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**FEATURES AND PROSPECTIVE DEVELOPMENT OF LOGISTICS IN UZBEKISTAN
IN THE CONDITIONS OF INACCESSIBILITY OF SEA LOGISTIC ROUTES**

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Abstract: The article provides an overview of the features of logistics in Uzbekistan and the Central Asian region. The methodology is based on the analysis of the main infrastructure projects implemented by the interested states of the region. It is proposed to turn efforts in the logistics area to organizational and legal issues accompanying the use of ongoing projects.

Keywords: Logistics, transport, Uzbekistan, Central Asia

Introduction.

With the beginning of broad economic reforms, the Government of Uzbekistan has announced a special focus on the development of export-oriented industries and the inclusion of the Uzbek economy in the global production chains. In particular, according to the Presidential Decree No. PP-4707 07.05.2020 "ON MEASURES FOR FURTHER SUPPORT OF EXPORT ACTIVITIES", significant compensation of transport costs for exported products is provided, not only by rail, but also by road and air transport.[1]

However, such subsidies do not solve one of the main problems that stand in the way of the growth of the economy of Uzbekistan, namely: the high cost and time of transportation (both exported and imported) products. Despite significant competitive advantages [5] in the form of labor potential, a low level of public debt and a strategic location, the distance from sea trade routes negates all these factors. And in the end, in promising sales markets, due to the high cost of production, the products of the Uzbek industry are uncompetitive. For example, according to UNCTAD data, for Central Asian countries, transport costs reach 60% of the cost of imported goods [2].

Literature review.

The study of the current state of logistics in Uzbekistan and its perspectives of development is reflected in researches, scientific works, brochures and articles of

foreign and republican economists. Among foreign scientists, E. Kulipanova [3], K. Dairabaeva [10] researched this topic in their works. Among scientists in our country, F. Zhuraev [2] carried out scientific researches.

Research Methodology.

In this article scientific abstracting, comparative analysis, grouping, systematic approach, economic-statistical analysis was used by the author.

Analysis and results.

As noted in a study by E. Kulipanova from the Institute of Public Policy and Management [3], Central Asia inherited a well-developed regional infrastructure network from the Soviet Union and, for example, does not face the problems of establishing a single railway gauge, as in the case of connecting with the Chinese transport system. During the three decades of independence, Uzbekistan was able to restore the integrity of its transport system and eliminate the need for transit for transport links with some regions. This significantly reduced both the costs and the time of cargo movement within the republic.

However, now the same needs to be done at the regional level, especially if we take into account the fact that Uzbekistan is a "double land-locked country". That is, a landlocked country, and whose neighbors are also landlocked, which creates a double negative effect on the national economy in the form of larger transport, administrative, and insurance costs.

The efforts of Uzbekistan's foreign diplomatic and trade departments in recent years have been aimed at reducing these costs. Unfortunately, the objective conditions and the foreign policy environment impose certain restrictions. In particular, at the moment, the busiest logistics direction in the region remains "North-South": Kazakhstan (where there is an established connection with both Russia and China) accounts for 66% of the total length of the region's railways and performs 84% of all freight traffic. The more detailed data is presented in Table1:

Table №1.

The Comparison of the Railroads in Central Asia by country

| Country | Length of Railroads, km | Share from Total Length in the Region |
|--------------|-------------------------|---------------------------------------|
| Kazakhstan | 15372 | 58,1% |
| Uzbekistan | 6500 | 24,6% |
| Turkmenistan | 3550 | 13,4% |
| Tajikistan | 616 | 2,3% |
| Kyrgyzstan | 417 | 1,6% |

Source: The data was extracted from Economic Review Magazine # 12 (228) 2018 [6].

This direction is actively used by Uzbekistan both for trade with Russia and China, and for entering the European market through Riga.

The most promising project for a radical change in this situation is the project of the Mazar-I – Sharif – Kabul-Peshawar railway with access to the Indian Ocean through Pakistan. The advantages include the following factors: transportation of goods from Pakistan to Uzbekistan will take 3-5 days, not 35, and the cost of transportation of one 20-pound container will be reduced by almost 3 times. From the point of view of workload, more than 20% of the current cargo traffic (10 million tons out of 47 for 2020) will go to this new direction [2]. But due to the internal situation in Afghanistan and Pakistan, the project is unlikely to be implemented in the near future.

The second main project for Uzbekistan may be a logistics route from China through Kyrgyzstan. Compared to the current route through Kazakhstan, the new one will be shorter by more than 900 km. It will be an addition to the already launched Tashkent – Andijan – Osh – Irkeshtam – Kashgar road corridor and the Angren-Pap railway [4]. An additional advantage is its connectivity with other logistics projects within the framework of the global Chinese initiative "One Belt – One Road". After all, with the commissioning of the Baku-Tbilisi-Kars railway and new bridges across the Amu Darya in 2017, [7] Uzbekistan received not only a new shorter route to Europe, but also the opportunity to benefit from the transit of Chinese goods.

