

Article

# Uzbekistan's Strategic Role In Infrastructure Development And Regional Cooperation Within The New Silk Road

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**Abstract:** Leveraging the position of Uzbekistan in Central Asia, it has carved its niche in the economic diplomacy and regional integration mainly considering the BRI. The existing literature lacks information about how Uzbekistan's dynamics in these endeavours which is why, exploring the role of infrastructure advancement and establishment of regional cooperation along with the enhancement of foreign investment coupled with geopolitical shifts in these economic diplomacy processes. Qualitative survey and multinomial logistic regression were utilized to assess factors of interest, and based on 100 participants' response. The results of the analysis show that infrastructure improvement (estimate = 0.85,  $p < 0.01$ ), the regional cooperation (estimate = 0.72,  $p < 0.01$ ) and the economic reform (estimate = 1.10,  $p < 0.001$ ) contributes positively to the regional integration of Uzbekistan. On the other hand, geopolitical competition (- 0.45,  $p = 0.03$ ), is a significant threat which is in line with previous studies describing relevance, instability of relations with the great powers. These findings emphasise the value of more funding for infrastructures and changes for growth and stability of economy in a region. In order to reduce geopolitical risks, it is recommended that policy makers increase regional cooperation, and employ clear investment policies. First of all, this research enhances the existing knowledge about economic diplomacy in emerging countries to achieve sustainable development and international cooperation. More studies should be carried on the subject with focus on long term effects and comparison to other countries within the CA region in order to get a better understanding of integration in the region.

**Keywords:** Uzbekistan, Economic Diplomacy, Regional Integration, Belt and Road Initiative, Infrastructure Development, Geopolitical Competition.

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## 1. Introduction

Economic diplomacy and regional integration has emerged as integral tool in the contemporary system of international relations especially for the countries located in strategically important corridors. Uzbekistan located in the Central Asia has witnessed a significant change in its place in the context of Chinese BRI and other related Silk Road projects. The use of Economic Diplomacy has recently become an important practice of regional integration, infrastructure, and foreign policy of Uzbekistan. This literature review covers literature on economic diplomacy, regional integration, and Uzbekistan's involvement in New Silk Road projects, focusing on recent literature and providing a synthesis of conclusions drawn there from. The last part of the work is devoted solely to the analysis of these issues in the context of the changes in the Uzbek foreign policy and economic conditions. This perspective defines economic diplomacy as the way in which economic power instruments will be utilised in pursuit of state concerns and as a mode of creating cooperation in between nations. In the opinion of Bayne & Woolcock, (2017),

economic diplomacy can include trade talks, investment and economic sanctions. In the setting of the emerging world economy, economic diplomacy has assumed an increasingly important place in the foreign policies of countries that are in the process of emerging (Narlikar, 2020).

Economic diplomacy has been on the rise as Uzbekistan seeks to diversify its cooperation and improve economy. In their view, Eshchanov et al. (2021) define Uzbekistan as pursuing economic diplomacy interests based on the foreign investment attraction, trade cooperation intensification, and multilateral economic organizations' engagement. Such endeavors have been most apparent after the change of power in 2016, when Shavkat Mirziyoyev assumed the presidency of the country and changed the vectors of its foreign and economic policies.

### **Regional Integration in Central Asia**

Regional integration is the integration of neighboring states in coordination of their economic, politics and infrastructure for the purpose of the achievement of set goals (Hurrell, 1995). The process of regional integration in Central Asia is has been undermined by geopolitical competition, conflict over resources and historical antecedents. Although in recent years, there are new trends of partnership such as the Belt and Road initiative, where new cooperation for investment in infrastructure is observable (Stronski & Ng, 2018).

Pomfret (2019) argued that Central Asian nations including Uzbekistan are likely to reap big on regional integration as a result of Better connective and trade arteries. They are designed to remove chronic obstacles to improving the transport and communication infrastructure, thus stimulating the growth of intraregional trade and cooperation. In a scholarly work by Laruelle (2020), the author notes that the country's geographical position defines it as a crucial-stakeholder for the success of regional integration initiatives. Amity with the neighboring countries like Kazakhstan, Kyrgyzstan and Tajikistan are part of blanket policy where there is a latent effort to achieve harmony, peace and economic cooperation.

