

MAIN TRENDS IN FOREIGN TRADE RELATIONS OF UZBEKISTAN WITH THE COUNTRIES OF THE EURASIAN ECONOMIC UNION

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Abstract:

This article analyzes the key directions and dynamics of the foreign trade relations of the Republic of Uzbekistan with the member states of the Eurasian Economic Union (EAEU) during the period from 2020 to 2024. Based on statistical data and expert assessments, it examines trade turnover volumes, the structure of exports and imports, and the role of individual EAEU countries - Russia, Kazakhstan, Belarus, and Kyrgyzstan - in shaping Uzbekistan's external economic strategy. Particular attention is paid to the impact of Uzbekistan's observer status in the EAEU on the deepening of economic integration, as well as the prospects for expanding cooperation in industry, the agro-industrial complex, and logistics. The study emphasizes the importance of Uzbekistan's multi-vector approach to foreign economic policy and evaluates the potential benefits of further convergence with the EAEU amid global challenges and regional transformation.

Keywords: Foreign trade; Eurasian Economic Union (EAEU); export and import; trade turnover; economic integration; trade and economic cooperation; structure of foreign trade; regional cooperation; foreign economic policy; commodity structure.

Introduction

In the context of deepening globalization and regionalization of the global economy, foreign economic relations are a key factor in ensuring the sustainable socio-economic development of the Republic of Uzbekistan.

A special place in the structure of the country's foreign economic priorities is occupied by relations with the member states of the Commonwealth of Independent States (CIS), which are shaped by historically established multilateral ties and mutual interest in integration processes. Cooperation within the CIS framework covers a broad range of areas—from trade turnover and cross-border investments to collaboration in the fields of infrastructure, energy, and transport.

The purpose of this article is to provide a comprehensive analysis of the current state, dynamics, and prospects of Uzbekistan's foreign economic interaction with CIS countries, with an emphasis on institutional mechanisms, barriers, and the resilience factors of these relations.

Throughout its relatively short but dynamic history of independent development, Uzbekistan has consistently faced complex challenges in the development of its foreign economic relations. The Republic not only lacks direct access to the sea, but is also one of only two countries in the world—alongside Liechtenstein - that are surrounded entirely by other landlocked states.

This significantly increases the cost of transporting export goods and compels the Republic to seek new forms of cooperation with neighboring countries to establish optimal logistics and transport chains with unified preferential transit tariffs.

In the context of rising protectionism in global trade and instability in international markets, many countries - including Uzbekistan, which remains insufficiently integrated into major international transport-logistics and trade networks - are striving to embed themselves into new transport corridors and initiate projects capable of advancing their foreign trade and investment policies.

The influence of global factors and the impact of technological modernization under conditions of economic liberalization have become decisive in shaping contemporary changes in the international movement of capital, labor, trade, technology exchange, and monetary-credit relations.

In this context, Uzbekistan has undertaken a series of measures in recent years aimed at stimulating exports and optimizing imports. In 2024, the country's foreign trade turnover amounted to \$65.9 billion, reflecting a 3.8% increase compared to 2023. Of the total trade volume, exports accounted for \$26.9 billion, while imports reached \$39.0 billion. As a result, the foreign trade balance recorded a negative deficit of \$12 billion.

The negative foreign trade balance of Uzbekistan in 2024 - meaning that imports exceeded exports by approximately \$12 billion - is attributed to several key factors:

- imports remain highly dependent on engineering and technological products. In 2024, this category accounted for \$13.48 billion, despite a 9.7% decrease compared to the previous year. Notable import items included automobiles, components, power generators, and telecommunications equipment.
- rising prices and volumes of energy imports. Gas imports increased 2.4 times, while expenditures on oil and petroleum products rose by 22.2%, further intensifying pressure on the trade balance;
- Gold exports declined. Although Uzbekistan resumed gold sales in December 2024 amounting to \$854 million, total annual exports of precious metals reached \$7.48 billion, which is 8.3% lower than in 2023. Gold has traditionally been one of the main sources of export revenue.
- Despite export growth, it still lags behind imports. Exports increased by 8.4%, but imports also rose—albeit more modestly—by 0.8%. This indicates that domestic demand for foreign goods and technologies remains high.
- The export structure remains vulnerable. Exports are still dominated by raw materials such as gold, gas, and agricultural products, while high value-added goods - such as machinery - have yet to occupy a significant share.

Nevertheless, it is worth noting that the foreign trade deficit has decreased compared to 2023 (when it amounted to \$13.78 billion), indicating a gradual improvement in the situation.

In recent years, Uzbekistan's foreign economic relations have undergone significant changes, reflecting both domestic reforms and global geoeconomic trends. These include:

- diversification of foreign economic partners. Uzbekistan has been actively expanding the geography of its foreign economic relations. While earlier the main focus was on CIS countries—particularly Russia and Kazakhstan—since 2017 there has been steady growth in trade with China, Turkey, South Korea, EU member states, and countries of the Middle East.
- transformation of the commodity structure of foreign trade. There has been a shift from a raw-material-oriented export model toward more technologically advanced and processed goods. This trend is linked to the country's industrialization and the attraction of foreign investment into manufacturing sectors.
- integration into international economic organizations. Uzbekistan has intensified its participation in organizations such as the SCO, the EAEU (as an observer), the OIC, and others. This has contributed to

the simplification of trade procedures, reduction of tariff barriers, and expansion of access to new markets.

