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ECONOMIC DIPLOMACY AS AN INSTRUMENT FOR PROTECTING THE INTERESTS OF UZBEK BUSINESS ABROAD

Saiadlieva Nozima

Abstract. This article examines economic diplomacy as a practical instrument for protecting and advancing the interests of Uzbek businesses in foreign markets. The study uses qualitative document analysis and a review of academic literature on economic and commercial diplomacy, export promotion, and the trade effects of diplomatic representation. It evaluates Uzbekistan's evolving institutional model, including the economic tasks assigned to diplomatic missions, export-support mechanisms, the role of the Chamber of Commerce and Industry, export acceleration programs, bilateral business platforms, and the country's continuing accession negotiations with the World Trade Organization. The findings show that the protective function of economic diplomacy is broader than intervention in individual disputes: it reduces information asymmetry, supports partner identification, facilitates compliance with foreign standards, helps address logistics and market-access barriers, strengthens collective representation before host-country authorities, and contributes to rule-based protection through trade negotiations. At the same time, diplomatic support cannot substitute for sound contracts, private legal advice, insurance, or effective corporate compliance. The article argues for a transparent case-management system linking embassies, economic agencies, and business associations, together with performance indicators that measure not only export volumes but also resolved barriers and successful SME market entry.

Keywords: economic diplomacy; commercial diplomacy; Uzbekistan; export promotion; business protection; foreign markets; WTO accession

1. INTRODUCTION

The internationalization of business creates opportunities for growth, but it also exposes firms to risks that cannot always be managed by private contracting alone. Exporters and investors face incomplete information about foreign partners, unfamiliar technical and customs requirements, political and regulatory uncertainty, transport bottlenecks, language and cultural barriers, and unequal access to decision makers. These problems are particularly important for small and medium-sized enterprises (SMEs), which usually have fewer resources for market intelligence, legal representation, and government relations. Economic diplomacy addresses part of this gap by using state-to-state relations, diplomatic missions, trade institutions, and business networks to improve the conditions in which national firms operate abroad (Bayne & Woolcock, 2017; Bozoudi, 2025).

Academic literature distinguishes economic diplomacy from the narrower concept of commercial diplomacy. Economic diplomacy includes negotiation on trade, investment, finance, standards, transport, and other cross-border economic rules, while commercial diplomacy is more directly concerned with business facilitation and export or investment promotion. Naray (2012) describes commercial diplomats as performing facilitation, advisory, and representation functions. Empirical studies also suggest that diplomatic representation can be associated with higher trade,

although the effect varies across countries and tends to matter especially where markets are institutionally difficult or information is scarce (Rose, 2007; Yakop & van Bergeijk, 2011). Thus, the economic value of diplomacy lies not merely in ceremonial contacts but in reducing transaction costs and increasing the credibility, information, and negotiating capacity available to firms.

For Uzbekistan, this issue has become more important as the economy has become more open and export-oriented. The country is landlocked and dependent on cross-border corridors, while many domestic firms are relatively new to distant and highly regulated markets. In January 2026, the President explicitly linked the work of ambassadors to investment attraction, the opening of export markets, transport and logistics corridors, and measurable export revenues. The same meeting reported that Uzbekistan had 60 diplomatic missions and consulates abroad and that exports reached USD 33.5 billion in 2025 (President of the Republic of Uzbekistan, 2026a). This policy orientation makes economic diplomacy directly relevant to the protection of business interests abroad.

The purpose of this article is to identify the principal mechanisms through which economic diplomacy can protect Uzbek business interests in foreign markets, assess the current institutional direction, and propose measures for improving coordination between diplomatic missions, economic agencies, and private-sector organizations. The central research question is: how can Uzbekistan transform economic diplomacy from general export promotion into a systematic mechanism for preventing and resolving market-access risks faced by firms abroad?

2. MATERIALS AND METHODS

The study applies a qualitative, desk-based research design. Two groups of sources were examined. First, scholarly works were used to establish the analytical framework of economic and commercial diplomacy, with emphasis on diplomatic representation, export promotion, and business facilitation. Second, official Uzbek and international sources were reviewed to identify the institutions, programs, and policy priorities currently shaping external support for Uzbek firms. The source base includes presidential policy statements, the legislation governing the Chamber of Commerce and Industry, materials of the Ministry of Investments, Industry and Trade, and World Trade Organization (WTO) documentation on Uzbekistan's accession process.

The documents were coded thematically according to six protective functions: (1) market intelligence and partner identification; (2) market access and collective advocacy; (3) standards and regulatory compliance; (4) logistics and transport facilitation; (5) dispute prevention and escalation; and (6) multilateral rule-making. Evidence was then compared with the functions identified in the economic diplomacy literature. The method does not attempt to estimate the causal effect of diplomatic support on firm-level exports; instead, it provides an institutional and functional assessment. This limitation is important because increases in exports may reflect exchange rates, global demand, firm productivity, commodity prices, or other factors in addition to diplomacy.

