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CENTRAL ASIAN POLICY STUDIES

Kyrgyzstan's trade with Central Asian countries: Barriers and opportunities

Analytical note

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1. Kyrgyzstan's foreign trade: Trends

Foreign trade accounts for a significant share of Kyrgyzstan's economic growth and provides employment for tens of thousands of people. The import-export sector has grown notably over the past three years. Exports have increased within a range of 20-50%. Imports grew between two- and threefold (Figure 1).

But what we learn from studying Kyrgyzstan's foreign trade balance is that with the exception of Kazakhstan, Central Asia peers have contributed little to this dynamic trend. In imports, Kyrgyzstan's largest trading partners are Russia and China (60% in 2014-2023) (Table 1). Exports were dominated in that timeframe by Russia (33%) and the countries to which Kyrgyzstan exports gold.

FIGURE 1. Trade dynamics in Kyrgyzstan in 2014-2023, billion US dollars

Source: UN Comtrade

TABLE 1. Kyrgyzstan's Main Trading Partners (Exports)

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	Average (2014–2023)
Export by country											
China	2%	2%	6%	6%	3%	4%	2%	2%	3%	2%	3%
Russia	6%	11%	10%	15%	19%	14%	12%	14%	47%	23%	17%
Kazakhstan	25%	16%	11%	15%	15%	17%	12%	14%	18%	14%	16%
Uzbekistan	9%	7%	9%	8%	9%	7%	8%	7%	10%	9%	8%
Tajikistan	4%	2%	2%	1%	3%	3%	2%	1%	0.1%	0.0%	2%
Turkmenistan	0.4%	0.4%	0.4%	0.3%	0.2%	0.2%	0.2%	0.2%	0.2%	0.1%	0.3%
Total share of exports	47%	38%	37%	46%	49%	46%	36%	38%	79%	48%	
Import by country											
China	21%	25%	38%	33%	37%	35%	22%	26%	42%	43%	32%
Russia	32%	31%	21%	27%	29%	28%	32%	34%	25%	18%	28%
Kazakhstan	9%	17%	17%	12%	11%	13%	13%	12%	8%	7%	12%
Uzbekistan	2%	1%	2%	4%	3%	4%	6%	6%	4%	3%	3%
Tajikistan	0.1%	0.2%	0.2%	0.3%	0.2%	0.2%	0.3%	0.1%	0.0%	0.0%	0.2%
Turkmenistan	0.0%	0.1%	0.1%	0.0%	0.0%	0.1%	0.2%	1%	1%	0%	0.2%
Total share of imports	65%	75%	78%	76%	80%	80%	73%	79%	78%	71%	76%

Source: UN Comtrade

Among Central Asian countries, only Kazakhstan plays a significant role in Kyrgyzstan's foreign trade, accounting for 12% of imports and 16% of exports over the past decade. Trade with Uzbekistan is also notable, making up 3% of imports and 8% of exports. Trade with Turkmenistan, with which Kyrgyzstan shares no common border, remains minimal, at just 0.2% for both exports and imports. Exports to Tajikistan stood at around 2% between 2014 and 2021. But these dropped precipitously following a border conflict in late 2022 (Table 1). While border tensions appear poised to abate significantly this year, a strong recovery in trade (officially recorded trade, at least) appears unlikely.

The question to be considered here is why Kyrgyzstan trades so little with its immediate neighbors, and what barriers hinder trade and the diversification of trade flows. Particular attention is given to informal trade, most of which takes place across borders with other Central Asian countries.

2. What and how Kyrgyzstan trades with Central Asian neighbors

a. Kazakhstan

Imports from Kazakhstan to Kyrgyzstan fluctuate within an annual $600-700 million range. A dip was observed in 2020. Growth in 2022–2023 was driven by rising prices for food products, oil products, and metals. The main import items included energy resources (coal, crude oil, and petroleum products), essential foodstuffs (dairy products, wheat and flour, poultry meat, vegetable oil, and bottled water), tobacco products, plastics, ferrous metals, aluminum, gold, construction materials and raw materials, as well as vehicles (Table 2).

