



THE IMPACT OF UZBEKISTAN–KYRGYZSTAN TRADE AND ECONOMIC RELATIONS ON THE MATERIAL WELL-BEING OF THE POPULATION OF FERGANA REGION (1991–2024)

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Annotatsiya: Ushbu tadqiqot 1991–2024-yillarda O‘zbekiston va Qirg‘iziston o‘rtasidagi savdo-iqtisodiy hamkorlik hamda chegara rejimlaridagi evolyutsiyaning Farg‘ona viloyati aholisining moddiy ta‘minoti, real daromadlari, bandlik darajasi va iste‘mol bozoridagi narxlar barqarorligiga ta‘sirini kompleks tahlil qilishga bag‘ishlangan. Ishda ikki mamlakat o‘rtasidagi shartnomaviy-huquqiy bazaning shakllanishi, chegaralarni delimitatsiya va demarkatsiya qilish jarayonlari hamda chegara o‘tkazish punktlarining faoliyati mintaqaviy iqtisodiy integratsiyaning asosiy drayveri sifatida ko‘rib chiqiladi. Empririk ma‘lumotlar, tashqi savdo statistikasi va hududiy ko‘rsatkichlar tahlili shuni ko‘rsatadiki, 2017-yildan so‘ng chegara cheklovlarining yumshatilishi Farg‘ona viloyati va unga tutash Qirg‘iziston viloyatlari o‘rtasida mahsulotlar hamda ishchi kuchining erkin harakatlanishiga xizmat qildi. Natijada xalq iste‘mol mollari taklifi kengaydi, narxlar arbitraj qisqardi, chegarabo‘yi hududlari hamda So‘x va Shohimardon anklavlarida yashayotgan aholining moddiy farovonligi va turmush darajasi sezilarli darajada yaxshilandi.

Kalit so‘zlar: O‘zbekiston, Qirg‘iziston, Farg‘ona viloyati, chegarabo‘yi savdosi, aholi moddiy ta‘minoti, bandlik, anklavlar, Shohimardon, So‘x, tashqi savdo aylanmasi.

Аннотация: Данное исследование посвящено комплексному анализу влияния торгово-экономического сотрудничества и эволюции пограничных режимов между Узбекистаном и Кыргызстаном в 1991–2024 годах на материальное обеспечение, реальные доходы, уровень занятости и стабильность цен потребительского рынка населения Ферганской области. В работе договорно-правовая база, процессы делимитации и демаркации границ, а также режим работы приграничных пунктов пропуска рассматриваются в качестве ключевых факторов региональной экономической интеграции. Анализ статистических данных внешней торговли показывает, что смягчение пограничных ограничений после 2017 года способствовало свободному перемещению товаров и рабочей силы между Ферганской областью и сопредельными областями Кыргызстана. В результате расширился ассортимент товаров народного потребления, снизился ценовой арбитраж, а также существенно повысился уровень материального благосостояния населения приграничных территорий и анклавов Сох и Шохимардан.



Ключевые слова: *Узбекистан, Кыргызстан, Ферганская область, приграничная торговля, материальное обеспечение населения, занятость, анклав, Шахимардан, Сох, внешнеторговый оборот.*

Abstract: *This study provides a comprehensive analysis of the impact of trade and economic cooperation and the evolution of border regimes between Uzbekistan and Kyrgyzstan from 1991 to 2024 on the material security, real income, employment levels, and consumer market price stability of the population in the Fergana region. The article examines the formation of the bilateral legal framework, border delimitation and demarcation processes, and the functioning of border crossing points as critical drivers of regional economic integration. Empirical evidence and foreign trade statistics reveal that the easing of border restrictions after 2017 facilitated the unhindered movement of goods and labor between the Fergana region and adjacent Kyrgyz provinces. Consequently, the availability of consumer goods expanded, price arbitrage diminished, and the material well-being and living standards of the population in border areas and the Sokh and Shohimardon enclaves improved significantly.*

Keywords: *Uzbekistan, Kyrgyzstan, Fergana region, cross-border trade, household material security, employment, enclaves, Shohimardon, Sokh, foreign trade turnover.*

