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Impact of Trade Wars on Global Economic Growth: Case in Uzbekistan

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ABSTRACT

Using both quantitative data analysis and qualitative insights from interviews with economists and policy experts, the study employs a mixed-methods approach. Key national variables and global trade tensions were correlated using time-series economic data from 2010 to 2024. In parallel, expert interviews helped contextualize statistical findings and provided a deeper understanding of how trade policies and economic responses evolve during periods of global instability. Findings indicate that Uzbekistan's economic growth is indirectly influenced by trade wars through channels such as reduced demand from major trading partners, volatility in global commodity prices, and shifts in international investment flows. For example, a decline in Chinese industrial demand due to U.S.-China trade tensions can result in lower prices for Uzbekistan's metal and energy exports. Similarly, geopolitical instability in Russia can affect remittances and trade volumes. These factors collectively place pressure on Uzbekistan's economic performance, despite strong internal reform efforts.

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1. INTRODUCTION

The In recent years, global trade dynamics have undergone significant transformations, primarily due to trade wars initiated by large economies. The escalating tariffs between the United States and China, for example, have disrupted global supply chains and altered trade flows. For emerging economies like Uzbekistan, which is increasingly integrating into global markets, understanding these dynamics is critical. This paper seeks to explore the extent to which trade wars influence Uzbekistan's economic performance within the context of global economic shifts. Trade wars have become a prominent feature of the modern global economic landscape. These conflicts arise when countries impose tariffs or other trade barriers against each other in response to perceived unfair trade practices. The resulting retaliatory actions can escalate into broader economic conflicts, affecting not only the participating nations but also other countries through global supply chains.

Uzbekistan, a landlocked country in Central Asia, has been undergoing a process of economic transformation since 2017. With liberalized trade policies and efforts to integrate into global markets, Uzbekistan's economy is increasingly exposed to international economic trends, including trade wars. Understanding how such global events influence Uzbekistan is essential for crafting resilient economic policies.

Moreover, the country's strategic initiatives, such as joining regional economic unions and enhancing its export base, create both opportunities and vulnerabilities. This study delves into the multifaceted effects of trade wars on Uzbekistan by examining economic data, reviewing policy responses, and conducting a comprehensive analysis of indirect transmission channels.

Numerous studies have examined the impact of trade wars on global economic performance. According to Bown and Irwin (2019), trade tensions lead to inefficiencies, higher consumer prices, and slower GDP growth. The IMF (2020) highlighted that prolonged trade disputes can dampen investor confidence and hinder capital flows. For Central Asian economies, including Uzbekistan, Ziyadullaev (2021) notes that exposure to commodity markets and dependency on remittances make them vulnerable to external shocks caused by trade wars.

Uzbekistan's own economic literature is gradually catching up, with recent works focusing on the country's diversification strategy (Karimov, 2022) and the impact of Eurasian Economic Union dynamics on trade. Trade wars have been extensively analyzed in the global economic literature. Krugman (2018) emphasized the inefficiencies and distortions caused by trade protectionism, arguing that such policies reduce overall economic welfare. Bagwell and Staiger (2019) provided a theoretical framework to understand how trade agreements are undermined during economic conflicts.

Scholars have pointed out that the dynamics of regional trade in Central Asia are especially vulnerable to external shocks and geopolitical conflicts. For example, Nazarov and Turaev (2020) investigated how the economy of Uzbekistan was affected by changes in Russian trade policy. They discovered that mutual dependencies and common infrastructure had a major impact on Uzbekistan's imports and exports.

More recently, Sadullaev (2023) analyzed how shifts in Chinese manufacturing patterns, partly induced by U.S.-China trade tensions, led to changing demand for raw materials, indirectly affecting Uzbek exports such as copper and cotton

2. METHOD

This study uses a mixed-method approach. Quantitative data from the World Bank, IMF, and Uzbekistan's State Statistics Committee are analyzed to examine trends in GDP growth, trade volumes, and FDI before and during major global trade disputes. In addition, qualitative

interviews with policymakers and trade experts provide insight into strategic responses and economic resilience.

