

# Key priorities of Uzbekistan for the comprehensive development of transport corridors in Central Asia



Over the past 4 years, Uzbekistan under the leadership of President Shavkat Mirziyoyev has been carrying out systemic reforms aimed at liberalizing and modernizing the national economy, ensuring its sustainable development and consistent integration into world economic relations. Improving the competitiveness of manufactured products and the country's export potential are identified as the most important priorities in this direction.

According to official data, at the end of 2019, Uzbekistan's foreign trade turnover amounted to US\$42.2 billion. However, amid the pandemic crisis in 2020, this figure decreased by 13.1% (compared to 2019) - to US\$36 billion. At the same time, according to ADB forecasts, in 2021 GDP growth will amount to 5.8%, as reforms will stimulate growth in agriculture, industry and services.

The measures being implemented in Uzbekistan to modernize the economy, provide comprehensive support and stimulate exports, and ensure sustainable growth in its volumes require the development of additional measures to create favorable conditions for further diversification of foreign trade routes, the formation of alternative most efficient transit corridors that provide the country's export products to promising international markets.

According to experts from the international company Boston Consulting Group, Uzbekistan occupies a strategic location in Central Asia and has a developed transport infrastructure. In their opinion, in the next ten years, the investment potential of Uzbekistan will amount to US\$65 billion, of which up to US\$20 billion will be spent on non-resource industries.

In 2020, the volume of international transportation of goods of the Republic of Uzbekistan has already amounted to 47.1 million tons, of which: export - 13.3 million tons (+ 17.2%), import - 24.7 million tons (+3, 1%), transit - 9.1 million tons (+ 15.3%)

In order to increase the transport and logistics potential of the country, the institutional framework and the regulatory framework for this industry are being strengthened. In particular, by the Decree of the Head of Uzbekistan dated February 1, 2019, the Ministry of Transport was created, which is defined as a government body for the development and implementation of a unified state policy in the development of road, rail, air, river transport, metro, and road facilities.

As part of the implementation of the "Comprehensive program for improving transport infrastructure and diversifying foreign trade routes for the transportation of goods for 2018-2022" systematic work is being carried out to develop new transport and transit corridors and a network of logistics centers, expand the fleet of vehicles and aircraft, create conditions for efficient transportation and handling of goods in Uzbekistan in neighboring countries.

In addition, the "Strategy for the development of the transport system of the Republic of Uzbekistan until 2035" is currently being developed, which envisages the creation of conditions for the growth of volumes and quality of passenger and freight traffic, improvement of the transport sector management system, as well as the introduction of fundamentally new approaches to training, retraining and advanced training of workers in the transport system.

Decree of the President of the Republic of Uzbekistan No.UP-5647 of February 1, 2019 "On measures to radically improve the system of public administration in the field of transport" stipulates the development of a draft Law of the Republic of Uzbekistan "On Transport" transport into a single transport network and the use of efficient transport and logistics systems.

It is also important to note the entry into force from April this year for Uzbekistan, a special system of

preferences of the European Union for sustainable development and good governance (GSP +), where our republic was accepted as a beneficiary country. It offers additional opportunities to increase trade between the EU and Uzbekistan, as tariffs on a number of important export goods such as textiles, clothing and plastic products will be removed. In addition, within the framework of GSP +, the country can import more than 6.2 thousand goods without duties. This will give a powerful impetus to attract investors, primarily from the EU countries, to the implementation of promising projects in Uzbekistan, as well as form a solid basis for diversification and accelerated development of trade and economic relations between Uzbekistan and the EU countries.

In these conditions, the development of transport corridors in Central Asia, capable of connecting transport corridors passing along the North-South and West-East routes, is of particular importance.

However, the region still retains factors that negatively affect the development of transport communications. According to the experts of the international company Boston Consulting Group, despite the fact that Central Asia is a region with great transit potential in the global transport system, the problems observed in the interaction of the countries of the region in using existing communications hinder the effective use of these opportunities. Most of the problems arise from the lack of a common strategy among the countries of the region. In addition, such problems as the transport isolation of the region, non-diversified transport routes, as well as the unstable situation in Afghanistan remain relevant.

