



Center for International Development and Environmental Research (ZEU)

Bridging Smallholders and Markets: Livestock Value Chains in Tajikistan & Uzbekistan

Livestock value chains in Central Asia: status, challenges and policy

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Introduction

1. Background: Economics at the JLU in Germany

2. Activities: Fieldwork in Uzbekistan and Tajikistan

3. Research: Livestock Value Chains, Farm Structures & Profitability

Collected data from field visits, literature, surveys, interviews, online resources ...

4. Findings: Differences & Similarities in Value Chain Outcomes

With funding from the:

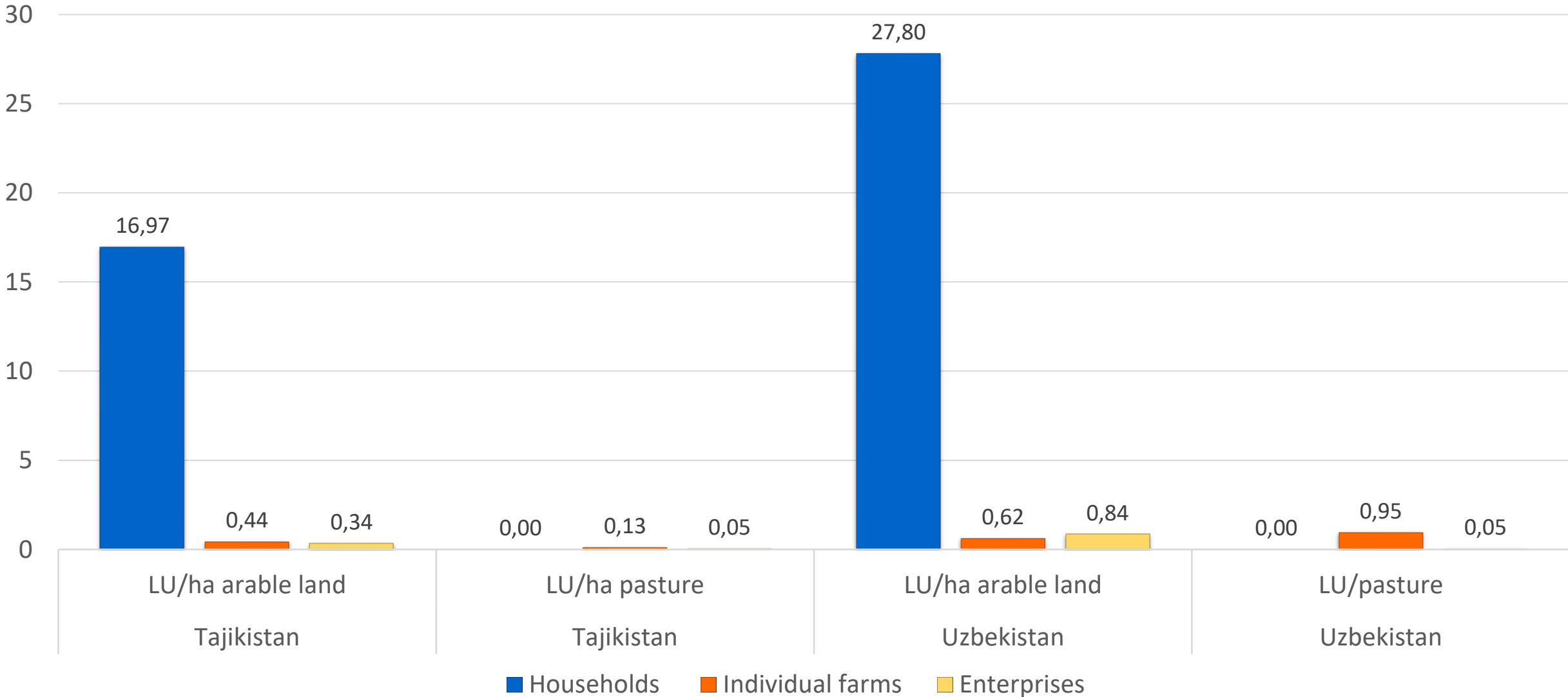


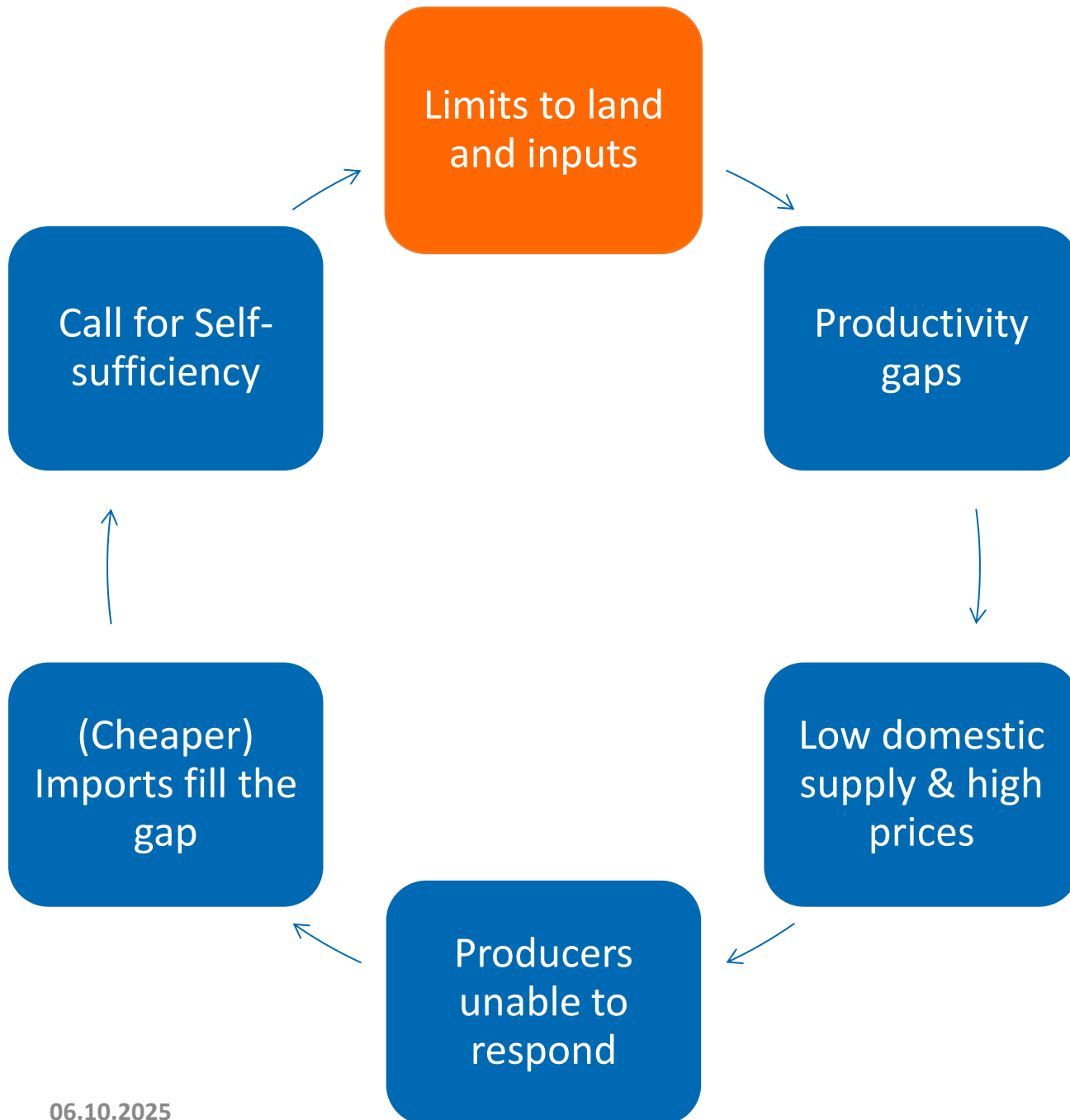
Federal Ministry
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Livestock Unit per hectar of accessible land
in different farm types in Tajikistan and Uzbekistan





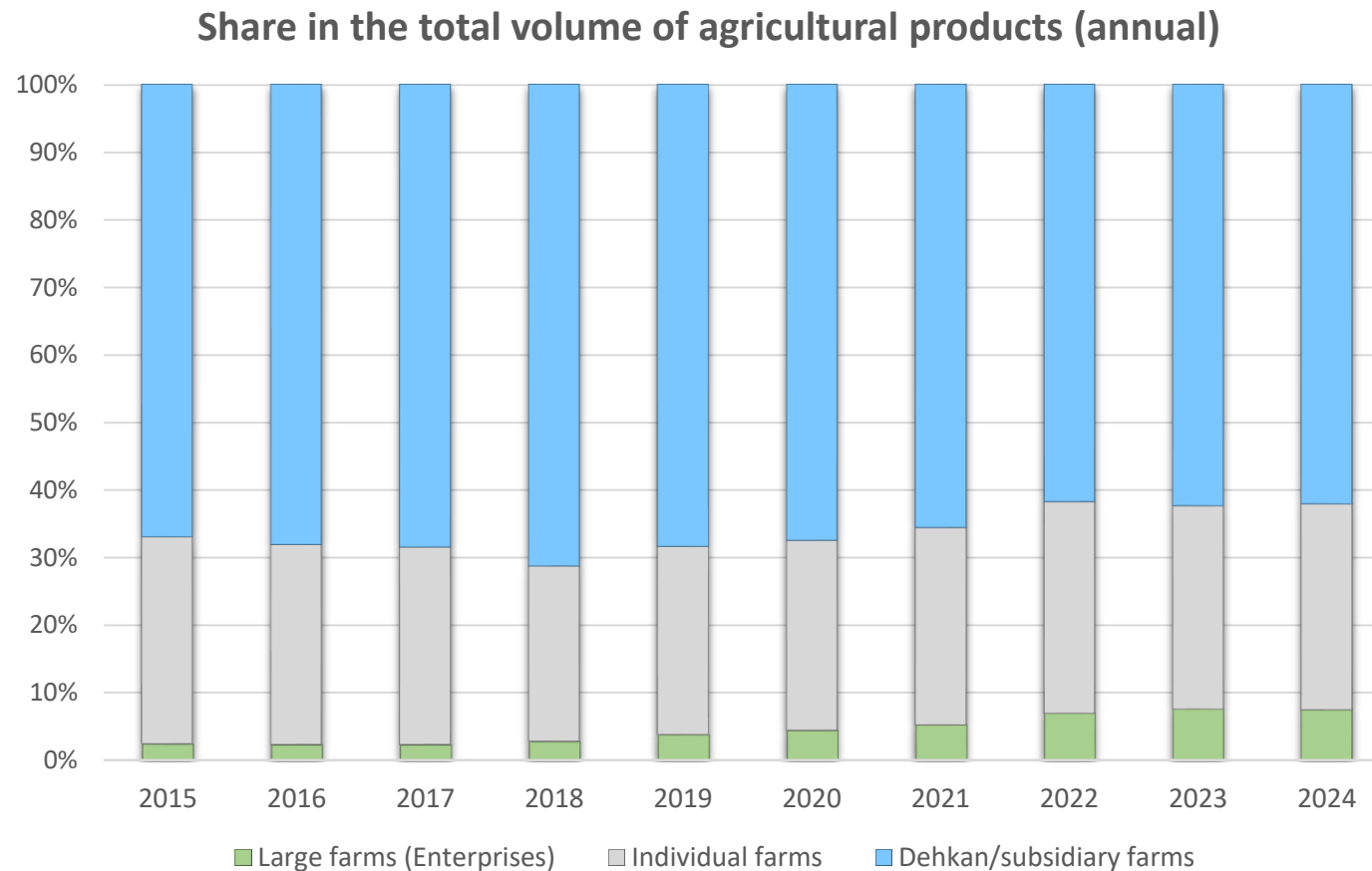
2016: Reforms

- Important steps towards opening Uzbek economy to the world
- Opening borders for free flow of people and goods

Land market still constrained:

- Lots of irrigated land used for cotton and wheat
- Feed crops and pastures marginalized

Support policies?

