

O'ZBEKISTON TOVARLARINING YEVROPA ITTIFOQIGA EKSPORT SALOHİYATI

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*Biznes va tadbirkorlik oliy
maktabi magistratura tinglovchisi*

Annotatsiya: *Biz Evropa Ittifoqi bozorida eng yuqori eksport salohiyatiga ega bo'lgan mahsulotlarning uchta alohida guruhini aniqlaymiz: meva va sabzavotlar, shu jumladan qayta ishlashning juda turli bosqichlarida bo'lgan mahsulotlar - yangidan muzlatilganga to'liq qayta ishlanganga; yarim qayta ishlangan qora va rangli metallardan tashkil topgan metallar; paxta tolasidan tortib to bolalar kiyimlari va maxsus kostyumlarga bo'lgan to'qimachilik va kiyim-kechak. Bu potentsialdan foydalanish uchun O'zbekiston hukumati va biznesi eksport to'siqlarini aniqlashi va olib tashlashi kerak, jumladan, cheklangan ishlab chiqarish quvvati, rivojlanmagan logistika, Yevropa Ittifoqi standartlariga cheklangan rioya qilish va yetarlicha marketing.*

Kalit so'zlar: *o'sib borayotgan eksportchilar, qarashlar, savdo oqimlari, balans, savdo hamkorlari, mahsulotlar, eksport salohiyati va mahsulot bo'limlari.*

ЭКСПОРТНЫЙ ПОТЕНЦИАЛ УЗБЕКСКИХ ТОВАРОВ В ЕС

Аннотация: *Мы выделяем три отдельные группы продуктов, имеющих самый высокий экспортный потенциал на рынке ЕС: фрукты и овощи, включая продукты на самых разных стадиях обработки — от свежих до замороженных и полностью обработанных; металлы, состоящие из полуфабрикатов черных и цветных металлов; и текстиль и одежда, от хлопчатобумажной пряжи до детской одежды и специализированных костюмов. Чтобы раскрыть этот потенциал, узбекское правительство и бизнес должны выявить и устранить экспортные барьеры, которые могут включать ограниченные производственные мощности, неразвитую логистику, ограниченное соблюдение стандартов ЕС и недостаточный маркетинг.*

Ключевые слова: *развивающиеся экспортеры, видение, торговые потоки, баланс, торговые партнеры, продукты, экспортный потенциал и разделы продуктов.*

EXPORT POTENTIAL OF UZBEK GOODS IN THE EU

Abstract: *We identify three distinct groups of products featuring the highest export potential on the EU market: fruits and vegetables, including products at very different stages of processing – from fresh to frozen to fully processed; metals, comprised of semiprocessed ferrous and non-ferrous metals; and textile and apparel, ranging from*

cotton yarn to baby apparel and specialised suits. To tap this potential the Uzbek government and business should identify and remove export barriers, which might include limited production capacity, underdeveloped logistics, limited adherence to EU standards and insufficient marketing.

Key words: *rising exporters, vision, trade flows, balance, trading partners, products, export potential and product sections.*

INTRODUCTION

In today's global landscape, finding new markets is crucial, especially with ongoing trade restrictions. This effort is vital for boosting population income, creating jobs, and increasing production. The free market also drives product quality improvements, cost reductions, technological advancements, market reforms, and integration into the global production system.

Current Trade Landscape

As of the first half of this year, Uzbekistan has established trade relations with 186 countries, achieving a foreign trade turnover of \$31.8 billion. Exports alone accounted for \$13 billion, marking a 5.5% increase from the previous year. China leads as Uzbekistan's top export destination with an 18.5% share, followed by Russia, Kazakhstan, Turkey, and Korea.

Rising Exporters

The number of Uzbek exporters has reached 5,682, with goods and services worth about \$8.7 billion exported in the last six months, excluding non-monetary gold. This figure represents a 10.9% increase from the same period in 2023. The largest share of foreign trade in the first half of 2024 was with CIS countries (\$11 billion), EOII countries (\$8.4 billion), other countries (\$20.9 billion), and EU countries (\$3.1 billion).

Vision 2030: A Strategic Outlook

The "Uzbekistan - 2030" strategy outlines key tasks to enhance the national economy's export potential and increase the share of high-value products. The plan aims to double exports to \$45 billion, increase the number of exporting enterprises from 6,500 to 15,000, and boost the volume of finished and semi-finished products by 3.3 times. Additionally, the export of finished and technological products to European countries under GSP+ and other systems will be expanded. The number of enterprises meeting international standards will increase tenfold to 5,000. Special economic zones will be established with 50 prestigious global brands, and national brands will be supported in foreign markets under the "New Uzbekistan - the country of competitive products" initiative.

