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International Economic Relations between South Korea and Uzbekistan, 2020–2026: Trade, Investment, Development Finance and the Transformation of a Special Strategic Partnership

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Abstract: This study examines the evolution of economic relations between the Republic of Korea (South Korea) and the Republic of Uzbekistan during 2020–2026, focusing on bilateral trade, foreign direct investment (FDI), development finance, industrial cooperation, technology transfer and strategic supply-chain integration. The research employs a mixed qualitative–quantitative approach based primarily on official Uzbek government and statistical sources, complemented by international institutional evidence. Particular attention is given to the structural transformation of bilateral relations following the COVID-19 shock and the 2024 state visit of President Yoon Suk Yeol to Uzbekistan.

The empirical evidence indicates that bilateral economic relations have developed from a predominantly trade- and investment-oriented relationship into a broader strategic economic partnership. Uzbekistan–Korea trade amounted to approximately US$2.1 billion in 2020, declined to about US$1.8 billion in 2021, recovered to approximately US$2.17 billion in 2022, and reached approximately US$2.4 billion in 2023 in the National Statistics-based series used for this study. Official presidential reporting described 2023 turnover as approximately US$2.5 billion. Subsequently, the statistical series indicates moderation in trade, while Korean investment continued to expand. By 2024, official Uzbek government information reported more than US$7.5 billion in accumulated Korean investment and 726 enterprises involving Korean capital. By 2025, Korean investment had exceeded US$8 billion, and by May 2026 approximately 1,000 joint ventures were reported to be operating in Uzbekistan.

The most important qualitative change occurred in 2024–2026. Cooperation increasingly shifted toward critical minerals, semiconductors, pharmaceuticals, transport, digitalization, advanced manufacturing, biotechnology and green technologies. The June 2024 state visit produced 17 bilateral documents and a US$2 billion EDCF cooperation program for social and infrastructure projects. In September 2025, the two governments agreed to develop a long-term technological and industrial partnership covering critical raw materials, chemistry, mechanical engineering, agriculture, transport, aviation and biotechnology. In 2026, bilateral trade was reported to have increased by 12% during the beginning of the year, while a special industrial zone for Korean companies was under consideration.

The study concludes that the central challenge is no longer simply increasing bilateral trade. Rather, the strategic objective should be to improve the quality of economic integration by increasing Uzbek exports, domestic value added, technology absorption, supplier development and participation in regional and global value chains.

Keywords: South Korea; Uzbekistan; international economic relations; bilateral trade; foreign direct investment; EDCF; KOICA; technology transfer; critical minerals; industrial cooperation; Central Asia; strategic partnership.

1. Introduction

The economic relationship between South Korea and Uzbekistan has become one of the most significant examples of cooperation between an advanced Asian industrial economy and a rapidly transforming Central Asian economy. Diplomatic relations were established in 1992, while the relationship was elevated to a special strategic partnership in 2019. The contemporary economic relationship is therefore supported by more than three decades of diplomatic interaction and by a growing network of governmental, financial, industrial and educational institutions.

The period 2020–2026 is particularly important because it encompasses several major transformations in the international economic environment. The COVID-19 pandemic disrupted international supply chains and investment flows; the Russia–Ukraine war subsequently altered Eurasian logistics, energy markets and trade routes; and Uzbekistan continued market-oriented reforms intended to attract foreign investment and strengthen international economic integration.

South Korea has consequently become increasingly important to Uzbekistan as a source of investment, technology, industrial expertise and development finance. For South Korea, Uzbekistan offers a strategically located market of more than 35 million people, substantial natural-resource potential, a growing industrial base and access to Central Asian markets.

The central research problem is therefore not simply whether bilateral economic relations have expanded, but **whether their structure has changed sufficiently to create sustainable economic value for both countries**.

This article addresses four research questions:

1. How did Uzbekistan–South Korea trade develop during 2020–2026?
2. What role did Korean investment and development finance play in Uzbekistan's economic transformation?
3. How did the sectoral composition of economic cooperation change?
4. What conditions are necessary for the partnership to evolve from an asymmetric trading relationship into a technology- and value-chain-based partnership?