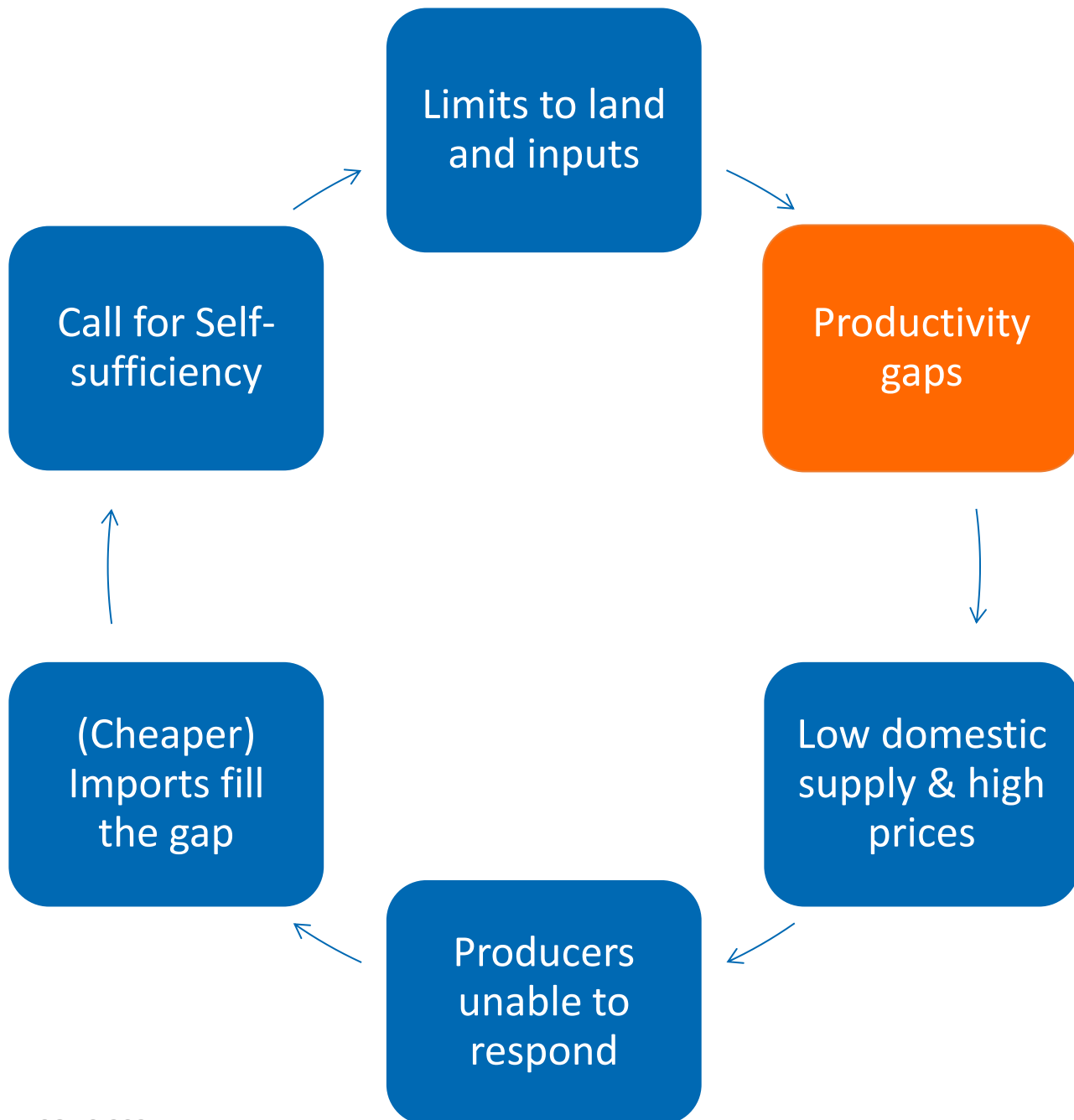


March 2025:

- Penalties and tax burden reduction for cotton producers
- Incentives for high cotton/wheat yields: tax cut, use of 25 % of leased land for crop rotation

September 2025:

- Cotton subsidies for timely harvest: 1 Mio UZS for 1 t of raw cotton sold to clusters



Resource bottlenecks

- Without resources, the bulk of livestock producers can't scale
 - Livestock has multiple purposes
 - Capital asset, insurance, stable source of income, ...
 - **Headcount > Productivity**
- Low milk and meat yields
- Low and seasonally varying contribution to markets

Smallholders in a headlock

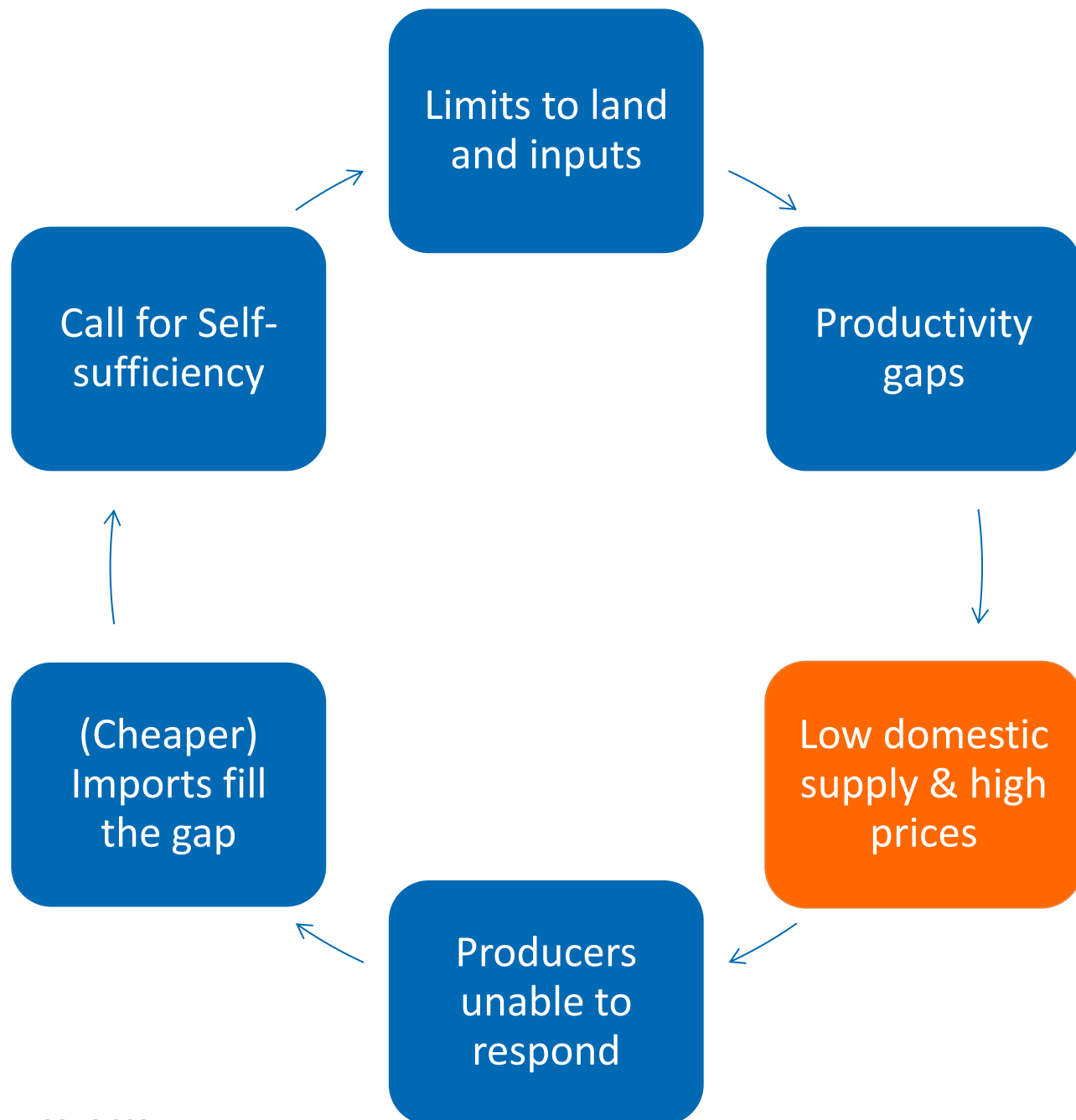
Uzbekistan

Two-tiered production:

- „Formal“ production for supermarkets
 - Competing with world market products on supermarket shelves
- Household self-sufficiency production of meat and milk and bazaar sales
 - No or very few contracts, certification or sanitary control (plastic bottle packaging)

Tajikistan

- Inclusion of smallholders in formal value chains with intermediary traders
 - low market power
 - no coordination
 - no scale
- State capacity insufficient to monitor or subsidize production effectively