Uzbek exports of goods to the EU

In 2023, Uzbek exports of goods to the EU was approx. USD 160 m (1% of total goods exports). These numbers need to be seen in the context of relatively high Uzbek gold exports, of which none are going to the EU. Nevertheless, is it relatively small in comparison to other Central Asian countries and also to the size of the EU market.

Most of the exports were directed to traditional Eastern European markets, with Poland, Latvia and Lithuania being the top-3 export destinations. Other large EU markets like Germany were almost not targeted at all so far.

1. Total goods: trade flows and balance

2. Total goods: top trading partners 2023

Currently the main products exported to the EU are textiles, including cotton yarn and fabric and knitted apparel like T-shirts, plastics, non-ferrous metals as well as fruits and vegetables.

For most of these goods, the EU is not the key destination. The only exemption is molybdenum, which is a metal used e.g., for the production of metal alloys to increase strength and heat resistance.

Since exports to the EU are still relatively low, a diversification of export markets would certainly make sense. Additionally, the Uzbek government is very interested to increase exports to EU. Against this background, we calculate which Uzbek products have the highest export potential on the EU market.

Period	Imports		Exports		Balance		Total trade	
	Value Mio €	% Growth	Value Mio €	% Growth	Value Mio €	% Growth	Value Mio €	% Growth
2013	21,299		5,171		-16,128		26,470	
2014	22,238	4.4	4,583	-11.4	-17,656	9.5	26,821	1.3
2015	19,929	-10.4	4,555	-0.6	-15,374	-12.9	24,483	-8.7
2016	10,234	-48.6	8,107	78.0	-2,127	-86.2	18,342	-25.1
2017	10,653	4.1	8,922	10.1	-1,731	-18.6	19,575	6.7
2018	14,659	37.6	9,247	3.6	-5,412	212.6	23,906	22.1
2019	19,534	33.3	12,527	35.5	-7,007	29.5	32,061	34.1
2020	17,471	-10.6	11,490	-8.3	-5,980	-14.7	28,961	-9.7
2021	20,073	14.9	11,906	3.6	-8,167	36.6	31,979	10.4
2022	26,755	33.3	14,577	22.4	-12,178	49.1	41,332	29.3
2023	32,590	21.8	18,211	24.9	-14,379	18.1	50,801	22.9

Imports			Exports			Total trade		
Partner	Value Mio €	% World	Partner	Value Mio €	% World	Partner	Value Mio €	% World
World	32,590	100.0	World	18,211	100.0	World	50,801	100.0
1 China	8,720	26.8	1 Russia	2,154	11.8	1 China	9,913	19.5
2 Russia	5,955	18.3	2 China	1,193	6.6	2 Russia	8,110	16.0
3 EU27	5,213	16.0	3 Türkiye	1,190	6.5	3 EU27	6,113	12.0
4 Kazakhstan	2,033	9.0	4 Kazakhstan	1,074	5.9	4 Kazakhstan	3,996	7.9
5 South Korea	2,034	6.2	5 EU27	899	4.9	5 Türkiye	2,901	5.7
6 Türkiye	1,710	5.2	6 Kyrgyz Republic	632	3.5	6 South Korea	2,055	4.0
7 Brazil	706	2.2	7 Afghanistan	601	3.3	7 Kyrgyz Republic	892	1.8
8 India	528	1.6	8 Tadpkistan	397	2.2	8 Brazil	708	1.4
9 Turkmenistan	518	1.6	9 Pakistan	174	1.0	9 Turkmenistan	624	1.2
10 Belarus	447	1.4	10 Iran	147	0.8	10 Afghanistan	609	1.2
3 EU27	5,213	16.0	5 EU27	899	4.9	3 EU27	6,113	12.0

Methodology to estimate export potential

The assessment is based on the modified International Trade Centre (ITC) methodology. We use relative comparative advantage based on historical trade data to consider four dimensions:

1. Supply side dimension: export performance of Uzbek products in the world,
2. Demand side dimension: import performance of the EU in the world,
3. Trade interaction dimension: potential competitiveness and current presence of Uzbek goods on the EU market,

4. Trade barriers dimension: trade regime including through forthcoming introduction of EU GSP+.

First, we estimated normalised scores for each dimension and construct compound export potential indicators as a simple average of the dimension scores for each product of Uzbekistan's exports.

