



PROBLEMS AND PROSPECTS OF DEVELOPING THE ECONOMY OF UZBEKISTAN

Abdualilova Oyzoda Almahammad qizi

Faculty of Agribusiness and Digital Economy

Economics Major, 3rd Year, Group 95

Email: oyzodaabdualilova.2004@gmail.com

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Abstract:

This article discusses the main problems and prospects for the development of Uzbekistan's economy. The promising directions for economic development, such as the diversification of industry, the transition to a digital economy, the development of agro-technologies, and attracting international trade and investment, are considered. The article emphasizes the necessary measures to ensure economic growth in Uzbekistan and the importance of long-term reforms. It also discusses the need for further expanded reforms and new strategies for Uzbekistan's economy to be competitive on a global scale.

Keywords:

Uzbekistan's economy, economic reforms, diversification, energy sector, industry and production, labor market, investments, corruption, agro-technologies, digital economy, international trade

Introduction:

In recent years, Uzbekistan's economy has undergone significant reforms and modernization processes. Under the leadership of President Shavkat Mirziyoyev, many important steps have been taken, including increasing economic freedom, developing the private sector, and liberalizing the public sector. However, several serious problems still hinder the stable growth of the country's economy. This article discusses the main problems and prospects of Uzbekistan's economy and the necessary measures to address these challenges.

Main Part:

It is noted that for Uzbekistan to join the group of countries with an income level higher than the average by 2030, the growth rates of GDP need to be much higher than the current level.

The World Bank has published a new research report analyzing the main problems and opportunities for Uzbekistan's socio-economic development. It includes recommendations on eliminating barriers to private sector growth, reducing the state's role in the economy, developing human capital, and transitioning to a green economy.

"Officials are preparing for the next phase of reforms with huge goals in mind. In particular, the goal is to halve poverty among the population by 2026 and to join the group of countries with a higher-than-average income by 2030. To achieve this, GDP growth rates need to be much higher than the current level. These objectives can be achieved by creating more jobs and increasing the economic participation of citizens, including youth, women, and persons with disabilities," the report states.

In 2024, GDP increased by 6.5%, reaching \$115 billion, and foreign investment rose by 1.6 times, amounting to \$34.9 billion.

I. Current State of Uzbekistan's Economy:

Uzbekistan's economy has historically relied on traditional sectors such as cotton production and agriculture. However, in recent years, the country has been undergoing extensive reforms. The country's economic rating has improved through international organizations like the World Bank and the International Monetary Fund, and there have been noticeable improvements in the investment climate. However, there are still unresolved issues within the country.

II. Key Issues:**Imbalance in Economic Structure:**

Uzbekistan's economy is primarily based on agriculture and the oil and gas sector. Currently, a significant portion of production depends on agriculture, and the level of industry diversification is low. There are major crises in the agricultural sector, which focuses on cotton and grain production, and uneven resource distribution issues. **Recommendation:** It is essential to diversify Uzbekistan's economy. Developing industry, introducing innovative technologies, and creating new industrial sectors will create new growth opportunities.

Energy and Resource Dependency:

Uzbekistan's energy system still heavily relies on natural gas, which poses risks for economic stability. Energy efficiency is low, raising production costs and negatively impacting economic growth. The energy sector also works with outdated infrastructure.

Recommendation: The energy sector needs modernization, and renewable energy sources must be developed. New technologies should be introduced to improve energy efficiency, and energy networks should be upgraded.

Agricultural Deficiencies:

In agriculture, there is a lack of the introduction of intensive technologies, low productivity, and a reduction in water resources. Additionally, climate change is negatively affecting agriculture.

Recommendation: Modern technologies should be introduced in agriculture, water conservation systems should be developed, and agro-tourism should be promoted. It is also necessary to organize training programs for farmers and diversify agricultural markets.

Corruption and Legal Issues:

Corruption is one of the biggest obstacles to economic development in the country. The lack of transparency in the relations between government agencies and the private sector complicates attracting investments and creates social injustice. The weakness of the legal system also hinders the development of the business environment. **Recommendation:** There is a need to fight corruption and reform the law enforcement system. Transparency should be increased, the rule of law should be ensured, and a favorable environment for business should be created.

Labor Market and Employment:

There is a shortage of specialists in the labor market, a lack of a highly qualified training system, and employment problems among the youth. These issues could disrupt social and economic stability.

Recommendation: It is necessary to improve vocational education, strengthen youth employment programs, and develop systemic measures to enhance workforce qualifications.

III. Prospects for Uzbekistan's Economy:

Industry Diversification:

To make Uzbekistan's economy more stable and competitive, it is crucial to diversify the industry. The development of free economic zones, import-substituting production, and increasing demand for technologies can foster industrial growth.

Transition to a Digital Economy:

Expanding digital technologies, digitizing the economy, and developing blockchain and artificial intelligence are promising directions for Uzbekistan's economy. This process will increase economic efficiency, simplify business, and create new jobs.

Attracting International Trade and Investments:

Uzbekistan's geopolitical location and resource wealth provide opportunities to attract international trade and investments. The country can strengthen its position in the global economy through new trade agreements, strategic partnerships, and the establishment of free economic zones.

Development of Agro-technologies:

Reforms in agriculture and the introduction of innovative agro-technologies, especially in water conservation and the production of eco-friendly products, will create new opportunities. Developing agro-technologies will help make Uzbekistan's agriculture competitive in the global market.

Conclusion:

Uzbekistan's economy faces several challenges to development, but its prospects remain bright. Reforms in the energy, agriculture, industry, and infrastructure sectors, the transition to a digital economy, and increased investment attractiveness can lead Uzbekistan toward sustainable development. Effective strategies and long-term reforms are necessary to overcome the existing problems and unlock the country's economic potential, making it a competitive nation on the global stage.

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