BG Pulse Journal USA
ISSN:1947-2536 http://www.bgpulseusa.com/index.php/bg
BG PULSE JOURNAL

The Current Economic Condition of Uzbekistan in 2026: Growth, Structural Transformation, Investment, Trade and Macroeconomic Challenges

Uzbekistan State World Languages University
Internatioanl Journalism Faculty
Department of Political Science
Master of International Studies
Zarnigor Shovkidin kizi Suyunova
Uzbekistan State World Languages University
Internatioanl Journalism Faculty
Department of Political Science
Professor of Political Science **Sanjar Shavkatovich Saidov**
doi:https://doi.org/10.5281/zenodo.22726852

Abstract: This article analyzes the current economic condition of the Republic of Uzbekistan in 2026, with particular attention to economic growth, sectoral transformation, investment, foreign trade, inflation, household incomes, poverty reduction, fiscal and external balances, and structural reform. The study uses a mixed quantitative and qualitative methodology based primarily on the latest data published by the National Statistics Committee of Uzbekistan, the Central Bank of Uzbekistan, the International Monetary Fund (IMF), the World Bank, and the Asian Development Bank (ADB). Because 2026 is an incomplete statistical year, the empirical analysis distinguishes between realized data for January–June or January–July 2026 and full-year forecasts.

The evidence indicates that Uzbekistan entered 2026 from a position of relatively strong macroeconomic momentum. Real GDP increased by 8.5% in January–June 2026 compared with the same period of 2025, reaching UZS 1,072.7 trillion at current prices. This followed real GDP growth of 7.7% in 2025 and 6.7% in 2024. Growth in the first half of 2026 was broad-based, with services representing 50.8% of gross value added, industry 26.5%, agriculture 15.0%, and construction 7.7%.

Investment has become a major engine of growth. Fixed-capital investment reached UZS 338.9 trillion in January–June 2026, an increase of 17.5% year-on-year. Manufacturing attracted UZS 100.5 trillion, making it the largest investment destination, while agriculture, construction, energy and mining also received substantial capital.

At the same time, the economy faces important structural challenges. Foreign trade turnover increased to US$49.5 billion in January–July 2026, but imports grew much faster than exports, producing a trade deficit of approximately US$9.7 billion. Excluding gold, however, merchandise exports increased by 27.7%, indicating an important diversification trend. Kun.uz+1 Inflation has declined substantially: annual consumer-price inflation fell to 6.2% in August 2026 from 9.8% at the end of 2024. Центральный банк Узбекистана

The article concludes that Uzbekistan's current economic condition can be characterized as one of **strong growth combined with structural adjustment**. The main policy challenge is to transform rapid consumption- and investment-led growth into productivity-driven, export-oriented and employment-intensive development while maintaining price and fiscal stability.

Keywords: Uzbekistan; economic growth; GDP; inflation; investment; foreign trade; structural transformation; poverty; economic reforms; Central Asia; macroeconomic stability; development policy.

1. Introduction Uzbekistan has become one of the fastest-growing economies in Central Asia and one of the region's most important emerging markets. Since 2017, the country has pursued a broad programm of economic liberalization involving exchange-rate reform, price liberalization, privatization, reduction of state dominance, investment promotion, trade liberalization and development of the private sector.

The economic transformation has accelerated in recent years. According to the World Bank, real GDP growth averaged approximately 6% annually between 2017 and 2025. In 2025, real GDP expanded by 7.7%, supported by private consumption, investment, exports and growth in services, agriculture and industry.

The latest 2026 data indicate that this momentum has continued. According to preliminary data from Uzbekistan's National Statistics Committee, GDP increased by 8.5% in real terms during January–June 2026. Nominal GDP reached UZS 1,072.7 trillion.

However, rapid economic growth should not automatically be interpreted as evidence of complete structural transformation. Uzbekistan continues to face challenges related to inflation, employment, productivity, trade deficits, energy supply, the role of state-owned enterprises, informality, regional inequality and dependence on commodity exports.

The current economic situation is therefore characterized by a dual process:

rapid expansion of economic activity + continuing structural transformation.

