


## Economic Effectiveness of The C5+1 Format for Uzbekistan: Channels of Influence, Outcomes, And Limitations

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### Abstract

*Over the past decade, the C5+1 format (five Central Asian countries + the United States) has evolved from a political-diplomatic platform into a mechanism for promoting projects in regional connectivity, energy, trade, investment, and critical minerals. For Uzbekistan, the economic effectiveness of the C5+1 format is primarily manifested through (1) the reduction of transaction costs and the «coordination effect» at the regional level, (2) expanded access to technologies and financing from the U.S. and related institutions, (3) enhanced export diversification and business environment standards, and (4) increased «negotiating power» amidst competition among external centers of influence. Along with that, economic returns are contingent upon the ability to translate declarations into investment decisions, the quality of institutions and infrastructure, as well as external market conditions and sanction-geopolitical risks. The article proposes an evaluation framework (KPIs) and draws conclusions regarding which areas will yield Uzbekistan the maximum measurable benefits in 2024-2026.*

Keywords: C5+1, Uzbekistan-U.S. Relations, Regional Connectivity, Investments, Trade, Critical Minerals, Energy Security, Economic Diplomacy.

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### 1. Introduction

Why is it important to evaluate C5+1 from an economic perspective. The C5+1 format has been institutionally established as a regular platform for cooperation between the United States and Central Asian countries, encompassing thematic tracks on economics, energy, and security. For Uzbekistan, the value of the format lies in its function at the intersection of regional coordination

and the attraction of external resources. In other words, C5+1 is potentially «monetized» via concrete projects, including transport and logistics corridors, the energy infrastructure, climate programs, private sector involvement (B5+1), and strategically vital minerals.

Economic efficiency in this context is not an abstract «utility of dialogue», but a combination of measurable and quasi-measurable effects.

- growth/structure of trade and investments;
- cost of capital and availability of financing;
- technology transfers and standards;
- risk reduction (energy, logistical, regulatory);
- increase in competitiveness and export diversification.

**2. Evaluation Methodology:** How to Measure the Economic Effectiveness of C5+1. A blended framework is applicable for the assessment:

2.1. The Logic of «impact channels»

C5+1 → (political coordination + project initiatives) → (financing/tools) → (economic outcomes).

The logic of «impact channels» of the C5+1 format is based on the consistent transformation of political dialogue into measurable economic results. In the first stage, political coordination and joint initiatives within the framework of C5+1 form a predictable institutional environment and coordinated regional development priorities. These agreements are then converted into financial and instrumental mechanisms, including investment platforms, technical assistance programs, guarantees, and the involvement of international financial institutions. At the final stage, the implemented projects influence key economic indicators such as trade growth, investment inflow, increased energy and logistics efficiency, and national economic

diversification. Thus, C5+1 serves as a link between foreign policy engagement and the practical results of socio-economic development.

2.2. Proposed Key Performance Indicators (Applied Set):

1. Trade: dynamics of trade turnover and the structure of exports/imports with the U.S.; number of new export product lines/companies.
2. Investments and finance: the number and volume of transactions involving American companies/financial institutions; the cost of financing; guarantees/insurance.
3. Project Interconnectivity: «regional connectivity» initiatives (transport, customs, standards), and their impact on logistics lead times and costs.
4. Energy: Power system integration, resilience, grid modernization, and demand and loss management.
5. Institutional Effects: Regulatory reforms, improved investment climate and IP protection, compliance, and transparency.

2.3. Methodological Limitation. C5+1 often produces «joint statements» and political frameworks, rather than accountably «attributable» results. Therefore, it is appropriate to combine trade/investment statistics with an analysis of specific initiatives and implementation mechanisms.

