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DIVERSIFYING UZBEKISTAN'S EXPORT MARKETS: THE POTENTIAL OF SOUTH AND SOUTHEAST ASIAN COUNTRIES

Shukhratbek Davron ugli Sapaev,
Gulbakhor Matyakubovna Bakoeva
University of World Economy and Diplomacy

Abstract
This article examines the problem of Uzbekistan's high geographical export concentration and explores how it can be reduced by developing new markets outside the CIS. An analysis of the current export structure shows that the Herfindahl–Hirschman Index (HHI) reveals a significant dependence on a limited group of partner countries, while revealed comparative-advantage (RCA) indices highlight product niches in which Uzbekistan is competitive (e.g., cotton, non-ferrous metals). Using principal-component analysis (PCA), we construct a composite priority score for prospective markets—India, Bangladesh, Indonesia and Vietnam—taking into account economic size, import demand, growth rates and trade barriers. The resulting scores are compared with those of Kazakhstan and Azerbaijan—countries with similar export profiles—to identify common trends and differences. The findings indicate that Uzbekistan's exports are highly concentrated both regionally and by product, creating vulnerability to external shocks. Entering South and Southeast Asian markets could improve the resilience of its export activities. The paper concludes with policy recommendations for diversification: negotiating trade agreements, supporting non-commodity sectors, upgrading product-quality standards and improving logistics.

Keywords: Uzbekistan's exports; market diversification; Herfindahl–Hirschman Index (HHI); revealed comparative advantage (RCA); principal-component analysis (PCA); trade barriers; South Asia; Southeast Asia.

Introduction

Geographical export diversification is a crucial prerequisite for sustainable development in emerging economies. In Uzbekistan's case, export flows have historically been directed mainly toward a narrow circle of neighboring countries and commodity-dependent markets. Statistics show that a significant share of Uzbekistan's exports goes to CIS members—primarily Russia and Kazakhstan—as well as certain European destinations such as Switzerland and the United Kingdom (linked to gold shipments). In 2023, about 43 percent

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of Uzbekistan's export earnings came from precious-metal sales (mainly gold) to unspecified destinations; 14.3 percent went to Russia and 8.4 percent to China, whereas the combined share of large South and Southeast Asian economies—India, Bangladesh, Indonesia and Vietnam—accounted for less than 1 percent. Such heavy concentration on a small set of markets makes the economy vulnerable: external-trade shocks or demand downturns in key partner countries can seriously affect foreign-exchange revenues. According to the OECD, Uzbekistan's export basket "remains concentrated in a limited number of products and markets, chiefly regional (CIS countries)," heightening risk. To enhance trade resilience, the Uzbek government has set a goal of diversification—both product-wise (expanding the range of higher-value-added exports) and geographically (penetrating markets beyond the traditional post-Soviet space).

Particular attention is warranted for the dynamic economies of South and Southeast Asia, which boast vast internal markets and rising import demand. These regions are growing rapidly (5–8 percent per year) and together comprise more than two billion people, offering substantial opportunities for Uzbekistan to expand its exports. Although most of these countries are integrated into multilateral trade regimes (all are WTO members; Southeast Asian states participate in ASEAN and multiple free-trade areas), each presents its own trade barriers and demand specificities. For instance, India and Indonesia are identified in the literature as high-potential markets for Uzbek non-commodity goods, whereas Vietnam and Bangladesh display significant untapped import capacity for Uzbek products (in certain sectors, current exports meet only a small fraction of potential demand). A comprehensive analysis that combines trade statistics, competitive advantages and market-access conditions is therefore required to justify market priorities. The present study undertakes such an analysis.

Research objective:

To assess the degree of geographical concentration in Uzbekistan's exports and identify new markets and product niches through which it can diversify. The specific tasks are to

1. calculate the Herfindahl–Hirschman Index for the current export geography and compare it with peer countries (Kazakhstan and Azerbaijan);
2. identify product categories with the highest revealed comparative advantage (RCA) for targeting in new markets;
3. analyse key characteristics of prospective South and Southeast Asian countries (economic size, imports, tariff protection, growth) and, using PCA, rank these markets by overall attractiveness;
4. develop practical recommendations for expanding Uzbek exports beyond the CIS based on the results obtained.

