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**TRADE, WATER MANAGEMENT, FOOD SECURITY
AND THE CIRCULAR ECONOMY
IN THE SPECA REGION**

(ANALYTICAL BACKGROUND PAPER)

The analytical background paper for the 2021 SPECA Economic Forum has been prepared by Mr. Bo LIBERT, international expert and UNECE consultant. The views in this document are those of the author and do not necessarily express the position of the UNECE secretariat or the UNECE member States.

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Table 1. Agricultural exports from SPECA countries

Abbreviations

ECDT - Economic Cooperation and Trade Division

EAEU - Eurasian Economic Union

FAO – Food and Agriculture Organization

GDP – Gross Domestic Product

IFAS - International Fund for the Saving of the Aral Sea

SDG – Sustainable Development Goal

SPECA - United Nations Special Programme for the Economies of Central Asia

TF – Trade Facilitation

WG – Working Group

UN/CEFACT - The United Nations Centre for Trade Facilitation and Electronic Business

UNCTAD – United Nations Conference on Trade and Development

UNECE - United Nations Economic Commission for Europe

VSS – Voluntary Sustainability Standards

WTO - World Trade Organization

Executive Summary

The report examines the links between trade, agriculture, water management and food security in the subregion of the countries participating in the United Nations Special Programme for the Economies of Central Asia (SPECA). It was developed in the context of the recovery from the COVID-19 pandemic, the general direction of the circular economy, and the 2030 Agenda for Sustainable Development.

Work to achieve SDGs focuses on the need to ensure that economic growth, environmental protection and social inclusion are part of an integrated development agenda. The 2030 Agenda for Sustainable Development recognizes international trade as an engine for economic growth and poverty reduction, and thus an important means to achieve SDGs.

Irrigation plays a key role for agriculture in the arid SPECA countries. Irrigation systems are frequently inefficient and not well maintained. In a circular economy water should be used more efficiently, where possible reused and only minimally polluted. Crops adapted to the specific agro-climatic conditions should be grown. An increasing population and diminishing available water resources due to climate change are putting food production and the economic system under pressure.

There are opportunities to improve water use efficiency significantly in all SPECA countries by improving the water infrastructure and methods for irrigation. However, the current incentives to save water are weak and the investments in the improvement of infrastructure and irrigation are not sufficient.

Increasing production of high-value crops for export, while making sure that these and other agricultural commodities can be traded without obstacles, is proposed as a way forward. An economically stronger agriculture and improved trade in such commodities as wheat can safeguard food security and are likely to open opportunities to use water more efficiently.

In this context the document *Principles of Sustainable Trade*¹, adopted at the 14th session of the SPECA Governing Council on 21 November 2019, is of particular importance, as it represents a commitment by the SPECA countries to make sure that trade policy develops in a way contributing to sustainable development in the SPECA region.

A combination of four policy directions involving the trade sector is proposed in this study to contribute to sustainable development and food security in the SPECA countries:

1. Improvement of water management policies along with investments in water infrastructure and more efficient irrigation methods. Reduction of tariff and non-tariff barriers to trade in such environmentally friendly goods as equipment for drip-irrigation should be promoted.
2. Facilitation of trade, including trade in key agricultural commodities such as wheat and rice. For food security, it is important to allow trade in these commodities to go unhindered by tariff and non-tariff barriers.
3. Policies facilitating an increased production, improved logistics in the international supply chains and facilitated trade of higher-value agricultural products such as fruit and vegetables, produced in countries with scarce water resources. More value of products for the water used should be the objective. The trend in the SPECA countries is already in this direction, and it has the potential to improve the economics of agriculture and provide possibilities for applying more efficient irrigation methods.
4. Policies to support production, logistics and trade of organically produced goods.

¹ Principles of Sustainable Trade, Fourteenth session of the SPECA Governing Council, Ashgabat, Turkmenistan, 19 November 2019. Available at https://unece.org/fileadmin/DAM/SPECA/documents/gc/session14/Principles_of_Sustainable_Trade_Trade_English.pdf

The document concludes with a set of recommendations to Governments, stakeholders, donors and international organizations which, if implemented, will contribute to the sustainability of trade, agriculture and water management in the SPECA subregion. These recommendations concentrate on the following:

1. Promote the professional understanding of the interlinkage between trade, circular economy and sustainable development
2. Urge for the elimination of procedural and regulatory barriers to trade
3. Facilitate trade, using international standards
4. Focus on sustainable trade
5. Strengthen transport infrastructure networks
6. Promote market relations in agriculture
7. Study agricultural production, marketing and trade in the region to identify good practices
8. Review food security policies, so that they can fit the objectives highlighted in this study
9. Improve basin-wide/subregional cooperation arrangements aiming for a more efficient, sustainable use of water and land
10. Develop national policies for improved efficiency of water and energy use
11. Build capacity and establish partnerships for trade of agricultural high-value products, including organic ones
12. Support the production and market development for organic products

It is important to note that the approach and recommendations suggested in this report need to be based on the building of mutual trust between countries in the subregion. It is a long-term challenge to develop the good will and good-faith cooperation between the countries in the subregion step by step.

An Annex provides evidence from the media on efforts made to improve the conditions for trade in high-value agricultural products in the SPECA subregion.

1. Introduction

This report is drafted in the context of the recovery from the COVID-19 pandemic, building back better after the crisis, the 2030 Agenda for Sustainable Development (in particular, SDGs 1, 2, 6, 8, and 17) and conclusions from the UNECE's 69th Commission session on circular economy and sustainable management of natural resources. It provides policy recommendations to be discussed by the SPECA Working Group on Trade and the countries participating in the 2021 SPECA Economic Forum.

The report examines the links between trade facilitation, sustainable trade, sustainable development in general, water management, food security and the circular economy in the SPECA subregion. The analysis is based on evidence provided by a range of analytical studies prepared by experts, international organizations and think tanks, including studies undertaken by the Economic Cooperation and Trade Division (ECTD) of the United Nations Economic Commission for Europe (UNECE)². The document takes into account recent trade-related developments in the subregion as reflected in the media. In order to achieve sustainable development, the report stresses that several policy areas need to be taken into account in parallel. A research paper *Water-food-energy-ecosystems nexus in SPECA countries from the perspective of sustainable trade and innovation*³ presented to the Twelfth meeting of the Thematic Working Group on Trade in 2018 provides additional background to this report.

A deeper and more specific understanding of the situation would benefit from interviews with different actors involved in international trade in agricultural products in the SPECA subregion. Reaching out to these circles would be a logical next step, notably in the further development and implementation of the recommendations of this study.

The possibility to apply the approach and recommendations suggested in this report are very much dependent on the level of mutual trust between the countries. It is a long-term challenge to develop the needed good will and cooperation step by step.

The report covers a broad range of themes aiming to demonstrate synergies between what is usually seen as completely different sectors. It is the overall objective to establish a conceptual framework for reasoning and policy making for sustainable development in the trade-food-agriculture-water nexus. This conceptual framework could serve as a basis for more detailed research and discussions on sustainable policy development.

In sections 2-6 the focus is sustainable development and its links to agriculture, water use and trade. In sections 7-9 important horizontal aspects such as the economic integration in the subregion, the COVID pandemic and food security are accounted for. In sections 10-13 the opportunities of trade and high-value agricultural production are highlighted, while sections 14 and 15 are outlining objectives and recommendations on important policy directions to achieve sustainable development. In an Annex, evidence for on-going positive changes in the subregion are accounted for.

2. Sustainable development

The main set of goals and targets toward sustainable development applied internationally is the **Sustainable Development Goals** that were agreed on in 2015. The 17 SDGs, expected to be achieved by

² In addition to the studies directly referred to in the footnotes below, a set of draft UNECE country and a subregional review on the implementation of sustainable trade and the circular economy in SPECA countries have provided important inputs to this report.

³ Water-Food-Energy-Ecosystems Nexus in SPECA Countries from the Perspective of Sustainable Trade, UNECE research paper, SPECA/WG-Trade/2018/EN/4, Available at https://unece.org/fileadmin/DAM/trade/workshop/2018_Sep_Kazakhstan/WaterFoodEnergyEcosystems_Eng.docx

2030, are a call for action by all countries to promote prosperity while protecting the planet. Potentially, trade can offer an important policy area for enhancing sustainable development.

The establishment of a **circular economy** is another framework established to achieve sustainable development. The core element of the circular economy is to aim for circular handling of material and energy flows—for example by extending product lifecycles and increasing usage intensity. This is in contrast to the traditional linear economy, which has a "take, make, dispose" model of production.

A circular economy is linked to the sustainable use of natural resources that provides a stream of ecosystems services that are necessary for life and economic activity, such as clean air and water⁴.

A transition towards a more resource efficient and circular economy has broad interlinkages with international trade, through cross border supply chains, end-of-life value chains, and services trade. Trade can provide important opportunities to achieve economies of scale to use and re-use materials in a sustainable way and to drive resource efficiency and circular economy initiatives. But we need to better understand the interaction of international trade and the circular economy to ensure the mutual supportiveness of these two areas for an effective circular economy transition.

As has been suggested by FAO⁵ a 'circular agriculture economy' minimizes the amount of external inputs for agricultural production such as water and nutrients and reduces at the same time negative impacts to the environment by eliminating discharges (i.e. wastewater) and surface runoff.

In the SPECA countries water is in short supply for the economy, the people and the environment because of a wasteful use of the resource. The application of a circular economy approach to water use in the region is a necessity in the longer term.

Greening the economy is understood as an approach to foster economic progress while ensuring environmental sustainability and social equity. Green growth is the pursuit of economic development in an environmentally sustainable manner.

There are some tendencies that the SPECA subregion is moving towards more sustainable societies. The emerging reestablishment of energy cooperation in parts of the SPECA subregion is a good example of applying the principles of a circular economy. Various sources of energy complement each other and result in a higher energy efficiency and less impact on climate change.

But overall, the situation in the SPECA subregion is difficult. The protection of the environment and natural resources for future needs, while meeting the development goals of the present generation, needs to be strengthened. Water management is at the centre of this concern.

