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REGIONAL ECONOMIC INTEGRATION AND UZBEKISTAN'S TRADE RELATIONS WITH CENTRAL ASIAN COUNTRIES

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Abstract: This paper examines how Uzbekistan's trade with Kazakhstan, Kyrgyzstan, Tajikistan, Turkmenistan and Afghanistan changed between 2019 and 2024, and what transport and institutional factors explain the differences observed across partners. Drawing on official trade statistics, international databases and regional cooperation reports, the paper calculates compound annual growth rates, shifts in each partner's share of Uzbekistan's combined regional trade, an indicative Afghan trade balance, and a product-concentration index for Afghan-bound exports, alongside a descriptive account of transport corridors, border infrastructure and cooperation frameworks. Particular attention is given to Afghanistan, which functions simultaneously as a growing neighbouring market and as a potential transit corridor linking Uzbekistan and wider Central Asia to South Asian ports. The analysis finds that combined turnover with the five partners grew at roughly 14.3 % per year over 2019-2024, yet growth was uneven: Tajikistan and Kazakhstan expanded fastest, while Afghanistan grew slowest and lost 2.5 share points of its share of Uzbekistan's regional trade, so the portfolio became somewhat more concentrated rather than more diversified. The paper argues that regional integration has improved Uzbekistan's economic position but has not yet transformed it, and that the proposed Trans-Afghan railway, distinct from the smaller, already-operational Hairatan-Mazar-i-Sharif line, carries substantial upside if security and financing risks can be managed. Specific policy recommendations are offered for trade facilitation, transport investment and risk mitigation.

Keywords: regional economic integration; Uzbekistan; Central Asia; Afghanistan; trade corridors; transit trade; trans-Afghan railway; border and customs cooperation

1. Introduction

Since 2016, Uzbekistan has pursued a deliberate policy of regional opening after two decades in which restrictive border regimes, visa requirements and unresolved territorial disputes limited economic exchange with its neighbours. The government has removed most exit visa requirements, resolved a number of long-standing border demarcation disputes with Kyrgyzstan and Tajikistan, and signed bilateral agreements aimed at raising trade turnover with Kazakhstan, Kyrgyzstan, Tajikistan and Turkmenistan [1]. In parallel, Tashkent has intensified engagement with Afghanistan, positioning the country both as an export market and as the gateway through which Uzbekistan and land-locked Central Asia might eventually reach the seaports of Pakistan.

This reorientation matters because Uzbekistan, like its neighbours, is doubly landlocked, separated from the nearest open sea by at least two national borders. For such economies the cost of

[1]State Statistics Committee of the Republic of Uzbekistan, Foreign Trade Statistics.

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transport is a first-order determinant of trade competitiveness, and regional cooperation on transit and infrastructure can matter as much as tariff policy [2]. Afghanistan occupies an unusual position in this landscape: a low-income neighbouring market with genuine demand for Uzbek food products, construction materials and electricity, and simultaneously a transit territory whose stabilisation, or lack of it, will determine whether Central Asia gains a shorter route to South Asian and Indian Ocean markets.

The purpose of this paper is threefold. First, it reviews the volumes and composition of Uzbekistan's trade with Kazakhstan, Kyrgyzstan, Tajikistan, Turkmenistan and Afghanistan over the period since regional opening began. Second, it examines the transport corridors, border infrastructure and institutional cooperation mechanisms that underpin this trade, with particular attention to the proposed Trans-Afghan (Termez-Mazar-i-Sharif-Kabul-Peshawar) railway. Third, it assesses the business opportunities and risks facing Uzbek firms and policymakers, and derives concrete policy recommendations.

The analysis is guided by the following research question: how did Uzbekistan's trade with Kazakhstan, Kyrgyzstan, Tajikistan, Turkmenistan and Afghanistan change between 2019 and 2024, and what transport and institutional factors explain the differences observed across partners? Answering this question requires not only describing trends but measuring them: the paper therefore calculates compound annual growth rates, shifts in each partner's share of Uzbekistan's combined regional trade, an indicative trade balance for Afghanistan, and a simple concentration measure for the Afghan export basket, presented in Table 1 and Figure 2 below. The central argument is that regional integration has genuinely improved Uzbekistan's economic position relative to the isolation of the pre-2016 period, but that the gains remain uneven across partners and increasingly concentrated in Kazakhstan, and that Afghanistan in particular represents a high-potential, high-risk frontier that requires a distinct policy approach from trade with the other four neighbours.

