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THE DYNAMICS OF ECONOMIC RELATIONS BETWEEN UZBEKISTAN AND RUSSIA OVER THE LAST 10 YEARS

Abstract. The article focuses on the analysis of economic relations between Uzbekistan and Russia over the past decade. Particular attention is given to the growth in trade turnover, investment projects, and migration policy between the two countries. Uzbekistan, with its substantial natural resources and advantageous geographic location, is a key partner for Russia in Central Asia. Key areas of cooperation such as trade, energy, modernization, and transport infrastructure are examined. The article also analyzes Russia's strategic interests in the region and Uzbekistan's role in maintaining stability in Central Asia.

Keywords. Uzbekistan, Russia, economic relations, trade turnover, investments, migration policy, Central Asia, strategic partnership, modernization, foreign economic relations.

Over the past decade, the economic relations between Uzbekistan and Russia have undergone significant changes, reflecting both the domestic policies of the two countries and global economic trends. Uzbekistan, with its substantial natural resources and strategically important geographical location, has become a key partner for Russia in Central Asia. Russia, in turn, remains one of Uzbekistan's largest investors and trading partners.

According to data from the Federal Customs Service of Russia, the trade volume between the two countries in 2022 amounted to approximately \$9.8 billion, a 5% increase compared to 2021. Russian exports to Uzbekistan include machinery, equipment, electronics, and petroleum products, while Uzbekistan exports textiles, agricultural products, and raw materials such as cotton and gold to Russia. Notably, in recent years, there has been an increase in the supply of Uzbek agricultural products, indicating a diversification of Uzbekistan's foreign economic activities.

The Importance of Uzbekistan in Central Asia

The strategic significance and political potential of Uzbekistan indicate that the country bears a particular responsibility for the Central Asian region. Today, there are several challenges in the relationships between the countries of the Central Asian region (CAR). The optimal way to address these issues is through regional cooperation and integration. Uzbekistan, located in the center of Central Asia, shares borders with all other countries in the region (Kazakhstan, Kyrgyzstan, Tajikistan, Turkmenistan) and Afghanistan. Uzbekistan has the second-largest economy in the region after Kazakhstan. Uzbekistan's trade regime influences the economic activity of other Central Asian countries and regional economic cooperation. The country possesses rich natural resources, a skilled workforce, and a favorable geographical position, all of which contribute to economic development.

Geostrategic and trade-economic relations between Russia and Uzbekistan are shaped by several key factors:

1. Historical ties: Uzbekistan's integration into the former Soviet Union.
2. Eurasian civilization: The secular lifestyle of the population.

3. Ethnocultural connections: Ethnic Russians residing in Uzbekistan play a significant role in public and industrial activities.
4. Geographical: Russia and Uzbekistan enjoy a relatively favorable transport-geographical position.
5. Modernization: Both countries are undertaking reforms aimed at establishing market mechanisms and modernizing their economies, efficiently utilizing their substantial natural and economic potential.
6. Geostrategic: In the current context, the development of relations between the Russian Federation and Central Asian countries is of great importance. The post-Soviet space has gained new geopolitical and geostrategic significance since the collapse of the USSR. These factors largely define Russia's national interests in developing strategic and trade-economic relations with Uzbekistan. The analysis and synthesis of official statements, press materials, and opinions from scholars and experts allow us to outline the following goals and interests of Russia in Central Asia, particularly in Uzbekistan:

- Ensuring political, economic, and social stability based on inter-state partnerships;
- Securing the right to unhindered transit through Uzbekistan to maintain partnerships with Central Asian countries, China, India, Iran, Afghanistan, and Southeast Asia;
- Utilizing Uzbekistan's rich natural and economic potential, particularly strategic fuel and energy resources, to modernize and strengthen its economy;
- Leveraging Uzbekistan's geostrategic potential for military purposes, creating a buffer zone to protect against various threats from the south, particularly from Afghanistan;
- Preserving Russia's status as a leading global and regional superpower.

The cooperation between Uzbekistan and Russia since independence has been based on a number of legal documents, including more than 160 agreements and accords. A pivotal new phase in the development of Uzbek-Russian cooperation was marked by the Treaty on Strategic Partnership between the two countries, signed on June 16, 2004, and the Treaty on Allied Relations signed on November 15, 2005, by the presidents of Uzbekistan and Russia.

