ISSN 3007-3170(O)
ISSN :3007-3162(P)

January-March 2025

Social Sciences & Humanity Research Review

Economic Cooperation and Trade Relations Between Uzbekistan and Pakistan: Opportunities and Challenges

Merab Sheikh

University of Management and technology, Lahore

ARTICLE INFO

Keywords:
Connectivity, Preferential Trade Agreement (PTA), (UAP) Railway, Geopolitical Challenges, Sectoral Growth

Corresponding Author:
Merab Sheikh,
University of Management and technology, Lahore

ABSTRACT

The paper examines the possibilities and prospects of the economic collaboration and trade relations between Uzbekistan and Pakistan, paying attention to the exploration of historical relations, strategic connectivity and reforms processes in order to increase trade between the countries. The cultural relations and constitutional connections between the countries though has meant that the internal stability in Afghanistan, the costs of moving goods, as well as the lack of infrastructural development inhibit the trade potential between the two to hit its potential of $20 billion. The major initiatives on increasing the volume of trade and the growth of a particular industry are the preferential trade agreement that was signed in 2022 and the Uzbekistan-Afghanistan-Pakistan (UAP) Railway project, due to implementation challenges, such as complications of bureaucracy and the lack of engagement of stakeholders. This study uses a qualitative study design as a secondary source of data involving peer-reviewed materials to answer two research questions: the effects of the 2022 agreement on trade and the sectoral growth, and the issue of implementation of the UAP Railway, especially relating to local stakeholder involvement. The research findings point at the symbiosis of trade agreement and infrastructure matters, whereby the policies should be simplified, inclusive in funding, and integration is required to regional structures such as the Economic Cooperation Organization. The research bridges research gaps on empirical effects and stakeholder interactions by providing recommendations to enable the institution director to coordinate the actions of banks and other organizations, provide support to small and medium-sized enterprises, and manage geopolitical issues to exploit economic opportunities leading to information on the Uzbekistan-Pakistan economic integration and result in a more prosperous region.

Introduction:

Regional partnerships serve as strands of common prosperity in a broader fabric of global economic integration, helping countries to jump over the geographical and political boundaries. With their long histories and geographically strategic locations, Central and South Asia are at the brink of opportunity, which once, through trade routes such as the Silk Road, ushered lively trade in goods, ideas and cultures. Economic growth today lies squarely on such connectivity where countries are after exploiting their complementary strengths in a world of rapid globalization and incipient geopolitical movements. The prospect of economic integration between the landlocked countries of Central Asia and maritime countries of South Asia is huge, full of potential of increased trade and energy cooperation and stability in the region. This changing environment poses the scene to examine the possibilities of partnerships which can transform the economic paths in the region (Ahmed & Khan, 2023).

Uzbekistan, the keystone of Central Asia, represents a cultural and intellectual heritage, and such cities as Samarkand and Bukhara were long instrumental in establishing a cultural and intellectual beacon. Its economic reforms in the post-independence era since 2016 provided fresh openings in foreign direct investments and diversifying trade and thus it is a vigorous actor in regional markets. Those ports of Gwadar and Karachi which are strategically located in Pakistan on the other hand provide access to world maritime commerce giving linkage to South Asia to the Middle East and other parts of the globe. The similarity of resources of Uzbekistan and logistical opportunities in Pakistan creates a strong argument in favor of strengthening economic connections, but this opportunity is underexploited on a regular basis (Hussain & Rao, 2022).

Pakistan and Uzbekistan share a common Islamic heritage which is attracted by old roots and great historical figures like Imam Bukhari and their kinship relations and associated cultural base which lead to greater trust and cooperation. Development of diplomatic ties occurred in 1992 which is in form of bilateral agreements such as preferential trade agreement in 2022; besides a trade deal of 1 billion dollar in 2023 to increase textiles, agriculture and pharmaceuticals sectors. But volumes of trade trail their potential of about $20 billion, though limited by the instability in Afghanistan and high transportation fees and poor trade infrastructure. Such initiatives as the Uzbekistan-Afghanistan-Pakistan (UAP) Railway project are expected to overcome these obstacles, but their realization is accompanied by logistical and geopolitical challenges (Khan & Ali, 2024).

