

PRIORITY DIRECTIONS OF UZBEKISTAN’S FOREIGN TRADE POLICY
AND THEIR ECONOMIC OUTCOMES

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This paper analyzes the priority directions of Uzbekistan’s foreign trade policy and evaluates their economic outcomes during 2024. It focuses on the country's efforts to diversify export markets, modernize trade infrastructure, and strengthen regional and global trade partnerships. Based on national statistics and policy documents, the study identifies key trade trends, including increased exports in agriculture, chemicals, and energy products, along with reduced dependence on gold. Despite external challenges such as geopolitical tensions and regional inflation, Uzbekistan achieved stable trade growth, narrowed its trade deficit, and enhanced integration into international markets. The paper concludes that continued structural reforms, improved competitiveness, and strategic trade agreements are essential for sustaining long-term growth.

INTRODUCTION. This article explores the key directions of Uzbekistan’s foreign trade policy in 2024 and assesses their economic outcomes within the broader context of regional and global developments. The analysis focuses on trade liberalization efforts, diversification of export markets, and the deepening of strategic economic partnerships, particularly with China, Russia, the European Union, and Central Asian neighbors. These initiatives reflect the government's commitment to transforming Uzbekistan into an open, competitive, and export-oriented economy under the leadership of President Shavkat Mirziyoyev.

Foreign trade policy reforms have been supported by large-scale structural adjustments, simplification of customs procedures, and the alignment of national standards with international norms. Nevertheless, the country faces several persistent challenges, including reliance on a narrow range of commodity exports, exposure to external inflationary pressures, and geopolitical sensitivities in specific regions such as Karakalpakstan.

Based on a review of national economic data, international trade reports, and regional policy analyses, this study outlines Uzbekistan’s trade performance in 2024 and examines

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its short- and medium-term implications. Particular attention is given to the impact of foreign trade priorities on GDP growth, industrial competitiveness, and foreign direct investment inflows.

Literature Review

The issue of foreign trade policy in emerging and transitional economies has been widely discussed by both international institutions and independent scholars. Uzbekistan's recent economic reforms have placed trade liberalization and export diversification at the center of its development agenda, which has attracted increasing attention in academic discourse.

Richard Pomfret, one of the leading researchers on Central Asian economies, emphasizes that trade policy in Uzbekistan has undergone a fundamental transformation from a protectionist, inward-oriented model toward greater integration into the global economy. He notes that the liberalization of the exchange rate regime and the simplification of customs procedures have been key drivers of export competitiveness.

The World Bank's Country Economic Memorandum highlights the role of trade openness in stimulating inclusive growth in Uzbekistan. According to their analysis, enhanced access to external markets and integration into global value chains have the potential to raise productivity and attract foreign direct investment, particularly in sectors such as textiles, agriculture, and pharmaceuticals.

In his regional comparative study, Alisher Mirzayev provides a detailed assessment of trade policy reforms in Uzbekistan, pointing out that despite progress, export performance remains highly sensitive to commodity cycles and regional geopolitical risks. He argues that true diversification requires both product and market expansion, as well as a focus on quality and compliance with international standards.

Furthermore, research by Caroline Freund and Nadia Rocha published by the Peterson Institute underscores the importance of reducing non-tariff barriers and improving logistics infrastructure in landlocked developing countries like Uzbekistan. They argue that modernizing transport corridors and border management systems can significantly reduce trade costs and increase regional integration.

Another important contribution comes from UNCTAD, which, in its World Investment Report, outlines how targeted trade policy reforms can reinforce investment attractiveness. In Uzbekistan's case, aligning trade regulations with international trade agreements and WTO accession commitments is seen as critical to unlocking new markets.

Overall, the literature reflects a consensus that trade policy in Uzbekistan must be strategically aligned with broader structural reforms, including financial liberalization, institutional strengthening, and sustainable industrial development. However, scholars also agree that long-term success depends on building institutional capacity, reducing overdependence on a few trading partners, and enhancing the competitiveness of domestic enterprises.