2. Literature Review

The economic literature on Central Asian regional integration has long emphasised the paradox of a region with strong theoretical grounds for cooperation, shared Soviet-era infrastructure, complementary endowments, geographic proximity, but persistently low levels of intraregional trade. Pomfret has documented how, through much of the 1990s and 2000s, Central Asian states traded more with the European Union, China and Russia than with one another, a pattern attributed to overlapping production structures, weak transport links, and policy choices favouring protection of domestic industry over regional openness. Linn and other scholars of Eurasian integration argue that the region's landlocked geography imposes a structural trade cost that only regional cooperation on transit and logistics can offset, since no single country can unilaterally reduce the transport burden it faces. International organisations converge on a broadly similar diagnosis: the Asian Development Bank's CAREC Program has for two decades supported corridor development on the premise that reducing time and cost at border crossings yields returns comparable to tariff liberalisation, and the World Bank's country economic work on Uzbekistan frames regional trade integration as a lower-risk,

[2]ADB, Corridor Performance Measurement and Monitoring, CAREC.

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higher-return complement to global trade liberalisation, given the smaller distances involved relative to trade with the European Union or East Asia [3].

A distinct strand of literature addresses Afghanistan's role in regional connectivity. Studies around the Trans-Afghan railway initiative argue that a functioning corridor through Afghanistan could shorten the route from Uzbekistan to Pakistani ports by several hundred kilometres relative to existing routes through Russia, the Caucasus or Iran, while the World Bank's monitoring of the Afghan economy since 2021 documents the scale of the country's fiscal, banking and humanitarian crisis and the resulting fragility of any commercial undertaking that depends on stable governance and predictable security conditions. This tension between connectivity potential and political risk runs through much of the recent literature and is a central theme of this paper. Regional research institutions, including the Eurasian Development Bank's Centre for Integration Studies, have further shown how the removal of exit visas and simplification of customs declarations translated into measurable increases in cross-border trade and labour mobility after 2018, providing the empirical backdrop for the country analysis below [4].

3. Methodology

This paper adopts a descriptive and analytical approach based on secondary data and documentary sources rather than original data collection. Trade volume and composition figures are compiled from Uzbekistan's State Statistics Committee, the UN Comtrade database, the IMF's Direction of Trade Statistics and reports of the Asian Development Bank and World Bank, supplemented by the analytical literature on Central Asian and Afghan trade cited above [5]. Because the different sources sometimes report trade in goods only, or in goods and services combined, and because mirror statistics from partner countries occasionally diverge from Uzbek figures, the trade values presented in this paper should be read as indicative of orders of magnitude and of directional trends over time rather than as precise, fully reconciled national accounts figures. Readers seeking disaggregated, current-year statistics are encouraged to consult stat.uz and the UN Comtrade portal directly.

Beyond description, three calculations are applied consistently to the compiled data. First, compound annual growth rates (CAGR) are computed for each partner over 2019-2024 as (V2024/V2019)^(1/5) minus one, where V is trade turnover in current US dollars. Second, each partner's share of the combined turnover of the five countries examined here is calculated for 2019 and 2024, and the change expressed in share points, as a simple indicator of whether Uzbekistan's regional trade portfolio is diversifying or concentrating. Third, a Herfindahl-Hirschman-style concentration index, the sum of squared shares, is applied to the product composition of exports to

[3]Pomfret, R., "Regional integration in Central Asia," Econ. Change and Restructuring. Linn, J. F., Central Asia's Economic Cooperation Agenda, Brookings Institution. Asian Development Bank, CAREC Program: Overview and Corridor Development. World Bank, Uzbekistan Country Economic Update.

[4]Governments of Uzbekistan, Afghanistan and Pakistan, Trilateral Framework Agreement on the Trans-Afghan Railway (Termez-Mazar-i-Sharif-Kabul-Peshawar), signed Tashkent, February 2021. World Bank, Afghanistan Development/Economic Update. EDB Centre for Integration Studies, Regional Trade and Labour Mobility in Central Asia.

[5]State Statistics Committee of the Republic of Uzbekistan, Foreign Trade Statistics. UN Comtrade Database, International Merchandise Trade Statistics. Asian Development Bank, CAREC Program: Overview and Corridor Development. World Bank, Uzbekistan Country Economic Update. IMF, Direction of Trade Statistics (DOTS). World Bank, Afghanistan Development/Economic Update.

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Afghanistan shown in Figure 2, to give a single summary measure of export-basket concentration alongside the visual breakdown. These calculations are presented in Table 1 and discussed in Section 4.1, and are original to this paper rather than reproduced from any single source; footnotes for calculated figures therefore cite source 17, which refers the reader back to Table 1 and the underlying data series.

