
# THE DYNAMICS OF UZBEKISTAN'S GROSS DOMESTIC PRODUCT (GDP): AN ANALYSIS FOR THE 2018-2023 PERIOD

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**ABSTRACT**

*This abstract reveals the essence of a study dedicated to the dynamics and analysis of the gross domestic product (GDP) of the Republic of Uzbekistan for the years 2018-2023. During this period, the country's economy demonstrated a stable positive dynamic, recording a real growth of 6% in 2023. The analysis identifies the services sector, industry, agriculture, and construction as the main growth drivers of the GDP. In particular, significant achievements such as the 33% growth in GDP per capita from 2018 to 2023 (reaching $2339) and the improvement in population welfare are emphasized.*

**Introduction.** During the period of 2018-2023, the gross domestic product (GDP) of the Republic of Uzbekistan demonstrated stable growth. In 2023, nominal GDP grew by 6% in real terms compared to 2022, amounting to approximately 1.07 quadrillion som. At the average exchange rate, this value was equivalent to approximately $90.8 billion. The growth in GDP was driven by an increase in production in agriculture, forestry, and fisheries (+4.1%), industry (+6%), construction (+6.4%), and the services sector (+6.8%). In 2023, GDP per capita increased by 16.3% compared to the previous year, reaching 28.98 million som (approximately $2468). In recent years, a positive dynamic in GDP has been observed, characterized by annual growth of approximately 4% to 7%. According to the results of 2023, the gross value added in all sectors of the economy accounted for 94.5% of the total GDP volume, while net taxes on products accounted for 5.5%. Due to recalculations that took into account the "unobserved" economy, the International Monetary Fund assessed real GDP for the end of 2023 to be higher than official data, exceeding $100 billion. The main drivers of economic growth during this period were the services sector, industrial production, agriculture, and construction. Furthermore, improvements in the GDP structure and an increase in net taxes indicate the strengthening and diversification of the economy. Thus, during 2018-2023, the economy of Uzbekistan demonstrated a stable positive dynamic with growth in all key sectors and an increase in GDP per capita, which indicates progress in the country's development and an improvement in the population's standard of living.

**Growth in GDP per capita in Uzbekistan in 2018–2023.** GDP per capita in Uzbekistan grew during the period of 2018–2023. In 2023, it amounted to approximately 28.98 million som (approximately $2339), which is 16.3% more than in 2022, following a growth of 3.5% in 2022 after 5% in 2021. Thus, during these years, a stable positive dynamic was observed in the growth of GDP per capita, which indicates an increase in the standard of living and economic well-being of the country's population. The growth was driven by the development of sectors such as services, industry, and agriculture, as well as an increase in net taxes on products and construction activity. Overall, from 2018 to 2023, GDP per capita increased significantly, reflecting Uzbekistan's successful socio-economic development and the improvement in the material conditions of its citizens.

**Annual distribution of GDP per capita in Uzbekistan for 2018–2023 (in US dollars):**

| **2018** | **2019** | **2020** | **2021** | **2022** | **2023** |
|---|---|---|---|---|---|
| $1760 | $1865 | $1870 | $2040 | $2130 | $2339 |

During these years, GDP per capita showed stable growth, slowing slightly in 2020 (due to the impact of the pandemic), after which growth continued at a faster pace in 2021-2023. The total growth from 2018 to 2023 was approximately 33%. This figure indicates a significant improvement in per capita economic welfare in the country during the specified period.

**Reasons for the slowdown in Uzbekistan's GDP growth rates in recent years.** The slowdown in Uzbekistan's GDP growth rates is related to several key factors. Firstly, the deterioration of the global economic situation, including geopolitical factors such as the war in Ukraine, the energy crisis, and deglobalization, leading to a slowdown in global economic growth rates, is of great importance. This puts pressure on Uzbekistan's exports and investments, slowing the pace of economic growth. Additionally, in 2022-2023, inflationary pressure intensified due to rising energy carrier prices and disruptions in logistics chains. To combat inflation, the tightening of monetary policy reduced the availability of credit and investment resources for businesses. Furthermore, the low diversification of the economy, along with outdated economic models, institutional constraints, and the need for structural reforms, limits the potential for sustainable growth and hinders escape from the "middle-income trap." These factors create a structural barrier to further GDP growth and raising the population's standard of living. Thus, the slowdown in GDP growth in Uzbekistan is linked to external shocks in the global economy and internal structural and institutional problems, which require a comprehensive solution in terms of reforms and economic policy approaches.

