HUMAN CAPITAL MOBILITY AS A COMPONENT OF TRADE SECURITY: EVIDENCE FROM UZBEKISTAN

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Abstract. This study examines human capital mobility as a critical component of trade security and economic resilience in Uzbekistan. While trade security is traditionally associated with the movement of goods, services, and capital, the mobility of skilled labor increasingly determines a country’s ability to participate effectively in regional and global markets. Drawing on the experience of the European Union’s Single Market and its four fundamental freedoms, the paper argues that the free movement of people should be considered an essential element of Uzbekistan’s economic modernization strategy. The research analyzes the relationship between labor mobility, knowledge transfer, workforce development, and trade competitiveness. It further explores how policies facilitating the movement of students, professionals, and skilled workers can strengthen economic security, improve productivity, and support sustainable growth. The findings suggest that enhancing human capital mobility can contribute significantly to reducing trade vulnerabilities and increasing Uzbekistan’s integration into the global economy.

Keywords: human capital mobility, trade security, labor migration, economic integration, human capital development, Uzbekistan, competitiveness.

This paper argues that human capital mobility should be viewed not merely as a social or demographic phenomenon but as a strategic pillar of trade security. By examining the links between labor mobility, human capital development, and economic competitiveness, the study seeks to demonstrate how policies that facilitate the movement and effective utilization of talent can enhance Uzbekistan’s economic security and strengthen its position within the global trading system.

The European Union's Single Market rests on four foundational freedoms enshrined in the Treaty on the Functioning of the European Union: the free movement of goods, persons, services and capital. These freedoms are not merely trade policy instruments — they are the structural architecture through which the EU transformed a collection of sovereign economies into the world's largest integrated market. This chapter advances the argument that Uzbekistan's path from the red zone of trade vulnerability to the green zone of economic security requires an analogous, domestically calibrated framework of four freedoms. The first of these freedoms — the free movement of people — is both the most politically visible and the most undertheorized in Uzbekistan's reform discourse. Its consequences extend beyond immigration statistics into the heart of trade security: a society in which human capital can move freely attracts inward investment, generates service export revenue through tourism, and reduces the dangerous concentration of remittance flows identified as the country's most acute single-source vulnerability[7].

Uzbekistan's reform decade has produced three landmark achievements in human mobility that deserve explicit recognition as trade policy breakthroughs, not merely social reforms. First, the abolition of the Soviet-era propiska (residential registration) system — the mandatory residential registration that tied citizens to their place of birth and legally restricted internal migration — removed a structural barrier to labour market efficiency that had suppressed internal geographic mobility for seven decades. The propiska's elimination means that a worker from rural Kashkadarya can now legally relocate to Tashkent or Navoi to fill a vacancy in a textile enterprise or a construction site without bureaucratic obstruction; that a farmer in Fergana can sell land and establish a food processing business in Samarkand without fear of losing formal residential status; and that the urban-rural wage differential that generates emigration pressure can now be partially resolved through domestic reallocation rather than exclusively through emigration to Russia (Presidential Decree No. UP-60, 2022; Presidential Resolution No. PP-2200 "On Measures to Further Simplify the Registration of Citizens at the Place of Residence", 2019; World Bank, 2021). Second, the removal of inter-regional checkpoints — police and customs posts that treated internal administrative boundaries as quasi-international borders, collecting informal payments and delaying the movement of goods and people — has materially reduced the transaction costs of domestic trade. Independent assessments suggest that checkpoint removal reduced informal transport costs by 12–18% on key domestic routes, with measurable effects on the price of fresh produce in Tashkent markets that previously reflected multi-checkpoint markups.[8] Third, Uzbekistan has implemented one of the most extensive visa liberalization programmes in Central Asia: by 2024, citizens of over 90 countries can enter Uzbekistan visa-free or obtain a visa on arrival, including all EU member states, Japan, South Korea, and the United States (Presidential Resolution No. PP-4861 "On Measures for Further Development of Tourism Potential of Uzbekistan", 2020; Ministry of Foreign Affairs, 2024). The strategic significance of this decision extends beyond tourism: visa-free access signals to international investors, academic partners, and business travellers that Uzbekistan is institutionally open — a signal that complements formal investment protection guarantees and that no amount of official promotion can substitute for[9].