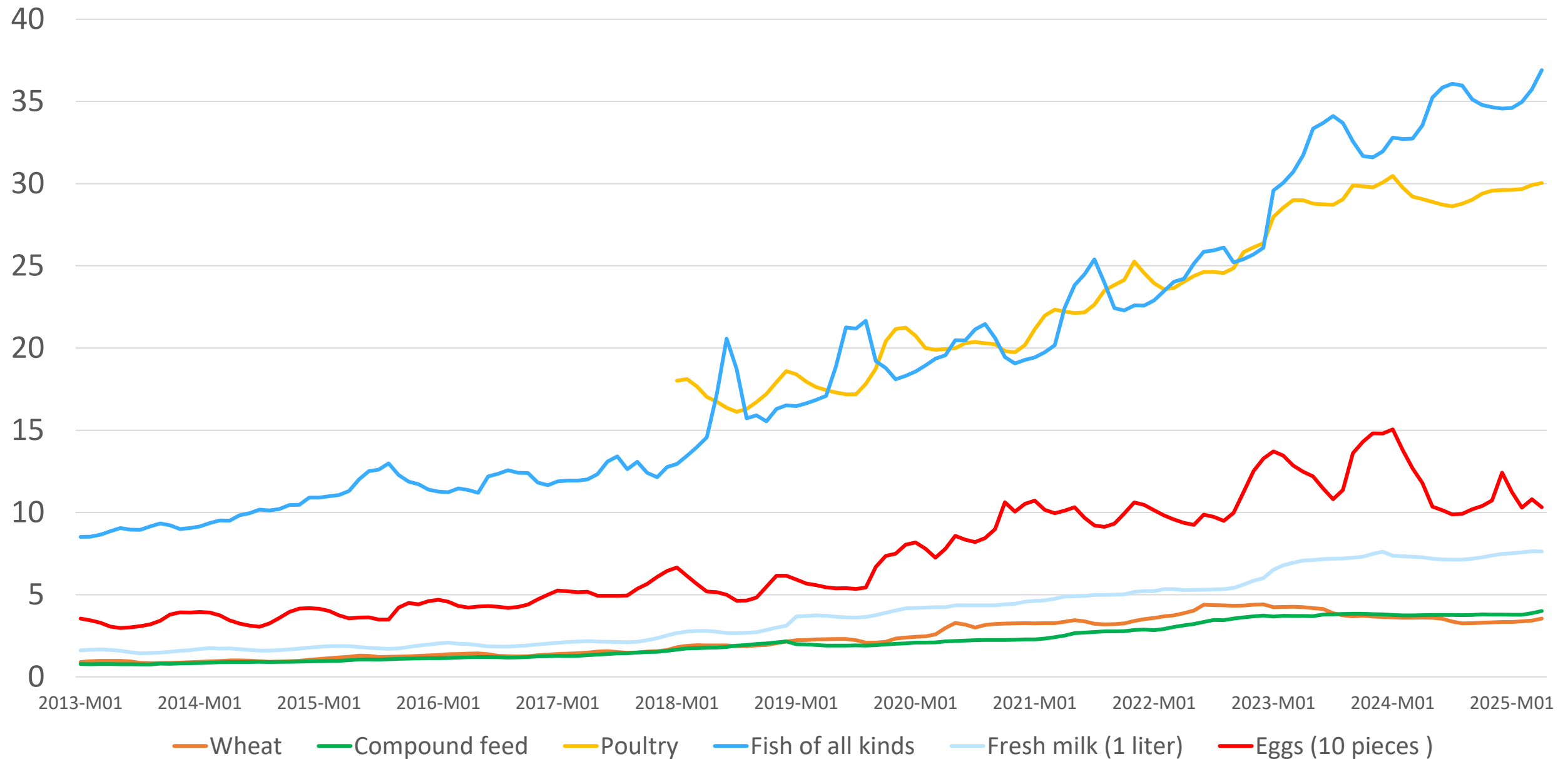
Supply < Demand

- Inelastic supply cannot keep up with increasing demand, especially urban (formal) demand
- Shortages, seasonal volatility

→ Rising commodity prices!

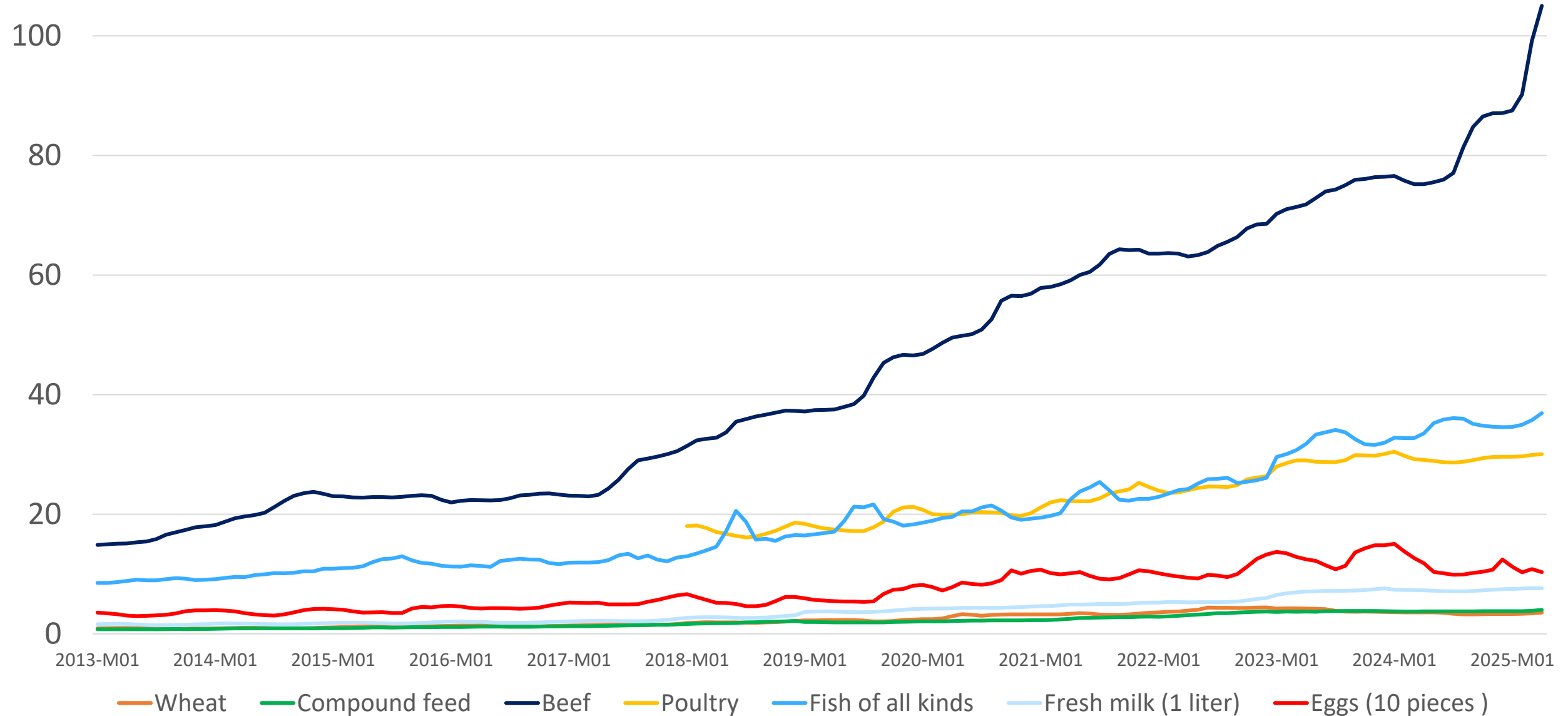
Average prices for individual goods on markets in Uzbekistan (in 1000 UZS/kg)