3. RESULTS

3.1. From representation to measurable economic performance

Uzbekistan's recent policy direction shows a transition from a traditional understanding of diplomacy toward a performance-oriented economic model. The January 2026 review of the Ministry of Foreign Affairs stated that an ambassador should attract investment and technology, open export markets, activate transport corridors, and facilitate other practical outcomes. Export

revenues from the country of accreditation were identified among the performance indicators for ambassadors, and financial incentives were proposed for diplomatic representatives who bring investment or export projects to completion (President of the Republic of Uzbekistan, 2026a). This creates an institutional incentive to connect foreign policy activity with business results.

The same policy framework recognizes constraints that directly affect companies abroad. Official analysis highlighted low recognition of Uzbek products in some markets, rising logistics costs, the need for additional routes to Europe, the importance of adapting producers to international standards, and the need for closer cooperation between regional authorities and diplomatic missions. These are not abstract foreign-policy issues; they are transaction-cost and competitiveness problems faced by exporters. Economic diplomacy therefore operates as a protective mechanism when it identifies such barriers early and coordinates public and private actors to address them before they become losses for individual companies.

3.2. Export readiness and collective business support

Protection abroad begins before a firm crosses the border. A company that lacks a clear market strategy, documentation, standards compliance, or reliable logistics is vulnerable even when political relations are excellent. Uzbekistan has therefore combined diplomatic activity with export-readiness programs. In 2024, the Ministry of Investments, Industry and Trade launched a National Export Accelerator with an international partner; more than 500 companies applied and 100 were selected. Participants received support in market assessment, export strategy, commercial proposals, negotiations, standards adaptation, and logistics (Ministry of Investments, Industry and Trade, 2025). Such programs help convert diplomatic opportunities into transactions that firms can actually execute.

The Chamber of Commerce and Industry provides an additional institutional bridge. Uzbek law assigns the Chamber tasks that include protecting the rights and legitimate interests of entrepreneurs, helping them establish contacts with foreign partners, supporting exports to foreign markets, cooperating with foreign chambers and business associations, and providing information and consulting services (Republic of Uzbekistan, 2004/2018). These functions are especially significant for SMEs because they allow private concerns to be aggregated before they are transmitted to ministries or diplomatic missions. Collective representation can also reduce the risk that diplomatic assistance is perceived as preferential treatment for a single company.

Table 1. Main economic-diplomacy instruments and their protective value for Uzbek firms

Instrument	Typical action	Protective value
Embassies and commercial diplomacy	Market intelligence, partner checks, contact with host authorities	Reduces information and regulatory risk
Trade missions and business councils	B2B/G2B meetings, partner search, collective advocacy	Supports market entry and representation
Standards and export-readiness support	Certification guidance, adaptation, negotiation training	Lowers compliance and rejection risk

Transport and logistics diplomacy	Corridor talks, transit coordination, bottleneck escalation	Reduces delay and delivery-cost risk
WTO and trade negotiations	Market-access commitments, trade-remedy rules, non-discrimination	Strengthens rule-based protection
Chamber and business associations	Consulting, foreign networks, aggregation of business problems	Gives SMEs a collective voice

Source: author's synthesis based on the reviewed literature and official documents.

3.3. Bilateral and multilateral channels of protection

Economic diplomacy protects firms most effectively when business problems can be escalated through established channels. Bilateral councils, intergovernmental commissions, trade and investment frameworks, and diplomatic contacts can be used to clarify rules, communicate concerns about discriminatory treatment, and create predictable pathways for resolving administrative obstacles. A 2026 meeting with the U.S. Trade Representative, for example, emphasized trade cooperation, the Central Asia-United States Trade and Investment Framework Agreement, sustainable supply chains, technical regulation, digital trade, and support for Uzbekistan's WTO accession (President of the Republic of Uzbekistan, 2026b). Such mechanisms are relevant to companies because regulatory barriers are often easier to address collectively than through isolated firm-level complaints.

The WTO accession process adds a multilateral dimension. As of August 2026, Uzbekistan remained an acceding government and was preparing for the fourteenth Working Party meeting; WTO technical assistance scheduled for September 2026 focused on trade remedies, subsidies, state-trading enterprises, and related accession commitments (World Trade Organization, 2026). Accession can strengthen the rule-based environment available to Uzbek exporters by anchoring trade policy in multilateral disciplines and by giving the state access to formal consultation and dispute-settlement mechanisms after membership. However, WTO rules do not replace commercial risk management, and the benefits will depend on domestic firms' ability to understand and use the new legal environment.