Informal trade from Kazakhstan includes wheat, wheat flour, and oil products[1]. It is largely driven by differences in consumer prices for these goods, which creates incentives for their unofficial import into Kyrgyzstan's border regions. This informal import activity is quite significant, especially in the case of oil products and wheat. Estimates from market participants suggest that informal trade constitutes 20–30% of the total official imports of these goods into the country.

Exports from Kyrgyzstan to Kazakhstan have varied considerably over the past decade, ranging from $150 million to $400 million. Notable declines occurred in 2016 and 2020. The first dip coincided with Kyrgyzstan's accession to the Eurasian Economic Union (EAEU) in 2015. The second resulted from the broader economic downturn during the COVID-19 pandemic. Key export categories include precious metal ores, ferrous metals, food products (bread, milk, vegetables, and fruits), plastics, building materials, glass, motor vehicles, clothing, and footwear (Table 3).

The trade of gold and precious metal ores between Kyrgyzstan and Kazakhstan is a result of the operation of the Bozymchak gold-copper deposit. The ore is extracted and processed, then shipped to Kazakhstan for additional refining, with the resulting gold sent back to Kyrgyzstan.

[1] Tilekeyev, K. (2024) The Russian War in Ukraine Impact on Kyrgyzstan's Food Market and Agri-Food Sector in 2022. DOI 10.22004/ag.econ.344314

TABLE 2. Imports of Major Goods from Kazakhstan to Kyrgyzstan in 2023

Commodity Code	Description of Commodity Group	Import (thousand som)	(thousand $)	% Share
	TOTAL	**79,008,755.3**	**922,422.2**	**100%**
0207	Meat and edible offal of poultry	1,275,238.5	14,512.2	1.6%
04	Milk and dairy products; bird eggs	1,178,572.1	13,422.2	1.5%
10	Cereals – wheat grain	1,004,244.8	11,405.4	1.2%
1101	Wheat or wheat-rye flour	2,161,678.3	24,605.1	2.7%
1213	Cereal straw and husks	1,053,157.6	11,957.3	1.3%
15	Animal or vegetable fats and oils	1,574,984.2	17,995.3	2.0%
1806	Chocolate	859,126.7	9,809.2	1.1%
19	Prepared cereal, flour, starch or milk products; bakery goods	1,181,653.6	13,475.2	1.5%
21	Miscellaneous edible preparations	1,928,212.4	21,956.9	2.4%
2202	Waters, including mineral and carbonated	5,616,543.8	64,000.5	6.9%
2402	Cigars and cigarettes from tobacco or substitutes	3,774,213.3	42,998.1	4.7%
2523	Cement	1,624,888.7	41,114.9	4.5%
2701	Coal	4,270,390.6	48,898.4	5.3%
2710	Petroleum products (motor gasoline)	1,076,912.8	12,328.4	1.3%
2710	Oil and petroleum products	3,990,340.8	45,181.7	4.9%
3004	Pharmaceuticals	900,487.9	10,218.4	1.1%
32	Paints and varnishes	1,820,577.9	20,763.8	2.3%
33	Perfumes, cosmetics, or toilet products	814,599.2	9,279.7	1.0%
34	Soap and cleansing products	938,578.9	10,732.4	1.2%
39	Plastics and plastic products	4,385,881.8	49,844.2	5.4%
48	Paper and cardboard; related articles	901,271.5	10,264.1	1.1%
68	Stone-, plaster-, cement-based goods	826,307.6	9,398.8	1.0%
7108	Unwrought or semi-processed gold	1,580,348.7	18,081.8	2.0%
72	Ferrous metals	3,646,245.3	41,374.4	4.5%
73	Ferrous metals-based goods	1,985,421.7	22,592.8	2.4%
76	Aluminum and aluminum products	1,272,903.6	14,514.7	1.6%
84	Boilers, machinery, and mechanical appliances; parts thereof	3,766,442.7	42,901.5	4.7%
85	Electrical machines and equipment	3,470,266.2	39,460.0	4.3%
8703	Passenger cars and other motor vehicles	4,888,608.4	55,747.0	6.0%