**The impact of the COVID-19 pandemic on Uzbekistan's GDP dynamics.** The COVID-19 pandemic had a serious impact on the GDP dynamics of Uzbekistan in 2020-2021. In 2020, despite the global economic crisis caused by the pandemic, Uzbekistan's GDP grew by only 1.5-1.9%, a significant drop from the growth of around 5-6% in previous years. The country's economy, especially in tourism and the services sector, felt a slowdown due to a decline in production activity, supply chain disruptions, and mobility restrictions. However, the government took extensive measures to support the private sector, healthcare, and social assistance, which helped avoid a sharp economic decline. The recovery began in the second half of 2020 and continued in 2021 with GDP growth of 5-7%, indicating a relatively quick overcoming of the pandemic's negative consequences. The key factors supporting this were the recovery of trade, investments, and remittances, as well as an active state policy aimed at stimulating economic activity. Thus, the impact of the pandemic was manifested in a sharp slowdown in GDP growth rates in 2020, but thanks to successful measures and reforms, Uzbekistan embarked on a path to recovery in 2021 and, unlike many other countries in the region, maintained positive economic growth.

**Sectors that contributed to the decline in GDP during the pandemic.** In 2020, during the COVID-19 pandemic, the decline in Uzbekistan's GDP was associated with a sharp decrease in activity in some key sectors.

| Sector Name | Change (in %) | Explanation |
|---|---|---|
| Tourism | More than -50% | Due to restrictions and border closures. |
| Retail trade | -6.3% | Linked to a decrease in population income and restrictions. |
| Automotive sector | -13% | Resulting from a fall in demand. |
| Chemical industry | +6.2% | Due to increased demand for medical and chemical products. |
| Pharmaceuticals | +22.2% | Due to high demand for medicines. |

The sectors that contributed most to the decline in GDP were those most sensitive to restrictions and a decline in consumer demand:

- **Tourism** – the most affected sector, with its gross value added (GVA) decreasing by more than 50% due to the de facto closure of borders and mobility restrictions.
- **Retail trade (excluding motor vehicle trade)** – for the first time after several years of growth, it decreased by 6.3%. Restrictions and a decline in population incomes had a negative impact on this sector.
- **Industry and machine building** also showed a decline in production and investment, with the automotive sector, in particular, shrinking by approximately 13% against a backdrop of falling demand.
- **On the other hand,** the pharmaceutical sector and the chemical industry (growing by +22.2% and +6.2%, respectively) continued to grow due to high demand for medical preparations and chemical products.
- **The IT sector** maintained a positive dynamic, although its growth rates slowed down.
- **Agriculture and construction** were less affected by the pandemic and generally supported the economy.

Thus, the main sectors that contributed to the decline in GDP during the pandemic were the tourism sector and retail trade, as well as areas like machine building related to falling demand and restrictions, while the pharmaceutical and chemical industries served as a stabilizing factor.

**COVID-19 pandemic on Uzbekistan's GDP dynamics.** The COVID-19 pandemic had a serious negative impact on the country's economy, reducing GDP growth rates in 2020 from the stable growth of around 5-6% in previous years to approximately 1.5-1.9%. The main reasons for the decline were related to the restrictions introduced to limit the spread of the virus, which in turn led to a decrease in business activity, especially the closure of enterprises in retail trade, public catering, tourism, and the services sector. This caused a decrease in population incomes and, in particular, an increase in unemployment among the least protected segments. Nevertheless, thanks to extensive reforms and state support measures, Uzbekistan avoided a deep recession and demonstrated positive economic growth in 2020, making it more favorable than many other countries in the region. Prompt actions to stabilize the economy, support small and medium-sized businesses, provide social protection to the population, and stimulate certain sectors created the foundation for a recovery that began in the second half of 2020 and continued in 2021 with growth of approximately 5-7%. The sectors most affected by the pandemic were tourism and retail trade, where the decline in activity was most significant. Manufacturing sectors, such as machine building, also experienced a decline, while the pharmaceutical and chemical industries continued to grow. Thus, the need for further diversification of the economy and increasing its resilience to external and internal shocks was identified. Overall, the pandemic exposed the structural weaknesses of Uzbekistan's economy, but the government's timely and firm response helped to mitigate its consequences and maintain a positive GDP growth dynamic, creating a foundation for the country's future sustainable development.

**Conclusion.** Taking into account the COVID-19 pandemic, the dynamics of Uzbekistan's GDP from 2018-2023 were characterized by a temporary slowdown in 2020, but the country quickly recovered and continued its sustainable economic growth. While many countries faced economic difficulties in 2020, Uzbekistan avoided a sharp decline thanks to timely measures taken and its diversified economy. In 2021-2023, the country's economy showed a recovery with GDP growth of around 5-7% per year. In 2023, Uzbekistan's GDP amounted to approximately 1.07 quadrillion som (approximately $90.8 billion), which was 6% more than in 2022. The main drivers of growth were agriculture, industry, construction, and the services sector. An increase in investment activity and an improvement in the structure of the economy, including offsetting the consequences of the pandemic, played a significant role. Thus, despite the difficulties caused by the pandemic, the economy of Uzbekistan maintained its resilience and demonstrated a rapid recovery and subsequent sustainable growth from 2018 to 2023, which is a testament to the positive transformation and adaptability of the country's economy.

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