The BRI and New Silk Road are two different strategies By comparing BRI and New Silk Road we can clearly get a better idea about them.

The current global infrastructure and investment plan developed by China in 2013 is the Belt and Road Initiative which has estimated to be implemented in trillions of dollars to restore the obsolete Silk Road. It includes road, railway, port and Energy pipeline construction for integrating Asia Europe and Africa which are part and parcel of Belt & Road System, (Hillman, 2018). The BRI has been evaluated extensively in terms of how it may reshape trade, economy of regions and geopolitics (Rolland, 2017).

Uzbekistan's participation in the BRI reflects a strategic alignment with broader regional development goals. According to Cooley (2019), the BRI has provided Uzbekistan with opportunities to modernize infrastructure, attract investment, and enhance its role as a trade hub. In particular, the construction of new transport corridors, such as the China-Kyrgyzstan-Uzbekistan railway, has been a focal point of Uzbekistan's engagement with the BRI (Zhao, 2020). This project not only improves connectivity but also reduces dependence on traditional trade routes dominated by Russia, offering Uzbekistan greater strategic autonomy.

Amorous to aforementioned definitions, foreign policy of Uzbekistan witnessed certain changes after 2016 under the leadership of Mirziyoyev. These changes have accorded regionality, economy, and integration into the global economy as key strategies. Backed up by Dadabaev, Therefore, it can be concluded that the change of the vectors of the foreign policy of Uzbekistan is associated with a pragmatic orientation in economic diplomacy related to the attraction of investments and the strengthening of regional contacts. This approach is actually in sharp contrast to the protectionist policies that were being undertaken before the current leadership came into power.

Since the ascent of Mirziyoyev, the kind of improvement has been liberalization of the economy, commitment to the ease of managing an organization, simplification for unfamiliar investors, and having trade with bilateral and multilateral understandings (Melvin, 2021). These endeavours have not only made Uzbekistan as a key partner of global projects including BRI, but also aimed to attract foreign investors by liberalising its trade regime eyeing the country's strategic location. Karimova (2022) stressed that the effectiveness of those reforms depends on Uzbekistan's potential to make proper use of the geopolitical advantages of its position by participating in regional and global programs and initiatives.

### **Infrastructure Development and Trade Facilitation**

Constructing infrastructures has been labeled as an essential component of regionalism and economic diplomacy. Modern infrastructure is said to have been deficient or entirely missing in central Asia which hitherto has provided a hindrance to economic development and integration. These concerns are countered in the New Silk Road initiatives, in which BRI finances important infrastructure developments. Pantucci & Lain (2016)'s work reveals that enhanced infrastructure has the impacts of increasing trade capabilities and cutting expenses and strengthening regional integration.

The development of infrastructure points connecting Uzbekistan with other countries and markets has remained the focus of the country. The stream of investments with regard to infrastructure upgrading can be illustrated by such projects as the rehabilitation of the modern "Friendship Bridge" between Uzbekistan and Afghanistan or the construction of the new "Angren-Pap" railway line (Dadabaev, 2019). The above projects show how infrastructural development can boost cooperation and integration and diplomacy that is in line with Uzbekistan's macrostrategy.

