



## FACTORS AND PROBLEMS OF SUSTAINABLE ECONOMIC GROWTH IN UZBEKISTAN

Associate Professor of the Department of “Economic Theory”  
of TSEU, PhD

**Kalandarov Ravshan Abdukayumovich**  
ORCID 0000-0002-9080-4402

**Abstract.** *In this article, on the basis of the analysis of the economic growth dynamics of Uzbekistan and national economic sectors, factors that accelerate economic growth and slow it down are distinguished. Also, scientific and practical proposals aimed at ensuring the sustainable growth of the national economy have been developed.*

**Key words:** *economic growth, GDP, economic sectors, economic growth factors, economic growth slowing factors, innovations.*

**Аннотация.** *Мазкур мақолада Ўзбекистоннинг иқтисодий ўсиши динамикаси ҳамда миллий иқтисодиёт тармоқларини таҳлил этиш асосида иқтисодий ўсишни жадаллаштирувчи ҳам унга тўсқинлик қилувчи секинлаштирувчи омиллар ажратилиб олинган. Шунингдек, миллий иқтисодиётнинг барқарор ўсишни таъминлашга қаратилган илмий ва амалий таклифлар ишлаб чиқилган.*

**Калит сўзлар:** *иқтисодий ўсиш, ЯИМ, иқтисодиёт секторлари, иқтисодий ўсишга омиллари, иқтисодий ўсишни секинлаштирувчи омиллар, инновациялар.*

**Аннотация.** *В данной статье на основе анализа динамики экономического роста Узбекистана и отраслей национальной экономики, выделены факторы, ускоряющие экономический рост и замедляющие его. Также разработаны научно-практические предложения, направленные на обеспечение устойчивого роста национальной экономики.*

*Ключевые слова: экономический рост, ВВП, отрасли экономики, факторы экономического роста, факторы замедления экономического роста, инновации.*

It should be emphasized that Uzbekistan, with its rich history, cultural heritage and significant natural resources, occupies a strategic position in Central Asia. Since gaining independence in 1991, our republic has also achieved significant successes in economic development. However, as the analysis shows, along with a number of encouraging factors in this process, there are also problems and aspects that slow down economic growth. In this article, we will analyze the main aspects of economic growth in Uzbekistan. by analyzing the factors contributing to this process we will distinguish and try to highlight the main tasks facing the country in the way of future development .

### **Literature review**

Throughout the history of society's development, the issue of economic growth has been one of the main research topics for economists and government institutions. It encompasses many aspects, including the factors influencing growth, its measurements, and its impact on society and the economy as a whole. This review examines the main areas of research related to economic growth.

Economic growth is studied through the lens of various theories:

Classical theory: Founders such as Adam Smith<sup>1</sup> and David Ricardo<sup>2</sup> emphasized the importance of capital, labor, and natural resources as factors of production. Smith emphasized the role of the free market and competition.

Neoclassical theory: R. Solow<sup>3</sup> and T.P. Cobb proposed a model in which economic growth is determined by capital accumulation, labor force growth, and technological change. The Solow model focuses on the role of technological progress as the main factor in growth.

---

<sup>1</sup> Адам Смит. Исследование о природе и причинах богатства народов. М.: Аст 2022.

<sup>2</sup> David Ricardo. Proposals for an Economical and Secure Currency . Cambridge University Press 2015.

<sup>3</sup> Robert M. Solow. Growth theory. Oxford University Press . 2020. <https://www.livelib.ru/author/34504/top-robert-merton-solou>

Endogenous growth theories: <sup>4</sup>Developed by economists such as Paul Romer and Robert Lucas, these theories emphasize the importance of human capital, innovation, and institutional factors. They argue that investment in knowledge and technology can lead to sustainable economic growth.<sup>5</sup>

Environmental problems, social inequality, and potential economic crises. The work of authors such as Joseph Stiglitz<sup>6</sup> and Amartya Sen<sup>7</sup> raises questions about the need for balanced growth that takes into account social and environmental aspects.

