

STRENGTHENING ECONOMIC COOPERATION IN CENTRAL  
AND SOUTH ASIA

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**Abstract:** This article analyzes Uzbekistan's economic cooperation with Central and South Asian countries. Trade volumes, transport-logistics routes, investment relations, and institutional mechanisms are examined, and the efficiency of regional integration is assessed. The study also considers the impact of political stability and transport infrastructure on the development of economic cooperation.

**Keywords:** Central Asia, South Asia, Uzbekistan, economic cooperation, trade, investment, transport, logistics, regional integration, institutional mechanisms

**Annotatsiya:** Ushbu maqolada O'zbekistonning Markaziy va Janubiy Osiyo mamlakatlari bilan iqtisodiy hamkorligi tahlil qilinadi. Savdo hajmlari, transport- logistika yo'nalishlari, investitsiya aloqalari va institutsional mexanizmlar o'rganilib, mintaqaviy integratsiyaning samaradorligi baholanadi. Shu bilan birga, siyosiy barqarorlik va transport- infratuzilma omillarining iqtisodiy hamkorlik rivojiga ta'siri ham ko'rib chiqiladi.

**Kalit so'zlar:** Markaziy Osiyo, Janubiy Osiyo, O'zbekiston, iqtisodiy hamkorlik, savdo, investitsiya, transport, logistika, mintaqaviy integratsiya, institutsional mexanizmlar

**Аннотация:** В данной статье анализируется экономическое сотрудничество Узбекистана со странами Центральной и Южной Азии. Рассматриваются объемы торговли, транспортно-логистические маршруты, инвестиционные связи и институциональные механизмы, оценивается эффективность региональной интеграции. Также исследуется влияние политической стабильности и транспортной инфраструктуры на развитие экономического сотрудничества.

**Ключевые слова:** Центральная Азия, Южная Азия, Узбекистан, экономическое сотрудничество, торговля, инвестиции, транспорт, логистика, региональная интеграция, институциональные механизмы

## INTRODUCTION

Although the Central and South Asian regions have historically been linked in economic, cultural and transport directions, during the period of independence, economic integration between these two spaces did not develop naturally and consistently. In particular, while geoeconomic interconnections are improving through new networks in the context of globalization, it has been observed that institutional mechanisms, transport corridors and mutual trade platforms to strengthen interregional cooperation are still insufficient. However, over the past five years, structural changes have occurred in this process. Deepening integration with Central Asia has been identified as a strategic priority in Uzbekistan's foreign policy, and practical measures have been stepped up to expand economic ties with South Asia.

However, these statistical indicators only reflect numerical growth; the deep economic essence of cooperation is reflected in complex institutional processes such as the development of

interregional transport logistics, reducing transit costs, integrating infrastructure projects and attracting investment flows. For example, initiatives to implement the Uzbekistan-Afghanistan-Pakistan railway corridor are helping to reduce transport logistics costs, optimize the delivery time of goods, and integrate regional trade processes. At the same time, in cases where traditional transit routes in Afghanistan are disrupted due to current political conditions, the introduction of new routes through Tashkent provides a flexible strategy for regional integration.

### MAIN PART

The concept of regional integration is usually based on functional integration, economic clusters, geoeconomic connectivity, and transport and logistics networks. These approaches focus on the activation of interregional trade routes, deepening economic ties, and integrating markets. It is noted that although geographical proximity and historical trade routes exist, their transformation into practical integration is closely related to institutional mechanisms and transport infrastructure. These approaches are important foundations for the economic analysis of regional trade, as they study not only the volume of trade, but also the elements of transport, logistics, investment, and political trust of market integration. For example, regional integration processes are carried out not only by reducing tariffs, but also by creating transnational infrastructure, protecting investor rights, and simplifying the flow of goods.

In the domestic scientific literature of Uzbekistan, regional economic cooperation is studied as a strategic priority of Uzbekistan's foreign policy. Since 2017, Uzbekistan has paid serious attention to deepening integration processes in Central Asia, which is being implemented through the coordination of inter-institutional structures, transport logistics and trade relations (for example, strategic transport projects and border trade arrangements).

The research also shows complex economic and political obstacles to cooperation between Central Asia and South Asia. These obstacles include the underdevelopment of transport logistics, political uncertainties (for example, the continuity of transit routes with Afghanistan), and the uneven investment climate. These factors limit the expansion of trade routes and weaken the prospects for regional integration.

In recent years, Uzbekistan's trade turnover with South Asia has shown significant growth dynamics. In 2024, the volume of trade between Uzbekistan and South Asian countries amounted to 2.6 billion US dollars, which is a 2.5-fold increase compared to 2016. The 2.3-fold increase in Uzbekistan's exports and 2.9-fold increase in imports indicate the expansion of this cooperation. Afghanistan is Uzbekistan's main trading partner, leading with a 41.9% share, and trade with India amounted to \$ 981 million. This trend is a practical result of Uzbekistan's trade strategy focused on South Asia.

Uzbekistan-Pakistan trade relations are also developing rapidly: between 2017 and 2025, trade turnover increased by 12.2 times, and exports increased by 32 times. For example, in 2025, food products became the main export of Uzbekistan to Pakistan, accounting for 80%. These statistics confirm the process of diversification of regional markets.

Trade with South Asia still occupies a relatively small share in total foreign trade, but the growth of this direction is noticeable. The reason for this growth is not only related to trade, but also to deepening cooperation in transport services, investment, and transit trade.

