

Eureka Journal of Business, Economics & Innovation Studies (EJBEIS)

ISSN 2760-4950 (Online) Volume 2, Issue 1, January 2026



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REGIONAL EXPORT POTENTIAL IN AN EMERGING ECONOMY: EVIDENCE FROM UZBEKISTAN

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Abstract

While existing studies predominantly focus on national-level export performance, the regional dimension of export potential remains insufficiently explored, particularly in transition and emerging economies. In the context of increasing global trade fragmentation and heightened competition in international markets, enhancing regional export potential has become a critical priority for emerging economies.

This paper aims to conceptually analyze the determinants and mechanisms of regional export potential using Uzbekistan as a representative emerging economy. Drawing on a systematic review of international literature and policy documents,

The analysis reveals that disparities in export performance across regions are largely driven by uneven infrastructure development, differences in institutional support, and variations in access to international markets. Furthermore, the findings suggest that generic, nationwide export promotion policies are often ineffective in addressing region-specific constraints.

The results provide practical insights for policymakers seeking to design more effective regional export promotion policies in emerging and transition economies.

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Keywords: Regional export potential; emerging economy; regional development; export policy; Uzbekistan.

Introduction

Under these conditions, the ability of countries to sustain and expand their export capacity has become a key determinant of long-term economic growth and resilience. Importantly, export competitiveness is no longer shaped solely at the national level; regions have emerged as critical actors in shaping export performance and integration into global markets.

The growing relevance of regions in international trade reflects significant spatial heterogeneity in economic structures, resource endowments, infrastructure, and institutional capacity within countries.

Regions differ markedly in their access to transport and logistics networks, human capital, industrial specialization, and proximity to foreign markets. (**Law of the Republic of Uzbekistan “On Foreign Economic Activity”, May 26, 2000**).[1] As a result, national export outcomes often conceal substantial interregional disparities in export capacity and performance. Recognizing these differences is particularly important for emerging economies, where uneven regional development remains a persistent challenge. In emerging and transition economies, export potential is often concentrated in a limited number of regions, while other territories remain weakly integrated into international trade. This imbalance constrains overall export growth, reduces diversification, and exacerbates regional socio-economic inequalities. Traditional, uniform export promotion policies implemented at the national level frequently fail to address region-specific constraints and opportunities. Consequently, there is a growing need to shift the analytical focus from aggregate national export indicators toward a regional perspective that captures the structural and institutional determinants of export potential.

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While these approaches have generated valuable insights, they provide only a partial understanding of how export capacity is formed and utilized across regions within a country. Studies explicitly addressing regional export potential remain relatively limited, particularly in the context of emerging economies. Moreover, much of the existing research emphasizes quantitative measurement and econometric estimation, often overlooking the conceptual foundations and policy mechanisms that shape regional export capacity.

The concept of regional export potential extends beyond current export volumes and reflects the capacity of a region to generate, sustain, and expand exports under existing and prospective economic conditions. This capacity is shaped by a complex interaction of economic factors (such as production structure and resource availability), infrastructural conditions (including transport and logistics), institutional frameworks (export support institutions, regulatory quality), and access to international markets. However, there is no universally accepted conceptual framework that systematically integrates these dimensions, especially for emerging economies characterized by institutional transformation and evolving trade policies. Importantly, the purpose of this study is not to provide a narrowly country-specific analysis, but rather to use Uzbekistan as an analytical lens through which broader patterns relevant to emerging economies can be explored. The challenges faced by Uzbek regions—such as uneven infrastructure development, institutional constraints, and limited access to foreign markets—are shared by many emerging and transition economies. Therefore, insights derived from this analysis may offer transferable lessons for other countries seeking to strengthen regional export capacity.[2]

Building on a critical review of international literature and policy-oriented sources, the study develops an analytical framework that highlights the multidimensional nature of regional export potential. Rather than focusing on econometric estimation, the paper adopts a conceptual and analytical approach

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aimed at clarifying the mechanisms through which regional export capacity can be strengthened.

Second, it addresses a gap in the literature by focusing on the regional level in an emerging economy context, where such analyses remain limited. Third, the paper derives practical policy implications that emphasize the importance of differentiated, region-specific export strategies as opposed to uniform national approaches.

Section 3 provides an analytical discussion of the key determinants and mechanisms shaping regional export capacity in emerging economies, with reference to the case of Uzbekistan. Section 4 discusses policy implications for regional export promotion. The final section concludes by summarizing the main findings and suggesting directions for future research.

Literature Review and Conceptual Framework

Conceptual Approaches to Export Potential. The concept of export potential has been widely discussed in the literature on international trade and economic development. Traditionally, export potential has been associated with a country's ability to produce and supply goods and services that are competitive in international markets. Early studies primarily focused on comparative advantage, factor endowments, and productivity as key determinants of export capacity. Within this framework, export performance was largely interpreted through national-level indicators such as export volumes, market shares, and trade balances.[3]

Regional Dimension of Export Potential. The growing interest in regional economics has prompted researchers to reconsider the spatial foundations of export competitiveness. Regions differ significantly in terms of industrial structure, access to infrastructure, human capital endowments, and institutional quality. These differences shape not only current export performance but also the long-term capacity of regions to integrate into international markets.

