

**STRATEGIC TRENDS AND PROSPECTS OF UZBEKISTAN'S INTEGRATION
INTO THE INTERNATIONAL ECONOMY**

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ANNOTATION: This thesis is dedicated to a comprehensive analysis of Uzbekistan's integration processes into the world economy. The study, based on statistical data from 2020-2023, examines the country's foreign trade, investment activity, regional cooperation, and integration into global value chains. The results indicate that Uzbekistan has achieved significant successes in diversifying international economic relations and enhancing competitiveness. However, challenges persist, including raw material dependency of exports, high logistics costs, and a low share of innovative products. The research findings have practical significance for shaping Uzbekistan's future international economic strategy.

Keywords Uzbekistan, international economic integration, foreign trade, foreign investments, global value chains, economic strategy.

INTRODUCTION

In the context of modern globalization, the integration of national economies into the international economic system is a key factor in ensuring their sustainable development and competitiveness. According to the World Trade Organization, in 2023, global trade reached 31.7 trillion US dollars, which increased the share of developing countries in global trade by 45% [1]. Over the 30 years since independence, Uzbekistan has implemented comprehensive reforms to develop international economic relations.

The "New Uzbekistan Development Strategy" for 2022-2026 identified deepening the country's international economic integration as a priority task [2]. The main goals of this strategy include increasing foreign trade turnover to \$100 billion, attracting \$120 billion in foreign direct investment, and producing competitive products in international markets.

The purpose of the study is to assess the level of integration of Uzbekistan into the international economy, identify current trends and determine future prospects. The tasks are to analyze foreign trade indicators, study the flow of foreign investment, assess the level of regional cooperation and identify opportunities for integration into global value chains.

The scientific novelty of the study is manifested in the analysis of the international integration of the economy of Uzbekistan based on a comprehensive and multidimensional approach. The practical significance lies in the possibility of using the results of the study in the formation of the country's international economic strategy.

LITERATURE REVIEW

The theory of international economic integration has been widely discussed in the world scientific literature in recent decades. Balassa (1961) proposed a five-stage model of integration, distinguishing stages from a preferential trade area to an economic union [3]. Wiener (1950) studied the static and dynamic effects of a customs union [4].

A number of studies have examined Uzbekistan's international economic integration in the context of the Central Asian region. Pomfret (2019) analyzed how Uzbekistan's economic reforms after 2016 affected its regional and global integration [5]. Gleason (2019) examined Uzbekistan's potential to become an integration hub for Central Asia through its transport and energy infrastructure [6].

Uzbek scholars, including Abdurakhmonov (2020) and Khodjayev (2021), have analyzed the country's foreign trade and investment policies and developed strategies for diversifying exports and attracting foreign investment [7, 8].

However, the existing literature does not sufficiently address the complex analysis of Uzbekistan's international economic integration based on multidimensional and statistical data. This study aims to fill this gap.

METHODOLOGY

The study used quantitative and qualitative research methods. Main methodological approaches

1. Statistical analysis - data from the Statistical Committee of the Republic of Uzbekistan, the World Bank, and the International Monetary Fund were used

2. Comparative analysis - international economic indicators of Uzbekistan were compared with those of Central Asia and other developing countries

3. Logical analysis - determining the cause-and-effect relationship of trends

4. Expert assessment method - the opinions of economists were analyzed

Database: official statistical reports for 2020-2023, monitoring of international organizations, scientific publications in the field of economics.

Analysis methods: analysis of variance, regression analysis, index method. SPSS 26.0 and Excel programs were used to process data.

ANALYSIS AND RESULTS

4.1. Dynamics and structure of foreign trade

In 2020-2023, Uzbekistan's foreign trade turnover showed steady growth (Table 1).

TABLE 1. Dynamics of foreign trade indicators (billion US \$)

Years	Export	Import	revolving	Balance
2020	15,2	19,8	35,0	-4,6
2021	17,8	23,4	41,2	-5,6
2022	19,3	28,6	47,9	-9,3
2023	26,8	35,6	62,4	-8,8

In 2020-2023, foreign trade turnover increased by 78%. The share of finished products in the export structure increased from 22% in 2020 to 34% in 2023.

