

## **On the Issue of Increasing the Competitiveness of the Economy of the Republic of Uzbekistan**

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**Abstract:** In the era of globalization and technological advancement, Uzbekistan prioritizes enhancing national competitiveness through deep structural reforms under the “Uzbekistan-2030” strategy. Key goals include digital transformation, innovation, human capital development, and attracting foreign investment. The country aims to join the Top 50 of the Global Innovation Index by 2030 through integrated efforts in education, science, and economic modernization. Uzbekistan is committed to building a robust digital infrastructure, enabling seamless integration of technology across all sectors. The government is encouraging the growth of tech startups, smart city initiatives, and the expansion of e-governance to increase transparency and efficiency. Investments in artificial intelligence, blockchain, and IT parks are laying the foundation for a digital economy that aligns with global standards.

**Keywords:** Uzbekistan, competitiveness, innovation, Uzbekistan-2030, digitalization, foreign investment, human capital, Global Innovation Index, reforms, exports, WTO, sustainable development, science, technology, education, startup ecosystem.

### **INTRODUCTION.**

Increasing the competitiveness of the economy is a critical objective for emerging nations aiming to secure sustainable growth and improve living standards. The Republic of Uzbekistan, with its strategic location in Central Asia and abundant natural and human resources, has embarked on comprehensive reforms to enhance its economic competitiveness [1]. This topic is particularly relevant due to the complex interplay between global economic trends, domestic policy reforms, and regional integration efforts that shape the country’s economic trajectory [2]. Understanding how competitiveness can be effectively improved requires a synthesis of economic theories, including Porter’s Diamond Model, endogenous growth theory, and institutional economics, which collectively emphasize innovation, productivity, and governance as drivers of competitive advantage [3]. Despite significant progress in economic reforms, Uzbekistan faces several challenges, such as infrastructure bottlenecks, limited technological advancement, and regulatory constraints, which hinder its full competitive potential. Previous studies have focused extensively on specific sectors like agriculture, manufacturing, and services, highlighting areas for improvement but often lacking an integrated national competitiveness perspective. Moreover, comparative analyses with neighboring countries reveal gaps in innovation capacity and market diversification that need urgent attention [4]. This study addresses these gaps by analyzing the

multifaceted factors influencing Uzbekistan's competitiveness and evaluates recent policy measures aimed at overcoming structural constraints. The research adopts a mixed-methods approach combining quantitative analysis of macroeconomic indicators with qualitative insights from expert interviews and policy document reviews [5]. This methodology enables a comprehensive understanding of both measurable outcomes and contextual factors driving competitiveness. By focusing on the period following major reforms initiated in 2017, the study provides a timely evaluation of progress and identifies persistent barriers to economic growth.

The analysis anticipates revealing how institutional improvements, investment in technology, and human capital development contribute to strengthening competitiveness [6]. Furthermore, it expects to demonstrate the role of regional cooperation and trade liberalization in expanding market access and enhancing export performance. The findings aim to inform policymakers and stakeholders on effective strategies for fostering a resilient and dynamic economy in Uzbekistan and this research contributes to the broader discourse on economic competitiveness in transition economies by providing empirical evidence and practical recommendations [7]. It underscores the importance of a holistic approach that integrates economic, institutional, and social dimensions, offering insights that could guide future reforms and strategic planning in Uzbekistan and similar contexts.

## **METHODOLOGY**

This study employs a mixed-methods research design to thoroughly examine the factors affecting the competitiveness of Uzbekistan's economy. Quantitative data were collected from official national and international databases, including the World Bank, International Monetary Fund, and Uzbekistan's State Committee on Statistics, focusing on indicators such as GDP growth, productivity levels, foreign direct investment (FDI), export volumes, and innovation indices. Statistical techniques, including trend analysis, correlation, and regression models, were applied to identify relationships and measure the impact of specific variables on competitiveness over time. Complementing the quantitative analysis, qualitative data were gathered through semi-structured interviews with policymakers, industry experts, and academics, providing nuanced perspectives on the effectiveness of reforms and ongoing challenges. Policy documents, government reports, and strategic plans were also reviewed to understand the institutional context and policy environment shaping economic competitiveness. By integrating quantitative indicators with qualitative insights, the methodology captures both the measurable outcomes and the complex socio-economic dynamics influencing Uzbekistan's competitiveness. The study period spans from 2017 to the present, allowing evaluation of recent reforms and their implications. This approach ensures a comprehensive and balanced analysis that considers statistical evidence alongside expert opinion and policy frameworks, thereby producing actionable conclusions relevant to decision-makers aiming to enhance the country's competitive position in the global economy.