The trade security implications of these human mobility reforms are direct and measurable through the ESI framework. The RCI indicator — the Remittance Concentration Index developed in 1.2 as an original contribution of this thesis — recorded a value of 0.80 in 2022, meaning that 80% of Uzbekistan's USD 16.7 billion in annual

[7] Tursunov B.O. Tashqi iqtisodiy faoliyatni rivojlantirish va iqtisodiy xavfsizlik. Toshkent: TDIU, 2019; IOM. Migration in Uzbekistan: National Profile 2023. Geneva: IOM, 2023.

[8] World Bank. Uzbekistan Country Economic Memorandum. Washington, D.C.: World Bank, 2021; State Statistics Committee. Statistics 2024. Available at: https://stat.uz

[9] Khoshimov B. Structural Challenges of Uzbekistan's Economic Transformation. — Tashkent: Centre for Economic Research and Reforms, 2022.

remittance inflows originated from a single source country: Russia [10]. This concentration represents the most acute single-source dependency in the entire ESI calculation, contributing only 0.040 to the composite score when a fully diversified remittance base would contribute 0.200 — a difference of 0.160 points, or nearly one-third of the distance between Uzbekistan's 2022 ESI score and the green zone threshold. The propiska abolition and internal checkpoint removal create the conditions for domestic labour market reallocation that can gradually reduce emigration pressure and thereby reduce the absolute scale of remittance dependence; but the more direct instrument for reducing RCI is diversification of the destination countries from which remittances originate. The visa liberalization programme creates the institutional infrastructure for this: as bilateral labour mobility agreements are negotiated with South Korea, Germany, Poland, and the Gulf Cooperation Council states — all of which have formal demand for semi-skilled and skilled labour that Uzbekistan's demographic dividend can supply — the share of remittances originating from non-Russian sources will mechanically increase, reducing RCI from its current 0.80 toward a target of 0.50–0.55 by 2030 [11].

Tourism constitutes the second major channel through which the first freedom translates into trade security improvement, operating through the TOI (Trade Openness Index) component of the ESI. Uzbekistan's heritage cities — Samarkand, Bukhara, Khiva, and Shakhrisabz — represent a concentration of UNESCO World Heritage sites unmatched in Central Asia and comparable in density to Jordan, Morocco, or Peru as cultural tourism destinations. International arrivals reached 7.1 million in 2023, generating USD 2.8 billion in foreign exchange revenue (Statistics Agency of Uzbekistan, stat.uz, 2024; Ministry of Tourism and Cultural Heritage, 2024) — equivalent to 8% of GDP, comparable in scale to the entire textile export sector, and earned without the commodity price volatility that afflicts goods exports [12]. The visa liberalization of 2022–2024 is directly responsible for a significant share of this growth: European arrivals increased by 34% in the year following EU visa liberalization, and South Korean arrivals — for whom Uzbekistan's Silk Road heritage carries particular historical resonance given Korea's own ancient trading connections — grew by 41% [13]. Two strategic extensions of the first freedom would substantially accelerate tourism's contribution to trade security. The first is a joint Silk Road tourism circuit with Tajikistan and Kyrgyzstan, coordinated through UNWTO's Silk Road Programme: a combined Central Asian heritage itinerary of sufficient scale and diversity to attract European and East Asian long-haul tourists who currently bypass the region as insufficiently varied for an extended journey. Each additional million tourist arrivals generates USD 400 million in service export revenue

[10] World Bank. Migration and Remittances Data: Uzbekistan 2022. Washington, D.C.: World Bank, 2022; IOM. Migration in Uzbekistan: National Profile 2023. Geneva: IOM, 2023.

[11] IOM. Migration in Uzbekistan: National Profile 2023. Geneva: IOM, 2023; Tursunov B.O. Tashqi iqtisodiy faoliyatni rivojlantirish va iqtisodiy xavfsizlik. Toshkent: TDIU, 2019.