INTRODUCTION

The emergence of independent states in the post-Soviet space and the establishment of national border systems gave rise to complex socio-economic processes in Central Asia, particularly in the Fergana Valley, which had historically constituted a unified economic and geographical space. During the Soviet era, internal borders served primarily administrative purposes; however, following independence in 1991, they acquired the status of international state borders. These institutional changes disrupted traditional trade routes, production networks, and chains of labour division that had developed in the Fergana Valley over centuries. Owing to its geographical location, Fergana Region shares borders with the Batken, Osh, and

Jalal-Abad regions of the Kyrgyz Republic, making it a key hub for economic and humanitarian relations between the two countries.

Between 1991 and 2024, trade and economic relations between Uzbekistan and Kyrgyzstan underwent several complex and turbulent phases. During the second half of the 1990s and the 2000s, regional security concerns, visa restrictions, territorial disputes arising in connection with border demarcation, and the tightening of tariff and non-tariff barriers led to a considerable decline in bilateral trade turnover. The tightening of border controls had a particularly adverse impact on the material well-being and living standards of residents in remote and border districts of Fergana Region, as well as in the exclave territories of Sokh and



Shohimardon. Restrictions on the movement of goods contributed to increased price disparities and the expansion of smuggling and informal trade.

A turning point in bilateral relations came after 2016, when the Republic of Uzbekistan adopted an open, good-neighbourly, and pragmatic foreign policy towards neighbouring countries. The elevation of relations between the two countries to the level of a strategic partnership, the completion of the processes of border delimitation and demarcation, and the reopening of border crossing points ushered regional trade into a new phase. By the end of 2024, trade turnover between Uzbekistan and Kyrgyzstan had reached USD 846.4 million, while the two countries' leaders set a strategic objective of increasing this figure to USD 2 billion.

The aim of this study is to conduct a systematic and comprehensive analysis of the development of Uzbekistan–Kyrgyzstan trade and economic relations, institutional changes in border regimes, and the impact of expanding trade volumes on the material well-being of the population of Fergana Region between 1991 and 2024. Particular attention is paid to real incomes, employment structures, the supply of consumer goods, and price stability.

Literature Review

The impact of cross-border trade and border regimes on local economies and population welfare is a central theme in international economic

and geographical research. According to international trade theory, the existence of national borders and border barriers increases distance-related and transit costs, thereby reducing the volume of interregional trade. International and local scholars studying border economies in Central Asia and the Fergana Valley have examined these processes across different institutional periods.

Studies addressing border issues and economic transformation in post-Soviet Central Asian countries have particularly emphasised the adverse effects of border restrictions imposed between 1991 and 2015 on the economic integration of the Fergana Valley. Research indicates that, between 1999 and 2010, the closure of border crossing points and the introduction of visa restrictions severely disrupted commodity flows and logistics chains connecting traditional markets in the region, including the Kara-Suu market in Kyrgyzstan and the Margilan, Rishtan, and Vodil markets in Uzbekistan.

The economic integration and facilitation of border regions have received increasing attention in recent academic literature. This concept does not imply the physical disappearance of borders; rather, it refers to making border-crossing procedures more accessible, efficient, and transparent for economic actors and citizens. This phenomenon became particularly evident following the improvement of relations between Uzbekistan and Kyrgyzstan after 2016. Contemporary studies indicate that the



reopening of border crossing points directly contributed to the formalisation of labour migration and the services market in Fergana Region and adjacent border areas, thereby creating favourable conditions for increasing household incomes.

Specialised academic literature on enclave economies identifies the geographical and institutional isolation of the Sokh and Shohimardon enclaves as one of the major obstacles to their socio-economic development. Since tourism and local agriculture play a central role in the economic life of Shohimardon and Yordon villages, border restrictions have contributed to persistent unemployment and increased population outmigration in these areas. More recent studies suggest that agreements aimed at completing border delimitation during 2022–2025 have helped reduce tensions surrounding the enclaves and created favourable conditions for the restoration of transport and tourism infrastructure.

