

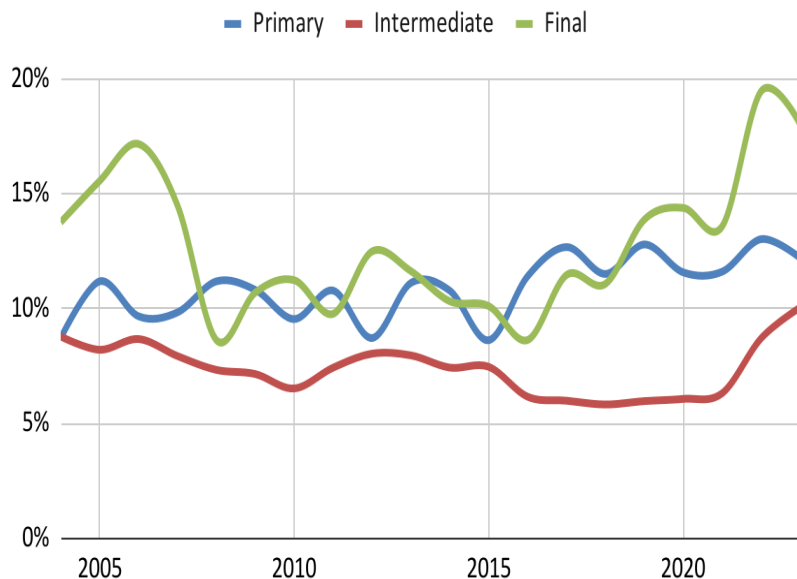
Does Intra-Industry Trade Provide Conditions for Economic Growth in Kyrgyzstan

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Life in Kyrgyzstan 2024

Intra-industry trade (IIT) refers to the exchange between countries of similar or related products within the same industry

Kyrgyz Intra-industry Trade (Grubel-Lloyd index)



IIT in primary goods:

- Differentiation by quality

IIT in intermediate goods:

- Global value chains
- Economies of scales
- Technological capabilities

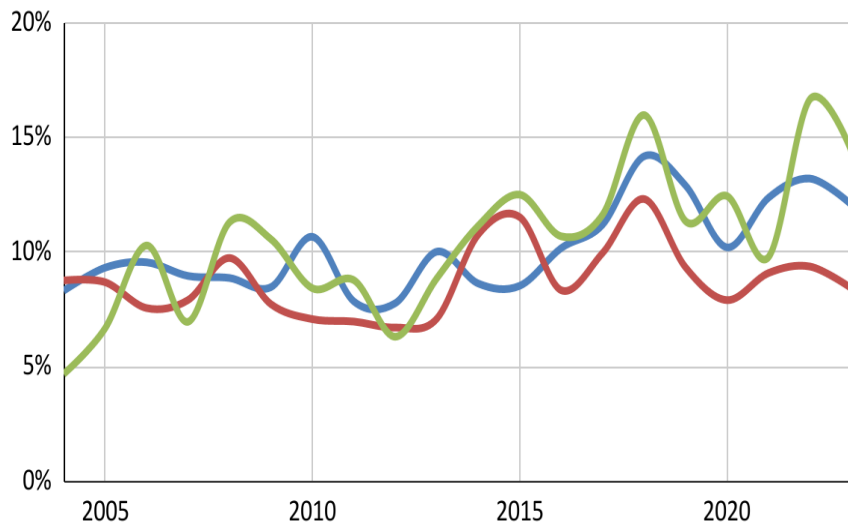
IIT in final goods:

- Product differentiation
- Consumer preferences
- Economies of scale and competition