A specific limitation concerns Afghanistan. Afghan official trade statistics have been severely disrupted since the political transition of August 2021: customs administration capacity, data reporting to international databases and coordination with mirror-reporting partners have all been affected. As a result, figures for Uzbekistan-Afghanistan trade in this paper rely primarily on Uzbek-side reporting and on partner and donor estimates rather than symmetrical bilateral data, and later-period figures for Afghanistan carry a wider margin of uncertainty than the corresponding figures for Kazakhstan, Kyrgyzstan, Tajikistan and Turkmenistan [6]. This limitation is acknowledged explicitly wherever Afghanistan-specific figures, including the growth rates and shares in Table 1, are discussed.

The paper covers the period from 2019 to 2024, chosen because it captures both the consolidation of Uzbekistan's regional opening policy and the disruption and partial recovery of Afghan trade following 2021, and because it matches the horizon of the research question stated above. The 2024 figures used here should be treated as preliminary, since full-year reconciled statistics for some partners, particularly Afghanistan, are released with a lag and are subject to later revision. Analysis proceeds country by country before turning to cross-cutting issues of transport, customs, regional cooperation, business opportunity and risk, allowing conclusions to be drawn about which factors are common across the region and which are specific to the Afghan case.

4. Results and Discussion

4.1 Overview of Regional Reorientation

Total intraregional trade among the five countries examined here still accounts for a relatively small share of Uzbekistan's overall foreign trade turnover, which reached approximately fifty billion US dollars in 2022 and an estimated sixty-five to seventy billion US dollars by 2024, driven mainly by trade with China, Russia and the European Union. Nevertheless, the trajectory of trade with the four Central Asian neighbours and with Afghanistan has been consistently upward since 2019, with a temporary dip in 2020 attributable to the COVID-19 pandemic and associated border closures. Figure 1 presents approximate trade turnover trends for the five countries over 2019-2024, compiled from Uzbek official statistics and international trade databases [7].

[6]World Bank, Afghanistan Development/Economic Update.

[7]State Statistics Committee of the Republic of Uzbekistan, Foreign Trade Statistics. IMF, Direction of Trade Statistics (DOTS).

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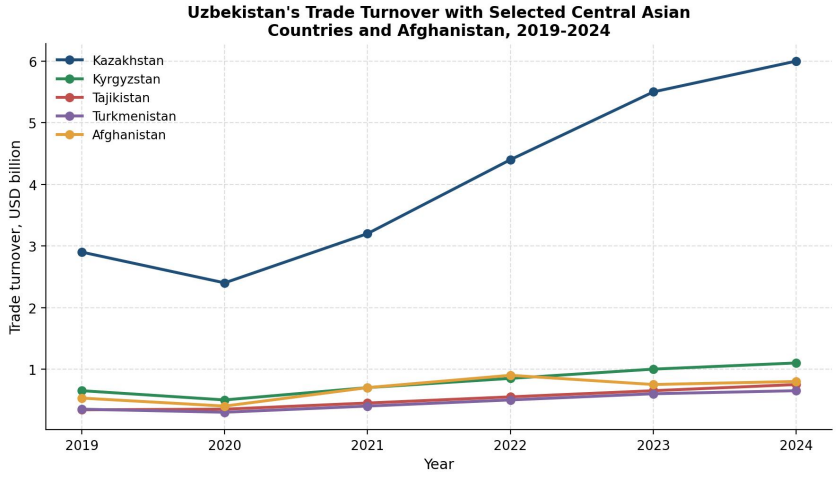


Figure 1. Uzbekistan's trade turnover with Kazakhstan, Kyrgyzstan, Tajikistan, Turkmenistan and Afghanistan, 2019-2024 (USD billion, approximate).

Source: Statistics Committee of the Republic of Uzbekistan and UN Comtrade data.

Figure 1 shows two patterns worth noting. First, Kazakhstan is by a wide margin Uzbekistan's largest regional trading partner, with turnover roughly five to six times that of any of the other four countries by 2024, reflecting Kazakhstan's larger economy, shared border infrastructure inherited from the Soviet period, and its role as a transit route toward Russia and Europe. Second, the smaller partners, Kyrgyzstan, Tajikistan, Turkmenistan and Afghanistan, show broadly similar and comparatively modest turnover, generally in the range of half a billion to just over one billion US dollars annually, though each follows a distinct trajectory shaped by country-specific factors discussed below. Table 1 converts these trends into three summary statistics: the compound annual growth rate (CAGR) of turnover for each partner over 2019-2024, and each partner's share of the combined five-country total in 2019 and 2024. The combined turnover of the five partners rose from approximately 4.77 billion US dollars in 2019 to approximately 9.30 billion US dollars in 2024, a CAGR of about 14.3 %, equivalent to roughly 13 to 14 % of Uzbekistan's total foreign trade turnover by 2024 [8].