Next, we checked the price feasibility criterion: a product's import price in the EU should be between two and four times the export price of Uzbekistan. The lower bound ensures a sufficient margin to cover logistics and other costs. The upper bound is aimed to reduce risk of the selection of non-comparable products. If the price difference between EU imports of a certain good is more than 4 times as high as the export price for this good, they are probably not comparable regarding kind or quality. Products that did not meet the price feasibility criterion were excluded from the further analysis.

Finally, a list of top-20 products with the highest export potential was constructed, which was checked for plausibility during expert interviews. Products with the highest export potential

We identified three distinct groups of products with the highest export potential on the EU market: fruits and vegetables, metals, and textile and apparel. Fruits and vegetables are the largest category encompassing products at very different stages of processing, from raw materials to fully processed products. The list of high export potential products includes:

- vegetable saps, extracts;
- melons, watermelons;
- grapes, fresh or dried;
- vegetables, fruits, preserved by vinegar;
- other nuts, fresh or dried;
- fruit, nuts, prepared or preserved;
- tomatoes, fresh or chilled;
- vegetables, frozen;
- jams, fruit jellies, marmalades.

Currently, Uzbekistan does not export most of these products to the EU, except for melons and grapes. For them, the share of EU in total exports is below 10%.

Metals are the second largest category, comprised of semi-processed ferrous and non-ferrous metal products including:

- iron bars and rods;
- aluminum bars, rods, profiles;
- copper tube or pipe fittings;
- other articles of aluminum.

Aluminum bars and rods are the only product already showing a strong orientation towards the EU market. In 2019, Uzbekistan shipped 32% of its total

aluminum bars and rods there. Uzbekistan also already exports copper fittings to the EU, although at a smaller scale.

Textile and apparel is a traditional export category of Uzbekistan, and the analysis confirms that Uzbekistan has a strong export potential for these products on the EU market. The list of high export potential products includes products at different processing stages:

- babies' garments and clothing accessories;
- cotton yarn
- track suits, ski suits, swimwear.

Uzbekistan already exports baby garments and cotton yarn to the EU, but its share in this export category is only 2%.

The list of top-20 products with the highest export potential also includes several sorts of chemicals, packaging and insulated cables.

Imports			Exports			Total trade		
Partner	Value Mio €	% Extra-EU	Partner	Value Mio €	% Extra-EU	Partner	Value Mio €	% Extra-EU
World	2,518,822	100.0	World	2,556,755	100.0	World	5,075,576	100.0
1 China	515,861	20.5	1 USA	502,326	19.6	1 USA	848,867	16.7
2 USA	346,541	13.8	2 United Kingdom	335,060	13.1	2 China	739,437	14.6
3 United Kingdom	179,985	7.1	3 China	223,576	8.7	3 United Kingdom	515,044	10.1
4 Switzerland	138,511	5.5	4 Switzerland	188,634	7.4	4 Switzerland	327,144	6.4
5 Norway	119,237	4.7	5 Türkiye	111,339	4.4	5 Türkiye	207,007	4.1
6 Türkiye	95,668	3.8	6 Japan	63,988	2.5	6 Norway	180,928	3.6
7 South Korea	73,048	2.9	7 Norway	61,691	2.4	7 Japan	134,455	2.6
8 Japan	70,467	2.8	8 South Korea	57,818	2.3	8 South Korea	130,866	2.6
9 India	65,086	2.6	9 Mexico	53,111	2.1	9 India	113,452	2.2
10 Russia	50,674	2.0	10 Canada	48,663	1.9	10 Russia	89,020	1.8
90 Uzbekistan	780	0.0	52 Uzbekistan	4,352	0.2	65 Uzbekistan	5,132	0.1

