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**IMPACT OF UZBEKISTAN'S DEVELOPMENT STRATEGY 2017-2021  
ON CENTRAL ASIAN ECONOMIC INTEGRATION**

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**ВЛИЯНИЕ СТРАТЕГИИ РАЗВИТИЯ УЗБЕКИСТАНА НА 2017-2021 ГОДЫ  
НА ЭКОНОМИЧЕСКУЮ ИНТЕГРАЦИЮ В ЦЕНТРАЛЬНОЙ АЗИИ**

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*Abstract.* This article explores the economical processes that determine the sustainable development of the state and society are directly related to the internal and external factors of the Central Asian countries. In this sense, the Uzbek society over the past five years has been oriented towards effective and comprehensive cooperation with the countries of Central Asia in the development of regional issues, the development of good neighbourly relations, the recognition of common values and interests in one place — a common goal. Regional integration of the Central Asia requires deep understanding national interests and common aims of countries in this region.

*Аннотация.* В данной статье исследуются экономические процессы, определяющие устойчивое развитие государства и общества, напрямую связанные с внутренними и внешними факторами стран Центральной Азии. В этом смысле узбекское общество на протяжении последних пяти лет ориентировано на эффективное и всестороннее сотрудничество со странами Центральной Азии в решении региональных вопросов, развитие добрососедских отношений, признание общих ценностей и интересов в одном месте. Региональная интеграция Центральной Азии требует глубокого понимания национальных интересов и общих целей стран этого региона.

*Keywords:* Central Asia, economic integration, economic cooperation, regional unity, diversification, green energy, stability.

*Ключевые слова:* Центральная Азия, экономическая интеграция, экономическое сотрудничество, региональное единство, диверсификация, зеленая энергия, стабильность.

*Introduction*

Central Asia is a region of great geostrategic and geoeconomics importance. More than 74 million people live here. Their history and culture, the economy and infrastructure of our countries are intertwined.

Under the leadership of President Shavkat Mirziyoyev, Uzbekistan is pursuing an active and pragmatic policy based on the principles of friendship and good neighborliness with the countries of the region. In particular, in recent years, bilateral and multilateral cooperation in the political, trade, economic, transport and logistics, as well as cultural and humanitarian spheres is developing rapidly.

At the initiative of the head of our state, a fundamentally new political environment has been created in Central Asia in a historically short period of time.

Modern trends in trade and economic relations between the countries of the world call for an in-depth study of the issues of the international division of labor and the effective use of specialization opportunities. The task of national economies is to constantly improve their foreign economic policy by deepening effective integration into the world community.

The main principles of regional cooperation are: a) equality; b) voluntariness; c) mutual trust and respect; d) adherence to national and universal values; d) principles of non-interference in internal affairs. Regional cooperation as a complex historical process consists of a system of economic, cultural, social and political cooperation, which are closely intertwined.

The Action Strategy for the five priority areas of development of the Republic of Uzbekistan for 2017–2021, adopted at the initiative of Sh. Mirziyoyev, defines the formation of an environment of security, stability and good neighborliness around Uzbekistan as one of the priorities in foreign policy. Of course, the successful implementation of tasks in this area largely depends on the development of cooperation in the Central Asian region [1].

As part of the strategy, strategically important programs have been adopted to develop and strengthen mutually beneficial cooperation in the security, socio - cultural and political spheres in the region.

#### *Economic integration factors of Central Asian countries*

Over the past five years, the foreign trade turnover of Central Asian countries has been changing dynamically. In particular, the total trade turnover between the Central Asian countries in 2016 amounted to 24232.2 million. USD, in 2017 these expenditures amounted to 26566.1 mln. USD, in 2018 — 33815.3 mln. USD, in 2019 — 41751 mln. USD, in 2020 — 36299.3 mln. In 2021, this figure reached 10,322.4 million USD [2].

In other words, in 2021, the volume of exports to the countries of Central Asia increased by 21% compared to the same period last year. During this period, the share of Central Asian countries in the total volume of exports of Uzbekistan increased significantly — 19.9%, i.e. almost a fifth of exports went to countries in the region (<https://www.trademap.org/CentralAsia>).