Table 1. Uzbekistan's trade turnover, growth and regional trade share by partner, 2019 and 2024.

Partner	2019 (USD bn)	2024 (USD bn)	CAGR 2019-24	Share 2019	Share 2024	Δ share (pp)
Kazakhstan	2.90	6.00	15.7%	60.8%	64.5%	+3.7
Kyrgyzstan	0.65	1.10	11.1%	13.6%	11.8%	-1.8
Tajikistan	0.34	0.75	17.1%	7.1%	8.1%	+0.9

[8]Calculation based on Table 1 (Section 4.1), using underlying data from sources 1, 2 and 5.

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Partner	2019 (USD bn)	2024 (USD bn)	CAGR 2019-24	Share 2019	Share 2024	Δ share (pp)
Turkmenistan	0.35	0.65	13.2%	7.3%	7.0%	-0.3
Afghanistan	0.53	0.80	8.6%	11.1%	8.6%	-2.5
Five-country total	**4.77**	**9.30**	**14.3%**	**100.0%**	**100.0%**	**-**

Note: figures are approximate, expressed in current US dollars, and rounded; 2024 values are preliminary.

See Section 3 for method and for data limitations affecting Afghanistan.

Table 1 yields four calculated findings that description alone would not reveal. First, relative and absolute growth diverge: Tajikistan recorded the fastest CAGR among the five partners, at approximately 17.1 % per year, followed by Kazakhstan at 15.7 %, while Afghanistan recorded the slowest, at approximately 8.6 % per year. Because Kazakhstan's starting base was far larger, however, it still accounted for the largest absolute increase, roughly 3.1 billion US dollars of the approximately 4.5 billion US dollar rise in combined five-country turnover, so fast relative growth from a low base, as in Tajikistan, and large absolute growth from a high base, as in Kazakhstan, are different phenomena that share figures alone can obscure. Second, the portfolio has become somewhat more concentrated rather than more diversified: Kazakhstan's share of combined five-country turnover rose by 3.7 share points, from 60.8 % in 2019 to 64.5 % in 2024, while Afghanistan's share fell by 2.5 share points, from 11.1 % to 8.6 %, the largest relative loss of position among the five partners despite continued absolute growth in dollar terms [9].

Third, the Afghan relationship is structurally asymmetric in trade balance terms. Because Afghanistan's own exportable base is narrow, exports have consistently accounted for an estimated 85 to 90 % of bilateral turnover in most years since 2019, implying an indicative Uzbek goods trade surplus of roughly 0.65 to 0.70 billion US dollars in 2024 out of approximately 0.80 billion US dollars in total turnover. This surplus benefits Uzbekistan commercially but also strains Afghanistan's limited foreign exchange position, which likely constrains how far bilateral trade can expand without either growth in Afghan export capacity or new transit-related service income for Afghanistan. Fourth, the product composition in Figure 2 below is moderately concentrated: summing the squared shares of the seven product groups gives a Herfindahl-Hirschman-style index of approximately 1,762 on a 10,000-point scale, above the value of about 1,429 that would result if the same total were spread evenly across seven categories, and the two largest categories, food products and construction materials, together account for 48 % of the export basket, leaving Uzbek exporters to Afghanistan moderately exposed to demand or price shocks specific to those two product groups [10].

[9]Calculation based on Table 1 (Section 4.1), using underlying data from sources 1, 2 and 5.

[10]World Bank, Afghanistan Development/Economic Update. Calculation based on Table 1 (Section 4.1), using underlying data from sources 1, 2 and 5.

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4.2 Trade with Kazakhstan

Kazakhstan is Uzbekistan's principal partner within Central Asia. Trade turnover grew from under three billion US dollars in 2019 to roughly six billion by 2024, a compound annual growth rate of approximately 15.7 %, supported by a 2022 agreement to raise bilateral turnover toward a ten billion dollar target and by joint initiatives in agriculture, textiles, automotive assembly and logistics. Kazakhstan supplies Uzbekistan chiefly with grain, flour, ferrous metals and mineral products, while Uzbekistan exports textiles, food products, construction materials and machinery components. The two countries have developed joint investment platforms and cross-border industrial cooperation zones intended to deepen value-chain linkages beyond simple commodity exchange, and Kazakhstan also functions as a transit route for Uzbek cargo moving toward Russia and, via the Caspian Sea, toward the South Caucasus and Europe, giving the relationship strategic weight beyond its direct trade value [11].

