

MACROECONOMIC INDICATORS IN UZBEKISTAN FOR 2023 AND THEIR COMPARISONS

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Abstract. This thesis provides comprehensive comparison of macroeconomic indicators of Uzbekistan in 2023 according to 2020, 2021 and 2022. Utilizing a literature review methodology, the study compares annual data on gross domestic product growth rate, growth domestic product per capita, inflation rate, unemployment rate, current account balance, external debt, and foreign direct investment to assess the country's economic resilience and growth trajectory. While Uzbekistan has demonstrated economic resilience, balancing growth with stability will be crucial for its future development. This scientific work analyzes the macroeconomic situation of the Republic of Uzbekistan in 2023, comparing it with the indicators of 2020, 2021 and 2022. The study uses the literature analysis method, focusing on such important indicators as gross domestic product (GDP) growth rate, GDP per capita, inflation rate, unemployment rate, current account balance, external debt, and foreign direct investment (FDI). Data analysis shows that the Uzbek economy has maintained a certain level of growth in recent years. In particular, in the post-pandemic period, there has been a recovery in economic activity, an increase in investment, and stability in external debt. At the same time, the inflation rate remains relatively high and the issue of unemployment remains relevant. The purpose of the study is

to assess the country's economic stability and growth with its potential based on macroeconomic indicators and develop recommendations for future development directions. One of the main challenges that is facing with Uzbekistan is to balance economic growth with macroeconomic stability, expand innovative approaches, and effectively manage international financial flows.

Keywords: Uzbekistan economy, macroeconomic indicators, gross domestic product, inflation rate, unemployment rate, consumer price index

Acronyms:

GDP- gross domestic product

CPI- consumer price index

IMF- International Monetary Fund

ADB- Asian Development Bank

FDI- Foreign Direct Investment

Introduction

The Republic of Uzbekistan, a developing country, has undergone significant economic transformations since its independence in 1991. This thesis examines the macroeconomic indicators of Uzbekistan from 2020 to 2023. The study aims to analyze the country's economic resilience, growth rates and the challenges it faced during this time. It provides a clear information and data into the effectiveness of Uzbekistan's

economic policies and its integration into the global economy.

Macroeconomic indicators are statistics or data that reflect the economic circumstances of a particular country, region or sector. They are used by analysts and governments to interpret current and future investment possibilities and financial markets.[1] Mostly used macroeconomic indicators are gross domestic product, unemployment rate, inflation rate, consumer price index and interest rates. These key indicators help investors, economists, policymakers and businesses understand the current state of the economy, predict future trends and make informed decisions.

After gaining independence, Uzbekistan gradually formed its economic development strategy. In recent years, liberalization, creating a competitive economy, and attracting investments have been the mainstays of this strategy. The pandemic, geopolitical crises, and global economic changes that occurred in the world during 2020–2023 also directly affected the economy of Uzbekistan.

In recent years, economic reforms have been accelerating in the Republic of Uzbekistan, and a management system based on market mechanisms is being formed. The strategic documents adopted by the country's leadership - the "Strategy of Actions", the "New Uzbekistan" concept and medium-term development programs - are aimed at ensuring economic growth. The volume of gross domestic product (GDP) increased by 6% in 2023 compared to the previous year, which is one of the high indicators for the Central Asian region. The main growth was ensured due to the activity of the industry, services and construction sectors. At the same time, agriculture also plays an important role in maintaining stability in the economy. As a result of the activation of foreign economic relations, the volume of exports has