Source: National Statistical Committee of the Kyrgyz Republic (NSC)

TABLE 3. Export of Main Goods from Kyrgyzstan to Kazakhstan in 2023

Commodity Code	Description	Import		%
		(thousand som)	(thousand $)	
	TOTAL	**39,435,178.5**	**449,009.3**	**100%**
04	Milk and dairy products; bird eggs	2,077,060.5	23,636.7	5.3%
07	Vegetables and root crops	481,579.1	5,522.0	1.2%
08	Fruits and nuts	510,502.8	5,812.4	1.3%
1905	Bread, flour confectionery products	2,022,075.2	22,944.1	5.1%
2105	Ice cream	569,179.4	6,494.9	1.4%
2208	Undenatured ethyl alcohol	492,500.1	5,602.0	1.2%
2616	Ores and concentrates of precious metals	13,884,657.0	158,360.3	35.3%
3923	Plastic items for transporting or packaging goods	2,026,739.6	23,080.2	5.1%
61	Knitwear, machine or hand knitted	1,068,189.7	12,138.4	2.7%
62	Sewn products	1,038,348.8	11,849.5	2.6%
64	Footwear	489,665.7	5,560.5	1.2%
6802	Processed stone	417,149.0	4,783.3	1.1%
6811	Asbestos cement and cement products	699,354.8	7,956.3	1.8%
6907	Paving slabs, facing tiles	1,294,310.6	14,750.9	3.3%
70	Glass and glass products	1,201,769.1	13,696.8	3.1%
7214	Bars of iron or non-alloy steel	4,047,052.3	45,817.6	10.2%
8701	Tractors	458,827.7	5,189.2	1.2%
8703	Passenger cars and other vehicles	950,633.3	10,866.2	2.4%

Source: National Statistical Committee of the Kyrgyz Republic (NSC)

Technically speaking, trade with Kazakhstan is not classified as export-import activity but is considered domestic trade under EAEU rules. There are no customs checkpoints between Kyrgyzstan and Kazakhstan. Oversight is instead provided by the border services of the two countries in cooperation with their respective tax authorities. This arrangement results in notable discrepancies in bilateral trade data. In theory, the EAEU framework should have removed trade barriers between the two countries. In practice, the export of goods from Kyrgyzstan to Kazakhstan (primarily via road transport) remains tightly controlled at all crossing points. This leads to delays for freight transport entering Kazakhstan, hinders official exports, and creates obstacles for tourism.

The main justification given by Kazakhstan for maintaining control is the flow of informal (re-exported) goods, particularly those for industrial and consumer use. These goods largely originate from China, but also from Turkey, South Korea, Gulf states, and neighboring states (notably Uzbekistan and Tajikistan, primarily in the form of fruit and vegetables). Re-exported items include food, clothing, footwear, electronics, vehicles, chemical products, construction materials, machinery, furniture, and other goods.

Customs clearance in Kyrgyzstan is less expensive than in other EAEU member states and Central Asian countries. Many of the re-exported goods are ultimately destined for Russia,

though some also go to other countries in Central Asia. This issue has been studied in detail by various researchers, including R. Mogilevsky[2] and B. Kaminski[3].