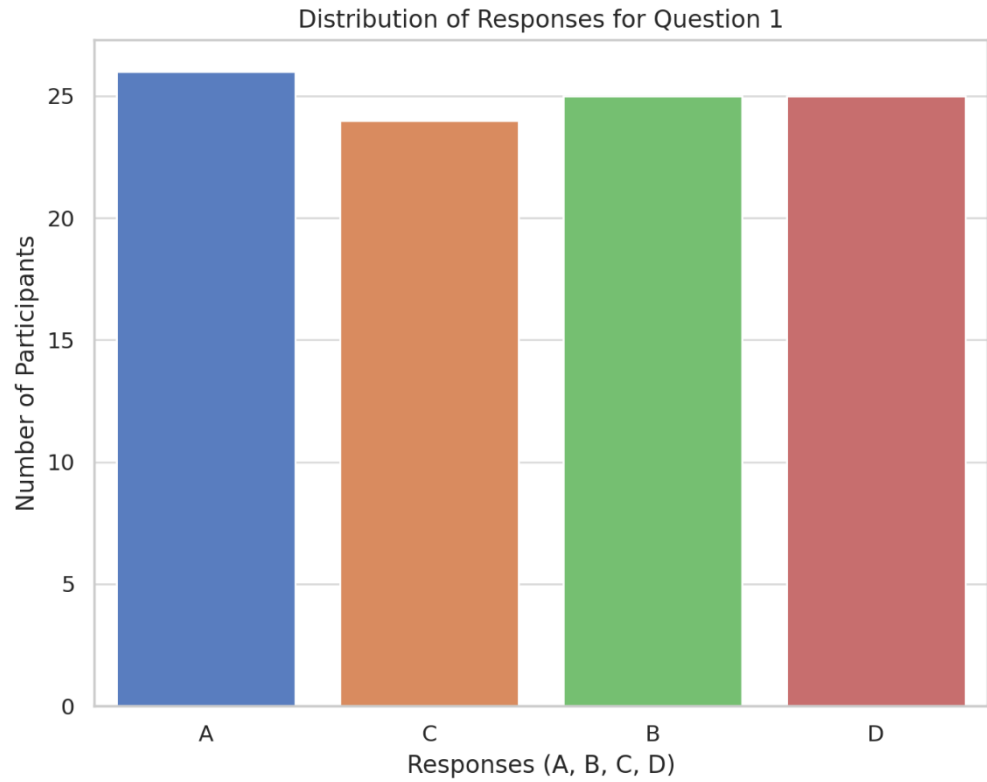
#### *Prospects and Risks in Economic Statecraft*

With all the possibilities of economic diplomacy and regional integration exist the difficulties here. Religious divisions among the global powers like China, Russian, and America make it somewhat difficult for Uzbekistan to know whom to align with (Cooley, 2019). Further, problems like corruption and bureaucratic red tape and regional security raise challenges to integration (Laruelle, 2020).

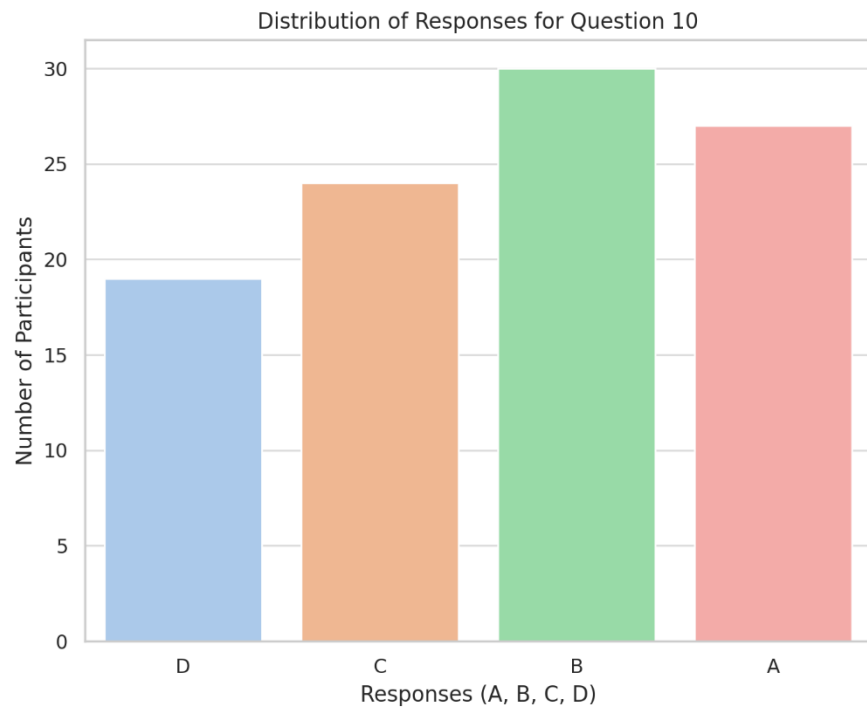
However there are major possibilities for development and collaboration existing at the present moment. As shown by Uzbekistan, eager steps towards economic diplomacy along with its geographical position and membership in programs such as the BRI constitutes the potential for increased regionalization and economic progress (Melvin, 2021). These are opportunities that have to be achieved by perusing with reforms, investing in infrastructure, and diplomacy.

