

## Work Carried Out on Digitalizing the Economy in Uzbekistan

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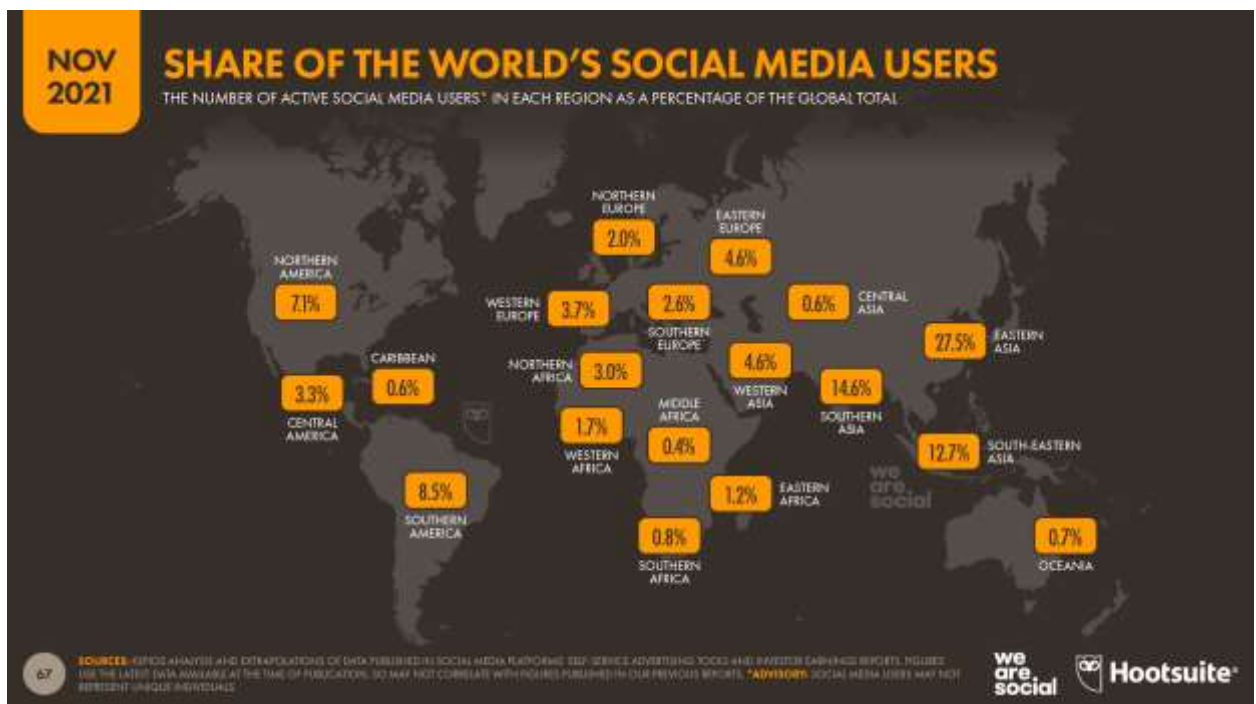
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**Abstract:** This article examines the significance of digital transformation for a country's economy in today's global environment and familiarizes readers with the work carried out and ongoing efforts in Uzbekistan to digitalize its economy in recent years.

**Keywords:** digital transformation, globalization, smart city, Digital Uzbekistan, e-commerce.

**Introduction:** The globalization of economic digitalization is bringing about significant changes worldwide. In 2024, more than 15% of the global economy operates in sectors related to digital technologies and the digital economy. Additionally, the global volume of the digital economy reached 6.3 trillion USD in 2022, and it is expected to grow to 7.6 trillion USD by 2025, accounting for 20% of the global economy. Furthermore, in 2023, the global internet penetration rate reached 65% of the world's population, and this figure continues to grow annually. For example, the adoption of digital technologies in developing countries such as China and India has significantly boosted economic growth. In China alone, the share of the digital economy reached 39% in 2023, becoming a major driver of the country's overall economic growth. According to the Global Digital Index (GDI) in 2023, the United States, Germany, South Korea, and Singapore ranked highest in integrating digital innovations and technologies. These countries are accelerating economic growth by widely supporting advanced technologies such as artificial intelligence, blockchain, and the Internet of Things (IoT). The digital economy refers to economic activities where data in digital form is the primary factor in production and service delivery, enabling more efficient solutions in various types of production, services, technologies, devices, storage, and product delivery through the processing and analysis of large volumes of information. In other words, the digital economy encompasses activities such as online services, electronic payments, internet commerce, crowdfunding, and other sectors tied to the development of digital computer technologies. In our opinion, the digital economy is economic activity carried out and managed through digital technologies under conditions of scarce economic resources. The primary challenge facing any economic system is resource scarcity, and in the digital economy, the main focus should be on addressing this issue.