As the situation has not changed in any fundamental way, informal re-export activity has not only continued but increased in recent years, particularly following the onset of Russia's military operations in Ukraine and the subsequent imposition of international sanctions on trade with Russia. The re-export of fruits and vegetables remains especially focused on the Russian market. In response, the government of Kazakhstan is stepping up efforts to curb smuggling.

b. Uzbekistan

Trade in goods with Uzbekistan has developed in multiple directions over the past decade. A notable increase occurred in 2022–2023. Imports from Uzbekistan rose from $60–100 million in 2014–2016 to $150–200 million in 2017–2020. They have exceeded $300 million since 2021. The main imports include agricultural products and processed foods (fruits, vegetables, and other food items), ceramics, textiles, knitwear, clothing and footwear, petroleum products and fertilizers, raw materials, ferrous metals, aluminum, agricultural machinery, motor vehicles, and electrical equipment (Table 4).

Kyrgyzstan and Uzbekistan share a 1,378-kilometer land border. This extensive border passes through densely populated areas on both sides, making intensive cross-border trade possible, often in informal forms.

Informal imports from Uzbekistan include fruits and vegetables, as well as fertilizer supplies. A common practice during import is undervaluing goods to reduce customs duties and value-added tax. Notably, most imports, especially fruits and vegetables, exceed the absorptive capacity of Kyrgyzstan's relatively small domestic market. It is more likely that the bulk of these goods ultimately reach markets in Russia and Kazakhstan, since Kyrgyzstan, an EAEU member since 2015, is allowed to import goods under intra-union trade terms. Additionally, Kyrgyzstan itself produces many types of fruits and vegetables. The same logic applies to industrial goods such as textiles, knitwear, clothing, and footwear, which, while consumed domestically to some extent, are also redirected primarily to other EAEU markets.

The sharp rise in petroleum product imports reflects the start of gas supplies from Uzbekistan in 2018. Imports of raw materials, metals, and their derivatives are partly used within the domestic economy and partly re-exported, including to China. Imports of equipment and vehicles have also increased, but their slow pace and relatively small share in overall import volume indicate that the domestic market remains their primary destination.

Fertilizers, particularly nitrogen-based ones, are a key agricultural input and have traditionally been supplied by Uzbekistan. A drop in official supply figures does not necessarily mean the product is absent. It often enters the market informally. Fertilizers from Uzbekistan typically

[2] R. Mogilevskii.2012. Trends and patterns in foreign trade of Central Asian countries. University of Central Asia.
[3] Bartlomiej Kaminski. How the Kyrgyz Republic Has Seized Opportunities Offered by Central Asia's Economic Recovery. Washington DC: World Bank, 2008.

appear in Kyrgyz markets on a seasonal basis, most commonly in the first half of the year. According to market participants, up to 30% of nitrogen fertilizers available in Kyrgyzstan are supplied informally[4].

TABLE 4. Import of Main Goods from Uzbekistan to Kyrgyzstan in 2023

Commodity Code	Description	Import		%
		(thousand som)	(thousand $)	
	TOTAL	**35,452,658.6**	**403,222.1**	100.0%
07	Vegetables and root crops	1401703	15977	4.0%
08	Fruits and nuts	2371208	27010	6.7%
1905	Bread, flour confectionery products	442989	5035	1.2%
22	Alcoholic and non-alcoholic drinks and vinegar	402181	4574	1.1%
27	Petroleum products and natural gas	1229348	13968	3.5%
3004	Medicines	451932	5129	1.3%
3102	Mineral or chemical fertilizers, nitrogenous	810913	9263	2.3%
39	Plastics and articles thereof	2678138	30443	7.5%
48	Paper and cardboard; articles thereof	339,469.6	3,864.1	1.0%
52	Cotton	398,111.7	4,528.9	1.1%
56	Wadding, felt or nonwoven materials	408,838.8	4,642.8	1.2%
57	Carpets and other textile floor coverings	588,772.1	6,691.5	1.7%
60	Knitted fabrics	5,678,141.6	64,697.9	16.0%
61	Knitwear, machine or hand knitted	3,064,141.7	34,931.3	8.7%
62	Sewn products	480,505.5	5,454.0	1.4%
63	Other ready-made textile products	435,538.5	4,957.7	1.2%
68	Articles of stone, plaster, cement	740,711.7	8,404.0	2.1%
6907	Paving slabs, facing tiles	683,194.2	7,753.9	1.9%
72	Ferrous metals	472,419.0	5,375.2	1.3%
73	Articles of ferrous metals	874,043.2	9,943.3	2.5%
76	Aluminum and articles thereof	993,592.5	11,303.0	2.8%
8311	Wire, rods, pipes, plates, electrodes	470,505.3	5,358.4	1.3%
8418	Refrigerators, freezers	393,554.2	4,489.1	1.1%
8436	Agricultural equipment	2,156,086.0	24,390.6	6.0%
85	Electrical machinery and equipment	1,211,943.1	13,755.4	3.4%
87	Land transport vehicles – automobiles	1,123,531.8	12,798.2	19.8%
88	Aircraft, spacecraft and parts	401,089.7	4,513.5	1.1%