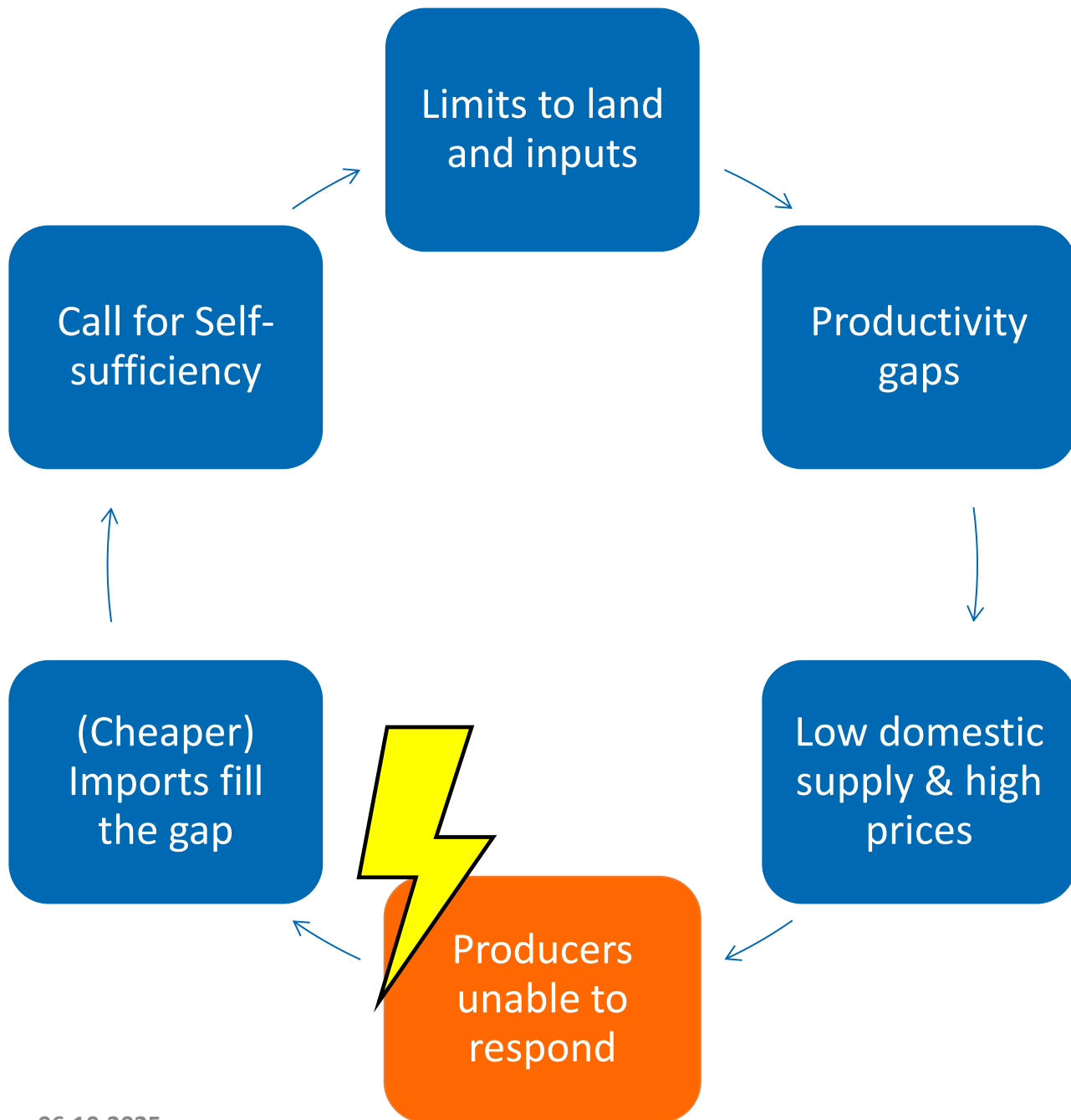
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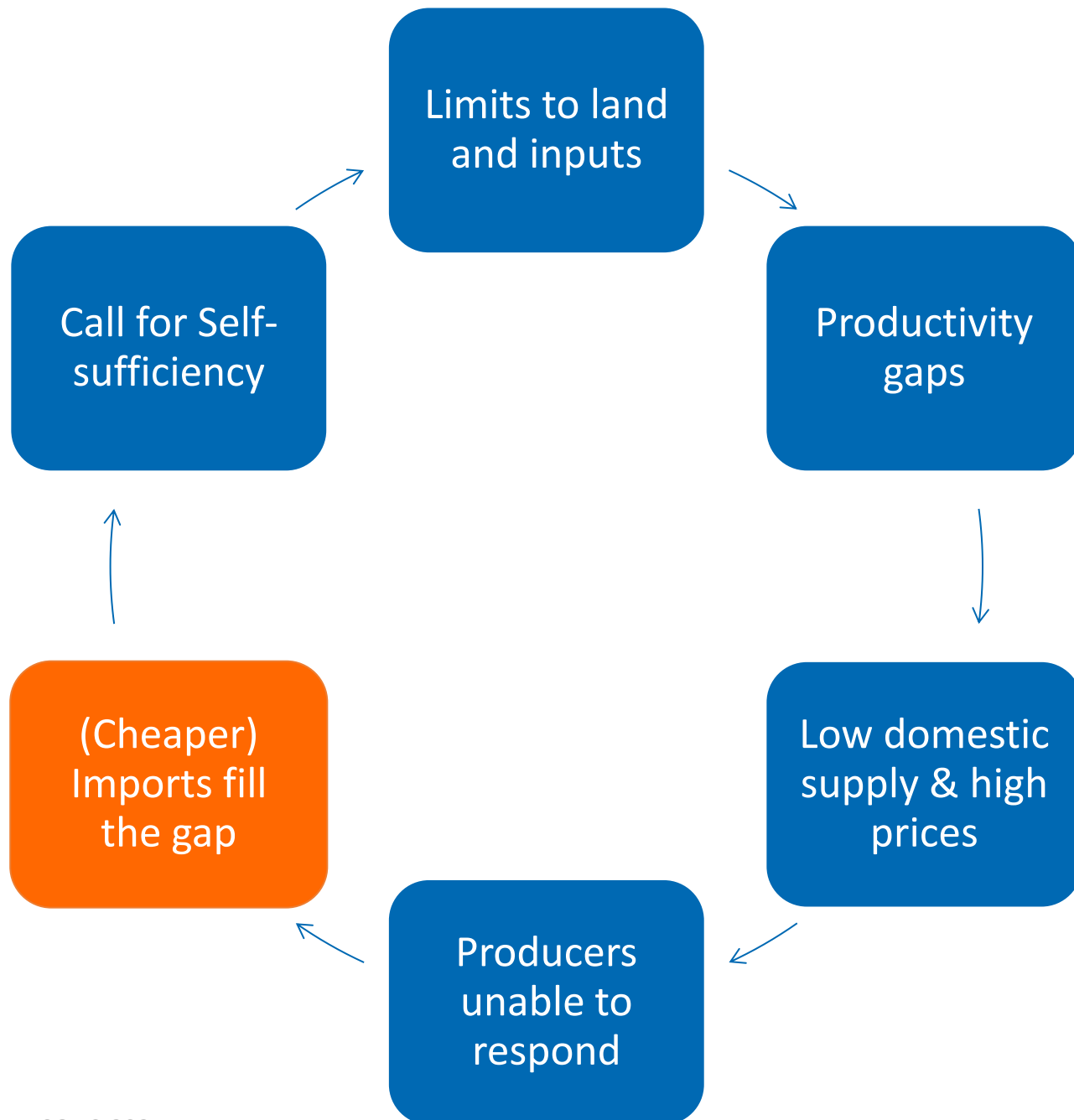
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Price signals muted

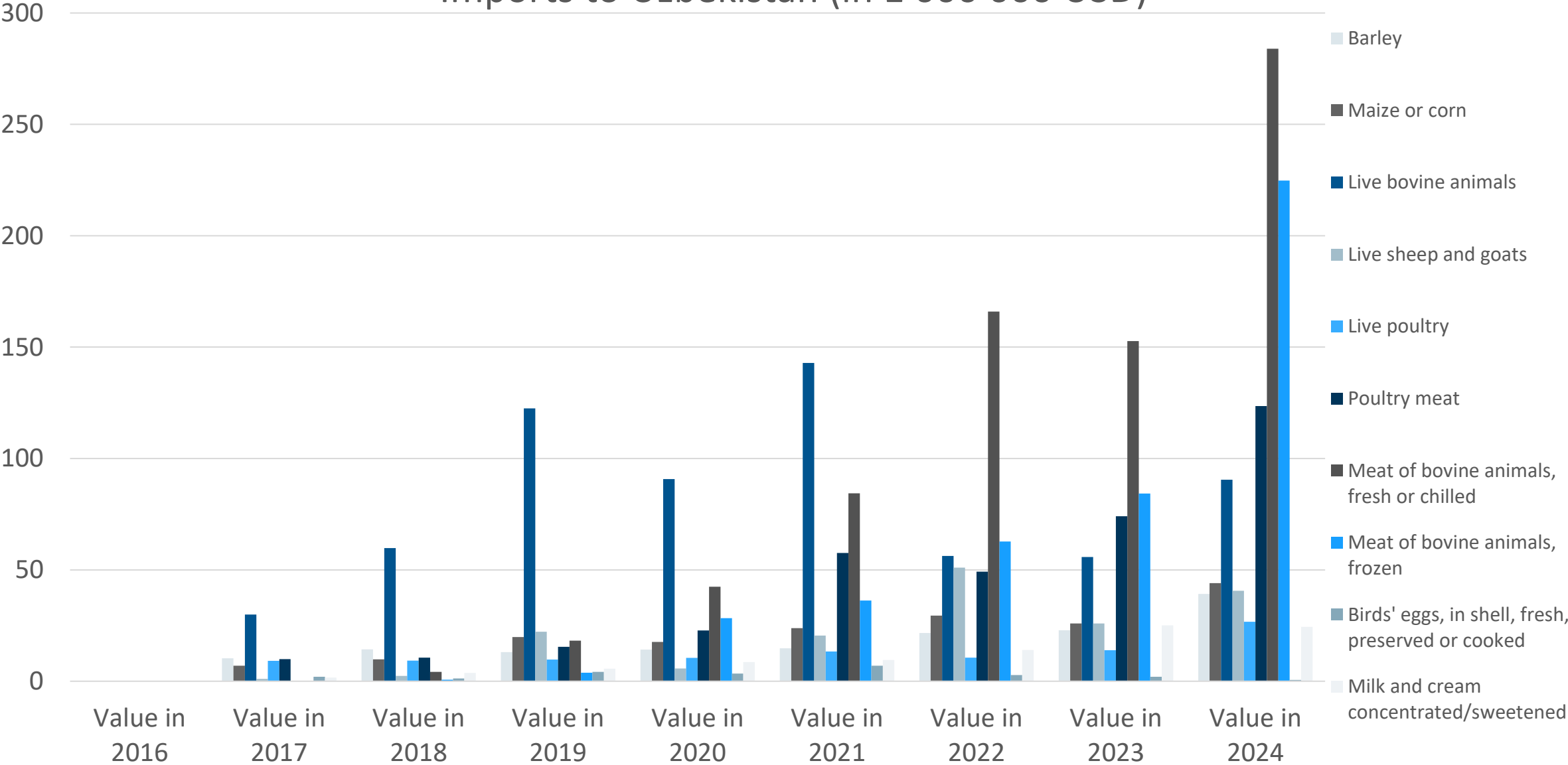
- Producers receive price incentive: participate, invest, plan long-term!
- But: tenure insecurity disincentivizes investments
- Credits are costly and require collateral
- Feed & input access is constrained (proper feed rations, vet services, AI, ...)



