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IMPROVING MODERN MECHANISMS OF EXPORT INSURANCE IN TRANSIT CORRIDORS

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Introduction

Uzbekistan's foreign trade system has entered a period of rapid growth in recent years. According to official statistics, the country's total foreign trade turnover reached USD 81.2 billion in 2025, while exports approached USD 33.8 billion. As export and import volumes continue to increase, the risks associated with international trade operations have also expanded. Therefore, improving export insurance mechanisms has become not only a means of financial protection but also an important instrument for ensuring the sustainable development of foreign trade within the context of a transit economy.

A transit economy refers to an economic system in which a country's geographical location and transport corridors facilitate the movement of goods through international value chains. This concept is particularly relevant for Uzbekistan, where export and transit activities are closely interconnected. As goods pass through several countries, risks related to storage, delivery delays, payment defaults, and political instability increase significantly. Consequently, export insurance plays a vital role in reducing exporters' risks, minimizing credit risks for financial institutions, and strengthening the stability of the country's foreign trade.

In 2025, Uzbekistan conducted foreign trade with 210 countries, demonstrating a considerable expansion of its export geography. China, Russia, Kazakhstan, Türkiye, and South Korea accounted for the largest shares of foreign trade. Such geographical diversification highlights the necessity of developing export insurance products tailored to the specific characteristics of different countries and markets.

Methods

This study employed qualitative and regulatory analysis methods.

During the first stage, official foreign trade statistics published by the National Statistics Committee of Uzbekistan were analyzed.

The second stage involved examining legal and regulatory documents related to export promotion and export insurance protection.

The third stage included a comparative analysis of scientific and practical sources concerning the relationship between pre-export financing, export guarantees, factoring, and export insurance.

The analysis was conducted using four principal dimensions:

foreign trade growth;

export geography;

export structure;

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the level of development of the export insurance infrastructure.

Based on these dimensions, the effectiveness of existing insurance mechanisms and the need for their further improvement were evaluated. This methodological approach allowed the study to be based not only on theoretical concepts but also on official statistical evidence.

Results

The findings indicate that Uzbekistan's total foreign trade turnover reached USD 81.2 billion in 2025, while exports approached USD 33.8 billion. These figures demonstrate a growing demand for export insurance, as increasing trade volumes are accompanied by higher levels of commercial risk.

During January–April 2025, foreign trade turnover amounted to USD 24.6 billion, while exports reached USD 11.88 billion, indicating a continued expansion of export activities. Under such conditions, export insurance should function not merely as a protective mechanism but also as a tool for encouraging international trade.

Another significant finding is the increasing share of service exports within total exports. In 2025, service exports expanded considerably, increasing their contribution to overall export performance. This development suggests that export insurance should cover not only physical goods but also service exports, contractual obligations, and payment-related risks. Therefore, the current export insurance system requires greater product segmentation to reflect emerging economic realities.

Significant legal developments have also taken place. Government decisions concerning export promotion, export financing, and export insurance demonstrate that export risk protection has become an important component of national economic policy. Nevertheless, despite the existence of an adequate legal framework, practical challenges remain. The diversity of insurance products, the speed of policy issuance, and methods of risk assessment still require substantial improvement.

Discussion

The first priority for improving export insurance mechanisms in a transit economy is product segmentation. Exporters represent diverse sectors of the economy: some export manufactured goods, others provide services, while others operate in logistics or processing industries. Consequently, insurance products should be specifically designed for merchandise exports, service exports, transit cargo, and accounts receivable risks. Such specialization would provide exporters with protection better suited to their individual business needs while increasing the effectiveness of insurance services.

The second priority is the integration of financial instruments. Export insurance should operate in conjunction with export loans, guarantees, factoring services, and advance payment protection mechanisms. Such integration would reduce risks for banks and investors, particularly when financing small and medium-sized enterprises (SMEs), which often lack sufficient collateral. Therefore, export insurance should be viewed not only as a loss-compensation mechanism but also as an instrument that facilitates access to finance.

The third priority involves digitalization and data integration. If national statistical data, foreign trade information, and insurance claims are integrated into a unified digital platform, risk assessment will become more accurate, while claims processing will become faster and more efficient. Electronic data exchange will reduce documentation requirements, accelerate policy issuance, lower administrative costs for exporters, and increase the attractiveness of the export insurance market.

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The fourth priority concerns the assessment of transit-specific risks. Due to Uzbekistan's geographical location, many export shipments pass through several transit countries before reaching their final destination. This creates additional risks, including delivery delays, transportation losses, increased storage costs, and customs or regulatory restrictions. Therefore, insurance policies should be evaluated not only by destination country but also according to transport routes and transportation modes. Such an approach is particularly important in transit economies because standardized insurance policies cannot adequately cover all route-specific risks.

Conclusion

In conclusion, the rapid growth of Uzbekistan's foreign trade requires a comprehensive revision of existing export insurance mechanisms. Within the context of a transit economy, export insurance should function as an integrated instrument covering merchandise exports, service exports, bank financing, logistics, transit corridors, and contractual risks.

Accordingly, the segmentation of insurance products, integration with financial instruments, expansion of digital management systems, and separate assessment of transit-related risks should become the principal directions of future reforms.

Further improvement of the export insurance system will reduce exporters' exposure to international market risks, improve access to financial resources, and strengthen the competitiveness of the national economy. Therefore, the continued development of export insurance will remain one of the key institutional mechanisms for enhancing Uzbekistan's transit potential and ensuring the sustainable growth of its foreign trade.

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