

CAR Trade with Rest of the World:

A Review of Selected Commodities



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Introduction

Pakistan has a significant opportunity to develop and capitalize on the "Regional Integrated Transit Trade Corridor" for CIS, particularly with Central Asian Republics (CARs). This corridor, starting from Karachi Port and extending via freight trains to the Pak-Afghan border, then onward to the Uzbek-Afghan border via road, and finally reaching various CARs countries via freight trains, holds immense potential.

Cross Border Trade in Central Asian Republics

Central Asian '-stan' countries, namely, Kazakhstan, Kyrgyzstan, Tajikistan, Turkmenistan, and Uzbekistan, have chosen various transition paths from centrally planned to the market-based economic system, but share the same problem since their independence, in the early 1990s: high trade costs due to land-locked geographical environment. The Republics suffer from poor hard-infrastructure and insufficient soft-infrastructure. On top of the geographical factor, the unfortunate economic infrastructure legacy from the Soviet Union has led to high trade costs in the region. The high cost of trade eventually undermined the competitiveness of both domestic and foreign exporters. The Central Asian region, after the Soviet collapse, was left with a lack of trade-favorable infrastructure. The land-locked feature along with inefficient infrastructure has increased trade costs due to the higher logistics expenses. On top of these existing issues, the Central Asian governors, except the Kyrgyz Republic, postponed trade-liberalizing reforms after their independence. [12]

Scope of study

The report analyzes the present volume of trade of selected HS-2 level products by the Central Asian Republics to and from outside the CAR region. The products were selected from among the top contributors in the trade by weight in the HS-6 level. Due to data discrepancies, the report merges the HS-6 products from the same HS-2 group to arrive at a more macro value. Doing so, identifies the potential of containerized trade for the countries and bodies outside of the CAR region to conduct trade with the CARs.

The report also analyzes the trade routes used by the Central Asian republics to move their cargo to and from the countries outside the CAR region. The Central Asian Republics generally use the trade corridors provided by CAREC and the port of entry and exit is Poti Georgia Port.

Uzbekistan

Uzbekistan's Top Imported Products by tonnage	total imported (Million tons)	Imported from Outside CARs (Million tons)
27. Mineral fuels, mineral oils and products of their distillation; bituminous substances; mineral waxes.	4.73	1.05
10. Cereals	2.77	.00
25. Salt; sulphur, earths and stone; plastering materials, lime and cement.	2.24	.01
17. Sugars and sugar confectionery	.74	.74
72. Iron and Steel	1.30	.58
7. Edible vegetables and certain roots and tubers	.53	.29
44. Wood and articles of wood; wood charcoal.	.86	.86
11. Products of the milling industry; malt; starches; inulin; wheat gluten.	.43	.02
23. Residues and waste from the food industries; prepared animal fodder.	.37	.19

Uzbekistan's Top exported Products by tonnage	Total (Million tons)	Except CAR (Million tons)
25 Salt, Sulphur, earths and stone; plastering materials, lime and cement	2.175	1.667
11 Products of the milling industry; malt; starches; insulin; wheat gluten	.782	.782
27 Minerals fuels, mineral oils and products of their distillation; bituminous substances; mineral waxes	.823	.789
39 Plastics and articles thereof	.267	.246
31 Fertilizers.	.576	.452
8 Edible fruit and nuts; peel of citrus fruit or melons	.235	.177
7 Edible vegetables and certain roots and tubers.	.451	.208
69 Ceramic Products	.167	.000
52 Cotton	.236	.235

Kazakhstan

Kazakhstan's Top Imported Products by tonnage	Total (Million tons)	Except CAR (Million tons)
22 Beverages, sprits & Vinegar	3.562	3.562
27 Mineral fuels, mineral oils and products of their distillation; bituminous substances; mineral waxes	3.440	3.044
10 Cereals	1.290	1.290
69 Ceramic products	1.002	.235
25 Salt, Sulphur, earths and stones; plastering materials, lime and cement	1.263	1.005
72 Iron and steel	.417	.417
26 Ores, slag and ash	.355	.257

Kazakhstan's Top exported Products by tonnage	Total (Million tons)	Out of CAR (Million tons)
27 Mineral fuels, mineral oils and products of their distillation; bituminous substances; mineral waxes	99.134	96.771
10 Cereals	6.106	1.804
25 Salt; sulphur, earths and stone; plastering materials, lime and cement	3.956	3.955
26 Ores, slag and ash	8.479	8.462
11 Products of the milling industry; malt; starches; insulin; wheat gluten	1.936	1.389

Tajikistan

Tajikistan Top Imports and their Share Out of CARs 2022	Total (million tons)	From Out of CARs (million tons)
10 Cereals	.9937	.0009
27 Minerals fuels, mineral oils and products of their distillation; bituminous substances; mineral waxes	.9494	.4430
72 Iron and Steel	.2232	.1036
17 Sugars and sugar confectionery	.1548	.1548
28 Inorganic chemical organic or inorganic compounds of precious metals of rare-earth metals, of radioactive elements or of isotopes	.1152	.0059
23 Residues and waste from the food industries; prepared animal fodder	.0743	.0049
11 Products of the milling industry; malt; starches; insulin; wheat gluten	.0733	.0097