Source: National Statistical Committee of the Kyrgyz Republic (NSC)

The growth in imports from Uzbekistan is due to two main factors: increased demand for imports within Kyrgyzstan overall, and Uzbekistan's liberalization of its foreign trade regime. Kyrgyzstan's economy is heavily oriented toward trade and economic transactions. Any new opportunity for trade tends to develop with a focus on reselling goods outside the country.

Exports from Kyrgyzstan to Uzbekistan have historically been limited in scope, fluctuating between $100 million and $160 million per year over the past decade. But in the last two

[4] Tilekeyev, Kanat (2024) The Russian War in Ukraine Impact on Kyrgyzstan's Food Market and Agri-Food Sector in 2022. DOI 10.22004/ag.econ.344314

years, exports rose sharply to $230–290 million. Kyrgyzstan's exports to Uzbekistan are characterized by a narrow range of goods that are competitive in foreign markets, and a high degree of informality in the re-export of imported products. The main exports include live animals (cattle and sheep), food products (potatoes, dairy items, some fruits), cement, glass, coal, petroleum products, copper ore, plastics, ferrous metals, aluminum, equipment, machinery, transport vehicles, and electronics (Table 5).

These goods can be grouped into two broad categories: those produced in Kyrgyzstan (primarily raw materials) and those re-exported from other countries, including consumer goods, household appliances, metals, machinery, and equipment. Many domestically produced agricultural goods that might otherwise be exported are already widely available in Uzbekistan, limiting demand for Kyrgyz produce except for a few niche items.

TABLE 5. **Export of Main Goods from Kyrgyzstan to Uzbekistan in 2023**

Commodity Code	Description	Import		%
		(thousand som)	(thousand $)	
	TOTAL	**25,613,488.5**	**290,766.7**	100.0%
0102	Live cattle	2,502,204.3	28,287.8	9.7%
0104	Live sheep and goats	2,079,292.9	23,639.1	8.1%
0701	Potatoes	391,629.3	4,422.1	1.5%
0802	Nuts	310,075.8	3,511.5	1.2%
1005	Corn	206,776.2	2,373.8	0.8%
2523	Cement	1,692,838.9	19,266.4	6.6%
2603	Copper ores and concentrates	1,547,234.6	17,387.2	6.0%
27	Petroleum products and coal	8,421,838.7	95,554.9	32.9%
39	Plastics and articles thereof	784,821.0	8,948.3	3.1%
6802	Processed stone	349,329.9	3,972.0	1.4%
70	Glass and glass products	444,818.2	5,047.1	1.7%
72	Ferrous metals	1,072,231.3	12,254.9	4.2%
7601	Unprocessed aluminum	265,100.8	3,014.2	1.0%
84	Reactors, boilers, equipment	1,269,864.3	14,448.0	5.0%
8703	Passenger vehicles	336,525.5	3,835.1	1.3%

Source: National Statistical Committee of the Kyrgyz Republic (NSC)

Informal trade in goods between Kyrgyzstan and Uzbekistan is often underreported for two reasons: to evade taxation, and due to the inclusion of goods subject to trade restrictions. This category of trade includes food products, excisable goods such as cigarettes and alcohol, unregistered currency transfers, and precious metals. The main supply of diesel fuel and gasoline to Kyrgyzstan comes from Russia, sold at domestic prices and exempt from export duties. As a result, fuel prices in Kyrgyzstan are significantly lower than in Uzbekistan or Tajikistan.