### **Main part**

In the first years of independence, Uzbekistan faced economic difficulties typical of most post-Soviet republics. The transition from a centrally planned system to a market model was accompanied by a sharp decline in GDP and a deterioration in the standard of living of the population. It was from this period that large-scale economic reforms aimed at liberalizing the economy and improving the investment climate began in Uzbekistan. In particular, a number of legislative acts aimed at creating favorable conditions for conducting business and attracting foreign investment were adopted, important institutional changes were implemented, and this process continues today. These reforms have laid the foundation for stable economic growth in recent years.

The economy of Uzbekistan depends on three main sectors: industry, agriculture, and services. We will analyze them separately.

From ancient economic ideas to the teachings of physiocracy, agriculture has been the basis of the economies of countries. Even today, as the main sector in the economies of a number of countries, it occupies a significant share in the national economy. In the early years of independence, the economy of Uzbekistan was

---

<sup>4</sup> Paul M. Romer Macroeconomics. Study Guide. Worth Pub . 2006.

<sup>5</sup> Robert E. Lucas. Lektsii po ekonomicheskomu rostu. M.: Izdatelstvo Institute Gaydara. 2013. <https://www.klex.ru/120f>

<sup>6</sup> Joseph E. Stiglitz. The Road to Freedom: Economics and the Good Society . Columbia University . 2024.

<sup>7</sup> Sen, A. Development as freedom. Oxford: Oxford University Press. 1999.

agrarian-industrial in nature, and this sector accounted for 33 percent of GDP, while by the end of 2024 this indicator amounted to 19.2 percent<sup>8</sup>. It should be noted that while the physical volume of agricultural, forestry and fishery production is constantly growing, the share of this sector in GDP is decreasing. However, it should be borne in mind that the importance of this sector is determined by its role in ensuring the country's food security.

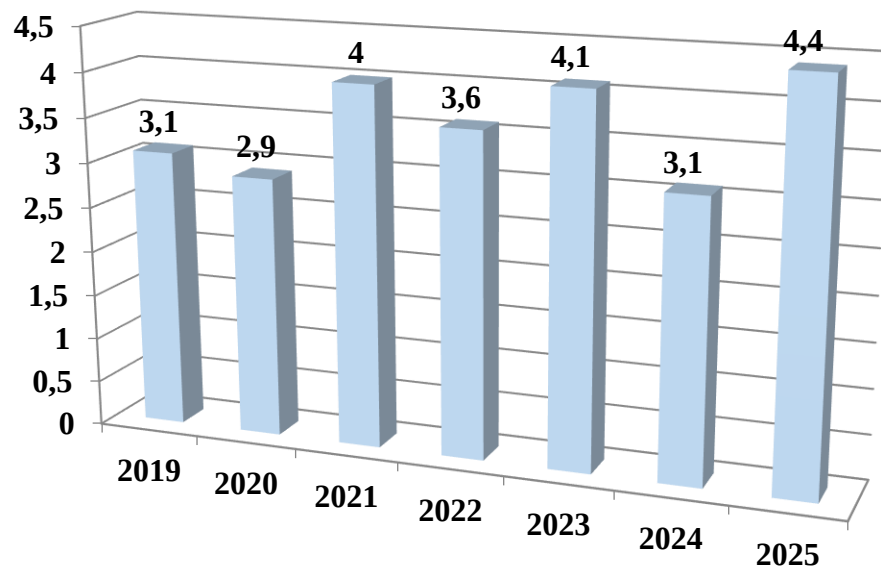


**Figure 1. Growth dynamics of agriculture, forestry and fisheries<sup>9</sup>**

In recent years, the growth of agriculture, forestry and fisheries has shown relatively stable dynamics, while it has been lower than the country's GDP growth. At the same time, it is precisely in the context of the pandemic that this sector has achieved relatively high growth. A large share of Uzbekistan's agriculture is occupied by high-quality products such as cotton, fruits and vegetables. However, structural problems in agriculture, including dependence on climatic conditions and the need to introduce more efficient production technologies, are pushing for renewal.

The industry of Uzbekistan is the locomotive of the national economy. As world experience shows, it is through the development of industry that sustainable

<sup>8</sup> Based on data from the Statistical Agency under the President of the Republic of Uzbekistan.