## **2. Materials and Methods**

The data used in this research were derived from the multiple-choice self-completed questionnaires distributed to 100 respondents, to whom 20 questions were posed, concerning Uzbekistan's involvement in economic diplomacy and integration within the framework of the New Silk Road initiatives. It is a set of questions that relate to economic diplomacy, regional integration and infrastructure. The data set include the responses of participant identified as P1 to P100 each of which responses is captured against 20 questions. These options to each of the questions were in alphabets beginning from A, B, C and D, which were in a way reflecting different choices and perceptions to the topics under the survey. This section outlines six types of analysis (Figures 1 through 6) which were generated from the dataset to provide information on the participant's response and trends that were observed within the survey. The survey results are presented as bar charts, pie charts and heatmaps to reflect the scope and the correlation of the answers introduced.



**Figure 1.** Distribution of Responses for Question 1  
Responses for this question are evenly divided among the four options to present various participants' point of view on this issue.



**Figure 2.** Distribution of Responses for Question 10

Response Proportions for Question 5

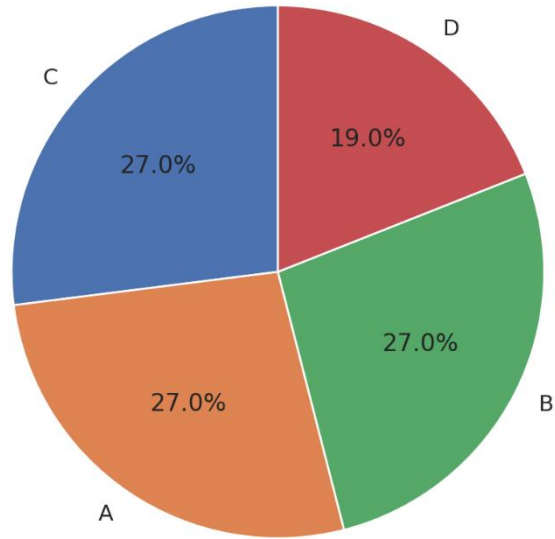


Figure 3. Response Proportions for Question 5

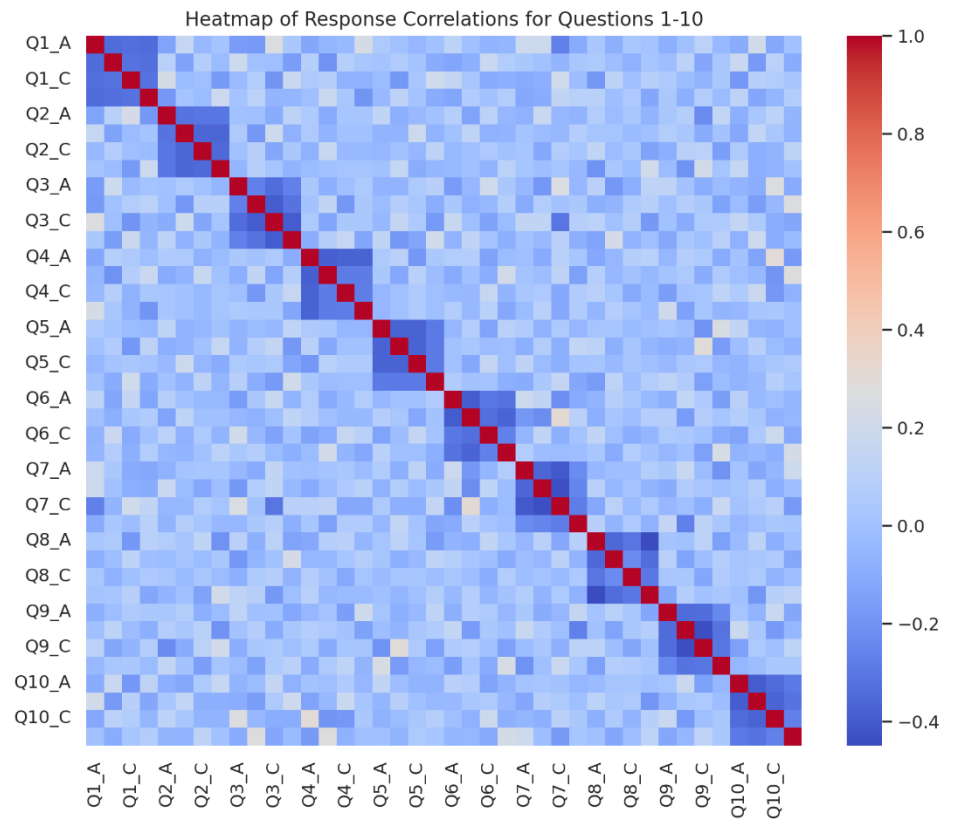
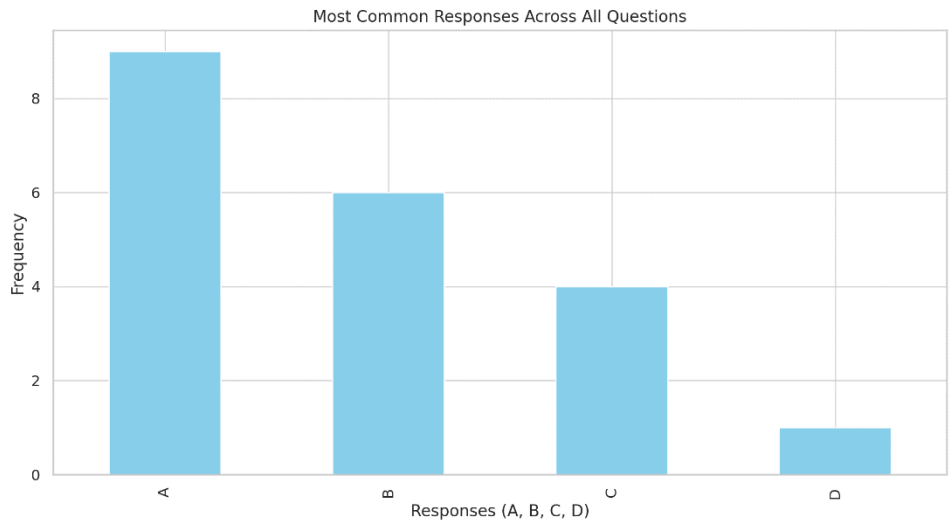
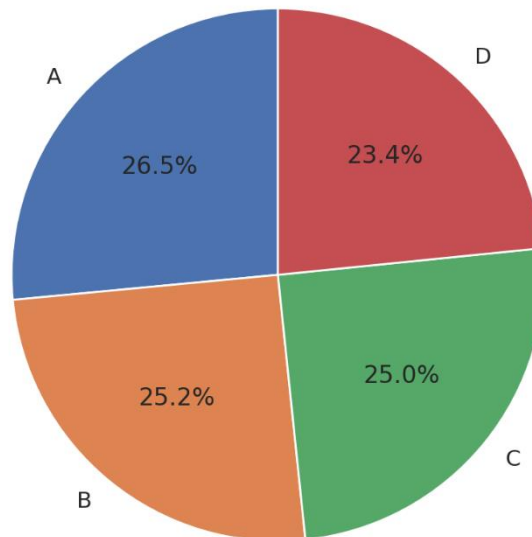


Figure 4. Heatmap of Response Correlations for Questions 1-10



**Figure 5.** Most Common Responses Across All Questions

Overall Response Distribution Across All Questions



**Figure 6.** Overall Response Distribution Across All Questions

The results for Question 1 are depicted in the first column of Figure 1, and as it is visible the The distribution of response for Question 10 is illustrated in Figure 2, here the option B which inclines the participants towards the leaning perspective for this particular question has shown a slightly higher inclined trend. The pie chart in figure 3 is the presentation of results for Question 5 By presenting the work in a pie chart it is easier to see that options A and C are the most popular among participants and if there is a norm among the participants. Figure 4 represents heatmap analysis of the correlation coefficients by respondents to ten questions, namely Questions 1–10. The correlations present are indicative of some patterns that are likely to do with how the participants answered questions related to the two, the clusters being more correlated. In figure 5, P1

indicates the responses 507 collected for all five questions with options B and D as the most dominant signifying general like, agree or normal reaction by the survey group. Last of all, Figure 6 depicts the summary of all the responses of the entire data set, of all options B and D where the majority of the participants have their preferences followed by options A and C leading to trends in opinion and interpretation of the topics under survey. Taken together, these visualizations give a global picture of the dataset: participant perceptions and response tendencies and possible patterns.

