ECONOMIC ANALYSIS OF GDP GROWTH DYNAMICS OF UZBEKISTAN (2020-2024)

Nabiyeva Nargizakhon Nuriddin qizi
PhD student of the Department of "Macroeconomic Analysis and Forecasting" of the Tashkent State University of Economics
https://doi.org/10.5281/zenodo.13764829

Abstract. *Uzbekistan, a Central Asian nation with a rapidly transforming economy, has experienced significant changes in its GDP growth trajectory from 2020 to 2024. This period has been marked by economic reforms, the impact of the global COVID-19 pandemic, shifts in trade dynamics, and the implementation of new fiscal policies aimed at sustainable growth. This article delves into the GDP trends of Uzbekistan over these years, analyzing key factors driving growth, sectoral performances, and the future outlook.*

Keywords: *key factors driving growth, sectoral performances, stimulus packages, social protection measures.*

Introduction

The year 2020 was particularly challenging for Uzbekistan, as the global COVID-19 pandemic caused widespread economic disruptions. Despite these challenges, Uzbekistan's GDP grew by 1.6%, making it one of the few countries in the region to avoid contraction. This resilience was attributed to the government's swift response, including stimulus packages, social protection measures, and efforts to maintain economic activity.

In 2021, Uzbekistan's economy rebounded strongly, with GDP growth accelerating to 7.4%. The recovery was driven by the easing of pandemic-related restrictions, a resurgence in domestic demand, and a strong performance in key sectors such as agriculture, industry, and services. The government continued its reform agenda, focusing on liberalizing markets, improving the business environment, and attracting foreign investment.

The growth momentum carried into 2022, with GDP expanding by approximately 5.7%. While the growth rate was lower than in 2021, it reflected a normalization of economic activity after the post-pandemic surge. Inflationary pressures, global supply chain disruptions, and geopolitical tensions (including the Russia-Ukraine conflict) posed challenges, but Uzbekistan managed to sustain positive growth through diversification efforts and increased public investment in infrastructure.

In 2023, Uzbekistan's GDP growth was projected to be around 5.5% to 6.0%, reflecting steady expansion despite ongoing global uncertainties. Key drivers included robust agricultural output, continued industrialization, and growth in the services sector. The government's focus on digitalization, energy efficiency, and infrastructure development further bolstered economic performance. Additionally, increased trade with neighboring countries and China contributed positively to growth.

Looking ahead to 2024, Uzbekistan's GDP is expected to grow at a similar rate, with projections ranging from 5.5% to 6.0%. The economy is likely to benefit from continued reforms, diversification of exports, and integration into global markets. However, external risks such as

global economic slowdown, commodity price volatility, and regional geopolitical tensions could pose challenges.

Sectoral Contributions to GDP

Agriculture

Agriculture remains a vital sector in Uzbekistan's economy, contributing significantly to GDP and employment. The government's efforts to modernize agriculture, improve irrigation systems, and introduce advanced technologies have boosted productivity. In 2020-2024, agriculture consistently contributed around 25% to GDP, with key products including cotton, wheat, fruits, and vegetables.

Industry and Manufacturing

The industrial sector, including manufacturing, mining, and construction, has been a major growth driver. The sector's share in GDP increased from around 30% in 2020 to over 35% by 2024. Key industries include textiles, food processing, chemicals, and machinery. The government's industrial policy, which encourages diversification and modernization, has played a crucial role in this expansion.

Services

The services sector, encompassing trade, transport, telecommunications, and financial services, has seen rapid growth. By the end of the 2024 year, services were expected to account for nearly 40% of GDP. The growth in this sector reflects increasing urbanization, rising consumer demand, and the expansion of digital services. Tourism, in particular, has been a focus area, with the government promoting Uzbekistan as a cultural and historical destination.

Government Policies and Reforms

Economic Liberalization

Since 2017, Uzbekistan has been undergoing significant economic reforms aimed at liberalizing markets, improving the investment climate, and reducing state intervention. These reforms accelerated during 2020-2024, with policies focused on privatization, banking sector modernization, and legal reforms to protect investors' rights.

Fiscal and Monetary Policy

Uzbekistan's fiscal policy during this period was characterized by increased public investment in infrastructure, education, and healthcare. The government also adopted a cautious monetary policy to manage inflation, which averaged around 9% during 2020-2024. The Central Bank of Uzbekistan aimed to stabilize the currency and control inflation through targeted interventions.

Trade and Investment Policies

To boost GDP, Uzbekistan pursued an open trade policy, signing trade agreements with several countries and joining international organizations. The government also implemented measures to attract foreign direct investment (FDI), focusing on sectors such as energy, mining, and technology. These efforts were reflected in a steady increase in FDI inflows over the years.