Even with such developments, the literature on scholarship shows that there is still confusion regarding the ramifications of most of the recent agreements and the contribution of small and medium size enterprises in propelling trade. This situation of the absence of empirical works on the topic of digital trade platforms and the involvement of local stakeholders in such projects as the UAP Railway demonstrates the necessity of further research on the topic. Furthermore, the interaction of the rival regional projects, including the Belt and Road Initiative and Eurasian Economic Union designed by China and Russia respectively, complicates the strategical situation, and more attentive approaches to the policy are required (Siddiqui & Malik, 2023). It is these gaps that bring urgency of analyzing the way forward by Uzbekistan and Pakistan on how to go around these challenges to exploit their potentiality in terms of economy.

The present study explores the prospects and potential challenges regarding economic cooperation and trade relations between Uzbekistan and Pakistan, wherein the emphasis will be made on how to make use of the cultural relationships, strategic interconnectivity, and economic reforms. This research endeavors to formulate the supporting (and restraining) forces of projects such as the UAP Railway and CPEC, and proposed solutions to be taken by examining how to improve bilateral trade. By looking into such dynamics in detail, the study aims at providing input into a better comprehension of the ways in which the two countries can achieve a strong economic nexus. cooperation, and help each other to prosper in a multifaceted regional environment (Raza & Shah, 2024).

Literature Review:

Historical Context of Bilateral Relations

Existing economic ties between Uzbekistan and Pakistan can be explained to have a strong cultural and religious background in history since cities such as Samarkand and Bukhara have been used as centers of Islamic learning that shaped the Indian subcontinent. Uzbekistan being in a position of independence in the year 1991, Pakistan moved quickly and established a diplomatic relationship in 1992 thereby leading to early agreement in trade as well as defense (Modern Diplomacy, 2025). Leaders such as Imam Bukhari can be relied upon to reinforce mutual trust thus providing a basis of economic cooperation. Nevertheless, the historic isolation, as well as instability of Afghanistan during Soviet age has reduced the direct interactions especially when it comes to trade routes silica the Trans-Afghan Railway. According to scholars, several bilateral agreements have been made with the intention of improving trade but the volumes have been very low due to logistical and geo-political constraints. High-level visits in the recent past are an indication of a new beginning in the economic integration with Uzbekistan-Afghanistan-Pakistan railway being one of the programs to boost connectivity. This piece of history provides a key to the realization of strong untapped potential in deeper economic relationships (Bhatia, 2021).

Current Trade Dynamics

There has been an increase in bilateral trade between Pakistan and Uzbekistan with a 1-billion-dollar trade agreement in the year 2023 which will diversify trade. The traded goods concern textiles, agriculture, and pharmaceuticals, with Pakistan being exporting citruses and textile goods, and importing Uzbek cotton. The preferential trade agreement 2022 lowered the taxes on major products, which increases the potential of the trade. Nevertheless, transportation has become expensive and there are no direct routes. Cotton industry enhances the energy demands in Pakistan but inefficiencies are observed in the bureaucratic process in Uzbekistan. Challenges include the unification of logistic through the Transit Trade Agreement or irregular application of the policy. Researchers indicate that there is a potential of 20 billion dollars in trade when structural hindrances are overcome, hence underlining the importance of enhanced maritime and railway links towards attainment of that end result (Studocu, n.d.).

Regional Connectivity Initiatives

The Uzbekistan-Afghanistan-Pakistan (UAP) Railway is a 4.8-billion-dollar project that is ultimately critical towards the efficiency of the trading process in the Central Asia and South Asia linkage through the port of Gwadar and Karachi in Pakistan. The strategic location of Pakistan with regard to providing access to global markets is essential since Uzbekistan is a landlocked country. There are more connectivity solutions available in the China-Pakistan Economic Corridor (CPEC). Nevertheless, the situation in Afghanistan and geopolitical tensions is a lot dangerous. International finance is important to the success of the project as also does the stability of the region. The Economic Cooperation Organization (ECO) may introduce a wider integration, though other competing projects such as the Silk Road Economic Belt, which is led by China, introduce certain strategy issues. Experts emphasize on collective regional structures to eliminate such setbacks (SDE, n.d.).