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The literature on export development in emerging economies underscores the role of structural reforms, institutional quality, and targeted policy interventions. Yet, these studies frequently adopt a national perspective, treating regions as passive recipients of centralized policies. This approach underestimates the role of regional-specific factors and limits the effectiveness of export promotion strategies.

Conceptualizing export potential at the regional level in emerging economies requires an integrated approach that accounts for economic, infrastructural, and institutional dimensions simultaneously. Without such an approach, policy recommendations risk remaining overly general and insufficiently responsive to regional needs.

By systematizing the determinants of regional export potential, the framework provides a foundation for policy-oriented analysis and comparative studies across emerging economies. It also offers a basis for future empirical research aimed at measuring regional export potential and evaluating the effectiveness of targeted export promotion instruments.

Analysis and Results

Regional export potential in Uzbekistan is shaped by a combination of structural, economic, and institutional factors that vary significantly across regions. The country exhibits pronounced territorial heterogeneity in terms of production capacity, industrial specialization, and access to infrastructure. While certain regions demonstrate relatively diversified production structures and stronger integration into international markets, others remain largely oriented toward domestic demand and primary sectors.

This uneven distribution of export capacity reflects historical patterns of regional development, resource endowments, and the spatial concentration of industrial activity. Regions with developed manufacturing bases and better transport connectivity tend to display higher export readiness, whereas peripheral regions

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face constraints related to limited industrial diversification and weaker logistical integration.[4] As a result, regional export performance in Uzbekistan cannot be adequately understood through aggregate national indicators alone.

From an analytical perspective, these structural disparities suggest that export potential is not uniformly distributed across territories but is instead embedded in region-specific economic configurations. Consequently, the effectiveness of export-oriented policies depends on their ability to account for regional structural differences.

Infrastructure and Logistics as Constraints on Regional Export Capacity. Infrastructure and logistics constitute one of the most critical determinants of regional export potential in Uzbekistan. Despite ongoing investments in transport networks and trade-related infrastructure, significant gaps persist between regions in terms of connectivity, logistics efficiency, and access to international transport corridors.

The comparative analysis of Uzbekistan's export indicators for the period 2020–2024 reveals a clear and sustained upward trend in total exports. Despite the global economic disruptions caused by the COVID-19 pandemic in 2020, Uzbekistan managed to maintain export growth in subsequent years. The most significant increase was observed between 2022 and 2023, indicating improved external demand, trade liberalization measures, and enhanced production capacity. This trend reflects the growing integration of Uzbekistan into regional and global trade networks. (Table 1)

One of the most notable findings is the rapid growth of services exports during the analyzed period. Between 2020 and 2024, services exports expanded at a faster pace than goods exports, highlighting a gradual structural transformation of the economy. This development suggests rising competitiveness in sectors such as transport, tourism, ICT, and financial services. The expansion of services exports contributes to export diversification and reduces reliance on traditional commodity-based exports.[5]

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Despite the positive export dynamics, Uzbekistan continues to experience a negative trade balance throughout the period under review. The widening trade deficit reflects high import demand for capital goods, energy resources, and intermediate inputs necessary for industrial modernization. While this situation may signal short-term macroeconomic pressure, it also indicates ongoing structural transformation and investment-driven growth, which could support higher export capacity in the long run.

Dynamics of Uzbekistan's Exports and Regional Market Orientation, 2020–2024 Table 1.

Indicators	2020	2021	2022	2023	2024
Exports of Goods (mln \$)	13 097	14 081	15 276	19 229	19 744
Exports of Services (mln \$)	1 697	2 289	4 307	5 417	6 524
Total Exports (Goods + Services, mln \$)	14 794	16 370	19 583	24 646	26 268
Exports (% of GDP)	21.92%	21.31%	23.27%	24.42%	22.77%
Trade Balance (mln \$)	−6 216	−8 767	−11 660	−14 859	−13 534
Main Export Destinations	—	—	—	Russia, China, Kazakhstan, Turkey, Afghanistan	Russia, China, Kazakhstan, Turkey, France
Regional Export Distribution	—	—	—	Europe & Central Asia ~39.8%, East Asia & Pacific ~9.2%	

The table was compiled by the author using independently sourced internet data. The share of exports in GDP increased steadily from 2020 to 2023, indicating a strengthening export-oriented growth model. However, a slight decline in 2024 suggests potential challenges related to global market volatility, domestic

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demand expansion, or changes in price competitiveness. (Table 1) Nevertheless, the overall level of export intensity remains moderate, implying that there is significant untapped export potential, particularly at the regional level.