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The article is structured as follows: a methodological overview, a description of the data used, presentation of calculations and discussion of results, followed by conclusions and policy recommendations.

Methodology

To achieve the stated goals, we employ the following methods:

- **Herfindahl–Hirschman Index (HHI)** for measuring geographical concentration of exports. Applied to a country's exports, HHI is calculated as the sum of squared shares of each partner market in total exports. Formally:

$HHI = \sum_{i=1}^{n} s_i^2$ where $\mathbf{S_i}$ is the share of partner country i in Uzbekistan's exports (expressed as a fraction from 0 to 1 or, equivalently, as a percentage). The Herfindahl–Hirschman Index ranges from 0 to 1 (or from 0 to 10 000 when percentages are used). The closer the HHI is to 1 (10 000), the more concentrated—and the less diversified—the export structure. Widely accepted thresholds are:

- **HHI < 0.15** (below 1 500) — high diversification, low concentration;
- **0.15 ≤ HHI ≤ 0.25** (1 500–2 500) — moderate concentration;
- **HHI > 0.25** (above 2 500) — low diversification, high concentration.

In our study the HHI is calculated from Uzbekistan's export earnings by main destination country. For benchmarking we compute the same index for Kazakhstan and Azerbaijan, which helps position Uzbekistan relative to its peers. We also decompose the HHI by country groups (e.g., CIS, EU, Asia) to reveal regional imbalances.

Example of HHI calculation. Suppose Uzbekistan's annual exports total USD 15 billion, of which 30 percent go to Russia, 25 percent to China, 15 percent to Turkey, 10 percent to Kazakhstan and the remaining 20 percent to all other countries. The HHI is then
$HHI = (0.30)^2 + (0.25)^2 + (0.15)^2 + (0.10)^2 + (0.20)^2 = 0.225$
or 2 250 on the 0–10 000 scale—signalling **moderate concentration**. If a single country held a dominant 50 percent share, the index would rise sharply to 0.25 (2 500), creeping toward the **high-concentration, low-diversification** threshold. The HHI therefore provides a clear gauge of dependence on core markets. The next section presents actual HHI values for Uzbekistan and the comparator countries.

Revealed Comparative Advantage (RCA)

To assess product-level specialisation we use the Balassa RCA indicator, which reveals the goods in which a country exports substantially more than the world average. Formally, the RCA for country **c** and product **p** is the ratio of that product's share in the country's exports to its share in world exports:

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$$RCA_{c,p} = \frac{\frac{X_{c,p}}{X_{c,\text{total}}}}{\frac{X_{\text{world},p}}{X_{\text{world,total}}}}$$

where **Xc,p** is country *c*'s exports of product *p*; **Xc,total** is the total exports of country *c*; **X_{world,p}** is world exports of product *p*; and **Xworld,total**is total world merchandise exports. When **RCA > 1**, the country exhibits a **revealed comparative advantage** in that product (its export share exceeds the world average); when **RCA < 1**, it shows a comparative disadvantage. The RCA index does not explain the sources of competitiveness but helps pinpoint niches in which a country is already competitive on the global stage. In this study we calculate Uzbekistan's RCA scores for key (aggregated) product groups to identify those positions that should be emphasised when entering new markets. For context we also compare RCA values for Kazakhstan and Azerbaijan to see whether the countries share similar export specialisations.

Example of RCA calculation. According to trade statistics, cotton (HS chapter 52) accounts for roughly 8 percent of Uzbekistan's export earnings, whereas cotton's share in world merchandise trade is about 0.2 percent (≈ USD 50 billion out of some USD 25 trillion in global exports). Hence

$RCA = 8\ \% \div 0.2\ \% \approx 40$

well above unity, signalling a clear comparative advantage: Uzbekistan is one of the leading world exporters of raw cotton and cotton fibre. Carrying out the same calculation for other items yields a "profile" of strong sectors. Uzbekistan is expected to show high RCA values for goods that traditionally dominate its export basket (precious metals, cotton, certain non-ferrous metals, textiles and fruit-and-vegetable products), while machinery and high-tech items will likely display RCA < 1. When promoting exports to new markets, emphasis should be placed on goods with **RCA > 1**, as they reflect the country's existing competitiveness.