Energy Cooperation Potential

The major opportunity that exists between Uzbekistan and Pakistan which is energy-deficient is the availability of hydrocarbons in abundance in Uzbekistan. The renewable investment of Uzbekistan in the green energy of 30 percent by 2030 fits the aims of the energy of Pakistan. Such an example as the Ustyurt Gas Chemical Complex has become a future example of how to cooperate. Large investments costs and lack of direct energy transport corridors, however, are big setbacks. The CPEC framework may be used to support the energy trade by connecting the Uzbekistan countries to the ports of Pakistan. Sanctions on Uzbekistan in its traditional markets and other geopolitical risks in that direction is favoring diversification and Pakistan is one of them. This sector should be a pillar of bilateral relations as clear regulations should be introduced in attracting foreign direct investment in energy projects (Bhaduri, 2022).

Defense and Security Collaboration

The developmental interests have seen increased defense and security relationships between Uzbekistan and Pakistan due to their security fears in the region especially Afghanistan. The focus of this partnership is on the joint military exercises and counterterrorism. The idea of intelligence sharing and border security helps to stabilize trade routes. The knowledge of Pakistan on counterterrorism can be useful to the Uzbekistani in securing the borders. Nevertheless, the siphoned security concerns and poor institutional structures do not permit long-term cooperation. The economic cooperation is boosted by establishing secure trade routes through security ties. The recent high-level visits such as the visiting the Foreign Minister of Uzbekistan to Pakistan reflects pledge to further this relationship in the support of broader economic goals (Modern Diplomacy, 2025).

Cultural and People-to-People Ties

Cultural among nations is boosted by collective Islamic heritage, which leads to economic collaboration. Things such as twinning of Lahore and Bukhara as well as having direct flights between Lahore and Buhkara increase tourism. The religious diplomacy of Uzbekistan has stimulated the movement of the Pakistanis as tourist to their historic sites. Educational and scientific contacts, as well as cultural activities, create the sense of trust and ease trade. Nonetheless, lack of awareness of cultural programs in addition to poor tourism infrastructure is a challenge. Further economic integration may be realized through an expansion of scholarships and cultural festivals. Continued funding of cultural projects is also imperative so that it can have maximum economic effect and enhance the interpersonal networks that promote trade (SDE, n.d.).

Geopolitical Challenges

The main problem that Afghanistan has brought about to the world geo-politics is instability that affects trade corridors such as the UAP Railway. The tensions between Pakistan and India create a problem in the Uzbekistan- Pakistan relationship with the entry of India in Central Asia. The geopolitical changes that lie behind Uzbekistan moving to diversify its trade partners makes Pakistan an important strategic alternative. High strategic complexities are presented in the competing regional projects like the Silk Road Economic Belt of China and Eurasian Economic Union of Russia. The observer status of Uzbekistan in EAEU is an example of how Uzbekistan is trying not to make a step in one way. The ECO may stabilize economic relations, however, to collaborate over a long period, it is essential to travel between geopolitical tensions with the help of multilateral platforms (International Crisis Group, 2017).

Investment and Economic Reforms

Pakistan The economic reforms of Uzbekistan since 2016 with the focus on privatization and attracting foreign direct investment provide possibilities to the Pakistani private industry. There are tax advantages in special economic zones, and this is consistent with Uzbekistan vision to reach upper-middle-income position by the year 2030. These reforms come together with the aspirations Pakistan has on its economic prosperity. But state dominance and feeble competition policies are the reasons why investors would not want to invest in Uzbekistan. Uzbekistan may adopt the experience of Pakistan in handling such big projects through CPEC. Regulations need to be simplified and there has to be improvement in transparency to increase investor confidence and hence the investor or the reforms act as a core determinant of bilateral investment (World Bank, 2022).

Maritime and Blue Economy Cooperation

Maritime cooperation takes place between Pakistan and Uzbekistan because the latter is a landlocked country that benefits by Gwadar and Karachi ports, offering access to international markets. There exists a potential to break a major trade potential through a joint working group on the maritime and blue economy initiatives. Green shipping efforts are associated with the intentions of Uzbekistan to achieve renewable energy. Nonetheless, poor port facilities and lack of experience of maritime skills in Uzbekistan poses problems. Such gaps may be filled by having Pakistan as the provider of a technical assistance, which would diversify the trade routes and supply chain of Uzbekistan and lessen the dependency on the traditional partners. Maritime logistics joint ventures are essential in making the trading efficient (Modern Diplomacy, 2025).

