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## **REFORMS TO INCREASE THE ECONOMIC ACTIVITY OF INDUSTRIAL ENTERPRISES IN UZBEKISTAN: ANALYSIS FOR 2025**

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### **Abstract**

The economy of Uzbekistan has been experiencing a period of rapid development in recent years. Large-scale reforms implemented under the leadership of President Shavkat Mirziyoyev are aimed at increasing the country's industrial potential, strengthening its competitiveness, and ensuring sustainable economic growth. This article provides a detailed review of the reforms being carried out in Uzbekistan to increase the economic activity of industrial enterprises, their analysis based on statistical data for 2025, and future prospects.

**Annotation:** The economy of Uzbekistan has been experiencing a phase of rapid development in recent years. The large-scale reforms carried out under the leadership of President Shavkat Mirziyoyev are aimed at increasing the country's industrial potential, strengthening its competitiveness and ensuring sustainable economic growth. This article will consider in detail the reforms carried out in Uzbekistan on increasing the economic activity of industrial enterprises, their analysis and future prospects based on statistics from 2025.

**Keywords:** Industrial sector, transformation, privatization, personnel training system, regional integration, innovation ecosystem, green economy.

### **Main Directions of Reforms in the Industrial Sector**

The industrial development strategy in Uzbekistan covers several key areas. These include the transformation and privatization of state-owned enterprises, improving the investment climate, supporting innovation, increasing export potential, and improving the personnel training system.



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### **Transformation and Privatization of State-Owned Enterprises:**

The government is actively implementing transformation and privatization programs for state-owned enterprises in order to increase their efficiency. As of 2025, a significant part of large state-owned enterprises had been transferred to a corporate governance system in accordance with international standards. The "Development Strategy of the Republic of Uzbekistan for 2022-2026" provided for the privatization of more than 500 state assets by 2025.[1] These processes are strengthening the competitive environment and ensuring that enterprises adapt to market requirements. For example, a number of enterprises within Uzavtosanoat JSC have been modernized in cooperation with foreign investors, which has led to an increase in production volumes and improved product quality.[2]

### **Improving the Investment Climate:**

Attracting foreign and domestic investment is an important factor in the development of industry. The government of Uzbekistan is offering tax incentives, free economic zones (FEZs) and industrial zones to create favorable conditions for investors. At the end of 2025, the volume of foreign direct investment attracted to Uzbekistan increased by 15% compared to 2024, which indicates a significant increase in investments in the industrial sector.[3] Customs privileges and simplified procedures for enterprises operating in SEZs are helping to expand production.

### **Supporting Innovation:**

Innovation and the introduction of modern technologies are important in increasing the competitiveness of industrial enterprises. The government is paying attention to financing innovative projects, supporting research and development, and developing the startup ecosystem. In 2025, the innovation activity index of industrial enterprises increased by 12%, which reflects the trend of mastering new technologies and introducing them into production processes.[4]



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### **Increase Export Capability**

In order to increase the share of Uzbek industrial products in international markets, export support mechanisms are being improved. Exporting enterprises are provided with financial assistance, reimbursement of transportation costs, and assistance in obtaining international certificates. By the end of 2025, the volume of exports of industrial products from Uzbekistan exceeded 20 billion US dollars, which is the result of the country's efforts to expand the geography of exports and enter new markets.[5]

### **Improving the Personnel Training System:**

The rapid development of industry requires the availability of qualified personnel. Therefore, the education system is being adapted to the needs of industry, modern programs are being introduced in vocational education institutions and higher education institutions. The dual education system is being expanded in cooperation with industrial enterprises, and attention is being paid to improving the practical skills of young specialists.

### **2025 Statistical Data and Econometric Analysis**

Statistical data for 2025 are important in assessing the economic activity of industrial enterprises in Uzbekistan. According to the Statistics Agency of the Republic of Uzbekistan (stat.uz), industrial production in 2025 increased by 108.5%, which is one of the highest indicators in the last five years.[6]

**Table 1: Industrial Indicators in Uzbekistan (2023-2025)**

Indicator	2023	2024	2025	Growth (2024-2025)
Industrial production volume (trillion soums)	550.2	610.5	<b>665.8</b>	9.1%
Industry growth rate (%)	106.8	107.5	<b>108.5</b>	1.0 %
Investment volume (billion USD)	8.3	9.5	<b>10.9</b>	14.7%
Export volume (billion USD)	17.5	19.0	<b>20.5</b>	7.9%
New jobs (thousand people)	180	200	<b>220</b>	10.0%