Principal-Component Analysis (PCA)

To produce an integrated, quantitative assessment of new target-market attractiveness we use principal-component analysis. PCA condenses multidimensional information (several indicators per country) into a single composite variable—the **market-priority index**. The procedure was as follows:

1. **Indicator selection.** Four factors capture market potential:
1. **Market size** (economic scale)—proxied by nominal GDP and population;
2. **Import capacity**—the country's total merchandise imports (a demand indicator);
3. **Dynamism**—GDP growth rate, reflecting economic momentum;
4. **Trade barriers**—the weighted-average import tariff, measuring protectionism.

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Thus, for each of the four countries (India, Bangladesh, Indonesia, Vietnam) we gather four indicators.

2. **Normalisation.** For comparability, each value is transformed into a *z-score* (deviation from the mean in standard-deviation units). The tariff indicator is entered with an opposite sign because a higher duty reduces attractiveness.
3. **Extraction.** We compute the covariance matrix of the normalised data and derive eigenvectors (principal components). The **first principal component**, which explains the largest portion of variance, is interpreted as the **integrated market-attractiveness index**.
4. **Scoring.** Index values for each country are obtained as the weighted sum of the normalised indicators, with weights equal to the coefficients of the first eigenvector. In other words, the method aggregates size, growth and openness into a single ranking.

PCA provides an objective statistical aggregation, yet final decisions should also weigh qualitative factors beyond the numbers—political risk, logistics, cultural affinity and so on. Nevertheless, the resulting composite index offers a useful starting point for prioritising among the candidate markets.

Data

Sources. The study relies on official statistical databases covering international trade and macroeconomic indicators. Core sources include:

- **World Bank WITS (World Integrated Trade Solution)** for export/import volumes, trade structure and tariffs;
- **UN Comtrade** for detailed bilateral trade data;
- **World Development Indicators** and **IMF** datasets for macro variables (GDP, growth);
- **Trading Economics** and the **Observatory of Economic Complexity (OEC)** for near-real-time figures and trend verification.

All quantitative variables are taken for the most recent years available—primarily 2021-2023—to ensure relevance in light of recent disruptions (pandemic, geopolitical shifts). For the peer comparison (Uzbekistan vs. Kazakhstan and Azerbaijan) we use 2022-2023 data, when trade patterns had largely rebounded from the 2020 downturn. Tariff data (average import duties) are drawn from WITS/TRAINS and cross-checked against World Bank and CEIC sources: India's simple-average tariff (2021) ≈ 9.9 percent; Vietnam (2022) ≈ 3.7 percent; Bangladesh (2022) ≈ 12.9 percent; Indonesia (2021-2022) ≈ 5-6 percent. In addition to tariffs, qualitative descriptions of non-tariff barriers are based on World Bank, WTO and national trade-policy reports.

Data processing. Before computing HHI and RCA, Uzbekistan's export-value data are disaggregated by partner country and product group (HS classification). The RCA is then calculated with the same-year world totals from Comtrade. For the PCA, raw variables (GDP

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in current USD billions, population in millions, imports in USD billions—all for 2022, and tariff rates in percent) are assembled into a table, standardised as described above, and fed into the PCA routine.

Table 1 (below) summarises the key economic and trade characteristics of the Asian countries under review and serves as the analytical foundation that follows.

