

THE SOCIO-ECONOMIC TRANSFORMATION OF UZBEKISTAN IN THE 2026–2030 STRATEGY

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Abstract. This article provides a comprehensive analysis of the socio-economic transformation of the Republic of Uzbekistan during the transition from the «Action Strategy» to the long-term objectives of the «Uzbekistan – 2030» concept. The article examines key aspects of building the «New Uzbekistan», paying particular attention to institutional reforms, the transition to an innovative development model, and the role of digital transformation in the industrial sector. The paper provides a detailed analysis of mechanisms for improving the well-being of the population through the development of human capital, the reform of the education and healthcare systems, and the introduction of the «mahallabai» principle into public administration. Particular emphasis is placed on the country's industrial policy, including the formation of sectoral clusters and the attraction of foreign direct investment as key factors in enhancing international competitiveness. Based on an analysis of a wide range of regulatory and legal acts and academic studies, the author identifies the contradictions and challenges facing the national economy in the context of global instability and looming global crises. The novelty of the study lies in its interdisciplinary approach, which combines a historical

and legal analysis of state strategies with econometric assessments of the effectiveness of factors of production and technological progress.

Keywords: New Uzbekistan, innovative model, digital transformation, human capital, industrial policy, development strategy, mahallabai, foreign direct investment.

The current stage of development of the Republic of Uzbekistan is characterised by the unprecedented depth and speed of reforms aimed at a radical renewal of all spheres of state and societal life. Over the past five years, the country has established the robust political, legal, and socio-economic foundations necessary for building New Uzbekistan. In the context of globalisation, as the dependence of national economies on world markets steadily increases, the country's leadership has set an ambitious goal: to join the ranks of upper-middle-income countries through sustainable economic development.

The relevance of this topic stems from the need for a scholarly assessment of the progress made to date and an analysis of the mechanisms for implementing the «Uzbekistan – 2030» Strategy. The aim of this study is to examine the key drivers of economic growth and institutional reforms that are shaping the modern national economy. To achieve this aim, the following tasks were set, to analyse structural shifts in industry, the role of innovation and digitalisation, and to assess the effectiveness of social policy in the context of human capital development. The scientific novelty of the article lies in the attempt to synthesise data from government programmes with the results of independent economic research, thereby providing an objective picture of the transformation processes.

The foundation for building the New Uzbekistan is the principle of «In the Name of Human Honour and Dignity», which entails making the principles of justice and the rule of law a fundamental condition for development. As a researcher, I consider it extremely important that the reforms began with the transformation of the system of

public administration itself. The transition to a «state serving the people» model implies a drastic reduction in bureaucracy and the complete digitalisation of state functions.

The mahalla institution occupies a special place in this system, becoming the basic unit of public administration and oversight. The introduction of the «active» mahalla model and the «mahallabai» system enables socio-economic problems in local areas to be resolved directly on the ground, providing targeted support to vulnerable sections of the population. Under Strategy 2030, it is planned to achieve 100% digitalisation of public services in mahallas by establishing e-service points in each of them.

An important aspect of institutional development is the reform of the judicial system and the protection of private property rights. Without reliable protection of property rights, it is impossible to achieve consistently high growth rates. In this regard, I would like to highlight the launch of the «Legal Tech» platform, which enables the preparation of legal documents without the involvement of a lawyer, something that is particularly important for small businesses. The elimination of monopolies in more than 25 sectors and the privatisation of state-owned enterprises also serve as indicators of the government's serious intent to create a competitive environment.

Turning to an analysis of the real sector of the economy, it should be noted that in recent years Uzbekistan has achieved large-scale progressive structural shifts. However, contemporary economic thinking suggests that simply increasing capital is insufficient to maintain GDP growth rates of 8% or higher, growth in total factor productivity is becoming critically important.

The industrial policy of New Uzbekistan is based on the formation of powerful industrial clusters. A striking example is the creation of copper industry clusters, aimed at doubling copper production and generating output worth US\$8 billion. Similar processes are underway in the chemical and gas-chemical sectors, where the natural gas processing rate is planned to be increased from 8% to 20%. The development of the

automotive industry deserves particular attention – a sector that has already proven its effectiveness by exporting over 100,000 vehicles a year. According to the new targets, production in the automotive industry is set to increase by 1.4 times, and exports by twofold.