4.3 Trade with Kyrgyzstan

Trade with Kyrgyzstan expanded from roughly six hundred fifty million US dollars in 2019 to approximately 1.1 billion by 2024, a CAGR of about 11.1 %, aided by resolution of most outstanding sections of the shared border and by simplified cross-border trade procedures at key crossing points. Even so, Kyrgyzstan's share of Uzbekistan's combined five-country regional trade slipped from 13.6 % in 2019 to 11.8 % in 2024, the second-largest relative decline among the five partners after Afghanistan. The relationship is shaped by Kyrgyzstan's membership in the Eurasian Economic Union, which gives Kyrgyz-origin and re-exported goods preferential EAEU market access and creates both opportunities and complications for Uzbek traders seeking to use Kyrgyzstan as a re-export platform. On the Uzbek export side, construction materials, food products and refined petroleum products dominate, while Kyrgyzstan supplies agricultural products, textiles and some re-exported goods of Chinese origin [12].

4.4 Trade with Tajikistan

Uzbekistan-Tajikistan trade illustrates the clearest case of a post-2016 policy dividend. Prior to 2018 the shared border was largely closed, and bilateral trade was negligible. Following the 2018 rapprochement, turnover rose from around three hundred forty million US dollars in 2019 to approximately 0.75 billion by 2024, the fastest CAGR among the five partners at roughly 17.1 %, and more than a dozen new or upgraded border crossing points have opened along the frontier alongside simplified customs arrangements. Energy cooperation, including electricity trade and joint hydropower discussion, supplements conventional merchandise trade in cement, food products and textiles, though Tajikistan's small economy, with a population of roughly ten million, and mountainous terrain continue to limit the absolute scale of trade relative to Uzbekistan's larger neighbours [13].

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[11]State Statistics Committee of the Republic of Uzbekistan, Foreign Trade Statistics. Ministry of Investment, Industry and Trade of Uzbekistan, trade commission communiques. ADB, Corridor Performance Measurement and Monitoring, CAREC. Calculation based on Table 1 (Section 4.1), using underlying data from sources 1, 2 and 5.

[12]State Statistics Committee of the Republic of Uzbekistan, Foreign Trade Statistics. EDB Centre for Integration Studies, Regional Trade and Labour Mobility in Central Asia. Calculation based on Table 1 (Section 4.1), using underlying data from sources 1, 2 and 5.

[13]State Statistics Committee of the Republic of Uzbekistan, Foreign Trade Statistics. EDB Centre for Integration Studies, Regional Trade and Labour Mobility in Central Asia. Calculation based on Table 1 (Section 4.1), using underlying data from sources 1, 2 and 5.

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4.5 Trade with Turkmenistan

Trade with Turkmenistan grew more gradually, from about three hundred fifty million US dollars in 2019 to approximately 0.65 billion by 2024, a CAGR of roughly 13.2 %. Turkmenistan's historically more closed economic policy and limited transparency in trade reporting constrain both the volume of exchange and the reliability of available statistics. Natural gas, chemical products and construction materials feature prominently in the trade structure, and the two countries have discussed expanding rail and road links toward Iranian and Caspian ports as part of wider Central Asian connectivity initiatives [14].

4.6 Trade with Afghanistan: Neighbouring Market and Transit Partner

Afghanistan holds a dual significance for Uzbekistan that distinguishes it from the other four countries examined in this paper. As a neighbouring market, Afghanistan has substantial and growing demand for the kinds of goods Uzbekistan produces in surplus, food products, construction materials, chemical fertilizers and electricity, while its own manufacturing base remains extremely limited. Bilateral trade turnover rose from roughly five hundred thirty million US dollars in 2019 to a peak of around nine hundred million in 2022, before easing to approximately 0.75 to 0.80 billion by 2023-2024 amid continued uncertainty over banking access, sanctions compliance and the broader Afghan fiscal crisis, a CAGR over 2019-2024 of approximately 8.6 %, the slowest of the five partners. Uzbekistan has repeatedly stated an ambition to raise trade with Afghanistan toward two to three billion US dollars, an objective that would require both demand growth inside Afghanistan and resolution of payment and logistics bottlenecks [15].

Figure 2 presents an approximate breakdown of Uzbekistan's exports to Afghanistan by product group, illustrating the extent to which food products and construction materials dominate the export basket.