This price gap encourages informal imports of fuel and lubricants from Kazakhstan, which has some of the region's cheapest fuel. Some of this fuel continues onward to Uzbekistan, where retail prices are 20–30% higher than in Kyrgyzstan. Trade is carried out by a wide

network of informal intermediaries. Although exact data on the volume of fuel and lubricant exports from Kyrgyzstan to Uzbekistan is lacking, estimates suggest the annual volume ranges from 50,000 to 100,000 tons. As long as the fuel price gap remains, informal fuel and lubricant trade is likely to persist.

As in the case of re-exports to and through Kazakhstan, Kyrgyzstan also acts as a transit hub for foreign-made goods destined for Uzbekistan. Goods from China continue to arrive in Kyrgyzstan and are re-exported via the Osh–Sary-Tash–Irkeshtam–Kashi (PRC) corridor. From there, goods are sent to the Osh, Jalal-Abad, and previously Batken regions, before being re-exported to Uzbekistan. These goods are distributed through wholesale markets – most notably the Kara-Suu market in Osh, which serves as the main redistribution center. The scale of trade through this market is considerable. A wide variety of consumer goods, including textiles, clothing, footwear, household appliances, electronics, furniture, equipment, and construction materials, is supplied to Uzbekistan through this channel.

c. Tajikistan

The import of goods from Tajikistan was always quite small, but then it fell even more sharply in 2021–2022. Tensions along the border between Kyrgyzstan's Batken region and Tajikistan's Sughd region had been steadily rising since 2010 and peaked in the fall of 2022. In October 2022, violent clashes broke out and lasted for several days. Several dozen people were killed on both sides, after which the situation was frozen. The entry of citizens from both countries practically came to a halt. Contrary to expectations, negotiations over the final demarcation of the border resumed in earnest in the second half of 2023. The process was formally completed in February 2025.

Over this period, trade between the two countries came to a near-total halt. In Kyrgyzstan's total imports in 2023, deliveries from Tajikistan amounted to just $1.2 million (less than 0.01%), consisting mainly of aluminum (83%), as well as cars and food products (Table 6). Previously, imports had included fruits, vegetables, carbonated drinks, construction materials, raw materials, silk, cotton, and textiles. From 2014 to 2021, imports averaged $9 million per year, with a declining trend.

TABLE 6. **Import of Main Goods from Tajikistan to Kyrgyzstan in 2023**

Commodity Code	Description	Import		%
		(thousand som)	(thousand $)	
	TOTAL	**104,208.5**	**1,180.4**	100.0%
08	Fruits and nuts	3,031.8	34.5	2.9%
1209	Seeds	600.0	7.0	0.6%
4016	Rubber products	2,606.6	29.4	2.5%
7604	Aluminum rods and profiles	86,224.4	977.2	82.8%
8207	Interchangeable hand tools	529.5	6.1	0.5%
8544	Wires and cables	738.6	8.4	0.7%
8703	Passenger vehicles	9,046.8	101.7	8.6%

Source: National Statistical Committee of the Kyrgyz Republic (NSC)

Exports to Tajikistan also virtually disappeared in 2023, amounting to the same $1.2 million. These deliveries primarily consisted of freight vehicles (83%), petroleum products, and tools (Table 7). Previously, exports had included live animals, petroleum products, fertilizers, plastics, timber, glass, machinery, and equipment. From 2014 to 2021, average annual exports amounted to $38 million.