3. Total goods: Top trading partners 2023 with EU

Rank	Imports			Exports		
	Product	Value Mio €	% Extra-EU	Product	Value Mio €	% Extra-EU
HS Sections						
1	XVI Machinery and appliances	624,719	24.8	XVI Machinery and appliances	629,630	24.6
2	V Mineral products	584,177	23.2	VI Products of the chemical or allied in...	474,742	18.6
3	VI Products of the chemical or allied in...	287,721	11.4	XVII Transport equipment	389,946	15.3
4	XVII Transport equipment	194,218	7.7	V Mineral products	151,839	5.9
5	XV Base metals and articles thereof	150,110	6.0	XV Base metals and articles thereof	139,598	5.5
SITC Sections						
1	7 Machinery and transport equipment	816,096	32.4	7 Machinery and transport equipment	1,026,983	40.2
2	3 Mineral fuels, lubricants and related...	551,891	21.9	5 Chemicals and related prod, n.e.s.	522,848	20.5
3	5 Chemicals and related prod, n.e.s.	325,123	12.9	8 Miscellaneous manufactured articles	297,086	11.6
4	8 Miscellaneous manufactured articles	322,027	12.8	6 Manufactured goods classified chiefly...	255,361	10.0
5	6 Manufactured goods classified chiefly...	240,465	9.5	0 Food and live animals	159,948	6.3

% Extra-EU: imports/exports as % of all EU partners (i.e. excluding trade between EU Member States)
% Growth: relative variation between current and previous period

4. Total goods: Top product sections 2023

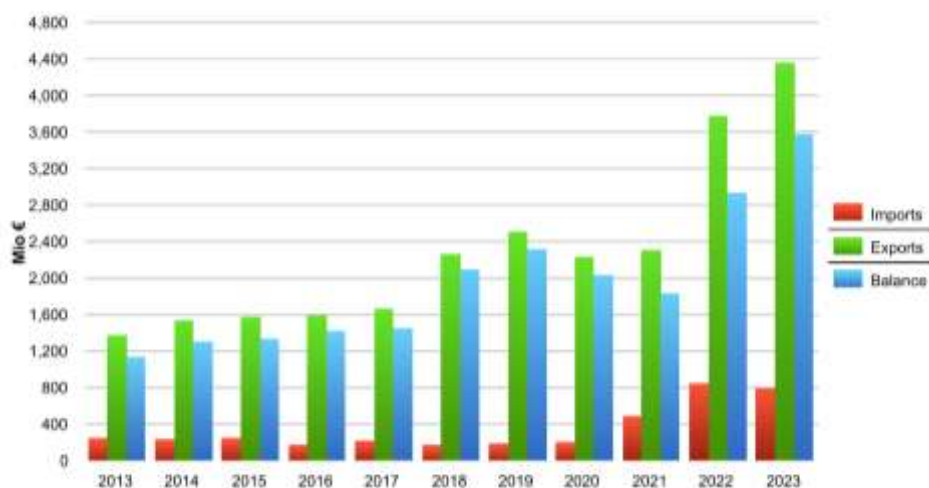
EU's Trade Balance recorded a surplus of 4.2 USD bn in Oct 2024, compared with a surplus of 10.5 USD bn in the previous month See the table below for more data.

Euro Area recorded a trade surplus of 6811.40 EUR Million in October of 2024. Balance of Trade in Euro Area averaged 5580.29 EUR Million from 1999 until 2024,

reaching an all time high of 29946.10 EUR Million in July of 2015 and a record low of -55050.80 EUR Million in August of 2022. source: EUROSTAT.

U.S. trade balance for 2022 was \$-971.12B, a 13.15% increase from 2021. U.S. trade balance for 2021 was \$-858.24B, a 37.01% increase from 2020. U.S. trade balance for 2020 was \$-626.39B, a 8.28% increase from 2019. U.S. trade balance for 2019 was \$-578.50B, a 2.46% decline from 2018.

European Union Current Account surplus accounted for 3.8 % of the country's Nominal GDP in Sep 2024, compared with a 2.8 % surplus in the previous quarter. EU Current Account Balance: % of Nominal GDP data is updated quarterly, available from Mar 1999 to Sep 2024, with an average value of 0.8 %.



5. Total goods: EU Trade flows and balance, annual data 2013 – 2023

Conclusion

Currently, Uzbek exports to the EU are small, approx. 1% of total, but trade intensification is a policy priority shared by Uzbekistan and the EU. Our analysis shows that there is potential to increase Uzbekistan’s exports to the EU, especially for fruits and vegetables, metals, and textile and apparel. Uzbek exports will benefit from the forthcoming GSP+, which creates a new price competitiveness edge for Uzbek products on the EU market. To fully tap the potential, the Uzbek government should further support exports by identifying and removing export barriers. These might include in particular limited adherence to EU standards, underdeveloped production capacities and logistics, and insufficient marketing.

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