

## UZBEKISTAN AS A POLITICAL AND DIPLOMATIC NEXUS OF CENTRAL ASIA: THE EVOLUTION OF FOREIGN POLICY AND THE PROSPECTS FOR ATTRACTING INTERNATIONAL INVESTMENT

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### Abstract

This article explores Uzbekistan's emergence as the foremost political and diplomatic hub of Central Asia, tracing the country's foreign policy trajectory from the isolationism of the post-independence era under Islam Karimov to the assertive, multi-vector diplomacy that has defined the Mirziyoyev era since 2016. Drawing on scholarly literature and recent statistical data, the study analyses the structural drivers and institutional mechanisms underpinning Uzbekistan's growing regional centrality: the initiation of Consultative Meetings of Central Asian Heads of State, record-breaking foreign direct investment reaching \$43.1 billion in 2025, active stewardship of international organisations, and an ambitious infrastructure and digitalisation agenda. The article also maps the persistent structural risks — asymmetric dependence on Chinese capital, institutional gaps, geopolitical balancing pressures and transboundary water tensions — that condition the country's long-term trajectory. The analysis confirms the analytical utility of the concept of the 'economisation of foreign policy' as applied to contemporary Uzbekistan and argues that the country possesses the structural foundations necessary to consolidate its position as the leading political, diplomatic and investment centre of Central Asia.

**Keywords:** Uzbekistan, international relations, diplomacy, foreign direct investment, Central Asia, foreign policy, neutrality, regional and global cooperation.

### Introduction

In an era of accelerating geopolitical realignment, Central Asia has shed its historical status as a passive periphery to emerge as a strategic arena where the interests of major powers converge and compete (Laruelle, 2021). At the geographic and demographic heart of this region stands Uzbekistan — a state that, despite being doubly landlocked, has leveraged its pivotal location to assume an increasingly assertive role in regional and global affairs.

Uzbekistan's geostrategic significance is amplified by its position as the only Central Asian country sharing borders with all four of its regional neighbours. This configuration endows the country with exceptional transit potential and situates it at the crossroads of competing connectivity initiatives, energy pipelines and trade corridors linking East and West (Cooley, 2012).

The relevance of the present inquiry is threefold. First, the region has become an arena of intensifying great-power competition — a reality that compels Uzbekistan to navigate complex diplomatic trade-offs with skill and consistency. Second, the post-2016 reform programme has fundamentally reoriented the country's external posture from cautious self-enclosure to proactive multilateral engagement (Dadabaev, 2020). Third, the progressive liberalisation of the domestic economy has generated historically unprecedented foreign investment inflows, transforming Uzbekistan into the most dynamic emerging market of the former Soviet space. Together, these developments position the country not merely as a beneficiary of external attention but as an active shaper of regional order.

Dadabaev, T. (2020). *Identity and Memory in Post-Soviet Central Asia*. Routledge.

Cooley, A. (2012). *Great Games, Local Rules: The New Great Power Contest in Central Asia*. Oxford University Press.

Laruelle, M. (2021). *Central Asia's Second Heartland*. The Jamestown Foundation.

## Main Body

### 1. The Evolution of Uzbekistan's Foreign Policy Doctrine

Since attaining sovereignty in 1991, the Republic of Uzbekistan has traversed two qualitatively distinct phases in the construction of its international identity. Under the presidency of Islam Karimov (1991–2016), the country adhered to a doctrine of restrained isolationism — what scholars have variously labelled 'buffer neutrality' or 'protective closure'. The ascent of Shavkat Mirziyoyev in December 2016 inaugurated a systemic recalibration of this posture, one that has come to be encapsulated by the term 'economisation of foreign policy'.<sup>1</sup>

Academic interpretations of this transition differ in their emphasis. Alexander Cooley (2012) analysed Central Asian states as participants in a great-power 'ally auction', their diplomatic orientations largely determined by competing bids from external patrons.<sup>2</sup> Timur Dadabaev (2020) has proposed a more nuanced framework, distinguishing between the 'passive multi-vectorism' of the Karimov era — a reactive posture of equidistance — and the 'proactive multi-dimensionality' of the present period, whereby Uzbekistan itself sets the terms of engagement rather than merely responding to external stimuli.<sup>3</sup>