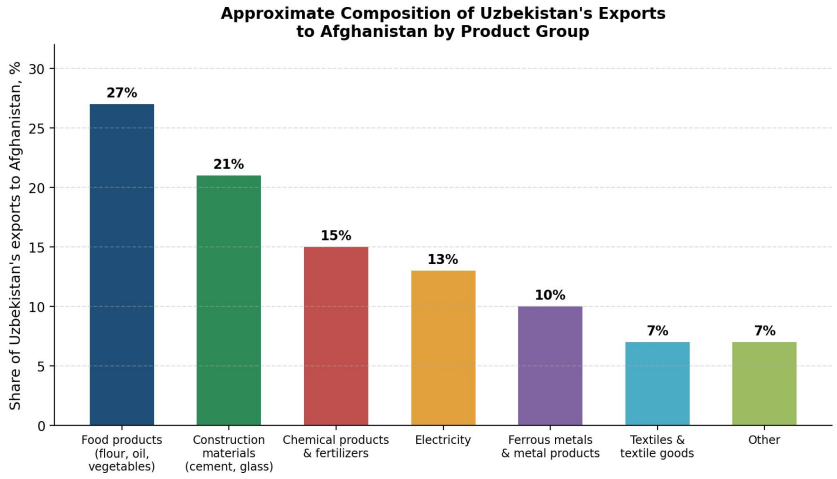


Figure 2. Approximate composition of Uzbekistan's exports to Afghanistan by product group.

[14]State Statistics Committee of the Republic of Uzbekistan, Foreign Trade Statistics. ADB, Corridor Performance Measurement and Monitoring, CAREC. Calculation based on Table 1 (Section 4.1), using underlying data from sources 1, 2 and 5.

[15]State Statistics Committee of the Republic of Uzbekistan, Foreign Trade Statistics. World Bank, Afghanistan Development/Economic Update. Ministry of Investment, Industry and Trade of Uzbekistan, trade commission communiques. Calculation based on Table 1 (Section 4.1), using underlying data from sources 1, 2 and 5.

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Source: State Statistics Committee of the Republic of Uzbekistan trade data and UN Comtrade; concentration index. Figures are approximate given the limitations of Afghan-side reporting discussed in Section 3.

Beyond direct trade, Afghanistan's strategic value lies in transit. Uzbekistan's principal routes currently run through Kazakhstan and Russia to the north, or through Turkmenistan and Iran to the southwest. A functioning corridor through Afghanistan to Pakistani ports would materially shorten the distance to South Asian markets and reduce dependence on routes through Russia, a consideration that has gained weight since 2022. Electricity exports form a comparatively reliable component of the relationship: Uzbekistan has continued supplying electricity to Afghanistan even through periods of disruption, with volumes reported in the range of two to three billion kilowatt-hours a year in recent years, reflecting Afghanistan's chronic power deficit and the relative insulation of electricity trade from banking and sanctions frictions affecting merchandise trade. That said, the data limitations noted in Section 3 mean single-year figures should be treated cautiously; the apparent 2023 easing in Figure 1 may reflect genuine contraction linked to Afghanistan's liquidity crisis, statistical discontinuities, or both [16].

4.7 Transport Corridors and Connectivity Projects

Transport infrastructure is widely regarded in the literature as the binding constraint on Central Asian regional trade, often more consequential than tariffs. Uzbekistan's rail network connects to Kazakhstan and onward to Russia and China, to Turkmenistan and onward toward Iran and the Caspian, and, via the Soviet-era Termez-Hairatan Friendship Bridge, to northern Afghanistan. Two distinct projects need to be kept separate here, since they are sometimes conflated in general commentary. The first is the existing Hairatan-Mazar-i-Sharif railway, a 75-kilometre line on Afghan territory financed with Asian Development Bank support and completed around 2010-2011; this line is operational and already carries a meaningful share of Uzbek-Afghan trade and Afghanistan's imports of Central Asian electricity [17].

The second, much larger project is the proposed Trans-Afghan railway, envisaged to extend roughly 760 kilometres from Termez through Mazar-i-Sharif and Kabul to Peshawar in Pakistan; this line does not yet exist. Its legal basis is a trilateral framework agreement signed by the transport authorities of Uzbekistan, Afghanistan and Pakistan in Tashkent in February 2021, followed by further technical and financing discussions, but as of the most recent information available construction of the full route has not been completed and the project remains at the feasibility and financing stage. If completed, the full corridor could shorten the distance from Uzbekistan to Pakistani seaports by several hundred kilometres relative to existing alternatives through Russia, the Caucasus or Iran, connecting onward to the ports of Karachi and Gwadar. Construction is complicated by difficult terrain, an estimated multi-billion US dollar financing requirement, and security conditions along the route, so the existing Hairatan-Mazar-i-Sharif line should be read as a proof of concept for freight movement on Afghan territory rather than as evidence that the larger Termez-Peshawar project is already under way. Other relevant initiatives include CAREC-supported road upgrades linking

[16]ADB, Corridor Performance Measurement and Monitoring, CAREC. World Bank, Afghanistan Development/Economic Update. Calculation based on Table 1 (Section 4.1), using underlying data from sources 1, 2 and 5.

