GEOECONOMIC COMPETITION AND STRATEGIC APPROACHES OF CHINA AND RUSSIA IN THE UZBEKISTAN MARKET

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Abstract

This study analyzes the geoeconomic competition between China and Russia in the Uzbekistan market, focusing on their strategic approaches, sectoral engagement, and long-term economic objectives. The research emphasizes differences in investment models, trade patterns, and institutional frameworks. It also evaluates the implications of this competition for Uzbekistan's economic transformation and policy choices.

Key words:

Geoeconomics, Uzbekistan, China, Russia, foreign economic strategy, investment, trade, regional development.

Introduction

In the context of intensifying global economic interdependence, geoeconomic competition has become one of the defining features of international relations. Countries increasingly use economic tools—such as trade, investment, and infrastructure development—to strengthen their geopolitical positions. In this regard, Uzbekistan occupies a strategically important position in Central Asia due to its geographic location, demographic potential, and resource base.

Among external actors, China and Russia stand out as the most influential partners shaping Uzbekistan's external economic environment. However, their strategies differ significantly in terms of objectives, instruments, and expected outcomes. Understanding these differences is essential for assessing both opportunities and risks for Uzbekistan's long-term development.

The economic presence of China in Uzbekistan has expanded rapidly over the past decade. This expansion is closely linked to the Belt and Road Initiative, which aims to enhance connectivity and economic integration across Eurasia. Within this framework, Uzbekistan plays a key role as a transit and production hub.

China's strategy is characterized by large-scale investments in infrastructure, energy, and industrial sectors. Projects related to railways, logistics centers, and energy facilities demonstrate China's long-term commitment to the region. In addition, Chinese companies actively participate in joint ventures, contributing to technology transfer and industrial modernization.

Another important feature of China's approach is its financial model. Investments are often supported by state-backed financial institutions, allowing for large volumes of capital to be mobilized quickly. This creates opportunities for rapid economic development but also raises concerns about financial dependence and debt sustainability.

Furthermore, China's trade policy emphasizes export expansion and market access. As a result, Uzbekistan's domestic market experiences increased competition, particularly in manufacturing and consumer goods sectors. While this can stimulate efficiency, it may also challenge local producers.

Unlike China, Russia relies on historically established economic ties and institutional mechanisms. Its engagement with Uzbekistan is rooted in shared economic space, cultural proximity, and long-standing cooperation in key sectors.

Energy remains a central pillar of Russia's strategy. Russian companies are actively involved in oil, gas, and energy infrastructure projects. In addition, trade relations continue to play an important role, with Russia being one of Uzbekistan's largest trading partners.

Labor migration is another critical component of this relationship. A significant number of Uzbek citizens work in Russia, and remittances contribute substantially to household incomes in Uzbekistan. This creates a unique form of economic interdependence that distinguishes Russia's role from that of other partners.

Institutionally, cooperation is often linked to regional integration initiatives such as the Eurasian Economic Union. Although Uzbekistan is not a full member, its interaction with the EAEU influences trade policies and economic coordination in the region.

Russia's strategy can therefore be described as stability-oriented, focusing on maintaining its influence through existing networks rather than expanding through large-scale new investments.

A comparative perspective reveals fundamental differences between the approaches of China and Russia. China's model is investment-driven, futureoriented, and focused on infrastructure and industrial growth. In contrast, Russia's model is based on continuity, institutional ties, and resource-based cooperation.

Sectorally, China is more active in construction, manufacturing, and logistics, while Russia maintains strong positions in energy, trade, and labor markets. Financially, China offers large-scale funding, whereas Russia's influence is often exercised through market access and migration channels.

These differences mean that the two countries are not only competitors but also complementary partners in certain areas. For example, infrastructure projects financed by China may support trade flows that involve Russian markets.

For Uzbekistan, the presence of multiple powerful economic partners creates both opportunities and challenges. On the positive side, it enables diversification of economic relations, access to investment, and integration into global value chains.

However, it also requires careful management of external dependencies. Excessive reliance on any single partner could limit policy flexibility and economic sovereignty. Therefore, Uzbekistan must pursue a balanced and pragmatic foreign economic policy.

Key priorities should include strengthening domestic industries, improving institutional capacity, and ensuring transparency in investment agreements. By doing so, Uzbekistan can maximize the benefits of geoeconomic competition while minimizing potential risks.

Conclusion

The geoeconomic competition between China and Russia in Uzbekistan reflects broader global trends in economic diplomacy and strategic rivalry. While China focuses on expansion through investment and infrastructure, Russia relies on established ties and institutional influence.

For Uzbekistan, the challenge is not to choose between these partners but to effectively manage relationships with both. A well-balanced strategy can transform external competition into a source of sustainable economic growth and national development.

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