The conceptual watershed between these two eras lies in the fundamental shift in the country's logic of self-positioning within the international system. Under Karimov, Uzbekistan functioned predominantly as an object of great-power regional policy — a space to be courted by Moscow, Beijing and Washington — rather than as a sovereign agent shaping the regional agenda. Closed borders, unresolved disputes with neighbours over water and transit rights, and selective withdrawal from multilateral structures all testified to a condition of constrained international subjectivity. James Sherr (2013) characterised this model as 'protective isolationism', driven by elite calculations about the preservation of domestic political monopoly.<sup>4</sup>

The post-2016 trajectory has been marked by a qualitative rupture. Uzbekistan pivoted to an 'open door' posture and active regional leadership. Under President Mirziyoyev's initiative, a fundamentally new architecture of neighbourly relations was constructed: border disputes with Kyrgyzstan and Tajikistan were resolved, relations with Turkmenistan normalised, and the strategic partnership with Kazakhstan reinvigorated.<sup>5</sup> The commercial dividend was substantial: intra-regional trade nearly tripled, rising from approximately \$2.3 billion in 2016 to \$7 billion in 2024.<sup>6</sup>

The official concept of 'New Uzbekistan', enshrined in the Uzbekistan 2030 Development Strategy, provides the normative scaffold for these changes.<sup>7</sup> Its foreign policy correlate is the principle of 'multi-vectorism' — a deliberate balancing act among the principal centres of global power (China, Russia, the United States, the European Union, the Turkic world and the Islamic world) while preserving strategic autonomy. Crucially, this multi-vectorism is not passive or neutralist in character; it is actively instrumental. Uzbekistan systematically exploits competition among external actors to extract maximal investment, infrastructure and technology benefits.<sup>8</sup>

Yet it would be analytically incomplete to overlook the structural tensions accompanying this transformation. The country's persistent dependence on raw material exports circumscribes its negotiating leverage vis-à-vis major investors. Its doubly landlocked geography generates transit dependence on neighbouring states, creating recurring geopolitical vulnerabilities.<sup>9</sup> And

the delicate balancing act between Russia and the West — particularly following the imposition of broad sanctions regimes after 2022 — exposes Uzbek businesses and foreign investors alike to the legal hazards of secondary sanctions.<sup>10</sup>

**Table 1. Comparative Analysis of Uzbekistan's Foreign Policy: Karimov vs. Mirziyoyev**

Criterion	I.A. Karimov (1991–2016)	Sh.M. Mirziyoyev (2016–present)
<b>Conceptual foundation</b>	Closure, neutrality, buffer subjectivity	Openness, economisation, multi-vector engagement
<b>Regional policy</b>	Isolationism, closed borders with neighbours	Active CA integration, consultative summits of heads of state
<b>FDI orientation</b>	Limited; state sector prioritised	Liberalisation; record inflows (\$43.1 bn, 2025)
<b>Participation in organisations</b>	Selective; withdrawal from several CSTO structures	Active: SCO, ECO, OTS, CIS, UNESCO; 91 initiatives in SCO
<b>Diplomatic instruments</b>	Classical state diplomacy	Soft power, public diplomacy, cultural branding
<b>Relations with USA / EU</b>	Limited cooperation; security-oriented	Diversified partnership, investment dialogue
<b>Intra-CA trade (2016→2024)</b>	~\$2.3 bn (2016)	\$7 bn (2024), ~3× growth

Source: Compiled by the author on the basis of Dadabaev (2020); Mahkamov (2021); MFA Uzbekistan (2025); strategy.uz

## 2. Uzbekistan's Role in Regional and International Organisations

The scope of Uzbekistan's international institutional engagement has expanded to an unprecedented degree over the period 2017–2026. The country holds membership in more than twenty intergovernmental organisations, including the United Nations, the Shanghai Cooperation Organisation (SCO), the Commonwealth of Independent States (CIS), the Organisation of Turkic States (OTS), the Organisation of Islamic Cooperation (OIC) and the Economic Cooperation Organisation (ECO) — a configuration that reflects a deliberate strategy of 'multi-channel integration'.<sup>11</sup> The remarkable feat of simultaneously presiding over three major international organisations in 2022 — the SCO, the OTS and the ECO — offers perhaps the most vivid illustration of the country's elevated diplomatic standing.<sup>12</sup>