Dynamics and Trends in Trade, Export, and Import

Russia is one of the main foreign trade partners of Uzbekistan. Russia ranks second among Uzbekistan's primary trade partners in terms of total trade turnover. Key factors contributing to this growth include the removal of trade barriers, the development of transport infrastructure, and the active promotion of Uzbek goods in the Russian market. The main exports from the Russian Federation to Uzbekistan are energy resources, machinery, equipment, and chemical products. From January to March 2023, the volume of Russian exports to Uzbekistan amounted to approximately USD 14.8 billion. Simultaneously, Uzbekistan is actively expanding its export capabilities, increasing the supply of textile products, frozen fruits and vegetables, as well as agro-industrial goods. According to forecasts, by the end of 2024, Uzbekistan's export volume is expected to reach around USD 4 billion. Import of goods from Uzbekistan to Russia also shows positive dynamics. In 2023, its volume amounted to approximately USD 8.7 billion, which is 26% higher compared to 2022. The main import items include textiles, food products, and chemical goods.

The growth in trade turnover between these countries is driven not only by expanding foreign economic relations but also by the implementation of joint investment projects aimed at modernizing production facilities and developing infrastructure. This approach strengthens the economic positions of both countries on the international stage.

Investment Policy

In modern trade and economic relations between Uzbekistan and Russia, investment policy plays a key role. However, the concentration of foreign investments is mainly observed in two strategically important sectors of the economy—oil and gas, and telecommunications—where 98% of all investments are directed, while other sectors receive only 2%. Significant investment projects are being carried out in the oil and gas sector, including geological exploration and the development of hydrocarbon deposits in Uzbekistan. As of 2023, more than 3,156 enterprises with Russian capital are registered in Uzbekistan, while around 500 enterprises with Uzbek capital operate in Russia. The largest share of these enterprises is in industry, trade, and construction, with industrial products accounting for 47% of the total production. However, enterprises with Russian capital show a negative balance in foreign economic activities: they import USD 35 million more than they export, indicating low efficiency. Russian investors' involvement in key sectors of Uzbekistan's economy—such as agriculture, transport, and social sectors—remains insignificant.

Migration Policy and Workforce Development

Effective management of labor migration and workforce development is an important area of bilateral economic cooperation between Uzbekistan and Russia. In this context, new agreements were signed in 2022 aimed at protecting the rights of workers and migrants and combating illegal migration.

The demographic situation in both countries differs. Russia faces population decline and has taken measures to attract migrants, including simplifying the process of obtaining citizenship and registering migrants. Since 2022, new legal mechanisms have been introduced to stimulate the inflow of skilled personnel from CIS countries. Conversely, Uzbekistan's labor market is under pressure due to a high rate of labor force growth, with the majority of labor migrants heading to Russia. According to updated data, in 2023, more than 2.5 million Uzbek citizens were employed in Russia. To manage migration flows, Uzbekistan continues to improve its system for registering citizens going abroad for work. Additionally, branches of Russian universities, such as Lomonosov Moscow State University and the Moscow State Institute of International Relations (MGIMO), operate in Uzbekistan, contributing to the training of qualified personnel. However, there remains an imbalance between the supply and demand for highly qualified engineering and technical specialists in the labor market, requiring further attention and actions from both countries to improve the situation.

Conclusion

Economic relations between Uzbekistan and Russia continue to develop dynamically, as evidenced by significant growth in trade turnover and the deepening of mutual investments. The strategic partnership formalized in more than 160 bilateral agreements creates favorable conditions for cooperation in key areas such as trade, energy, and the modernization of production processes. Uzbekistan, with its significant natural resources and strategically advantageous geographical location, serves as an important economic and political partner for Russia, implementing mechanisms aimed at achieving mutually beneficial results. The interaction between the two countries has deep geopolitical underpinnings, as Russia seeks to ensure its security and strengthen its influence in Central Asia, while Uzbekistan is looking for ways to achieve sustainable economic growth and stabilize the regional situation.

The removal of trade barriers and the development of transport infrastructure facilitate the intensification of foreign economic relations and deepen integration processes. Thus, the potential for cooperation between Uzbekistan and Russia in the economic and political spheres remains high, opening new horizons for mutually beneficial collaboration in the context of a rapidly changing international environment. In the face of growing global challenges and threats, the further development of relations between the two countries can serve as a foundation for ensuring sustainable socio-economic progress and regional stability.

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