<sup>9</sup> Based on data from the Statistical Agency under the President of the Republic of Uzbekistan.

growth in the national economy can be achieved. The main share of our country's industry, i.e. 84.4 percent, falls on the manufacturing industry, which includes such sectors as electronics, mechanical engineering and light industry, construction, and food. During the period of independence, the share of industry in GDP has been growing, from 16 percent in the early 1990s to 26.4 percent by the end of 2024<sup>10</sup>.

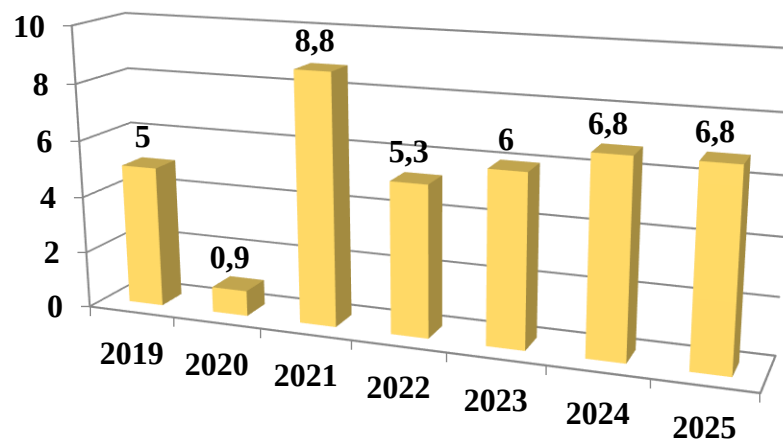


**Figure 2. Industry growth dynamics<sup>11</sup>**

The industrial sector showed a relatively unstable growth trend in 2019-2025. In our opinion, the sanitary crisis caused by the Covid-19 pandemic and the positive developments in the following year were the main reasons for this instability. However, there are problems in this sector with the modernization of equipment and technological processes, which, of course, is a key condition for increasing competitiveness.

The fastest growing sector of the national economy is the services sector. This sector is extensive, and its branches, such as telecommunications, financial services, and tourism, are showing rapid development. As of 2024, the number of enterprises and organizations operating in this sector amounted to 424,840, with a growth rate of 12.9 percent, and its share in GDP was 47.4 percent <sup>12</sup>.

<sup>10</sup> Based on data from the Statistical Agency under the President of the Republic of Uzbekistan.

<sup>11</sup> Based on data from the Statistical Agency under the President of the Republic of Uzbekistan.

<sup>12</sup> Based on data from the Statistical Agency under the President of the Republic of Uzbekistan.

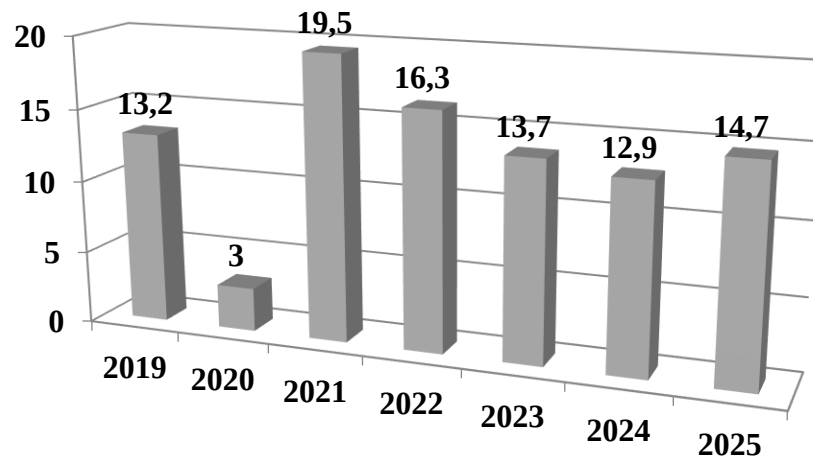


**Figure 3. Growth rates of the service sector<sup>13</sup>**

As can be seen from Figure 3, the services sector is the fastest growing sector of GDP. This trend is also observed in countries around the world. The main reasons for this are the increase in the number of unemployed workers as a result of scientific and technological progress, the rapid development of new types of services, and the increase in demand as a result of increasing incomes. However, efforts are needed to improve the quality of services provided in our country and attract foreign investment to the sector.