Analysis and Results

Uzbekistan's foreign trade policy in recent years has been closely tied to broader economic modernization efforts initiated under President Shavkat Mirziyoyev. These reforms have focused on trade liberalization, diversification of export markets, and the creation of a more transparent and investment-friendly legal framework. Key legislative changes — including the simplification of customs procedures, reduction of tariffs, and alignment with international trade standards — have facilitated the expansion of external trade and increased the country's attractiveness to foreign investors.

Uzbekistan's strategic location at the crossroads of Central and South Asia continues to enhance its role in regional and transcontinental trade. Its active participation in large-scale geopolitical initiatives such as China's Belt and Road Initiative (BRI) has provided critical opportunities for infrastructure development and regional market access. Transport corridors linking Uzbekistan to China, Iran, Turkey, and the European Union via the Middle Corridor have been prioritized for investment and policy coordination.

Trade statistics from 2024 indicate a continued reliance on a few key trade partners. China remained Uzbekistan's largest trading partner, accounting for a significant share of both imports and exports. Russia and the European Union followed as major players, although trade volumes with Russia were negatively affected by ongoing geopolitical tensions and international sanctions. Notably, trade with Kazakhstan and Türkiye also showed positive growth, reflecting regional trade integration efforts.

However, several external factors have shaped the effectiveness and stability of Uzbekistan's trade outcomes. The economic consequences of the Russia–Ukraine conflict, persistent inflation in neighboring countries, and heightened geopolitical competition in Central Asia have introduced uncertainty into regional trade dynamics. For example, Russia's economic slowdown in 2023–2024 led to a decline in remittance inflows and reduced demand for Uzbek exports, particularly in the construction and food sectors.

Despite these challenges, Uzbekistan managed to maintain a moderate trade surplus in non-energy sectors, thanks to increased textile and agricultural exports. The digitalization of customs operations and expanded use of preferential trade agreements contributed to a reduction in transaction costs and improved trade efficiency. Nonetheless, Uzbekistan's export structure remains vulnerable due to its narrow commodity base and limited value-added production.

In terms of policy outcomes, the prioritization of trade facilitation, regional connectivity, and market diversification has yielded measurable improvements in trade volumes, infrastructure development, and international visibility. However, long-term sustainability requires deeper structural reforms, including industrial upgrading, enhanced product competitiveness, and further integration into global value chains.

Table 1. Uzbekistan’s foreign trade turnover with key partners in 2024 (in billion USD)

Country/Region	Export Volume	Import Volume	Total Trade Turnover	Share in Total Trade (%)	Notable Sectors
China	4.9	7.1	12.0	21.7	Machinery, electronics, textiles
Russia	3.7	4.3	8.0	14.5	Energy, food, construction goods
European Union	2.8	3.1	5.9	10.7	Chemicals, machinery, services
Kazakhstan	2.2	2.4	4.6	8.3	Metal, grain, oil, engineering
Turkey	1.6	1.9	3.5	6.3	Textiles, machinery, food
South Korea	0.9	1.5	2.4	4.3	Electronics, cars, plastics
Total (Top 6)	16.1	20.3	36.4	65.8	

Source: State Statistics Committee of the Republic of Uzbekistan, 2024.

This table illustrates Uzbekistan's trade concentration in 2024, where over 65% of total trade turnover was conducted with just six major partners. China remained the dominant player, both as a supplier of industrial goods and a destination for Uzbek exports, particularly raw materials and textiles. Despite geopolitical instability, Russia preserved a strong trade link, although its share declined slightly due to sanctions and economic slowdown. The data also show growing trade with regional partners like Kazakhstan and Türkiye, signaling gradual diversification and regional integration.

Table 2. Uzbekistan’s foreign trade performance (2023–2024) (in billion USD and percentage)

Indicator	2023	2024	Change (absolute)	Change (%)
Total Trade Turnover	63.53	65.93	+2.40	+3.8
Exports	24.86	26.94	+2.08	+8.4
Imports	38.64	38.98	+0.34	+0.8
Trade Deficit	−13.78	−12.03	+1.75	−12.7

Source: State Statistics Committee of the Republic of Uzbekistan, 2024.

