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Regional Integration and Cross-Regional Economic Partnership in Central Asia: Strategic Choices for Trade Policy

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ABSTRACT

This study examines the trade structures and integration strategies of Central Asian (CA) economies, focusing on both intra-regional cooperation and extra-regional partnerships amid persistent structural imbalances and dependence on resource-based exports. The analysis combines descriptive trade data, trade cost indicators, and computable general equilibrium (CGE) simulations using the GTAP model to evaluate the impacts of trade facilitation and tariff liberalization under multiple integration scenarios. The findings show that trade facilitation generates stronger and more sustainable economic gains than tariff liberalization, both within CA and in partnerships with the Caucasus, Türkiye, Russia, China, ASEAN, the GCC, Europe, and South Asia. The largest benefits are concentrated in value-added sectors such as light manufacturing, processed food, and textiles. The most transformative effects occur when facilitation is combined with labour and capital mobility, leading to significant welfare improvements and structural reallocation. The results suggest that CA's optimal integration strategy is sequential, prioritizing first intra-regional trade facilitation and factor mobility before expanding carefully managed external partnerships.

Keywords: Central Asia, trade facilitation, CGE, regional integration, economic partnership

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