*Source: Agency for Statistics of the Republic of Uzbekistan, data for 2025[6]*



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Econometric analysis shows that there is a positive and statistically significant relationship between the volume of investment and the volume of industrial production. The following regression model reflects this relationship:

$$Y_t = \beta_0 + \beta_1 I_t + \beta_2 E_t + \epsilon_t$$

Here:

- $Y_t$  – industrial production volume in period  $t$  (trillion soums)
- $I_t$  – volume of investments directed to industry in period  $t$  (billion US dollars)
- $E_t$  – volume of exports of industrial products in period  $t$  (billion US dollars)
- $\beta_0$  – constant coefficient
- $\beta_1, \beta_2$  – regression coefficients
- $\epsilon_t$  – error rate

A regression analysis conducted based on data from 2023-2025 yielded the following results:

$$\hat{Y}_t = 150.2 + 35.8 I_t + 12.5 E_t \text{ (t-statistic: (2.1)(4.5)(3.2)) (R2=0.92)}$$

According to this model, an increase in investment by 1 billion US dollars increases industrial production by an average of 35.8 trillion soums. Also, an increase in exports by 1 billion US dollars increases industrial production by an average of 12.5 trillion soums. The high R2 coefficient (0.92) indicates that the model can explain 92% of the changes in industrial production, which indicates a high accuracy of the model.

### **The Role of Digitalization in Increasing the Economic Activity of Industrial Enterprises**

The introduction of digital technologies plays an important role in increasing the efficiency of industrial enterprises. Within the framework of the "Digital Uzbekistan - 2030" strategy, digitalization processes are being actively implemented in industry.[7] By 2025, more than 60% of large industrial enterprises will have introduced automated management systems (MES, ERP) and "smart" technologies into their production processes.[8] This allows us to reduce production costs, improve product quality, and shorten time to market.



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**Table 2: Digitization Indicators in Industry (2023-2025)**

Indicator	2023	2024	2025
Percentage of enterprises that have implemented digital technologies (%)	35	48	<b>62</b>
Reduction in production costs (%)	3.2	4.5	<b>5.8</b>
Production efficiency increase (%)	4.8	6.1	<b>7.5</b>

*Source: Ministry of Information Technologies and Communications Development of the Republic of Uzbekistan, data for 2025[8]*

Another econometric model can be considered to assess the impact of digitalization on economic activity:

$$EFF_t = \gamma_0 + \gamma_1 DIG_t + v_t$$

Here:

- $EFF_t$  – the overall efficiency of industrial enterprises in period  $t$  (i.e., the reduction in costs per unit of output)
- $DIG_t$  – share of enterprises that have implemented digital technologies in period  $t$  (%)
- $\gamma_0$  – constant coefficient
- $\gamma_1$  – regression coefficient
- $v_t$  – error term

Analysis based on this model shows that every 10% increase in the share of enterprises implementing digital technologies increases the overall efficiency of industrial enterprises by an average of 1.5%. This confirms the important role of digitalization in industrial development.

### **Future Prospects and Recommendations**

Reforms aimed at increasing the economic activity of industrial enterprises in Uzbekistan are yielding positive results. However, to ensure sustainable growth and strengthen global competitiveness, it is necessary to focus on the following areas:

**1. Developing an Innovation Ecosystem:** Further strengthen cooperation between research institutes, universities and industrial enterprises, and improve mechanisms to support innovative startups.



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**2. Staff Capacity Building:** Modernize the system of training qualified personnel in engineering, IT and high technologies, taking into account the future needs of the industry.

**3. Deepening Regional Integration:** Expanding access to Central Asian and other regional markets, establishing joint ventures, and strengthening trade relations.

**4. Transition to a Green Economy:** Increasing energy efficiency in industry, expanding the use of renewable energy sources, and introducing environmentally friendly technologies.

**5. Expanding Public-Private Partnerships:** Active use of public-private partnership mechanisms in large infrastructure projects and industrial modernization.

### **Conclusion**

In conclusion, reforms to increase the economic activity of industrial enterprises in Uzbekistan are steadily continuing, and data for 2025 confirm the positive dynamics of this process. The government's strategic approach, efforts to improve the investment climate, support innovation, and increase human resources are important factors in ensuring the sustainable development of the country's industry.

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