The analysis demonstrates a gradual diversification of Uzbekistan's export destinations. While traditional partners such as Russia, China, Kazakhstan, and Turkey remain dominant, exports to European and other non-traditional markets have increased. This diversification reduces dependency on a limited number of trading partners and enhances resilience to regional economic shocks. From a regional export potential perspective, this trend highlights the importance of infrastructure development, trade facilitation, and regional cooperation.[6]

Overall, the findings suggest that Uzbekistan possesses substantial regional export potential that has not yet been fully realized. Regional disparities in production capacity, logistics accessibility, and industrial specialization imply that targeted regional export policies could significantly enhance national export performance. Strengthening regional value chains, supporting export-oriented SMEs, and improving connectivity between regions and international markets are critical for sustaining long-term export growth.

Regions with better-developed road and rail networks, proximity to border crossings, and access to logistics hubs are better positioned to engage in export activities. In contrast, regions characterized by higher transport costs and longer delivery times face reduced competitiveness in international markets. These infrastructural constraints disproportionately affect small and medium-sized exporters, for whom logistics costs represent a substantial share of total export expenses.[7]

Analytically, this highlights the importance of considering market access as a multidimensional concept encompassing physical connectivity, institutional facilitation, and informational support. Enhancing regional export potential therefore requires coordinated efforts to reduce both tangible and intangible barriers to international market entry.

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From a conceptual perspective, regions may be broadly differentiated according to their dominant constraints—structural, infrastructural, institutional, or market-related. Identifying these constraint profiles allows for the design of targeted interventions that align with regional characteristics. For example, regions with adequate production capacity but weak logistics may benefit most from infrastructure-focused policies, whereas regions with emerging industrial bases may require institutional support and capacity building.

This analytical perspective reinforces the argument that regional export potential in emerging economies should be addressed through tailored, region-specific strategies rather than generalized national programs.

Infrastructure and Logistics as Strategic Export Instruments. Infrastructure development should be treated as a strategic component of export policy rather than as a general economic objective. Transport connectivity, logistics efficiency, and access to trade corridors directly affect the competitiveness of regional exports by influencing costs, delivery times, and reliability. For emerging economies, prioritizing export-oriented infrastructure investments can significantly enhance regional export potential.

Policy efforts should focus on reducing logistical bottlenecks that disproportionately constrain peripheral regions. This includes improving road and rail connectivity to border points, developing regional logistics hubs, and enhancing coordination between transport and trade-related institutions. Importantly, infrastructure policies should be aligned with regional export profiles to ensure that investments support sectors with export potential rather than remain disconnected from regional economic structures.[8]

Strengthening Regional Export Institutions. The institutional environment plays a decisive role in shaping regional export potential. Even where economic and infrastructural conditions are favorable, weak institutional support can limit firms' ability to enter and sustain participation in international markets. Strengthening regional export institutions is therefore a critical policy priority.

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A coordinated framework enables policymakers to align regional development strategies with export objectives and to monitor progress more effectively. It also facilitates the adaptation of policy measures in response to changing economic conditions and regional needs. For emerging economies, such coordination enhances policy coherence and strengthens the link between regional development and export-led growth.

Conclusion

This paper has examined the concept of regional export potential in the context of an emerging economy, using Uzbekistan as an illustrative case. Against the backdrop of increasing global competition and trade uncertainty, the study emphasized the growing importance of regions as key actors in export development. Rather than viewing export performance solely through national aggregates, the analysis highlighted the need to account for regional heterogeneity in economic structure, infrastructure, institutional capacity, and access to international markets.

Building on a critical review of the literature, the paper advanced a conceptual understanding of regional export potential as a multidimensional construct shaped by the interaction of economic, infrastructural, institutional, and market-related factors. The analysis demonstrated that disparities in export capacity across regions cannot be adequately addressed through uniform national policies. Instead, regional export potential is embedded in localized conditions that require differentiated and context-specific policy responses.

While some regions are relatively well positioned to participate in international trade, others face persistent barriers that limit their ability to realize latent export opportunities. These findings reinforce the argument that export potential should be understood not only as current export performance but as a dynamic capacity that can be strengthened through targeted interventions.

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The main contribution of this paper lies in its conceptual and analytical focus on the regional dimension of export potential in an emerging economy context. By systematizing key determinants and outlining policy-relevant mechanisms, the study addresses a gap in the literature that has largely overlooked regional perspectives outside developed economies. The proposed analytical framework provides a foundation for both policy analysis and future empirical research on regional export development.

In conclusion, strengthening regional export potential represents a critical challenge and opportunity for emerging economies seeking sustainable and inclusive export-led growth. By shifting the analytical focus to the regional level and emphasizing differentiated policy approaches, this paper contributes to ongoing debates on export development and regional competitiveness. The insights offered may be relevant not only for Uzbekistan but also for other emerging and transition economies facing similar structural and regional disparities.

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