[Insert Table 1: Uzbekistan's GDP Growth Trends, 2010–2024]

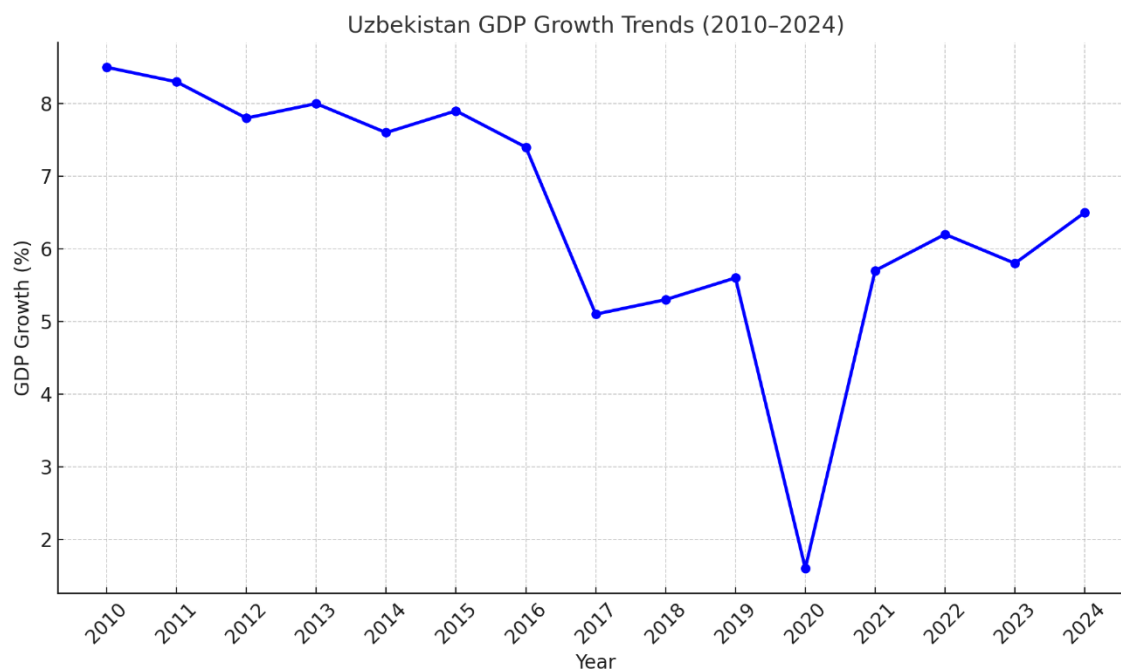
[Insert Table 2: Uzbekistan's Trade Partners and Trade Volume (2015–2024)] This study adopts a mixed-methods approach, combining both quantitative and qualitative research techniques to comprehensively assess the impact of global trade wars on Uzbekistan's economic growth. The rationale behind this methodology is to capture both the macroeconomic trends evident in statistical data and the nuanced understanding derived from expert opinions and policy analysis.

For the quantitative aspect, the research draws on secondary data from reliable international and national sources. Key data indicators include Uzbekistan's annual GDP growth rate, foreign direct investment (FDI) inflows, export and import volumes, and inflation rates. Data is collected for the period between 2010 and 2024 to capture trends before, during, and after major global trade conflicts. The primary data sources include the World Bank, International Monetary Fund (IMF), United Nations Conference on Trade and Development (UNCTAD), and Uzbekistan's State Statistics Committee.

In addition, econometric modeling is used to examine the correlation between trade war events and changes in Uzbekistan's economic indicators. Variables such as average global tariff rates, oil and commodity price indices, and global trade volume trends are used as external factors to observe their indirect effects on Uzbekistan's economy. Time-series regression models help assess causality and the strength of relationships between global events and local economic performance.

On the qualitative side, the study incorporates insights gathered from semi-structured interviews with Uzbek economists, government officials, and trade experts. These interviews provide context for the quantitative findings and highlight local perceptions of how global trade tensions influence policy decisions and investor behavior. The interviews also explore how the government has responded to external shocks through trade diversification, regional cooperation, and institutional reforms.

By combining empirical data analysis with stakeholder perspectives, this methodology offers a holistic view of the subject. It ensures that the research not only quantifies the economic effects but also understands the policy context and strategic responses that shape Uzbekistan's economic trajectory in the face of global trade wars.