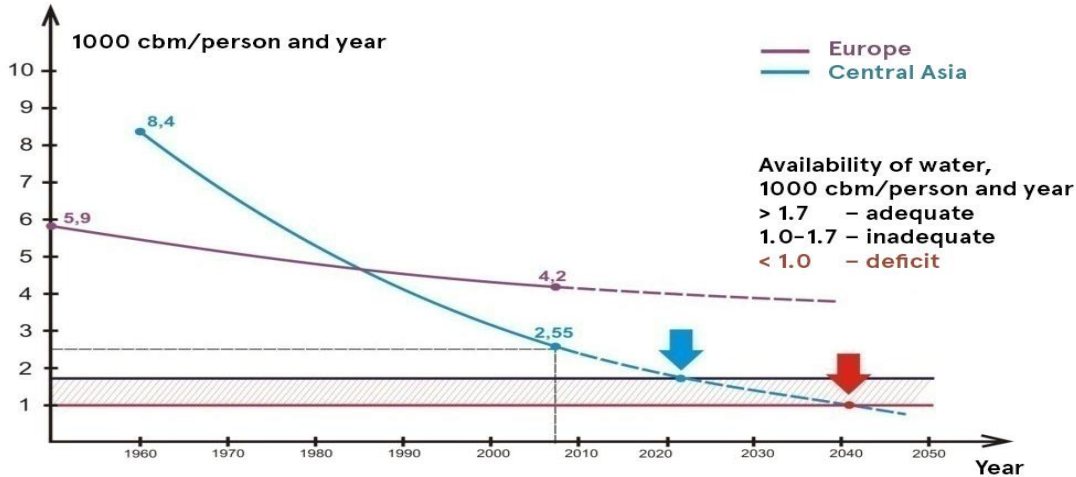
The Aral Sea as it was is a distant memory. Presently, the struggle is to use the available water more efficiently, while establishing stable ecosystems where possible. In the North, at the outlet of the Syr Darya river, the Northern Sea (the northern part of what remains of the Aral Sea) has been established by building the Kok-Aral dam. In the South, where Amu Darya is released, efforts are made to establish lakes and wetlands to stabilise the ecological situation. There is some progress and hope for a better future. The re-emerging fish population and industry in the Northern Sea is an example of a positive return to some kind of normality.

The two trends illustrated in Figure 1 – an increasing population and diminishing available water resources per capita – are putting food production and the economy under pressure. It is necessary to act decisively to increase the water use efficiency and effectiveness. In particular water for irrigation is used very wastefully and there are good opportunities to improve the situation. The impact of dry years, such as 2020-2021, on ecosystems, agriculture and energy generation is very negative in the Aral Sea basin. There are similar experiences from water availability and use in the Kura river basin.

⁴ Circular economy and the sustainable use of natural resources: Trends and opportunities in the region of the Economic Commission for Europe, Note by the secretariat, April 2021, Available at https://unece.org/sites/default/files/2021-02/E_ECE_1495-2101436E.pdf

⁵ <http://www.fao.org/land-water/overview/covid19/circular/en/>

Figure 1. Changes with regard to availability of water resources per capita and year in Central Asia, 1000 cbm/person and year. While the figure was first developed in 2008, the predicted changes have coincided with the actual changes.



(Adapted from Ibatullin, S. R., Water Resources in Central Asia: current status, problems and perspectives of use. Executive Committee of IFAS, 2013. Bangkok, Almaty)

Climate change can already be observed in higher average temperatures. As a consequence, more water per ha is needed for irrigation. At the same time, less water is likely to be available in the longer term due to the melting of glaciers and decreasing precipitation during summers. With declining glaciers, the river seasonal flows will be less adapted to the needs of irrigation.

There are opportunities to improve water use efficiency significantly in all SPECA countries by improving the water infrastructure and methods of irrigation. However, the incentives to save water are weak and the investments in improvement of infrastructure and irrigation are insufficient.

Increasing production of high-value crops for export while making sure that these and other agricultural commodities can be traded for water-intensive crops without obstacles is proposed in this report as a way forward. An economically stronger agriculture and improved trade in commodities is likely to open opportunities to use water more efficiently.

3. Agriculture and water

Agriculture is a prominent sector in all SPECA countries. The region possesses a set of core resources for agriculture: water, suitable agricultural land, a good climate for many crops, as well as skilled farmers. The contribution of the agricultural sector to GDP ranges from 5,3% in Kazakhstan to 27% in Afghanistan. A high proportion of the active population is employed in the sector – from 15% in Kazakhstan to 45% in Tajikistan⁶. The social and economic importance of the agricultural sector in SPECA countries is high.

Irrigation plays a key role for agriculture and represents as much as 90% or more of the total water use in the SPECA countries. Irrigation systems are extensive although frequently inefficient and not well maintained. As a result, the efficiency of water use in agriculture is usually low and its wasteful use has negative consequences for other economic sectors and damages water-dependent ecosystems. From the

⁶ Statistics from 2019-2020, The World Bank Data, <https://data.worldbank.org>

perspective of a circular economy irrigation water should be used efficiently, where possible reused and only minimally polluted.

Since independence, the total area of irrigated land has not changed significantly in the Central Asian states. However, in Uzbekistan, Kyrgyzstan and particularly Tajikistan, some marginal areas have been put out of irrigation due to the lack of maintenance and infrastructure decay.

In Afghanistan, agricultural land and production is basically private but the situation of land ownership and land access rights is complex. The long period of war and political instability has complicated the land tenure system further. Agricultural land in Azerbaijan has been privatized, while much of the production is managed in cooperatives and similar forms of organization and ownership.

In Kazakhstan and Kyrgyzstan, agricultural land is mainly privately owned. In Tajikistan and Uzbekistan land remains state owned and user rights are transferred to farmers. Turkmenistan formally recognizes private land ownership, but virtually all land in the country is owned by the State and is rented by farmers and farmers' associations. In all countries, household plots play an important role for vegetable and fruit production.

In Uzbekistan during the past few years, a new form of organizing agriculture – in so called “clusters” – has developed. This is an organizational form that adds a vertical layer (for example, storage, processing, laboratory control, etc.) that uses the raw material produced in consolidated farms and develops processed agricultural products including for export⁷. The most common are cotton clusters, and fruit and vegetable clusters. The cluster structure of agricultural production is likely to benefit exports.

Overall, much can be done in SPECA countries to improve productivity in agriculture, which would be positive for the sustainability of production.

The production of such commodities as grains is deemed strategically important and remains the target of state intervention in some SPECA countries. In most of the countries, fruit and vegetable production is usually small-scale and managed by private farms and households. Even in Turkmenistan, where state control of agricultural production is most rigid, fruit and vegetables are generally grown by individual farmers.

Organic production is weakly developed in the SPECA countries in spite of some obvious opportunities. Some initiatives, including organic cotton production in Kyrgyzstan and Tajikistan⁸, can be noted but more can be done. Tajik companies are participating in the Better Cotton initiative: “to help cotton communities survive and thrive, while protecting and restoring the environment”.⁹

Climate change has a significant impact on agriculture. Adaptation strategies in agriculture need to include a more effective use of inputs, particularly of water. However, the majority of farmers does not have the financial means or the experience to carry out significant modifications in their operations.

The contrast with other export-oriented agricultural countries, with comparable conditions for production, is considerable. As a comparison, 1 ha in Uzbekistan produces 300 USD worth of goods, the corresponding figure in Turkey is 2,000, in Egypt 8,000 and in Israel 12,000¹⁰.

⁷ Toshboyev, B, Development of Cluster Systems in the Agricultural Sector of Uzbekistan, Proceedings of 2nd International Research on Corporate Social Responsibility & Sustainable Development, GLOBAL BUSINESS SCHOOL & RESEARCH CENTRE, Pune, India. Available at

<https://media.neliti.com/media/publications/336071-development-of-cluster-system-in-the-agr-e5bbd691.pdf>

⁸ Ferrigno, S. Special report: organic cotton in Central Asia, Ecotextile News, May 2014. Available at

<https://www.ecotextile.com/2014050712584/materials-production-news/special-report-organic-cotton-in-central-asia.html>

⁹ <https://bettercotton.org/>

¹⁰ <https://podrobno.uz/cat/economic/v-uzbekistane-na-1-ga-zemli-vyrashchivayut-produktsiyu-na-300-dollarov-v-turtsii-na-2-tsyachi-egipt/>

There is certain progress in developing the production and exports of agricultural goods. Uzbekistan¹¹ and Kazakhstan have increased production of vegetables and fruit significantly but their exports are still dominated by cotton (Uzbekistan) and wheat (Kazakhstan). Table 1 gives an overview of agricultural exports from the SPECA countries.

The conclusion that can be drawn from Table 1 is that with the exception of Afghanistan, food exports play a marginal role for SPECA countries. Cotton exports are important for Tajikistan and Uzbekistan, and exports of cereals for Kazakhstan. The potential of a significantly expanded export of for example fruit and vegetables, organic products is not realized.

Table 1. Agricultural exports from SPECA countries (% of total exports)¹²

	Cereals	Cotton	Fruit and nuts	Vegetables
Afghanistan (2020)		10	45	15
Azerbaijan (2019)		1	2	1
Kazakhstan (2020)	3			
Kyrgyzstan (2020)			2	4
Tajikistan (2020)		13	1	
Turkmenistan (2019)		2		0.2
Uzbekistan (2019)		10	4	2

Kazakhstan and Uzbekistan are the SPECA countries that are most active in making water use for irrigation more efficient. In Kazakhstan, a programme¹³ to better regulate the flow in irrigation canals is initiated aiming to save a volume of 2.2 km³ within 5 years. Work is on-going to improve canals and irrigation methods. In Uzbekistan, there are plans to introduce water-saving technologies on 430 thousand hectares of land in 2021 only¹⁴. There are some limited investments to improve water use efficiency in Azerbaijan¹⁵. In other SPECA countries strategies and programmes tend to refer to this aspect but only marginal efforts have been identified by the author.