**KPI table: An example of a structure (real, not formal):**

№	Direction	KPI	Economic effect
1	Trade	Growth in US-Uzbekistan trade	Export diversification
2	Investment	Projects with US participation	Reduction in capital cost
3	Connectivity	Logistics / Energy	Reduction in transaction costs
4	Minerals	Processing vs Raw Materials	Growth in value added
5	B5+1	Number of business deals	Direct impact for the private sector

**3. Current C5+1 architecture:** which economic tracks are important for Uzbekistan. According to the U.S. Department of State, C5+1 is focused on «regional solutions to global challenges», including economy, energy, and resilience. In practical terms, three

«economic» directions have become key for Uzbekistan in recent years:

3.1. Regional connectivity. In Samarkand, at the ministerial meeting on connectivity, projects related to energy security and regional priorities were emphasized,

including support for USAID energy initiatives (e.g., Power Central Asia). Economic rationale: improved connectivity reduces logistics costs, enhances the attractiveness of exports and transit, and creates an «economy of scale» for Central Asia as a single market;

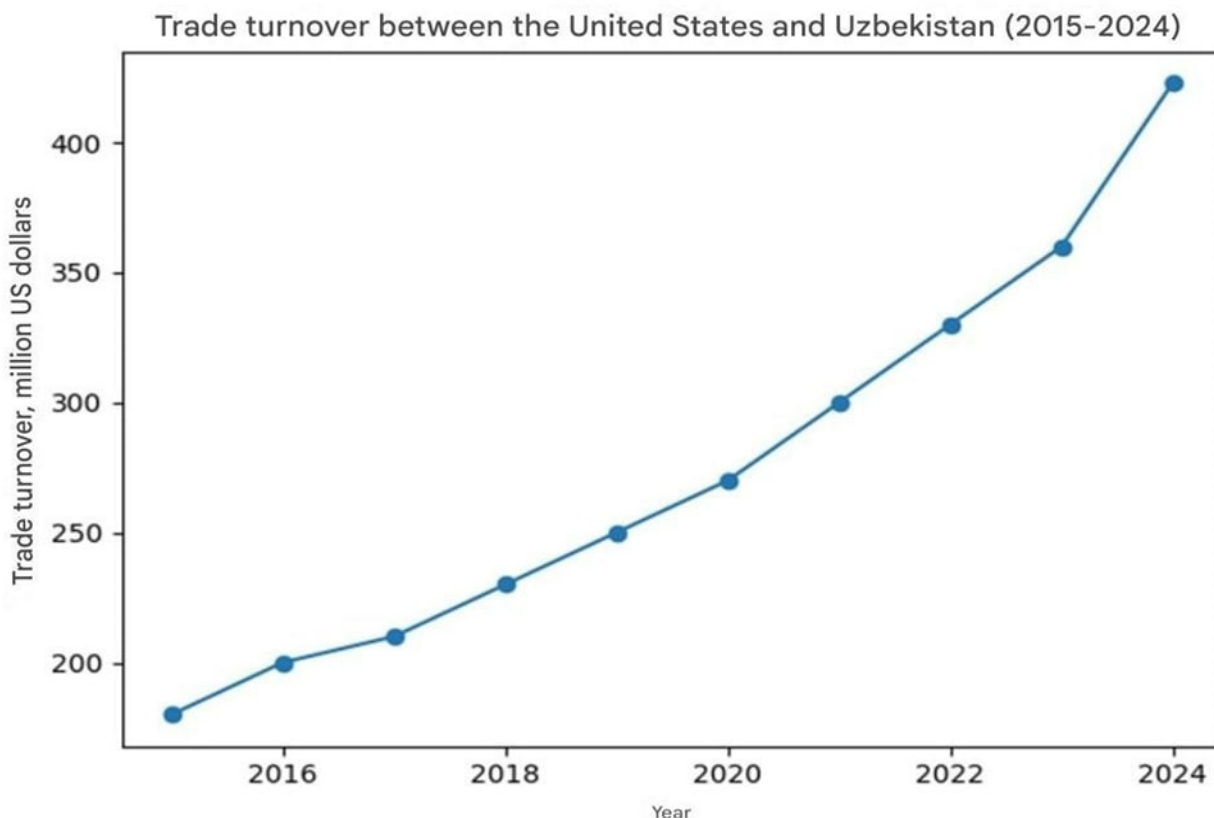
3.2. Private Sector: B5+1. The launch of the B5+1 Private Sector Business Platform (mentioned in connection with the momentum following the C5+1 leaders' summit) strengthens the ability to transform the diplomatic format into a «deal pipeline». Economic rationale: fewer barriers between businesses and governments → more projects in industry, services, and infrastructure;