The dynamics of Uzbekistan's exports to Central Asia is also becoming more positive from year to year. For example, according to the analysis of the State Statistics Committee of the Republic of Uzbekistan, the total volume of exports for these regions in 2016 was 12094.6 million US dollars, in 2017 — 12553.7 million US dollars. US dollars, in 2018 — 14,257.9 million US dollars. US dollars, in 2019 it will amount to 14758.7 million US dollars, in 2020 — 15127.7 million US dollars. USD and in the first quarter of 2021 3482 million USD (<https://www.stat.uz/>). At a time when the countries of the region are determined to overcome the socio-economic consequences of the COVID-19 pandemic, which is a very dangerous epidemic, long-term cooperation, integration and stability in key regional areas are relevant and strategically important. trying to take action.

For example, if we look at last year, about \$150 million worth of cars were exported to the countries of Central Asia, which is more than 85% of all car exports. There are great prospects for further increasing Uzbekistan's exports to Central Asian markets. It should be noted that in 2020, the total foreign trade turnover of the countries of the region amounted to \$142.6 billion, of which \$12.7 billion or 8.9% falls on domestic regional trade.

Due to the new foreign policy course put forward by the President of the Republic of Uzbekistan, a reliable basis has been created for the development of trade, economic and investment

ties and cooperation in the field of transport between the countries of Central Asia. At the same time, our country is actively expanding mutually beneficial ties within other Asian countries.

A market of 75.3 million people will be formed in Central Asia. In 2020, the region's gross domestic product was \$ 291.1 billion and foreign trade turnover was \$ 142.5 billion (Table 1).

Table 1

INTERACTION BETWEEN CENTRAL ASIAN STATES IN 2020  
 (with goods) sales (million dollars)  
<https://cuti.cc/NZMp5>

<i>Central Asian countries</i>	<i>Kazakhstan</i>	<i>Kyrgyzstan</i>	<i>Tajikistan</i>	<i>Turkmenistan</i>	<i>Uzbekistan</i>	<i>TOTAL</i>	<i>The share of domestic regional trade in the total foreign trade turnover of Central Asia (%)</i>
Kazakhstan	-	796,2	791,4	128,0	2916,5	4632,1	5,5
Kyrgyzstan	794,1	-	37,3	11,8	341,3	1184,5	21,0
Tajikistan	909,7	36,8	-	7,8	333,8	1288,1	28,3
Turkmenistan	145,9	8,0	12,2	-	440,3	606,4	4,5
Uzbekistan	2856,3	878,6	360,6	342,4	-	4437,9	13,3
TOTAL	4706,0	1719,6	1201,5	490,0	4031,9	121149,0	

The economies of Central Asian countries have seen high growth rates in the range of 5–7 percent in recent years, and even during the crisis caused by the 2020 coronavirus pandemic, the figures were negative only in Kazakhstan and Kyrgyzstan. According to the World Bank, Central Asian countries have restored the positive dynamics of GDP growth in 2021 and have the opportunity to increase growth in 2022 (<https://cuti.cc/hv4h9>).

In 2020, the total trade turnover between Central Asian countries (excluding trade in services) amounted to \$ 12.2 billion, and the total foreign trade turnover amounted to \$ 145.5 billion. In addition, their share of domestic trade in total foreign trade turnover was 8.4% (Table 2).

Table 2

DYNAMICS OF GDP GROWTH RATES IN CENTRAL ASIA

<i>(%)</i>	<i>2017</i>	<i>2018</i>	<i>2019</i>	<i>2020</i>	<i>2021</i>	<i>2022 (forecast)</i>
Kazakhstan	4,1	4,1	4,5	-2,6	2,5	3,5
Uzbekistan	4,5	5,4	5,6	1,6	4,3	4,5
Turkmenistan	6,5	6,2	6,3	1,8	-	-
Kyrgyzstan	4,5	3,8	4,5	-8,6	3,8	4,5
Tajikistan	7,1	7,3	7,5	4,5	3,5	5,5

At the same time, it should be noted that the level of participation of Central Asian countries in domestic trade varies.

For example, Kazakhstan and Turkmenistan have the lowest share in the region's total trade turnover, at 5.5 percent and 4.5 percent, respectively. The participation of Tajikistan and Kyrgyzstan in domestic trade is the highest, at 28.3% and 21.0%, respectively. Uzbekistan is in the middle with 13.3%.

The foreign trade of Kazakhstan and Turkmenistan pays less attention to the regional market due to the export advantage of hydrocarbons supplied mainly to the CIS countries (Europe, China, Russia), and most of the imports also fall to these countries.

Even though the main part of Central Asian commodity exports is mineral resources and their primary processing products (up to 70–80 percent of all commodity exports), they trade with each other to a much lesser extent.