Trade with Central Asian countries also continues to grow. In January-September 2025, Uzbekistan's trade turnover with Central Asian countries amounted to \$5.5 billion. Exports amounted to \$1.997 billion, while imports amounted to \$3.476 billion, resulting in a negative trade balance, but this growth indicates that inter-market economic integration in Central Asia is strengthening. Trade with Kazakhstan occupies the largest share (64%).

Economic integration within Central Asia is of strategic importance for Uzbekistan, which serves to strengthen economic integration in Central Asia. This, in turn, expands the areas

of integration with South Asia, since transport and logistics routes through Central Asian countries facilitate access to South Asian markets.

Analysis of transport infrastructure between Uzbekistan and South Asia is the most important component of the integration process. The underdevelopment of intra-regional transport routes, especially the lack of a railway network, increases trade costs and reduces transit efficiency. For example, initiatives such as the Mazar-i-Sharif-Kabul-Peshawar railway project are important for expanding these routes, significantly simplifying access to South Asian markets.

Political uncertainties create obstacles to the development of cooperation. For example, the Afghanistan-Pakistan border policy complicates trade routes, resulting in the search for new transit routes through Uzbekistan, which emphasizes the need to diversify the regional trade infrastructure.

Statistics show a positive trend in Uzbekistan's attraction of direct investments from South Asian countries. For example, over the eight-year period, a total of \$703.6 million in direct investments were received from Afghanistan and India, confirming the strengthening of economic ties with these regions. In recent years, the indicators of economic cooperation between Central and South Asia have improved significantly. Uzbekistan's foreign trade volumes have grown not only with Central Asian countries, but also with South Asian countries. According to trade statistics, the volume of trade between Uzbekistan and South Asian countries will amount to \$2.6 billion in 2024, an increase of 2.5 times compared to 2016. Uzbekistan's exports and imports have also been steadily growing, playing a key role in strengthening economic ties with South Asia. Trade with Central Asian countries amounted to \$5.5 billion, indicating that Uzbekistan has expanded its regional integration areas.

The development of transport and logistics routes and the creation of new transit corridors have contributed to increasing trade volumes. In particular, the Uzbekistan-Afghanistan-Pakistan railway project and other transport infrastructure initiatives are increasing trade efficiency and reducing transit costs. At the same time, political risks, uncertainties in Afghanistan and Pakistan, and complexities in transit routes are hindering the development of cooperation.

The development of economic cooperation in Central and South Asia depends on many factors. Statistical analysis shows that the pace of regional integration has increased, but this process is not limited only to trade volumes. The effectiveness of economic cooperation is determined by the following factors:

**Transport and logistics mechanisms:** New transit routes increase trade efficiency and strengthen interregional integration. However, the limitations of transport infrastructure, insufficient roads, and the complexity of logistics services reduce efficiency.

**Political stability and institutional mechanisms:** Political uncertainties in Afghanistan and Pakistan limit trade routes. Therefore, inter-institutional cooperation and political trust are important factors in strengthening regional integration.

**Investment ties and trade diversification:** Attracting South Asian investors and diversifying trade products will increase economic stability. For example, the 32-fold increase in Uzbekistan's exports to Pakistan confirms the potential for intra-regional investment and trade.

Also, the effectiveness of economic cooperation in Central and South Asia does not depend only on economic indicators, but should be assessed in conjunction with political, institutional and transport infrastructure factors. Therefore, the strategy of economic integration requires an integrated approach: the combination of trade, investment, transport and logistics and political cooperation is the basis for regional stability and long-term economic development.

The potential for economic integration between Central and South Asia has not yet been fully utilized. Uzbekistan's foreign policy and economic strategy serve to translate this potential

into practical results, expand trade and transport routes and strengthen interregional economic ties by improving the investment climate.

### CONCLUSION

Over the past five years, economic cooperation between Central and South Asia has been strengthened not only through trade volumes and investments, but also through transport and logistics, institutional integration and political coherence. Uzbekistan's foreign trade volumes have increased significantly: trade with South Asia reached \$2.6 billion, a 2.5-fold increase compared to 2016. The growth in trade volumes with Afghanistan, India, and Pakistan indicates the strengthening of interregional economic ties. Trade with Central Asian countries amounted to \$5.5 billion, which practically confirms Uzbekistan's strategy for regional integration.

The development of transport and transit systems is an important component of cooperation. The Uzbekistan–Afghanistan–Pakistan railway project and other transport corridors will increase trade efficiency and reduce transit costs. At the same time, political uncertainties, in particular transit issues in Afghanistan and Pakistan, complicate regional integration. This increases the need to diversify transport and logistics and trade mechanisms.

Investment ties also increase the stability of economic cooperation in Central and South Asia. Direct investments attracted from South Asian countries contribute to the development of Uzbekistan's industrial, agricultural and transport sectors. At the same time, economic cooperation is not measured only by numbers; institutional coherence, the perfection of the legal framework and political trust are also important factors of integration.

Further development of regional economic cooperation is carried out through the following strategic directions:

Transport and logistics integration: increasing the efficiency of regional trade through the development of new transit corridors, railways and highways.

Political and institutional stability: strengthening trust and agreements between the countries of the region, simplifying border trade and creating favorable conditions for investors.

Investment and trade diversification: increasing economic stability by attracting direct investment from South Asian countries and expanding export products.

Also, Uzbekistan's economic cooperation with Central and South Asia is of strategic importance in the context of global integration and regional development. An increase in trade and investment volumes, modernization of transport and logistics routes, and the harmonization of institutional mechanisms for cooperation will ensure interregional economic stability and long-term strategic benefits.

At the same time, regional economic integration can be further deepened by eliminating existing political and transit barriers. As a result, cooperation between Central and South Asia will be effective not only in terms of trade volumes, but also in terms of strategic economic stability and regional development.

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