The main objective of this study is to evaluate the current condition of Uzbekistan's economy using the most recent available evidence.

The study addresses five research questions:

1. What are the main characteristics of Uzbekistan's economic growth in 2026?
2. Which sectors are driving the current expansion?
3. What role do investment and foreign trade play in economic growth?
4. Has rapid growth translated into improved household welfare?
5. What structural risks could limit sustainable economic development?

The central hypothesis is:

H1: Uzbekistan's strong economic growth in 2026 reflects a broad-based expansion of domestic demand, investment and services, but the sustainability of this growth increasingly depends on productivity improvements, export diversification and private-sector development.

2. Literature Review and Analytical Framework

The economic development of Uzbekistan can be interpreted through the structural-transformation approach to development economics.

Structural transformation occurs when economic activity gradually shifts from low-productivity sectors toward higher-productivity manufacturing and services. In developing economies, this process normally involves:

agriculture → manufacturing → modern services → knowledge-intensive production.

Uzbekistan is currently positioned between the second and third stages of this process.

Agriculture remains economically important, but services now represent the largest component of gross value added. At the same time, manufacturing and industrial investment are expanding rapidly.

A second relevant framework is the investment-led growth model. Investment increases productive capacity and can stimulate growth through construction, machinery, infrastructure and

industrial expansion. Uzbekistan's exceptionally strong investment growth in 2026 is therefore an important indicator of future productive capacity.

A third framework is the export-led development model. Sustainable long-term growth requires increasing productivity and generating foreign exchange through competitive exports. Uzbekistan's current trade deficit indicates that domestic demand and investment are growing faster than export capacity.

Finally, the analysis uses the concept of inclusive growth. Economic growth is economically meaningful only if it contributes to higher real incomes, employment and poverty reduction.

The interaction among these dimensions can be represented as:

Investment → production capacity → productivity → exports → income → poverty reduction

If the chain is interrupted, rapid GDP growth may produce weaker long-term development outcomes.

3. Methodology and Data

The research uses a mixed-method approach.

The quantitative component analyzes:

- real GDP growth;
- GDP structure;
- investment;
- industrial production;
- services;
- foreign trade;
- inflation;
- household incomes;
- GDP per capita.

The qualitative component evaluates:

- economic reforms;
- structural transformation;
- private-sector development;
- trade diversification;
- macroeconomic risks;
- policy priorities.

The principal statistical source is the National Statistics Committee of Uzbekistan. International comparisons and macroeconomic forecasts are based on the IMF, World Bank and ADB.

A methodological distinction is necessary. Full-year 2026 data are not yet available. Consequently, realized 2026 indicators are presented for January–June or January–July, while full-year forecasts are explicitly identified as forecasts.

This approach avoids the methodological error of presenting a partial year as a completed annual observation.

4. Macroeconomic Performance

4.1. GDP Growth

The strongest indicator of Uzbekistan's current economic condition is real GDP growth.

Table 1. Uzbekistan: Selected Macroeconomic Indicators

Indicator	2024	2025	2026
Real GDP growth	6.7%	7.7%	8.5% Jan–Jun

Indicator	2024	2025	2026
Nominal GDP	UZS 1,535 tn	UZS 1,850 tn	UZS 1,072.7 tn Jan–Jun
GDP per capita	US$3,232	US$3,846	UZS 27.95 mn Jan–Jun
Population	37.5 mn	38.2 mn	~38.9 mn forecast
CPI inflation, end-period	9.8%	7.3%	6.2% Aug.
Fixed-capital investment	—	—	UZS 338.9 tn Jan–Jun

Sources: National Statistics Committee, IMF and Central Bank of Uzbekistan.

The 8.5% real GDP growth recorded during January–June 2026 is particularly significant because it exceeds the growth rate achieved during the corresponding period of previous years. Nominal GDP reached UZS 1,072.7 trillion.

The IMF reported that Uzbekistan's economy grew by 7.7% in 2025 and that growth accelerated to 8.7% year-on-year in the first quarter of 2026. The IMF's full-year baseline forecast is approximately 6.8% for 2026.