External Factors Influencing GDP

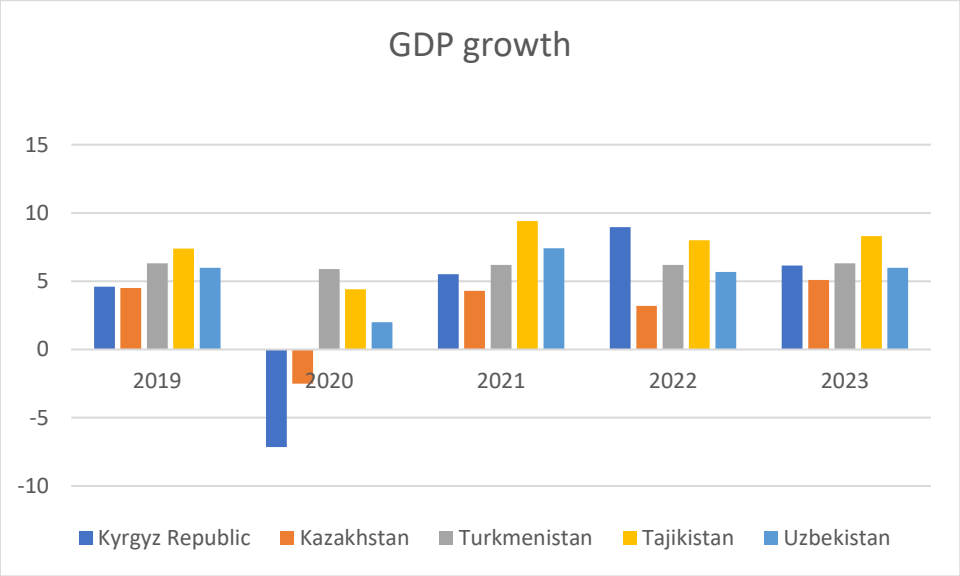
Global Economic Environment

The global economic environment played a significant role in shaping Uzbekistan's GDP growth. The COVID-19 pandemic, geopolitical tensions, and fluctuations in global commodity prices had both direct and indirect impacts on the economy. Uzbekistan's dependence on

remittances from abroad, particularly from Russia, also made the economy vulnerable to external shocks.

Regional Trade and Integration

Uzbekistan's efforts to strengthen regional trade ties, particularly with Central Asian neighbors and China, contributed positively to GDP growth. Initiatives such as the Belt and Road Initiative (BRI) provided infrastructure investments that enhanced connectivity and trade. However, regional challenges, including border disputes and water resource management, remained potential risks.



Graph 1. GDP growth of Central Asian Countries between 2020-2024

Here is a graph comparing the GDP growth rates of Uzbekistan with other Central Asian countries (Kazakhstan, Kyrgyzstan, Tajikistan, and Turkmenistan) from 2020 to 2024. The graph illustrates how Uzbekistan's GDP growth has been relatively stable and resilient compared to its neighbors, particularly during the challenging period of the COVID-19 pandemic. Each country's growth trajectory reflects its unique economic structure and external dependencies.

- Diversification: Uzbekistan has been more successful in diversifying its economy compared to Kazakhstan and Turkmenistan, which remain heavily dependent on energy exports.

- Resilience: Uzbekistan and Tajikistan demonstrated relative resilience during the pandemic, maintaining positive growth, whereas Kazakhstan and Kyrgyzstan experienced more significant contractions.

- Volatility: Kazakhstan and Turkmenistan have faced greater economic volatility due to their dependence on global energy prices, while Uzbekistan’s more diversified economy has helped mitigate some of these external shocks.

Uzbekistan is expected to continue its growth trajectory, supported by ongoing reforms and diversification efforts. Kazakhstan and Turkmenistan will continue to be influenced by global energy markets, with efforts to diversify their economies gaining importance. Kyrgyzstan and Tajikistan remain vulnerable but could see steady growth if external conditions remain favorable.

Conclusion

Uzbekistan's GDP growth from 2020 to 2024 reflects the country’s resilience in the face of global challenges and its determination to pursue economic reforms. The period has been marked by steady growth, driven by key sectors such as agriculture, industry, and services. Looking ahead,

Uzbekistan faces both opportunities and challenges as it continues on its path toward sustainable economic development. With the right policies and strategic focus, the country is well-positioned to achieve its long-term economic goals.

The future outlook for Uzbekistan's GDP growth remains positive, with projections indicating continued expansion. The government's commitment to economic reforms, infrastructure development, and integration into global markets is expected to sustain growth. However, the country faces challenges such as managing inflation, reducing unemployment, and ensuring equitable development across regions.

Several risks could affect Uzbekistan's GDP growth, including global economic slowdowns, geopolitical tensions, and climate change. The country's ability to navigate these challenges will depend on the effectiveness of its policies and the resilience of its economic structure.

To achieve sustained GDP growth, Uzbekistan will need to focus on several strategic priorities, including diversifying its economy, improving the business environment, and enhancing human capital. The government's Vision 2030 plan outlines these priorities and sets ambitious targets for economic and social development.

REFERENCES

1. https://www.adb.org/where-we-work/uzbekistan/economy
2. https://www.imf.org/en/Home
3. https://imrs.uz/archives/news/report_2024_04
4. https://www.caspianpolicy.org/research/economy/central-asian-economies-forge-ahead-with-strong-growth-despite-geopolitical-challenges
5. https://www.ebrd.com/home
6. https://eabr.org/en/analytics/all-publications/the-economy-of-central-asia-a-fresh-perspective/
7. https://timesca.com/central-asia-as-an-emerging-economic-region/