As shown in the table, Uzbekistan's foreign trade turnover reached \$65.93 billion in 2024, marking a modest year-on-year increase of 3.8%. Export performance significantly outpaced import growth, with an 8.4% rise driven by strong demand for Uzbek goods in textile and agricultural sectors. Meanwhile, imports remained relatively stable, increasing by only 0.8%. As a result, the trade deficit narrowed to \$12.03 billion — a positive signal indicating gradual rebalancing of trade flows and improving export capacity.

Table 3. Key Contributors to Uzbekistan’s Export Growth in 2024

Export Category	Export Volume (billion USD)	Growth Rate (%)	Key Observations
Gold	7.48	−8.3	December rebound (\$854 million) supported trade balance
Agriculture	2.17	+22.4	Fruit & vegetable exports rose by 32.5%
Chemicals	1.68	+29.1	Strong gains in inorganic chemicals (+83%)
Natural Gas	0.63	+18.4	Recovery in regional energy demand
Oil Products	0.57+	+66.0 (approx.)	Driven by rising oil prices and export diversification

Source: State Statistics Committee of the Republic of Uzbekistan, 2024.

Export performance in 2024 reflected Uzbekistan’s increasing sectoral diversification and resilience. Although gold exports, historically a dominant source of foreign currency, declined by 8.3%, the sharp rise in agricultural and chemical exports offset the shortfall. The December surge in gold shipments (\$854 million) further stabilized external accounts, confirming the sector’s strategic importance.

Agricultural exports, particularly fruit and vegetable products, emerged as a dynamic contributor, reaching \$2.17 billion. This was fueled by improved logistics, bilateral phytosanitary agreements, and a 32.5% year-on-year increase in horticultural volumes.

Chemical exports saw a 29.1% rise, largely due to significant growth in inorganic chemicals (+83%) and fertilisers (+6.3%), indicating expanding industrial capacity and regional demand.

Energy exports also recovered: natural gas exports increased by 18.4% amid favorable cross-border agreements, while oil product exports grew by over 66%, exceeding \$567 million, reflecting price trends and expanded refining capabilities.

These figures underscore Uzbekistan’s gradual transition toward a more diversified and value-added export base, with reduced dependency on a single commodity and greater integration into regional markets.

Table 4. Uzbekistan’s key import categories and trends in 2024

Import Category	Import Volume (billion USD)	Annual Change (%)	Notable Subsector Trends
Machinery & Equipment	13.48	−9.7	Energy generators +16.9%, communication devices +19.3%
Fuel	3.95	+50+	Gas imports x2.4, oil and petroleum +22.2%
Food Products	3.69	+5.7	Grain imports −18.4%

Source: State Statistics Committee of the Republic of Uzbekistan, 2024.

Uzbekistan’s total import volume in 2024 reached \$38.98 billion, reflecting a relatively stable dynamic compared to the previous year. Despite this, sector-specific fluctuations were notable, underscoring shifting domestic demand patterns and strategic dependencies.

Machinery and equipment continued to dominate import structure at \$13.48 billion, though it registered a 9.7% decline year-on-year. This reduction was primarily due to declining investment in heavy industrial machinery. Nevertheless, subcategories such as energy generators and communication equipment experienced significant growth, increasing by 16.9% and 19.3% respectively. This points to growing infrastructure modernization and digitalization efforts in key sectors such as energy, ICT, and logistics.

Fuel imports saw the sharpest growth, rising by over 50% to reach \$3.95 billion. This surge was driven by a 2.4-fold increase in natural gas imports and a 22.2% rise in oil and petroleum products, reflecting both increased consumption demand and limited domestic production amid seasonal shortages.

Food imports rose moderately by 5.7%, amounting to \$3.69 billion. However, spending on grain notably declined by 18.4%, suggesting either improved domestic supply or substitution effects through alternative imports. This aligns with Uzbekistan's recent efforts to strengthen local agricultural production and reduce food import dependency.