South-South and South-North IIT

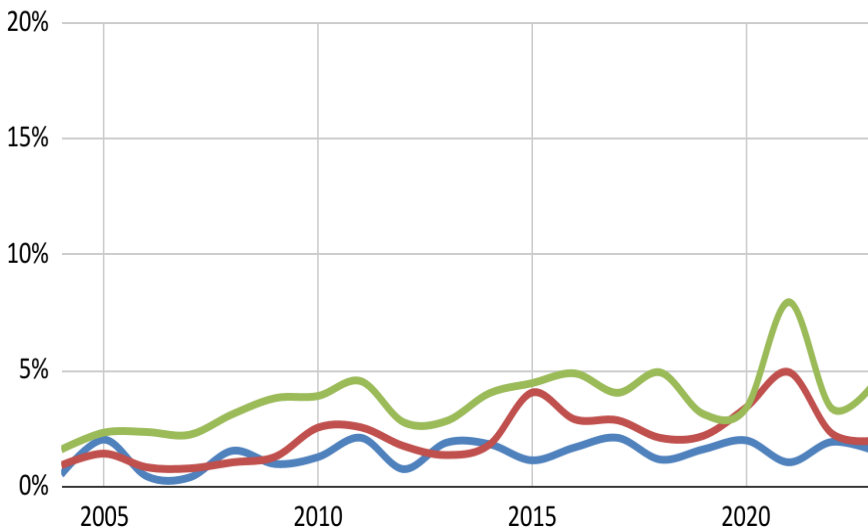
Intra-industry Trade with Central Asia (Grubel-Lloyd index)

Primary Intermediate Final



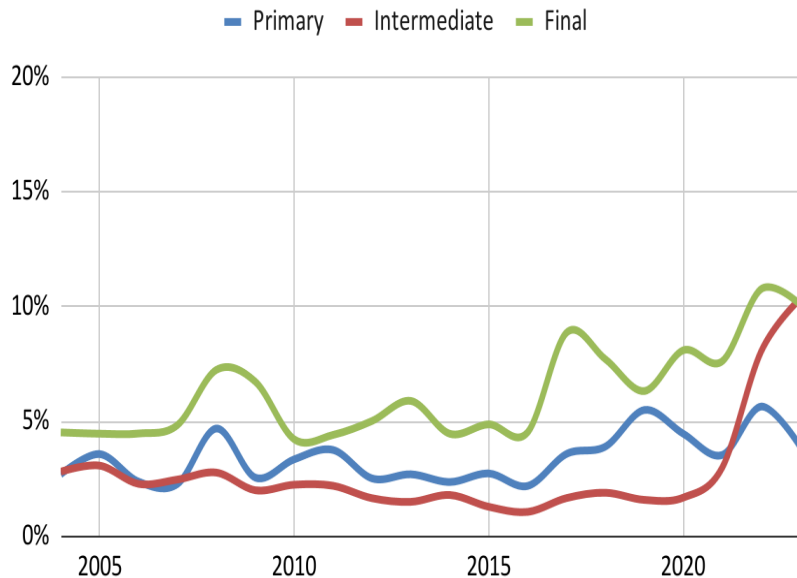
Intra-industry Trade with EU (Grubel-Lloyd index)

Primary Intermediate Final

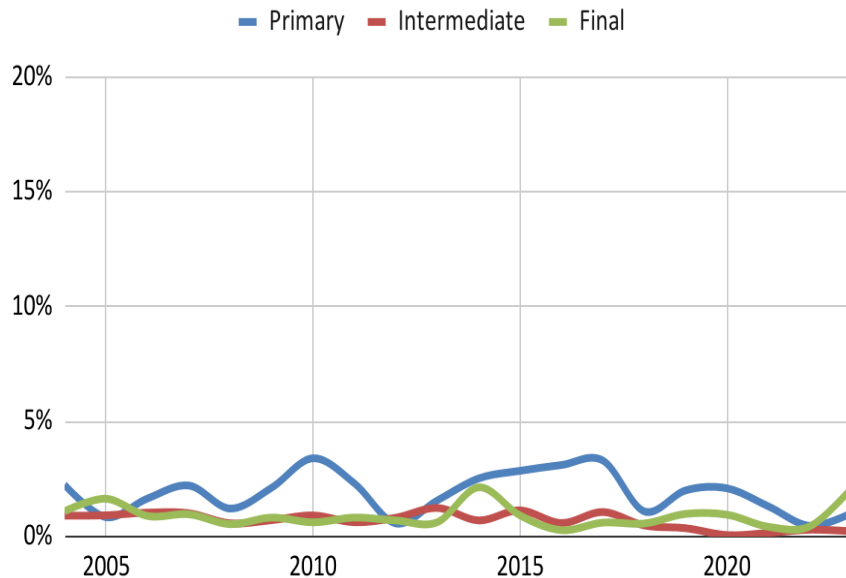


Proximity to large markets and regional value chains

Intra-industry Trade with Russia (Grubel-Lloyd index)