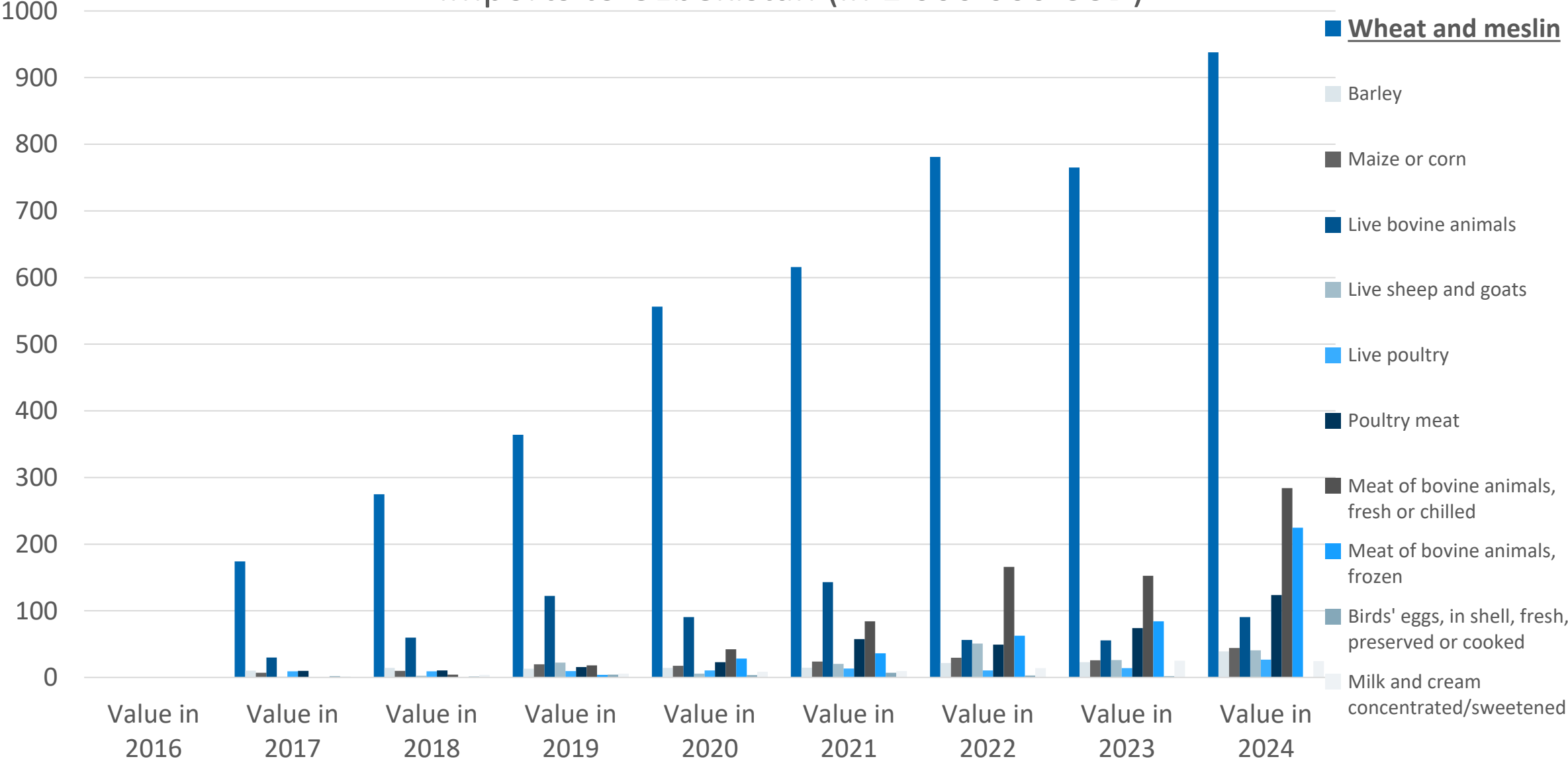
Imports meet urban demand

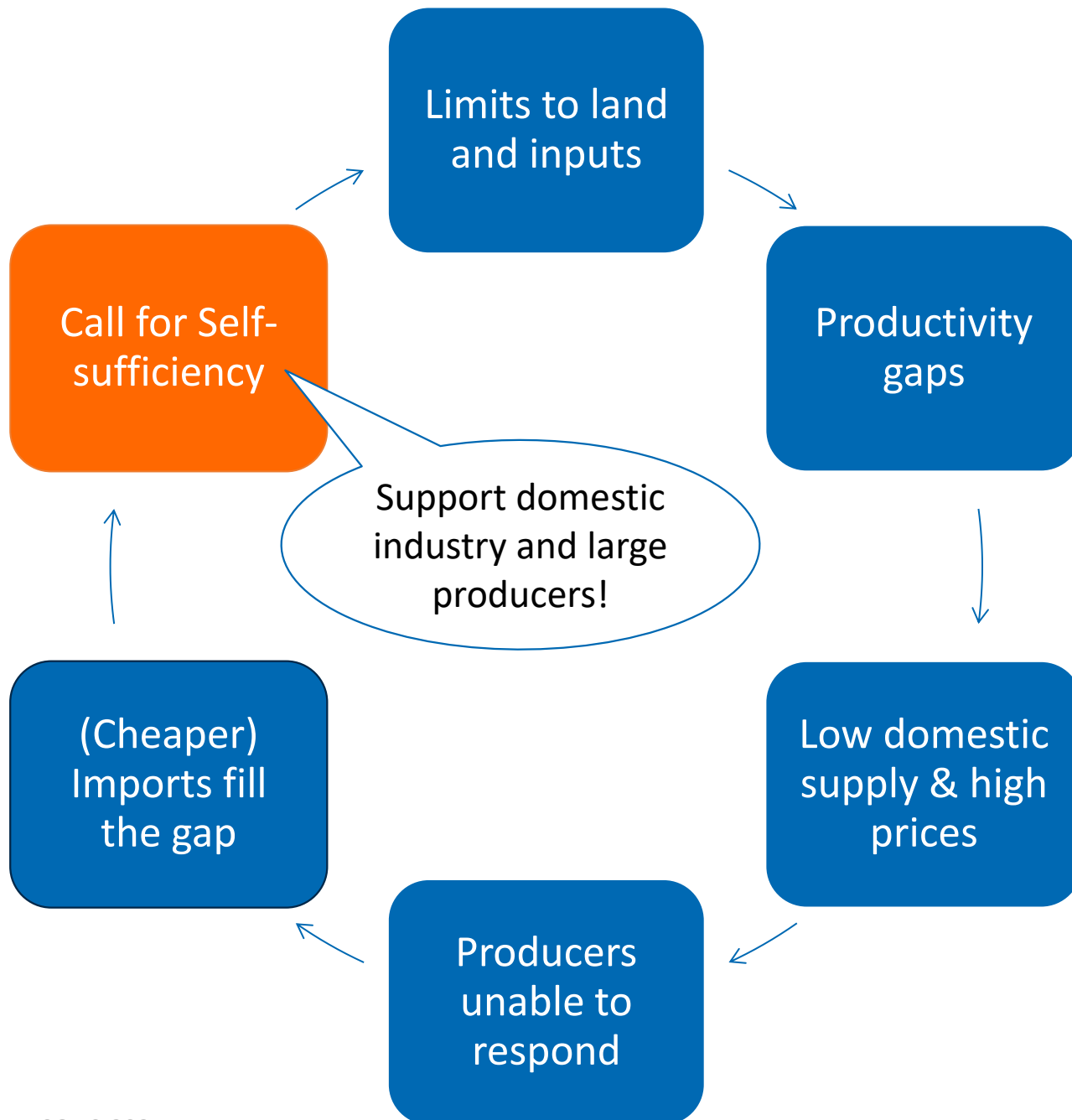
- Where do the inputs come from?
 - Pedigree cattle from Belarus, Russia, Ukraine
 - Live animals from Kazakhstan and Kyrgyzstan
 - Grains, wheat and feed from Kazakhstan
- World market fills the productivity gaps

Imports to Uzbekistan (in 1 000 000 USD)



Imports to Uzbekistan (in 1 000 000 USD)





Policy feedback

- Arguments against imports: Food security, foreign dependency, **protection of domestic producers**

Reaction in TJK:

- Export bans, import tariffs, prohibitive standards as trade barriers

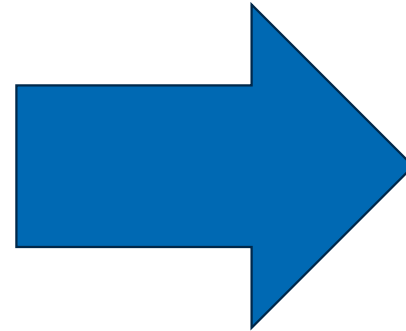
Reaction in UZB:

- Domestic production subsidies, vertically integrated production

Infant industry protection?

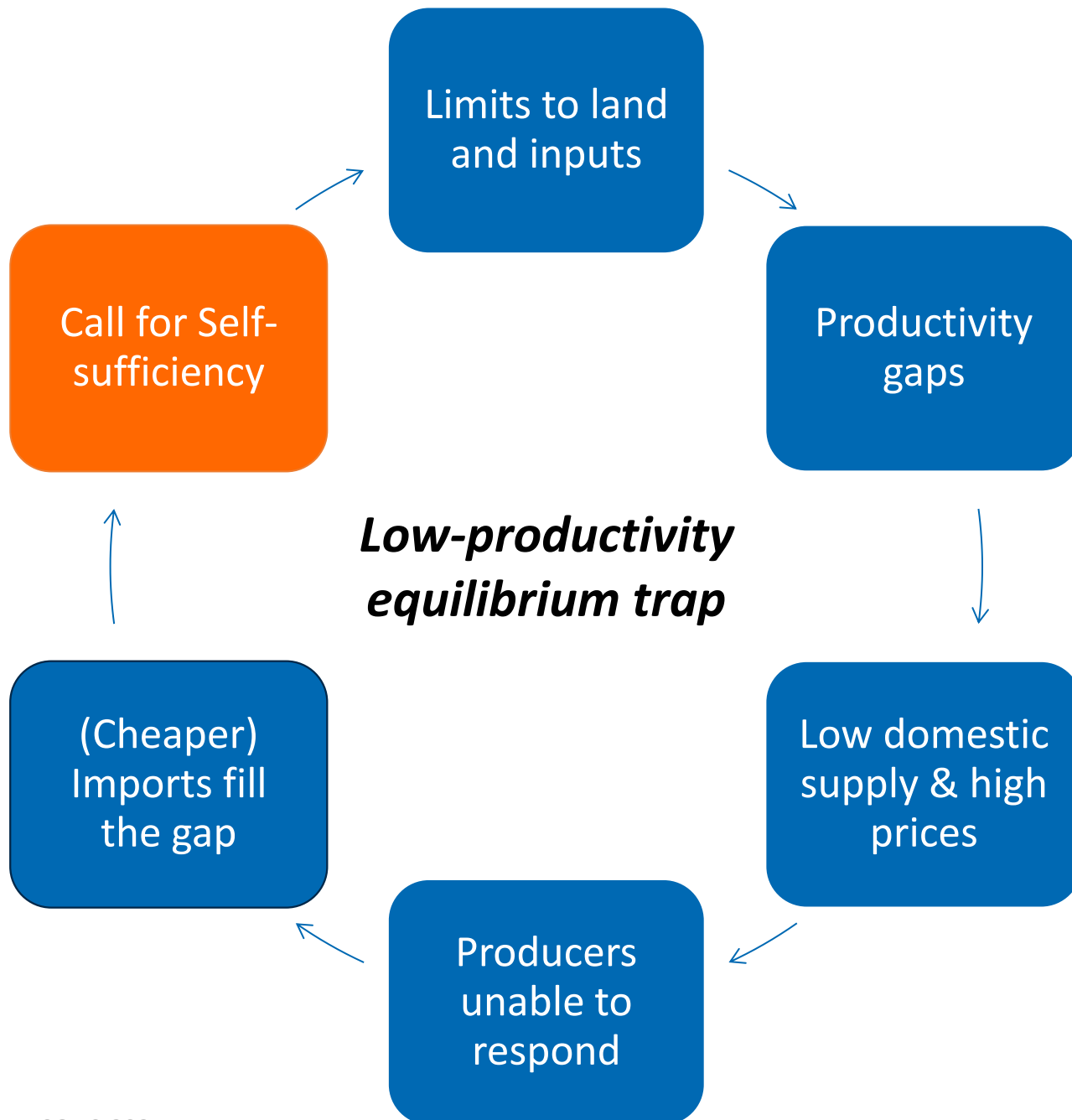
Problem: Firm-targeted support ...

- ✗ Expensive: fiscal drain
- ✗ Risk of elite capture
- ✗ Incentive distortion
- ✗ Reduces competitiveness
- ✗ Inhibits innovation
- ✗ Hurts: Consumers pay
→ Smallholder double-whammy!



Protection works, if ...

