

Central Asia: A Brief Overview of International Trade

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As stated in the United States Strategy for Central Asia 2019-2025, Central Asia is a geostrategic region important to United States national security interests; “a stable and secure Central Asia contributes directly to U.S. efforts to counter terrorism, support regional stability, promote energy security, and enhance economic prosperity in the region and beyond.” This briefing provides a high-level overview of Central Asia’s international trade profile, with a particular focus on trade with the United States to facilitate awareness of recent trade trends in the region.

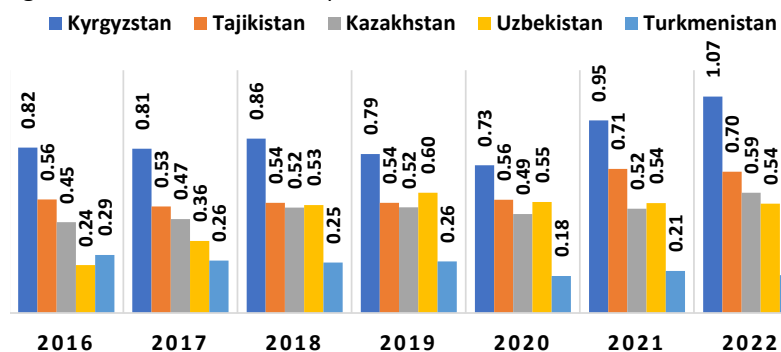
Regional Background.¹ As a landlocked region, Central Asia (CA), including Kazakhstan, Kyrgyzstan, Tajikistan, Turkmenistan, and Uzbekistan, borders Russia to the north, China to the east, Afghanistan and Iran to the south, and the Caspian Sea to the west. With regard to major regional security risks, proximity to Afghanistan has long posed concerns about potential spillover of instability across the region.² With an estimated population of roughly 78 million (m) in 2022, the region covers an area equal to about 43 percent of the United States. Given the predominantly young population, creating more and better jobs has been critical, especially for Uzbekistan that accounts for 45 percent of the region’s population.³ Uzbekistan is double-landlocked, thus trading across borders is more challenging. Kazakhstan, endowed with natural resources, including oil and gas, accounts for 56 percent of the region’s gross domestic product (GDP) and has the highest income per capita (\$11,400 in 2022) in CA, while Tajikistan – the lowest (\$1,064).

CA states are highly vulnerable to climate change due to physical geography (dominated by deserts and semi-deserts). Some mining and agriculture sector practices contributed to desertification during the Soviet era. Kazakhstan and Uzbekistan continue to face adverse climate, economic, and public health impacts of the drying-up of the Aral Sea caused by the overuse of its source waters for agricultural irrigation.⁴

Relations with the United States. Since 2015, the United States has engaged with all five CA governments via a diplomatic platform – “C5+1” (i.e., the CA states plus the United States) – with a shared goal of an independent, prosperous, and secure CA.⁵ In its National Security Strategy 2022, the United States declared its commitment to

continue supporting the independence, sovereignty, and territorial integrity of CA, working through the C5+1 platform to (i) advance climate adaptation, (ii) improve regional energy and food security, (iii) enhance integration within the region, and (iv) build greater connectivity to global markets.

Figure 1 Central Asia: Trade Openness Index



Source: Calculated based on the [World Bank](#) and [IMF data](#), accessed 5/23/2023.

Openness to Trade. Over the last five years, all CA countries became more open to trade, except for Turkmenistan, one of the world’s most closed economies.⁶ Based on Trade Openness Index (Figure 1), calculated as a ratio of merchandise trade value to GDP,

¹ Macroeconomic figures used in this section are from the [World Development Indicators Database](#) and [IMF, World Economic Outlook Database](#), accessed 5/23/2023.

² U.S. Department of State, [Country Reports on Terrorism 2021: Uzbekistan](#); Pannier, “[Northern Afghanistan and the New Threat to Central Asia](#),” May 13, 2022; The White House Press Release, [The New York Declaration: C5+1 Resilience through Security, Economic, and Energy Partnership](#), September 21, 2023.

³ Around 60 percent of the population is under the age of 30. UNICEF, [Youth of Uzbekistan: Challenges and Prospects](#), December 2020.

⁴ Schulz, “[The Cautionary Tale of the Aral Sea: Environmental Destruction at Economic Costs](#),” December 30, 2020.

⁵ U.S. Department of State, [C5+1 Diplomatic Platform](#), February 27, 2023.