Intra-industry Trade with China (Grubel-Lloyd index)



What? & Why?

Key sectors of intra-industry trade

- Agricultural Products
- Food Products
- Textiles and Garments
- Mining and Construction
- Machinery and Transportation

Drivers

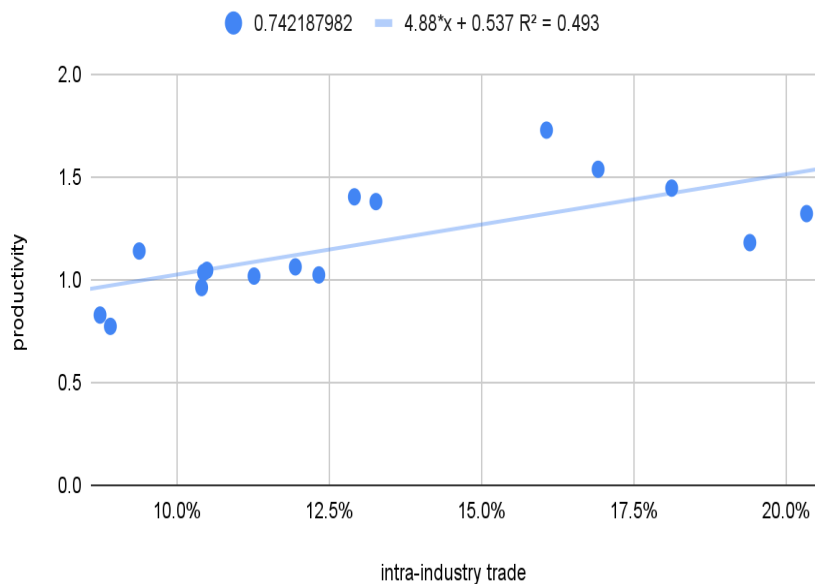
- Economic Diversification
- Regional Integration Initiatives
- Infrastructure Development
- Proximity to China
- Specialization in Labor-Intensive Manufacturing
- Historical Ties

Channels Through Which Intra-Industry Trade Affects Productivity

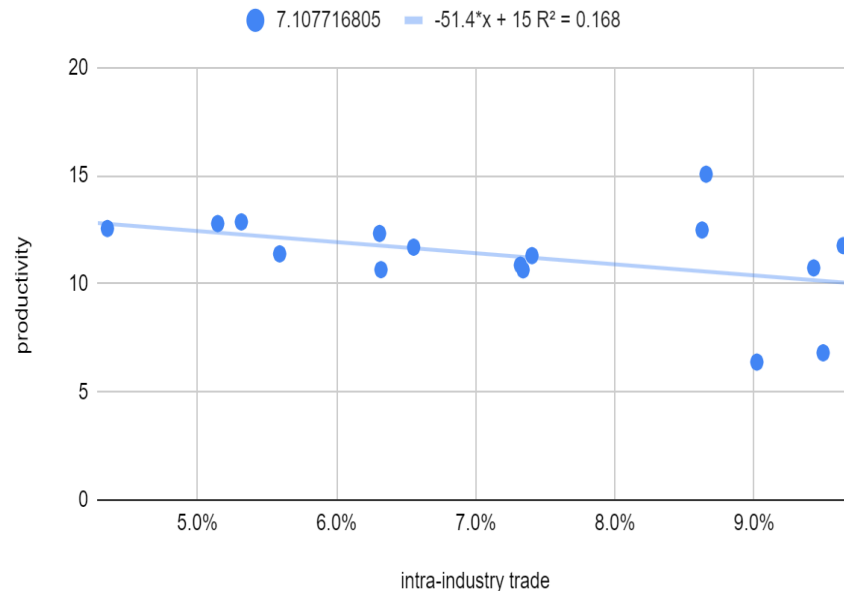
- Economies of scales
- Innovation and Technology Transfer
- Product Differentiation and Specialization
- Increased Competition
- Resource Allocation
- Learning by Doing and Skill Accumulation
- Market Access and Consumer Preferences