Role of International Organizations

International organizations such as Asian Development Bank (ADB), and World Bank, contribute to the Uzbekistan-Pakistan economic relations to a great extent. ADB aims at investing in infrastructure and connectivity in Uzbekistan by investing 14.5 billion dollars. World bank 2022-26 system has boosted the reforms in the markets of Uzbekistan which helps the trade projects of Pakistan. Some of the challenges are to obtain a stable financing and match the projects to international standards. The ECO might increase coordination and bring additional investment. The barriers to economic cooperation are serious financial and logistical difficulties; strategic work with such organizations will benefit to overcome them (Asian Development Bank, 2025).

Challenges in Trade Infrastructure

Poor trade infrastructure such as the existence of high costs of transport and few direct routes is a major obstacle to the cooperation between Uzbekistan and Pakistan. The fact that Uzbekistan is a landlocked region requires effective cross-border arrangements. Trade is further frustrated by bureaucracies and discrepancies in customs rules. A uniform trade policy and investment into digital logistic can facilitation the process. The experience of Pakistan in the management of ports would be able to assist Uzbekistan in its logistic reforms. An infrastructure development necessitates the use of public-private partnerships, whereupon modernized logistics systems feature as being obligatory in relation to improving trade efficiency (Studocu, n.d.).

Future Prospects and Policy Recommendations

Other researchers are positive with respect to the relationship of Uzbekistan and Pakistan in terms of economy due to the new deals and the top-level interactions. Specializing on certain areas such as textiles, energy, and IT would be more beneficial to both parties. There ought to be improved institutional frameworks to achieve congruity in the implementation of policies. Through cultural and educational exchanges, trade is made possible through trust. Common approaches to handle instability in Afghanistan are necessary to have secure trade routes. The use of CPEC and ECO may improve the connectivity and invite FDI. Adherence to the WTO standards is important toward global integration of trade. This partnership is essential; however, it needs to be consistently discussed and invested in infrastructure to benefit the full potential of cooperation (Koparkar, 2024).

Research Gaps

While existing literature extensively covers the historical, economic, and geopolitical aspects of Uzbekistan-Pakistan trade relations, there is a notable gap in empirical studies evaluating the impact of recent bilateral agreements, such as the 2022 preferential trade agreement and the 2023 $1 billion trade deal, on actual trade volumes and sectoral growth. Limited research focuses on the practical implementation challenges of connectivity projects like the Uzbekistan-Afghanistan-Pakistan Railway, particularly regarding local stakeholder engagement and financing models. Additionally, there is insufficient analysis of the role of small and medium enterprises in enhancing trade and the potential of digital trade platforms to overcome logistical barriers. These gaps warrant further investigation to provide actionable insights for policymakers aiming to maximize the economic potential of this partnership.

Research Questions

1. How do recent bilateral agreements, such as the 2022 preferential trade agreement, impact Uzbekistan-Pakistan trade volumes and sectoral growth?
2. What are the key implementation challenges for the Uzbekistan-Afghanistan-Pakistan Railway project, particularly regarding local stakeholder engagement?

Research Objectives

1. To evaluate the economic impact of the 2022 preferential trade agreement on trade volumes and key sectors like textiles and agriculture.
2. To identify barriers to the Uzbekistan-Afghanistan-Pakistan Railway project's implementation, focusing on stakeholder engagement and financing models.

Methodology

This study adopts a qualitative research approach, relying on secondary sources to investigate the opportunities and challenges in economic cooperation and trade relations between Uzbekistan and Pakistan. Data will be collected from peer-reviewed journal articles, policy reports, and reputable institutional publications accessed through Google Scholar and other academic databases, ensuring authenticity and relevance. The methodology involves a systematic literature review to analyze existing studies on bilateral trade agreements, regional connectivity projects, and geopolitical dynamics, with a focus on addressing identified research gaps, such as the impact of recent agreements and implementation challenges of the Uzbekistan-Afghanistan-Pakistan Railway (Khan & Ali, 2024). Thematic analysis will be employed to synthesize findings, identifying key themes related to trade volumes, sectoral growth, and stakeholder engagement. This approach ensures a comprehensive understanding of the subject while maintaining rigor through credible sources and structured analysis, aligning with the study's objectives to provide actionable insights for enhancing bilateral economic ties.

Theoretical Framework

The paper will use the Regional Integration Theory in analyzing the economic cooperation and trade between Uzbekistan and Pakistan in terms of opportunities and challenges. The outline, supporters, lens of application and application of the theory to study are discussed below, with scholarly references.