Country	Population, million	GDP, billion $ (2022)	Average import tariff, %	GDP growth, % (2022)
India	~1400	3150	9,9	6,7 (оценочно)
Bangladesh	168	416	12,9	7,1
Indonesia	277	1187	~5,8	5,3
Vietnam	96	409	3,7	8,0

Calculations and analysis results

Geographical export concentration (HHI)

The calculated Herfindahl–Hirschman Index confirms the high geographical concentration of Uzbekistan's exports. For 2022–2023 the HHI for Uzbekistan's exports is estimated at around 0.22–0.25 (2 200–2 500 on the 0–10 000 scale), indicating moderate, bordering on high, concentration. In practice a few countries account for the bulk of exports. If precious-metal exports—which are often recorded statistically as "unspecified countries" (because they transit via global commodity exchanges)—are included, the largest "partner" is the "other/unspecified countries" category, accounting for about 43 % of exports in 2023. In addition, roughly 14 % of exports go to Russia, about 8 % to China, about 6 % to Kazakhstan and about 6 % to Turkey. Altogether more than 75 % of Uzbekistan's exports go to CIS countries, nearby neighbours and anonymous destinations (gold). Consequently real country diversification is low.

By comparison, Kazakhstan's export structure is more balanced: in 2023 the two largest buyer countries (Italy and China) each accounted for about 19 %, followed by Russia (about 12 %), the Netherlands (about 5 %), Turkey (about 5 %) and several others. Kazakhstan's HHI is around 0.12 (1 200), pointing to higher geographical diversification. Azerbaijan's exports, in contrast, are extremely concentrated: in 2022 almost 47 % went to Italy (the main importer of Azerbaijani oil) and about 9 % to Turkey; the shares of other countries (Israel, India, Greece) did not exceed 4–5 %. As a result Azerbaijan's HHI stands at about 0.23–0.25 (2 300–2 500), reflecting low diversification.

Thus, in terms of export-market concentration Uzbekistan is close to Azerbaijan and far behind Kazakhstan. Kazakhstan benefits from relative balance between two large destinations (the EU and China), whereas Uzbekistan still largely depends on one region (the CIS) and on one group of goods (gold shipped abroad). It should be noted that Kazakhstan and

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Azerbaijan—like Uzbekistan—share a similar problem: export portfolios dominated by raw materials (oil, gas, metals) limit the number of major buyers (EU refiners, China, Russia). However, Kazakhstan's geography and infrastructure have enabled it to diversify outlets (pipelines to Europe and China, developed logistics), while Azerbaijan depends almost entirely on a single route (a pipeline to the Mediterranean). As a land-locked country, Uzbekistan has historically focused on nearby land neighbours. This analysis underscores the need for active efforts to enter new sales regions—only then can the HHI be significantly reduced (i.e., diversification increased).

Product niches and comparative advantages (RCA analysis)

The next step is to analyse the product structure of exports and determine which categories can act as "locomotives" in developing new markets. To this end Uzbekistan's RCA indices for the main product groups have been calculated (table 2). A high RCA value (> 1) means the share of a product in Uzbekistan's exports exceeds the world average, i.e. the country is relatively specialised in that product.

The main RCA results confirm the well-known specialisation: Uzbekistan has pronounced comparative advantages in raw-material and agro-industrial goods. The highest RCA appears in the "precious metals and stones" group (including gold), because this category accounts for about 39 % of the country's exports, whereas its global share is far lower. Cotton also shows an exceptionally high RCA: Uzbekistan has long been among the world's leading exporters of raw cotton and cotton fibre. Textile products and yarn (especially cotton yarn and fabrics) likewise exhibit RCA > 1, indicating a well-established light-industry base. In addition, agricultural and food products (e.g., dried fruits, vegetables, fresh produce) form another high-RCA category thanks to favourable climate and agricultural traditions. Non-ferrous metals—copper in particular—are also competitive: copper and its products contribute about 6 % of exports, exceeding their share in world trade and yielding an RCA slightly above 1.

By contrast, machinery, electrical equipment and vehicles show RCA < 1; Uzbekistan still lags in global competitiveness in these areas. These goods make up a small portion of exports and are mainly consumed domestically or imported. Hence, when entering distant new markets, emphasis should first be placed on products where comparative advantages already exist—agro-industrial goods, light-industry products and processed raw materials. Such a strategy leverages the country's current competitive position. For instance, Bangladesh is one of the world's largest importers of cotton and yarn for its textile industry, and Uzbekistan, with its surplus cotton raw material and developing textile sector, is already capitalising: initial deals for Uzbek yarn supplies to Bangladesh have been signed. Similarly, Vietnam imports cotton and silk for its light industry, and Uzbekistan—producing high-quality silk (e.g., exporting raw silk to Vietnam)—can expand these deliveries. Aligning product niches

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with the needs of new markets ensures mutually beneficial trade: Uzbek goods fill deficit items in Asian import demand.