TABLE 7. Export of Main Goods from Kyrgyzstan to Tajikistan in 2023

Commodity Code	Description	Import		%
		(thousand som)	(thousand $)	
	TOTAL	**105,200.3**	**1,202.6**	100.0%
1602	Canned meat	369.0	4.2	0.3%
2208	Undenatured ethyl alcohol	121.5	1.4	0.1%
2710	Petroleum and petroleum products	11,375.1	128.2	10.7%
8705	Transport vehicles	87,300.0	1,000.0	83.2%
9019	Massage devices	6,007.0	68.6	5.7%

Source: National Statistical Committee of the Kyrgyz Republic (NSC)

The region bordering Tajikistan, Batken region, had previously been a center of active informal border trade, including in fruits, vegetables, petroleum products, foodstuffs, and re-exported goods from China. The mechanisms and volume of these supplies in the period preceding the conflict were comparable to the situation along the Kyrgyz-Uzbek border.

d. Turkmenistan

Turkmenistan is the only Central Asian country with which Kyrgyzstan does not share a border. Imports from Turkmenistan have always been relatively modest, limited to a small number of commodity categories. The value of these imports has shown significant year-to-year fluctuation. In some years over the past decade, imports fell below $500,000, while in 2022 they rose sharply to $77 million. In 2023, imports totaled $59 million (Table 8). The bulk of these imports consisted of tomatoes (14.4%) and petroleum products (70.3%), which together accounted for 85% of the total. Other imported goods included fabrics, plumbing fixtures, soap and detergents, plastics, and electrical equipment.

TABLE 8. Import of Main Goods from Turkmenistan to Kyrgyzstan in 2023

Commodity Code	Description	Import		%
		(thousand som)	(thousand $)	
	TOTAL	**5,172,696.4**	**58,926.0**	100%
0702	Fresh tomatoes	743,899.3	8,508.5	14%
27	Petroleum products	3,640,834.4	41,452.4	70%
34	Soap and detergents	82,239.9	938.3	2%
3920	Plastic products	31,916.0	363.5	1%
6302	Bed, table, toilet and kitchen linen	240,856.3	2,741.3	5%
6305	Sacks and packing bags	38,492.3	435.7	1%
6910	Basins, sinks, sanitary ware	102,957.7	1,170.6	2%
8516	Electric water heaters	70,931.8	808.7	1%

Source: National Statistical Committee of the Kyrgyz Republic (NSC)

Exports to Turkmenistan are also small, typically several times lower than import volumes. In 2023, Kyrgyz exports to Turkmenistan totaled $4.6 million (Table 9). The main export items were incandescent lamps (34%), barium sulfate — a raw material used in the production of plastics (30%), as well as nuts (6.7%) and onions (6.2%).

TABLE 9. Export of Main Goods from Kyrgyzstan to Turkmenistan in 2023

Commodity Code	Description	Import		%
		(thousand som)	(thousand $)	
	TOTAL	**406,187.8**	**4,620.0**	100.0%
07	Vegetables and root crops (incl. onions)	30012	343	7.4%
0802	Nuts	26845	309	6.7%
2511	Natural barium sulfate (barite)	120,295.6	1,366.2	29.6%
2710	Petroleum and petroleum products	42,646.5	484.2	10.5%
3209	Paints and varnishes	3,038.2	34.7	0.8%
8539	Incandescent lamps	139,323.8	1,585.5	34.3%
8716	Trailers and semi-trailers	3,991.1	45.3	1.0%

Source: National Statistical Committee of the Kyrgyz Republic (NSC)

Overall, trade volumes between the two countries remain low and have little impact on Kyrgyzstan's foreign trade profile. Periodic increases in trade activity usually follow official state visits, but the results tend to be limited in scope and duration. As a result, there is currently little basis for drawing firm conclusions about trade barriers between Kyrgyzstan and Turkmenistan.