Outline of Regional Integration Theory

Regional Integration Theory assumes that the countries within a geographical area can mutually develop the economic growth, political stability, social development facilitating trade agreements, infrastructure sharing, and policies coordination. It highlights phases of integration, there are free trade areas, economic unions guided by common economic advantages and low costs of transactions. The theory specifically points at the importance of the institutional frameworks, regional connectivity, and cultural links in the way the existence of certain barriers such as the geopolitical tensions and logistic impediments can be overcome (Balassa, 1961).

Proponents of the Theory

It was Bela Balassa who first put forward a theory of this kind, which focused on phases of economic integration, beginning with preferential trade agreement and then moving onto deeper integration (Balassa, 1961). Those contributions were made by other scholars who focused more on neofunctionalism and insisted on the spillover effects, i.e., cooperation in one area (e.g., trade) can lead to integration in the other (e.g., infrastructure) (Haas, 1958). Modern researchers, such as Walter Mattli, elaborated the theory, paying attention to the performance of regional institutions and external players in the integration processes (Mattli, 1999).

Application Lens

It uses the Regional Integration Theory to discuss trade relations between the Uzbekistan and Pakistan in terms of both economic and infrastructural integration. It reviews the role that bilateral agreements, e.g. the 2022 preferential trade agreement, or connectivity projects, e.g. the Uzbekistan-Afghanistan-Pakistan (UAP) Railway, play in enhancing trade and sectoral development. This aspect of the institutional coordination and spillover effects of the theory influences the exploration of the implementation issues, especially the aspects of stakeholder involvement and financing system. Analysis of these processes under the ideas of regional integration allows the study to evaluate the impact of the cultural aspects and regional structures, such as the Economic Cooperation Organization (ECO), which help to soften geopolitical/logistical challenges (Ahmed & Siddiqui, 2023).

Relevance to the Study

Regional Integration Theory has strong association with the research paper since it can be used as a tool to comprehend the prospects and impediments of the economy of Uzbekistan-Pakistan. The focus of the theory on place agreements confirms the research intention to assess how the agreement of 2022 will have an impact on the amount and direction of trade and such sectors as textile and agriculture. Its infrastructure development orientation is relevant to the research study as it considers the implementation issues experienced by the UAP Railway regarding the research gap in the engagement of stakeholders (Khan & Rehman, 2024). Moreover, the fact that the theory takes into account both the geopolitical limits and the cultural synergies is well suited to the study of bilateral relations between Afghanistan and its neighbours, regarding the reasons the space of the former province was always in unstable conditions and the reason behind the common background of both states being Islamic is the inherent quality. Through this framework, the paper systemically examines how Uzbekistan and Pakistan can use integration to tap their trade potential of 20 billion dollars, and provide a policy recommendation to policymakers to enhance cooperation in the region (Malik & Shah, 2022).

Discussions:

Trade Volume Enhancement

The 2022 bilateral preferential trade agreement between the Uzbekistan and Pakistan had the objective of increasing bilateral trade volumes by lowering the tariff on textile products and agricultural products. The agreement in co-ordinating the export of cotton in Uzbekistan and citrus and textiles in Pakistan aims to exploit complementary economic strengths and perhaps heading to the target of 20 billion trade potential. The knowledge indicates that trade has slackly grown since the passing of the agreement especially on the agricultural aspect but is not as anticipated because of issues on logistics and transport costs. Incidents of bureaucracy like long customs checks and application of tariffs unpredictably restrict the growth of trade. The streamlined processes related to these barriers would be the best way to increase levels of trade, which can harmonize with the goals of the agreement (Sadiq & Butt, 2023; Aslam & Farooq, 2024).

Sectoral Growth and Economic Benefits

It has encouraged growth in the industry with regard to textiles and agriculture through entitlement to favorable market bulk. The jailing of the cotton trade is realized in Uzbekistan, through the state having more supplies of cotton exports to the cotton manufacturers in Pakistan thus, creating more jobs and investment in processing plants. Equally, citrus exports to the markets in Uzbekistan have developed competitive edge in the markets due to its exports in Pakistan. Nevertheless, the growth of the sector is hindered by the lack of appropriate policies and access to funds of small and medium enterprises (SMEs) that would allow ramping up production. The pharmaceutical industry has a growth potential with the declining tariffs; it may stimulate joint ventures, yet the movement in this field is slow because of the regulatory mismatch. Policy fortification and incentivising of SMEs could increase the contribution of both economies to the sector (Nadeem & Siddique, 2024).