As of 2023, approximately 66% of the world's population uses the internet, equivalent to more than 5.1 billion users. Considering the global population continues to grow annually, internet penetration rates are also steadily increasing. However, access to the internet is not evenly distributed across regions. While developed countries have high internet penetration rates, developing and less developed regions often have significantly lower rates. For instance, over 90% of the population in Europe and North America uses the internet, whereas this figure is notably lower in Africa and certain Asian countries.



**E-commerce** refers to the process of conducting trade transactions and deals via the internet, including purchasing (or selling) goods and making payments for them. E-commerce operations include product selection, order confirmation, payment processing, and delivery assurance.

There is often confusion in distinguishing between e-commerce and e-business. E-business is an economic sector that encompasses all financial and trade operations conducted through computer networks, as well as the business processes associated with these operations. The global retail e-commerce volume (B2C) reached 1 trillion USD in 2012 and exceeded 2 trillion USD in 2017. Online revenues amounted to 3.4 trillion USD in 2019, and e-commerce is expected to become a 4.9 trillion USD industry by 2021. Quantitatively, there are 259 million online shoppers in the United States, each contributing approximately 1,955 USD in revenue, 1,003 million in China, 119 million in Brazil, 64 million in Germany, and 53 million in the United Kingdom. The online market in Germany is highly concentrated, with three retailers—Amazon, OTTO, and Zalando—accounting for 37% of sales. Amazon also generates the highest revenue in the United Kingdom and France. Credit cards are the most common payment method for online shoppers. Electronic payments rank second, with PayPal being the most popular payment system in this category. Cash-on-delivery is the least common payment method.

Since the early 2000s, Uzbekistan has prioritized the development of information and communication technologies (ICT) and digitalization. Notably, the “Comprehensive Program for the Development of the National Information and Communication System of the Republic of Uzbekistan for 2013–2020,” the “Strategy of Actions on Five Priority Directions for the Development of the Republic of Uzbekistan for 2017–2021,” the “Digital Uzbekistan – 2030” strategy, and the “Development Strategy of New Uzbekistan for 2022–2026” outline a series of measures aimed at implementing digital transformation in the national economy, industry, and society as a whole. In particular, significant achievements have been made in this area, as well as in introducing new technologies and digitalization in public administration, following the launch of the core system of Uzbekistan’s e-government—the Unified Interactive State Services Portal (my.gov.uz). As a result, as of January 2022, 56% of state services were provided through my.gov.uz, with the number of state services on this e-government platform reaching 307, and

more than 1.3 million citizens utilizing electronic state services. Additionally, the total number of internet users in Uzbekistan reached 27.2 million at the beginning of the current year. Over the past period, significant investments have been attracted to improve the country's ICT systems and digital infrastructure. According to the State Statistics Committee of the Republic of Uzbekistan, the gross value added in the information and communication sector increased more than twofold between 2017 and 2021, reaching 11.8 trillion UZS (over 1 billion USD) in 2021. Furthermore, since the establishment of IT parks in Uzbekistan, the export volume in this sector has increased 50-fold, reaching 46 million USD. The number of permanent residents in the IT park grew from 147 to 500, more than 300 new companies were established, and 8,500 high-paying jobs were created. Currently, over 11,000 young people are actively engaged in IT parks. The total length of fiber-optic communication lines in Uzbekistan has significantly increased since 2017. According to the Ministry of Information Technologies and Communications Development of the Republic of Uzbekistan, this indicator grew nearly sixfold between 2017 and 2022, with the total length of fiber-optic communication lines reaching 118,000 kilometers by January 2022. Additionally, since 2017, the bandwidth capacity of the international data transmission network has increased 28-fold, from 64.2 Gbit/s to 1,800 Gbit/s. It is worth noting that the global pandemic highlighted the necessity of digitalization and digital transformation, leading to a revision and improvement of Uzbekistan's digitalization strategy to address pressing IT issues and ensure sustainable development. By the decree of the President of the Republic of Uzbekistan, Shavkat Mirziyoyev, dated October 5, 2020, the "Digital Uzbekistan – 2030" strategy and its implementation roadmap for 2020–2022 were approved. The strategy includes two programs—regional digitalization and sectoral digitalization—and covers priority areas such as digital infrastructure, e-government, the national digital technology market, and the development of education and skills upgrading in the field of information technologies.