increased, in particular, the export of textile products, fruits and vegetables, non-ferrous metals and chemical products has increased significantly. This, in turn, supports the stability of the national currency - the soum. Development trends in economic sectors: In Uzbekistan, the industrial sector is one of the locomotives of the economy. Production volumes in such areas as automotive, textile, electrical engineering, and food industries are increasing year by year. The introduction of new technologies and joint ventures established in cooperation with foreign investors allow the production of modern products. Reforms continue in agriculture, which is important for the population and exports of Uzbekistan. Through effective land management, rational use of water, and the use of advanced technologies, the volume of cotton, wheat, vegetables, fruits, and grapes is increasing. In many places, drip irrigation is being introduced. Tourism is seen as one of the directions of economic diversification. The flow of tourists to historical cities located along the Silk Road is increasing. The simplification of visa procedures by the state, the increase in air travel, and the development of hotel infrastructure are rapidly developing this sector. In 2023, more than 6 million tourists visited the country. Uzbekistan's geographical location - being in the center of Central Asia - increases its transit potential. The country is striving to strengthen regional connectivity through the construction of international railways and highways, logistics centers. The reconstruction of highways in the Tashkent - Andijan - Kashkadarya direction, the China-Kyrgyzstan-Uzbekistan railway project are among the important transport projects. Based on the "Digital Uzbekistan – 2030" strategy, digital technologies are being widely introduced in the economy. State services are being transferred to electronic

form, the electronic tax system, digital banking services, and "Electronic trade" platforms are actively developing. For example, payment systems such as "Humo", "Payme", and "Click" are widely used in the daily financial activities of the population. This provides not only convenience, but also transparency. Uzbekistan has established economic relations with more than 100 countries of the world. Also, joining the GSP+ system with the European Union played a major role in increasing Uzbekistan's export potential. New opportunities are being created in cooperation with international structures such as the Organization of Turkic States, the Eurasian Economic Union (as an observer), the Economic Cooperation Organization, and Islamic financial institutions. Small business is one of the most important sectors of the Uzbek economy. The majority of the population is involved in this sector. The state supports small and medium-sized businesses through loans, grants, subsidies and tax breaks. Especially for women and young people, opportunities to start a business are being expanded through the "Youth Notebook" and "Women's Notebook". Uzbekistan is implementing projects to use solar and wind energy. Large solar and wind power plants are being built in cooperation with countries such as the United Arab Emirates and Saudi Arabia. This will not only cover the need for energy, but also ensure environmental safety. By 2030, it is planned to increase the share of renewable energy sources in total energy production to 25%.

Methodology

This study examined the macroeconomic indicators of the Republic of Uzbekistan for the period from 2020 to 2023 based on a systematic comparative analysis. During the research, existing data and statistical indicators were compared with each other, and trends in changes in important indicators

such as economic growth rate, inflation, unemployment rate, current account balance, external debt and foreign direct investment were identified. Using this method, existing scientific articles, reports and statistical data on the topic were systematically collected and analyzed in this article. Through this, clear and reasonable conclusions were drawn about the changes in macroeconomic indicators in 2020-2023 and their impact on the economy of Uzbekistan. In order to ensure the accuracy and reliability of the data collected during the study, only official and authoritative sources were used. In addition, special attention was paid to the annual changes in economic indicators, in order to determine the country's economic stability and growth rates. This approach is of great importance in assessing Uzbekistan's economic policy and determining its future development strategy.

Literature Review

This study used a comprehensive and systematic literature review method. The literature search was conducted in international databases such as JSTOR, Econ Lit, and the World Bank's Open Data. Reports, analyses, and statistical data published by the International Monetary Fund (IMF), the Asian Development Bank (ADB), the Central Asian Development Bank, and the State Statistics Committee of the Republic of Uzbekistan were also studied. These sources served as the main source of information for a more in-depth analysis of the country's macroeconomic indicators. In the process of selecting literature, great attention was paid to their relevance to the topic and the novelty, reliability, and preparation by reputable authors. The study also considered the economic recovery processes during the pandemic and after it, since this period had a significant impact on macroeconomic indicators.