Policy and Implementation Challenges

The harmonized regulations and regular enforcement of policy are essential when implementing the 2022 agreement, which remains problematic. The absence of transparency in the procedures to be followed in trade, as well as the difference in customs protocols, obstructs the effectiveness of the agreement. As an example, exporters are delayed by inability to have standard documentation documents at the detriment of the agreement. Major pledges like the $1 billion deal on trade in the year 2023 indicate the willingness to solve these problems, but the effective response is slow. The organization of mutual trade committees and online trade systems would ease the process by guaranteeing that the deal results in actual economic benefits. These social barriers are essential barriers to eliminating to accomplish the focus of the research question concerning the trade and the effects of the sectors (Tariq & Khan, 2023).

Geopolitical Influences

Geopolitical reasons, especially the instability of Afghanistan, have a serious influence on the successfulness of the agreement. Compromised trade routes raise the perils and expenses, which put off exporters to take a full advantage of the agreement. The troubled relationship between Pakistan and India and the rival regional efforts, including Bolster and Road Project in China, compound the trade characteristics. The regional dialogue towards curbing such challenges can be made in multilateral forums such as the Economic Cooperation Organization (ECO) which is progressing slowly. The ability of the agreement to stimulate the volume of trade and sectoral development, therefore, lies in the capability of overcoming these external restraints and thus necessitating the element of strategic diplomacy (Hussain & Malik, 2022).

Role of Infrastructure in Trade Connectivity

Another undertaking is the Uzbekistan-Afghanistan- Pakistan (UAP) Railway with a cost of $4.8 billion which will improve trade between the countries as Uzbekistan lacks a port to access the sea because it is landlocked. The railway will bring about cheaper transportation costs and enhance efficiency in the trade directly boosting bilateral trade agreements such as the one signed in 2022. Nevertheless, there are also challenges in regard to its implementation such as the time lags in construction and financial inadequacy. These are obstacles to the outcome of the project bringing economic advantages, which makes it an essential object of concern in determining limitations to cooperation between Uzbekistan and Pakistan (Ahmed & Qureshi, 2023).

Local Stakeholder Engagement Issues

Engagement of local stakeholders is one of the significant implementations problems faced by the UAP Railway. Land acquisition and possible economic displacement in communities located in Afghanistan and Pakistan, and regional businesses affect local communities, but they have little participation in the process. As an illustration, the Afghan communities complain of poor consultations on usage of land contrary to which there are conflicts that hinder developments. The authorities at Pakistani ports also do not have clear roles in integration of projects thus lowering efficiency in activities. By promoting transparency in communication and inclusive decision-making, it becomes so much easier to foster an atmosphere of trust and sustainability in the project, which directly meets the focus of the research question when it comes to stakeholder involvement (Rahim & Saeed, 2024).

Geopolitical and Security Constraints

The insecurity in Afghanistan is a major security threat to the UAP Railway negating its implementation. Destruction of infrastructure and the absence of control over the important areas scares off investors and stops the building process. Engaging the local stakeholders, especially in Afghanistan, is complicated by the issues related to safety. The experience should pose solutions based on Pakistan having secured trade corridors, yet without the community participation in security planning, progress is bound to be stalled. Such risks can be resolved with the help of regional cooperation, such as with the Asian Development Bank (ADB) or ECO, although to achieve nerve it needs to be coordinated (Khan & Javed, 2022).

Financing and Resource Allocation

The most important issue with UAP Railway is to secure finances to work on the project, but it was also hampered by a lack of stakeholder contributions. International agencies such as the ADB have been offering support although funding has remained an issue because of high project prices and geopolitical uncertainties. Financing discussions are not usually open to the local stakeholders (those who may gain through improved trade) thus lacking in the commitment towards the project. These gaps might be filled by inclusive financing models which employ the combination of public-private partnership and local investments. These financial challenges affect the catalytic potential of this project, which falls in line with the research question that focuses on implementation issues (Zubair & Malik, 2023).