Tajikistan Top Exports and their Share From Out of CARs 2022 (Tons)	Total (Million tons)	Except CAR (Million tons)
25 Salt, Sulphur, earths and stone; plastering materials, lime and cement	1.3830	.4167
27 Minerals fuels, mineral oils and products of their distillation; bituminous substances; mineral waxes.	.3730	.3716
26 Ores, slag and ash.	.1891	.0939
52 Cotton	.0810	.0744
7 Edible vegetables and certain roots and tubers.	.0667	.0004
76 Aluminum and articles thereof	.0510	.0461
8 Edible fruit and nuts; peel of citrus fruit or melons	.0829	.0216

Kyrgyzstan

Kyrgyzstan's Top imported Products by tonnage	Total trade (million tons)	From out of CAR (million tons)
25 Salt; Sulphur, earths and stone; plastering materials, lime and cement	1.0093	.0000
27 Mineral fuels, mineral oils and products of their distillation; bituminous substances; mineral waxes	1.6893	1.1843
34 Soap, organic surface-active agents, washing preparations,6253	.0120
72 Iron and steel.	.2816	.2779
10 Cereals	.2111	.2056
73 Articles of iron or steel	.1632	.1631

Kyrgyzstan's Top exported Products by tonnage	Total (Million tons)	Except CAR (Million tons)
25 Salt;Sulphur, earths and stone; plastering materials, lime and cement	.6254	.0000
27 Mineral fuels, mineral oils and products of their distillation; bituminous substances; mineral waxes	.9040	.3442
70 Glass and Glassware	.1103	.0179
26 Ores, slag and ash	.1057	.0188
68 Articles of stone, plaster, cement, asbestos, mica or similar materials	.1000	.0002
69 Ceramic products	.0709	.0136
52 Cotton	.0684	.0684
72 Iron and steel	.0061	.0005

CAREC Corridors¹

Multimodal corridors from ports to landlocked CAREC countries have been clustered in six groups.

i- Baltic Sea. (Corresponding to CAREC corridors 1 and 6b, c).

The corridor from Baltic Sea ports benefits from seamless rail connectivity, cooperation between railways companies and the Eurasian Economic Union.

However, it is relatively little used because of long distance and imbalance of flows. Moreover, limited capacity at the Poland–Belarus rail border crossings remains an issue.

ii- Mediterranean and Black Sea (Corresponding to CAREC corridors 2 and 6a)

This is a multimodal corridor since transport chains may involve ferrying across Black and Caspian seas. This corridor is being actively promoted by stakeholders from Azerbaijan, Georgia, and Kazakhstan, as well as those from Turkey and Ukraine. The corridor has received substantial investment in infrastructure, e.g. Caspian ports, Baku–Tbilisi–Kars rail, East-West trans Caucasus corridor, though a few gaps and bottlenecks still exist both in rail and road.

iii- Arabian Sea - Iran (Corresponding to CAREC corridors 3a, b and 6a, b)

Iran offers the shortest route from Arabian Sea ports into some landlocked Central Asia countries and used to be a busy route before sanctions. Bandar Abbas has frequent shipping connections with Jebel Ali in the United Arab Emirates that acts a global transshipment hub for global containerized freight. For its part new Chabahar port is developing as a conduit for Indian trade to Afghanistan (AFG) benefitting from lesser restrictions.

iv- Arabian Sea - Pakistan (Corresponding to CAREC corridors 5 and 6)

Despite the presence of major international players and good capabilities, Pakistan logistics sector is underperforming. This is the cumulative effect of infrastructure obsolescence (e.g., in rail and road sectors), strong inertias at all levels that delay reforms, security issues, among other. Though Karachi is still by large the major gateway port for AFG, and that the new Gwadar port ambitions to become a second one, there is a risk that a growing share of this trade shifts to Iranian ports.

v- Pacific - Trans-PRC (Corresponding to CAREC corridors 1, 2 and 5)

This corridor is the most relevant for Central Asia trades mainly with Lianyungang and Tianjin seaports. The corridor features well developed and reliable containerized rail connections that benefits form improved transshipment infrastructure at KAZ–PRC border crossings.

vi- Pacific - Trans Siberia (Corresponding to CAREC corridors 3 and 4)

On average this is a less relevant corridor than the previous but still vital for some Central Asia countries (e.g., UZB) and provides reliable and efficient connection to Korean (Busan) and Japanese seaports. The corridor offers robust rail infrastructure and seamless connectivity, benefiting from same rail standards

¹ Ports and Logistics Scoping Study in CAREC countries Feb 2021

Poti Georgia

The Poti Sea Port (APM Terminals Poti) is the largest port in Georgia, handling container, transshipment of liquids, dry bulk cargo and passenger ferries. The multi-purpose facility has 15 berths, a total quay length of 2,900 meters, more than 20 quay cranes and 17 km of rail track.

The port serves as a European gateway for international trade in Georgia, Armenia and Azerbaijan and further through the ports of the Caspian Sea to the countries of Central Asia and in the opposite direction.

The Black Sea port of Poti is a connecting link in the transportation of goods from Turkey, the Middle East, Europe to the countries of Central Asia and in the opposite direction. Transportation is carried out in three main directions and back:

to Azerbaijan, Armenia, and Russia;

via the Baku–Turkmenbashi ferry crossing to Turkmenistan, Afghanistan, Tajikistan, Uzbekistan;

via the Baku-Aktau ferry crossing to Kazakhstan, Uzbekistan and Kyrgyzstan.



Pakistan-Afghanistan-Iran Linkage to CAR

