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Uzbekistan agrarian sector export competitiveness in Kazakhstan.

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Abstract

We calculated Balassa indices of revealed comparative advantage for Uzbekistan`s agrarian sector exported commodities to Kazakhstan during the 2006-2014. We used SITC Revision 3 Kazakhstan import data at 4-digit level. Our results showed that Uzbekistan has revealed comparative advantage for the most agrarian products in the Kazakhstan market. Moreover, for the most these product comparative advantages were enhanced during the 2006-2014. The results of our research can be used to develop competiveness of Uzbekistan`s agrarian products in the foreign markets

Key words:

Trade, revealed comparative advantage, competitiveness, agriculture

Data

We use trade data on Kazakhstan import at SITC rev3. 4-digit level in current US dollars from UN COMTRADE database. Comtrade Database contains data for about 200 countries. Commodities of “Food and live animals” group (SITC “0” group at 1-digit level) are defined as Agricultural sector commodities. Our study time frames included the years: 2006, 2010 and 2014.

Methodology

To analyze the competiveness of Uzbekistan`s agrarian sector exported commodities to Kazakhstan we use Balassa revealed comparative advantages indices. The Balassa (1965) advantages in year t calculated by following formula:

$$BRCA = \frac{X_{i\,t}^{uzb} / \sum_k X_{kt}^{uzb}}{X_{i\,t}^{wld} / \sum_k X_{kt}^{wld}}$$

Where,

$X_{i\,t}^{uzb}$ is export of Uzbekistan of product I to Kazakhstan in year t; X_{kt}^{uzb} is total Uzbekistan`s export to Kazakhstan in year t;

$X_{i\,t}^{wld}$ is world's total export of product I to Kazakhstan in year t;

X_{kt}^{wld} is world's total export to Kazakhstan in year t;

Main results

The export of agrarian sector of Uzbekistan to Kazakhstan increased appreciably (more than 111 times) during the 2006-2014.

The results obtained from our calculation of revealed comparative advantages presented at table 1. We keep the 20 agrarian products with the biggest share in the total export of agrarian sector in 2014.

As seen from this table for the many types of agrarian products Uzbekistan has revealed comparative advantages in Kazakhstan market. The highest measure of Balassa indices in 2014 have products as: 'Grapes, fresh or dried' (35.415), 'Legumes, dried, shelled' (34.987), "Fruit, fresh, dried, nes."(25.997), "Other fresh, chilled vegetables" (21.214), "Tomatoes, fresh or chilled" (14.478). On the contrary, some agrarian products have revealed disadvantages.

Main results

Uzbekistan enhanced the comparative advantages in Kazakhstan market
for the most agrarian products. For example, Uzbekistan had not comparative advantages for the agrarian commodities as “Cereal grains, prepared nes”, “Other citrus, fresh, dried”, “Apples, fresh”, “Fruit fresh, dried, nes” and “Pepper, dry, crushed, ground” in 2006, but significantly increased competiveness of these commodities in Kazakhstan market up to 2014 year (2014 ga kelib). At the same time, Uzbekistan lost competiveness for some agrarian products in Kazakhstan market.

Table 1.

Uzbekistan`s agrarian products comparative advantages in Kazakhstan (2005-2014)

N	SITC-code	Commodity	2005	2010	2014
1	0019	Live animals, n.e.s.	6.391	35.688	12.661
2	0481	Cereal grains, preprd nes	0.001	-	1.435
3	0484	Bread, baked goods	0.270	0.002	0.011
4	0542	Legumes,dried,shelled		13.966	34.987
5	0544	Tomatoes, fresh or chilled	5.546	30.748	14.478
6	0545	Oth.frsh,chll.vegetables	5.745	31.557	21.214
7	0561	Vegetables, dried	-	4.248	11.559
8	0567	Veg.prepared,presrvd,nes	1.735	2.390	1.998
9	0572	Oth.citrus,fresh, dried	0.022	0.676	5.480
10	0574	Apples, fresh	0.100	0.688	1.914
11	0575	Grapes, fresh or dried	4.401	32.347	35.415
12	0577	Edible nuts fresh,dried	0.033	7.015	2.410
13	0579	Fruit,fresh,dried, nes	0.557	18.729	25.797
14	0581	Jams, fruit jellies, and others	7.378	7.900	0.945
15	0589	Fruit, nuts, prsvd, ppd,nes	0.212	0.062	0.089
16	0599	Juices, other than citrus	5.569	12.142	8.162
17	0616	Natural honey	-	7.247	0.424
18	0622	Sugar confectionery	0.039	0.913	0.418
19	0751	Pepper,dry,crushd,ground	-	2.934	10.038
20	0989	Food preparations, nes	0.008	0.011	0.006

UzSource: Balassa product comparative advantages calculation based on Kazakhstan import data from UN COMTRADE database in SITC revision 3 at 4-digit level.

Note: For some agrarian products no records in 2006 and 2010 (marked as “-”) in Kazakhstan import

Conclusion

The investigation of Balassa indices for Uzbekistan`s agrarian products in Kazakhstan market has shown that Uzbekistan`s agrarian sector improved competitiveness for the most agrarian products. At the same time, further research should be undertaken to find the efficient agricultural production structure for Uzbekistan based on deep analysis of competitiveness of these agricultural products in foreign countries. Simultaneously, it is important to study determinants, which affect to the competitiveness of agrarian export in purpose with the purpose to support the enterprises engaged in the exporting of agricultural products.

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