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## **CHALLENGES FACED BY UZBEK COMPANIES IN FREIGHT TRANSPORTATION: ANALYSIS IN DOMESTIC AND INTERNATIONAL CONTEXT**

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### **Abstract**

Freight transportation plays a vital role in Uzbekistan's economic development, facilitating the movement of goods across domestic regions and international markets. However, Uzbek transport companies face a multitude of challenges that hinder operational efficiency and competitiveness. This paper analyses these challenges in both domestic and international contexts, including infrastructure limitations, outdated logistics technologies, regulatory inconsistencies, and financial constraints. On the domestic front, road and rail networks often lack adequate maintenance, leading to increased transit times and cargo damage. Internationally, border crossing inefficiencies, non-harmonized customs procedures, and limited access to global logistics corridors pose significant barriers. The research employs qualitative and quantitative data to identify structural, technological, and policy-related constraints affecting freight operators. Recommendations are offered to improve transport policy, integrate digital logistics platforms, and enhance regional cooperation, especially under frameworks like the Central Asia Regional Economic Cooperation (CAREC) program. Addressing these barriers is essential for improving Uzbekistan's trade competitiveness and attracting foreign investment in logistics infrastructure.

**Keywords:** Uzbekistan, freight transportation, logistics, domestic transport, international trade, infrastructure, customs, regulatory challenges, CAREC, transport policy.

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## Introduction

In the process of transitioning to a market economy, the development of logistics and an efficient transport system has become a decisive factor in Uzbekistan's economic modernization. Freight transportation, as a vital component of national infrastructure, ensures the timely and secure delivery of goods from producers to both domestic and foreign markets. Especially in recent years, the country has seen a significant increase in the volume of exports and imports, placing greater pressure on the transportation system to operate efficiently and adapt to global logistics standards [1].

Uzbekistan's geographic status as a **landlocked country** in Central Asia presents additional challenges. The absence of direct access to international seaports increases the reliance on transit through neighboring countries, resulting in higher logistical costs and longer delivery times [2]. These conditions make the modernization of transport corridors, reduction of bureaucratic barriers, and strengthening of intermodal logistics hubs not just desirable, but essential for trade competitiveness [3].

Furthermore, the success of freight transport directly affects macroeconomic indicators such as foreign trade turnover, industrial production rates, and the investment climate. Therefore, identifying and analyzing the underlying causes of domestic and international freight transport problems has become a matter of strategic importance for Uzbekistan's economic policy makers [4].

As Uzbekistan deepens its integration into the global economic system, the reliability, cost-effectiveness, and transparency of freight transportation systems have a growing impact on the international competitiveness of domestic enterprises. However, in practical terms, numerous companies—both large and small—encounter a wide range of logistical difficulties that reduce operational efficiency and increase costs [5].

The most critical challenges faced by Uzbek freight companies today include:

- Underdeveloped and outdated transport infrastructure (particularly in rural regions);
- Imbalance between the quality and cost of logistics services;
- Lengthy and inconsistent customs clearance procedures;
- Weak coordination between transport-related agencies and private operators;



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- Incompatibility with international legal and regulatory frameworks;
  - Transit-related political or administrative barriers in neighboring countries.

The adverse effects of these issues are especially acute for small and medium-sized enterprises (SMEs), which often lack the financial and institutional capacity to absorb logistical inefficiencies [6]. Moreover, Uzbekistan's dependence on overland transit routes, such as the Central Asia Regional Economic Cooperation (CAREC) corridors, makes it vulnerable to regional disruptions and international policy shifts [7].

Given these conditions, the systematic study of freight transportation challenges is not only of academic interest, but of practical urgency. Scientific research in this area may inform evidence-based government strategies and policy reforms that improve logistics competitiveness, strengthen trade networks, and ultimately contribute to Uzbekistan's long-term economic sustainability [8].

### **Research Methodology**

This research adopts a mixed-methods approach combining qualitative and quantitative techniques to comprehensively investigate the challenges faced by Uzbek freight transportation companies in both domestic and international contexts. The study is grounded in field-level data gathered directly from business entities, along with analytical tools for structural interpretation.

### **Data Collection Methods**

Data were collected through the following primary methods:

- Structured surveys administered to freight and logistics managers of selected enterprises to quantify key issues related to cost, efficiency, customs clearance, and infrastructure usage.
- Semi-structured interviews with industry experts, government officials, and representatives from transport associations to gather deeper insights into regulatory and systemic bottlenecks.
- Review of official transport statistics published by the State Committee on Statistics and regional economic development offices.
- Document analysis of relevant national transport strategies, international trade agreements, and CAREC infrastructure development reports [1].



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## **Analytical Techniques**

To interpret the collected data, the following research tools and methods were used:

- Descriptive statistical analysis, used to summarize common trends and quantify recurring logistical issues such as delays, damage rates, and administrative processing time.
- Comparative analysis, applied to identify key differences between domestic freight transport and international logistics, particularly in terms of border delays, multimodal compatibility, and access to ports.
- SWOT analysis (Strengths, Weaknesses, Opportunities, Threats), employed to systematically evaluate Uzbekistan's freight system under internal and external operational lenses [2].
- Expert evaluation method, involving consultation with logistics professionals and transport economists to validate findings and formulate actionable recommendations for policy and industry practice.

## **Sample Profile**

The empirical component of the study encompassed 25 freight-using companies operating in the Fergana, Tashkent, and Navoi regions. These companies were selected based on the following criteria: scale of operation (large and medium-sized), involvement in export/import activities, and reliance on overland transport corridors. The sample included firms from textile manufacturing, construction materials, agro-processing, and petrochemical sectors—all of which have high logistics dependency.