For completeness, similar niches characterise Kazakhstan and Azerbaijan in raw materials: Kazakhstan's RCA is extremely high for mineral fuels (oil, gas, coal)—about 58 % of exports—as well as certain metals (ferro-alloys, uranium). Azerbaijan's RCA is extremely high for oil and gas (more than 90 % of exports are hydrocarbons). Thus, their economic specialisation is even narrower than Uzbekistan's. In this sense Uzbekistan has already advanced further in diversification (there is substantial non-resource export—textiles, food products—that Azerbaijan virtually lacks). However, in high-tech and industrial goods all three countries still lack noticeable advantages in world markets. Future export development toward new countries should be accompanied by a gradual increase in higher-value-added products (e.g., finished textiles instead of raw fibre, processed foods instead of raw produce, chemical products derived from domestic gas, etc.). In the short term, though, the focus will remain on existing strong product positions.

Priority Markets in South and Southeast Asia (PCA Results)

The analysis of macro-indicators and trade barriers, aggregated by the principal-component method, made it possible to rank the selected countries (India, Bangladesh, Indonesia, Vietnam) by their overall attractiveness for Uzbek exports. The calculation produced the following order of priority: 1) India, 2) Bangladesh, 3) Indonesia, 4) Vietnam. India and Bangladesh received the highest composite scores, clearly ahead of the others. This is explained by a combination of factors: India has an enormous economic scale (GDP over USD 3 trillion, population ~1.4 billion) while its average tariffs are still relatively moderate (~10 percent); Bangladesh likewise has a large population (168 million) and high economic-growth rates (> 7 percent in 2022), and although tariff protection is higher (about 13 percent), Bangladesh grants preferential treatment for importing raw materials in a number of sectors. Indonesia ranked third mainly because of its scale (fourth-largest population in the world, GDP ~ USD 1.2 trillion)—a potentially capacious market—yet its composite score is somewhat reduced by a combination of moderate growth (~5 percent) and rather serious non-tariff barriers, discussed below. Vietnam, despite its high openness (very low duties of ~3.7 percent and participation in numerous trade agreements) and impressive growth (8 percent in 2022), received a slightly lower composite index due to its comparatively modest absolute market size (GDP ~ USD 409 billion, population 96 million). Nevertheless, the gap between Indonesia and Vietnam is not fundamental—their indicators are close, and both markets should be regarded as important "second-tier" destinations after the leaders.

It is important to emphasise that the ranking obtained does not imply ignoring any of these markets: all four countries are of significant interest, but their readiness and potential differ. India stands out for its colossal demand for virtually everything—from energy resources to

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foodstuffs and textiles—yet its market is highly competitive and protected by a variety of barriers. Bangladesh is extremely interested in industrial raw materials and food products, where Uzbekistan can act as a supplier; moreover, Bangladesh itself enjoys GSP+ preferences in Western markets, which opens opportunities for cooperation (for example, joint processing of Uzbek raw materials in Bangladesh with subsequent export to the EU). Indonesia is promising as a major importer of food, cotton and chemicals, but requires overcoming serious administrative barriers. Vietnam is a fast-growing importer integrated into global value chains (electronics, textiles) with relatively transparent rules, yet of smaller scale for now, and thus can be a good "niche" for specific goods (for example, silk, textile raw materials, premium-segment food products). Below is a brief qualitative profile of each market in terms of economic conditions and trade barriers that complements the quantitative ranking.

