

The Factor of Uzbekistan in Development of the Regional Transport System of Central Asia

Zokhidov Azamat Azamovich

Doctor of Science in Economy, Professor

ABSTRACT

The article considers about the factor of Uzbekistan in development of the regional transport system of central Asia. Here the reforms and initiatives in the field of transportation in Central Asia aimed to create a modern and efficient transport system, which will contribute to economic integration, increased competitiveness and prosperity of the country are analyzed.

KEYWORDS: *key trade routes, diversification, international transport routes, transit transport, infrastructure of transport flows, delivery of goods, effective initiatives.*

The Central Asian region is located at the crossroads of two key trade routes: "North-South" and "East-West", which enhances the attractiveness of the regional transport system. It is worth noting that the annual cargo flow along these trade routes exceeds 350 million tons. Particularly, the main cargo flows include: China-Europe (220.6 million tons), India-Europe (64.4 million tons), China-Middle East (44.8 million tons), China-Turkey (12 million tons), and Pakistan-Europe (11 million tons).

Besides that, recent trends related to the diversification of international transport routes due to increased geopolitical tensions, conflicts, and economic sanctions also open up new opportunities for countries in the region in the field of transit transport. European and Asian countries are seeking to reroute their cargo through the historic Silk Road. This shift is altering the infrastructure of transport flows in Central Asia (CA), which lacks direct access to seaports.

Thereafter, the volume of transit traffic in Central Asia grew two to three times in 2023, which is linked to the increasing transit significance of Kazakhstan, Uzbekistan, and Kyrgyzstan in global supply chains. Uzbekistan is actively working on enhancing the country's transit potential, and over the past five years, there has been a steady increase in international cargo transportation at an annual rate of 8%. In 2023, this figure reached 59.2 million tons, or 110.4% of the 2022 figure. The volume of transit cargo transported through Uzbekistan amounted to 11.2 million tons, which is 22.8% more than the previous year².

According to UN experts' calculations, solving all the challenges related to ensuring the delivery of goods to global sea ports could double the GDP of Central Asian countries within 10 years.

² Транзит грузов через Узбекистан вырос на 23%. 24.01. 2024. Source: <https://uz.kursiv.media/2024-01-24/tranzit-gruzov-cherez-uzbekistan-vyros-na-23/>

It is important to note that transportation isolation significantly hinders the economic growth of the region. In this regard, the President of Uzbekistan, in his speech, pointed out that transportation costs in Central Asian countries can reach up to 50% of the final cost of goods, which is almost 5 times higher than the global average. **"At the same time, the global average does not exceed 11%. As a result, our economies have to bear a transportation burden two to three times greater than in developed countries"**³.

As of 2023, despite gradual improvements compared to the pre-COVID period, Central Asian countries still occupy rather modest positions in the World Bank's Logistics Performance Index. Kyrgyzstan scores 2.3, Tajikistan 2.5, Uzbekistan 2.6, and Kazakhstan 2.7. They lag behind both European countries (Germany – 4.1) and American countries (Brazil – 3.8), as well as some Asian countries (Singapore – 4.3)⁴.

To prevent the aforementioned negative factors and to maximize the benefits of factors that promote the development of the regional transportation system, the President of the Republic of Uzbekistan is implementing the most effective initiatives. These initiatives contribute to the formation of a new architecture for transportation flows in the region.

The President of Uzbekistan, Sh. Mirziyoyev, emphasizes the need for integrating Central Asia into the global transportation system as a single region. An important event was his speech at the 72nd session of the UN General Assembly in September 2017, where he declared the priority of the Central Asian region in his foreign policy and proposed the creation of a format for consultative meetings of the heads of state of the region. Since then, six similar meetings have taken place, including in Astana, Tashkent, Bishkek, Avaza, Cholpon-Ata, and Dushanbe.

It should be noted that within the framework of this format the leaders adopted the Pentalateral Agreement on Strengthening the Interconnectedness of Land Transport in Central Asia, which has practical significance for the development of new cooperative partnerships. The signing of this document means that state leaders have set a course for the formation of an integrated transport infrastructure as

³ *The President of the Republic of Uzbekistan Puts Forward Proposals on Prospects for Further Interaction among Central Asian States.* 14.09.2023, <https://president.uz/en/lists/view/6659>

⁴ Экономика Центральной Азии: потенциал развития в условиях изменения транспортных коридоров. 01.03.2024. <https://anhor.uz/economy/economy-central-asia/>

a key driver of economic growth and realization of the potential of Central Asia.