Simple graph visualization

Food production

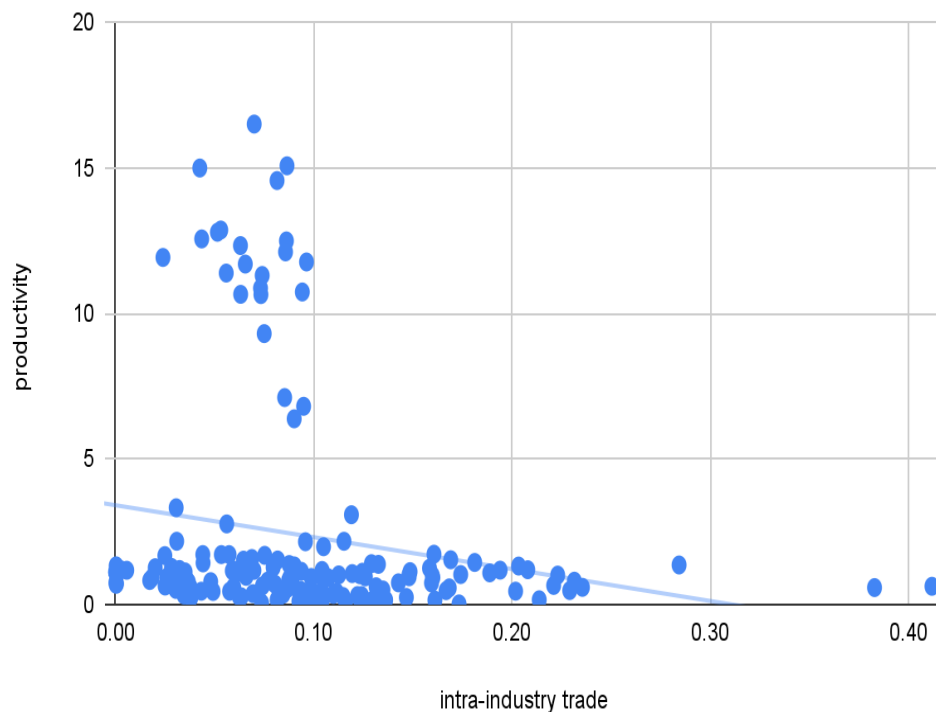


Metals



Is there link between productivity and IIT in Kyrgyzstan?

Productivity (dependent var.)		
Intra-Industry Trade (IIT)	-3.32	**
IIT in Primary Goods	0.27	*
IIT in Intermediate Goods	-0.25	
IIT in Final Goods	-2.74	**
Industry Size	0.63	***
Wage Level	-1.21	**
Export Intensity	-4.87	***
Trade Openness	0.03	
Labour Quality	0.34	***



What we learned?

Intra-Industry Trade is increasing:

- Enhanced Trade Diversification;
- Increased Competitiveness;
- Regional Integration & Regional Value Chains;
- Specialization on labour intensive manufacturing.