After the experience of so-called cooperatives in the Soviet Union there may be a hesitance of farmers to join forces in cooperatives to improve logistics (storage, processing, transport) to be able to offer uniform and large enough volumes for exports. An additional challenge in the agricultural sector of SPECA countries is that training of farmers and extension services for farmers are weakly developed. Trained

¹¹ Agriculture Development in the Central Asia Regional Economic Cooperation Program Member Countries Review of Trends, Challenges, and Opportunities, INTERNATIONAL FOOD POLICY RESEARCH INSTITUTE, DECEMBER 2019, Available at <https://www.adb.org/sites/default/files/publication/549916/agriculture-development-carec-countries.pdf>

¹² Statistics from <https://www.worldstopexports.com/>

¹³ https://www.inform.kz/ru/kak-v-kazahstane-sobirayutsya-ekonomit-polivnuyu-vodu_a3831332

¹⁴ <https://tashkenttimes.uz/economy/6064-uzbekistan-to-step-up-introduction-of-drip-and-sprinkler-irrigation-in-agriculture>

¹⁵ Sustainable Infrastructure for Low-Carbon Development in Central Asia and the Caucasus, OECD 2019, Available at <https://www.oecd-ilibrary.org/sites/86850faa-en/index.html?itemId=/content/component/86850faa-en>

farmers with an understanding of agricultural technology and market developments are needed for future progress.

4. Trade and sustainable development

The 2030 Agenda for Sustainable Development recognizes international trade as an engine for economic growth and poverty reduction, and thus offers an important means to achieve SDGs. At the same time, trade flows may result in environmental degradation and it is essential to ensure that this is not the case.

A number of SDGs are related to trade, for example:

SDG 1 - No Poverty.

SDG 2 - Zero Hunger

The prevention of trade restrictions and distortions, and harmful agricultural subsidies is seen as an important component of this SDG. These subsidies are measured in SDG target 2b.

SDG 8 - Decent Work and Economic Growth

SDG 12 - Responsible Consumption and Production

This is where international standards for trade may have a big impact.

SDG 17 - Partnership for the Goals

Under this SDG a number of indicators are related to trade.

For the purposes of this report SDG 6 (Clean Water and Sanitation) is also introduced as a trade-related goal.

Focus Area 6 of the Pan-European Strategic Framework for Greening the Economy (BIG-E¹⁶) adopted in Batumi in 2016, promotes “Green and Fair Trade”. BIG-E draws the conclusion that international trade and the liberalization of trade in environmental goods and services can support the transition to a green economy.

Negotiations towards an Environmental Goods Agreement under the auspices of the World Trade Organization may facilitate trade liberalization by reducing tariffs on an agreed list of environmental goods to zero, affecting at least 90 per cent of global trade in these goods. For importing countries, the reduction of tariff and non-tariff barriers to trade in environmental goods and services would translate into better access to more efficient, diverse and less expensive goods and services on the international market. For exporters, liberalization can create new market opportunities and foster development of competitive industries dedicated to environmental improvements¹⁷. However, at this time no real progress can be noted on this issue.

Another trade-related issue stressed in the BIG-E is that voluntary standards and related certification and labelling schemes (reflected below in the recommendations of this report) can be powerful instruments for driving the green economy transition as they help consumers to take environmental concerns into account. However, such schemes can also affect competitiveness and constitute barriers to trade and barriers to entry, particularly for small and medium-sized producers that may lack the resources to prove compliance.

UNECE and UN/CEFACT, jointly with key industry stakeholders are investigating challenges and risks and have launched a project for an international framework initiative to enhance transparency and traceability

¹⁶ A document (ECE/BATUMI.CONF/2016/4) outlining conditions for Green Economy was approved in Batumi including by participating SPECA countries. Commitments to the BIG-E were made by Azerbaijan, Kazakhstan, Kyrgyzstan and Uzbekistan. None of these country commitments, however, were specifically related to trade. Available at <https://unece.org/DAM/env/documents/2016/ece/ece.batumi.conf.2016.4.e.pdf>

¹⁷ ECE/BATUMI.CONF/2016/4, Available at <https://unece.org/DAM/env/documents/2016/ece/ece.batumi.conf.2016.4.e.pdf>

for sustainable value chains in the garment and footwear industry¹⁸. Cotton is included in this work and there may be opportunities to raise the opportunities for high-value exports of cotton products from the region.

A crucial question from the perspective of sustainable development is how trade policies can be applied to encourage the decoupling of resource consumption from economic growth and avoiding negative environmental consequences. This report claims that an improved cooperation and trade between countries can contribute to a growing economy while using natural resources such as water more efficiently.

There are some positive trends in the SPECA subregion beyond the immediate trade policy area that may benefit trade and opportunities for sustainable trade. The more relaxed and positive political relations between SPECA countries is one important aspect. The *Belt and Road Initiative*, the *Digital Silk Road* and other initiatives may contribute to widening opportunities for trade between the SPECA countries and with the rest of the world.

5. SPECA Principles of Sustainable Trade

In the context of this report, it is important to clarify what constitutes sustainable trade. The document *Principles of Sustainable Trade*, adopted at the 14th Session of the SPECA Governing Council 2019¹⁹, states that “Given the right policies and regulations are put in place, international trade has the potential of enabling countries to benefit from investment and integration into regional and global value chains that foster sustainable development.”

The document lists some central principles for sustainable trade that are important for this report such as (numbering as in the original list):

1. Mainstream trade into national and sector strategies to achieve the SDGs, and relevant SDGs into trade development strategies
3. Adopt appropriate regulation, so that trade can facilitate the transition to more sustainable and equitable growth and to a green economy by fostering the exchange of environmentally sound goods and services, by increasing resource and energy efficiency, and by generating economic and employment opportunities for all
4. Further develop rules for environmentally friendly trade
7. Reduce inequality by letting poorer countries and people accede to markets, investments, and new technologies, while allowing the achievement of higher working and living standards
8. Identify and harness trade opportunities associated with a transition to green economy
9. Eliminate trade subsidies that negatively affect the environment and employment

The document concludes that the SPECA framework can serve as a platform to analyse the effects of trade growth in the subregion and promote trade policy reform and subregional cooperation in support of SPECA countries’ implementation of SDGs. The SPECA Principles of Sustainable trade are very important and their implementation crucial for moving in the general direction suggested in this report.

SPECA countries are presently considering the application of the Principles of Sustainable Trade. According to the UNECE SPECA country reviews on the application of the Principles of Sustainable Trade prepared in 2021, Uzbekistan is showing some progress. The Government exhibits an awareness of and support for foreign trade liberalization, for levelling of the playing field among economic actors and for environmental

¹⁸ Traceability of Sustainable Value Chains, Brochure, UNECE and International Trade Centre. Available at https://unece.org/DAM/trade/SustainableTextile/0.1_Project_Brochure_Sept_2019.pdf

¹⁹ Principles of Sustainable Trade, Fourteenth Session of the SPECA Governing Council, Ashgabat, Turkmenistan, 19 November 2019. Available at https://www.unece.org/fileadmin/DAM/SPECA/documents/gc/session14/Principles_of_Sustainable_Trade_English.pdf

sustainability. Other SPECA countries are on track in terms of strategies and legislation but progress on their application is limited. Furthermore, linking trade with the achievement of SDGs and development of the circular economy is generally not observed in policy discussions.

Past experiences and disagreements between neighbours still have negative effects on the thinking and development of open and sustainable trade in the SPECA region. The risks for sudden drawbacks of trade opportunities – exports and imports – always need to be taken into account.

6. The SPECA Trade Facilitation Strategy

The vision behind the SPECA Trade Facilitation Strategy²⁰, approved at the Fourteenth Session of the SPECA Governing Council, is to cut the bureaucratic, procedural barriers to trade in order to raise the competitiveness and economic development. Trade facilitation has the potential to enhance economic cooperation among countries, integrating them with their neighbours and the global economy. SPECA countries lag behind in implementing trade facilitation in comparison with countries with similar level of economic development and there is a considerable space for improvement.

The objective of the Strategy is to help simplify and harmonize international trade procedures and increase the efficiency of border crossing and other trade-related processes in the SPECA region and with its major trading partners against the background of a set of recognized baseline indicators.

The goals of the Strategy are to:

1. Support the implementation of trade facilitation measures, while promoting trade facilitation reforms, sustainable trade practices and transportation of goods.
2. Ensure transparency, reduction and limitation of formalities and documentation requirements, and freedom of transit.
3. Improve the performance of the countries on a list of trade performance indicators, and help countries develop monitoring and measuring mechanisms. Special emphasis should be made on the indicators that enhance sustainability, e.g. facilitation of trade in sustainably produced and transported goods, which are used and discharged in an environmentally friendly manner, promotion of environmentally friendly technologies, and international trade that would enhance the creation of jobs.,
4. Develop, in each country, a strategic approach to trade facilitation, which complements other national and regional development plans, and combine them with the promotion of the principles of sustainable trade.
5. Enhance regional cooperation in trade facilitation and accelerate progress towards cross-border paperless trade to reduce trade costs and enhance regulatory compliance.
6. Increase the use of international trade facilitation instruments and standards, including those developed by UNECE, the World Customs Organization, and other international organizations.

In the context of this report, trade facilitation and aiming for the goals listed above is a central process to make sure, for example, that agricultural perishable products and commodities can be transported across borders swiftly and reach customers in good condition. This would make it possible to develop agricultural production along the lines recommended in this report and provide additional confidence that traded commodities can contribute to food security of the individual countries. Implementation of the SPECA Trade Facilitation Strategy would contribute to the building of trust between neighbouring countries in the subregion.

²⁰ SPECA Trade Facilitation Strategy. Fourteenth Session of the SPECA Governing Council, Ashgabat, Turkmenistan, 19 November 2019. Available at https://unece.org/fileadmin/DAM/SPECA/documents/gc/session14/SPECA_Trade_Facilitation_Strategy_English.pdf

The WTO Trade Facilitation Agreement should be mentioned in this section. It provides provisions for expediting the movement, release and clearance of goods, and measures for effective cooperation between customs and other appropriate authorities.