As the President of Uzbekistan stated in his speech at the Consultative Meeting of the Heads of State of Central Asia, held in Dushanbe in 2023, **“Our region is becoming one of the key centers of economic growth and investment activity, regaining its historical role as a transport hub connecting the West with the East and the North with the South”**⁵.

At the initiative of the President of Uzbekistan, an international conference was held in Tashkent in 2018, where strategic prospects for transport corridors in Central Asia were discussed.

In September 2020, at the 75th session of the UN General Assembly, an initiative to create a Central Asian regional center for the development of transport and communication interconnectivity (Center) was put forward and supported at the Consultative Meeting in Turkmenistan in August 2021.

The creation of such a Center under the auspices of the UN will help to solve problems such as the effective use of international transport corridors, the development of new transport routes, the formation of reliable transit corridors and improvement the competitiveness of Central Asian countries in the global transport services market.

The President of Uzbekistan Sh. Mirziyoyev, in his speeches at meetings of the Council of Heads of SCO Member States, also put forward a number of initiatives aimed at consolidating the efforts of SCO participants in the transport sector. In particular, at a meeting of the Council of Heads of SCO Member States (Qingdao, China, June 10, 2018) it was proposed to consider the possibility of establishing the SCO International Transport and Logistics Association. In addition, the Qingdao Declaration of the Council of Heads of SCO Member States (June 10, 2018) supported the holding in Uzbekistan of the first meeting of the heads of railway administrations of the SCO member states.

At a meeting of the Council of Heads of SCO Member States in Bishkek (June, 2019), the President of Uzbekistan proposed developing an SCO Cooperation Strategy for the development of interconnectedness, effective economic and transport corridors.

The initiatives and proposals of the Head of Uzbekistan are widely supported by the SCO member states, one of them is the approval of the Concept of interaction between the railway administrations of the SCO member states.

The above initiatives and proposals are a mechanism for implementing the following main priorities for the development of the regional transport system, established by the President based on national and regional interests:

- implementation of transport and communication projects that allow connecting Central Asia with the largest seaports and world markets;
- formation of a trans-Afghan corridor with access to South Asia, as well as the construction of the China – Kyrgyzstan – Uzbekistan railway. By integrating these

corridors, link the world's major markets through Central Asia;

- further development of transit potential and increase in the transport component in the national economy.

To realize these interests, target indicators have been established, which are reflected in strategic documents, such as the Strategy “Uzbekistan - 2030”, “Strategy for the development of the transport system of the Republic of Uzbekistan until 2035” (draft), as well as the “Transport Strategy until 2030” (adopted within the framework of CAREC). In particular, the following can be noted as the main goals set within the framework of the Uzbekistan-2030 Strategy:

- goal No. 53: by 2030, bringing the annual volume of transit cargo transportation through the territory of the republic to 16 million tons;
- goal No. 91: Development of multifaceted and mutually beneficial relations with Afghanistan, providing close assistance to its economic recovery, and contributing to the implementation of transport and transit potential. Also, as part of the program for the implementation of this Strategy, specific tasks have been set for two important corridors: “Uzbekistan – Afghanistan – Pakistan” and “Uzbekistan – Kyrgyzstan – China”;
- goal No. 92: Further expansion of existing ties with countries in the regions of South Asia, the Near and Middle East, Africa, establishing mutually beneficial cooperation in new and promising areas, forming transport and logistics corridors connecting regions and creating opportunities for exit Uzbekistan to the world market.

As can be seen from the strategic documents, one of the main priorities is the southern direction. The President of Uzbekistan proposed the construction of the Termez – Mazari – Sharif – Kabul – Peshawar railway, which will significantly reduce the time and costs of transporting goods.

In July 2023, Uzbekistan, Afghanistan and Pakistan signed an agreement on the construction of the Trans-Afghan corridor.

This corridor, according to officials, will be the shortest and cheapest route to seaports. For Tashkent, this project represents not only economic, but also a geopolitical opportunity. Firstly, the route from Termez to Peshawar will create reliable connections with the rapidly developing South Asia, which contributes to increased trade and increased exports of transport services. Secondly, it will become a strategic bridge connecting major powers with rich regions of the world.

It is important to note that within the framework of the “Strategy for the development of the transport system of the Republic of Uzbekistan until 2035”, the implementation of the Trans-Afghan Highway is designated as a key measure for the integration of the country into international transport corridors⁶.