When it comes to the dynamics of economic growth, it is first of all appropriate to understand the growth of a country's GDP in absolute terms, per capita, and per unit of resource, from the perspective of classical economic theories.

<sup>13</sup> Based on data from the Statistical Agency under the President of the Republic of Uzbekistan.

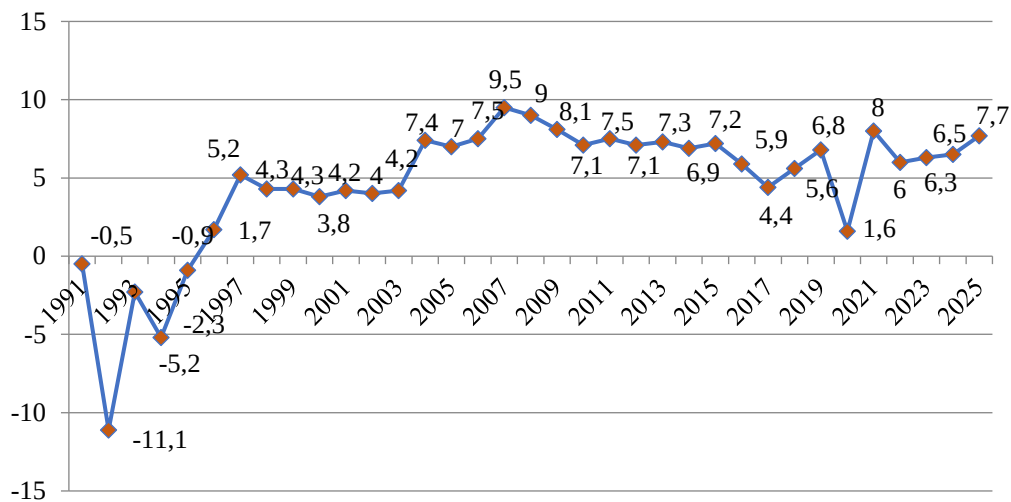


**Figure 4. Dynamics of GDP growth in Uzbekistan<sup>14</sup>**

4 , in 1991-1995, GDP in Uzbekistan had a decreasing trend. The reasons for this include the negative consequences of the planned economy, the transition from one economic system to another, and the material obsolescence of fixed capital. As a result of timely institutional changes, a growth trend in GDP began to be observed starting in 1996. During 1997-2003, the annual GDP growth rate was 4-5 percent, and in the following 2004-2023, the average annual growth rate was around 6-8 percent . Thus , according to the rule of 70<sup>15</sup> during this period , Uzbekistan's GDP increased by 4 times . This growth was due to various factors, including the rapid development of the services sector, the construction of new production capacities, increased productivity in agriculture, and a stable, albeit not high, level of foreign investment . The low figure in 2020 is the result of the global sanitary crisis caused by the Covid-19 pandemic. This crisis had a serious impact on the Uzbek economy, leading to a decrease in GDP growth rates and an increase in unemployment. In response to the crisis, programs were introduced to support entrepreneurship and social protection of the population.

In our opinion, the following factors have had a major impact on economic growth in Uzbekistan :

<sup>14</sup> Based on data from the Statistical Agency under the President of the Republic of Uzbekistan.

<sup>15</sup> Based on data from the Statistical Agency under the President of the Republic of Uzbekistan.

