

SAMARKAND Conference
2-4 November 2016, Uzbekistan

***UZBEKISTAN 'S AGRICULTURAL PRODUCTS
COMPARATIVE ADVANTAGES IN RUSSIAN MARKET***

*Tuygunoy Mamajanova, Tashkent State
University of Economics, Uzbekistan.*

Shavkat Otamurodov, Hunan University, China

Introduction

The calculation of the revealed comparative advantage of exported products to foreign markets will inform us about the competitiveness of exported commodities. Uzbekistan significantly increased the export of vegetables and fruits to Russia market during the last two years. In further, to increase the export of these products, it is important to analyze competitiveness of each exporting product across the export dimensions. In the present paper by using Balasa indices, we calculated revealed comparative advantages for main vegetables and fruits exported from Uzbekistan to the Russian market during the 2006-2015

Data

- Data on Russia import of selected agricultural products from all countries are extracts from UN COMTRADE database. We used Harmonized system 2002(HS-2002) classification data at the 4-digit level.
- We selected eight agricultural commodities (products), such as, 0702- “Tomatoes, fresh or chilled”, 0703 “Onions, shallots, garlic, leeks and other alliaceous vegetables”, 0706-“Carrots, turnips and similar edible roots”, 0707- “Cucumbers and gherkins, fresh or chilled”, 0806- “Grapes, fresh or dried.” 0807-“Melons (including watermelons) and papaws (papayas), fresh”, 0808-“Apples, pears and quinces, fresh.” 0809-“Apricots, cherries, peaches (including nectarines), plums...” Study period includes years from 2006 to 2015.

Methodology

To measure the Revealed Comparative Advantage we used Balassa Index (BRCA). It is expressed as follows:

$$BRCA = (X_{jm}/X_j)/(X_{km}/X_k)$$

where,

- X_{jm} is Exports of Uzbekistan of product 'm'
- X_j is Total exports of selected product of Uzbekistan to Russia market
- X_{km} is Total world exports of product 'm' to Russia market
- X_k is Total world exports of selected products to Russia market

The country has a revealed comparative advantage if $BRCA > 1$. If $BRCA$ is less than 1, we concluded that the country has a comparative disadvantage in this commodity within the set of selected commodities.

Results and conclusions

Table 1 illustrates the result of our calculations of BRCA for agrarian commodities within the selected group of agrarian products. Our results showed that Uzbekistan has a revealed comparative advantage in the Russian market for commodities as 0806 -“grapes”, 0807 -“Melons”, 0809-“Apricots, cherries, peaches” during the 2006-2015. We also find that some agrarian products exported from Uzbekistan had revealed comparative advantage in the Russian market for several years within the study period. For example, 0702-“Tomatos” in 2014, 0703-“Onions garlic..” in 2008, 2014 and 2015. 0706-“Carrots” in 2015.

Table 1.

REVEALED COMPARATIVE ADVANTAGES (by Balassa index) OF UZBEKISTAN'S SELECTED VEGETABLES AND FRUITS RUSSIAN MARKET DURING THE 2006-2015

Com. Code	Commodity	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
0702	Tomatoes, fresh or chilled.	0.726	0.927	0.479	0.747	1.042	0.655	0.286	0.557	1.227	0.333
0703	Onions, shallots, garlic, and other alliaceous vegetables	0.594	0.842	1.114	0.111	0.119	0.083	0.150	0.662	1.210	1.076
0706	Carrots, turnips and similar edible roots,	0.973	0.850	0.731	0.846	0.636	0.571	0.085	0.926	0.746	1.227
0707	Cucumbers and gherkins, fresh or chilled.	0.706	0.565	0.465	0.283	0.391	0.063	0.120	0.105	0.133	0.186
0806	Grapes, fresh or dried.	2.125	1.808	1.909	2.256	1.431	2.846	3.678	0.227	1.695	4.534
0807	Melons (including watermelons) and papaws (papayas), fresh.	2.740	4.186	6.042	3.803	10.16	13.53	15.37	4.558	15.493	3.985
0808	Apples, pears and quinces, fresh.	0.129	0.093	0.075	0.051	0.033	0.062	0.015	0.013	0.010	0.020
0809	Apricots, cherries, peaches. ...	1.414	1.684	1.119	1.744	2.124	2.441	1.890	5.243	2.365	1.591

Source: Authors' own calculations are based on UN Comtrade database at the 4-digit level of HS-2002.

In contrast, some agricultural commodities included in our sample had comparative disadvantages during the 2006-2015. These are 0707-“Cucumbers and gherkins”, 0808-“Apples, pears and quinces, fresh.”

Conclusion

These findings enhance our understanding of Uzbekistan's agricultural sector comparative advantages in Russian market. In our view in the short-run, Uzbekistan should increase the production and export of fruits and vegetables, which have revealed comparative advantages in the Russian market. In the long-run, Uzbekistan should find the ways to increase the competitiveness of other agricultural products, which have not comparative advantages at present time.

References:

- Balassa, B. (1965), “Trade Liberalization and ‘Revealed’ Comparative Advantage”, *The Manchester School*, 33, 99-123.
- Faustino, Horácio (2008), *Intra-Industry Trade and Revealed Comparative Advantage: An Inverted-U Relationship*, WP03/2008/DE/SOCIUS, Department of Economics, School of Economics and Management, Technical University of Lisbon, Portugal.
- Utku Utkulu and Dilek Seymen (2004) *Revealed Comparative Advantage and competitiveness: Evidence for Turkey vis-à-vis the EU/15*. European Trade Study Group 6th Annual Conference, ETSG 2004, Nottingham, September 2004.

Thank you!