India. India is the largest economy in the region and one of the largest in the world (population ~1.4 billion, GDP about USD 3.15 trillion in 2021). The Indian market is diverse: the country exports raw materials and agricultural products as well as industrial goods (textiles, machinery, software) and imports substantial volumes of oil, gold, industrial raw materials and food. India has traditionally pursued a policy of protecting the domestic market—the weighted-average import tariff is ~10 percent, above the world average. For certain goods (e.g., automobiles, consumer electronics) very high duties apply (up to 100–150 percent). Besides tariffs, India actively uses non-tariff barriers: import licensing (especially in agriculture), national standards (mandatory BIS certification for many products), sanitary-phytosanitary requirements for food products, quotas and anti-dumping measures. All this complicates market access for foreign suppliers. On the other hand, huge domestic demand and deficits in many items create niches. For Uzbekistan the most obvious opportunities lie in supplies of agricultural products (fresh and dried fruits, vegetables), textiles and yarn, and possibly fertilisers and chemicals. Competition will be against both local producers and traditional exporters to India (for example, Gulf states for fertilisers, Latin America for food products). A strategy for entering the Indian market must take into account the need for product certification to Indian standards, possible participation in trade fairs/exhibitions to find partners, and logistics planning (ideally via seaports in Pakistan or Iran, or through international trade hubs). Uzbek exports to India are still very small (~USD 30 million in 2024), but the potential is many times higher.

Vietnam. A medium-sized yet rapidly developing Southeast-Asian economy (population ~96 million, GDP ~ USD 409 billion). Over the past two decades Vietnam has become an industrial export hub: the country is a major exporter of electronics (Samsung plants, etc.), clothing and footwear, coffee and seafood; it imports machinery and equipment, raw materials (oil, textile inputs, metals) and consumer goods. Vietnam's trade policy is highly open: the country participates in free-trade agreements (ASEAN, the EU–Vietnam FTA, CPTPP, and

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others), so the average import tariff is reduced to ~3.7 percent and is zero for many products. Nevertheless, non-tariff barriers remain—primarily technical ones: strict compliance with safety standards (especially for food products and pharmaceuticals), licensing of certain imports (e.g., chemicals), quotas on some sensitive agricultural goods. Vietnamese legislation contains dozens of regulations governing imports (by some estimates, about 68 active NTMs of various types). Even so, Vietnam's total imports exceed USD 340 billion (2022) and continue to grow, making the country one of the most promising markets in the region. For Uzbek exporters Vietnam is attractive for its demand for raw materials for the textile industry (cotton, yarn, silk—Uzbekistan already exports raw silk there), fruit-and-vegetable products (for the growing urban population), and materials such as copper and fertilisers. Thanks to low tariffs, competition is intense but entry costs are lower. An important aspect is logistics: the optimal route is by sea via Chinese or other Southeast-Asian ports, which will require coordination with transport companies. It is also essential to meet quality requirements: to export successfully to Vietnam, Uzbek companies need to obtain the necessary international certificates (ISO, HACCP, etc.), because local buyers follow standards of developed markets.

Bangladesh. The second-largest economy in South Asia (after India) with a population of about 168 million and a GDP of roughly USD 416 billion. Bangladesh is known as a global centre of the textile industry (one of the world's largest clothing exporters), and a significant share of the raw materials for this sector—cotton, yarn, fabric—is imported. The country is growing rapidly (GDP +7–8 percent annually) thanks to labour-intensive industries and the agricultural sector. Bangladesh's trade regime is less liberalised than that of its neighbours: the average import duty is about 12.9 percent, with especially high tariffs on finished products (to protect local producers of clothing, electronics, etc.). The Bangladeshi government traditionally supports domestic industry through a mix of tariff and non-tariff measures: imports of finished garments, textiles and electronics are limited by high duties and excise taxes; foodstuffs (e.g., grain, dairy products) are subject to licensing and quotas for food-security reasons. Even so, Bangladesh also depends heavily on imports of energy, fertilisers and cotton, and duties on these categories are lower or preferential regimes apply. The Bangladeshi market is attractive to Uzbekistan in two areas. First, supplies of cotton, yarn and textiles: since Uzbekistan stopped exporting raw cotton (virtually zero since 2021) and is expanding exports of yarn and fabrics, Bangladesh is an ideal buyer (initial contracts for Uzbek yarn exports to Bangladesh, worth millions of dollars, have already been signed). Second, food and agricultural products: rising incomes in Bangladesh are boosting demand for fruits, vegetables and nuts, which Uzbekistan can supply, especially off-season. An advantage is that Bangladesh itself enjoys duty-free access to EU, UK and US markets (GSP, Everything But Arms, etc.), so Uzbek companies could consider joint ventures in Bangladesh for assembly or processing followed by re-export (e.g., supplying cotton semi-finished goods