The data were analyzed to uncover:

- Frequency and nature of transport-related challenges;
- Regional disparities in infrastructure access and customs performance;
- Company-specific adaptations such as warehouse integration or alternative routing strategies;
- Interaction with regional trade corridors like CAREC and Lapis Lazuli.

This methodology ensures that the findings are contextually grounded, empirically supported, and relevant to both policymakers and industry stakeholders.



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## **2. Analysis**

### **2.1. Issues in Domestic Freight Transportation**

Domestic freight transportation in Uzbekistan is characterized by several systemic inefficiencies that hinder the timely and cost-effective movement of goods. Based on survey results and expert consultations, the following key problems were identified:

- Outdated and insufficient road infrastructure, particularly in rural and industrial zones, which contributes to higher fuel consumption, vehicle wear, and transit time [1];
- Highly centralized railway services that lack flexibility and fail to adapt to enterprise-specific logistics needs. Many railway schedules remain fixed and unresponsive to dynamic cargo demands;
- Volatility in transport tariffs, often due to rising fuel prices and lack of transparency in pricing mechanisms;
- Weak responsiveness to seasonal freight surges, such as during the cotton harvest or fresh produce export season, where logistics capacity becomes overwhelmed [2].

These factors collectively result in delays, increased operational costs, and reduced reliability for domestic business supply chains.

### **2.2. Issues in International Freight Transportation**

Freight operators in Uzbekistan face a distinct set of challenges in cross-border logistics. Given the country's landlocked geography and reliance on transit through neighboring countries, international transportation is further complicated by:

- Delays due to customs clearance and permit approval processes, especially at border crossings in Kazakhstan and Turkmenistan [3];
- Excessive bureaucracy in acquiring export/import documentation, often requiring physical paperwork and multiple institutional approvals;
- Limited availability of international freight carriers, leading to monopolistic pricing and scheduling bottlenecks;
- Underdeveloped multimodal infrastructure, resulting in limited options for combining road, rail, and air freight;



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- Low digitalization levels, with minimal use of e-documentation platforms (e-CMR, electronic waybills), causing inefficiencies and higher administrative costs [4].

For instance, multiple companies operating in the Fergana Valley reported waiting periods of up to 10–14 days at Kazakh border customs while exporting goods to Russia. This not only impacted delivery reliability but also led to spoilage of perishable products and loss of contractual trust [5].

### **3. Key Findings**

Based on the qualitative and quantitative data analysis, the following empirical patterns emerged:

- 80% of surveyed companies expressed dissatisfaction with customs delays in transit countries during international freight movement;
  - 65% of respondents reported losing clients due to unreliable domestic delivery performance;
  - 70% of companies incurred additional administrative costs owing to the lack of an electronic document exchange system;
  - Over 50% highlighted the imbalance between the price and quality of logistics services, particularly in the rail freight sector;
  - Companies located farther from main logistical hubs (like Tashkent or Angren) experienced greater challenges in terms of cargo access and transport timing.
- These findings confirm that both systemic (infrastructure and policy) and operational (carrier performance and coordination) weaknesses significantly affect freight sector performance in Uzbekistan [6].

### **4. Conclusion and Recommendations**

This study has confirmed that the efficiency of Uzbekistan's freight transport system plays a decisive role in determining the competitiveness and operational capacity of domestic enterprises. Transport and logistics are not isolated technical fields but interconnected with broader economic factors such as export performance, production cycles, and regional development. Despite the recent reforms and infrastructure investment initiatives, the current freight system still



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suffers from persistent issues across both domestic and international logistics chains.

Domestically, challenges include outdated infrastructure, non-flexible rail scheduling, and price-quality mismatches. Internationally, companies face customs delays, document processing complexity, and a lack of digital integration with regional partners. These systemic inefficiencies result in delays, increased transaction costs, and missed market opportunities. Particularly for small and medium-sized enterprises, these constraints can have disproportionately negative effects, ultimately weakening Uzbekistan's trade resilience and supply chain reliability.

Based on the data analysis, expert consultations, and SWOT assessment, the following policy and institutional measures are recommended to improve freight transport efficiency in Uzbekistan:

1. **Modernize Critical Road Infrastructure**  
Prioritize investment in key transit corridors and regional roads connecting industrial production zones, logistics centers, and export-oriented warehouses (e.g., Fergana, Navoi). Use public-private partnerships to accelerate construction and maintenance.
2. **Develop a National Multimodal Transport Network**  
Establish logistics terminals that integrate rail, road, and air transport, especially at border points and dry ports. Encourage containerization and last-mile delivery planning to reduce transit inefficiencies [5].
3. **Digitalize Customs Procedures through a "Single Window" Platform**  
Implement an electronic "one-stop" customs portal for export-import permits, declarations, and freight tracking. Integrate this with regional digital platforms (e.g., e-Customs, e-TIR) to reduce bureaucracy and corruption risks.
4. **Certify and Regulate Logistics Service Providers**  
Introduce a national certification system for logistics companies to monitor price transparency, delivery timelines, and service quality. Establish performance benchmarks and penalty mechanisms for repeated violations.
5. **Enhance Bilateral and Regional Transport Cooperation**  
Strengthen collaboration with transit countries (Kazakhstan, Kyrgyzstan,



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Turkmenistan) through existing frameworks such as CAREC, SPECA, and Belt and Road Initiative, focusing on customs harmonization and transit corridor reliability.

These recommendations aim to build a freight transportation system that is resilient, responsive, and internationally integrated, thus aligning Uzbekistan's logistics sector with global best practices and increasing its appeal for foreign trade and investment.

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