

Uzbekistan: A Vital Partner in Central Asia Calling for America's Renewed Attention

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KEY TAKEAWAYS

The United States was among the first countries to recognize Uzbekistan's independence in 1992 and has maintained growing bilateral relations in the 30 years since.

Recent developments in the region, particularly America's botched withdrawal from Afghanistan, have highlighted the importance of the U.S.-Uzbek relationship.

The U.S. should seek out more opportunities for practical trade and investment engagement with Uzbekistan and incentivize targeted institutional and economic reforms.

This year marks the 30th anniversary of the establishment of diplomatic relations between the United States and Uzbekistan. The United States was among the first countries that recognized Uzbekistan's independence in 1992 and has maintained growing bilateral relations over the three decades since then. Indeed, Tashkent has become a notable partner of Washington on a wide range of foreign policy issues. Unambiguously, Uzbekistan has been a supporter of United States actions in Afghanistan and, more broadly, of the global war on terror. The United States has increasingly valued Uzbekistan as a stable force in Central Asia.

The recent security and political developments in the region, particularly America's botched withdrawal from Afghanistan and its aftermath, as well as Kazakhstan's political crisis that has invited Russia's

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greater influence in the region, have highlighted the elevated importance of America's strategic relationship with Uzbekistan. More than ever, the country's ongoing path toward greater openness and prosperity may well define the future of the entire region. To that end, it is in America's foreign policy interest to become a more engaged partner with Uzbekistan while encouraging the country to institute deeper political and economic reforms.

Uzbekistan Matters

Many of the challenges that the U.S. faces around the world, such as a resurgent Russia, an emboldened Iran, trade-relationship negotiations with China, and the rise of Islamist extremism, have converged in Central Asia, whose natural resources make the region even more strategically important for the United States. Not surprisingly, a resurgent China has attempted to make greater inroads to the region as part of its Belt and Road Initiative, investing more than \$750 billion in the region over the past seven years.¹

Not surprisingly, U.S. policy has shifted to a comprehensive approach to Central Asia, encompassing assistance and projects addressing security concerns, while highlighting the integral part that political and economic reforms, respect for human rights, and the promotion of democracy play as bulwarks against regional instability.

In this evolving geopolitical context, it is notable that Tashkent's relationship with Washington has entered "a new era of strategic partnership," as the White House put it.²

During Uzbek President Shavkat Mirziyoyev's historic first visit to the White House in 2018, President Donald Trump and President Mirziyoyev pledged to enhance the bilateral relationship between the two countries with a new dialogue to bolster the 2002 Declaration of Strategic Partnership, building on a broad range of mutual priorities.³ Underscoring his "Five Year Strategy of Action" that aims to promote good governance, judicial reform, rule of law, economic liberalization, social development, and an open and constructive foreign policy, President Mirziyoyev—who was elected to a second term in October 2021—declared during the White House meeting that progress in Uzbekistan would be "irreversible."⁴

Also noteworthy is that in 2021, Uzbekistan's foreign minister, Abdulaziz Kamilov, made an eight-day trip to the United States, which included meetings with Secretary of State Antony Blinken and Secretary of Defense Lloyd Austin. In his meeting with Kamilov, Blinken emphasized America's bipartisan stance to deepen its strategic partnership with Uzbekistan.

Reform-Minded Uzbekistan Becoming America's Critical Partner in Central Asia

Uzbekistan has been making notable strides toward good governance, quietly transitioning from repression to greater openness.

The U.S. State Department has upgraded Uzbekistan's tier status in the annual Trafficking in Persons Report in recognition of the country's ongoing efforts toward preventing forced labor in the cotton harvest, identifying violations of laws against forced labor, and holding violators accountable.⁵

To be clear: Uzbekistan still suffers from poverty, corruption, and other lingering institutional shortcomings that limit political, economic, and other fundamental freedoms. However, positive changes have been taking root. After years of economic stagnation and isolation, Uzbekistan launched a critical reform process in 2017 to build a competitive and inclusive market economy. Ongoing key reforms include exchange rate liberalization, reduction of import tariffs, and price liberalization of selected goods and services.

A well-functioning private sector in Uzbekistan could help to generate dynamic economic expansion and prosperity, yet only if private enterprises and civil society were allowed to grow and flourish.

To that end, the U.S. cannot give Uzbekistan the political will that the country needs to transform its economy to a more market-based system, but it can encourage necessary reform, offer assistance, and support U.S. investment in Uzbekistan. Through involvement at critical policy dialogue and implementation levels, the U.S. can ensure that its guidance and concerns are taken into account. The U.S. can also engage at the technical level in a way that enables Uzbekistan to advance its economic development strategy.

Fundamentally, America's economic engagement with Uzbekistan will be best exercised through constructive private-sector engagement that is the catalyst for a sustainable and comprehensive economic transformation.

As noted by The Heritage Foundation's latest *Index of Economic Freedom*, which tracks economic policy developments around the globe, Uzbekistan's economy has grown strongly over the past five years.⁶ Economic freedom has advanced, with large increases in scores for investment freedom and financial freedom outpacing declines in scores for rule of law. Uzbekistan has recorded a notable overall improvement in economic freedom since 2017.

