

ECONOMIC LIBERALIZATION AND ITS RESULTS IN UZBEKISTAN AFTER
INDEPENDENCE

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Abstract. This paper analyzes economic liberalization and its results in Uzbekistan after independence in 1991. The study examines the transition from a centrally planned economy to a market-oriented system, focusing on the gradual reform strategy, state regulation, and recent acceleration of liberalization processes. Particular attention is given to key areas such as currency liberalization, trade openness, private sector development, and foreign investment attraction.

The research highlights that early reforms were designed to ensure macroeconomic stability and social protection, while limiting economic shocks. A new stage of liberalization began after 2016 under Shavkat Mirziyoyev, characterized by major structural changes including currency convertibility, improved business conditions, and increased integration into global markets.

The findings indicate that economic liberalization has led to positive outcomes such as stable economic growth, diversification of the economy, and expansion of entrepreneurship. However, challenges remain in areas such as institutional development, competition, and financial sector reform. The study concludes that Uzbekistan’s gradual liberalization model has been effective, but continued reforms are necessary for sustainable long-term development.

Keywords: Economic liberalization, transition economy, structural reforms, private sector, foreign direct investment, currency reform, trade openness, economic growth, Uzbekistan, market economy.

Introduction. After gaining independence in 1991, Uzbekistan faced the complex task of transforming its centrally planned economy into a market-oriented system. One of the key directions of this transformation was economic liberalization, which involved reducing state control, promoting private ownership, and integrating the national economy into global markets. Unlike many other post-Soviet states that adopted rapid “shock therapy” reforms, Uzbekistan pursued a gradual and controlled approach to liberalization, prioritizing macroeconomic stability and social protection.

The relevance of studying economic liberalization in Uzbekistan lies in understanding how a phased reform strategy can influence economic growth, structural transformation, and overall development outcomes. In the early years of independence, the government maintained significant control over key sectors such as energy, agriculture, and industry, while cautiously introducing market mechanisms. This approach helped prevent economic collapse but also slowed the pace of liberalization in certain areas.

A new stage of economic liberalization began after 2016 under Shavkat Mirziyoyev, when comprehensive reforms were launched to open up the economy. These reforms included currency liberalization, removal of trade barriers, tax system improvements, and measures aimed at enhancing the business environment. As a result, Uzbekistan experienced increased foreign investment, improved international economic relations, and greater participation in global trade.

The study of economic liberalization and its results in Uzbekistan is important not only for assessing national development but also for providing insights into transition economies more



broadly. It allows for evaluating the effectiveness of gradual reform models, identifying key achievements, and understanding the remaining challenges in achieving a fully liberalized and competitive economy.

Thus, this paper aims to analyze the main directions of economic liberalization in Uzbekistan after independence and to evaluate its economic and social outcomes in the context of ongoing reforms and global economic integration.

Literature reviews. The topic of economic liberalization and its outcomes in Uzbekistan after independence has been extensively discussed in both national and international academic literature. Researchers have analyzed the country's transition from a centrally planned economy to a market-oriented system, focusing on the pace, sequence, and effectiveness of liberalization reforms.

A foundational perspective on Uzbekistan's reform path is provided in the works and policy framework of Islam Karimov, who developed the principles of gradual economic liberalization. His approach emphasized the priority of macroeconomic stability, a strong role of the state, and the phased introduction of market mechanisms. Many local scholars support this model, arguing that it helped avoid deep economic crises and social instability during the early transition period.

International financial institutions such as the World Bank and the International Monetary Fund have produced analytical reports assessing Uzbekistan's liberalization process. These studies recognize the country's success in maintaining stable growth and low external vulnerability, while also pointing out delays in price liberalization, currency convertibility, and privatization. They generally recommend accelerating structural reforms, strengthening financial markets, and improving institutional quality.

From a theoretical standpoint, the works of Joseph Stiglitz and other development economists provide a broader framework for evaluating Uzbekistan's gradualist approach. Stiglitz criticizes rapid "shock therapy" reforms implemented in some transition economies and supports a more cautious, institution-based liberalization strategy. This perspective aligns with Uzbekistan's experience, where gradual reforms were chosen to ensure stability and sustainability.

In recent years, scholarly attention has increasingly focused on the reform agenda initiated under Shavkat Mirziyoyev. Researchers highlight significant progress in areas such as currency liberalization, trade openness, tax reform, and the improvement of the business environment. Academic and policy-oriented studies note that these reforms have enhanced investor confidence, increased foreign direct investment, and strengthened the country's integration into the global economy.