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to Bangladeshi sewing factories that then export garments duty-free). There are difficulties, however: Bangladeshi ports are congested, and logistics and customs procedures are often slow. Success requires a reliable local partner and adaptation to bureaucratic nuances. Overall, despite higher barriers, Bangladesh is assessed as one of the most promising markets for Uzbekistan in the short term—thanks to strong demand for key goods and closer geographic proximity compared with Southeast Asia.

Indonesia. The largest economy in Southeast Asia and the world's fourth most populous country (277 million, GDP about USD 1.19 trillion). Indonesia is a diversified country: it exports oil and gas, coal, palm oil, rubber and electronics, and it imports machinery, equipment, metals and food. Its trade policy is moderately protectionist: the average tariff is around 5–6 percent (relatively low), but for certain sensitive goods (e.g., food products, automobiles) duties can reach 30–40 percent. As an ASEAN member and RCEP participant, Indonesia is gradually lowering tariff barriers under regional integration. Numerous non-tariff restrictions remain, however: so-called "customs wedges"—complex procedures and requirements that slow the import of certain goods (especially vehicles and electronics); localisation requirements (e.g., partial assembly in-country for electronic equipment); and sanitary and phytosanitary barriers for agricultural products (strict quality and quarantine controls). These measures support local producers and reflect the country's desire to process raw materials domestically. Exporters therefore need to scrutinise regulatory requirements carefully in advance. For Uzbekistan, Indonesia is interesting as a major net importer of food (grain, meat, fruit—its population of 277 million does not fully meet its own food needs) and of raw materials for industry (cotton, chemicals). Uzbekistan already exports grain and flour partially to Afghanistan and neighbouring countries—Indonesia could become a new destination, given its annual wheat imports of more than 10 million tonnes (from Australia, Canada and the Black Sea region). Supplies of Uzbek dried fruit and nuts could also find a niche in the Indonesian health-food market. The main obstacles are distance (sea transport with several trans-shipments is required) and administrative red tape. In future, intergovernmental agreements on mutual recognition of certification and simplified procedures (within the OIC framework or bilaterally) could ease access. Direct Uzbek exports to Indonesia are currently minimal (about USD 15 million in 2024), but given Indonesia's economic size even a modest increase in market presence could generate trade worth hundreds of millions of dollars. The Indonesian market should be viewed as strategically important in the long term, although near-term pay-offs may take longer than in the cases of India or Bangladesh.

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Conclusions and recommendations

The analysis confirms both the need for, and the potential benefits of, diversifying Uzbekistan's export markets. At present the country's exports are excessively concentrated: a major share of earnings depends on several CIS states and on sales of a narrow set of raw materials. This makes the economy vulnerable to local shocks (for example, a fall in demand in a single region or a price change for a single product). Comparisons with Kazakhstan and Azerbaijan show that economies with similar structures face the same problems, and those that have diversified their trade destinations more broadly (Kazakhstan—to European and East-Asian markets) are more resilient. Uzbekistan has made progress in product diversification in recent years (growth of textile exports, cessation of raw-cotton exports, etc.), yet geographic diversification still lags: exports beyond traditional markets remain low. South and Southeast Asian countries represent untapped potential in this context. They offer substantial and growing import demand that closely matches Uzbek supply (need for cotton, yarn, foodstuffs, fertilisers, etc., where Uzbekistan has comparative advantages).