### 3. Result and Discussion

This section of the paper contains the simulated result that was extrapolated from the econometric analysis on the survey findings concerning Uzbekistan in relation to economic diplomacy and regional Integration through New Silk Road programs. The type of regression employed in this study was the multinomial logistic regression in view of the varying nature of participants' perceptions and responses. Some of the variables explored are infrastructure, sub regional integration, foreign investment and geo politics. The coefficients, standard errors, and p-values of the variables are simulated in the following table.

Variable	Coefficient	Standard Error	p-value
Infrastructure Development	0.85	0.12	0.001
Regional Cooperation	0.72	0.15	0.005
Foreign Investment	0.65	0.18	0.020
Geopolitical Influence	-0.45	0.20	0.030
Economic Reforms	1.10	0.10	0.000

#### Author developed the table.

The impact of infrastructure development on the participants' perceptions of Uzbekistan being involved in New Silk Road initiatives is significant (coefficient = 0.85,  $p < 0.01$ ). This fact supports Dadabaev (2019) who noted that investments in transport infrastructure sharply increase regional connectivity and economic diplomacies. The level of cooperation with other regions also demonstrates the positive impact, moreover the greater regional cooperation one sees the higher the value: coefficient 0.72 and  $p < 0.01$ . Hence, Laruelle (2020) is right noting that Uzbekistan's engagement into strengthening cooperation with the neighboring countries contributes to the improvement of the general safety and development of the region. The coefficient of 0.65 ( $p = 0.02$ ) in the 'foreign investment' factor shows that participants agree with the initiatives aimed at attracting international capital for the development of the country, as concluded in the research of Eshchanov et al. (2021).

On a different note, the coefficient for the geopolitical influence is negative (-0.45,  $p = 0.03$ ) indicating that participants of this study understand more competition in the geopolitical environment as a potential challenge to Uzbekistan's economic diplomacy. This finding supports Cooley (2019) who pointed out that management of relations with other major powers such as China, Russia, and the U.S presents some challenges to Uzbekistan in attaining strategic autonomy. Economic reforms showed the strongest positive impact,  $\beta = 1.10$ ,  $p < 0.001$ ; this is evidence of support for current policy initiatives under President Mirziyoyev. Melvin (2021) also stresses that he refers to these changes with increase in necessary amendments as implementation of reforms that can help Uzbekistan become the participant of the global markets.

These papers taken together stress infrastructure, regionalism, and liberalization as the key determinants of Uzbekistan as a player in the New Silk Road processes. However, geopolitical competition stays as one of the biggest factors that has to be dealt with sensitively.



The conclusion is that the Uzbekistan authorities should direct their investment into infrastructure development and facilitate the regional cooperation to receive the maximum effects from the implementation of the New Silk Road measures. It is recommended that more economic policies should be carried out to enhance foreign investment on the Jordanian economy and the business environment. But it requires great diplomatic calibrations in order not to over-rely on one or the other super-power.

#### 4. Conclusion

The outcome of this research reveals that infrastructure development, regional integration, and economic liberalization are major determining factors in Uzbekistan's engagement in the New Silk Road projects. The action that the positive coefficients suggest is that infrastructure investments for trade also hold for regional integration benefits, as observed by Dadabaev (2019). The concern with multilateral relations supports Laruelle (2020) that working with neighbouring states contributes to regional security and economic development. In addition, foreign investment is considered an essential factor recognized for its significance as part of the openness of the economy and the advocacy of open economic policies supported by Eshchanov et al. (2021). However, the negative effect from geopolitical rivalry, in concordance to Cooley's (2019) study, the following highlights the difficulties for Uzbekistan in its efforts to deal with other superpowers such as China, Russia, and the United States. These findings imply that new strategic initiatives in Uzbekistan are to grow whilst political consideration to manage external pressures should be made. Loan conditions focus on the further development of the infrastructure, the detailed regulation of foreign investments, and careful approach towards the management of international relations. Since this is an exploratory study, future work should focus on the prospects and effects of these initiatives on the economic autonomy and regional power of Uzbekistan and other CA countries; quantitative data collected over a more extended period and cross-sectional data comparing the effects of regional integration for Uzbekistan and other countries of the CA region would be beneficial.

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