- impact of global challenges. The COVID-19 pandemic, geopolitical tensions, and disruptions in global supply chains have influenced foreign economic policy. Uzbekistan has adapted by strengthening cooperation with neighboring countries and developing alternative transport corridors.

In recent years, Uzbekistan's foreign economic policy has demonstrated an active reorientation toward new markets. Amid global challenges and regional transformations, the Republic is not only strengthening traditional partnerships but also forming new trade alliances, guided by the principles of pragmatism and a multi-vector approach.

China confidently holds a leading position among Uzbekistan's foreign economic partners.

The trade turnover between the two countries has been growing steadily, reaching \$12.5 billion in 2024. China remains the largest supplier of equipment, technology, and electronics, and consistently imports Uzbek-made textiles and mineral raw materials.

Russia maintains its status as a strategic partner, ensuring broad supplies of energy resources and food products, as well as cooperation in the transport and financial sectors. Despite geopolitical turbulence, trade turnover has continued to grow, exceeding \$11.6 billion in 2024.

Kazakhstan, as Uzbekistan's closest neighbor and partner in Central Asia, serves as an important bridge for Uzbek goods to access EAEU markets. Bilateral economic relations are reinforced by joint projects in the fields of logistics, energy, and agriculture.

Among Uzbekistan's rapidly growing partners, Turkey, South Korea, and the European Union hold a special place.

Turkish investments in the light industry and construction sectors are stimulating export growth, while South Korea remains one of the largest suppliers of high technology and automobiles. Germany, France, and the Czech Republic continue to show steady interest in the Uzbek market, particularly in the areas of green energy and pharmaceuticals.

As a result, Uzbekistan's foreign economic landscape is becoming increasingly balanced and responsive to global trends.

The country's focus on diversifying partnerships, supporting exporters, and developing transport infrastructure is creating favorable conditions for sustainable economic growth.

At the same time, CIS countries remain Uzbekistan's main trading partners, accounting for \$23.1 billion of the country's total foreign trade volume. Trade turnover with other countries amounted to \$42.8 billion. It is important to emphasize that Uzbekistan ranks first among the Commonwealth of Independent States (CIS) countries in terms of trade volume with the Eurasian Economic Union (EAEU). Uzbekistan's foreign trade turnover with the member states of the Eurasian "Five" increased by 7.3% in 2024 compared to 2023, accounting for 28.5% of the country's total foreign trade volume. Traditionally, Uzbekistan exports textile, automotive, and electrical engineering products to the EAEU, as well as foodstuffs - primarily fruit and vegetable products. In turn, imports from the EAEU to Uzbekistan include metal products, petroleum products, timber, machinery and equipment, chemical industry goods, food products, and more.

With further integration into the EAEU, Uzbekistan will gain more favorable conditions for accessing foreign markets - particularly in trade with Vietnam, Iran, Serbia, and Singapore, which have signed preferential trade agreements with the EAEU.

Russia is one of Uzbekistan's key partners in foreign economic activity, accounting for 18.5% of the country's total foreign trade. The main share of Uzbekistan's exports to Russia consists of textile products (34.9%) and fruit and vegetable products (24.8%).

It is also important to note that Russia ranks first in Uzbekistan in terms of the number of enterprises established with foreign investment (22.3% of the total), as well as in the number of newly established foreign-invested enterprises - 425 companies.

Priority areas of cooperation include industrial collaboration, metallurgy, automotive manufacturing, pharmaceuticals, railway engineering, agricultural machinery, the agro-industrial complex, the textile industry, transport infrastructure, gas processing, and energy. Active industrial cooperation projects are being implemented in the mining and metallurgical sector, energy, chemical industry, agriculture, mechanical engineering, and electrical engineering.

A retrospective analysis of trade and economic relations between Uzbekistan and CIS countries has revealed the need to improve the commodity structure of foreign trade and to intensify investment processes.

This requires a systematic development and consistent implementation of a foreign trade strategy that includes stimulating the diversification of exports and imports, as well as attracting investment in line with the priority areas of Uzbekistan's economic reforms.

The key strategic approaches to developing trade and economic cooperation between Uzbekistan and the CIS countries are:

Ensuring the country's economic security, including energy and food security;

- Consistent implementation of structural reforms and economic modernization to ensure sustainably balanced economic growth and improved well-being;
- Modernization and technological upgrading of strategically important sectors, with broad adoption of scientific and technological advancements;
- Implementation of major investment projects aimed at the sustainable development of the agricultural sector and infrastructure systems;
- Optimization of export and import structures to reduce risks and threats associated with raw material dependence and high reliance on a single market, while expanding the production of high value-added goods.

The dynamics of economic modernization in the Republic at the current stage reflect the country's continued progress toward integration, the formation of a national market as an integral part of the global economy, structural economic transformation, and the realization of Uzbekistan's export potential.

The development of trade and economic relations with CIS countries will lead to the intensification of cooperation in other areas as well. As a result, there is an opportunity to pool financial resources for the implementation of large-scale investment projects that require substantial funding.