- ✓ time-bound
- ✓ performance-based
- ✓ competitive
- ✓ scalable
- ✓ industry-wide
- ✓ exit possible



Policy feedback

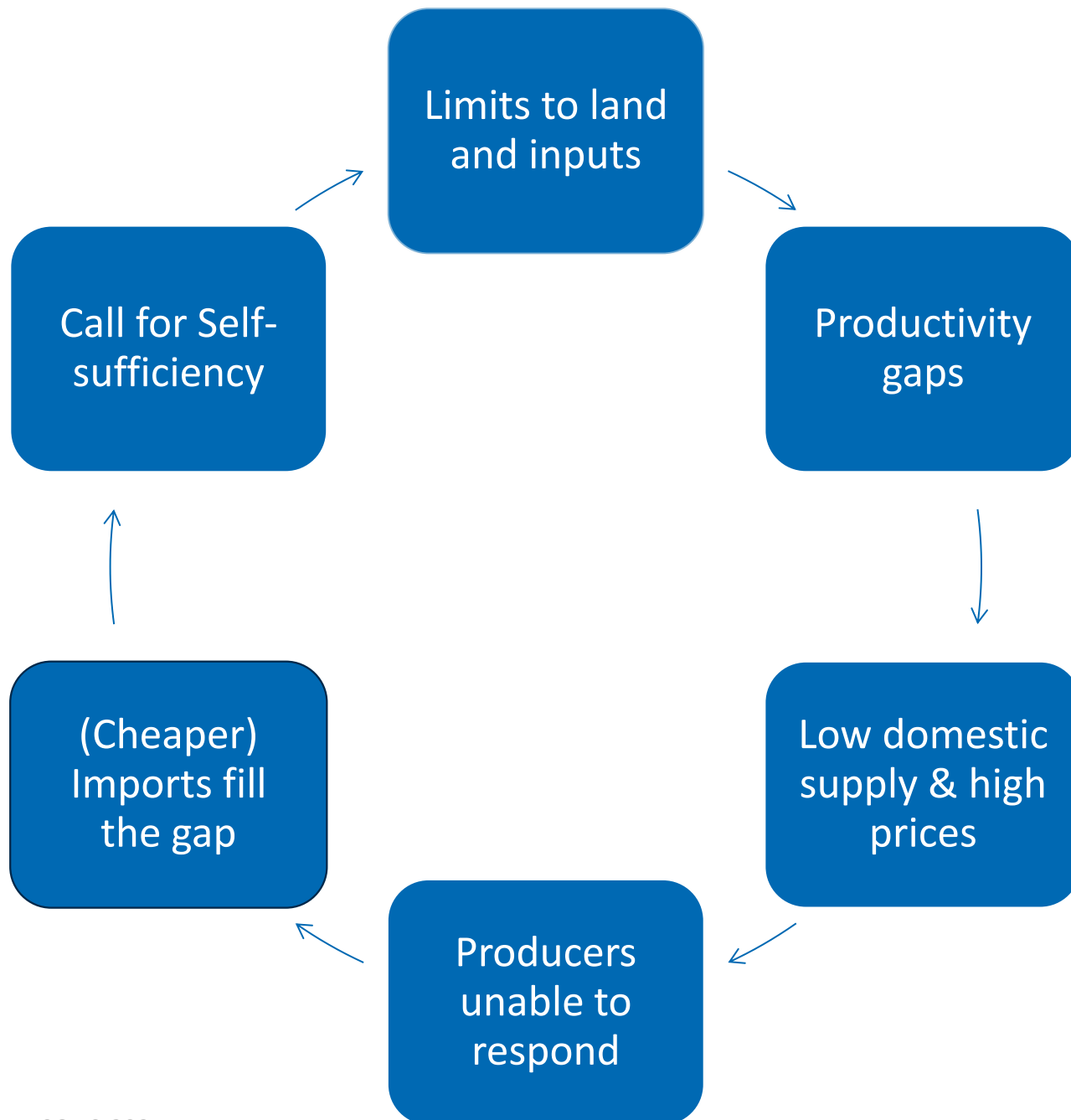
- Arguments against imports: Food security, foreign dependency, protection of domestic producers

Reaction in **TJK**:

- Closed borders, export bans, standards as trade barriers

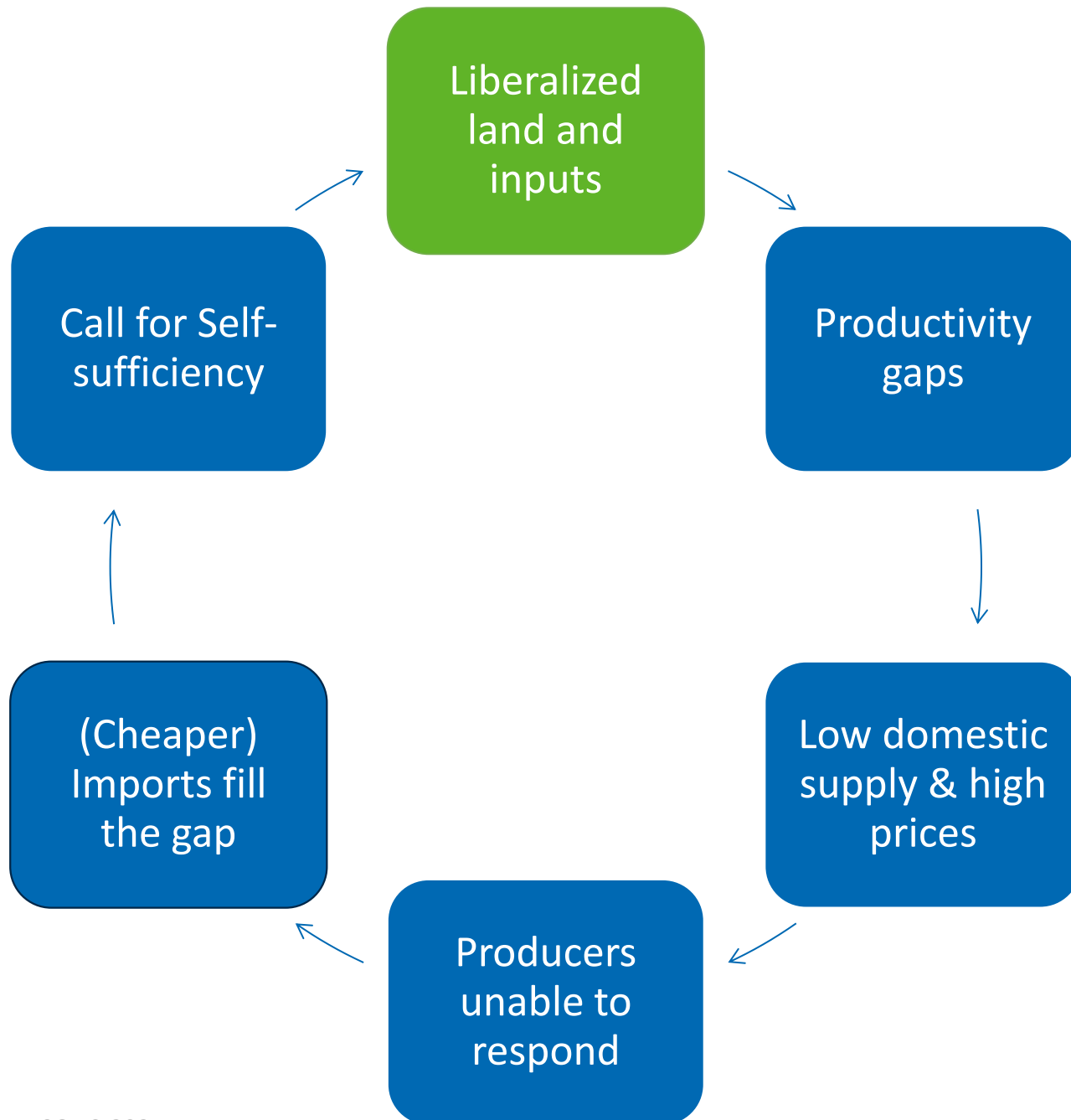
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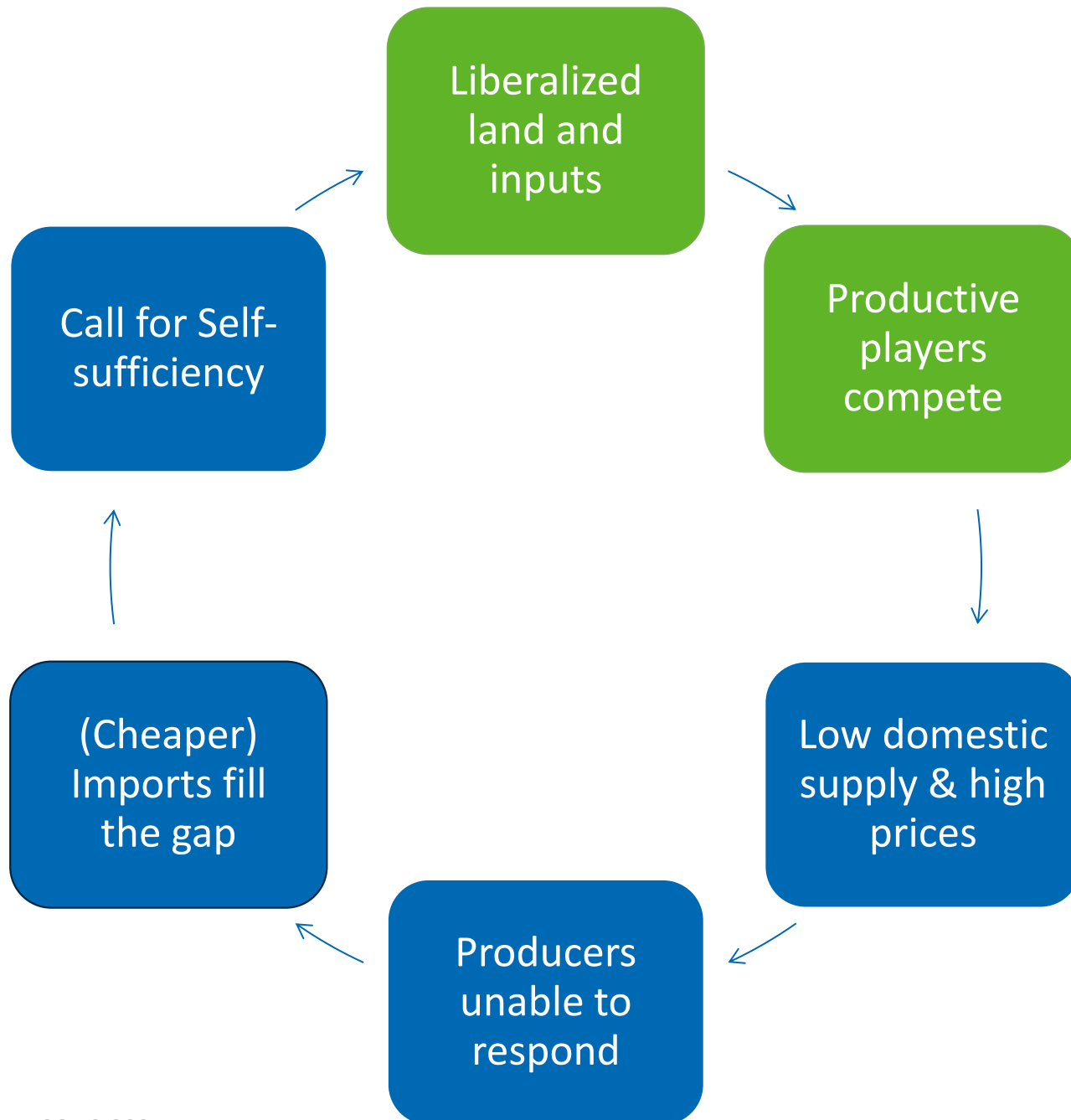
What now?