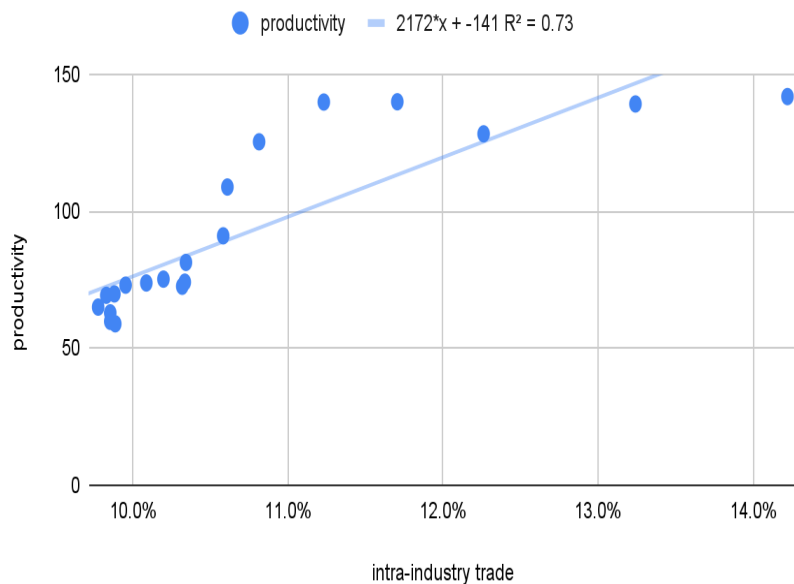
Negative relationship between final and intermediate goods IIT and productivity:

- Specialization in primary goods.
- Low value-added segments of global value chains do not boost productivity;
- Technology spread is limited
- Increased competition from foreign producers can harm productivity of small firms.

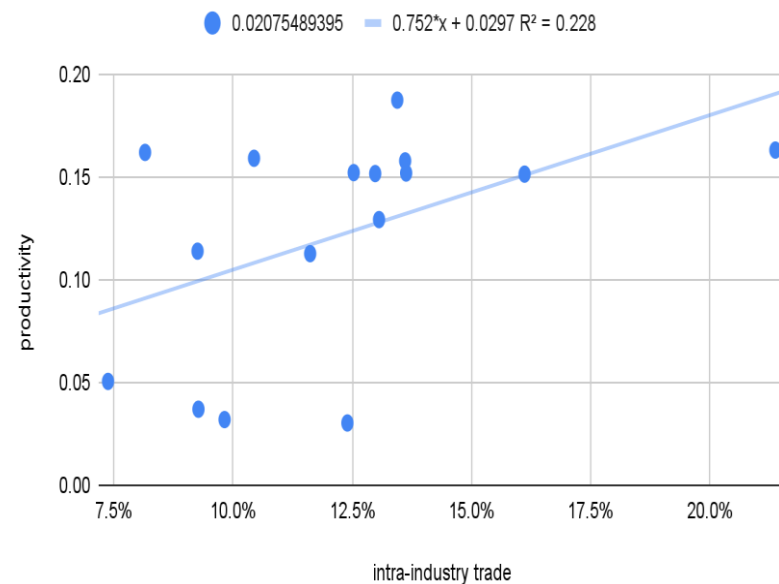
Thank you!

