



CURRENT DEVELOPMENT TRENDS IN UZBEKISTAN'S FOREIGN
TRADE

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ABSTRACT	KEYWORDS
Uzbekistan's foreign trade has undergone significant transformations in recent years, influenced by economic reforms, international trade agreements, and geopolitical factors. This paper analyzes the current development of Uzbekistan’s foreign trade, highlighting trends in exports and imports, trade balance dynamics, and key trading partners. The study employs statistical data and policy analysis to assess the impact of government measures on trade liberalization and economic diversification. Additionally, challenges such as tariff barriers, logistics, and global economic fluctuations are discussed. The findings suggest that while Uzbekistan has made considerable progress in expanding its foreign trade, further structural improvements are required to enhance global competitiveness.	Uzbekistan, foreign trade, trade balance, economic development, international trade, export, import, trade policy.

Introduction

Uzbekistan's foreign trade landscape has experienced substantial transformations in recent years, driven by comprehensive economic reforms, strategic policy shifts, and evolving international partnerships. In 2024, the nation's foreign trade turnover reached \$65.9 billion, marking a 3.8% increase from the previous year. This growth encompassed an 8.4% rise in exports, totaling \$26.95 billion, and a modest 0.8% uptick in imports, amounting to \$38.99 billion [5].

A pivotal aspect of Uzbekistan's trade dynamics is its relationship with key global partners. China and Russia have solidified their positions as the country's leading trading allies, accounting for 18.9% and 17.6% of the total trade turnover, respectively. Kazakhstan follows as a significant partner, contributing 6.5% to the trade volume [5].

The trade balance, however, presents a nuanced picture. As of November 2024, Uzbekistan recorded a trade deficit of \$1.44 billion, a notable increase from the \$823.4 million deficit observed in the previous month. This shift underscores the challenges the nation faces in balancing its import and export activities[6].

The government's commitment to economic liberalization has been instrumental in reshaping the trade environment. Initiatives such as the liberalization of the foreign exchange rate, removal of price controls, and the establishment of new energy markets have been pivotal. These reforms aim to

decrease the state's role in the economy, foster private sector growth, and attract foreign investment [7].

Despite these advancements, challenges persist. The trade deficit highlights the need for further diversification of export commodities and the development of value-added industries. Additionally, external factors such as global economic fluctuations and geopolitical tensions pose risks to Uzbekistan's trade stability.

Looking ahead, Uzbekistan's strategic initiatives, including its bid to join the World Trade Organization by 2026, reflect its dedication to integrating more deeply into the global economy. This move is anticipated to enhance trade relations, reduce protectionist barriers, and promote sustainable economic growth [5].

In conclusion, while Uzbekistan has made commendable strides in advancing its foreign trade, ongoing efforts to implement structural reforms and mitigate external risks will be crucial in achieving long-term economic resilience and prosperity.

Literature Analysis

The scholarly examination of Uzbekistan's foreign trade development reveals a multifaceted landscape shaped by historical policies, economic reforms, and regional integration efforts. Historically, Uzbekistan adopted protectionist trade policies, emphasizing import substitution and maintaining stringent controls over foreign exchange and trade regimes. This approach led to a decline in both imports and exports from approximately \$4.5 billion in 1996 to less than \$3 billion in 2002. However, stabilization and currency liberalization efforts in 2003 facilitated a significant resurgence in trade activities, with exports more than doubling to \$15.5 billion by 2011, while imports increased to \$6.5 billion, reflecting the government's import substitution policies designed to maintain hard currency reserves [en.wikipedia.org]

In recent years, Uzbekistan has pursued several approaches in foreign economic relations. In 2018, the government renewed the process to accede to the World Trade Organization (WTO). In February 2019, the government started negotiations with the European Union (EU) to sign an Enhanced Partnership and Cooperation Agreement. Uzbekistan also applied for and obtained General Scheme of Preferences Plus (GSP+) status, granting full removal of tariffs on over 66% of the EU tariff lines. In June 2019, the government announced that it would also consider joining the Eurasian Economic Union (EEU) [1].