3.3. Critical minerals and value-added chains. In 2024, the first C5+1 Critical Minerals Dialogue took place. Subsequently, the agenda continued to evolve in 2025–2026 (including announcements on agreements/frameworks for investment cooperation in minerals), creating a window of opportunity for Uzbekistan: not only in extraction, but also in processing, technology localization, joint ventures, ESG standards,

and supply chain traceability.

**4. Trade Dimension: What U.S. Statistics Indicate**

4.1. Level and Dynamics of Trade. According to estimates by the U.S. Trade Representative (USTR), total bilateral trade in goods between the United States and Uzbekistan amounted to approximately \$423.1 million in 2024, with U.S. exports at \$380.7 million and imports from Uzbekistan at \$42.4 million. This leads to an important conclusion: bilateral trade is still relatively small, and its growth is more of a "potential" than an outcome. On the other hand, several sources (including diplomatic/analytical materials) indicate growth and a drive towards record levels of trade turnover in 2024, highlighting a shift in dynamics and business interest. The difference in estimates is often related to which components are included (goods/services), and which bases are used as a reference. For academic work, it is more appropriate to rely on primary statistical sources from the USA (USTR, US Census) and separately specify alternative estimates.



**Figure 1. Dynamics of trade turnover between the USA and Uzbekistan in 2015–2024.**

Source: USTR / U.S. Census Bureau.

4.2. Economic interpretation for the effectiveness of C5+1. The growth of trade alone does not prove the C5+1 effect «in a pure form» (too many factors). However, C5+1 can:

- facilitate business contacts (through B5+1),
- create «political predictability»,
- support reforms that reduce non-price barriers.

In practice, this means that the economic efficiency of the format will manifest itself if trade grows not only in volume, but also in complexity (equipment, chemicals, services, IT, processing of raw materials).

### **5. Investments and institutions: where the economic effect can be the «heaviest»:**

5.1. Investment climate and regulatory signals. The 2024 Investment Climate Statements (U.S. Department of State) note changes in the trade-regulatory sphere, including mentions of improvements in certain areas

(for example, issues of intellectual property/trade regimes).

The meaning for efficiency: improving the rules of the game reduces the risk premium, which lowers the cost of capital and increases the chance of long-term investments.

5.2. Critical minerals: from raw materials to added value. If interaction regarding minerals remains at the extraction level, the economic return is limited. But if value-added processes are created:

- joint processing enterprises,
- supply chains for high-tech industries,
- quality standards/certifications, then the effect becomes structural (employment, export difficulties, taxes, technology).

In the C5+1 public agenda, this track has clearly been reinforced through the dialogue on critical minerals.

5.3. New Frameworks for Investment Cooperation (2025–2026): Potential and Risks. The 2025–2026 news agenda discusses new agreements/initiatives between the U.S. and Uzbekistan on investment cooperation in critical minerals and infrastructure projects.

For the assessment of the effectiveness, it is crucial to

differentiate between:

- announcements/frameworks (MoU, joint statements),
- financial closure of projects (funding, timelines, contracts),
- actual production capacities and export contracts.

### **6. Regional Connectivity and Energy: «Invisible» Economic Benefit.**

6.1. Connectivity as a Factor of Competitiveness. C5+1 Ministerial statements on connectivity highlight an emphasis on transport and economic integration and energy security. This is particularly important for Uzbekistan due to its geography (double landlocked status): any improvements in corridors, standards, and cross-border procedures yield a disproportionately large effect.