The SCO occupies a privileged position within Uzbekistan's hierarchy of institutional priorities. Since 2017, President Mirziyoyev has advanced 91 initiatives across the SCO's political, economic, transport and innovation agendas — a figure that speaks to an exceptionally active chairmanship philosophy.<sup>13</sup> The Samarkand SCO Summit of 2022, hosted under

Uzbekistan's presidency, proved a landmark event: it formalised Iran's accession to the organisation and consolidated Uzbekistan's role as a mediator in the Afghan settlement process. In economic terms, Uzbekistan's trade with SCO member states reached \$31.36 billion in 2023, a year-on-year increase of 18.5%.<sup>14</sup>

In parallel with its elevated profile within the SCO, Uzbekistan has been the principal architect of a novel Central Asian multilateral format: the Consultative Meetings of Heads of State of Central Asia. The inaugural meeting, held in 2018, was convened at Mirziyoyev's behest following his address to the 72nd United Nations General Assembly in 2017. This deliberately informal mechanism — devoid of supranational authority — nevertheless succeeded in creating a space for coordinated regional policymaking on water, transport and security for the first time in many years.<sup>15</sup>

The cultural and humanitarian dimensions of Uzbekistan's diplomatic ascent deserve particular recognition. The hosting of UNESCO's 43rd General Conference in Samarkand in late 2025 — the first time this gathering had been held outside Paris since 1985 — was a watershed moment of international recognition. In the same year, Samarkand hosted the United Nations Public Service Forum, Tashkent was designated Youth Capital and Samarkand Cultural Capital of the CIS in 2024.<sup>16</sup> This remarkable density of high-profile international events on Uzbek soil underscores the country's consolidation as a recognised diplomatic hub of the region.

Uzbekistan's transport diplomacy warrants separate analytical attention. President Mirziyoyev has been an energetic champion of the Uzbekistan–Kyrgyzstan–China railway corridor, promoting it as the most direct route from Central Asia to world markets, while simultaneously advancing the Trans-Caspian International Transport Route (TITR) as an alternative to Russia-routed transit.<sup>17</sup> Nurimbetov (2024) notes that Uzbekistan's transport policy has acquired the character of an autonomous instrument of geopolitical agency, reframing the perceived liability of landlockedness as a latent transit advantage.<sup>18</sup>

### 3. Structural Reforms and the Investment Climate

The reformation of Uzbekistan's investment environment between 2017 and 2026 constitutes arguably the most consequential economic experiment in the post-Soviet space, both in terms of the breadth of structural changes undertaken and the velocity of foreign capital attracted. The decisive opening move was the liberalisation of the currency regime in 2017, which established convertibility for the Uzbek soum and removed a longstanding structural impediment to inward investment. This was followed by a systematic programme of deregulation: the simplification of licensing procedures, the introduction of a 'single window' mechanism for investors, and the establishment of a network of free and special economic zones.<sup>19</sup>

The quantitative indicators of this transformation are arresting. Foreign direct investment, which stood at approximately \$3.1 billion in 2016, reached a cumulative total of \$43.1 billion by 2025 — a 24% increase on the preceding year. Of this total, \$38.2 billion comprised conventional FDI, while the remaining \$4.9 billion was channelled through multilateral financial institutions including the World Bank, the Asian Development Bank and the Islamic Development Bank.<sup>20</sup> The share of FDI in total fixed capital investment reached 40.5% — a ratio comparable to benchmark figures for the world's leading emerging markets.<sup>21</sup>