Results

A comparison of Uzbekistan's macroeconomic indicators for 2020 and

• 2020: The deficit was 5.5% of GDP, which is considerable and suggests that the country was importing more than it was

Key Economic Indicators	2021	2022
Nominal GDP (billion USD)	69.2	80.4
Consumer price inflation (percent)	10.8	12.3
Foreign Direct Investment (billion USD)	2.3	2.5
Current account balance (billion USD)	-4.9	-0.6
Exports (billion USD)	16.6	19.3
Imports (billion USD)	25.5	30.7
External debt, public (billion USD)	26.3	29.2
Gross international reserves (billion USD)	35.1	35.8

2021:

COVID-19 has been under global discussion from the beginning of 2020 due to its unexpectedly rapid spreading around the world and influencing all spheres of peoples' lives. [2]

GDP Growth rate:

In 2020, the growth rate was 2.00%, showing a slowdown due to the global pandemic's impact. However, in 2021, a significant increase is observed with growth rate of 7.40%, as conditions enhanced and reflect a strong recovery. [3]

GDP per capita (in U.S dollars):

- 2020: The GDP per capita stood at \$1,759, showing a slight decline from the previous year[4]
- 2021: It increased to \$1,993, suggesting an improvement in the average income or economic output per person[4][10]

Inflation Rate:

- 2020: The inflation rate was 12.87%, which was relatively high, possibly influenced by pandemic-related disruptions.[5]
- 2021: There was a decrease in the inflation rate to 10.85%, indicating a stabilization of prices[5]

Unemployment Rate:

- 2020: The unemployment rate was 5.29%, which is relatively moderate[6]
- 2021: It saw a slight increase to 6.02%, which could be attributed to the economic fluctuations during the pandemic.[6]

Current Account Deficit (as % of GDP):

exporting.[7][12]

- 2021: The current account deficit is projected to widen slightly to about 6.5% of GDP, as imports were expected to recover faster than exports.[7][10]

A comparison of Uzbekistan's macroeconomic indicators for 2021 and 2022:

In 2022, Uzbekistan's economy maintained robust growth, witnessing a rise in GDP to 888.3 trillion Soum (\$80.4 billion), marking a real growth rate of 5.7%. The service sector emerged as the primary driver of this expansion, contributing 3.2% to the GDP growth, while manufacturing (1.3%), agriculture (0.9%), and construction (0.4%) sectors also played significant roles. Notably, there was a slight decrease (-0.1%) in net taxes on products. The Uzbek Soum experienced a depreciation of 3.5% against the U.S. dollar during this period. The country's international reserves increased by \$0.7 billion, reaching \$35.8 billion, while the public external debt saw a rise of \$2.9 billion, reaching \$29.2 billion. However, data on private external debt was not disclosed by the government. The invasion of Ukraine by Russia led to heightened inflation in Uzbekistan, reaching 12.3%, driven by increased costs in food, energy, and logistics. Responding to these economic dynamics, the Central Bank raised the key interest rate from 14% to 17% in March 2022 but subsequently reduced it to 15% in July 2022 and further to

14% in March 2023. Despite concerns, the adverse effects of the Russia-Ukraine conflict on Uzbekistan's economy were less severe than anticipated, with remittances surging by 2.1 times to \$16.9 billion in 2022. These remittances encompassed earnings of Uzbek labor migrants abroad as well as financial transfers from Russian citizens who relocated, temporarily or permanently, to Uzbekistan. Uzbekistan experienced a notable 18% increase in trade turnover, reaching \$50 billion, with exports totaling \$19.3 billion and imports at \$30.7 billion. However, the growth in imports (20.4%) outpaced that of exports (15.9%), leading to a widening trade deficit. Export composition mainly comprised industrial goods (\$4.4 billion), gold (\$4.1 billion), and services (\$4 billion), collectively accounting for 65% of total exports. The import structure reflected Uzbekistan's ongoing industrialization and modernization policy, with machinery and transport equipment (31.4%), industrial goods (18.8%), and chemicals (13.8%) forming significant portions.[8]

A comparison of Uzbekistan's macroeconomic indicators for 2022 and 2023:

GDP:

- 2022: The nominal GDP was USD 81.1 billion.
- 2023: The GDP saw expansion, reaching \$90.9 billion, representing a 6% increase. [9]

Inflation Rate:

- 2022: Inflation accelerated to 11.4%.
- 2023: The annual inflation rate was recorded at 8.76%

Current Account Balance:

- 2022: The current account deficit was significantly reduced to USD -0.6 billion.
- 2023: The current account recorded a deficit of 1.9 USD

Exports and Imports:

- 2022: Exports were worth USD 17 billion, while imports were USD 28 billion.