7. Economic integration in the SPECA subregion

Central Asia is one of the regions that are least integrated in the global economy. Subregional cooperation in trade, following agreed and shared rules, would have a positive effect on trade and economic development, which will positively reflect on the political relations between the countries. The opposite option is conflict and suboptimal economic development. Trade cooperation creates possibilities for division of labour, with investments in each country focusing on the production of goods that can be sold throughout and outside the region. Economic cooperation reduces the risk of political instability, a factor that holds off potential investors.

The subregion has the advantage of bordering such dynamic economies as Russia to the North, China to the East, Pakistan and India to the South. However, the landlocked position of the SPECA countries is an obstacle to trade and economic development, which adds to the costs of freight operations and exposes traders and freight forwarders to the uncertainty of crossing borders and foreign Customs territories. The logistics, physical infrastructure and policy circumstances facing the land-locked countries complicate trade development as well as the efforts of governments and the business community to make trade more conducive to sustainable, greener and circular economy.,

On the highest political levels in the region there is presently an active engagement to develop economic cooperation. This is the case of the five Central Asian countries, which are regularly organising subregional summits. The latest meeting of the Presidents of the Central Asian States, in August 2021 in Avaza, Turkmenistan, issued a communiqué that included strong references to the need to cooperate including on water management to achieve sustainable development. The Presidents stressed the importance to finalize a 2022-2024 Roadmap for regional cooperation, which covers most of the SPECA thematic work areas.

In the Avaza communiqué²¹, the following trade-related directions for cooperation that are in line with the messages of this report can be identified:

- Strengthened trade facilitation to streamline trade procedures
- Broadened cooperation among the business communities of the countries in the region
- Establishment of joint economic projects, to support the strengthening of regional value chains and joint industrial clusters to increase trade and make it more sustainable
- Improved regional cooperation in the trade and transit sectors
- Establishment of joint infrastructure projects and a regional platform for transport cooperation to achieve unimpeded transit of goods and cargo

However, as with the issue of water cooperation there are bottlenecks in the interpretation and implementation of these and other political signals from Summit meetings. National interests and political relations tend to have the upper hand when it comes to the practical interpretation. Trade across borders remains a problem as can be seen below. In order to strengthen the link between high-level statements and practical policy there is a need to build mutual trust and confidence on all levels of government.

There are complex processes of integration related to trade that do not include all SPECA countries. Only Kazakhstan and Kyrgyzstan are members of the Eurasian Economic Union (EAEU) and, still, not all trade issues are resolved between the two countries. There are further situations when the EAEU process has been in conflict with the accession of SPECA countries to the World Trade Organization.

²¹ Совместное Заявление по итогам Консультативной встречи Глав государств Центральной Азии, Available at <https://www.akorda.kz/ru/sovместnoe-zayavlenie-po-itogam-konsultativnoy-vstrechi-glav-gosudarstv-centralnoy-azii-672511>

8. The COVID pandemic and trade

When this report is drafted, the COVID situation is still negatively affecting the health and economy in the SPECA subregion. The pandemic highlights the importance and vulnerability of the health care sector but also of aspects of trade and cooperation that are important in the context of this report. In fact, the transport and trade sectors have turned out to be among the most negatively impacted by the pandemic.

OECD²² concludes that as the region depends heavily on growth drivers such as migrant remittances and extractive-sector exports, the closure of borders and the collapse in international demand has had a significant impact on growth prospects. Regional co-operation and connectivity are needed to resume trade and growth, and that further work to facilitate trade is important.

Negative examples observed²³ include:

- Unilateral closure of border control posts without coordination with the neighbouring parties or timely notification. In many cases this has led to changed itineraries and an increasing length and cost of transportation.
- Uncoordinated COVID testing of drivers has led and continues to lead to long queues.
- Uncoordinated mechanisms for the recognition of COVID tests, which have complicated border crossing.
- Delays of socially important goods, as well as fresh agricultural produce, that have had to stay idle in queues even though most SPECA countries recognize international standards on according priority to the passage of perishable produce.

Owing to the limited use of trade facilitation measures, non-tariff measures, originally applied for good causes, in some cases aggravated the impact of the pandemic. The effects of COVID-19 on trade is a factor contributing to the disintegration of the region rather than bringing countries together for cooperation. Borders and border controls inside the subregion have become more rigid²⁴.

9. Food security

It is a key message of this report that good conditions for trade are important for food security. Societies are considered food secure when there is availability and adequate access at all times to sufficient, safe, and nutritious food to maintain a healthy and active life. Food security analysts look at the combination of the following three main elements:

Food availability: Food must be available in sufficient quantities and on a consistent basis. It considers stock and production in a given area and the capacity to bring in food from elsewhere, through trade or aid.

Food access: People must be able to regularly acquire adequate quantities of food, through purchase, home production, barter, gifts, borrowing or food aid.

Food utilization: Consumed food must have a positive nutritional impact on people. It entails cooking, storage and hygiene practices, water and sanitation, feeding and sharing practices within the household.

²² COVID-19 crisis response in Central Asia, OECD 2020. Available at <https://www.oecd.org/coronavirus/policy-responses/covid-19-crisis-response-in-central-asia-5305f172/>

²³ Review, Harmonization of Border Crossing Procedures in the SPECA Countries. UNECE 2020. Available at https://unece.org/fileadmin/DAM/trade/workshop/2020_Nov_SPECAWG/Overview_BorderCrossings_Eng.pdf

²⁴ For more information on NTMs in the age of pandemic in the SPECA subregion, please see The Impact of COVID-19 Induced Non-Tariff Measures on SPECA Countries' Trade Patterns, Evidence from UNECE's survey of Freight Forwarders, UNECE 2020, Available at https://unece.org/fileadmin/DAM/trade/workshop/2020_Nov_SPECAWG/COVID-ConsolidatedReport_Eng.pdf

With some exceptions, food availability measured in average caloric availability is not a concern in the SPECA countries. Challenges remain, even if significant progress has been achieved. It should be noted that the prevalence of obesity is also increasing²⁵.

Despite the positive trends, the region as a whole suffers from malnutrition in the form of micronutrient deficiencies. The impact of malnutrition can be seen in the relatively high rates of stunting (low height for age) in children less than 5 years of age. In some countries in Central Asia, stunting among the poorest groups in rural areas was nearly twice as high as in cities. The prevalence of severe food insecurity in Central Asia was in 2015-2017 estimated to 2.6%²⁶.

The share of household expenditure devoted to food is generally high: 80 percent in Uzbekistan and in Tajikistan, 58 percent in Kyrgyzstan, and 42 percent in Kazakhstan²⁷. As a consequence, price fluctuations on international and regional markets have a powerful effect on the domestic food situation.

Food security is defined in some SPECA countries as “food independence” (Kazakhstan, Kyrgyzstan, Tajikistan, Turkmenistan and Uzbekistan) and/or “food self-sufficiency” (Kazakhstan, Turkmenistan and Uzbekistan)²⁸. To reach food independence support of producers have sometimes been introduced through subsidies for agricultural inputs. There is also some limited support for consumers in the form of price regulation on bread or other staple products (Kyrgyzstan, Tajikistan, Turkmenistan and Uzbekistan). The core of the food security policy in Afghanistan has been the promotion of domestic food production and stable food imports²⁹.

As noted above, SDG 2 requires the decrease of subsidies for agricultural production and trade if they negatively affect sustainable development. In Kazakhstan, as in other SPECA countries, there are significant subsidies connected to the water demanding crops of rice and cotton. However, as a member of WTO, Kazakhstan has committed itself to limit support at 10% of the value of an agricultural product.

The draw-back of the “food self-sufficiency” approach as applied in some SPECA countries is that irrigation water is used for commodities such as rice and wheat easily acquired through trade. Moreover, wheat grown on irrigated land is usually of lower quality than the non-irrigated, rain-water fed wheat production that is dominating in Kazakhstan and other exporting countries. Import of high-quality wheat in countries like Turkmenistan may be a better alternative to cultivating low-quality irrigated wheat. There is a trend over the past 15 years that wheat imported from in particular Kazakhstan is playing a more important role in the other SPECA countries³⁰.

The drought in Central Asia in 2020-2021 and its link to increased food prices is an indication that steps taken towards a more efficient water use would be important to avoid similar situations threatening food security in the future.

²⁵ Europe and Central Asia, FAO. 2015. Regional Overview of Food Insecurity and Nutrition Europe and Central Asia, FAO 2018. Available at <https://www.fao.org/3/CA2703EN/CA2703EN.pdf>

²⁶ Europe and Central Asia, Regional Overview of Food Insecurity and Nutrition, FAO 2018. Available at <https://www.fao.org/3/CA2703EN/CA2703EN.pdf>

²⁷ Peyrouse, S. 2013 Food Security in Central Asia A PUBLIC POLICY CHALLENGE. PONARS Eurasia Policy Memo No. 300. Available at <https://www.ponarseurasia.org/policy-memo-food-security-in-central-asia-a-public-policy-challenge/>

²⁸ FAO. 2015. Regional Overview of Food Insecurity Europe and Central Asia.. Available at <http://www.fao.org/3/a-i4649e.pdf>

²⁹ The Afghanistan Food Security and Nutrition Agenda (AFSANA), adopted by the Government, 2012. Available at <http://extwprlegs1.fao.org/docs/pdf/afg152445.pdf>

³⁰ Agriculture Development in the Central Asia Regional Economic Cooperation Program Member Countries Review of Trends, Challenges, and Opportunities, INTERNATIONAL FOOD POLICY RESEARCH INSTITUTE DECEMBER 2019, Available at <https://www.adb.org/publications/trends-agricultural-development-carec-countries.pdf>

The drought has led to decisions to limit certain food exports. In March 2020, Kazakhstan placed restriction on its exports of wheat and flour³¹. In Kyrgyzstan, exports to outside the Eurasian Economic Union of such products as wheat and animal feed was at least temporarily prohibited in the summer of 2021 as a food security measure³².

A more stable subregional trade regime can contribute to achieving food security while at the same time improving the economy and the possibility to use water more efficiently. Trade could give opportunities to rebalance crop production towards a high-value production by decreasing wheat and rice production on irrigated land. To make this possible mutual trust needs to be further developed between the SPECA countries and also with other countries. This is a long-term challenge.