**Table 2. Dynamics of Foreign Investment in Uzbekistan, 2016–2026 (USD billion)**

Year	FDI (\$ bn)	Key Drivers
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Year	FDI (\$ bn)	Key Drivers
2016	~3.1	Launch of Mirziyoyev reforms; exchange rate liberalisation
2017	~4.2	Economic opening; first investment forums
2018	~6.5	Sum convertibility; streamlined visa regime
2019	~9.0	SEZs; Uzbekistan 2030 Strategy
2020	~7.8	COVID-19 pandemic; reduced capital flows
2021	~10.3	Recovery; SCO chairmanship
2022	~14.5	Geopolitical reorientation; capital inflow from Russia
2023	~15.9	SCO trade growth +18.5%
2024	~26.4	Record: +65.5% vs 2023; FDI \$12 bn
2025	~43.1	All-time record: GDP \$147 bn; FDI growth +46.9%
2026*	~50.0 (target)	Presidential target; \$180 bn over 5-year plan

Sources: Ministry of Investment, Industry and Trade of the Republic of Uzbekistan (2026); invest.gov.uz; gazeta.uz; \* — planned target per Presidential Address, December 2025.

The geographic profile of investment flows reflects the diversified logic of Uzbekistan's new external economic policy. China, which directed approximately \$15.5 billion into the country in 2025, predominantly through infrastructure, energy and digitalisation projects, remains the dominant investor. Russia, Turkey, Saudi Arabia and the United Arab Emirates constitute the second tier of key partners.<sup>22</sup> However, the mounting concentration of Chinese capital raises legitimate analytical questions about the long-term risks of asymmetric dependence — a concern that Reger (2022) addressed in his analysis of 'debt diplomacy' as a structural feature of Belt and Road Initiative investments.<sup>23</sup>

The sectoral composition of FDI reveals a gradual shift from extractive industries towards manufacturing and the services economy. According to the Ministry of Investment's 2025 data, the largest investment increments were recorded in manufacturing (+60.6% year-on-year), energy (+62.5%) and the mining sector (+100%).<sup>24</sup> The information technology and telecommunications sector is home to over 1,100 foreign companies, and the fintech industry was valued at \$2.3 billion in 2026. The government has set ambitious targets of \$50 billion in foreign investment for 2026 alone and \$180 billion over the forthcoming five-year plan, with a projected creation of one million high-quality jobs.<sup>25</sup>

President Mirziyoyev's address to the nation on 26 December 2025 signalled a programmatic shift in investment philosophy: from a focus on the volume of capital attracted to an emphasis on quality — specifically, projects with high added value and substantive

technology transfer. The address announced the creation of 'technology zones' governed by a special legal regime, international technical standards and arbitration under international law.<sup>26</sup> Complementing this conceptual shift is an institutional restructuring of the ministries responsible for economic policy and investment promotion, creating a specialised system for the attraction and monitoring of foreign capital.

#### 4. Strategic Prospects and Structural Risks

The long-term prospects of Uzbekistan as a regional magnet for international capital rest on a compound of structural competitive advantages. The country's demographic profile is particularly compelling: with a population exceeding 37 million and a median age of approximately 28 years, Uzbekistan possesses a substantial reservoir of economically active labour — a 'demographic dividend' that, if appropriately harnessed through education and skills policy, could sustain productivity growth for decades.<sup>27</sup> This advantage is reinforced by the country's geostrategic transit position: it is the region's only state bordering all four of its Central Asian neighbours, and its connectivity corridors offer access to the Iranian and Afghan markets while positioning Uzbekistan as a natural hub on the China-to-Europe land bridge.

Accession to the World Trade Organisation, negotiations for which have been actively promoted by President Mirziyoyev, holds the potential to materially reduce transaction costs for foreign investors and regularise the country's trade regime. In December 2025, Mirziyoyev publicly acknowledged the support of partner governments for Uzbekistan's WTO membership bid.<sup>28</sup> Full accession would expand market access for Uzbek exports and provide regulatory certainty for Western investors concerned about the predictability of the domestic legal environment.