[17]Asian Development Bank, CAREC Program: Overview and Corridor Development. ADB, Corridor Performance Measurement and Monitoring, CAREC. ADB, Islamic Republic of Afghanistan: Railway Project (Hairatan-Mazar-i-Sharif), Report and Recommendation of the President (existing 75 km line, financed circa 2010-2011).

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Uzbekistan with Kyrgyzstan and Tajikistan, and the broader Middle Corridor connecting Central Asia to Europe via the Caspian and South Caucasus, which has gained prominence as an alternative to routes through Russia [18].

4.8 Border and Customs Issues

Non-tariff and administrative barriers remain a persistent constraint across the region. Despite resolution of most border demarcation disputes with Kyrgyzstan and Tajikistan, differences in technical standards, sanitary and phytosanitary requirements, and customs documentation continue to slow cross-border movement of goods. Uzbekistan has simplified customs declarations, expanded electronic single-window processing and reduced required permits for exporters, measures broadly consistent with recommendations arising from the WTO trade policy review process it has engaged with during accession. Even so, delays at border crossings, inconsistent application of rules, and limited mutual recognition of certification continue to raise the effective cost of regional trade above what tariff schedules alone suggest. The Afghan border presents distinct challenges: formal customs institutions have functioned unevenly since 2021, and international banking channels for settling Afghan trade have narrowed considerably because of sanctions-related de-risking, pushing a portion of trade toward cash settlement or informal channels that are difficult to capture in official statistics [19].

4.9 Regional Cooperation Frameworks

Uzbekistan participates in several overlapping cooperation mechanisms relevant to trade. The CAREC Program funds transport and trade facilitation projects across the wider Central Asian and Afghan space and has financed sections of the road and rail network used in Uzbek-Afghan and Uzbek-Kyrgyz trade. The annual Central Asian Consultative Meetings, held since 2018, provide a head-of-state forum for resolving border, water and trade disputes and have been credited with unblocking several stalled infrastructure projects. Uzbekistan's pursuit of WTO accession, though not yet complete, has already prompted alignment of tariff schedules and trade-related legislation with international norms, indirectly benefitting regional partners, while the Ministry of Investment, Industry and Trade coordinates bilateral trade commissions with each of the five countries examined here [20].

4.10 Business Opportunities

For Uzbek enterprises, the clearest near-term opportunities lie in construction materials, processed food products, textiles and electricity exports to Afghanistan, sectors in which Uzbekistan has surplus capacity and competes on price and proximity; as Section 4.1 showed, these two product

[18]Governments of Uzbekistan, Afghanistan and Pakistan, Trilateral Framework Agreement on the Trans-Afghan Railway (Termez-Mazar-i-Sharif-Kabul-Peshawar), signed Tashkent, February 2021. ADB, Islamic Republic of Afghanistan: Railway Project (Hairatan-Mazar-i-Sharif), Report and Recommendation of the President (existing 75 km line, financed circa 2010-2011). Asian Development Bank, CAREC Program: Overview and Corridor Development. ADB, Corridor Performance Measurement and Monitoring, CAREC.

[19]EDB Centre for Integration Studies, Regional Trade and Labour Mobility in Central Asia. WTO, Uzbekistan accession status and working party documentation. Asian Development Bank, CAREC Program: Overview and Corridor Development. World Bank, Afghanistan Development/Economic Update.

[20]Asian Development Bank, CAREC Program: Overview and Corridor Development. ADB, Corridor Performance Measurement and Monitoring, CAREC. EDB Centre for Integration Studies, Regional Trade and Labour Mobility in Central Asia. WTO, Uzbekistan accession status and working party documentation. Ministry of Investment, Industry and Trade of Uzbekistan, trade commission communiques.

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groups alone already account for close to half of the export basket, so incremental gains are likely to come from broadening into the remaining categories rather than deepening further into food and construction materials alone. Kazakhstan offers opportunities of a different character, oriented toward joint manufacturing, agro-industrial value chains and logistics services that take advantage of its role as a transit hub toward Russia and Europe. Kyrgyzstan and Tajikistan, though smaller markets, offer opportunities in cross-border retail, light industry and, in Tajikistan's case, hydropower-linked energy cooperation. Should the proposed Trans-Afghan railway advance beyond the existing Hairatan-Mazar-i-Sharif segment, logistics, freight forwarding and warehousing services connecting Uzbekistan to Pakistani ports would represent a significant new business segment, though realising this depends on financing and security factors outside Uzbekistan's control [21].