A proposal by the Uzbek President during the meeting in Avaza to develop a regional monitoring system of food security in Central Asia is an interesting initiative that may involve the trade sector³³.

The Islamic Organization for Food Security was inaugurated in 2016 on the initiative of Kazakhstan. Its headquarters are situated in Nur-Sultan. Of the SPECA countries only Afghanistan, Kazakhstan and Tajikistan are members.

10. Logistical supply chains for agricultural products

Efficient logistical supply chains are a basic condition for developing trade of high-value agricultural products and also for important bulk products such as wheat. Even if a country has a high level of food self-sufficiency, well organized supply chains are important for food security.

Logistics management begins with the raw materials and ends with the delivery of the final product. Successful logistics management ensures that there is no delay in delivery at any point in the chain and that products and services are delivered in good condition. This is a particularly significant challenge for perishable goods such as fruits and vegetables.

Important components included in logistical supply chains include: storage, packing, transport and border-crossing. Presently, while some improvements have been initiated (see Annex) there are obvious weaknesses in the logistical chains for agricultural products in SPECA countries. One of the reasons is that fruit and vegetables are mostly cultivated by small-scale farmers. As a result, there are significant losses and also low prices of the products.

The work of UNECE on food loss and waste and resulting recommendations is important for the logistical supply chains. The UNECE Code of Good Practice for Reducing Food Loss in Handling Fruit and Vegetables³⁴ made available in 2020 outlines a number of important steps to improve the situation. This is a document that should be studied carefully by stakeholders involved in logistics of perishable agricultural products.

Additional measures to consider are:

1. Improved cooperation between farmers on storage, packing and transport
2. Investment in storage and logistical centres
3. Improved transport network
4. Facilitation of border-crossing including the creation of “green corridors” to facilitate the movement of perishable goods when there are risks of delays
5. Capacity building at all levels – processing, storage, transport, trade, marketing

³¹ https://www.vb.kg/doc/386679_v_kazahstane_vvodiatsia_kvoty_na_eksport_pshenicy_i_myki.html

³² <https://knews.kg/2021/06/24/maripov-rasskazal-o-merah-po-obespecheniyu-prodovolstvennoj-bezopasnosti/>

³³ Выступление Президента Республики Узбекистан Шавката Мирзиёева на третьей Консультативной встрече глав государств Центральной Азии, 2021. Available at <https://president.uz/ru/lists/view/4534>

³⁴ Code of Good Practice for Reducing Food Loss in Handling Fruit and Vegetables, UNECE, 2021. Available at <https://unece.org/sites/default/files/2021-04/Code1a.pdf>

6. Building more trust among the countries to avoid one country creating impediments to transit of perishable goods exported by another country to avoid competition

11. Synergies between improvement of trade, food security and water management

One objective of this report is to provide recommendations on strengthening the synergies between trade and sustainable development in the water/food sector in the SPECA subregion. This can be seen as applying a “nexus” approach³⁵.

Which are the aspects of trade and trade facilitation that may contribute to sustainable development and food security? Which are the policies that would positively complement trade sector policies to promote sustainable development in the food/water sector?

As noted, there is a serious problem with the overuse of water for irrigation in the SPECA subregion. The water of the main rivers Amu Darya and Syr Darya are overexploited which has led to the drying out and disappearance of the Aral Sea³⁶. Unsustainable levels of water use can also be observed in the Kura river in Azerbaijan.

Climate change leads to an increasing need of water for irrigation and will in the longer term make even less water available. During dry years such as in 2020 and 2021 in Central Asia there is not enough water for irrigation, energy generation and ecosystems, and this causes problems for food security and energy supply.

The dilapidated water infrastructure and applied irrigation methods are causes to very high losses of water and consequently a low efficiency of water use. With a renovated water infrastructure, application of modern irrigation methods and changed crop patterns enough water would be available even in dry years for the economy, population and ecosystems.

Too little funds are made available to improve the water infrastructure and irrigation methods. Agriculture is generally generating too little income for the sector to deal decisively with water use efficiency and there are limits to how much the state budgets can afford. International financial institutions and donors are making important contributions and some SPECA countries are making progress to improve water efficiency but much more needs to be done.

The water management policies in place are not optimal. In particular, there is insufficient demand side regulation of water use. Tariffs for water use are usually at a very low level which limits the efforts of water users to save water.

In Central Asia as in the Caucasus region, the improvement of water management would be helped by a better cooperation between basin countries. Setting up agreed objectives of water savings would facilitate the overall process. There are many other aspects of cooperation that can be improved and the regional, basin-wide cooperation in Central Asia would benefit from a more active approach. There is an on-going process to review the cooperation in the framework of the International Fund for the Saving of the Aral Sea but it is slow. There are also negative examples such as the current water-related conflict between Kyrgyzstan and Tajikistan. Water cooperation based on agreements that are implemented builds important trust between the countries involved.

The SPECA countries are well placed to increase production and exports of high-value agricultural products to large markets in the North and East: for example, Russia, China, Korea and Japan, as well as the European Union. In a previous report export of beans from Kyrgyzstan and of dried apricots from

³⁵ The water-food-energy nexus is central to sustainable development. The linkages between these critical domains require an integrated approach to ensuring water and food security, and sustainable agriculture and energy production worldwide.

³⁶ Balkhash–Alakol, Ob–Irtysh, and Ural are other basins of importance in Central Asia with declining volumes of water available.

Tajikistan have been described³⁷. An increased export of products such as fruit and vegetables would improve the opportunities for economic development and investments in water infrastructure and better irrigation methods.

An improved, better facilitated trade environment and an enhanced supply chain logistics would increase opportunities for high-value food exports. At the same time this would contribute to food security as countries could rely with confidence on imports of key commodities such as wheat.

Although wheat and similar products are well-established on the market and may have less trade-related bottlenecks than other food products, there are still problems. Kazakh wheat exporters have raised issues in their trade with Afghanistan such as the relations with the customs on the payments of tariffs, distribution of goods at the point of delivery etc.

Development partner assistance can include building, equipping and training personnel for laboratories certifying products in the region, possibly to be used in more than one country, and oriented towards certifying goods for sale to such markets as Europe, Japan, Korea. This is also in compliance with the provisions of the WTO Trade Facilitation Agreement, art. 5.3. The recommendations listed in section 16 provide additional opportunities for development partners.

This leads us to the core of the reasoning in this report: Improved conditions for trade complemented by better water management and food security policies are likely to have a positive impact on sustainable development including its economic growth aspect.

12. Where are the markets?

Identifying the right markets for the expansion of export of agricultural high-value products is a challenge.

Presently, most of the trade in agricultural products and food occurs within the SPECA region and with the Russian Federation. Tajikistan is an exception, with more than 60% of its agri-food exports destined to markets outside Central Asia and the Russian Federation. The two main trade partners of Afghanistan are Pakistan and the United Arab Emirates³⁸. Uzbekistan's agricultural and food exports to China add up to around 20% of the total, which is a high figure compared with the other SPECA countries³⁹.

China has signed trade agreements with Kazakhstan, Uzbekistan, and other countries in the region that give food products access to Chinese markets. Chinese companies are also investing in the agriculture sector in Central Asia (see Annex).

There is a high potential to supply the Chinese market in the coming decades, as demand in China is growing, particularly for fruit and vegetables. Presently, however, it is primarily cotton that is exported to China. Notably, Tajikistan, Kyrgyzstan, and Uzbekistan compete with China to supply the Kazakh market with fruit and vegetables.

³⁷ Water-Food-Energy-Ecosystems Nexus in SPECA Countries from the Perspective of Sustainable Trade, UNECE research paper, SPECA/WG-Trade/2018/EN/4, Available at https://unece.org/fileadmin/DAM/trade/workshop/2018_Sep_Kazakhstan/WaterFoodEnergyEcosystems_Eng.docx

³⁸ Statistics for 2019 available at World Integrated Trade Solutions, https://wits.worldbank.org/CountryProfile/en/Country/AFG/Year/LTST/TradeFlow/Export/Partner/by-country/Product/16-24_FoodProd

³⁹ Agriculture Development in the Central Asia Regional Economic Cooperation Program Member Countries Review of Trends, Challenges, and Opportunities, INTERNATIONAL FOOD POLICY RESEARCH INSTITUTE, DECEMBER 2019, <https://www.adb.org/sites/default/files/publication/549916/agriculture-development-carec-countries.pdf>, Statistics from 2016

The focus of export promotion differs between countries. For example, while Kyrgyzstan aims to increase agricultural export to neighbours such as Kazakhstan and Uzbekistan, and also to the Eurasian Economic Union, Afghanistan is developing contacts towards the South and India. The main focus for Tajikistan is Kazakhstan, Russia and Kyrgyzstan⁴⁰.

It can be concluded that the most important markets for high-value agricultural products are the SPECA-region itself, Russia, China and for Afghanistan also countries such as Pakistan.

The European Union is a more challenging market. As it is further away, has stricter regulations linked to the food market and is a more mature market, it is more difficult to penetrate. The most promising goods for export to Europe may be organically produced food and medicinal plants.

There are on-going activities aiming to identify new markets and opportunities for export. For example, discussions are taking place between Uzbekistan and Israel, Afghanistan and India, Kazakhstan and Turkey about agrobusiness and trade (see Annex).

13. Recent agriculture, trade and water developments

Which are then the developments in agriculture, trade and water management? Recent media reports indicate that positive developments in the direction that is recommended in this report are emerging. In the Annex examples of steps taken and initiatives are given on: Trade Policy, Agricultural policy, Agricultural production for export, Organic production, and Investments in production, logistics and processing.

The ad hoc evidence presented in the Annex provides a rather clear picture. SPECA countries are actively developing their production and export opportunities for high-value agricultural products.

In Uzbekistan, the establishment of agricultural production clusters is paralleled with significant efforts to improve efficiency of irrigation. This is a combined effort that is missing in several other SPECA countries. However, even in Uzbekistan much more can be done. Traditional commodity crops, such as cotton and wheat, occupy up to two thirds of irrigated land⁴¹ and is exhibiting in many cases an inefficient water use. What in particular should be added in terms of policy is more pressure on the demand side of water management.