The study tests the following principal hypothesis:

H1: South Korea–Uzbekistan economic relations during 2020–2026 underwent a structural transformation from conventional trade and investment cooperation toward a multidimensional strategic partnership centered on technology, industrial production, infrastructure and supply-chain security.

A secondary hypothesis is proposed:

H2: The developmental impact of Korean economic engagement will depend increasingly on Uzbekistan's ability to convert Korean investment and technology into domestic value added, export capacity and local supplier networks.

2. Literature Review and Theoretical Framework

The relationship can be interpreted through four complementary theoretical perspectives.

First, comparative advantage theory explains the basic complementarity between the two economies. South Korea has strong capabilities in capital-intensive and technology-intensive industries, while Uzbekistan possesses natural resources, agricultural potential, a large labor force and an expanding domestic market.

Second, global value-chain theory provides a more appropriate framework for understanding contemporary cooperation. Modern international production is not organized only through complete products traded between countries. Instead, design, research, component production, assembly, logistics and services can be distributed across several economies. Korean investment therefore provides Uzbekistan with the possibility of moving from raw-material and low-value production toward higher-value stages of production.

Third, the relationship can be examined through the development-state perspective. South Korea's own development experience combined export orientation, industrial policy, technological learning, human-capital development and coordinated state–business relations. Uzbekistan's current economic transformation creates opportunities to selectively adapt elements of this experience.

Fourth, economic statecraft explains the importance of instruments such as the Economic Development Cooperation Fund (EDCF), KOICA technical assistance, concessional finance and infrastructure projects. Such instruments create economic interdependence while simultaneously strengthening diplomatic and institutional relations.

The combination of these perspectives leads to an important analytical proposition: Korean involvement should not be evaluated solely according to the volume of trade or FDI. Its developmental significance depends on whether financial capital is converted into technology, skills, local production and export capacity.

3. Methodology and Data

The study uses a mixed-method research design.

The quantitative component examines bilateral trade indicators, investment values and selected development-finance indicators. The qualitative component examines bilateral agreements, presidential statements, investment programmes and sectoral cooperation.

The principal sources are:

- Uzbekistan's National Statistics Committee;
- Government of Uzbekistan;
- President of the Republic of Uzbekistan;
- World Bank;
- OECD;
- official information concerning EDCF and KOICA cooperation;
- current 2026 information concerning the Korea–Central Asia regional framework.

The research period is 2020–2026. However, **2026 is treated as a partial observation period**, because the calendar year has not yet ended. Therefore, 2026 indicators are interpreted as current developments rather than annual outcomes.

An additional methodological issue concerns differences between official reporting series. For example, the Uzbek presidential administration described 2023 bilateral trade as approximately US$2.5 billion, while statistical reporting provides a somewhat lower figure. The 2024 government country profile also reports US$2.636 billion for bilateral trade.

For this reason, this article avoids combining incompatible statistical series in growth calculations. Where necessary, official figures are presented with their source and methodological qualification.

4. Empirical Analysis

4.1. Bilateral Trade Dynamics

The available evidence demonstrates that bilateral trade remained substantial throughout the research period despite the COVID-19 shock.

Table 1. Uzbekistan–South Korea trade dynamics

Year	Approx. bilateral trade	Main interpretation
2020	US$2.1 bn	Pandemic-period resilience
2021	US$1.8 bn	Trade contraction/restructuring
2022	US$2.17 bn	Post-pandemic recovery
2023	US$2.37–2.50 bn	Peak/strong expansion
2024	US$2.02 bn*	Moderation in statistical series
2025	US$1.74 bn*	Further moderation
2026	Partial year	Early-year expansion reported

*Figures should be attributed to the specific statistical series used by the researcher; Uzbek government reporting has also published alternative totals for 2024.

The 2020 figure illustrates the resilience of the relationship. Uzbekistan's National Statistics Committee reported Korea among the country's largest trading partners, with approximately US$2.1 billion in trade and only about US$45.5 million in Uzbek exports.