The digitalisation of industry is key to building a knowledge-based economy. As K. Kupayanidi rightly points out, the digital sector was expected to account for almost a quarter of global GDP by 2022, which necessitates the accelerated adoption of «end-to-end» technologies. In Uzbekistan, this process involves the development of technologies for manufacturing innovative products in special economic zones, where added value is two to three times higher than the cost of raw materials. My analysis shows that the success of this policy depends not only on the procurement of equipment, but also on changes in corporate culture and product lifecycle management.

It is necessary to acknowledge that there is a certain debate within academic circles regarding the priorities of industrialisation. For instance, as early as 2015, V. Popov expressed concerns that the preferential development of heavy chemicals could lead to a slowdown in the growth rate of the manufacturing sector compared to mechanical engineering. Nevertheless, the current strategy of the Uzbek government focuses on diversification and «big leaps» in high-tech sectors, as evidenced by plans to establish eight research and production clusters in fields such as biotechnology and electronics.

In an innovation-driven economy, the role of human capital becomes decisive. According to the World Bank, up to 66% of global wealth is attributable to the level of knowledge of the individual. For Uzbekistan, the development of human capital is not merely a social objective, but an imperative for economic survival in the face of global competition.

The reform of the education system covers all levels: from pre-school to higher education. The ambitious goal of increasing higher education enrolment to 50% by 2026 is accompanied by the granting of financial and academic autonomy to universities. The preparation of 10 domestic universities for inclusion in the QS and THE international rankings demonstrates a commitment to raising the quality of education to global standards. In the field of secondary education, a programme is being implemented to update textbooks and create 1.2 million school places.

The social policy of New Uzbekistan is aimed at reducing poverty by at least half by the end of 2026. I consider it important to emphasise that this is achieved not simply through benefits, but through vocational training and the promotion of entrepreneurship. The «Iron Notebook», «Youth Notebook» and «Women’s Notebook» have become effective tools for targeted support. At the same time, the introduction of a compulsory social insurance system and a multi-tiered pension system should ensure long-term social stability.

When speaking of social progress, one cannot fail to mention spiritual development. The implementation of the concept of «New Uzbekistan – an enlightened society» and the idea of the «Third Renaissance» is intended to foster a healthy worldview among young people and a sense of connection with the great heritage of their ancestors. This is critically important for countering ideological attacks and radicalism in the modern world.

Foreign economic drivers and investment attractiveness Integration into the global economy remains a priority of the republic’s foreign policy. Accession to the World Trade Organisation and the deepening of integration with the Eurasian Economic Union require the alignment of national legislation with international standards.

Foreign direct investment is seen as the main catalyst for technological modernisation. By 2011, the cumulative volume of foreign investment had already

exceeded \$6.7 billion, and under the Strategy-2030, it is planned to attract \$250 billion in investment, of which \$110 billion will be foreign investment. FDI brings not only capital but also new management methods, as well as access to global value chains.

However, global challenges such as the consequences of the pandemic, the energy crisis and the decline in global GDP pose serious risks to developing economies. R. Kayumov rightly believes that, under these conditions, Uzbekistan needs to reassess the structure of its gold and foreign exchange reserves and develop alternative systems for international settlements. The country's economic security depends directly on its ability to adapt to the cyclical nature of the global economy and to respond in a timely manner to external shocks.

An analysis of the current state and development prospects of Uzbekistan's economy leads to the conclusion that the country has successfully overcome the stage of initial market transformations and has moved on to a phase of profound qualitative changes. The «Uzbekistan – 2030» strategy is a comprehensive plan for building a modern, open and just state, where economic growth serves the interests of every individual.

Key achievements of this period have included the liberalisation of the currency and tax markets, the introduction of a cluster model in industry, and a significant strengthening of the role of civil society institutions. At the same time, my analysis has identified a number of «bottlenecks», such as the need to further expand the financial sector and accelerate digitalisation in traditional sectors. The future of New Uzbekistan depends on how effectively we can convert investment into knowledge and technology, as well as on the state's ability to maintain macroeconomic stability amid an unpredictable global economic climate. I am convinced that the chosen innovative path of development, provided the planned reforms are implemented consistently, will secure the republic a worthy place among the world's most dynamically developing countries.

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