Even if there are positive developments, the recent drought 2020-2021 in Central Asia has led to negative consequences for trade as export restrictions have been introduced by some countries (see above). This is a “Catch 22” situation. Bad management of water leads to a crisis situation when there is a drought, that in turn limits the opportunity of trade to alleviate the situation. The COVID situation has led to additional challenges to trade and economic development.

14. Trade and sustainable water management – Directions for the future

Achieving sustainable trade with a potential to contribute to better water management in the SPECA subregion is a complex exercise and it is not limited only to policies strictly related to trade. Trade policies need to be complemented with efforts in other sectors, for example water management, sustainable transport and logistics, etc.

Four directions of development related to trade that, if properly promoted and developed, could contribute significantly to sustainable development are outlined below. It is likely to be a long-term process but the combination of these efforts could provide a necessary basis for a sustainable future in the

⁴⁰ <http://khovar.tj/rus/2019/07/ministerstvo-selskogo-hozyajstva-tadzhikskaya-selhozproduksiya-eksportiruetsya-v-25-gosudarstv-mira/>

⁴¹ ASA “Support to Agricultural Modernization in Uzbekistan” Farm Restructuring in Uzbekistan: How Did It Go and What is Next? WorldBank Group, Switzerland and IAMO, 2019. Available at <https://documents1.worldbank.org/curated/en/686761549308557243/pdf/134322-WP-P162303-PUBLIC-Report-Farm-Restructuring-in-Uzbekistan-eng.pdf>

SPECA countries. In section 16 specific recommendations are given that are likely to facilitate these directions of development.

a. Efficient use of water for irrigation

Improvement of water management (in particular, strengthened demand-side management) along with investments in water infrastructure and more efficient irrigation methods are indispensable for sustainable development in the SPECA subregion.

The increased food prices as a result of the present drought indicate clearly that a more efficient water use would be beneficial for food security and open up opportunities to provide international markets with high-value agricultural products. With less water producing more the countries would be better prepared for continued climate change.

It is an important issue for all countries to get access to affordable equipment for improved irrigation technology. Production of such equipment has started in Kazakhstan⁴² and Uzbekistan⁴³. Reduction of tariff and non-tariff barriers to trade in such environmentally-friendly goods would be a positive factor. Access to affordable equipment for irrigation will facilitate a more efficient use of water resources.

On a related matter, the growing trade of electricity over borders optimizes the energy market, improves the efficiency of water use and decreases carbon dioxide emissions.

b. Facilitated trade of agricultural commodities

Trade facilitation, internationally certified laboratories and improved transport networks can contribute to lower costs and more efficient trade of agricultural commodities, eliminating procedural and infrastructural impediments.

The SPECA countries have a large dependence on a single commodity: wheat. Kazakhstan plays a particularly important role among the SPECA countries in the production and trade in high-quality wheat (and wheat flour) on non-irrigated land. More than 97% of wheat imports to Kyrgyzstan, Tajikistan, Turkmenistan and Uzbekistan came from Kazakhstan in 2006-2013⁴⁴.

In the situation of the double crisis with the COVID-19 pandemic and drought in 2020-2021, it is particularly important that trade flows face no unnecessary procedural and regulatory obstacles. Smooth trade flows, increased trust among the countries with regard to these commercial flows, would also diminish the self-supply argument for food security. When access to water is declining, production of for example wheat on irrigated land should be reconsidered.

A major barrier to access of Central Asian products to developed countries' markets is certification. Western countries, Japan and Korea may be unwilling to recognize certificates issued by Central Asian laboratories. The on-going work of UNECE and UN/CEFACT to enhance transparency and traceability for sustainable value chains is important in this respect.

Another point is automation (digitalization) of procedures for agricultural exports. There is a whole set of standards for agricultural certificates and other data and document exchange developed and maintained by UN/CEFACT⁴⁵.

⁴² <https://kazakh-zerno.net/158463-v-kazahstane-postrojat-zavod-po-proizvodstvu-orositelnyh-sistem/>

⁴³ https://www.greencom.ru/en/firm_info.html/fid/7953

⁴⁴ Agriculture Development in the Central Asia Regional Economic Cooperation Program Member Countries Review of Trends, Challenges, and Opportunities, INTERNATIONAL FOOD POLICY RESEARCH INSTITUTE, DECEMBER 2019. Available at <https://www.adb.org/sites/default/files/publication/549916/agriculture-development-carec-countries.pdf>

⁴⁵ Streamlined presentation of UN/CEFACT standards, UNECE, 2021. Available at <https://unece.org/trade/uncefact/mainstandards>

c. Increased production and export of high-value agricultural products

It is proposed to apply policies facilitating the increased production and export of high-value products such as fruit and vegetables. There is already a trend in this direction in many of the countries.

There are many pieces in the “policy puzzle” that need to be in the right place to develop this direction of development. Efficient logistical supply chains, trade facilitation measures and improved transport networks are important for high-value exports that would provide a basis for economic development and improved efficiency of water use.

Diversified production, new international and national partnerships, including cooperatives for the realization of the products, marketing and branding efforts, investments into product standards and certificates, processing and sales are other components needed. Capacity building at all levels is necessary to build the momentum for an increase of production and export of high-value agricultural products.

The trend in several SPECA countries of processing and exports of cotton products e.g., as cotton yarn, fabric, and garments is another interesting direction. But to make a difference for economic development and water management, increased farm prices of the raw material are an important starting point.

d. Production and trade of organic products

For production and trade of environmentally friendly, organic agricultural products, as for other high-value, perishable products, the storage-transport-border crossing-marketing chain should be as efficient and smooth as possible. Trade flows must be separated and well branded to get a higher price for the product.

The usual approach to make sure that customers buy guaranteed organic products is certification applying Voluntary Sustainability Standards (VSS). There are many hundred VSS and they may be not straightforward to apply. However, the certification using VSS may open markets of developed countries and improve the price of the product. In a recent UNCTAD publication more details about the VSS are accounted for and recommendations given for their future broad application⁴⁶.

There is a number of barriers for farmers and traders to move in the direction of organic production and trade. A significant problem may be the lack of finance and the difficulty to have a long-term perspective of farmers when day-to-day problems need to be resolved.

It is a challenge that consumers of organic products may not see the SPECA subregion as an environmentally sound region. The Aral Sea catastrophe may be the only issue in the region that people in international markets are aware of. For this reason, PR and marketing initiatives need to be active and well designed.

15. Promoting sustainable trade and more efficient use of water in the SPECA subregion

The countries and people in the SPECA region are generally open to promoting sustainable trade but there are many bottlenecks. The Annex below provides short descriptions and links to evidence indicating that high-value agricultural production and trade, including in organically produced goods, are developing. But even if the Central Asian countries express on the highest political level a strong endorsement of improved trade relations, the actual development is slow.

As in other countries, policy development in the trade and water/food/environment sectors in the SPECA-subregion is largely separated. Broader, longer term policy initiatives, involving several sectors, are difficult to “sell” in the face of short-term, political priorities. But the initiation of cross-sectoral, “nexus” policy discussions in the countries is crucial for the future sustainable development in a region where

⁴⁶ Better Trade for Sustainable Development: The role of voluntary sustainability standards, UNCTAD, 2021. Available at https://unctad.org/system/files/official-document/ditctab2021d2_en.pdf

water is available but used very wastefully. Trade should be included as an important component in national sustainable development strategies and action plans.

International organizations and development partners are making their contribution to this effort. In a project initiated in 2020 in Uzbekistan, for example, USAID supports the implementation of new technologies and management approaches to increase the value-added in fruit and vegetable production⁴⁷. But much more can be done.

Assistance to trade facilitation and development can be aligned with support to greening and making trade sustainable. Several activities in the region support the implementation of the SPECA trade facilitation strategy, backing of national trade facilitation committees, establishment of enquiry points on trade facilitation, streamlining documentary formalities, Single Window projects, using international TF standards, as well as assistance to countries to implement the WTO TF Agreement⁴⁸. UNECE is already linking these capacity-building projects to the implementation of the SPECA Principles of Sustainable Trade⁴⁹.

Many SPECA countries have established contacts with companies with experience from production and trade in high-value products. This will improve the understanding of production and markets, and needs to continue.

A UNECE project *Building Cross-Border Cooperation for Sustainable Trade in the SPECA Subregion* will be implemented in 2021-2024 to give a possibility for further development of the intellectual support and discussions on appropriate policy elements along the lines of this report.

16. Recommendations

The recommendations below are to serve as a basis for policy discussions and action taking into account the links between trade, food security, agriculture and water management. Trade specialists tend to debate trade, water specialists – water management, and agricultural experts - agriculture. This silo mentality in agencies and sectors need to be overcome in order to define opportunities and synergies to achieve sustainable development. An engaged discussion on the interaction between these areas is important for the future of the SPECA countries including in the on-going strategic planning and implementation efforts for the SDGs. In this report it is proposed that the SPECA working groups, notably the SPECA WG on Trade, will discuss the recommendations and come up with priorities for further work.

All of the recommendations below can be considered by development partners and international organizations in the development of future projects and activities.

1. Promote the professional understanding of the interlinkage between trade, circular economy and sustainable development

The SPECA countries should build capacity on sustainable trade in their Ministries of Trade, Economy, Foreign Affairs, Customs, Agriculture and other agencies related to trade, as a means of increasing the understanding and identifying opportunities in this area. Trade should be included as an aspect in national sustainable development strategies and action plans. Expertise can also be established in universities or other institutions to advance this perspective. The dialogue on sustainable trade should be well integrated

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https://dunyo.info/ru/site/inner/uzbekistan_sovmestno_s_usaid_realizuet_noviy_proekt_v_selyskohozyaystve_nnom_sektore_na_summu_pochti_v_19_millionov_dollarov-gmc

⁴⁸ Among other things the WTO Trade Facilitation Agreement has provisions that subsidies that distort economic incentives have to be eliminated.