Interlinkages between Research Questions

Prefect trade agreement of 2022 and the UAP Railway are the part of economic cooperation between Pakistan and Uzbekistan that are interconnected. The success of the trade agreement on the growth of trade volumes and the sector depends on better logistics which the railway seeks to offer as it shall increase connectivity. On the other hand, challenges to the implementation of the railway especially on the aspect of stakeholder involvement affect its capacity to facilitate trade growth since delays do not enable cost cutting measures. The common obstacle with the two initiatives relates to geopolitical instability, especially in Afghanistan conflict and thus there should be coordinated strategies at regional levels. Advancement in one subject, such as simplified trade rules, may create funds to etch the other part, such as the sphere of railway construction, which implies that combined policies were necessary to optimize the economic contribution (Sadiq & Butt, 2023).

Conclusion:

After examining the issues of economic cooperation and trade relations Uzbekistan and Pakistan to determine their profiles, it is important to point out there is a great potential but it is still hampered by numerous challenges. The long-term historical and cultural ties based on shared Islamic heritage offer sufficient grounds to the economic cooperation, one of which is the 2022 preferential trade agreement and the Uzbekistan Afghanistan Pakistan (UAP) Railway project. The discussion of the initial research question reveals that the 2022 agreement has slightly increased the levels of trade, especially in the textile industry and agriculture, as it grants abolishment of tariffs and encourages specialization in the fields. Nonetheless, the inefficiency of the bureaucracy, regulatory mismatch, and geopolitical security in Afghanistan, in particular, limit its potential reducing trade to only fractions of its potential $20 billion. Conversely, the address of the second research question points to the fact that the UAP Railway has the potential of revolutionizing connection by connecting Uzbekistan to the ports of Pakistan, but this could not be achieved due to insufficient local stakeholder involvement, security issues, and funding gaps.

These results underline the complementarity of trade agreement and infrastructural project with improvement in one becoming supportive of other. The economic impact of the agreement could be further magnified by easy movement of goods and people by the railway and additional trade revenue might be used to finance infrastructure development. There is a gap in the research that requires additional quantitative research and policy frameworks that are inclusive due to the lack of empirical evidence regarding the impacts of agreements and the dynamics of stakeholders. The geopolitical issues such as the unstable situation in Afghanistan and conflicting activities in the region prompt the need of regional relations on a platform such as Economic Cooperation Organization and institutionally.

Finally, Uzbekistan and Pakistan have an opportunity to improve their economical relations taking advantage of bilateral agreements and connectivity projects. To harness their economic potential, intercession of institutional, logistical, and geopolitical obstacles is needed by simplifying policies, incorporating the stakeholders, and engaging in strategic diplomacy. This research provides practical prescription to policy makers in the Central and South Asian region to achieve a vibrant bilateral relationship and help the two regions to prosper.

Recommendations:

• Introduce a joint trade committee that facilitates smoothing of the custom processes and the adoption of digital platforms on trade and the adoption of consistent policy application to enhance the volumes of trade and increase sectorial development in textiles and agriculture under the 2022 preferential trade agreement.

• Ensure local communities, as well as businesses in Afghanistan and Pakistan, are given first priority to be consulted over the Uzbekistan-Afghanistan-Pakistan Railway, employing land acquisition and sharing issues in a transparent way to reduce interpersonal conflicts and increase the sustainability of the project.

• Development of PPPs and incorporation of international institutions such as the Asian Development Bank to help in financing UAP Railways by involving the local stakeholders in order to minimize funding gaps and aligning investments with trade objectives.

• Use the Economic Cooperation Organization as liaisons to shared security programs and diplomacy to rectify the turmoil in Afghanistan and stabilize ground-based trade routes to enhance the success of the trade agreement and the railway project.

• Give tax benefits by offering credits to small- and medium-scale enterprises in textile, agricultural and pharmacological products and encourage joint ventures and transfer of technology to achieve trade diversification and realize the potential of $20 billion worth trade.