Agriculture and Food Products

Agriculture

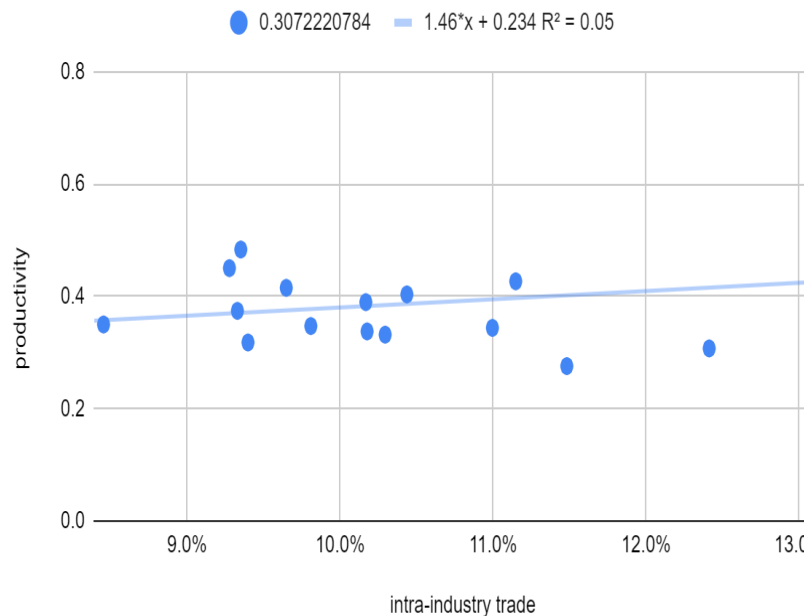


Textile

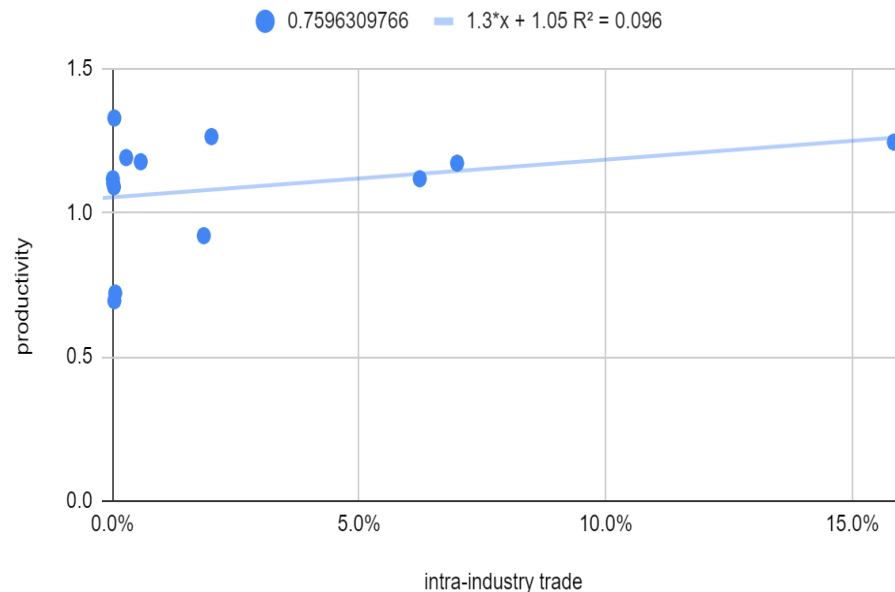


Machinery, equipment and electric production

Machinery and Transport

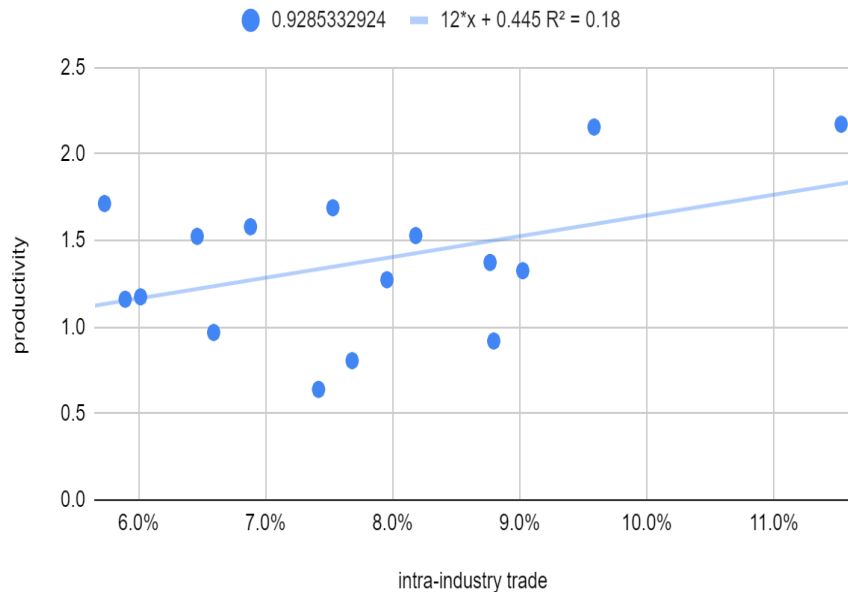


Electricity production



and Gold Production

Rubber and plastic



Mining