⁴⁹ Principles of Sustainable Trade, Fourteenth Session of the SPECA Governing Council, Ashgabat, Turkmenistan, 19 November 2019. Available at https://unece.org/fileadmin/DAM/SPECA/documents/gc/session14/Principles_of_Sustainable_Trade__Trade__English.pdf

with work on national initiatives, strategies and action plans on green and circular economy, and sustainable development.

A dialogue between SPECA countries on trade, green economy and sustainable development should be initiated, using such settings as the SPECA Working Group on Trade and the other thematic Working Groups of SPECA. The SPECA Principles of Sustainable Trade are an important starting point for discussion and analysis. SPECA countries could work in cooperation with development partners, UNECE, and other international organizations, to define practical efforts in the trade sector in support of sustainable development.

2. Eliminate procedural and regulatory barriers to trade

Excessive bureaucratic documentary requirements, legal and other non-tariff measures, and cumbersome procedures and practices constitute barriers to international trade that lead to high transaction costs and significant waste of resources. They can be a significant burden for trade in the SPECA countries. Work is on-going on various levels to decrease these barriers including in the WTO framework and in the Eurasian Economic Union. The SPECA countries should be proactive in this work. Cooperation on the development and use of advanced certification laboratories for food products would be another practical example.

3. Implement trade facilitation

Trade procedures are in many cases complicated, in some cases set up to protect specific markets. Trade facilitation should continue to be a key area for cooperation in the SPECA framework, and it should be aligned with efforts to support sustainable development and sustainable trade. Trade facilitation has the potential to save resources such as people's time and efforts that are wasted in unnecessary bureaucratic procedures and documentary exchange; as well as financial and material resources, which are lost in processes with no or little value added for the quality of official controls of goods. Trade facilitation can also be focused on facilitating the movement of environmentally friendly products and technologies, or areas of production that support the creation of high-quality jobs.

Special attention should be paid to the digitalization of flows of data and documents accompanying agricultural exports from the region. UNECE and UN/CEFACT have created packages of standards for the digitalization of (a) data and document flows for agricultural products (e-CERT⁵⁰ and other standards for agricultural certificates) and (b) multimodal transport documents and data.⁵¹

The WTO Trade Facilitation Agreement further provides provisions for expediting the movement, release and clearance of goods, and measures for effective cooperation between customs and other appropriate authorities.

The Global Trade Facilitation Survey⁵² can help to visualize and compare implementation of measures. Technical assistance should be provided for the countries, so that they can benefit from these important tools.

⁵⁰ See Implementation Guide for UN/CEFACT eCERT Standard for Sanitary and Phyto Sanitary Measures, Approved by the UN/CEFACT Bureau on 4 January 2021, decision number 2101077, available at <https://unece.org/sites/default/files/2021-04/AGRI-eCertGuide.pdf>

⁵¹ Standards, UNECE, 2021. Available at <https://unece.org/trade/uncefact/standards> and <https://unttc.org/stream/electronic-trade-and-transport-documents-and-data>

⁵² UN Global Survey on Digital and Sustainable Trade Facilitation, 2021. Available at <https://www.untfsurvey.org/>

4. Focus on sustainable trade

The document *Principles of Sustainable Trade* adopted by the 14th Session of the SPECA Governing Council states that “Given the right policies and regulations are put in place, international trade has the potential of enabling countries to benefit from investment and integration into regional and global value chains that foster sustainable development.” Discussions should be organized in the SPECA context to identify and promote policy efforts facilitating the implementation of these Principles. The 2021 SPECA country assessments of the readiness to implement these Principles, as well as their regional analysis, are an important contribution. The next steps may include the development, negotiation and adoption of roadmaps or action plans for the implementation of the principles.

5. Strengthen transport infrastructure networks

There are on-going investments in transport infrastructure, and various initiatives to facilitate transport and connectivity that are likely to have a positive impact for development and trade. But even more cooperation between SPECA countries is needed to improve roads, railways and border crossings.

6. Promote market relations in agriculture

Strengthening of free market relations is needed and private initiatives are crucial for the identification and growth of specific niches of production and trade. There are positive developments in several SPECA countries, but problems such as those described in this report remain. The efforts to build market economies and foster innovative solutions should be supported.

7. Study agricultural production, marketing and trade in the region to identify good practices

Structure and regulation of production are key areas for development in agriculture. The SPECA countries have very different approaches to this issue, and it would be of interest for future policy-making to identify best practices of agricultural production, marketing and trade. Studies that would in detail review positive and less positive experiences would be of value.

8. Review food security policies

SPECA countries should review national food security policies and come up with alternative solutions that would build on an improved regional cooperation and a more efficient use of water for irrigation thus making the individual countries less sensitive to droughts. A particularly important aspect to strengthen food security is to build trust and long-term cooperation between countries. The conclusion of a cooperation agreement in the area of food security could be considered.

9. Negotiate basin-wide/subregional cooperation agreements aiming for a more efficient, sustainable use of water

In the Aral Sea Basin as well as the Kura basin there is a need to strengthen transboundary water cooperation. The plight of the Aral Sea and the need for regional cooperation has become the subject of several high-level policy statements of the leaders of the SPECA countries (the Avaza declaration of the Presidents of the Central Asian countries or their statements at the 76th session of the UN General Assembly). Positive political relations among the countries may be conducive to further progress in this area. Well-conceived negotiated agreements, if possible, with the involvement of Afghanistan in the Aral Sea Basin, have the potential to safeguard irrigation by joint efforts to improve water use efficiency as well as energy production. Linking cross-border environment/energy/water agreements, and trade liberalization agreements, from the perspective of sustainable trade, is an un-tested but interesting opportunity. Protection of water-related eco-systems as well as water quality, and the efficient use of water for agricultural production and generation of energy, should be important factors in new agreements. Involving the irrigation, environment, energy and other sectors in such negotiations is a necessary condition for sustainable solutions to be reflected in new agreements.

10. Develop national policies for improved efficiency of water and energy use

There is a need to develop and test politically acceptable national policies to achieve a better water and energy use efficiency, linking related analyses, policies and their implementation to the SPECA Principles of Sustainable Trade. Water and energy pricing are central instruments and various options for their application should be properly analysed and tested.

11. Build capacity and establish partnerships for trade of agricultural high-value products, including organic ones

Partnerships, cooperatives and other collaborative frameworks are crucial to develop capacity for marketing, storage, transport and trade of high-value agricultural products, including for organic products. Future projects should pay attention to the innovative aspects of sustainable trade in the region, promote the development of new processes, products and services with the principles of sustainable trade in mind. The SPECA Working Group on Trade could play an important role. A starting point may be a sustainable trade seminar organised by UNECE and ESCAP, back-to-back with a regular Working Group on Trade meeting, in collaboration with the Working Group on Innovation and Technology. Jointly, SPECA countries could develop, in cooperation with international partners, a broader capacity building and partnership project that would also deal with ecological/organic production and innovation in the SPECA subregion.

12. Support production and market development for organic products

SPECA countries have a comparative advantage in the production and exports of organic products. Agricultural land is generally non-polluted, the climatic conditions and access to irrigation make it possible to grow a broad range of crops, labour costs are low which is necessary for the cultivation, harvesting and handling of many crops relevant for organic production. Communication with potential markets for these products are developing.

SPECA countries should review national agricultural and trade policies for the support of production and trade in organic products, as well as medicinal plants. For example, the development of online and physical market places for organic and similar products should be promoted and could be a joint SPECA countries effort. Government agencies can also provide support by establishing credit lines, raising capacity, and providing advice.

Voluntary sustainability standards (VSS) are important for the marketing of organic products. In the recent report published by UNCTAD⁵³, recommendations to promote VSS include:

- Leveraging the support by donors and multilateral organizations
- Integrating VSS in Public Policy
- Further harness the market-based potential of VSS by providing more transparency to consumers
- Strengthen the empowerment potential of their systems to create stronger incentives for producers and other actors to use and adopt VSS

⁵³ Better Trade for Sustainable Development: The role of voluntary sustainability standards, UNCTAD, 2021. Available at https://unctad.org/system/files/official-document/ditctab2021d2_en.pdf

Annex – Recent developments in SPECA countries

The below brief accounts of development in the agriculture/trade sector over the past couple of years are of an ad hoc character, but taken together it can be concluded that there is a general trend that conditions for an increased trade of high-value agricultural products between SPECA countries as well as with the rest of the world are developing.

a. Trade policy

Kazakhstan and China have signed documents for the inspection of agricultural products exported from Kazakhstan to China. (<https://kazakh-zerno.net/160132-kazahstan-i-kitaj-podpisali-dokumenty-po-inspektirovaniju-agroprodukcii/>)

President Putin of Russia has requested changes in policy to increase food imports from CIS-countries in order to stabilise food prices. (<https://asiaplustj.info/ru/news/tajikistan/economic/20210810/rossiya-uvlechit-vvoz-selhozproduksii-izstran-sn>)

In an initiative from the Kazakh President Tokaev it is proposed that the Central Asian countries establish a unified network for trade of agricultural products that would among other things facilitate trade of grain from Kazakhstan. (<https://kazakh-zerno.net/184541-v-centralnoj-azii-mozhet-pojavitsja-edinjaja-tovarprovodjashhaja-set/>)

The Eurasian Economic Commission and the Islamic Food Security Organization signed in July 2021 an MoU with the aim to facilitate the trade of agricultural products between the regions. The establishment of trade corridors between the region is one objective. (<https://sng.today/moscow/18026-ejek-i-islamskaja-organizacija-po-prodovolstvennoj-bezopasnosti-utverdili-napravlenija-sotrudnichestva.html>)

A Central Asian working group on commercial standards of agricultural products in order to facilitate export met for the fifth time in July 2021. (<https://nuz.uz/ekonomika-i-finansy/1202888-strany-centralnoj-azii-obsudili-prodvizhenie-eksporta-selhozprodukczii.html>)

In the framework of a project “Commercialisation of agriculture” in Tajikistan a database for food importers in neighbouring countries and Tajik exporters has been established. (<https://east-fruit.com/novosti/sozdana-informatsionnaya-platforma-dlya-importerov-agroproduksii-iz-tadzhikistana-i-tadzhikskikh-eksporterov/>)