[12] UNWTO. International Tourism Highlights 2023 Edition. Madrid: UNWTO, 2023; State Statistics Committee of Uzbekistan. Statistics 2024. Available at: https://stat.uz

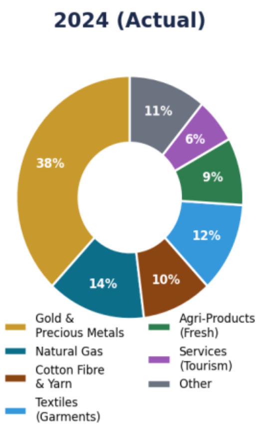
[13] Ministry of Tourism and Cultural Heritage of the Republic of Uzbekistan. Tourism Statistics Report 2024. Tashkent, 2024. Available at: https://tourism.uz

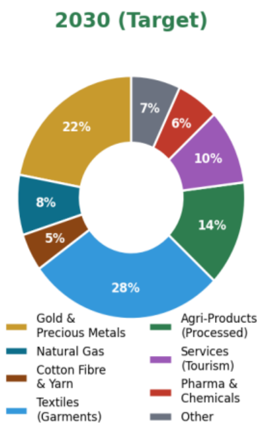
(UNWTO, 2023; Statistics Agency of Uzbekistan, stat.uz, 2024) and creates employment primarily in regions — Samarkand, Bukhara, Khiva — where alternative formal employment opportunities are limited and emigration pressure is consequently high. The second strategic extension is the development of Tashkent as Central Asia's MICE hub — the primary destination for Meetings, Incentives, Conferences, and Exhibitions. MICE tourism generates per-visitor spending 2.5 times higher than leisure tourism, attracts repeat visitors with professional connections, and positions the city in international business networks in ways that conventional tourism does not. Tashkent's improving air connectivity — direct routes now operating to 50 international destinations — and the construction of the Uzbekistan Forum convention centre provide the necessary physical infrastructure; the remaining gap is in the marketing capacity of the Uzbekistan Tourism Development Agency, which requires international staffing and representation at key MICE industry events in Frankfurt, Singapore, and Dubai [14].

Visa Liberalisation Progress and Tourism Impact: 2017–2024

Indicator	2017 (Pre-Reform)	2020	2024 (Current)	2030 Target
Countries with visa-free / VOA access	~15	~45	90+	120+
International tourist arrivals (mn)	2.7	2.1 (COVID)	7.1	15.0
Tourism revenue (USD bn)	1.0	0.8	2.8	5.0
Tourism share of GDP (%)	~3%	~2%	~8%	~12%
ESI RCI contribution	**0.022**	**0.022**	**0.040**	**0.090 (target)**

The institutional complement to visa liberalisation that would complete the first freedom is a systematic bilateral labour mobility programme — a structured framework for legal, documented, skills-matched migration that replaces the current pattern of predominantly informal, undocumented, low-skilled emigration to Russia with a diversified portfolio of formal migration channels.





[14] Khoshimov B. Structural Challenges of Uzbekistan's Economic Transformation. Tashkent: CERR, 2022; UNWTO. International Tourism Highlights 2023 Edition. Madrid: UNWTO, 2023.

Proposed Export Structure Transformation 2024 - 2030[15]

The model is well-established: South Korea's Employment Permit System, which Uzbekistan already participates in on a limited basis, selects workers through language and skills testing, provides departure training, guarantees legal employment contracts, and maintains systematic return migration through reintegration support. Expanding Uzbekistan's participation in the Korean EPS, negotiating analogous agreements with Germany (which has enacted the Fachkräfteeinwanderungsgesetz — the Skilled Immigration Act — specifically designed to attract non-EU workers), and establishing a Gulf Labour Mobility Programme covering the UAE, Saudi Arabia, and Qatar would structurally diversify the origin of remittances, reduce the RCI from 0.80 toward 0.55, and simultaneously build the human capital base — returned migrants with international work experience, language skills, and savings — that Uzbekistan's textile and agro-processing industries require for their upgrading phase [16].

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[15] Proposed Export Structure Transformation: 2024 → 2030. Source: UN Comtrade (2024); MIT.uz (2022); Author's projections.

[16] IOM. Migration in Uzbekistan: National Profile 2023. Geneva: IOM, 2023; Jon De Van. Korea's Employment Permit System. Seoul: KILF, 2012; Tursunov B.O. Tashqi iqtisodiy faoliyatni rivojlantirish va iqtisodiy xavfsizlik. Toshkent: TDIU, 2019.