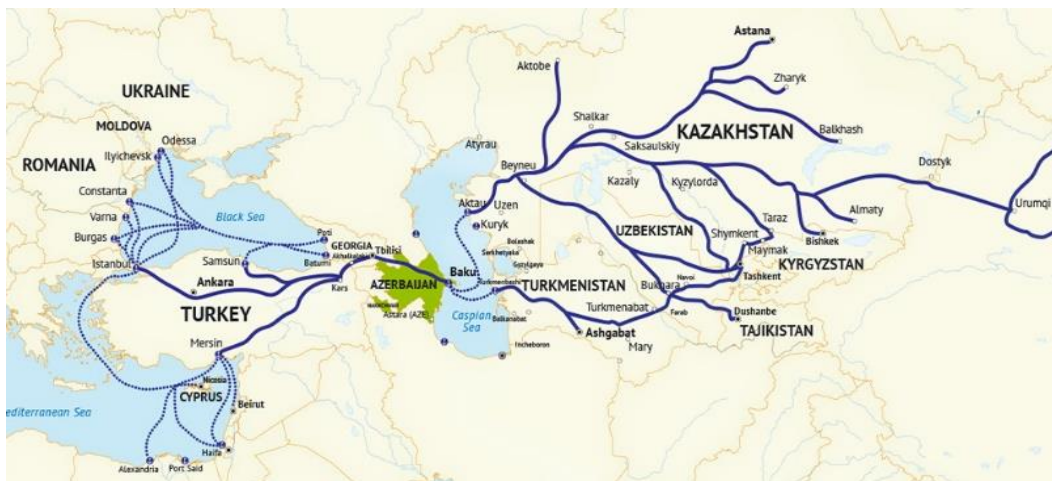


Figure №1. Logistics routes from China to Turkey via Central Asian countries

Source: The map was taken from <https://btkepress.com/routes>

This multi-modal corridor, that is, using 2 or more modes of transport, was launched as a result of a meeting of the heads of railways of five countries – Azerbaijan, Georgia, Kyrgyzstan, Turkmenistan and Uzbekistan, in Tashkent on

December 19-20, 2019 [8]. The project is implemented not only in terms of infrastructure, but also in terms of organizational and legal aspects:

- unified approaches are being developed for the accelerated passage of container trains and the application of unified tariffs;
- competitive special transit tariff rates have been adopted (including for sea feeder, i.e., small transportation) on the route of the territories of the participating parties on container trains.

The coordination of the route is entrusted to the Ministry of Transport of Uzbekistan [8].

Other priorities for the development of the logistics sector of Uzbekistan include the development of a systematic approach to the unification of customs procedures, transit tariffs, cargo inspection, technical support of trains at the interstate level, following the example of the multimodal project mentioned in the article and in relation to other logistics areas.

According to the experts of the international company Boston Consulting Group, despite the fact that Central Asia is a region with a high transit potential in the global logistics system, the existing problems in communication between the countries do not allow us to use these opportunities [2].

The main problem is the lack of a unified strategy between the countries of the region. To these are added the transport isolation of the region, the small number of available transport routes, as well as the instability in Afghanistan.

The World Bank experts expressed the opinion that the Central Asian countries have not yet mastered the significant potential of domestic and foreign trade. A comprehensive approach to improving transport connectivity within and between the countries of the region will contribute to an increase in the GDP of the countries of the region by 15% [2]. To this, you can add new jobs and additional budget revenues.

The Government's efforts in this area generally coincide with the recommendations of the Vienna Programme of Action for Landlocked Developing Countries for 2014-2024, developed under the auspices of the United Nations [10]. However, it is worth noting other practical developments that have proven themselves in improving transit traffic.

A good example is the unified customs complexes, where employees of two customs departments of different countries will be able to simultaneously examine the cargo and thus reduce the time for re-checking when crossing the border. This method has reduced the downtime of trucks on the Kenyan-Ugandan border from two days to 8-10 hours.

The main obstacle to the simplification of verification procedures and the introduction of favorable transit regimes is the lack of trust. In an effort to protect

their market, the governments of transit states seek to strictly control the presence of transit goods on their territory. The solution to this problem can be insurance instruments and mortgages that would be attached to the transit declaration or the TIR Carnet (international road transport). In case of suspicions about the location of the cargo, the supervisory authority will be able to use them to combat unscrupulous carriers [10].

These methods will significantly simplify all customs procedures and reduce them only to checking documents and seals on the cargo without the need for physical inspection of the cargo.

However, the main priority should be the development of railway communication in all directions, as it is not only faster and more environmentally friendly compared to the sea, but also creates many more jobs in related industries. And it encourages the implementation of other infrastructure projects, such as parallel laying of pipelines or high-speed fiber-optic cables to access the Internet. And in the future, rail transport is the most likely type of transportation with zero emissions due to electric trains and the use of hydrogen engines.

So, it can be concluded that the Government of Uzbekistan has a clear vision of the current state of logistics in the region. Moreover, it has a rational strategy of strengthening and developing new transport routes that will boost the economic growth of Central Asia. However, different political and technical issues still need to be handled on the way of connecting Uzbekistan with the world.

Thus, the Government of Uzbekistan has a clear vision of the current state of logistics in the region. For the republic, which is remote from international sea routes by the territories of two or more states, the cost of transporting export and import cargo is becoming a critically important factor of competitiveness. On the other hand, the country has a rational strategy for strengthening and developing new transport routes that will stimulate economic growth in Central Asia.

However, on the way of connecting Uzbekistan with the world, various political and technical issues still have to be resolved. The stable and effective functioning of transport throughout the country and in international transport should become a guarantee of the unity of the economic space, the free movement of people, goods and services, development of competition and entrepreneurship, the improvement of the living standards of the population, ensuring the integrity and national security, integration into the world economic space.

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