A Russian-Uzbek subcommittee on cooperation in the agricultural sector is actively working to increase trade of agricultural products between the countries. In 2020 the corresponding trade increased by 47%. There are joint projects to establish joint logistical centres. (<https://mcx.gov.ru/press-service/news/v-2020-godu-tovarooborot-produksii-apk-mezhdu-rossiy-i-uzbekistanom-vyros-na-47/>)

b. Agricultural policy

Two of the main direction of work in the Ministry is to support conditions for improved trade by supporting cooperation between farmers and to develop processing. (<http://kabar.kg/news/iatc-kabar-novye-puti-razvitiia-sel-skogo-khoziaistva-v-kyrgyzstane/>)

In Kyrgyzstan there are efforts from the side of the Ministry of Agriculture to balance food security and facilitation of food export in two programmes: “*Food Security and Nutrition*” and “*Establishment of Trade-logistical Centres for Agriculture 2019-2023*”. (<http://www.tazabek.kg/news:1569993>)

The Ministry of Agriculture in Kyrgyzstan established in 2019 a department for the support of agricultural exports. (<https://kyrtag.kg/ru/news/v-minselkhoze-otkroetsya-otdel-po-prodvizheniyu-eksporta-kyrgyzskoy-produksii>)

The highest political level in Uzbekistan is promoting the development of vertically integrated so-called production “clusters” with the objective to increase exports of fruits and vegetables significantly. (<https://kun.uz/ru/news/2019/11/05/mirziyoyev-poruchil-otkazatsya-ot-izjivshey-sebya-staroy-sistemy-v-sfere-selskogo-xozyaystva>) This is also part of the Strategy for Agriculture 2020-2030 in Uzbekistan. (https://www.norma.uz/novoe_v_zakonodatelstve/v_selskom_hozyaystve_razvivayut_rynochnye_mehani_zmy_i_vnedryayut_nauchnye_metody)

New legislation on the establishment of agricultural cooperatives has been approved in Uzbekistan. (<https://kun.uz/ru/news/2021/08/28/senatory-odobrili-zakon-o-selskoxozyaystvennom-kooperative>)

FAO is leading an expert group of post-Soviet countries that gathers regularly to discuss possibilities to make agricultural trade more effective (<http://www.fao.org/europe/news/detail-news/ru/c/1196958/>)

c. Agricultural production for export

With the support from the US, Afghan producers have concluded contracts to export fruits, vegetables, species, honey and juice to India. (<https://aftag.info/ru/news/afganskije-agroeksportery-zaklyuchili-v-mumbai-kontrakty-na-123-mln->)

In Kazakhstan, rice production is decreasing while new crops for cultivation are developing. Rice is demanding very high volumes of water for irrigation in regions where access to water is limited. (<https://kazakh-zerno.net/166154-fermery-priaralja-gotovjatsja-ujti-ot-risa/>)

Tajikistan exports fruits and vegetables to 25 countries, the most important being Kazakhstan, Russia and Kyrgyzstan. (<http://khover.tj/rus/2019/07/ministerstvo-selskogo-hozyajstva-tadzhikskaya-selhozproduksiya-eksportiruetsya-v-25-gosudarstv-mira/>)

In Turkmenistan, the acreage of wheat production was diminished in 2020 to leave room for more cotton cultivation for export. (<https://turkmenportal.com/blog/20838/glava-turkmenistana-podpisal-postanovlenie-o-proizvodstve--pshenicy-v-2020-godu>)

In Uzbekistan, GIZ and FAO are supporting the Ministry of Agriculture in an initiative “A million fruit trees” to increase fruit production in the country. (<http://sreda.uz/rubriki/zemlya/initsiativa-million-fruktovyh-derevev-v-razvitii/>)

Uzbekistan is discussing investments in horticultural production with Spanish companies. (<https://www.uzdaily.uz/ru/post/48819>)

With the support of expertise from the EU an agro-industrial cooperative is being established in Namangan oblast in Uzbekistan to develop production and trade of fruit and vegetables. (<https://uztag.info/ru/news/pervyy-v-uzbekistane-agroindustrialnyy-kooperativ-sozdadut-v-namanganskoy-oblasti>)

d. Organic production

Development of organic agriculture is a priority in the Kyrgyz Ministry of Agriculture. (<http://kabar.kg/news/organicheskoe-sel-skoe-khoziaistvo-odno-iz-prioritetnykh-napravlenii-razvitiia-sel-skogo-khoziaistva-strany/>)

A decree to promote eco-production was decided on by the Parliament in Kyrgyzstan in 2019. (<https://kyrtag.kg/ru/news/zhogorku-kenesh-prinyal-postanovlenie-o-merakh-po-razvitiyu-organicheskogo-selkhozproduktstva>)

A “*Concept for the Development of Organic Agriculture for 2017-2022*” is being implemented in Kyrgyzstan. (<http://www.tazabek.kg/news:1558478>)

A new national standard “Organic production. Demands on production, storage, processing and transport” that applied principles valid in the international market was approved in Kyrgyzstan in January 2021. (<http://www.tazabek.kg/news:1698970>)

A roadmap for the development of organic production of food including the harmonisation of conditions for trade is being discussed in the Eurasian Economic Union. (https://finport.am/full_news.php?id=43764&lang=2)

A Regulation for the certification of organic production of food products was decided on in 2020 in Uzbekistan. https://www.norma.uz/novoe_v_zakonodatelstve/sertifikaciya_produkcii_kak_eto_budet

Production of organic cotton has been started in Uzbekistan in cooperation with international organizations. (<https://www.uzdaily.uz/ru/post/46810>)

e. Investments in production, logistics and processing

A Russian company APKh Eko-Kultura is planning to invest 1 billion USD in greenhouses in Kazakhstan for production and export to Russia. <https://kazakh-zerno.net/novosti/agrarnye-novosti-kazakhstana/257458-rossijskaya-kompaniya-postroit-teplichnye-kompleksy-na-yuge-kazakhstana-na-1-mlrd>)

Investors from Israel has expressed a willingness to invest in the production of melons and gourds in Kazakhstan. (https://www.inform.kz/ru/investory-iz-izrailiya-vnesut-vklad-v-razvitie-sel-skogo-hozyaystva-turkestanskoy-oblasti_a3574533)

Kazakhstan is discussing cooperation with Belarus in the agricultural sector with the aim to increase exports to China. (<https://kvedomosti.ru/news/kazaxstan-predlagaet-belarusi-narashhivat-sotrudnichestvo-v-apk-i-vmeste-prodvigatsya-na-rynke-kitaya-2.html>)

There are plans of Turkish investors to develop production and additional infrastructure for deliveries to the domestic and international market in the Zhambyl oblast of Kazakhstan. https://forbes.kz/news/2021/05/22/newsid_250342

Against the background of a 50% increased export of agricultural products from Kazakhstan to China in 2019 investments of 576 million USD in seven projects are being planned by the two countries. <https://silkroadnews.org/ru/okno-shelkovogo-puti/kazakhstan-i-kitay-v-ramkakh-poyasa-i-puti-uskorayut-realizatsiyu-semi-proektov-na-576-mln-eksport-.html>

In 2019, Kyrgyzstan signed an agreement with China that included among other things investments in an agro-industrial centre for trade and logistics. <http://www.tazabek.kg/news:1551860>

In a joint effort by Russia and Uzbekistan an agro-logistic centre is being built in Dzhizak (Uzbekistan) to deal with sorting, processing, storage, sanitary and customs control. (<https://podrobno.uz/cat/uzbekistan-i-rossiya-dialog-partnerov-v-dzhizake-sozdaetsya-rossiyskiy-agrologisticheskiy-kompleks-on-budet-sposoben-obrabatyvat-do-260-ty/>)

There is interest both from China and Russia to invest in agricultural production in SPECA countries. China has agreed to develop agricultural production in Kyrgyzstan and Russian companies are investing in greenhouses in Kazakhstan as a basis for future export (<http://www.tazabek.kg/news:1551860>, <https://kazakh-zerno.net/novosti/agrarnye-novosti-kazakhstana/257458-rossijskaya-kompaniya-postroit-teplichnye-kompleksy-na-yuge-kazakhstana-na-1-mlrd>).

In support from the World Bank to Tajik agriculture there is a component to support investments in agro-logistical centers for horticulture value chains. (<https://indiaeducationdiary.in/tajikistans-agriculture-sector-to-benefit-from-world-bank-support/>)

In a cooperation project called “Agroekspress” the aim is to improve and shorten the time for delivery of refrigerated products from Uzbekistan to Russia by train. The first trains are planned for autumn 2021. (<http://kabar.kg/news/rossiya-i-uzbekistan-zavershaiut-podgotovku-proekta-agroekspress/>)

Linking Uzbekistan agricultural production with export to Pakistan, USAID has organized air transport to test this new trade opportunity. (<http://www.uzdaily.uz/ru/post/60757>)

An International Centre for Trade-Economic Cooperation “*Tsentrlnaya Aziya*” is being constructed on the border between Kazakhstan and Uzbekistan. It is expected that this Centre will be active for trade and processing of agricultural products. (<https://east-fruit.com/novosti/uzbekistan-i-kazakhstan-uluchshayut-torgovo-logisticheskuyu-infrastrukturu/>)

In cooperation with a French company the Uzbek government is planning to build a network of eight large agro-logistical centres to support development of export. (<https://centralasia.media/news:1667735>)

In official fora are Uzbek and Russian representatives discussing billion-dollar investments to increase trade including in the agricultural and food sectors. (<https://www.ritmeurasia.org/news--2020-03-11--uzbekistan-planiruet-realizovat-s-rf-sovmestnye-proekty-na-7-3-mlrd-47915>)

A loan from the World Bank to Uzbekistan to modernise agricultural production has a significant component supporting the production and marketing of competitive products for export. (<https://uz.sputniknews.ru/economy/20200712/14520685/Vsemirnyy-bank-predostavil-Uzbekistanu-500-mln--na-chto-poydut-dengi.html>)

An agro-business forum in Uzbekistan in 2019 with the participation of representatives of Israel companies discussed development of cooperation to develop agricultural exports. (<https://www.uzdaily.uz/ru/post/45136>)