- *Integrate smallholders*
- *Shift from control to facilitation*
- Households are already „rational economic actors“ using their scarce resources to their best advantage



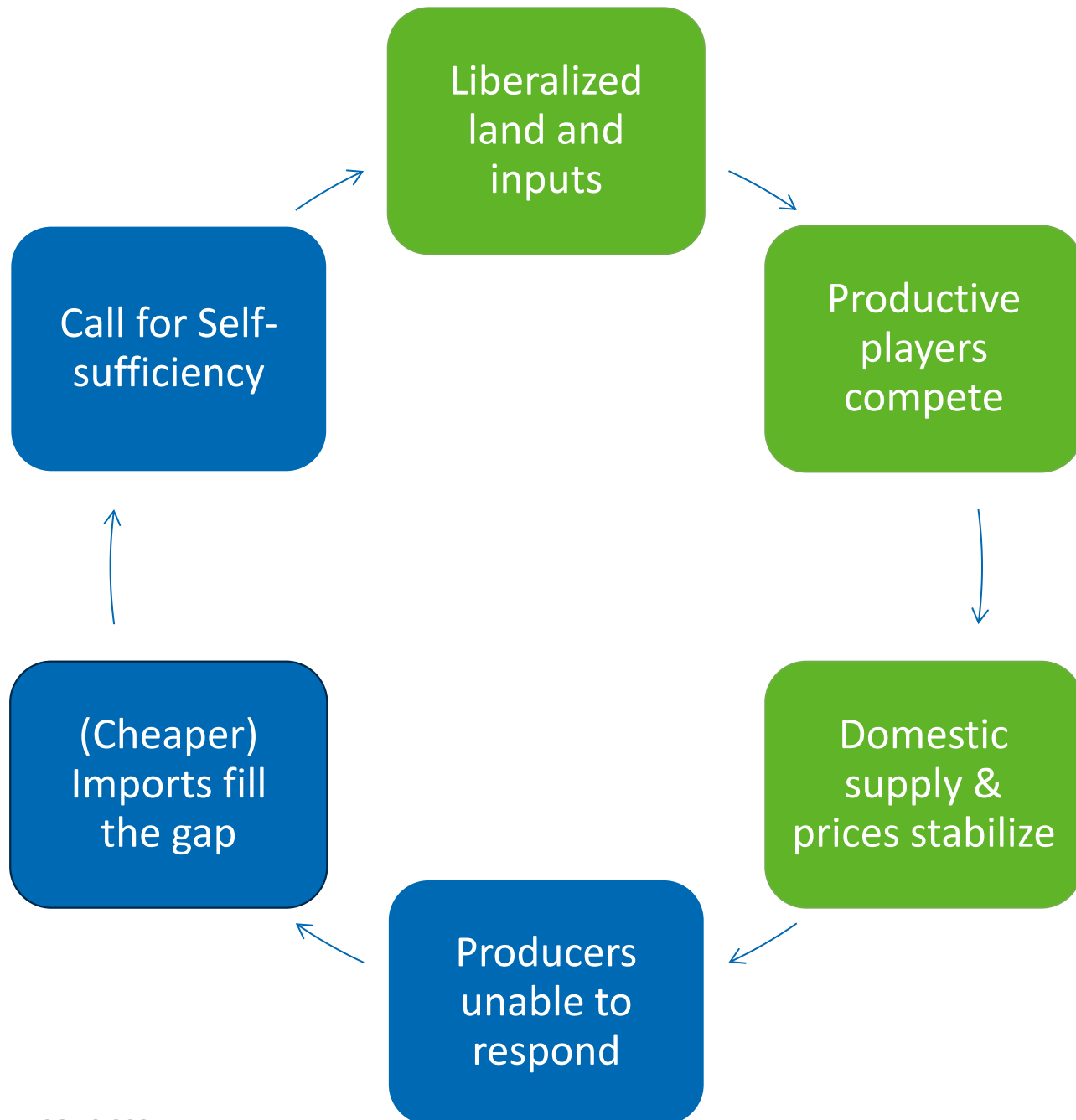
Ways forward

- Provide **public goods**: roads, cooling, extension and vet services
- Make certification available and transparent to everyone
- Enforce vet/SPS standards, publish and contain outbreaks
- Provide smallholders with collateral via tenure security