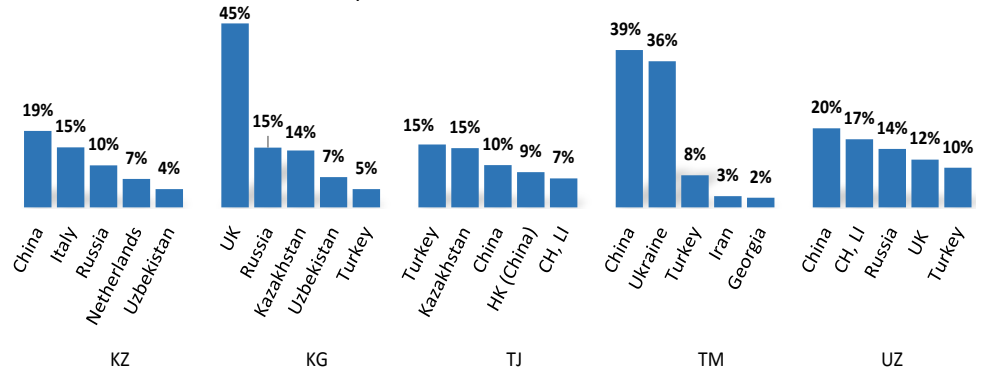
⁶ The Heritage Foundation ranks Turkmenistan 161st of 176 economies, within the “Repressed” group. The Heritage Foundation, [2023 Index of Economic Freedom](#), accessed November 14, 2023.

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Kyrgyzstan is the most open economy in CA. However, this metric also highlights the small size of the economy (just 3 percent of regional GDP in 2022), and the country’s relatively high dependence on imports. In 2018-22, on average, the share of imports in Kyrgyzstan’s total merchandise trade was 73 percent. During the same period, Kyrgyzstan’s merchandise exports grew by 19 percent, while merchandise imports increased by 82 percent, primarily driven by 73 percent growth in 2022 partly due to higher energy prices. Uzbekistan’s trade openness measure increased from 0.24 in 2016 to 0.54 in 2022, while the country’s new president embarked on liberalizing the economy (including the exchange rate) in 2016 and improving relations with neighboring countries and beyond.

In 2021, China and Russia were among the main export markets for most of CA, while within-region trade and trade with the Western Europe were also significant (Figure 2). Further, Russia was the top import source, followed by China either as the second or third top source, for Kazakhstan, Kyrgyzstan, Tajikistan, and Uzbekistan in 2021, while by-country import data for Turkmenistan are not available.⁷

Figure 2 Top Five Export Destinations in 2021
Percent of Total Merchandise Exports



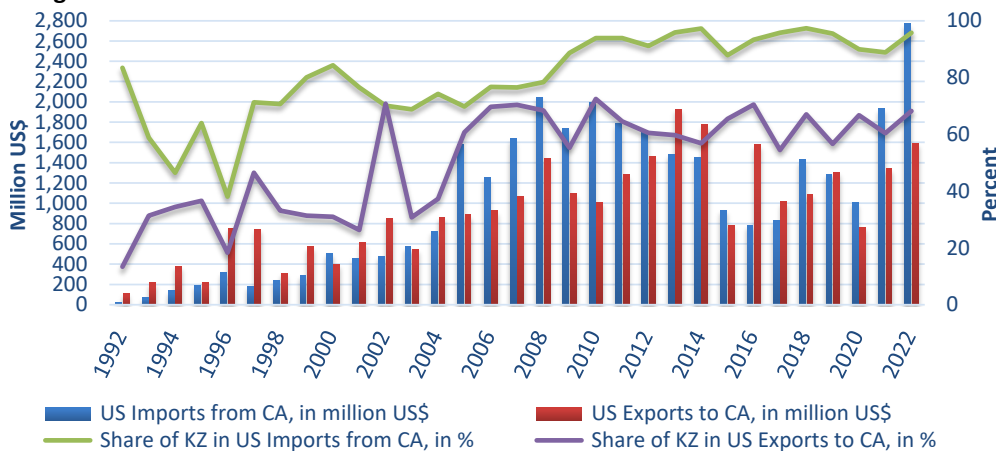
Notes: HK - Hong Kong (Special Administrative Region of China); CH - Switzerland; LI - Lichtenstein.

Source: UNCTAD database, accessed 8/21/2023. Data for CH and LI are combined in source.

Trade with the United States. Despite a substantial increase in trade since independence from the Soviet Union, CA accounts for a small share of total U.S. trade in goods, only 0.1 percent in both 2021 and 2022. During the last decade, U.S.-CA trade has been volatile (Figure 3), with troughs mainly caused by oil price decreases (2014-15) and the COVID-19 related downturn (2020). Yet, the economic recovery from 2020 has been strong, with the trade value reaching a record level in 2022. Kazakhstan, with dominating shares in both exports and imports, has been the main driver of expanded U.S.-CA trade (Figure 3). Over the last five years, U.S. exports to Kazakhstan have increased at an annual average rate of 14 percent, while imports from Kazakhstan rose by 27 percent. In 2022, the top three U.S.

exports to Kazakhstan included aircraft, spacecraft, and parts; nuclear reactors, boilers, machinery, and parts; and electrical machinery and parts. Regarding imports of goods, oil, and oil products, mostly from Kazakhstan, dominated U.S. imports from CA in 2022.⁸ Overall, the opportunities for trade are relatively constrained by CA’s geography, small market size, and individual country risks.

Figure 3 U.S. Merchandise Trade with Central Asia



Source: Calculated based on data from the U.S. Bureau of the Census, accessed 5/30/2023.

⁷ The World Bank, [World Integrated Trade Solution \(WITS\) database](#), accessed 9/26/2023.

⁸ The structure of trade between the United States and Central Asia will be examined further in a separate briefing.

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