World Bank experts note that the countries of Central Asia have not yet realized the huge potential of domestic and foreign trade. This requires an integrated approach to improve transport connectivity within and between the countries of the region, which will contribute to an increase in the GDP of the countries of the region by 15%.

At the same time, in the absence of direct access of the countries of the region to seaports, according to experts, more than 90% of freight traffic in intercontinental trade between Asia and Europe is carried out by sea. This imposes an additional cost on the starting price of the exported and imported goods.

According to UN Secretary General A. Guterres, the products of countries far from the sea are practically not represented on international trade markets. These countries account for less than 1% of world exports. According to UNCTAD, for Central Asian countries, transport costs in many cases reach 60% of the value of imported goods.

According to the estimates of the Institute of Central Asia and the Caucasus at the J. Hopkins University, transport isolation seriously hinders the economic growth of the Central Asian countries. This contributes to the development lag behind the maritime states by 20%. At the same time, the volume of GDP in terms of purchasing power parity is reduced to 57%. The main losses are incurred by Uzbekistan, which must overcome the territory of the two states to enter world markets.

At the same time, more than 23 million containers are transported annually to China, Southeast Asia and Europe. However, only 1% of them are transported by rail, 99% by sea.

All this requires the consolidation of efforts in this direction with the participation of the countries of the region and international organizations. It is important to emphasize that a strong guarantee of sustainable development and prosperity in Central Asia is the desire for cooperation and the responsibility of all countries in the region for a common future. Practical confirmation of this is the concrete political and diplomatic steps taken by Uzbekistan over the past 4 years in key areas of cooperation, primarily in the transport and communication sphere.

Today in Central Asia, strengthening cooperation in the transport sector acts as an important tool for the development of social and economic relations, contributes to the free movement of goods and services, as well as improving the conditions and quality of life of the population.

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successfully implemented in a trusting and friendly atmosphere.

As you know, the President of Uzbekistan Sh.Mirziyoyev identified the main priorities of Uzbekistan in the development of transport corridors in Central Asia: first, the implementation of transport and communication projects that allow connecting Central Asia with the largest seaports and world markets; secondly, the formation of a trans-Afghan corridor with access to South Asia, as well as the construction of the China-Kyrgyzstan-Uzbekistan railway line; third, further development of transit potential and increase in the transport component in the national economy.

Already today, Uzbekistan has managed to take practical measures to reach agreements with neighboring countries on the implementation of new infrastructure projects. In particular, in recent years, road, aviation and rail links with Afghanistan, Kazakhstan, Kyrgyzstan, Tajikistan and Turkmenistan have been actively developing.

Uzbekistan and Tajikistan resumed air traffic, restored the Galaba-Amuzang-Khoshady railway. The operation of eight automobile and one railway checkpoints has been restored. The commissioning of the restored section of the Uzbek-Tajik interstate railway line Amuzang-Khoshady can play an important role in the development of transit traffic, as well as create additional opportunities for Tajikistan to enter Turkmenistan and Afghanistan.

Uzbekistan and Turkmenistan have built the Turkmenabad-Farab railway and road bridges, which are important corridors of the Uzbekistan-Turkmenistan-Iran-Oman transport and transit route. This transport corridor has expanded due to the joining of Kazakhstan and India, giving the countries of the region access to the Indian Ocean. The corridor is designed to connect Central Asia with Iranian ports in the Persian and Oman Gulfs.

Uzbekistan and Kazakhstan have launched bus routes, high-speed rail links.

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The implementation of the outlined priority tasks in these strategic documents in the future will provide significant assistance in improving the regulatory framework for cooperation in the field of transport, increasing the efficiency of implementing the transit potential of the CIS member states, developing international transport corridors in the CIS space, increasing the efficiency of the agreed tariff policy in the field of international railway transportation and the implementation of a coordinated policy in the field of transport security, as well as solving problematic issues in this area.