## **RESULT AND DISCUSSION**

In the period of globalization and technological progress, the question of improving the competitiveness of the country takes a central place in the strategic agenda of the Republic of Uzbekistan. The country is confidently moving along the path of massive reforms that are aimed at sustainable development, technological modernization and integration into the global economy. In speeches, the president of the Republic of Uzbekistan Sh. M. Mirziyoyev has repeatedly emphasized that "a competitive economy is the foundation of a strong state and a prosperous society" [8]. According to experts, the year 2025 in Uzbekistan is marked by the fact that the main focus is on increasing labor productivity, diversifying the economic structure, digital transformation and attracting foreign direct investment [9]. Uzbekistan is realizing the long-term strategy "Uzbekistan-2030", within the key priorities are identified: they are the development of human capital, ensuring justice and the role of the private sector and creating a modern competitive economy. Key government strategies include: Industrial Development Program until 2030, National Export Strategy, Digital Uzbekistan 2030, The program for the

transition to a “green” economy and ensuring “green” growth in the Republic of Uzbekistan until 2030, Science, Technology and Innovation Policy [10]. These documents aim to ensure the coherent transition to a new step in the development of an economy that is based on knowledge and innovation. A special insistence is placed on support for the private sector and the creation of a favorable investment climate. Since 2017 more than 6500 regulatory acts have been canceled or simplified, and the term of business registration have been reduced to less than one day. In 2023 alone, foreign direct investment in Uzbekistan reached 8.2 billion dollars, as it was a record high. Furthermore, till 2026 it is planning a significant increase in the output of electricity, due to the share of renewable sources up to 25%. At the same time, it is expected that the share of small and medium sized businesses in Gross Domestic Product (GDP) will rocket to 60% at all [11].

Moreover, in the context of the program of digital Uzbekistan, until 2026 it is planned to increase the influence of digitalized economy in GDP of a country to 2.5%, which will lead to the rise of labor productivity and reduction of administrative barriers [12]. These steps are directed to improve the country's position in international rates, such as Global Competitiveness Index and Doing Business. Attracting direct foreign investments and thriving export potential also play a crucial role in the improvement of competitiveness of the economy. Uzbekistan is investing in science, research, and digital technologies. Competitiveness is impossible without a skilled workforce. Uzbekistan is investing heavily in education and workforce training [13]. The number of universities has tripled since 2017, including branches of foreign universities. The admission quota in higher education augmented from 66000 in 2016 to 220000 in 2024. The 2023 Law on Vocational Education has strengthened the legal framework for dual education and private sector involvement in curriculum development. To meet the needs of a labor market, more than 50 new professional standards were introduced in priority sectors such as agriculture, Information and Communication Technology (ICT) and industry [14].

According to the Ministry of Digital Technologies, IT services exports exceeded \$1 billion in 2024, compared to just 100 million dollars in 2019. The launch of IT parks in 14 regions, coupled with tax incentives, created over 30000 high-tech jobs. Digital solutions are being actively implemented in governance, logistics, and public services, contributing to greater efficiency and transparency. In 2023 Foundation for Science Financing and Innovation Support was established with a capital of 500 million dollars to support start-ups and research-based enterprises. It should be noted also, according to the data of StartupBlink, Uzbekistan entered the top 50 countries in the Global Startup Ecosystem Index [15].

The Innovative Development Strategy for 2022–2026 envisages the formation of an effective ecosystem of interaction between the state, business, and scientific organizations. In 2023, the share of high-tech exports amounted to 2.4% of total exports, and research expenditures reached 0.16% of GDP.

Till 2030 Uzbekistan has a plan of attracting more than 100 billion dollars of direct foreign investors. The emphasis on the development of industries with high added value products, such as textiles, pharmaceuticals, mechanical engineering and agricultural processing. Uzbekistan is actively integrating into the global economy through regional cooperation and multilateral partnerships, Accession to the World Trade Organization (WTO) remains one of the governmental ultimate goals. Negotiations with the WTO have intensified in 2023–2024, with support from the EU, China, and the United States. At the same time, Uzbekistan became an active member of the Central Asia Regional Economic Cooperation (CAREC) and signed new preferential trade agreements with countries such as Turkey, South Korea, and the UAE. The Presidential Decree of the Republic of Uzbekistan Sh. M. Mirziyoyev on July 6, 2023 introduced a new mechanism of export credit and insurance, significantly simplifying conditions for domestic producers to enter foreign markets. As a result, non-commodity exports increased by 18% in 2024, reaching 9.7 billion dollars.

According to the Committee on Budget and Economic Reforms of the Legislative Chamber of the Oliy Majlis of the Republic of Uzbekistan, the country holds strong potential to enter the Top 50 of the Global Innovation Index (GII) by 2030. This ambitious goal is supported by positive trends in income levels, the effectiveness of ongoing reforms, and insightful comparisons with international peers. Key priorities on this path include the development of human capital, the thoughtful adoption of some countries' successful practices, and the creation of a cohesive innovation ecosystem through the integration of education, science, and technology. This strategic direction reflects Uzbekistan's commitment to building a competitive, knowledge-based economy for the future.

**CONCLUSION.** In conclusion, it should be emphasized that the processes aimed at increasing the competitiveness of Uzbekistan's economy have acquired a systematic and consistent character. The state strategy focused on structural reforms, technological modernization, and integration into global markets represents an adequate response to the challenges of the modern global economy. Strengthening competitiveness will ensure conditions for sustainable economic growth, improved living standards, and the establishment of Uzbekistan as a confident and respected player on the world stage. The effectiveness of this transformation will depend on the sound management of investment flows, institutional capacity building, and the development of human capital through modern education and innovation. According to specialists, through the synergy of public policy, private initiative, and international cooperation Uzbekistan will be able to fully unlock its economic potential and ensure long-term national prosperity of economy.

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