The difference between the first-half realized growth rate and the annual forecast should not be interpreted as a contradiction. The 8.5% figure describes the performance already observed, while the 6.8% figure reflects expectations for the entire year and assumes some moderation during the second half.

The World Bank forecasts 6.4% growth for 2026, while ADB projects 6.7%.

Analytical interpretation The convergence of international forecasts around 6.4–6.8% indicates that Uzbekistan is expected to remain one of the faster-growing economies in the region even after the exceptional 2025 expansion.

However, the difference between 8.5% first-half growth and approximately 6.5–6.8% full-year forecasts also suggests that the economy may be moving toward a more moderate pace of expansion.

5. Discussion

The empirical findings support the central hypothesis.

Uzbekistan's current growth is broad-based rather than dependent on one individual sector.

Three engines are particularly important:

1. Domestic consumption Real household income increased by 9.2% during January–June 2026, while retail trade turnover increased by 20.2%.

This demonstrates strong consumer demand.

2. Investment Fixed-capital investment increased by 17.5%, with manufacturing receiving the largest share.

This creates future production capacity.

3. Services Market services expanded by 16.9%, while communications and information services grew by 22.1%.

This demonstrates increasing diversification toward a service-based economy.

The combination is positive, but it also creates a macroeconomic dilemma.

Strong consumption + strong investment + rapid import growth can generate:

higher GDP → higher imports → wider trade deficit → external financing requirements.

Therefore, Uzbekistan's next stage of development requires stronger export growth.

The most encouraging evidence is the 27.7% increase in non-gold merchandise exports during January–July 2026.

This suggests that the foundations for export diversification are developing.

6. Policy Recommendations

Shift from investment-led growth toward productivity-led growth

Investment should increasingly target projects that raise productivity rather than simply expanding physical capacity.

Priority should be given to:

- advanced manufacturing;
- digital technologies;
- logistics;
- energy efficiency;
- renewable energy;
- pharmaceuticals;
- agro-processing;
- engineering.

7. Accelerate export diversification

The rapid growth of non-gold exports is encouraging, but the country needs to continue developing higher-value exports.

Priority areas include:

8. Regional and Spatial Dimensions

Tashkent remains the country's principal economic centre.

During January–June 2026, Tashkent city generated UZS 226 trillion of gross regional product, representing approximately 21.1% of Uzbekistan's total GDP. Its GRP increased by 13.3%. Services represented 67.9% of the capital's economy. **C**Статистика Узбекистана

Table 5. Selected Regional Growth Indicators, January–June 2026

Region	GRP	Real growth
Tashkent City	UZS 226.0 tn	13.3%
Navoi	UZS 113.9 tn	6.7%
Tashkent Region	UZS 103.8 tn	8.7%
Samarkand	UZS 67.4 tn	9.7%
Fergana	UZS 65.2 tn	9.1%
Andijan	UZS 59.6 tn	8.8%
Karakalpakstan	UZS 32.4 tn	10.2%

The data demonstrate that Uzbekistan's economic transformation is becoming geographically broader, although Tashkent remains dominant.

- processed agricultural products;
- textiles;
- chemicals;
- copper and other processed metals;
- machinery;
- pharmaceuticals;
- IT and business services.

9. Reduce the informal economy

The estimated 22.9% share of the non-observed economy indicates significant potential for formalization. **C**Статистика Узбекистана

Formalization should be achieved through:

- simpler taxation;
- digital registration;
- easier access to finance;
- improved labor protections;
- lower compliance costs.

10. Strengthen private-sector competition Privatization and competition reforms should continue, particularly in sectors where state enterprises dominate.

The objective should be to move from:

state ownership + administrative allocation

toward:

competition + private investment + transparent regulation.

11. Protect macroeconomic stability

The decline of inflation to 6.2% in August 2026 is a major achievement.

However, monetary policy should remain sufficiently cautious to prevent strong domestic demand from generating renewed inflation.

12. Improve human capital

The long-term growth rate of Uzbekistan will increasingly depend on the quality of its labor force.

Investment should therefore expand in:

- engineering;
- mathematics;
- information technology;
- vocational education;
- foreign languages;
- management;
- scientific research.