Several structural risks, however, continue to cast a shadow over this otherwise promising trajectory. The first pertains to the quality of state institutions. Despite measurable improvements in Doing Business and Global Competitiveness rankings, systemic corruption and administrative barriers remain persistent structural constraints. Northrop (2004) observed that in Central Asia's post-Soviet societies, institutional reforms frequently outpace accompanying cultural change, generating a persistent gap between codified norms and their practical application.<sup>29</sup>

A second risk concerns the uneven regional distribution of investment within Uzbekistan. Research conducted by Uzbek economists in 2025–2026 consistently identifies a concentration of FDI in the Tashkent agglomeration and Samarkand region, with markedly lower penetration in Surkhandarya, Kashkadarya and Khorezm.<sup>30</sup> Left unaddressed, this spatial asymmetry carries the potential to deepen inter-regional inequality and become a source of social tension.

A third and arguably the most diplomatically delicate risk is the imperative of geopolitical balancing amidst the intensifying US-China systemic rivalry. The concentration of Chinese capital — \$15.5 billion out of a total \$43.1 billion in 2025 — combined with concurrent declarations of strategic partnership with Russia, places Uzbekistan in a structurally precarious position should great-power contradictions sharpen. Mikaelian (2023) has characterised this as a 'neutrality dilemma' confronting smaller Central Asian states in an era of systemic competition between major powers.<sup>31</sup>

A fourth risk dimension encompasses ecological and water resource management. The tragedy of the Aral Sea, accelerating climate change and chronic regional water scarcity directly affect Uzbekistan's agricultural and energy sectors, while also generating latent conflict potential with Tajikistan and Kyrgyzstan over hydropower development. In the absence of a robust regional water governance mechanism, the scaling of investment in agriculture and energy carries non-trivial long-term risks.

Despite these constraints, the prevailing scholarly assessment of Uzbekistan's trajectory remains cautiously optimistic. GDP growth of 7.7% in 2025, with the total economy reaching \$147 billion, ranks Uzbekistan among the most dynamic economies in the Eurasian space.<sup>32</sup> The country's growth potential is further amplified by the prospective synergies between its demographic dividend, its transit geography, ongoing technological transformation and institutional modernisation. Whether this potential is fully realised will depend critically on the political leadership's capacity to sustain the momentum of reform in the face of entrenched bureaucratic and oligarchic interests with a stake in the preservation of rent-extracting arrangements.

### Conclusion

The foregoing analysis yields several overarching conclusions regarding the position and role of the Republic of Uzbekistan in the political and diplomatic architecture of Central Asia, and the prospects for its consolidation as the region's premier centre of international capital attraction.

First, the post-2016 transformation of Uzbekistan's foreign policy is systemic in character. The transition from 'protective isolationism' to 'proactive multi-dimensionality' has been propelled by the objective imperatives of securing investment, technology and market access, and is institutionally anchored in the Uzbekistan 2030 Strategy.

Second, Uzbekistan is systematically constructing the attributes of a diplomatic hub for Central Asia. The evidence is unambiguous: the initiation of the regional Consultative Meetings of Heads of State, concurrent chairmanship of three international organisations in 2022, the hosting of the UNESCO General Conference in Samarkand in 2025, and the advancement of 91 initiatives within the SCO. Intra-regional trade grew nearly threefold over eight years, from \$2.3 billion in 2016 to \$7 billion in 2024.

Third, foreign direct investment has registered an unprecedented increase — from \$3.1 billion in 2016 to \$43.1 billion in 2025, a more than thirteenfold expansion — as a direct consequence of comprehensive structural reforms and an active investment diplomacy.

Fourth, significant structural risks persist: asymmetric dependence on Chinese capital, institutional implementation gaps, the challenge of geopolitical balancing between great powers, inter-regional distributional disparities and transboundary water management challenges.

Fifth, the study affirms the analytical productivity of the concept of 'economisation of foreign policy' in the Uzbek context, where it functions not merely as a descriptive label but as an operative instrument for the enhancement of state sovereignty and strategic autonomy.

In sum, as of early 2026, Uzbekistan possesses the structural foundations to lay a credible claim to the role of leading political, diplomatic and investment centre of Central Asia. The realisation of that potential will ultimately hinge on the consistency of the reform trajectory, the durability of regional leadership, and the capacity to preserve strategic autonomy in the face of mounting geopolitical pressures.

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