



FOREIGN TRADE OF UZBEKISTAN

Ibragimova Gulnoza Ulug'bekovna

TDIU, Menejment Fakulteti talabasi

gulnozaibragimova095@gmail.com

Negmurodova Mulkiya Rustamovna

TDIU, Moliya Fakulteti talabasi

mulkiyanr@gmail.com

Xolmurotova Jasmina Jamshid qizi

TDIU, Menejment fakulteti

beknazarovajasmina840@gmail.com

Abstract: this thesis explores the dynamics of Uzbekistan's foreign direct investment (FDI) and the expansion of foreign trade focusing on its evolution, challenges, and growth potential in the global market. This paper studies the impact of FDI and foreign trade on economic development. Through an analysis of recent trade policies, key trade partners, and major export-import sectors, the study highlights both achievements and areas needing improvement. Uzbekistan's trade landscape has transformed significantly, particularly as it aims to diversify exports and strengthen regional partnerships. However, issues such as trade imbalances, dependence on certain markets, and regulatory hurdles remain. By examining these aspects, the thesis provides insights into how Uzbekistan can optimize its trade strategy for sustainable economic growth.

Key words: foreign direct investment, foreign trade, economic growth, export, import, balance.

INTRODUCTION

Foreign trade is a crucial driver of economic growth, fostering innovation, competitiveness, and global integration. For Uzbekistan, a landlocked country

in Central Asia, foreign trade has increasingly become a strategic priority as the

nation seeks to diversify its economy, boost exports, and build sustainable partnerships in a highly competitive global market. Since gaining independence,

Uzbekistan has undergone substantial economic reforms aimed at opening up its

markets and reducing reliance on a few trade partners and specific industries.



In 2023, the foreign trade turnover of Uzbekistan increased by 23.9% compared

to 2022 and reached 62.5 billion dollars. Of this, \$24.4 billion worth of trade

was export, and \$38.1 billion was made up of import. Compared to 2022, the

volume of exports increased by 23.8%, and the volume of imports by 24.0%.

The negative balance of foreign trade increased by 2.7 billion dollars and

reached 13.7 billion dollars. Dependence on China and Russia has increased. In 2023, China became the largest trading partner of Uzbekistan. During the reporting period, the volume of mutual trade reached 13.7 billion dollars. This is 21.9 percent of the total foreign trade turnover of the republic. Also, a significant part of the foreign trade turnover is registered with Russia (15.8%), Kazakhstan (7%), Turkey (5%) and South Korea (3.7%). Last year, the combined share of China and Russia in foreign trade reached 37.7 percent. In comparison, the rate of dependence in these two countries has only increased over the past four years:

2020 33.2 percent;

2021 35.5 percent;

2022 36.4 percent.

It is noteworthy that the share of the countries bordering Uzbekistan (Kazakhstan, Turkmenistan, Tajikistan, Kyrgyzstan, Afghanistan) in the total trade volume will increase from 8 billion 24 million dollars in 2022 to 8 billion 70 million dollars in 2023, or from 16.5 percent decreased to 12.8 percent. Top 10 countries with the highest share in foreign trade turnover of Uzbekistan in 2023: China - 13.7 billion dollars; Russia - 9.8 billion dollars; Kazakhstan - 4.4 billion dollars; Turkey - 3 billion dollars; Korea - 2.3 billion dollars; Turkmenistan - 1.1 billion dollars; Germany - 1 billion dollars; France - 984 million dollars; Kyrgyzstan - 953 million dollars; Afghanistan - 867 million dollars. Out of the 20 major partner countries in terms of foreign economic activity, only three countries - Afghanistan, Kyrgyzstan and Tajikistan - have a positive foreign trade balance. A negative foreign trade balance has been maintained with the remaining 17 countries.

1-table 1



Foreign Trade Values	2019	2020	2021	2022	2023
Imports of Goods (million USD)	21,867	20,020	23,886	28,264	36,781
Exports of Goods (million USD)	14,930	13,281	14,092	15,287	20,045
Imports of Services (million USD)	5,398	3,590	5,027	7,301	7,649
Exports of Services (million USD)	3,127	1,704	2,300	4,815	5,333

However, the negative balance of foreign trade widened to USD 13.715 billion compared to USD 11.035 billion in the previous year. China emerged as

Uzbekistan's leading foreign trade partner, accounting for 21.9% of the total

trade turnover, followed by Russia (15.8%), Kazakhstan (7%), Turkey (5%), and South Korea (3.7%). Gold constituted the majority of Uzbekistan's exports,

representing 33.4% of all exports, followed by services (21.2%), industrial goods (16.6%), and food products (7.9%). Meanwhile, the main import items included machinery and equipment (39.2%), manufactured goods (16.6%), chemical products (12.8%), food products (10.8%), and services (6.7%).