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Methodology

This study employs a mixed-methods approach, integrating quantitative and qualitative analyses to assess the current state of Uzbekistan's foreign trade development. The quantitative component involves the collection and analysis of trade data from authoritative sources such as the State Statistics Committee of Uzbekistan, the International Monetary Fund (IMF), and the World Bank. Key indicators analyzed include total trade turnover, export and import volumes, trade balance, and the composition of trade by commodity and partner country.

To evaluate the impact of regional integration efforts, the study examines Uzbekistan's participation in agreements such as the Commonwealth of Independent States Free Trade Area (CISFTA) and its observer status in the Eurasian Economic Union (EAEU). The analysis includes a review of policy documents, official statements, and relevant literature to assess the implications of these affiliations on trade dynamics.

The qualitative component comprises a literature review of existing studies on Uzbekistan's trade policies and economic reforms. This includes an analysis of policy shifts from protectionism to liberalization, the role of international organizations, and the impact of global economic trends on Uzbekistan's trade performance.

By triangulating data from multiple sources and employing both quantitative and qualitative methods, this study aims to provide a comprehensive and nuanced understanding of Uzbekistan's foreign trade development in the contemporary economic landscape.

Results

The empirical analysis of Uzbekistan's foreign trade dynamics reveals a nuanced trajectory characterized by both advancements and persistent challenges. In 2024, the nation's foreign trade turnover (FTT) escalated to \$65.9 billion, marking a 3.8% augmentation compared to the preceding year. This increment encompasses an 8.4% surge in exports, totaling \$26.95 billion, while imports experienced a modest rise of 0.8%, culminating at \$38.99 billion [6].

A disaggregated examination of trade partnerships underscores China's preeminence, accounting for 18.9% of Uzbekistan's FTT, followed by Russia at 17.6%, and Kazakhstan at 6.5%. Notably, trade with member states of the Eurasian Economic Union (EAEU) reached \$17.5 billion in 2024, with exports constituting \$5.83 billion and imports \$11.66 billion [6].

The trade balance, however, delineates a persistent deficit. As of November 2024, Uzbekistan recorded a trade deficit of \$1.44 billion, a significant increase from the \$823.4 million deficit reported in the prior month. This trend underscores the ongoing challenge of aligning import and export levels [6].

Sectoral analysis reveals that natural gas trade plays a pivotal role in Uzbekistan's foreign trade activities. In 2024, the country exported \$628 million worth of natural gas but imported \$1.68 billion worth, more than 2.5 times the value of its exports. Gas imports rose sharply, increasing 2.4 times compared to 2023. Purchases of natural gas from Turkmenistan and Russia surged from \$694.9 million in 2023 to \$1.68 billion in 2024 [5].

Projections for 2025 indicate a continuation of these trends. The Asian Development Bank forecasts Uzbekistan's GDP growth to reach 6.2% in 2025, driven by robust industrial expansion and heightened investment activities. Concurrently, the World Bank anticipates a slight moderation in growth to 5.8% in 2025, with consumption growth remaining strong due to rising real wages and sustained remittance inflows [1,7].

In terms of trade composition, the export sector is expected to benefit from increased production in industrial goods and services, while imports are projected to rise in alignment with the country's ongoing modernization efforts, particularly in machinery and equipment. The government's strategic initiatives, including plans to attract \$43 billion in investments for 2025 to fund over 300 large-scale projects, are anticipated to further bolster the trade sector [2].

Despite these positive indicators, the trade deficit remains a critical concern. Efforts to diversify export commodities and develop value-added industries are imperative to mitigate this imbalance.