The most important structural characteristic is therefore trade asymmetry.

The 2020 data can be expressed as:

Export share=45.52100×100≈2.2%

Thus, approximately 98% of bilateral trade value was associated with imports into Uzbekistan in the cited 2020 dataset.

This pattern continued into subsequent years. For 2022, available data indicate Uzbek exports of approximately US$45.6 million and imports from Korea of approximately US$2.123 billion, generating total bilateral trade of about US$2.17 billion.

The evidence therefore suggests that the central problem in bilateral trade is not insufficient Korean demand for Uzbek products alone, but Uzbekistan's limited capacity to supply Korean markets with sufficiently competitive, certified and differentiated products.

Analytical finding 1

The bilateral trade relationship is quantitatively important but structurally asymmetric. Korea functions primarily as a supplier of capital goods, machinery, vehicles, industrial equipment and technology-intensive products, while Uzbekistan's exports to Korea remain comparatively small.

This creates a policy paradox: greater Korean investment can initially increase the trade deficit because investment projects require imports of Korean machinery and intermediate goods. In the longer term, however, localized Korean production could reverse part of this effect by generating exports from Uzbekistan.

5. Investment and Development Finance

5.1. Korean Foreign Direct Investment

FDI is arguably more important than trade for understanding the long-term relationship.

In 2024, Uzbekistan reported that accumulated Korean direct investment had exceeded US$7.5 billion and that 726 enterprises with Korean capital were operating in the country, including joint ventures and wholly foreign-owned enterprises. **O**

By July–September 2025, official Uzbek presidential reporting indicated that Korean investment had exceeded US$8 billion.

By May 2026, the Uzbek presidency reported approximately 1,000 joint ventures operating in Uzbekistan and Korean investment exceeding US$8 billion. A special industrial zone for Korean companies was also being considered.

Table 2. Selected indicators of Korean economic engagement

Indicator	Value	Year/source
Korean investment	>US$7.5 bn	2024
Korean-capital enterprises	726	2024
EDCF projects	17 projects / US$2.6 bn	through 2024
KOICA grant assistance	US$210 mn	1995–2024
Korean investment	>US$8 bn	2025
Korean-capital joint ventures	~1,000	May 2026
EDCF/Eximbank-related project portfolio	>US$2 bn in cited discussion	2026

The quantitative growth is significant, but the more important issue is **investment quality**.

FDI contributes most strongly to structural transformation when it creates:

1. domestic supplier networks;
2. skilled employment;
3. technology transfer;
4. export-oriented production;
5. research and development;
6. managerial capabilities.

Consequently, the approximately US$8 billion investment figure should not be interpreted simply as a financial success indicator. The crucial question is how much domestic production capacity has been generated by that investment.

6. Development Finance: EDCF and KOICA

Korean development finance represents a second pillar of the bilateral relationship.

Official Uzbek information indicates that 17 projects worth approximately US$2.6 billion have been implemented jointly with the Korean Economic Development Cooperation Fund (EDCF). KOICA grant assistance to Uzbekistan from 1995 through 2024 amounted to approximately US$210 million. More than 2,000 representatives of Uzbek ministries and government institutions had also completed training or internships in Korea.

The economic significance of this cooperation is greater than the nominal financial value.

EDCF can reduce financing constraints for infrastructure and public-sector modernization, while KOICA contributes technical knowledge and human-capital development.

The development-finance mechanism can therefore be represented as:

Concessional finance → infrastructure → institutional capacity → private investment → industrial production → productivity growth.

This mechanism is particularly important for Uzbekistan because its capital market remains relatively underdeveloped. The OECD estimates that Uzbekistan requires substantial additional

financing for infrastructure and green transformation and identifies increased private and international financing as necessary for closing the investment gap.

The implication is that Korean development finance can have a **crowding-in effect** if concessional financing creates infrastructure and institutional conditions that attract additional private investment.

7. The 2024 Strategic Turning Point

The June 2024 state visit of President Yoon Suk Yeol to Uzbekistan constitutes the clearest institutional turning point in the bilateral relationship.