1. Implementation of institutional changes. Economic reforms implemented by the government have become one of the main factors of growth. Liberalization of foreign exchange legislation and improvement of the business environment became important in attracting foreign investments in the country ;
2. Infrastructure Investments . The Uzbek government is making significant investments in infrastructure , including the creation of new transport routes, modernization of the energy system , and improved access to education and healthcare. These measures are not only contributing to economic growth, but also to improving the well-being of the population.
3. Personnel policy. Education system and issues of personnel training occupy an important place in the economic development of the country . The government is carrying out programs to increase the qualifications and training of specialists, which serves to increase labor productivity.

difficulties and problems can be identified that negatively affect economic growth in Uzbekistan :

1. Low economic diversification . Despite the achievements, Uzbekistan's economy remains insufficiently diversified . Heavy reliance on agriculture and traditional commodities can lead to vulnerability to global economic changes .
2. Corruption and administrative problems . Corruption and overly burdensome administrative procedures remain pressing issues that make doing business difficult and discourage foreign investors . The government is expected to take further steps to reform these areas .
3. Environmental problems . Environmental problems such as the drying up of the Aral Sea , air pollution, soil salinization , and the shortage of drinking water require urgent measures. Sustainable economic development must

take into account environmental aspects to prevent negative consequences for society and nature.

Solving the above problems will undoubtedly serve to accelerate economic growth and improve the well-being of the population. At the same time, in our opinion, special attention should be paid to the following promising areas in accelerating economic growth :

1. Broad introduction of innovation and technology into production. The practice of countries with innovative economies shows that in the future One of the main directions of economic growth is the introduction of innovative technologies. Programs for the digitalization of the economy and the development of startups are becoming the basis for new directions in the development of small and medium-sized businesses.
2. Strengthening international cooperation . Uzbekistan should continue to strengthen its position in the international arena through active economic and political ties. In the context of bipolarity in the world economy, participation in multilateral platforms and ensuring the exchange of experience will be the key to successful integration into the world economy.
3. Implementation of state development strategies. Ensuring sustainable development of the country is a priority of the state strategy It is necessary to find a balance between economic growth and the protection of natural resources . The implementation of green technologies is key to this transformation .

### **Conclusion**

Uzbekistan's economic growth over the past decades has demonstrated significant achievements as a result of comprehensive reforms and initiatives. However, the country faces many challenges to ensure sustainable and inclusive development in the future. Using innovative approaches, strengthening international cooperation , and addressing social and environmental challenges can be key factors

in ensuring sustainable economic growth and improving the quality of life of its population in Uzbekistan.

### List of used literature

1. Ўзбекистон Республикаси Президентининг 2022 йил 28 январдаги ПФ-60-сон “2022-2026 йилларга мўлжалланган Янги Ўзбекистоннинг тараққиёт стратегияси тўғрисида”ги Фармони. <https://lex.uz/uz/docs/5841063>.
2. Адам Смит. Исследование о природе и причинах богатства народов. М.: Аст 2022.
3. Abdukayumovich K. R. The role of the state in increasing the impact of institutional changes on real sector development //International Journal of Management IT and Engineering. – 2022. – Т. 12. – №. 1. – С. 30-36.
4. Каландаров, Р. ЭКОНОМИЧЕСКИЙ РОСТ УЗБЕКИСТАНА: ДИНАМИКА, ФАКТОРЫ И ПРОБЛЕМЫ / Р. Каландаров. – Передовая экономика и педагогические технологии. – 2024. – № 2. – С. 286-92.
5. Devid Ricardo. Proposals for an Economical and Secure Currency. Cambridge University Press 2015.
6. Joseph E. Stiglitz. The Road to Freedom: Economics and the Good Society. Columbia University. 2024.
7. Kalandarov R. A. INFLUENCE OF INSTITUTIONAL CHANGES ON THE DEVELOPMENT OF NATIONAL ECONOMY //Analysis of world scientific views International Scientific Journal. – 2023. – Т. 1. – №. 10. – С. 50-62.
8. Paul M. Romer Macroeconomics. Study Guide. Worth Pub. 2006.
9. Robert M. Solow. Growth theory. Oxford University Press. 2020. <https://www.livelib.ru/author/34504/top-robert-merton-solou>
- 10.Роберт Э. Лукас. Лекции по экономическому росту. М.: Издательство Института Гайдара. 2013. <https://www.klex.ru/120f>
- 11.Sen, A. Development as freedom. Oxford: Oxford University Press. 1999.

12.stat.uz Based on data from the Statistical Agency under the President of the Republic of Uzbekistan.