3. Main Obstacles to Kyrgyzstan's Trade with Central Asian Countries

a. Barriers to mutual trade

Mutual trade within Central Asia faces both formal and informal restrictions imposed by governments seeking to protect their domestic markets. Most countries in the region are party to international trade agreements, such as the Eurasian Economic Union, the World Trade Organization, and various free trade arrangements. This should, at least on paper, limit their ability to introduce unilateral trade barriers.

In practice, though, nearly all countries continue to adopt market protection measures. One common tactic is to impose temporary export bans during periods of domestic price volatility, particularly for food, a trend seen repeatedly between 2020 and 2023. Governments also frequently employ technical restrictions on imports, including sanitary and veterinary regulations, aimed at limiting the entry of goods deemed harmful to human health.

As a result, certain categories of products – such as dairy, meat, fish, and many types of berries – are either imported in very small quantities or blocked altogether. For example, Kazakhstan prohibits imports of meat and processed meat products that have not been heat-treated.

Additional obstacles include informal payments or levies associated with the import, export, or transit of goods. Aside from the previously noted delays and bottlenecks at the Kazakh-Kyrgyz border, which traders describe as time-consuming and cumbersome, respondents did not report other widespread informal barriers. However, security concerns were mentioned specifically in the context of foreign trade with Tajikistan.

b. Barriers to diversification of foreign trade

The openness of Kyrgyzstan's economy has left its domestic market largely unprotected from competition with imported goods. As a result, the country only produces goods that are cost-effective to manufacture locally, based on available technology and resources. This limits the volume and variety of domestically produced goods that Kyrgyzstan can trade internationally, narrowing them to a few categories with comparative economic advantages — such as agricultural products (live animals, raw materials, and food), construction materials and the inputs used to produce them, natural resources (gold, coal, oil, and petroleum products), and a limited range of industrial goods like textiles and processed products.

At the same time, Kyrgyzstan has developed expertise in the trade of imported goods. Over the decades since independence, this has led to the emergence of a sizable services sector focused on re-exporting. The country re-exports substantial volumes of goods from China and other trade partners to Russia and neighboring countries. One positive outcome of this trade pattern is the development of commercial know-how and the positioning of Kyrgyzstan as a hub for the redistribution of industrial and consumer goods across the region — contributing notably to the national budget.

However, this orientation has also meant that many local manufacturing industries have either failed to emerge or collapsed due to a lack of support for domestic production.

c. Informal trade and the challenge of measuring its scale

Informal trade plays a significant role in Kyrgyzstan and is the primary source of the country's shadow economy. Official estimates place its share at 19–20% over the past five years[5]. Within that, the informal trade and services sector accounts for 64.1% of the total shadow economy[6].

Kyrgyzstan reported a substantial official current account deficit in 2022, amounting to 43.6% of gross domestic product (GDP). However, the country also recorded considerable "errors

[5] https://stat.gov.kg/ru/statistics/download/dynamic/855/
[6] Tilekeyev K. (2021) Understanding informal economy in Kyrgyzstan. Friedrich Ebert Stuftung.

and omissions" in its trade statistics — equivalent to 37% of GDP that same year. In 2023, the current account deficit declined to 27% of GDP, while errors and omissions remained high at 23.3%[7].

The prevalence of informal trade means that a significant share of the country's commercial activity goes unrecorded. This undermines government revenue, creates opportunities for corruption, and increases the risk of criminalizing economic actors — all of which hinder the country's long-term development prospects.

That said, given the scale of the phenomenon, it's important to acknowledge the positive aspects. Informal trade generates employment, boosts incomes for a substantial segment of the population, and forms the backbone of small and medium-sized enterprises. Looking ahead, one can only hope that Kyrgyzstan's leadership will adopt a gradual and coordinated approach to bringing more of this economic activity into the formal sector — with due regard for all contributing factors.

[7] https://www.imf.org/en/Publications/CR/Issues/2024/03/04/Kyrgyz-Republic-2023-Article-IV-Consultation-Press-Release-Staff-Report-and-Statement-by-545532