Local researchers have also contributed by examining sector-specific impacts of liberalization, including changes in agriculture, industrial development, and the expansion of small business and private entrepreneurship. Particular attention is given to the role of institutional reforms and governance in ensuring the effectiveness of liberalization policies.

Overall, the literature reflects a diversity of views but generally agrees that Uzbekistan's economic liberalization has evolved from a cautious, state-led model to a more open and market-oriented system in recent years. While significant achievements are acknowledged, scholars emphasize the need for continued reforms to enhance competitiveness, deepen market institutions, and ensure sustainable economic development.

Research methodology. This study applies a comprehensive methodological framework to examine economic liberalization and its results in Uzbekistan after independence. The research combines both qualitative and quantitative approaches to ensure a balanced and in-depth analysis of reform processes and their outcomes.



The theoretical basis of the study is grounded in the principles of Macroeconomics and Development Economics, which provide tools for analyzing economic transitions, policy impacts, and long-term development trends. In addition, elements of institutional economics are used to evaluate the role of legal frameworks and governance in shaping liberalization outcomes.

Analysis and results. The analysis of economic liberalization in Uzbekistan after independence reveals a gradual yet increasingly dynamic transformation toward a market-oriented economy. The results show that the country's cautious approach in the early years helped maintain macroeconomic stability, while more recent reforms have accelerated liberalization and improved overall economic performance.

One of the most significant outcomes is the liberalization of the foreign exchange market. Prior to 2017, multiple exchange rates and strict currency controls limited business activity and discouraged foreign investment. However, reforms implemented under Shavkat Mirziyoyev led to the unification of the exchange rate and the introduction of full currency convertibility. This measure significantly improved transparency, facilitated international trade, and increased investor confidence.

Another key result is the improvement of the business environment. The government introduced reforms aimed at simplifying business registration, reducing tax burdens, and protecting property rights. As a result, the private sector has expanded, and entrepreneurship has become a major driver of economic growth. Small and medium-sized enterprises now play a more prominent role in employment generation and GDP formation.

The study also highlights progress in trade liberalization and external economic integration. Tariff reductions, removal of non-tariff barriers, and efforts to strengthen international cooperation have led to an increase in export volumes and diversification of export products. Uzbekistan has also enhanced its participation in regional and global economic systems, which has contributed to greater economic openness.

In terms of investment activity, liberalization policies have led to a significant increase in foreign direct investment (FDI). Reforms in the legal and institutional framework, along with the creation of free economic zones, have made the country more attractive to international investors. Investment inflows have supported industrial modernization and infrastructure development.

Macroeconomic indicators further confirm positive results. Uzbekistan has maintained stable GDP growth rates, controlled inflation, and improved fiscal management. Structural changes in the economy have reduced dependence on traditional sectors and promoted the development of industry and services.

Despite these achievements, the analysis identifies several ongoing challenges. These include the need to deepen financial sector reforms, strengthen competition, reduce state dominance in certain industries, and improve institutional efficiency. Additionally, ensuring equal regional development and addressing labor market issues remain important priorities.

Overall, the results demonstrate that economic liberalization in Uzbekistan has produced tangible positive outcomes, particularly in recent years. The transition from a controlled to a more open economic system has enhanced efficiency, increased investment, and strengthened the country's position in the global economy, although continued reforms are necessary to sustain long-term growth.

Conclusion. The study of economic liberalization and its results in Uzbekistan demonstrates that the country has followed a distinctive and gradual reform path since gaining independence in 1991. This approach prioritized macroeconomic stability, social protection, and the phased introduction of market mechanisms, which helped prevent severe economic shocks during the transition period.



The analysis shows that significant progress has been achieved in key areas of liberalization, particularly in currency reform, trade openness, and private sector development. The reforms implemented after 2016 under Shavkat Mirziyoyev marked a turning point, accelerating economic openness, improving the investment climate, and strengthening integration into the global economy. These changes have contributed to increased foreign direct investment, diversification of exports, and expansion of entrepreneurial activity.

At the same time, the study confirms that Uzbekistan's liberalization process remains incomplete. While many structural barriers have been reduced, challenges such as limited competition in certain sectors, the need for deeper financial system reforms, and institutional strengthening still persist. Addressing these issues is essential for ensuring sustainable and inclusive economic growth in the long term.

In conclusion, the experience of Uzbekistan shows that gradual economic liberalization can be effective when supported by strong state coordination and consistent policy implementation. The results achieved so far indicate positive progress, but continued reforms are necessary to fully realize the benefits of a competitive and open market economy.

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