In 2020, the share of gold in Tajikistan's total exports was 58.1%, in Kyrgyzstan — 50.2% and in Uzbekistan — 38.3%, while in Kazakhstan about 66% of foreign trade was mainly mineral products sold to EU countries. The main share of Turkmenistan's exports, or about 70–80 percent, is natural gas, which is mainly exported to China (<https://cuti.cc/I2mvc>).

Therefore, the share of mutual trade between Central Asian countries will be much higher, excluding the volume of their exports to third countries (oil, gas and precious metals). At the same time, Central Asian countries have great prospects for increasing the volume of domestic trade, especially finished products, which meets the interests of all countries in the region for non-mineral goods.

In addition, Central Asian countries have the shortest distances for the delivery of goods when conducting trade operations within the region, which gives them an advantage in saving transportation costs. The joint creation of international transport corridors and infrastructure in the region will reduce transport costs in the supply of export products to world markets.

It should be noted that all countries of the Central Asian region are interested in increasing exports and diversifying their foreign trade, entering new foreign markets, as well as creating and using new transport routes. Effective organization of economic cooperation is one of the most important factors in the successful implementation of large-scale reforms and democratic changes in each state, strengthening its image in the international arena and increasing the welfare of the population.

The Termez-Mazar-e-Sharif-Kabul-Peshawar railway network should become a key link in the architecture of interconnectedness between regions. This project is also actively supported by leading international financial institutions (<https://mift.uz/uz/news/toshkent>).

The construction of this railway network will help to fully realize the transit potential of both regions, open the shortest route between South Asia and Europe through the territory of Central Asia and the Commonwealth of Independent States, as well as significantly reduce freight downtime and transportation times.

The North-South transport corridor connecting India with Central Asia is a shining example of the successful implementation of such a trans-regional infrastructure.

In addition, the Trans-Afghan Railway project may in the future connect the countries with China and other leading countries in the Asia-Pacific region. This is in line with the goals of the One Place, One Way initiative.

In the modern Uzbek-Turkmen dialogue, special attention is paid to trade, economic, transport and logistics issues. The presidents of the two countries directly emphasize that the transport sector is one of the priorities of economic cooperation. The opening of the automobile and railway bridges Turkmenabat-Farob, as well as the opening of the Transcaucasian transport corridor to South and Central Europe, the Middle East, South and Southeast Asia and the international transport route Uzbekistan-Turkmenistan-Iran-Oman are highly appreciated. important in the development of relations between Tashkent and Ashgabat (<https://cuti.cc/VYlo7>).

### *Digital trade cooperation of the Central Asian countries*

It is necessary to develop specific measures to strengthen digital cooperation in the field of trade, transit, cross-border cooperation and adopt a Joint Action Strategy.

It is important to involve in this process the leading specialists of our countries and specialized agencies of the UN.

In the unity of information resources, information technologies and information systems in the modern economy, the following factors are of decisive importance:

- creation of a completely new type of business infrastructure based on modern information technologies;

- increasing the share of investments in information technology and products, since the success of an enterprise today depends not on its size, but on its speed, flexibility and ability to use global networks;

- increasing the number of intercompany and intracompany communications using modern means of communication, hierarchical structures are gradually being replaced by horizontal systems;

- the growth of the sector of information products and services for end users, aimed at a sharp reduction in the cost of information devices;

- accelerated development of electronic markets for goods and services;

- reduction of state control over the flow of information on a global scale as a result of the liberalization of the conditions for conducting international business;

- emergence of new activities and changes in the range of specialists needed in the new economy.

One of the brightest examples in the development of digital platforms is the Chinese company Alibaba, which has an electronic trading system. The experience of its use shows that the data collection process creates highly competitive advantages for expansion into different sectors of the economy. Alibaba is not just a digital platform, but an ecosystem of platforms. The power of such an ecosystem will be greater than the power of individual platforms. Even the United States is now losing this race because it has to integrate different platforms, while in China development in this area has been gradual by increasing efficiency — from one platform to another.

Ecosystem development is influenced by:

- growth of investments;

- improvement of data storage systems;

- increasing the speed of Internet access;

- work in the field of artificial intelligence;

- development of hyperconversion market infrastructure;

- growth of cloud services (IaaS).

Stakeholders support digital transformation:

- on the part of the state - in terms of regulating the industry, establishing norms and procedures, providing support measures, as well as stimulating production managers to switch to the digital paradigm;

- leading enterprises of the economy - to unite the expert community, provide resources for development within the framework of information exchange and access to digital services, standardization, trust and security;

- innovative companies — as a key driver for the emergence of new digital services and consumer goods.

