

Uzbek Trade War Escalates

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Government justifies border closure by accusing neighbouring states of economic aggression.

Uzbekistan has stepped up a trade war with its neighbours by prohibiting citizens from buying cheap, low-quality clothing and food products from markets across the border.

The media campaign marks a new stage in Uzbekistan's trade war with its neighbours, which dates back to its decision last year to impose a huge 70 per cent customs duty on imports. The tax promptly bankrupted thousands of Uzbek shuttle traders who made a living out of importing foreign goods and emptied shelves here.

Locals reacted to the shortages by heading in large numbers to markets in neighbouring countries, only to find the frontier virtually sealed on government orders.

The state-controlled media has now taken up government policy on foreign purchases and launched a fierce propaganda campaign against citizens visiting these countries to buy goods.

Newspaper articles and television broadcasts remind Uzbeks that their national dignity is at stake and warn them not to buy cheap foreign items. Although the average weekly wage is the equivalent of just a few US cents, they are urging people to purchase only top-quality, high price, legal imports.

As part of the campaign, pro-government newspapers such as Pravda Vostoka and Narodnoye slovo have been carrying such headlines as, "No to smuggling", "We don't need low-quality goods" and "The prosperity of the country is created by its citizens".

Officials appear daily on Uzbek television to explain the subtleties of the economy, and tell citizens how to conduct their business, spend their money, where to buy goods and what kind to buy.

They denounce the opening of some 20 markets in regions of Kazakstan, Kyrgyzstan, Tajikistan and Turkmenistan that lie near the border with Uzbekistan, where low-cost goods can be bought in Uzbek or US currency.

The Uzbek deputy interior ministry, Bakhtiyar Sobonov, accused neighbouring states of "economic aggression". He lambasted Uzbeks travelling to neighbouring states to make purchases as "naïve children", who he said were "enriching the treasury of a foreign nation and filling the pockets of foreign traders".

A commentator for the news agency Jakhon made the same point. "Our consumers and traders, lacking wide experience of free-market conditions, are becoming hostages to various types of modern economic trickery," he said.

The head of customs, Abdukadyr Bobokulov, meanwhile has suggested that the price of goods in Kazakstan and Kyrgyzstan is only low because they were smuggled in from China.

Officials in Uzbekistan claim their war against illegal imports from neighbouring states has shown results. According to Bobokulov, since May 2002, when the cabinet decree on the regulation of imports was introduced, 6,000 cases of illegal imports of goods into Uzbekistan have been prevented and goods totalling around 3.5 million US dollars destroyed.

Before New Year, soldiers had virtually sealed the border with Kazakstan and from January 10 the same regime was imposed on the Kyrgyz frontier.

The Kazak ambassador to Uzbekistan, Umarzak Uzbekov, has warned that Tashkent's actions and the propaganda campaign waged in the Uzbek media are damaging relations between the two countries and jeopardising international agreements signed between them.

"Highly negative statements are heard about Kazakstan on television," he told IWPR. "There is talk of undermining the Uzbek economy and of trade aggression, but Kazak citizens do not go to Uzbekistan, Uzbek citizens go to Kazakstan. This campaign, and the charges being made against Kazakstan, are creating tension between the two nations and will not improve mutual understanding."

The ambassador scorned reports that Kazak traders were setting low prices because the goods were smuggled. "That shows absolute ignorance of the laws of the Kazak economy," he said. "Kazak customs are strictly controlled. Each citizen has their own RNN - a tax account number - without which you can do nothing in Kazakstan."

Uzbekov says Tashkent has conveniently forgotten that for a long time it did nothing to stop the illegal import of flour from Kazakstan. "Uzbekistan encourages this type of trade," he said. "We urged them to trade in flour in a civilised way, as hundreds of thousands of tons of flour is imported into Uzbekistan illegally every year, but the Uzbek government encourages it".

Kazak officials dismissed an appeal from the Uzbek deputy prime minister, Rustam Azimov, to close markets situated near the Uzbek border. "We can't close down private markets," Uzbekov said. "Markets are opened where there is supply and demand - that is the law of the free market, and Kazakstan has a market economy."

Uzbek analysts say the campaign against neighbouring states and the accusations of "economic aggression" have not persuaded the public. "These campaigns are anachronistic and ineffective," said lawyer Karim Bakhriev. "The journalists have been ordered to convince people to buy expensive goods, and not to travel to neighbouring countries where prices are lower."

"But how can you force a poor person to buy high-quality, expensive goods. You cannot double the price of goods - which is what traders have to do now, after paying the new duties - and then expect people to buy these items."

Zakirjon Ibragimov, a journalist from the Fergana valley, said the media campaign has angered many ordinary people, who say they went to markets in neighbouring countries entirely voluntarily and dislike being called dupes. "I'm ashamed to introduce myself as a journalist, as people now assume I am a liar as well," Ibragimov said.

Tashkent imposed its harsh border regime after its citizens began crossing into neighbouring countries to shop in huge numbers, spending several million dollars there each day.

They bought goods such as jeans and jackets in Kazakstan, Kyrgyzstan, Tajikistan and Turkmenistan

because their own markets had partially closed down, and prices had rocketed, following the introduction of a 70 per cent import tax in 2002.

Uzbekistan produces few mass-produced goods of its own and its domestic manufacturers are unable to supply consumers with more than a tiny assortment of poor-quality items. In spite of this, the authorities seemed concerned only with the fact that shoppers were taking money out of the country.

Most ordinary people now feel frustrated. In the meantime, relations with neighbouring states are suffering. With Uzbekistan now in self-imposed isolation, it may experience even more difficulty in getting itself out of its current economic crisis.

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