4. DISCUSSION

The results support the view that economic diplomacy should be understood as a system of risk reduction rather than a narrow sales-promotion function. The empirical literature provides a useful explanation for why this matters. Rose (2007) found a positive association between foreign missions and exports, while Yakop and van Bergeijk (2011) concluded that diplomatic representation is particularly relevant in the trade of developing countries. The likely mechanism is not that diplomats sell products themselves, but that they reduce information costs, improve access to networks, and help firms navigate institutional uncertainty. Naray's (2012) facilitation-advisory-representation model fits the Uzbek case well: embassies can facilitate contacts, advise on host-market conditions, and represent systemic business concerns before foreign authorities.

Uzbekistan's policy architecture is moving in this direction. The 2025 entrepreneurship agenda set a goal of expanding small-business exports from USD 9 billion to USD 12 billion with support for transportation, certification, and product standardization (President of the Republic of Uzbekistan, 2025). Earlier reforms also proposed reorganizing export support around the Chamber of Commerce and Industry and a Trade Development Company capable of helping producers meet international requirements and enter new markets (President of the Republic of Uzbekistan, 2024). These domestic instruments and diplomatic missions should be treated as parts of one service chain rather than as separate bureaucratic systems.

A stronger model would begin with a unified case-management mechanism for exporters. An Uzbek firm facing a foreign-market problem should be able to register the case once and have it routed to the appropriate institution: the Chamber for business verification and collective representation, the economic ministry for export-support measures, the embassy for host-government communication, or specialized legal and technical experts for standards and contract issues. The system should record the type of barrier, value at risk, action taken, resolution time, and outcome. This would create institutional memory and prevent multiple firms from independently confronting the same problem.

Second, the performance of economic diplomacy should be measured with balanced indicators. Export revenue is important, but it can favor large firms and commodity transactions that would have occurred without diplomatic support. Additional indicators should include the number of SMEs entering new markets, non-tariff barriers clarified or removed, certification problems resolved, verified business partners introduced, logistics disruptions mitigated, and recurring regulatory risks identified. These metrics would make it possible to distinguish genuine problem-solving from activity counts such as the number of meetings or forums.

Third, protective diplomacy requires specialized knowledge. Modern market-access problems increasingly involve sanitary and phytosanitary rules, technical standards, digital regulation, sanctions compliance, export controls, intellectual property, competition rules, and environmental requirements. Embassies do not need to become law firms, but priority missions should have access to sector-specific experts and reliable referral networks. A practical early-warning service could provide Uzbek exporters with concise notices on new host-country regulations, product bans, labeling rules, tender requirements, payment risks, and transport disruptions.

Fourth, diplomatic support must remain transparent and compatible with competition. Economic diplomacy can create moral hazard if companies assume the state will rescue them from poor contracts or weak due diligence. It can also produce unequal access if only well-connected firms receive embassy attention. Therefore, assistance should be based on published criteria, with priority given to systemic barriers, credible exporters, and cases with demonstrable economic significance. Diplomatic missions should facilitate communication and lawful advocacy, but they should not interfere improperly in foreign judicial or regulatory processes. Businesses remain responsible for contracts, compliance, insurance, arbitration clauses, and professional legal advice.

Finally, the country's continuing WTO accession should be integrated with business education. Negotiators can secure better rules, but firms benefit only if they know how to document discrimination, use trade-remedy procedures, comply with origin and standards requirements, and communicate systemic barriers to the government. Regular consultations among negotiators, embassies, the Chamber, sector associations, and exporters would allow private-sector experience to inform national negotiating positions. In this sense, the protection of Uzbek business abroad

becomes a two-way process: diplomacy helps firms abroad, while firms provide information that strengthens the state's trade diplomacy.

5. CONCLUSION

Economic diplomacy is increasingly central to Uzbekistan's model of external economic engagement. Its protective role goes beyond responding to commercial disputes after they arise. The more valuable function is preventive: improving information, building trustworthy networks, helping companies meet standards, creating channels for collective advocacy, keeping transport routes workable, and embedding market access in bilateral and multilateral rules. Uzbekistan's recent emphasis on measurable economic results for ambassadors, export acceleration, business-association involvement, and WTO accession provides an institutional basis for this approach.

To make the system more effective, economic diplomacy should be organized around transparent firm-level case management, balanced performance indicators, specialist expertise, early-warning information, and a clear escalation chain among business associations, economic agencies, and foreign missions. Such a model would be particularly valuable for SMEs, which face the greatest information and representation constraints in foreign markets. At the same time, state support should complement rather than replace private risk management. The most sustainable form of protection is therefore a partnership in which firms remain commercially responsible while diplomacy reduces institutional barriers that individual companies cannot efficiently solve on their own.

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