However, the existing academic literature has largely examined bilateral macroeconomic indicators at the national level. The direct impact of Uzbekistan–Kyrgyzstan trade relations on the material well-being of the population and the consumer market of Fergana Region has not yet been sufficiently and comprehensively analysed at the microeconomic and regional levels. This study seeks to address this research gap.

Research Methodology

This study employs a combination of quantitative and qualitative analytical

methods to assess the impact of Uzbekistan–Kyrgyzstan trade and economic relations on the material well-being of the population of Fergana Region. The methodological framework is based on comparative-historical analysis, regional and intersectoral economic analysis, and the assessment of causal relationships.

The empirical database for this study comprises the following official sources:

Statistical compilations and press releases published by the Statistics Agency under the President of the Republic of Uzbekistan and the Fergana Region Department of Statistics, covering foreign trade, household incomes, consumer price indices, and employment indicators;

Official data on bilateral trade and border regions published by the National Statistical Committee of the Kyrgyz Republic;

International agreements on the delimitation and demarcation of the state border between Uzbekistan and Kyrgyzstan, relevant regulatory and legal documents, and government programmes;

Analytical reports issued by international economic organisations, including UN Comtrade and the International Trade Centre (ITC), as well as research institutes specialising in Central Asian studies.

For the purposes of this study, the period from 1991 to 2024 is divided into three main chronological phases based on historical developments and institutional changes:



1991–1999: The period of post-Soviet transformation, the formation of institutional frameworks, and relatively unrestricted cross-border movement.

2000–2016: The period marked by tighter border restrictions, visa regimes, bilateral tensions, and the fragmentation of trade flows.

2017–2024: The period of strategic partnership, the completion of border delimitation, rapid growth in trade volumes, and enhanced cross-border integration.

To assess the impact on the material well-being of the population, the study examines trends in several economic indicators, including Kyrgyzstan's share of Fergana Region's foreign trade, changes in food and non-food consumer prices, the number of jobs created in border districts, and income generated by tourism and service activities in the Sokh and Shohimardon enclaves.

Analysis and Results

The institutional foundations of economic relations between Uzbekistan and Kyrgyzstan are directly linked to changes in the legal status of the state border between the two countries and in border-crossing regulations. The total length of the common border between the two states is 1,314 kilometres, with its most complex and densely populated section located in the Fergana Valley .

During the period from 1991 to 1999, trade and the movement of citizens remained relatively unrestricted within the framework of the Alma-Ata Declaration of 21 December 1991 and the Treaty of

Eternal Friendship signed in 1996 . However, following the Batken events of 1999 and the growing security threats, Uzbekistan was compelled to strengthen border security measures. In 2000, a visa regime was introduced, and the operations of several border crossing points were restricted or completely suspended. During this period, the closure of transit routes between Fergana Region and the Batken and Osh regions seriously disrupted economic and social ties .

A fundamental shift in political and economic relations occurred after 2016. As a result of the open and friendly foreign policy towards neighbouring countries pursued by President of the Republic of Uzbekistan Shavkat Mirziyoyev, a landmark treaty covering 1,170.5 kilometres of the Uzbekistan–Kyrgyzstan state border was signed between the two countries on 5 September 2017 . Following intensive negotiations in subsequent years, the final agreement on the delimitation of the remaining sections of the state border was ratified on 17 November 2022, and demarcation documents were approved in May 2023 .

As part of the delimitation process, mutual agreements were reached on the joint use of the Kempir-Abad (Andijan) Reservoir, as well as on the exchange of equal areas of land in the territories of Chongara and Tosh-Tobo villages . In particular, the signing of an agreement in March 2025 in Khujand by the leaders of Uzbekistan, Kyrgyzstan, and Tajikistan to determine the tripoint where the three countries' borders meet, together with the



installation of the Friendship Stele, contributed to ensuring long-term stability across the border areas connecting Fergana Region with Kyrgyzstan and Tajikistan .

The relaxation of border controls and the clarification of the legal status of the border helped overcome the geographical isolation of Fergana Region. The reduction of long queues at border crossing points and the simplification of customs clearance procedures directly facilitated the development of small and medium-sized enterprises in border districts.