Recently, the prices of basic foodstuffs have been rising rapidly, and in some parts of the world, the population is experiencing severe food shortages.



It is important to hold a meeting of the Ministers of Agriculture of the countries under the auspices of the Food and Agriculture Organization of the United Nations (FAO) to develop a program to address such threats.

This document should provide for the implementation of projects related to production cooperation, the introduction of advanced technologies, the preparation of joint projects and the conduct of relevant research.

According to the Food and Agriculture Organization of the United Nations, 821 million people — more than 1 in 9 of the world population — do not get enough to eat (<https://cuti.cc/cNWkc>). The number of undernourished people in the world has been steadily increasing in recent years. Nearly half a billion people in Asia suffer from food shortages. In Bangkok, for example, one in three children between the ages of 6 months and 2 years is malnourished.

The vast majority of the poorest people in the world live in rural areas. Rural residents also suffer from a lack or non-availability of the most basic necessities of life, such as water supply, sanitation, electricity and health. These facts are stated in the report “Global Food Policy 2019” presented by the International Food Policy Research Institute (IFPRI) [1]. The Institute was founded in 1975 and its main activity is to develop strategies and solutions to reduce poverty, end hunger and malnutrition in the world. The Institute's regional and national programs play an important role in the development of strategies for agricultural development and regular food supply in many countries around the world. Initiatives to address these challenges offer hope for significant socio-economic development in the region.

#### *Climate change and green energy*

As climate change manifests itself as a global threat, the world community recognizes this problem as one of the most serious challenges facing humanity. Failure to take timely action will result in countries mobilizing large amounts of resources for climate change efforts. This is because climate change can lead to an increase in natural disasters and many other consequences that are difficult to predict.

In the process of accelerating industrialization and population growth in Central Asia and a significant increase in the economy's need for resources, the development of the principles of "green economy" provides opportunities for sustainable development not only of a particular country, but of the entire region.

Today, the development of the draft Environmental Code of the Republic of Uzbekistan, its adoption will allow to generalize environmental laws into a single law. In addition, over the past 3–4 years, 2 mln. The afforestation of land and the establishment of "green zones" and "green belts" are practical measures for the implementation of the Convention.

It should be noted that the deputies of the Legislative Chamber of the Oliy Majlis with the participation of relevant ministries and departments are adopted a strategy of the Republic of Uzbekistan on climate change until 2030 (<https://lex.uz/ru/docs/4574008>). The Roadmap, which will developed on the basis of the strategy, will enable the targeted implementation of targeted measures to adapt to climate change in the country. Internationally, the UN Trust Fund for the Aral Sea Region has been designated as the Zone of Environmental Innovation and Technology, based on the Multilateral Trust Fund for Human Security Partnership.

Uzbekistan pledges to reduce greenhouse gas emissions by 2030 within the framework of the Paris Agreement In this regard, measures are being taken to widely introduce "green" technologies and implement projects in the field of "green" energy, to increase the share of renewable energy sources in Uzbekistan by more than 3 times over the next ten years.

“Green” consumer culture includes, first, behavior with a sense of environmental responsibility, rational use of natural resources, production and development of consumer culture in order to develop a "green economy". The inculcation of these qualities in a person's mind at a young age can be fruitful. Therefore, the issues of cooperation in the field of environmental culture, education have been the subject of extensive discussions. The implementation of a special program to involve young people in building a “green” economy will improve the environmental culture. The implementation of these measures on the basis of state programs will play an important role in ensuring sustainable development in the region.

If the governments of Central Asian countries can create conditions for regional integration, mutual trade and private sector development, along with economic development in the region, the opportunities for the local population to be more competitive and healthier, to eat a balanced diet will increase.

Today, at the heart of important issues between Central Asian countries, large-scale and long-term projects, partnership programs — the issue of man, his dignity and active participation in society. If we look at the culture, language, customs, historical genesis of the region, the existing opportunities and the created socio-cultural, economic and political criteria have created a common ground. Taking into account these factors, goals and requirements, strategic plans also come from a single space, a single territory, a single desire.

The Central Asian countries highly appreciate the initiatives and new ideas put forward by the Uzbek society, as well as the need to harmonize the culture, traditions and social character of neighboring regions, fraternal peoples, and the strategy of strengthening good neighborliness. This, in turn, will serve as an important factor in raising the issues of regional socio-economic integration to a higher level.

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