

Major challenges in the Uzbek transport sector

Traffic volumes have grown strongly in recent years in Uzbekistan. Passenger transport has increased by 5.9% p.a. between 2010 and 2019, which is high in international comparison. Road transport is the most important and fastest growing transport mode. In 2019, it accounted for almost 89% of total passenger transport. At the same time, the vehicle fleet in Uzbekistan is still relatively small with about 70 vehicles per 1000 inhabitants. Thus, growth is very likely to continue. This is a major challenge as investments are already struggling to keep up with maintenance and expansion of road and railway infrastructure.

However, apart from the size of funding there is also the question of spending efficiency. We see room for efficiency gains. Possible measures might include e.g. unbundling of regulation from control of assets in the road sector as well as private market access to road maintenance. For the railroad sector, we recommend separation of business units in infrastructure, passenger, and freight transport.

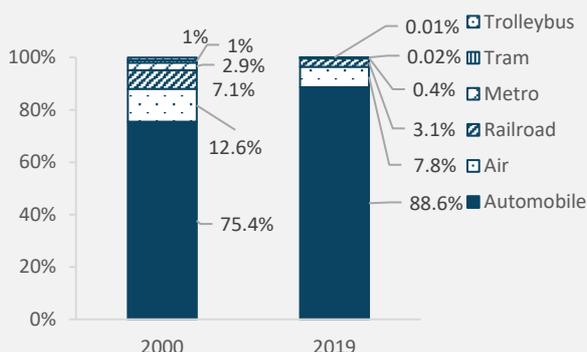
As a first step, however, we see the need to collect better data on the actual traffic flows and bottlenecks in Uzbekistan to be able to develop an integrated transportation strategy with clear goals and priorities.

Overview of transport sectors

Strong economic and population growth have led to rapidly increasing traffic volumes in Uzbekistan. Freight transport has grown by 2.1% p.a. between 2010 and 2019; passenger transport even by 5.9% p.a. For comparison: passenger growth in the EU was slightly above 1% p.a. between 2010 and 2017.

Private car use dominates passenger transportation in Uzbekistan and is the fastest growing mode of transport. In 2019, cars accounted for 88.6% of all passenger-kilometres. Cars have strongly substituted other forms of transport since 2000.

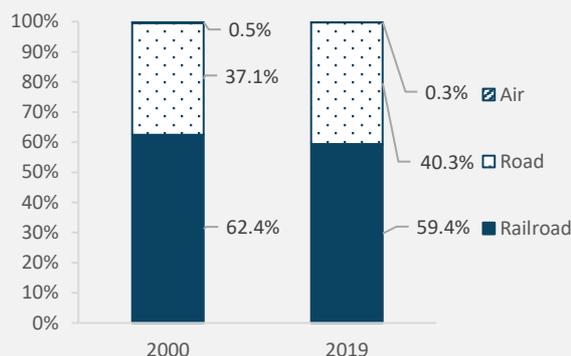
Modal split passenger transport by pass-km



Source: UzStat

In freight transport, the railway sector is still more important than roads. However, road transport is growing much faster than rail (6.8% vs. 2.4%). If this trend continues, roads will have a higher share of freight turnover than rail in 2028.

Modal split freight transport by ton-km



Source: UzStat

These trends pose a potential threat to Uzbekistan’s economic development in case the enhancing of infrastructure should not be able to keep up with growing traffic volumes.

Road sector challenges

The total size of road network is about 185,000 km. This is the highest road density in Central Asia, totalling 41 km of roads per 100 km². At the same time, the vehicle fleet in Uzbekistan was estimated to 2.27 m or 70 vehicles per 1,000 residents in 2017. This is low compared to, for example, Kazakhstan with 120 vehicles per 1000 residents. The Uzbek vehicle fleet is currently growing by 5% p.a. and is likely to continue doing so in coming years.

Information about the quality of the roads is somewhat contradictory. While estimates by national authorities say that 2/3 of international and national roads are in good conditions, regional and municipal roads are on the other hand to a large extent worn out. The major challenge for Uzbekistan will, therefore, be to maintain the existing road network. However, this is quite costly, the World Bank estimates the funding gap of its 2030 Road Development Plan to be around USD 1.5 bn p.a.

From our point of view, maintaining the infrastructure is not only a question of funds but also of prioritisation, regulation and administration. For example, the World Bank also estimates that investing USD 1 in road maintenance can save USD 4-8 rehabilitation costs. Other useful measures are the implementation of structured monitoring of vehicle loading to increase the durability of roads, increasing competition through market access of private corporations for road

maintenance and construction to reduce costs and unbundling of regulation from implementation and control to increase efficiency of administration.

Last but not least, road safety needs to be tackled, as Uzbekistan currently has the second highest road fatality rate among CIS. This requires an improved design, better construction quality control, and better compliance with standards and specifications of roads.

Overall, there is a need for clear prioritisation in order to maintain and develop the road infrastructure.

Railway sector challenges

The railway system is operated by state-owned enterprise O'zbekiston Temir Yo'llari (OTY/UTY). Unlike roads the rail infrastructure is in reasonable shape and there is a good level of locomotive availability. The OTY is also profitable in freight transport despite the comparatively low level of labour productivity, e.g. compared to Kazakhstan.

At 1.5% p.a., growth of railway freight transport is lower than in road sector, which may be seen as problematic. Other challenges include poor service quality, problems with power supply and relatively slow time of delivery. Again, sufficient funds are needed to tackle these problems.

However, there is also room for cost neutral measures to improve efficiency. These might include the separation of business units in infrastructure (state-owned), passenger transport, and freight transport, improving conditions and network access for private railway companies to boost competition and allowing private (minority) stakeholders in non-critical business units (e.g. train stations). These suggestions are quite in line with other experts, e.g. from the Deutsche Bahn, which supports OTY with its reform agenda. Furthermore, 40,000 out of 90,000 employees work in non-core businesses at OTY. These businesses might be sold.

Conclusion

The Uzbek transport sector is facing great challenges, which are mainly due to increasing traffic volumes especially in the road sector. The biggest problem is certainly to provide sufficient funds to maintain and expand the infrastructure. Reducing the problem to money alone, however, is too simplistic from our point of view. Much could already be achieved through better administration and regulation. First of all, we see the need for a definition of goals and priorities for the transport sector development. This would require the collection of data on actual bottlenecks and needs of

the transport sector. These in turn could be the basis for the development of an integrated sector strategy including road, rail and urban transportation.

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A more comprehensive analysis is provided by our Policy Study: [Uzbekistan's transportation sector: Brief status analysis and major challenges](#)

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