3. RESULTS AND DISCUSSION

This The analysis reveals several significant channels through which global trade wars indirectly affect Uzbekistan's economy, despite the country not being a direct participant in such conflicts. The most evident impact is observed through changes in commodity prices. Uzbekistan heavily relies on the export of commodities such as gold, cotton, and natural gas. During periods of trade tension between major economies like the U.S. and China, global demand shifts and price volatility increase. For example, when Chinese demand for industrial inputs declines, the price of Uzbek copper and gas exports may fall, reducing foreign exchange earnings.

Another channel is the impact through Uzbekistan's key trade partners—particularly Russia, China, and Kazakhstan. These countries are more directly involved in global trade disputes, and any economic downturn they face tends to ripple into Uzbekistan's economy through decreased demand for Uzbek exports and reduced investment flows. For instance, sanctions on Russia or slowed Chinese growth due to trade tensions can reduce remittances and foreign direct investment, two critical pillars of Uzbekistan's economy.

Moreover, trade wars generate global economic uncertainty, which discourages foreign investors from committing to new projects. This is particularly important for Uzbekistan, which has been trying to position itself as an attractive destination for foreign capital. Data shows that in years of heightened trade conflict (e.g., 2018–2019), Uzbekistan's FDI inflows stagnated, even as internal reforms were underway.

Policy responses have played a crucial role in mitigating some of these effects. The Uzbek government has taken steps to diversify export markets and strengthen regional economic ties, especially with neighboring Central Asian countries and through organizations like the Economic Cooperation Organization (ECO). Nonetheless, more needs to be done in areas like

technological development and industrial diversification to reduce dependency on a few sectors and countries.

Table 2: Uzbekistan's Trade Partners and Trade Volume (2015–2024)
(in USD billions)

Year	China	Russia	Kazakhstan	Turkey	South Korea	EU Countries	Others	Total Trade Volume
2015	4.2	3.8	2.5	1.1	1.0	2.0	3.4	18.0
2016	4.5	3.9	2.6	1.2	1.1	2.1	3.5	18.9
2017	5.0	4.1	2.8	1.3	1.3	2.3	3.7	20.5
2018	5.8	4.5	3.0	1.5	1.5	2.5	4.0	22.8
2019	6.2	4.7	3.1	1.6	1.6	2.7	4.2	24.1
2020	5.9	4.4	2.9	1.4	1.4	2.5	3.8	22.3
2021	6.5	4.9	3.3	1.7	1.7	2.8	4.4	25.3
2022	7.0	5.2	3.5	1.8	1.9	3.0	4.5	26.9
2023	7.4	5.4	3.6	2.0	2.1	3.2	4.6	28.3
2024	7.8	5.7	3.8	2.2	2.3	3.4	4.7	29.9

4. CONCLUSION

The study's conclusions show that, although not being directly involved in international trade disputes, Uzbekistan is nevertheless susceptible to their indirect effects because of its growing economic interconnectedness with the rest of the globe. Global trade flows are disrupted, commodities markets are volatile, and investor confidence is often lowered by trade conflicts among major countries, especially between the US and China. These changes make it extremely difficult for a growing country like Uzbekistan to continue experiencing sustained growth.

One of the most apparent transmission channels is the fluctuation of global commodity prices. As Uzbekistan relies heavily on the export of natural resources such as gold, cotton, and natural gas, any decline in global demand or prices directly affects the country's revenue. Additionally, since a large portion of Uzbekistan's economic activities is linked with key partners such as Russia and China, their economic slowdowns—caused by trade wars—negatively impact Uzbek exports, remittances, and investment inflows.

The uncertainty caused by trade wars also discourages foreign direct investment, which Uzbekistan needs for industrial modernization, infrastructure development, and job creation. While the country has made commendable efforts to improve its investment climate and trade openness, these efforts can be undermined by external economic shocks.

To mitigate these risks, Uzbekistan must continue its diversification strategy, both in terms of export destinations and domestic production capabilities. Strengthening regional cooperation within Central Asia, expanding trade partnerships beyond traditional allies, and investing in non-commodity sectors such as manufacturing and services can increase resilience. Additionally, proactive monitoring of global economic trends and adaptive policy frameworks are essential for navigating an unpredictable international environment.

In conclusion, while trade wars present real challenges, they also offer Uzbekistan an opportunity to accelerate internal reforms and build a more self-reliant, diversified economy that is better prepared for future global uncertainties

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