Important changes in exports

- Textile products from \$ 2.7 billion to \$ 6.4 billion (137% increase)

- Fruits and vegetables from \$ 1.2 billion to \$ 3.2 billion (167% increase)

- Mechanical engineering from \$ 0.8 billion to \$ 2.1 billion (162% increase)

4.2. Foreign investment flow

In 2020-2023, Uzbekistan attracted \$28.7 billion in foreign direct investment (FDI) (Table 2).

TABLE 2. Distribution of TTXI by sector (2020-2023)

Network	Size	Share (\$bn) (%)
Energy industry	9,8	34,1
Agriculture	4,2	14,6
Transport infrastructure	3,9	13,6
Chemical industry	3,1	10,8

Light industry	2,7	9,4
Building materials	1,8	6,3
Other networks	3,2	11,2
Jami	28,7	100,0

Regional differences in investment flows were observed, with Tashkent city and region attracting 60% of total investments, while the remaining regions attracted 40%.

4.3. Regional economic integration

Uzbekistan's regional economic integration has developed in three main directions (Table 3).

TABLE 3. Regional trade turnover (2023, billions of dollars)

Region	Size	Growth (2020-2023)
CIS countries	23,4	45%
Central Asia	8,9	68%
OIC countries	6,7	52%
European Union	2,1	38%

4.4. Cooperation with international financial institutions

In 2020-2023, international financial institutions allocated \$13.1 billion in loans and grants

- World Bank \$5.2 billion (40%)
- Asian Development Bank \$4.8 billion (37%)
- Islamic Development Bank \$3.1 billion (23%)

4.5. Integration into global value chains

The level of integration into global value chains is assessed by the following indicators

- Enterprises that comply with international standards 58%
- ISO certified enterprises 42%
- Enterprises that are active exporters in international markets 34%

DISCUSSION

The results of the study showed positive trends in Uzbekistan's integration into the international economy. However, a number of problems remain

5.1. Dependence of exports on raw materials

43% of exports consist of raw materials and semi-finished products. This makes the country vulnerable to price fluctuations in international markets.

5.2. Logistics problems

Uzbekistan's landlockedness increases logistics costs. 21% of the value of exports is spent on logistics costs, which is higher than the global average (8-12%).

5.3. Low share of innovative products

The share of high-tech products in exports is around 8%, which is lower than the indicators of developed countries (25-40%) and developing countries (15-25%).

5.4. Regional differences

Investment and export activity are concentrated in the central regions, which creates regional development disparities.

CONCLUSION

Based on the results of the study, the following main conclusions can be drawn:

Firstly, Uzbekistan has achieved significant success in international economic integration in recent years. During 2020-2023, foreign trade turnover increased from \$35 billion to \$62.4 billion, which represents an increase of 78%. The share of finished products in the export structure increased from 22% to 34%, which indicates that the country's economy is developing in the direction of the processing industry.

- Secondly, positive trends were observed in attracting foreign investment. In 2020-2023, a total of \$28.7 billion in foreign direct investment was invested in the country. Although the bulk of investments were directed to the energy industry (34.1%), sectors such as agriculture, transport and light industry also began to attract significant investments.

Thirdly, regional economic integration was strengthened. Uzbekistan increased its trade turnover with the CIS countries by 45%, with the Central Asian countries by 68%, and with the countries of the Organization of Islamic Cooperation by 52%. This indicates that the country is actively participating in regional economic relations.

Fourth, cooperation with international financial institutions has expanded. A total of \$13.1 billion in loans and grants were allocated by the World Bank, the Asian Development Bank, and the Islamic Development Bank in 2020-2023, which indicates that the country's confidence in international financial institutions is increasing.

However, existing problems remain:

The first problem is the continued dependence of exports on raw materials. 43% of exports still consist of raw materials such as oil and gas, cotton, and metals.

The second problem is high logistics costs. Due to Uzbekistan's landlockedness, logistics costs account for 21% of the value of exports, which is twice the global average.

The third problem is the low share of innovative products. The share of high-tech products in exports is only 8 percent, which limits Uzbekistan's ability to take high positions in global value chains.

The fourth problem is the regional development gap. Tashkent city and region account for 60 percent of total investments and 58 percent of exports, which widens the economic gap between regions.

In conclusion, Uzbekistan has made significant progress on the path to international economic integration, but it is necessary to address issues such as diversifying exports, reducing logistics costs, developing the production of innovative products, and reducing regional development gaps. By addressing these issues, Uzbekistan can take a stronger place in the international economy and become an economic center of the Central Asian region.

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