Important initiatives of Uzbekistan are also being raised within the framework of the SCO. Uzbekistan views the SCO as a promising platform for building up cooperation in the field of transport and logistics. More than 13 million km of highways (about 20% of all world highways) and about 250 thousand km of

railways have already been laid in the SCO region, which contribute to the development of regional transport connectivity.

The huge transit potential of Central Asia is evidenced by the fact that in 2019 China imported goods worth more than 2 trillion. dollars, and from the SCO countries - only US\$100 billion. At the same time, Chinese President Xi Jinping says that in 15 years China will import US\$30 trillion. It should be noted that the distance of transportation of goods from China to Europe through Central Asia is 2 times shorter than by sea, and 2.5 times shorter than along the transport corridor through Russia.

It should be noted that today there are 61 railway routes in the Europe - China direction, and 84 routes from China to Europe. More than 85% of transit containers pass through Kazakhstan, while traffic volumes through Russia and Mongolia are declining. Another growing route of transit is from China through the Kazakh Sarygash to the countries of Central Asia and Afghanistan. In the context of the coronavirus pandemic, in the first nine months of 2020, container shipments along the China-Europe route amounted to 388 thousand units (an increase of 61% compared to the same period in 2019).

To expand mutually beneficial trade between the SCO member states, create new and improve existing transport and logistics infrastructures in the name of the common interests of the SCO member states, President of Uzbekistan Sh.Mirziyoyev, in his speeches at the meetings of the Council of Heads of SCO member states, put forward a number of initiatives aimed at consolidation of efforts of the SCO members in the transport sector.

At a meeting of the Council of Heads of SCO Member States (Qingdao, China, on June 10, 2018), it was proposed to consider the possibility of establishing an International Transport and Logistics Association of the SCO. In addition, the Qingdao Declaration of the Council of Heads of SCO Member States (June 10, 2018) supported the holding of the first meeting of the heads of railway administrations of the SCO member states in Uzbekistan. At a meeting of the Council of Heads of SCO Member States in Bishkek (June, 2019), the President of Uzbekistan proposed to develop a SCO Cooperation Strategy to develop interconnectedness, effective economic and transport corridors.

The initiatives and proposals of the Head of Uzbekistan find wide support among the SCO member states. A striking example is the approval, during a meeting of the Council of Heads of Government of the SCO States in Tashkent in November 2019, of the Concept of Interaction between Railway Administrations of the SCO Member States, developed at the initiative of Sh.Mirziyoyev.

It is also important to note that Uzbekistan considers cooperation with the Caspian states as one of the priority directions of its foreign policy strategy and is interested in giving new dynamics to multilateral relations. Using the transit potential of the Baku-Tbilisi-Kars railway will allow the Central Asian countries to diversify transport directions. This project will play a key role in establishing regular transportation of goods from Turkey and Europe to the countries of Central Asia and China.

In general, the formation of an extensive transport and communication system in Central Asia will fully realize the transport and transit potential of the region and will have a multiplier effect for the sustainable development of Central Asia.

In this regard, the practical implementation of the initiatives of the President of the Republic of Uzbekistan, put forward at global and regional forums, in particular within the framework of the UN, SCO, and CIS, is acquiring special relevance. The initiatives of the Government of Uzbekistan voiced at the international conference "Central Asia in the system of international transport corridors: strategic prospects and unrealized opportunities" in Tashkent in 2018 are also in demand. In particular, on the development of a Strategy for the development of regional transport corridors in Central Asia, the adoption on its basis the regional Program for the sustainable development of the transport system of Central Asia and the formation of the Regional Council for transport communications of the countries of Central Asia, which will become a coordinating structure in solving the problems of the transport and logistics sector.

The practical and systematic implementation of these initiatives will make a great contribution to the formation of a common transport space in Central Asia, as well as increase the competitiveness of international transport corridors passing through the territories of the states of the region.

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**Source**