**Major projects implemented in introducing “e-government”:**

1. Unified Interactive State Services Portal ([my.gov.uz](http://my.gov.uz))
2. Open Data Portal ([data.gov.uz](http://data.gov.uz))
3. Portal for Discussing Draft Normative-Legal Acts ([regulation.gov.uz](http://regulation.gov.uz))
4. “License” Information System Complex ([license.gov.uz](http://license.gov.uz))
5. Information System for Automating the Activities of “Single Window” Centers ([birdarcha.uz](http://birdarcha.uz))

The most critical conditions for successfully implementing the “Digital Uzbekistan – 2030” strategy include financial support for the sector and increasing the digital literacy of the population. Accordingly, the Ministry of Information Technologies and Communications Development of the Republic of Uzbekistan, in collaboration with other relevant state bodies, will take measures to complete the digitalization of preschool education, healthcare, and general education schools by the end of 2022.

Furthermore, “Digital Uzbekistan – 2030” plays a significant role in achieving the objectives outlined in other national strategic documents and programs, particularly the national tasks related to the UN Sustainable Development Goals for the period up to 2030 and the goals set in the “Development Strategy of New Uzbekistan for 2022–2026.”

As is known, the “Development Strategy of New Uzbekistan for 2022–2026,” adopted on January 28 of the current year, encompasses 100 strategic goals to be achieved over the next five years across seven priority directions: building a people-centric state by enhancing human dignity and further developing a free civil society; transforming justice and the rule of law into the most fundamental and necessary conditions for development; rapidly developing the national economy and ensuring high growth rates; pursuing a just social policy and developing human capital;

ensuring spiritual development and advancing the sector to a new level; addressing global issues based on national interests; and strengthening the country's security and defense capabilities while pursuing an open, pragmatic, and active foreign policy. The strategy places special emphasis on digitalizing key sectors, including introducing new technologies in public services, the judicial system, law enforcement agencies, traffic management systems, healthcare, social services, banking, agriculture, and other core sectors of the national economy. Specifically, tasks include developing the "e-government" system, increasing the share of electronic state services to 100%, digitalizing state services and transferring 20% of them to the private sector, introducing the Mobile ID system for personal identification in state service delivery, and implementing projects such as the "Digital Passport of Citizens" and "Digital Office." Additionally, plans aim to ensure sustainable high growth rates in economic sectors, increasing per capita GDP by 1.6 times over the next five years and raising per capita income to over 4,000 USD by 2030, thereby laying the foundation for Uzbekistan to join the ranks of "upper-middle-income countries." In this regard, the digital economy is positioned as a key "driver" sector, with plans to increase its volume by at least 2.5 times by the end of 2026, grow the software industry by 5 times, increase its exports by 10 times to 500 million USD, and raise the level of digitalization in production and operational processes in the real economy, finance, and banking sectors to 70%. Furthermore, priority is given to digitalizing cities, improving the quality of construction and design work, and developing them within the framework of the "Smart City" concept.

Overall, digital technologies play a central role in post-pandemic recovery and building a sustainable economy. Therefore, digitalization and digital transformation should remain a top priority for developing countries like Uzbekistan.

In conclusion, digitalizing the economy not only stimulates economic growth but also creates new opportunities for all segments of society. This process is also of great importance for enhancing global competitiveness and ensuring sustainable development. Successful digitalization requires collaboration between the state, businesses, and society.

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