- 2023: Exports valued at \$24.4bn and imports total \$38.1

External Debt:

- 2022: debt was reported at USD 49.1 billion1.
- 2023: Public external debt is \$25.9 billion as of July 16 [11]

Economic Growth Rate:

- 2022: The economy expanded by 5.67%
- 2023 The economy is projected to grow by 5.5%

Foreign Direct Investment (FDI):

- 2022: FDI was at USD 2.5 billion.
- 2023: FDI increased by 779.5 USD [9][12]

Discussion

This thesis discusses on Uzbekistan's macroeconomic indicators in 2023 comparing the years 2020, 2021 and 2022. The data indicates that Uzbekistan's economy has experienced a significant growth, particularly rebounding after the global pandemic. The GDP growth rate and per capita income have shown an upward trend year by year, representing increased economic activity and improved living standards. However, inflation rate and unemployment rate faced challenges during years that require careful policy attention. Therefore, it is important to study the main and important macroeconomic indicators and analyze their dynamics during this period precisely.

1. Growth by sector in the sphere of economy:

In 2023, the service sector became the leading sector of the Uzbekistan economy which increases its share in GDP per capita. In particular, the growth of trade, transport and communications, financial services and tourism stimulated economic activity.

2. Domestic production in terms of manufacturing and industrialization: The growing import-substituting production capacity, especially as a result of reforms in agriculture and light industry, has increased

competition in the domestic market.

3. Labor market and its role in employment rate:

The main problem in job creation is the low number of newly created jobs compared to demographic growth. Programs to ensure youth employment are not yet sufficiently effective.

4. Price stability and inflation:

The decline in the inflation rate in 2023 was due to the strict implementation of monetary policy in Central bank. However, the instability of prices for food products and transport services affects the real incomes of the population growth and its terms.

5. Currency policy and foreign trade:

Uzbekistan's export potential remains largely related to raw materials, in particular gold, cotton and non-ferrous metals. It is a decrease in the export of precious metals that may affect the country's foreign exchange earnings and profit.

6. Quality of foreign investment:

Despite the increasing volume of FDI (foreign direct investment), investments are unevenly distributed across the sectors. The sectors that attract the most investment are energy sources, construction systems and transport facilities.

Industrialization processes are being implemented in the country gradually. In particular, as a result of the establishment of free economic zones in the regions, support for small and medium-sized businesses, and improvement of the investment climate, many new production capacities are being launched. The decrease in the inflation rate is

the result of the monetary policy pursued by the Central Bank, which has a positive effect on the real incomes of the population. At the same time, stability in some sectors, especially food and housing prices, has not yet been fully ensured. There are also clear shifts in attracting foreign investment. Investments are mainly coming from countries such as China, Russia, South Korea, and Turkey. Investments are being directed to the infrastructure, energy, transport, and telecommunications sectors. There are still problems in the labor market: although the unemployment rate is decreasing, the employment rate is insufficient, especially among young people. Therefore, social programs such as "Youth is our future", "Every family is an entrepreneur" are being implemented. The introduction of digital technologies is also an important factor in ensuring the economic stability of Uzbekistan. Within the framework of the "Digital Uzbekistan – 2030" strategy, e-government, the tax system, banking and finance sectors are being digitized.

Conclusion

As Uzbekistan continues to integrate into global economy, it will be essential for policy makers to growth with stability. This will involve addressing inflation issues, creating job opportunities and managing external liabilities. Attracting foreign investment and balancing trade policy play an important role to shape economic stability.

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