References

Asian Development Bank. (2025). *Uzbekistan's economic growth in 2025*. https://www.adb.org/news/uzbekistan-economic-growth-2025

Bhaduri, A. (2022). Energy and infrastructure in India-Uzbekistan relations. *JSTOR*. https://www.jstor.org/stable/48745124

Bhatia, R. (2021). Uzbekistan-India: Exploring new horizons of strategic partnership. *Vivekananda International Foundation*. https://www.vifindia.org/event/report/2021/october/uzbekistan-india-exploring-new-horizons-ofstrategic-partnership

Gale Academic OneFile. (n.d.). Round table: Thirty years of Pakistan and Uzbekistan diplomatic relations. *Gale Academic OneFile*. https://go.gale.com/ps/anonymous?id=GALE%7CA735607054

International Crisis Group. (2017). *Central Asia's Silk Road rivalries*. https://www.crisisgroup.org/europe-central-asia/central-asia/uzbekistan/central-asias-silk-road-rivalries

Koparkar, R. (2024). India's strategic blueprint in Central Asia. *EBSCOhost*. https://openurl.ebsco.com/EPDB:gcd:4:4158852/detailv2?sid=ebsco:plink:scholar&id=ebsco:gcd:174723760

Mallik, S., & Singh, M. (2022). India-Uzbekistan cooperation and regional development. *University of Kashmir*. https://ccas.uok.edu.in/....

Modern Diplomacy. (2025). Strategic importance of bilateral relations between Pakistan and Uzbekistan. *Modern Diplomacy*. https://moderndiplomacy.eu/2025/03/20/....

SDE. (n.d.). SD analysis - Uzbekistan-Pakistan momentous bilateral relations. *SDE*. https://www.sde.org.tr/sd-analysis-....
Studocu. (n.d.). Pakistan-Uzbekistan relations: Bilateral trade & cooperation. *Studocu*. https://www.studocu.com/....
U.S. Department of State. (2023). Uzbekistan - Market overview. https://www.trade.gov/country-commercial-guides/uzbekistan-market-overview
World Bank. (2022). Uzbekistan overview: Development news, research, data. https://www.worldbank.org/en/country/uzbekistan/overview
Ahmed, S., & Khan, M. (2023). Regional economic integration in Central and South Asia: Prospects and challenges. *Journal of Asian Economic Studies, 45*(3), 123–140.
Hussain, F., & Rao, T. (2022). Uzbekistan's economic reforms and regional trade potential. *Central Asian Economic Review, 28*(4), 89–105.
Khan, A., & Ali, S. (2024). Uzbekistan-Pakistan trade relations: Opportunities in connectivity and challenges in geopolitics. *South Asian Journal of International Relations, 12*(1), 56–73.
Raza, M., & Shah, N. (2024). Strategic connectivity and economic cooperation: The role of CPEC in Central-South Asian trade. *Geo-Economic Perspectives, 19*(2), 34–50.
Siddiqui, R., & Malik, S. (2023). Geopolitical dynamics and trade barriers in Central-South Asian partnerships. *International Trade Journal, 37*(5), 201–218.
Ahmed, Z., & Siddiqui, R. (2023). Regional integration and trade dynamics in Central-South Asia: A theoretical perspective. *Journal of Regional Economic Studies, 50*(2), 78–95.
Balassa, B. (1961). *The theory of economic integration*. Homewood, IL: Richard D. Irwin.
Ahmed, N., & Qureshi, S. (2023). Infrastructure projects and regional connectivity in Central-South Asia. *Journal of Economic Integration, 31*(4), 89–107.
Aslam, M., & Farooq, S. (2024). Institutional barriers to trade in Central-South Asian economic cooperation. *Journal of International Trade Studies, 29*(3), 101–118.
Hussain, S., & Malik, R. (2022). Geopolitical influences on Central-South Asian trade integration. *Journal of Strategic Studies, 45*(4), 78–95.
Khan, T., & Javed, M. (2022). Geopolitical risks and regional infrastructure projects. *Strategic Studies Review, 18*(3), 45–62.
Nadeem, A., & Siddique, M. (2024). Sectoral specialization in South Asian trade agreements. *Economic Development Quarterly, 38*(2), 56–73.
Rahim, A., & Saeed, H. (2024). Stakeholder engagement in regional connectivity projects: Challenges and opportunities. *Regional Development Journal, 40*(1), 78–95.
Sadiq, F., & Butt, T. (2023). Trade liberalization and economic growth in Central Asia-Pakistan relations. *Asian Trade Journal, 27*(2), 34–50.
Tariq, J., & Khan, S. (2023). Institutional frameworks for regional trade. *International Economics Review, 49*(3), 112–129.
Zubair, R., & Malik, U. (2023). Financing models for infrastructure projects in Central Asia. *Economic Policy Review, 29*(5), 56–70.