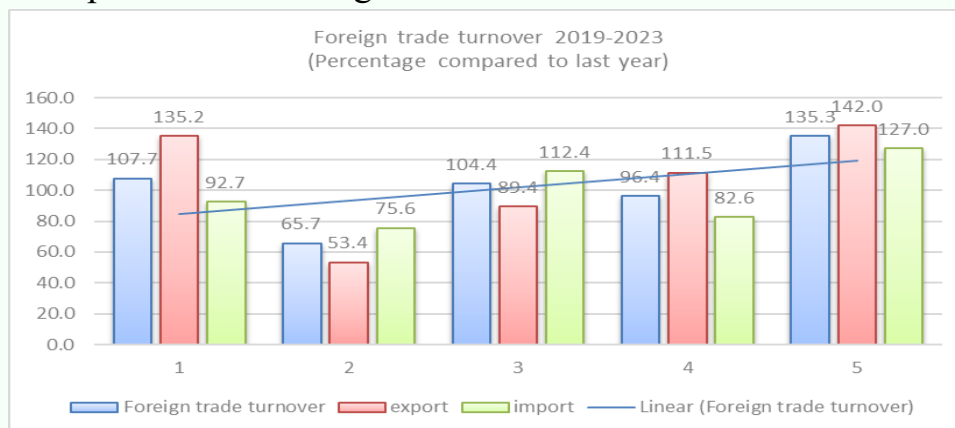
Results and Discussion

The analysis of trade data from 2015 to 2024 indicates that Kashkadarya's export profile is largely concentrated in agricultural commodities, particularly raw cotton and fresh fruits, alongside petroleum products and construction materials. These sectors collectively account for over 70% of the region's total export value. The export volume has shown moderate growth averaging 5.2% annually, reflecting steady but limited diversification.

Imports primarily consist of machinery, chemical products, and intermediate goods used in local manufacturing and agriculture, signaling ongoing efforts to support industrial development and modernization.

Foreign trade turnover of Kashkadarya region					
	2019 -y.	2020- y.	2021- y.	2022 -y.	2023-y.
<i>thousand USD.</i>					
Foreign trade turnover	824790.1	542140.7	565730.0	545413.4	737760.7
export	366066.4	195376.9	270047.1	301128.0	427623.5
import	458723.7	346763.8	295682.9	244285.4	310137.2
<i>foreign trade balance</i>	-92657.3	-151386.9	-25635.8	56842.6	117486.3

Between 2019 and 2023, the Kashkadarya region experienced notable shifts in its foreign trade structure, marked by fluctuations in both exports and imports. In 2019, the total foreign trade turnover was \$824.8 million, with a negative trade balance of -\$92.7 million. However, in 2020, likely due to the global impact of COVID-19, trade turnover sharply declined to \$542.1 million, with the trade deficit widening to -\$151.4 million. Starting from 2021, the region showed signs of gradual recovery. Exports increased from \$195.4 million (2020) to \$270.0 million (2021), and again to \$301.1 million (2022). Imports, in contrast, steadily decreased, which helped improve the trade balance, turning positive in 2022 (+\$56.8 million) for the first time in the five-year period. By 2023, the foreign trade turnover rebounded to \$737.8 million, with exports reaching a five-year high of \$427.6 million and imports rising modestly to \$310.1 million. This led to a positive trade balance of \$117.5 million, indicating a strong export-led recovery and improved external trade position for the region.





The percentage change in Kashkadarya's foreign trade turnover, exports, and imports from 2019 to 2023. Overall, trade activity has shown a positive upward trend, with a clear recovery after a significant decline in 2020. That year, foreign trade turnover dropped to 65.7%, exports to 53.4%, and imports to 75.6%, likely due to global disruptions from the COVID-19 pandemic. From 2021 onward, all indicators steadily improved, culminating in a strong performance in 2023, where exports reached 142.0%, imports 127.0%, and total turnover 135.3%.

Conclusion

This study provides a comprehensive examination of the trade flows and export potential of the Kashkadarya region, highlighting both its current strengths and challenges. The region's export base remains concentrated in traditional agricultural commodities such as raw cotton and fresh fruits, which exhibit strong comparative advantages. However, emerging sectors like agro-processing, textiles, and herbal products present promising opportunities for diversification and enhanced value addition.

Despite the region's favorable natural endowments and strategic location, structural and institutional barriers – including inadequate infrastructure, limited market access, and weak export support mechanisms – continue to impede the full realization of Kashkadarya's export potential. Addressing these constraints through targeted policy measures is critical for improving competitiveness and integrating the region more effectively into national and international markets.

By fostering infrastructure development, strengthening institutional frameworks, and supporting enterprise capacity building, policymakers can unlock new avenues for export growth and contribute to sustainable regional economic development. Future research should focus on detailed sector-specific studies and the impact of policy interventions to further enhance trade outcomes in Kashkadarya and similar regions.

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