2-table

Foreign Trade Indicators	2018	2019	2020	2021	2022
Foreign Trade (in % of GDP)	71.2	72.5	61.8	63.8	71.6
Trade Balance (billion USD)	-6,867	-7,291	-6,216	-8,767	-11,199
Trade Balance (Including Service) (billion USD)	-9,308	-9,562	-8,102	-11,494	-13,685
Imports of Goods and Services (billion % Change)	42.3	13.4	-14.9	23.4	13.6
Exports of Goods and Services (billion % Change)	10.2	16.4	-20.1	13.4	24.6
Imports of Goods and Services (in % of GDP)	44.4	44.2	37.7	40.2	44.3
Exports of Goods and Services (in % of GDP)	26.8	28.3	24.2	23.7	27.3

Export

In 2023, exports without gold increased by only 4.5% and amounted to 16.2 billion dollars. That is, the 23.8% increase in the export volume in January-December is directly related to the increase in gold sales. Gold worth

8.2 billion dollars was exported during this period. This is an absolute record

indicator. For information, 4.1 billion dollars worth of gold was sold in 2022,

4.1 billion dollars in 2021, 5.8 billion dollars in 2020, and 4.9 billion dollars in

2019. Also, the share of industrial products in the total export decreased from

22.2 percent to 16.6 percent. The share of food products and live animals decreased from 8.3% to 7.3%, and the share of chemicals decreased from 6.6%

to 5.4%. In turn, the share of gold exports increased from 20.8% to 33.4%, and

the share of machinery and transport equipment increased from 4.9% to 5.3%.

In 2023, the volume of exports to China decreased by 6.5 percent. Sales of



goods to Turkey decreased by 24%, and exports to Kazakhstan decreased by 2.5%. In turn, the volume of exports to Russia increased by 5% and to Afghanistan by 13.3%.

Import

The largest share in the structure of import was accounted for by machinery and

transport equipment (39.2 percent), industrial goods (16.6 percent), and chemicals and similar products (12.8 percent). In turn, the import of automobiles amounted to 4.5 billion dollars (74.4 percent), and the import of

airplanes and other flying devices amounted to 940 million dollars (a 2.6-fold

increase). The volume of imports from China increased by 75.2%, from Russia

by 5.5%, from Turkey by 6.5%, and from Turkmenistan by 26.2%.

Export and import of fuel products

During the reporting period, Uzbekistan imported gas worth 695 million dollars,

which is 2.5 times more than in the corresponding period of 2022. On the other

hand, during this period, gas exports almost doubled - by 57.3% or 530 million

dollars. Also, coal worth 204 million dollars was imported last year, which is

67.8% more than the corresponding period of the previous year. In January-December, electricity worth \$121 million was purchased (decrease - 0.3

percent) and electricity worth \$76.6 million was exported (decrease - 45.8

percent). Export of oil and oil products increased by 27% to 297 million

dollars, and import increased by 27% to 1.6 billion dollars.

Agricultural Exports

Agriculture and horticulture continue to play a vital role in Uzbekistan's export

strategy. In the first half of 2024, 1,000.6 thousand tons of fruit and vegetable

products were exported, a 4.7% increase compared to the same period in 2023.

The main markets for these products were Russia (41.2%), Kazakhstan (16.8%),

Pakistan (15.3%), and China (5.9%).



Textile Industry

Textile product exports for January-June 2024 totaled \$1.53bn, representing

11.8% of the total export volume, a 5.3% decrease from the same period in 2023. The primary components of textile exports were yarn (46.2%) and finished textile products (38.1%).

Tourism and Services.

Based on data from the Border Guard Service, tourism services exports for January-June 2024 amounted to \$1.45bn, up from the previous estimate of \$1.14bn. The import of tourism services for the same period was \$816.4mn.

Import Structure

Imports for January-June 2024 totaled \$18.8 bn, with machinery and transport

equipment accounting for 36.1%, industrial goods for 15.1%, and chemicals for

12.2%. Goods imports increased by \$1.2bn to \$17.2bn, while services imports

reached \$1.6bn. The share of imports from CIS countries increased by 2.3% compared to the same period in 2023, making up 36.2% of total imports.

Conclusion

Uzbekistan’s foreign trade in recent years reflects a complex landscape shaped

by reliance on key commodities, evolving industrial needs, and shifting regional

demand. While the country has made strides in certain areas, such as gold and

energy exports, challenges remain in maintaining balanced growth across various sectors. Moving forward, diversifying exports and continuing to enhance value-added industries will be essential for Uzbekistan to achieve long-term economic stability and growth within the global marketplace.

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