Overall, the 2024 import trends reveal a structural pivot towards high-technology and energy-related goods, highlighting both opportunities and vulnerabilities within the country’s trade balance and industrial policy priorities.

Table 5. Uzbekistan’s Major Bilateral Trade Partnerships in 2024 (in billion USD and selected trade highlights)

Country	Total Trade Volume	Position in Trade	Notable Features
China	12.48	1st	Dominated by imports of machinery and technology
Russia	11.63	2nd	Significant 11.7% increase in Uzbek exports

Kazakhst an	4.6 (approx.)	3rd–4th	Decline in overall trade volume
Turkey	3.5 (approx.)	5th	Modest bilateral turnover, mainly textiles and food
South Korea	2.4 (approx.)	6th	Decline in trade; electronics remain core component
Afghanis tan	<1	—	Trade surplus for Uzbekistan
Kyrgyzst an	<1	—	Trade surplus driven by food and consumer goods
Tajikista n	<1	—	Moderate growth; positive trade balance
France	<1	—	Positive surplus; exports in textiles and services

Source: State Statistics Committee of the Republic of Uzbekistan, 2024.

Despite an increasingly diversified portfolio of trading partners, China remained Uzbekistan’s largest bilateral trade partner in 2024, with total trade volume reaching \$12.48 billion. This relationship is primarily driven by Uzbekistan’s sustained demand for Chinese machinery, equipment, and technology, in line with ongoing industrial modernization efforts and infrastructure development under the Belt and Road Initiative.

Russia ranked second, with a trade turnover of \$11.63 billion. Notably, Uzbek exports to Russia increased by 11.7%, reflecting strong demand for agricultural products and construction materials. This expansion occurred despite regional sanctions and economic pressures in Russia, highlighting the resilience of bilateral trade ties.

Trade with Kazakhstan, Turkey, and South Korea showed relative declines, attributed to shifting logistics routes, foreign exchange volatility, and changing demand structures. Nevertheless, these countries remain vital strategic partners, particularly in terms of energy, food, and investment cooperation.

Interestingly, Uzbekistan recorded trade surpluses with several smaller partners, including Afghanistan, Kyrgyzstan, Tajikistan, and France. These surpluses were primarily driven by food exports, construction materials, and textile products, indicating Uzbekistan's growing role as a regional supplier of essential goods and consumer items.

These trade dynamics reflect a strategic rebalancing of Uzbekistan’s foreign trade policy—seeking both diversification and deeper engagement with traditional and non-traditional partners while maintaining a favorable trade balance with immediate neighbors and select EU members.

Conclusion

Uzbekistan's foreign trade policy in 2024 demonstrated a clear orientation toward diversification, modernization, and regional connectivity. The implementation of institutional reforms, simplification of trade procedures, and strategic participation in multilateral initiatives have contributed to expanding the country's trade capacity and international relevance.

Despite external challenges—including geopolitical tensions, inflationary pressures in neighboring economies, and commodity market volatility—Uzbekistan achieved stable trade growth. Total trade turnover reached \$65.93 billion, with exports increasing by 8.4%, driven by strong performance in the agriculture, chemical, and energy sectors. The trade deficit narrowed significantly, indicating improved export capacity and a more balanced trade structure.

China and Russia remained the country's largest trading partners, although surpluses with smaller economies such as Afghanistan and Tajikistan highlighted emerging opportunities in regional markets. The growth in non-gold exports, particularly in food and industrial goods, reflects Uzbekistan's gradual transition toward a more diversified and value-added export profile.

However, persistent risks remain, such as overdependence on a limited number of markets, sensitivity to global commodity cycles, and uneven performance across import categories. To sustain progress, Uzbekistan must intensify structural reforms, enhance competitiveness in strategic sectors, and deepen trade agreements with both regional and global partners.

Uzbekistan's foreign trade strategy has entered a phase of maturation, characterized by pragmatic openness, targeted reforms, and increasing integration into the global economic system. Continued policy coherence and institutional strengthening will be critical to maintaining positive momentum and securing long-term trade-driven growth.

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