4.11 Risks and Constraints

Several risks temper this generally positive picture. Political and security risk in Afghanistan remains the largest source of uncertainty for any Uzbek firm or investor, affecting both direct trade and the viability of transit infrastructure that depends on Afghan territory. The international banking and sanctions environment restricts channels for settling Afghan trade, raising transaction costs and pushing activity toward less transparent channels. Infrastructure financing gaps are substantial: the proposed Trans-Afghan railway alone is estimated by its sponsors to require a multi-billion US dollar capital outlay, only a fraction of which has been committed to date, and securing the remainder amid competing regional priorities is not assured. Non-tariff barriers and inconsistent regulatory practice across all five countries continue to raise the effective cost of trade even where formal tariffs are low. Finally, the region's economies remain structurally similar, both net importers of manufactured goods and net exporters of primary and semi-processed products, which limits the natural scope for trade expansion based on comparative advantage alone and means further gains will depend heavily on transit and re-export functions rather than direct bilateral demand [22].

5. Conclusion and Recommendations

The evidence reviewed in this paper supports a qualified positive assessment of Uzbekistan's regional integration strategy since 2016, while also answering the research question posed in the Introduction with more precision than description alone would allow. Between 2019 and 2024, trade turnover with Kazakhstan, Kyrgyzstan, Tajikistan, Turkmenistan and Afghanistan grew at a combined CAGR of approximately 14.3 %, but growth was uneven: Tajikistan and Kazakhstan expanded fastest in relative and absolute terms respectively, while Afghanistan grew slowest and lost 2.5 share points of its share of Uzbekistan's combined regional trade even as its absolute turnover rose. Border and visa liberalisation has removed some of the most damaging administrative barriers of the earlier period, and new transport and cooperation initiatives are under way, but the transport factor that explains the difference most clearly is infrastructure: Kazakhstan and, to a lesser extent, Tajikistan benefit from established or newly opened land routes, whereas Afghanistan's growth is capped by the fact that only

[21]Calculation based on Table 1 (Section 4.1), using underlying data from sources 1, 2 and 5. Ministry of Investment, Industry and Trade of Uzbekistan, trade commission communiques. Governments of Uzbekistan, Afghanistan and Pakistan, Trilateral Framework Agreement on the Trans-Afghan Railway (Termez-Mazar-i-Sharif-Kabul-Peshawar), signed Tashkent, February 2021.

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a short, 75-kilometre rail segment currently exists on its territory, with the much larger Termez-Peshawar corridor still at the framework-agreement stage. Regional trade remains a modest share, on the order of 13 to 14 %, of Uzbekistan's overall foreign trade, non-tariff barriers and infrastructure gaps continue to raise costs, and the Afghan relationship in particular is constrained by political, security and financial risks that are largely outside Uzbekistan's control. Regional integration has therefore improved Uzbekistan's economic position without yet transforming it, and Afghanistan stands out as the partner with the highest potential upside and the highest uncertainty [23].

On this basis, the paper offers the following policy recommendations. First, Uzbekistan should continue to prioritise trade facilitation, including further simplification of customs procedures, expansion of electronic single-window systems, and mutual recognition of technical and sanitary standards with Kazakhstan, Kyrgyzstan, Tajikistan and Turkmenistan, building on reforms already linked to WTO accession. Second, it should pursue diversified, phased financing for the proposed Trans-Afghan railway, combining multilateral development bank support with private and regional co-financing, sequencing construction so that the existing Hairatan-Mazar-i-Sharif segment is extended in stages, generating revenue and demonstrating viability before the full 760-kilometre route to Peshawar is completed. Third, given the fragility of formal banking channels for Afghan trade, Uzbekistan should work with international partners to establish clearer, sanctions-compliant payment mechanisms for humanitarian and commercial trade, reducing reliance on informal settlement methods that are costly and difficult to monitor. Fourth, it should expand export credit and risk insurance instruments for small and medium enterprises exporting food products, construction materials and light manufactured goods to Afghanistan and other regional markets, since these firms are least able to absorb payment and security risk alone, and since Table 1 shows Afghanistan is currently the slowest-growing of the five partners. Fifth, Uzbekistan should use regional platforms, including the Central Asian Consultative Meetings and CAREC, to resolve residual border and water-sharing disputes and coordinate infrastructure investment, since transport capacity, standards harmonisation and transit financing cannot be resolved by Uzbekistan alone. Finally, given the uncertainty surrounding Afghan trade statistics documented here, Uzbek statistical authorities should invest in improved data collection on Afghan trade flows, including electricity exports and informal cross-border trade, to give policymakers a more reliable evidentiary base for tracking whether Afghanistan's declining share of regional trade, identified in Table 1, persists or reverses in future years [24].

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