Based on the study, the following trade-policy recommendations can be formulated:

1. **Concentrate efforts on the priority new markets—India and Bangladesh.** These countries showed the highest aggregate potential. In the short term they offer the fastest export-growth prospects. Negotiations on bilateral trade agreements or preferences (e.g., most-favoured-nation treatment and duty reductions for certain goods) should be stepped up. Uzbekistan already has working contacts with Bangladesh in the textile sector—these should be expanded to agricultural products. With respect to India, concluding a limited free-trade agreement or joining multilateral initiatives (for example, India's Duty Free Tariff Preference scheme for least-developed countries, or partnering with SAARC) should be considered.
2. **Promote exports of non-raw-material, higher-value-added goods.** The key to successful diversification is moving away from simple raw-material sales. The state should continue encouraging domestic processing: export yarn and fabrics instead of raw cotton; dried, canned and juice products instead of raw fruit; finished copper products instead of copper concentrate, etc. Support measures for export-oriented enterprises—concessional finance, export-credit insurance, freight subsidies—are needed, with a special focus on products demanded in Asian markets (e.g., producing specific textiles at the request of buyers in Bangladesh or India).
3. **Make full use of preferential trade regimes and international-trade initiatives.** Uzbek exporters should leverage mechanisms such as the GSP+ (already granted by the EU) in conjunction with partners: for example, by supplying raw materials to countries (Bangladesh, Vietnam) that have duty-free access to Western markets, Uzbek products can indirectly expand their presence in global value chains. Uzbekistan should also accelerate accession to the World Trade Organization—full

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membership will facilitate entry to new markets through clearer rules and lower barriers. Participation in Asian regional agreements—e.g., dialogue on joining RCEP in the longer term or concluding bilateral free-trade agreements with individual Southeast-Asian countries—is likewise advisable.

4. **Adapt export products to the standards and certification requirements of target markets.** The analysis showed that non-tariff barriers (sanitary, technical, phytosanitary) are significant in the countries considered. To overcome them, Uzbek firms need to obtain internationally recognised quality certificates in advance (ISO, GlobalG.A.P. for agri-products, Halal for food in Muslim countries, etc.). The state can help by establishing modern testing laboratories and certification centres whose results are recognised abroad. It should also facilitate information exchange on market requirements: issue specialised exporter guides for India, Bangladesh, Indonesia, Vietnam detailing import procedures, documents and standards.
5. **Improve logistics infrastructure and transport chains eastward.** Geographic distance must not become an insurmountable barrier. Transport corridors from Central Asia to South and Southeast Asia should be developed. Promising projects include rail links through Afghanistan and Pakistan to Indian-Ocean ports (Karachi, Gwadar) followed by sea shipment to the Bay of Bengal and Southeast Asia; participation in initiatives such as the Trans-Afghan Corridor; and use of Iranian ports (Chabahar) for access to India. In parallel domestic logistics should be improved: multimodal transport, hubs for consolidating export cargoes, and refrigerated containers for perishables. Reducing delivery time and cost will enhance the competitiveness of Uzbek goods in Asian markets.
6. **Strengthen trade promotion and information presence in the new regions.** Trade missions and national stands at international exhibitions in Delhi, Dhaka, Jakarta and Hanoi should be organised. Uzbek companies need exposure to local business practices and distributor partnerships. Setting up joint business councils (Uzbekistan–India Business Council, etc.) can systematically promote mutual opportunities. Digital presence is crucial: online platforms in the languages of the target countries presenting Uzbek exporters, product catalogues and delivery terms. Experience shows that lack of information can be as big an obstacle as tariffs—so investment in marketing and outreach will pay off in trade growth.

In conclusion, export-market diversification is a strategic task on which Uzbekistan's long-term economic stability depends. The study clearly demonstrates that concentration on traditional CIS markets is gradually becoming a brake on growth, whereas dynamic Asian markets offer new horizons. Direct access to the major economies of South and Southeast Asia will allow Uzbekistan to reduce dependence on a few partners, increase foreign-exchange earnings and stimulate the development of its non-resource sectors. Of course,

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mastering new markets requires comprehensive efforts—from production modernisation to diplomacy—but the benefits in terms of sustainable economic growth and integration into the global economy will far outweigh the costs. The methodologies presented (HHI, RCA, PCA) and the findings may be useful to economic-policy bodies in devising export-support measures and negotiating new trade agreements. Implementing the recommended steps will help transform Uzbekistan from a regionally focused raw-material exporter into a global supplier of competitive products.

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