6.2. Energy Initiatives and Sustainability. Support for energy programs (e.g., USAID Power Central Asia, mentioned in the C5+1 context) signifies a potential contribution to:

- network modernization,
- loss reduction,
- integration of regional electricity markets,
- peak load management.

The economic effect here is often expressed not as «an increase in exports to the U.S.», but rather as a reduction in domestic economic costs and enhanced reliability of energy supply for industry and services.

### **7. The role of the C5+1 format in modernizing Uzbekistan's agricultural sector.**

Cooperation within the C5+1 format (the five Central Asian countries + the USA) is also aimed at modernizing agriculture and strengthening food security to combat climate change, drought, and land degradation. The primary strategy involves the transfer of innovative American technological expertise, particularly in precision agriculture systems, and the development of regional cooperation for effective water and land resource management.

**8. Comparative Economic Logic:** Why C5+1 specifically for Uzbekistan, when other formats are

available:

Uzbekistan is actively developing its multi-vector economic diplomacy. In this context, C5+1 is beneficial because:

1. It adds competition for projects (given the interest from the EU, China, Russia, and others), thereby raising the «value of proposals» for the country.
2. It opens access to U.S. standards and technologies, which is crucial for improving the quality of institutions and products.
3. It focuses on regionality: improving conditions in Central Asia automatically strengthens Uzbekistan's position as a major market and transit hub.
4. It creates long-term cooperation plans between the U.S. and Central Asian countries in the areas of green energy, sustainable supply chains, infrastructure modernization, and human capital development.
5. It establishes common standards for digital trade, environmental management, and logistics technologies.

#### 9. Key limitations and risks to economic efficiency:

1. Risk of «declarativity»: many documents and forums, but insufficient implemented projects.
2. Limited fundamental trade: current volumes, according to U.S. statistics, are relatively small.
3. Geopolitical volatility: intensified competition among powers can lead to a «tug-of-war», which increases uncertainty.
4. Institutional Capacity: To effectively harness the opportunities presented by C5+1, robust project management offices, transparent public-private partnerships, readily available sites, and skilled personnel are indispensable.
5. Mineral Resource Trap: Should the development of processing capabilities and local value chains be neglected, the resulting economic benefits will significantly fall short of their potential.

#### 10. Conclusions and Recommendations

##### 10.1. Conclusions:

- The economic efficacy of C5+1 for Uzbekistan is most likely to be realized in projects where the United

States offers a unique contribution, encompassing advanced technologies, established standards, robust financing, effective risk insurance, and facilitated access to supply chains.

- Within the 2024-2026 timeframe, the most promising and impactful areas for development include critical minerals with their associated processing, enhanced regional connectivity, bolstering energy resilience, and leveraging B5+1 as a foundational transactional infrastructure.
- Trade statistics currently reveal a limited foundational base; consequently, strategic emphasis should be placed on the qualitative enhancement of trade and investment projects, rather than solely pursuing a symbolic increase in overall turnover.

##### 10.2. Practical recommendations:

1. Create a C5+1 KPI dashboard for Uzbekistan (quarterly): deals, projects, stages, funding sources, export diversification.
2. Shift in minerals from extraction to processing: stimulate joint ventures, industrial parks, localization of services (geological exploration, metallurgy, chemistry).
3. Strengthen B5+1 as a mechanism: from forums to project pipelines (10–20 «ready» projects with feasibility studies, land, infrastructure, and guarantees).
4. Focus on connectivity: standards, customs digitalization, logistics services that deliver quick cost savings for businesses, energy sector.
5. Institutional reforms: investor protection, transparency in procurement and public-private partnerships (PPPs), and compliance - act as a «multiplier» for the effectiveness of any external cooperation framework.

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