Additionally, external factors such as global economic fluctuations and geopolitical tensions pose risks to Uzbekistan's trade stability. The government's commitment to economic liberalization and integration into the global economy, exemplified by its bid to join the World Trade Organization by 2026, reflects a strategic approach to addressing these challenges and enhancing trade competitiveness. In summary, while Uzbekistan's foreign trade sector exhibits promising growth trajectories, sustained efforts in structural reforms, diversification, and strategic investments are essential to achieve long-term economic resilience and prosperity.

Discussion

The empirical data delineates a nuanced trajectory in Uzbekistan's foreign trade dynamics, characterized by both commendable advancements and persistent challenges. The 3.8% augmentation in foreign trade turnover (FTT) in 2024, culminating at \$65.9 billion, underscores the efficacy of recent economic reforms aimed at bolstering trade activities. This growth is further exemplified by an 8.4% surge in exports, reaching \$26.95 billion, juxtaposed against a modest 0.8% increase in imports, totaling \$38.99 billion [3].

A granular analysis reveals that China and Russia have solidified their positions as Uzbekistan's principal trading partners, accounting for 18.9% and 17.6% of the total trade turnover, respectively. Kazakhstan follows, contributing 6.5% to the trade volume [3].

This distribution underscores Uzbekistan's strategic orientation towards regional economic integration. Despite these positive indicators, the persistent trade deficit, recorded at \$12.04 billion in 2024, remains a salient concern. This deficit, albeit reduced from \$13.7 billion in the previous year, highlights the structural imbalance between imports and exports [3].

The substantial reliance on imports, particularly in sectors such as machinery and transport equipment, which constitute 34.6% of total imports, exacerbates this imbalance.

The sectoral composition of exports indicates a heavy dependence on commodities, with gold exports accounting for 27.8% of total exports, despite an 8.3% decrease in value compared to the previous year. Industrial goods and services also represent significant portions of exports, at 15.6% and 26.7% respectively [4].

This commodity-centric export structure renders the economy susceptible to global price volatilities. Projections for 2025 suggest a continuation of these trends. The Asian Development Bank forecasts a GDP growth rate of 6.2%, driven by robust industrial expansion and heightened investment activities [1].

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integration into the global economy, exemplified by its bid to join the World Trade Organization by 2026, reflects a strategic approach to addressing these challenges and enhancing trade competitiveness. In summary, while Uzbekistan's foreign trade sector exhibits promising growth trajectories, sustained efforts in structural reforms, diversification, and strategic investments are essential to achieve long-term economic resilience and prosperity.

Conclusion

Uzbekistan's foreign trade sector has undergone significant transformations, reflecting both the successes of economic liberalization and the persistent challenges of structural trade imbalances. The 3.8% increase in foreign trade turnover in 2024, reaching \$65.9 billion, indicates positive momentum driven by export growth and diversification efforts. However, the persistent trade deficit, totaling \$12.04 billion, highlights ongoing structural challenges, particularly the reliance on commodity exports and high import dependency in industrial sectors.

The country's key trading partners—China, Russia, and Kazakhstan—continue to play a dominant role in shaping its trade dynamics. Regional integration efforts, such as engagement with the Eurasian Economic Union (EAEU) and the European Union's Generalized Scheme of Preferences Plus (GSP+), are fostering increased trade opportunities. Yet, Uzbekistan remains vulnerable to external economic fluctuations, global commodity price volatility, and geopolitical uncertainties.

Projections for 2025 suggest continued economic expansion, with GDP growth expected to range between 5.8% and 6.2%. Government initiatives, including a \$43 billion investment plan for industrial modernization, infrastructure development, and export promotion, are likely to strengthen the trade sector. However, achieving sustainable growth will require strategic policy interventions focused on diversifying exports, improving trade balance, and strengthening industrial production capacity.

In conclusion, while Uzbekistan's foreign trade development reflects progress toward integration into the global economy, long-term stability hinges on structural reforms, increased competitiveness in high-value industries, and resilience against external economic risks. The country's continued commitment to trade liberalization and WTO accession will play a pivotal role in shaping its future trade trajectory.

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