Should Uzbekistan continue to proactively implement policies that enhance economic freedom, it will facilitate constructive ripple effects on both the economic and political fronts, delivering opportunity, prosperity, and stability for the nation. Greater growth and broader-based

development contribute both to political stability and, by empowering more people to participate actively in the life of their communities, to pluralism and democracy.

The Way Forward

Welcoming Uzbekistan's ongoing program of reforms aimed at liberalizing the economy, promoting respect for human rights, and developing democratic institutions and civil society, the United States reaffirmed its "unwavering support for Uzbekistan's independence, sovereignty, and territorial integrity" at the inaugural meeting of the strategic partnership dialogue in December 2021.⁷ In crafting a coherent and comprehensive road map that will widen and deepen America's strategic long-term partnership with Uzbekistan, Congress and the Administration should:

- **Expand the bilateral relationship with Uzbekistan beyond security interests.** Although it is expanding to other key areas of practical and strategic engagement, much of the current U.S.–Uzbekistan relationship is primarily within the context of security issues. Building on the regional Trade and Investment Framework Agreement that Uzbekistan signed with the United States, Washington and Tashkent should prioritize and develop strategic business forums through which investors and willing partners from countries like Israel, Poland, South Korea, the United Arab Emirates, and the United Kingdom engage in high-level practical dialogues centered on broader, targeted economic connectivity and interaction.
- **Focus on Uzbekistan's ongoing progress in advancing the rule of law and fighting corruption, not on unrealistic expectations.** The influence of vested interests can derail the country's efforts and achievements thus far to upgrade its economic system toward greater transparency. Social, economic, and political reforms in Uzbekistan will take time. Institutional and economic reform is a process that requires ongoing commitment, not a single event. Washington policymakers need to support Uzbekistan on a long-term, yet pragmatic, path to reform.
- **Make a steady push for greater civil society and economic freedom.** This push must focus on the development of independent private-sector associations to ensure constructive feedback and robust, candid dialogues about reform progress. These independent

organizations will ensure the sustainability and effectiveness of reforms in various parts of the economy. Washington should highlight the attractiveness of good economic governance based on the rule of law, regulatory efficiency, and market openness.

- **Incentivize targeted institutional and economic reforms to enhance good governance in Uzbekistan, as well as the country's institutional competitiveness.** As the *Index of Economic Freedom* has pointed out, further enhancing regulatory efficiency and market openness to generate greater economic dynamism will go a long way toward securing Uzbekistan's future. Greater economic freedom means freeing untapped entrepreneurs and unleashing Uzbekistan's economic potential through greater trade and investment interaction with the global markets, which is necessary for sustained growth and development. To that end, Washington should continue its support for Uzbekistan's accession to the World Trade Organization while incentivizing reforms relevant to the process.
- **Work closely with the multilateral financial institutions as well as the U.S. International Development Finance Corporation to enhance competitiveness and governance of Uzbekistan's private sector.** These development institutions can and should exercise a more practical influence on improving the entrepreneurial framework in Uzbekistan. Effective development assistance should focus on advancing the capacity of the private sector to grow and add value, as well as on facilitating transparent and effective privatization of state-owned enterprises.

Conclusion

America's strategic partnership with Uzbekistan is more relevant than ever. As Uzbekistan continues to improve its record on economic reform, Washington should seek out more and greater opportunities for practical bilateral trade and investment engagement. By pursuing more decisive structural and institutional reforms that can boost economic freedom and long-term competitiveness, Uzbekistan can continue to build a brighter economic future and go beyond what the country has achieved so far. While the future success of Uzbekistan will rest in large part on the shoulders of Uzbeks themselves, America's continuing strategic support remains essential for supporting reforms.

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Endnotes

1. According to the China Global Investment Tracker the total volume of Chinese investments and contracts within the BRI from 2013 to 2020 was \$755.17 billion (as of November 20, 2020), of which \$297 billion was in the energy sector, \$185.34 billion in transport, \$73.22 billion in real estate, \$57.4 billion in metals, \$22.58 billion in utilities, and \$15.5 billion in chemicals. See Harri Taliga, "Belt and Road Initiative in Central Asia: Desk Study," ITUC and Friedrich Ebert Foundation, 2021, https://www.ituc-csi.org/IMG/pdf/belt_and_road_initiative_in_central_asia.pdf (accessed February 8, 2022).
2. News release, "The United States and Uzbekistan: Launching a New Era of Strategic Partnership," The White House, May 16, 2018, <https://trumpwhitehouse.archives.gov/briefings-statements/united-states-uzbekistan-launching-new-era-strategic-partnership/> (accessed February 5, 2022).
3. Ibid.
4. Ibid.
5. U.S. Department of State, "2021 Trafficking in Persons Report: Uzbekistan," 2021, <https://www.state.gov/reports/2021-trafficking-in-persons-report/uzbekistan/> (accessed February 5, 2022).
6. Terry Miller, Anthony B. Kim, and James M. Roberts, *2022 Index of Economic Freedom* (Washington, DC: The Heritage Foundation, 2022), <http://www.heritage.org/index>.
7. U.S. Department of State, Office of the Spokesperson, "Joint Statement between the United States and Uzbekistan Following the Inaugural Meeting of the Strategic Partnership Dialogue," December 13, 2021, <https://www.state.gov/joint-statement-between-the-united-states-and-uzbekistan-following-the-inaugural-meeting-of-the-strategic-partnership-dialogue/> (accessed February 5, 2022).