During the visit, the two countries signed **17 bilateral documents**, covering EDCF cooperation, high-speed electric trains, education technology, pharmaceuticals, transport, district heating, critical minerals, agriculture, personnel training and industrial cooperation.

The significance of the agreements is their sectoral diversity.

They included:

6. Development Finance: EDCF and KOICA

- transport infrastructure;
- high-speed railway technology;
- pharmaceutical manufacturing;
- critical minerals;
- ICT and education;
- agriculture;
- district heating;
- industrial cooperation;
- development finance.

The business forum accompanying the visit involved more than 80 Korean companies and financial institutions. Uzbekistan reported a package of new investment projects worth approximately US$9.6 billion.

More importantly, the two governments explicitly identified high-technology cooperation as a new direction. Priority areas included critical raw materials, semiconductors, chemistry, engineering, smart agriculture, infrastructure, urban development and green energy.

This represents evidence supporting **H1**.

The partnership is no longer limited to:

Korean capital + Korean products → Uzbek market.

The intended model increasingly becomes:

Uzbek resources + Korean technology + joint production + regional/global exports.

This is a fundamentally different economic model.

15. Conclusion

The analysis demonstrates that South Korea–Uzbekistan economic relations have undergone a significant structural transformation during 2020–2026.

The relationship proved resilient during the COVID-19 pandemic and subsequently recovered. Bilateral trade increased from approximately US$2.1 billion in 2020 to more than US$2 billion again after the pandemic, reaching approximately US$2.4–2.5 billion in 2023 depending on the official reporting series. At the same time, Korean investment expanded to more than US$7.5 billion by 2024 and more than US$8 billion by 2025–2026. The number of enterprises involving Korean capital increased from 726 in 2024 to approximately 1,000 joint ventures reported in May 2026.

However, the most important transformation is qualitative rather than quantitative.

The 2024 state visit produced 17 bilateral documents covering development finance, transport, pharmaceuticals, critical minerals, agriculture, education and industrial cooperation. The two governments subsequently developed a technological and industrial agenda involving critical raw materials, chemistry, engineering, biotechnology, agriculture and transport.

Consequently, the partnership is moving from a conventional model of:

trade + FDI + development assistance

toward:

investment + technology + industrial production + human capital + strategic supply chains.

This transformation provides significant opportunities for both countries.

For South Korea, Uzbekistan represents a potential Central Asian platform for resource security, industrial production, market expansion and supply-chain diversification.

For Uzbekistan, South Korea provides capital, technology, industrial expertise, development finance and access to global production networks.

Nevertheless, the partnership's long-term success will depend on Uzbekistan's ability to transform foreign investment into domestic productive capacity. The critical indicators should therefore be local value added, technology transfer, export diversification, supplier development, skilled employment and R&D rather than investment volume alone.

The 2026 regional dimension further strengthens this argument. The first Central Asia–Korea Summit is scheduled for 16–17 September 2026 in Seoul and is expected to strengthen cooperation in supply-chain diversification and economic relations. I iica.uz+1

The central conclusion of this study is therefore that the future of the Korea–Uzbekistan economic partnership will be determined less by the quantity of bilateral trade than by the quality of economic integration.

If Uzbekistan succeeds in developing domestic suppliers, processing strategic resources locally, expanding exports, improving human capital and absorbing Korean technology, the partnership could become a model of industrial upgrading between an advanced industrial economy and an emerging Central Asian economy.

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12. This version is much closer to a Scopus/WoS-style manuscript than the original draft: it has a defined research problem, hypotheses, methodology, analytical tables, empirical interpretation, theoretical framework, discussion and conclusion rather than simply describing bilateral relations.
13. For an actual journal submission, the next upgrade I would make is a 2020–2025 export/import dataset with a calculated trade-balance table, CAGR, import-dependency ratio, Herfindahl/sector-concentration indicators, and 2–3 publication-quality figures. That would make the empirical section substantially stronger and reduce the descriptive character of the paper.