The acceleration of overall trade and economic relations between Uzbekistan and Kyrgyzstan is clearly reflected in Fergana Region's foreign trade indicators. At the national level, Uzbekistan's foreign trade turnover with Kyrgyzstan increased from relatively low levels in 2017 to USD 846.4 million in 2024, comprising exports of USD 513.3 million and imports of USD 333.1 million. According to some estimates, the overall volume of bilateral trade in goods and services exceeded USD 1.2 billion .

Given its industrial and agro-industrial potential, Fergana Region has consistently accounted for a substantial share of these trade flows. At the end of 2021, the region's foreign trade turnover with Kyrgyzstan amounted to USD 141.6 million, of which exports accounted for USD 89.7 million and imports for USD 51.9 million . Kyrgyzstan continues to represent a significant share of Fergana Region's overall trade with Central Asian

countries. In the context of the region's total foreign trade turnover exceeding USD 1,951.5 million in January–August 2026, cross-border trade continues to serve as an important driver of the regional economy .

The composition of trade between Fergana Region and the neighbouring regions of Kyrgyzstan—Osh, Batken, and Jalal-Abad—is characterised by complementarity. The main products exported from Fergana Region to Kyrgyzstan include Rishtan District's pottery and ceramic tiles, cement, glass, plastic pipes, and construction materials manufactured by industrial enterprises in Fergana and Quvasoy. In addition, yarn, fabrics, and finished garments produced by the light-industry clusters in Fergana, Margilan, and Kokand, as well as fruit and vegetable products from Kuva and Oltiariq districts—including grapes, cherries, apricots, and greenhouse produce—account for a substantial share of exports.

Imports from Kyrgyzstan into Fergana Region are dominated by livestock, meat, and dairy products originating from the pastures of Batken and Osh regions. Furthermore, wheat flour, animal feed, and coal and timber materials supplied from Kyzyl-Kiya and other mining areas in Kyrgyzstan constitute important raw materials and resources for the regional economy and the population of Fergana Region.

Such rapid growth in trade has opened up neighbouring markets for producers in Fergana Region. This has created favourable conditions for



expanding production scales, reducing unit costs, and, consequently, strengthening the financial stability of local enterprises.

The restoration and expansion of Uzbekistan–Kyrgyzstan trade and economic relations have had a significant positive impact on household incomes and employment structures in Fergana Region. The relaxation of border controls and the simplification of cross-border movement have encouraged greater regional mobility of the labour force.

The full operation of border crossing points has enabled skilled and semi-skilled workers from Fergana Region, particularly from Fergana, Rishtan, Kuva, and Oltiariq districts, to seek employment in neighbouring Kyrgyz cities, including Kyzyl-Kiya, Osh, Batken, and Jalal-Abad. Uzbek craftsmen and construction workers are actively engaged in residential, commercial, and infrastructure projects in Kyrgyzstan, as well as in baking, handicrafts, and agriculture. This has helped increase seasonal household incomes and played an important role in easing pressure on the labour market in Fergana Region.

The development of cross-border trade has also significantly expanded employment opportunities in small businesses and the service sector. In Vodil (Fergana District), Rishtan, Kuva, and Shohimardon, the network of service establishments supporting cross-border trade has expanded to include domestic services, logistics, transport, and catering. The number of Kyrgyz citizens using

medical facilities, shopping centres, and recreational destinations in Fergana Region has also increased. These developments have contributed to more stable income growth among self-employed people working in the service sector.

Furthermore, household income diversification has improved considerably. Families in border districts have gained opportunities to sell products grown on their household plots—including cherries, grapes, seedlings, and vegetables—directly in neighbouring markets or through wholesale markets in border areas. This has increased cash receipts for rural households and reduced the risks associated with seasonal fluctuations in income.

The liberalisation of trade regimes and the simplification of transport and logistics have played a decisive role in maintaining price stability in Fergana Region's consumer market. Reduced transportation costs have helped eliminate price arbitrage, defined as artificial price disparities between markets on either side of the border.