Besides that, this route is of great importance in strengthening the international transport system and will

⁵ The President of the Republic of Uzbekistan Puts Forward Proposals on Prospects for Further Interaction among Central Asian States. 14.09.2023 / <https://president.uz/en/lists/view/6659>

⁶ Khitakhunov A. Transport Strategy of Uzbekistan: Current Developments. <https://www.eurasian-research.org/publication/transport-strategy-of-uzbekistan-current-developments/>.

connect the European Union, Russia, Uzbekistan, Afghanistan, Pakistan, India and further states of Southeast Asia.

Thus, in November 2022, Uzbekistan proposed creating an international transport corridor “Belarus – Russia – Kazakhstan – Uzbekistan – Afghanistan – Pakistan”, and in 2023 a memorandum on its implementation was signed. According to experts, the new route, 5,532 km long, will make it possible to cover the distance in 20 days⁷.

In order to increase the transport potential of the countries of the region, the President of Uzbekistan proposed, within the framework of meetings of sectoral ministers, to develop an Agreement on Transport and Transit in Central Asia, to form specific mechanisms for promoting effective transport corridors to enter the markets of China, the countries of South Asia and the Middle East, and the European Union using through tariffs, beneficial for business, prepare a Program of measures to liberalize the transport services market, optimize permitting procedures, consider issues of creating an integrated digital Platform for international transport⁸.

Also, Uzbekistan seeks to strengthen its transit position by developing cooperation with key partners that provide access to world markets.

Construction of the China–Kyrgyzstan–Uzbekistan railway has begun. The project is intended to become an important link in the regional transport network within the framework of the East-West and North-South project, providing access to international seaports for the geographically closed states of Central Asia. According to preliminary forecasts of the Ministry of Transport of the Republic of Uzbekistan, the reduction in routes from East Asia to the countries of the Middle East and Southern Europe will be about 900 km, and the delivery time will be reduced by 7-8 days⁹.

Traditional routes also remain a priority due to their developed transport infrastructure. In particular, Iran plays an important role in Central Asia's connections with the Middle East, South Asia, Transcaucasia and Europe. After the suspension of relations in the early 2000s, since 2017, Uzbek-Iranian cooperation has been actively developing, increasing the number of joint ventures and the volume of mutual trade.

A new logistics route has recently been developed through Chabahar Port in Iran, which is operated by India. Uzbekistan has received the right to use this port and plans to create a marine terminal and a logistics center, which should improve trade not only with Iran, but also with India.

In addition, Tashkent uses transit through Iran and Turkmenistan to create cross routes, including the new railway corridor “Turkey – Iran – Turkmenistan – Uzbekistan”. This route provides an alternative to trans-Caspian transport and has recently been integrated to the international multimodal route “APAC Countries – Europe”.

In general, the development of the regional transport system remains one of the main priority areas and in this regard, Uzbekistan has set big goals for itself. According to the World Bank forecast, it is expected that by 2030, the capacity of Uzbekistan's transit potential will increase by 4.4 times, and investments in the transport sector will increase to \$46.7 billion.

In particular, by 2030, transit cargo transportation on the Uzbekistan-Europe route will increase by 71%, to 1.3 million tons, according to a World Bank report¹⁰.

Thus, reforms and initiatives in the field of transport and communication corridors in Central Asia are aimed at creating a modern and efficient transport system, which will contribute to economic integration, increased competitiveness and prosperity of the countries of the region. Geopolitical factors contribute to Uzbekistan becoming strategically important in Central Asia, and it plays a key role in regional processes thanks to its developed transport infrastructure.

⁷ Умарова Н. Коридоры больших ожиданий: как Узбекистан выходит из транспортного тупика? 26.04.2024 г. <https://cabar.asia/ru/koridory-bolshih-ozhidanij-kak-uzbekistan-vyehodit-iz-transportnogo-tupika>.

⁸ *The President of the Republic of Uzbekistan Puts Forward Proposals on Prospects for Further Interaction among Central Asian States.* 14.09.2023 / <https://president.uz/en/lists/view/6659>

⁹ Железная дорога, которая свяжет Китай, Кыргызстан и Узбекистан: к началу 2023 года должны подготовить технико-экономическое обоснование проекта. 15.08.2022. <https://ru.valdayclub.com>.

¹⁰ Транзит грузов из Узбекистана в Европу вырастет на 70% к 2030 году. 30.11.2023. <https://uz.kursiv.media/2023-11-30/tranzit-gruzov-iz-uzbekistana-v-evropu-vyrastet-na-70-k-2030/>