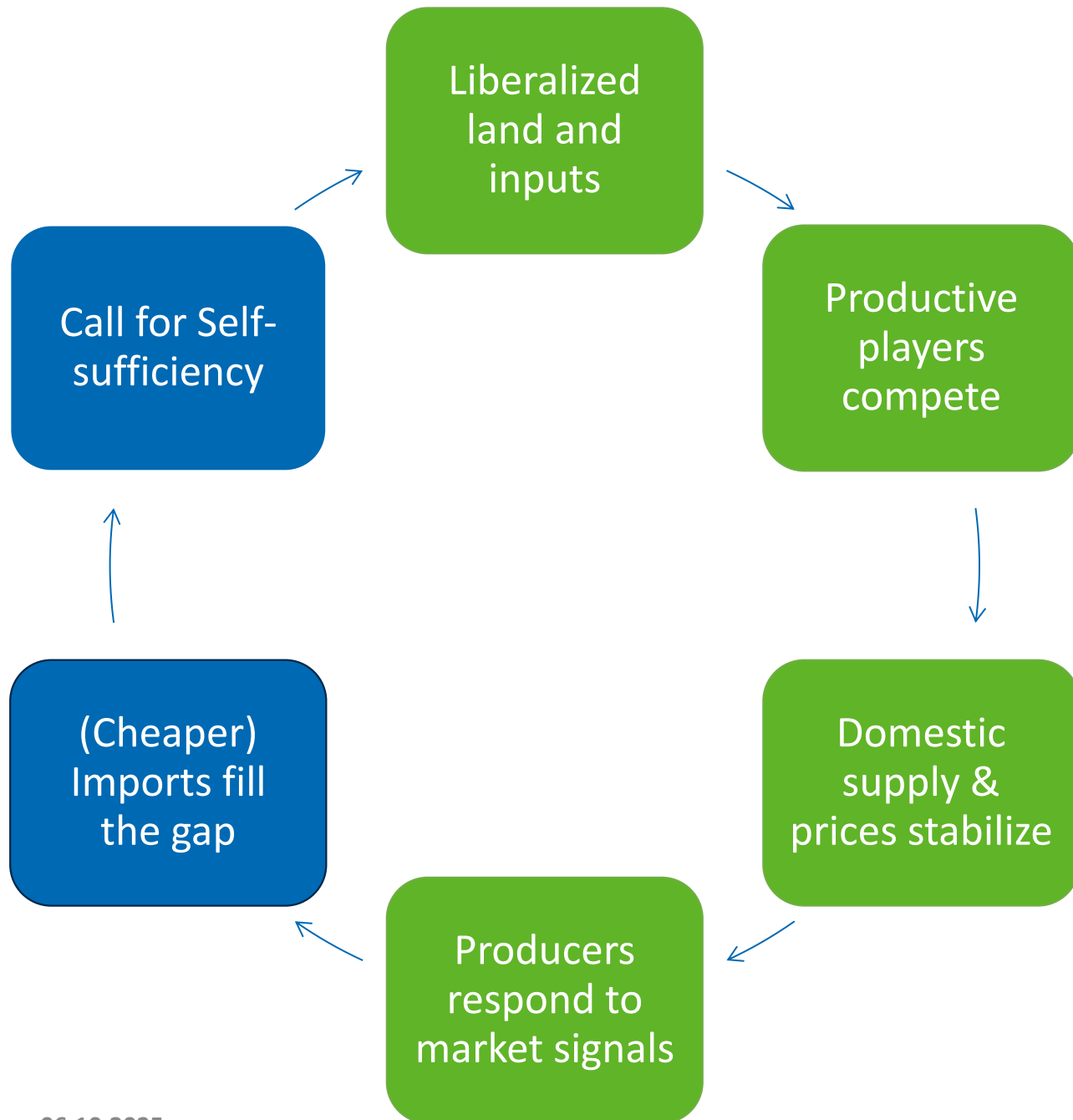
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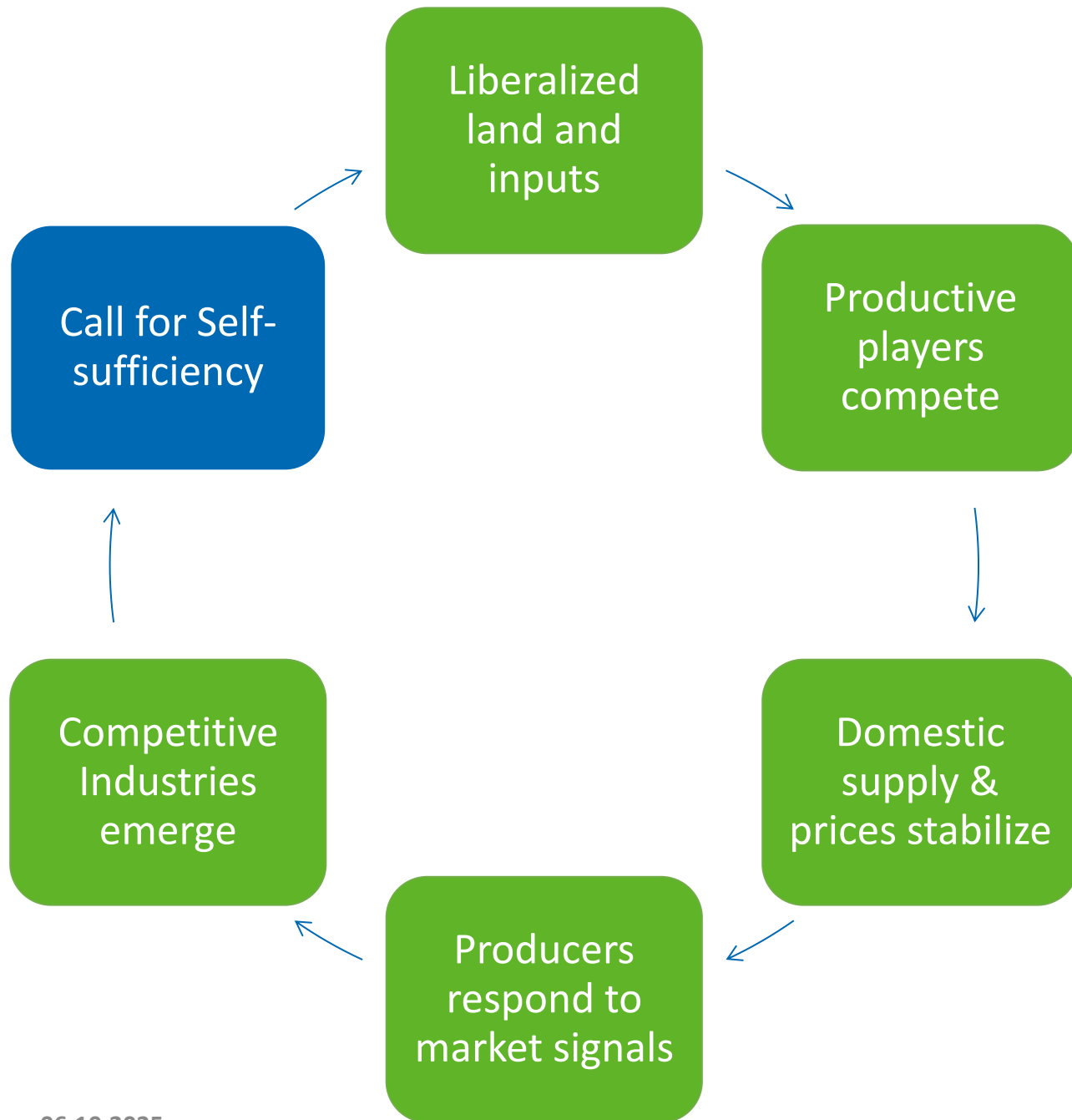
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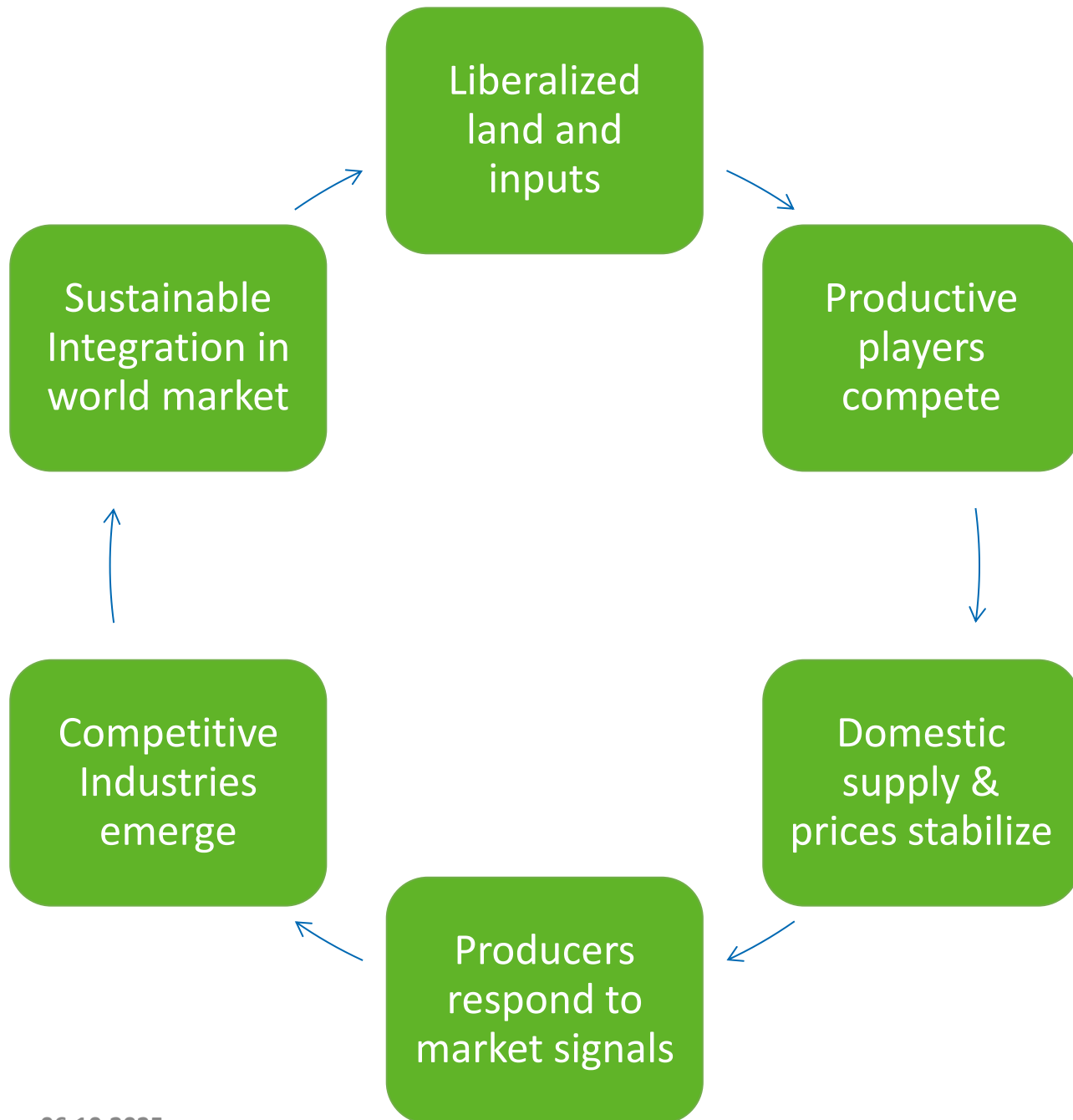
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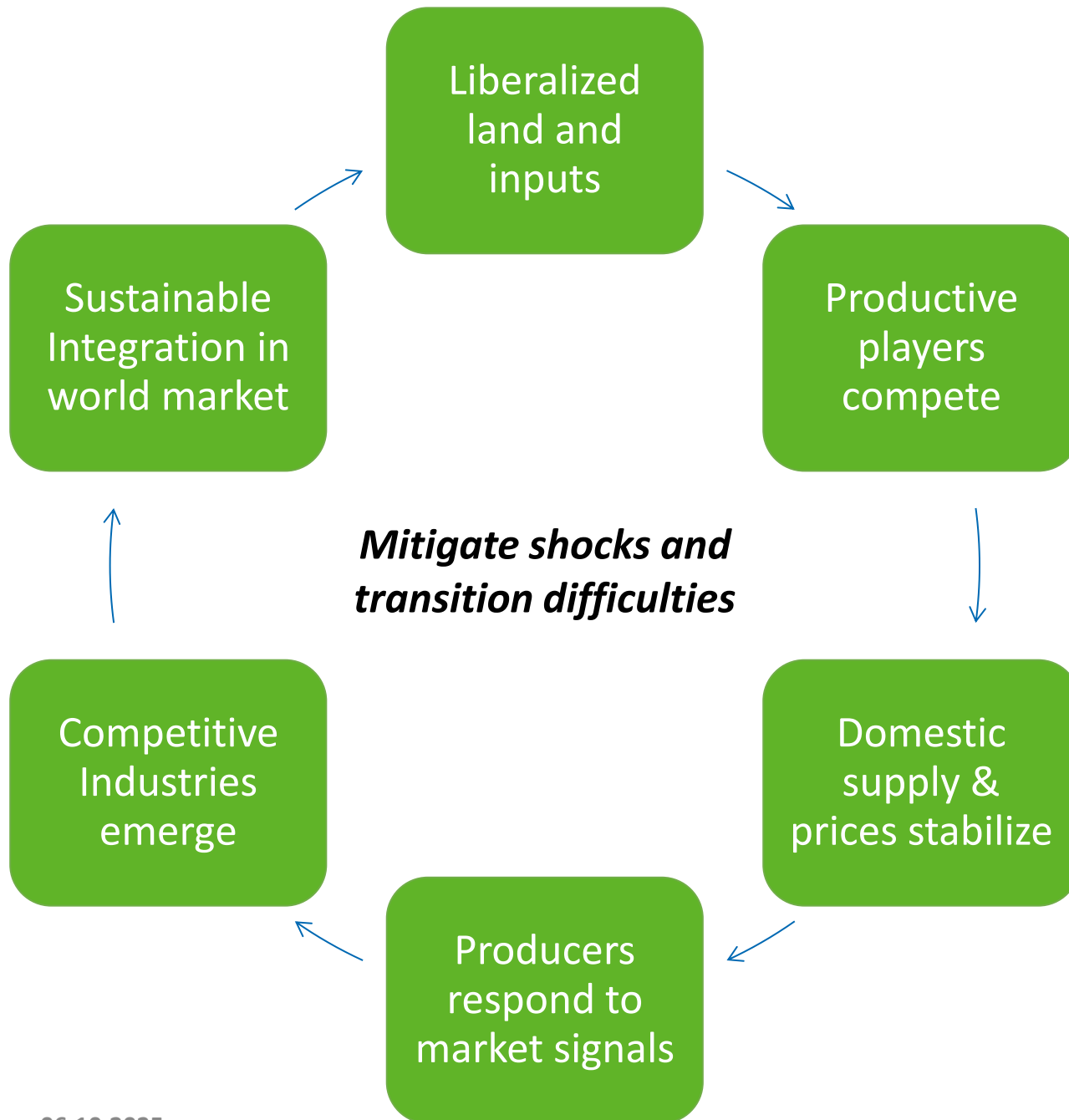
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Ferghana valley: possible outlook

- Alignment with resources
- **Specialization** in fruitful directions
- **Harmonization** of SPS and customs, traceability of animals
- Shared infrastructure like cold chains
- Crowd-in FDI as interconnected, regional market



- Strict Ferghana valley borders act as a growth inhibitor
- Regional connectivity may mitigate conflicts
- Attract FDI as a regional power
- **Uzbekistan** – neither resource- nor remittance-dependent – as a **growth driver**

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Thank you for your attention!