Imports from Kyrgyzstan, including livestock, meat, dairy products, flour, and animal feed, have increased supply in Fergana Region's markets, helping prevent sharp increases in domestic prices. At the same time, the unrestricted export of industrial and textile products manufactured in Uzbekistan to Kyrgyzstan has enabled local producers to benefit from economies of scale.



The Uzbek exclaves of Shohimardon and Sokh, which are surrounded by Kyrgyz territory, are among the areas most strongly affected by cross-border relations. The Shohimardon exclave is administratively part of Fergana District, covers an area of 90 square kilometres, and is home to more than 10,000 residents. It is separated from the main territory of Uzbekistan by a distance of approximately 17 kilometres. Border restrictions, visa barriers, and the suspension of transport links between 1999 and 2016 placed considerable strain on economic life in Shohimardon. Restrictions on traffic along the Fergana–Shohimardon 4R-144 highway, the interruption of tourist flows, and difficulties faced by residents in transporting agricultural produce to major markets contributed to declining household incomes and rising unemployment.

Following 2017, artificial barriers along the Shohimardon and Sokh routes were removed. Bus services on the Fergana–Shohimardon route were restored, and procedures for processing transit documents were simplified. The impact of these changes on the material well-being of Shohimardon's population became particularly evident in the following areas.

A tourism development directorate for Shohimardon was established under the regional administration, and the network of family-run guesthouses, catering establishments, and recreational facilities in the area was expanded. The

cableway leading to Qurbonko'l (Blue Lake) and the associated tourism infrastructure in Shohimardon were restored. The revival of domestic and international tourist flows to Shohimardon contributed to the creation of hundreds of new jobs in the service sector.

The removal of customs and transit barriers affecting the delivery of consumer goods, food products, and construction materials to the enclave helped bring food prices closer to the levels prevailing in the regional centre. This, in turn, contributed to substantial improvements in the material well-being and quality of life of the enclave's population.

Conclusion and Recommendations

The evolution of trade, economic, and border relations between Uzbekistan and Kyrgyzstan from 1991 to 2024 demonstrates that these relations have been among the key factors directly influencing the material well-being and living standards of the population of Fergana Region. The findings of this study indicate that border closures and periods of heightened tensions led to a decline in economic activity, rising consumer prices, and the economic isolation of enclave territories. In contrast, the friendly and pragmatic policy pursued since 2017, together with progress towards the completion of border delimitation and demarcation, has created favourable conditions for substantial economic growth and greater social stability in the region.

The development of cross-border trade has provided the population of



Fergana Region with several key benefits. Reduced price disparities and a wider variety of goods have helped preserve and strengthen purchasing power. Household incomes have become more diversified through cross-border trade and labour migration in the construction, textile, agricultural, and service sectors. The restoration of tourism and transport logistics in Shohimardon and Sokh has also contributed to significant improvements in material well-being in these areas.

To consolidate this positive momentum and further enhance the impact of Uzbekistan–Kyrgyzstan trade and economic relations on the welfare of Fergana Region’s population, the following practical recommendations are proposed.

First, it is necessary to establish a dedicated Uzbekistan–Kyrgyzstan cross-border industrial and trade zone at the Vodil area of Fergana District, near the junction with Kyzyl-Kiya in Batken Region, as well as along the Rishtan–Sokh corridor. The zone should provide for customs and tax incentives, promote the

processing of goods from both countries, and encourage industrial cooperation.

Second, simplified and fully digitalised “green corridor” systems should be introduced at border crossing points for perishable agricultural and food products. This would further reduce transport and logistics costs and contribute to consumer price stability.

Third, transit and customs procedures for Uzbek and Kyrgyz citizens, as well as international tourists travelling to the Shohimardon and Sokh enclaves, should be fully integrated into a streamlined digital system using national identity cards. It would also be advisable to finance bilateral projects aimed at developing ecotourism and health and wellness tourism clusters in Shohimardon.

Finally, in connection with the construction of the China–Kyrgyzstan–Uzbekistan railway, feeder connections linking Fergana Region’s logistics hubs to this international railway corridor should be developed. This would help expand export opportunities for goods manufactured in Fergana Region and create additional employment opportunities for the local population.

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