13. Develop energy infrastructure

Industrialization and digitalization require reliable electricity.

Uzbekistan should accelerate investment in:

- solar power;
- wind power;
- electricity transmission;
- battery storage;
- energy efficiency;
- smart grids.

14. Conclusion

Uzbekistan's economic condition in 2026 can be characterized as **strong but transitional**.

The country entered 2026 with significant economic momentum. Real GDP increased by 8.5% during January–June 2026, while the IMF reports that GDP had grown by 7.7% in 2025. The structure of growth is increasingly diversified. Services account for 50.8% of gross value added, industry for 26.5%, agriculture for 15.0% and construction for 7.7%.

Investment is expanding rapidly. Fixed-capital investment increased by 17.5% in the first half of 2026, reaching UZS 338.9 trillion. Manufacturing alone attracted UZS 100.5 trillion.

Household welfare is also improving. Real household income increased by 9.2% during January–June 2026, while the World Bank reports a substantial decline in poverty during 2025.

Inflation has also improved significantly, falling to 6.2% year-on-year in August 2026.

Nevertheless, Uzbekistan faces a fundamental structural challenge: domestic demand and investment are growing faster than exports.

Foreign trade turnover reached US$49.5 billion during January–July 2026, but imports increased 17.8% while exports declined 3.6%, producing a US$9.7 billion trade deficit.

The positive element is that non-gold exports increased by 27.7%. This suggests that the country's export structure may be gradually becoming more diversified.

The current economic situation can therefore be summarized through five characteristics:

1. **High economic growth** — approximately 8.5% in the first half of 2026.
2. **Rapid investment expansion** — fixed-capital investment up 17.5%.
3. **Service-sector transformation** — services account for more than half of gross value added.
4. **Improving social indicators** — rising real incomes and declining poverty.
5. **External imbalance** — imports continue to grow considerably faster than exports.

The fundamental policy challenge for Uzbekistan is consequently not simply to maintain high GDP growth. It is to increase the quality of growth.

The next stage should move from consumption-led expansion toward productivity-led development; from resource exports toward processed and technology-intensive exports; from state-dominated production toward competitive private enterprise; and from low-productivity employment toward skilled, high-productivity jobs.

The international outlook remains favorable. The IMF projects approximately 6.8% growth for 2026, while the World Bank and ADB forecast approximately 6.4% and 6.7%, respectively.

Therefore, even under a moderate-growth scenario, Uzbekistan is likely to remain among the stronger-growing economies of Central Asia.

The central conclusion of this research is that Uzbekistan's economy in 2026 is fundamentally strong, but its long-term success will depend on whether rapid growth can be converted into productivity, export competitiveness, formal employment, technological upgrading and sustainable private-sector development.

References

1. Asian Development Bank. (2026). Asian Development Outlook, April 2026: Uzbekistan. Asian Development Bank. AAsian Development Bank+1
2. Central Bank of the Republic of Uzbekistan. (2026). Year-on-year, month-on-month and cumulative inflation indicators.
3. International Monetary Fund. (2026). Republic of Uzbekistan: 2026 Article IV Consultation. IMF Staff Country Report. EeLibrary IMF+1
4. National Statistics Committee of the Republic of Uzbekistan. (2026). Gross domestic product of the Republic of Uzbekistan, January–June 2026.
5. National Statistics Committee of the Republic of Uzbekistan. (2026). Investments in fixed capital, January–June 2026.
6. National Statistics Committee of the Republic of Uzbekistan. (2026). Foreign trade turnover of the Republic of Uzbekistan, January–July 2026.
7. National Statistics Committee of the Republic of Uzbekistan. (2026). The services sector accounts for the largest share of Uzbekistan's economy.
8. National Statistics Committee of the Republic of Uzbekistan. (2026). Household income in Uzbekistan, January–June 2026.
9. National Statistics Committee of the Republic of Uzbekistan. (2026). Industrial production in the Republic of Uzbekistan, January–June 2026.
10. World Bank. (2026). Uzbekistan: Country Economic Overview. World Bank.

11. World Bank. (2026). Global Economic Prospects and Uzbekistan economic outlook. World Bank.