

UZBEKISTAN

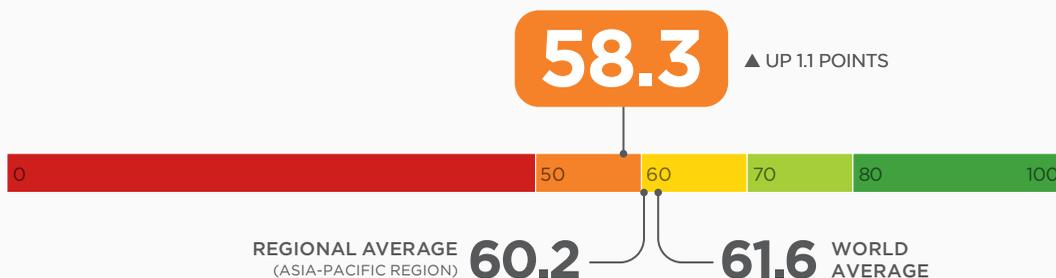
Uzbekistan's economic freedom score is 58.3, making its economy the 108th freest in the 2021 *Index*. Its overall score has increased by 1.1 points, primarily because of an improvement in **judicial effectiveness**. Uzbekistan is ranked 21st among 40 countries in the Asia-Pacific region, and its overall score is below the regional and world averages.

The Uzbek economy remained mostly unfree this year. In 2020, however, the government announced a new development strategy that includes reforming state institutions, securing the rule of law, reforming the judiciary, strengthening the banking and financial sectors, and other improvements such as reducing state regulation and assuring property rights to attract investment. If it proves successful, Uzbekistan could one day join the ranks of the moderately free.

IMPACT OF COVID-19: As of December 1, 2020, 611 deaths had been attributed to the pandemic in Uzbekistan, and economic growth was forecast to decline to 0.7 percent for the year.

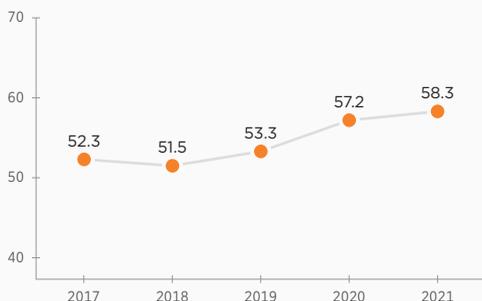
WORLD RANK: **108** REGIONAL RANK: **21**
ECONOMIC FREEDOM STATUS: **MOSTLY UNFREE**

ECONOMIC FREEDOM SCORE



HISTORICAL *INDEX* SCORE CHANGE (SINCE 1998): +26.8

RECENT FREEDOM TREND



QUICK FACTS

POPULATION:
33.6 million

GDP (PPP):
\$303.3 billion
5.6% growth in 2019
5-year compound annual growth 5.8%
\$7,289 per capita

UNEMPLOYMENT:
5.9%

INFLATION (CPI):
14.5%

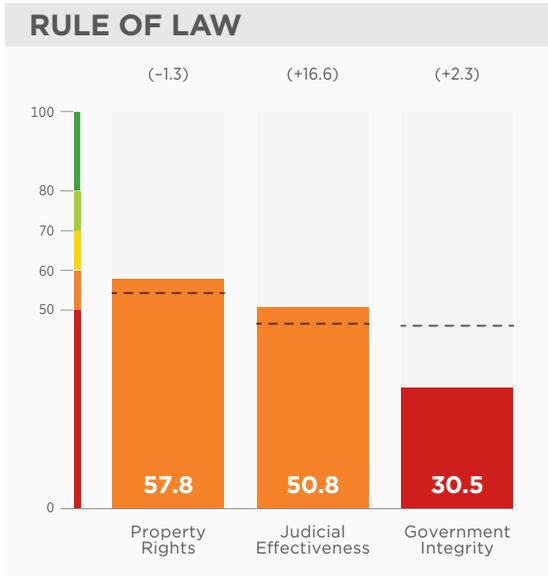
FDI INFLOW:
\$2.3 billion

PUBLIC DEBT:
29.3% of GDP

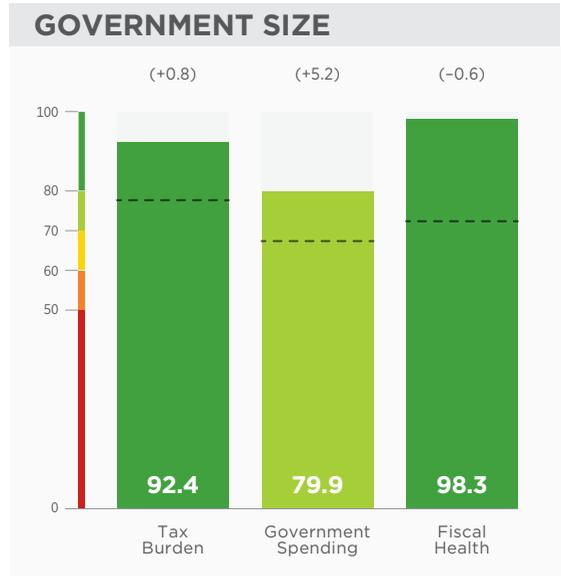
2019 data unless otherwise noted. Data compiled as of September 2020

BACKGROUND: Islam Karimov's iron-fisted rule of Uzbekistan lasted from the late 1980s until his death in 2016. Karimov never reformed the highly subsidized Soviet-era command economy. He was succeeded by former Prime Minister and current President Shavkat Mirziyoyev, who initially committed to policy continuity but more recently has demonstrated some willingness to reform. Uzbekistan is dry and landlocked, and approximately 9 percent of the land is cultivated in irrigated river valleys. More than 50 percent of the population now lives in urbanized areas. Uzbekistan is the world's fifth-largest exporter and seventh-largest producer of cotton, but unsound cultivation practices have degraded the land and depleted water supplies. The economy also relies on exports of natural gas and gold.

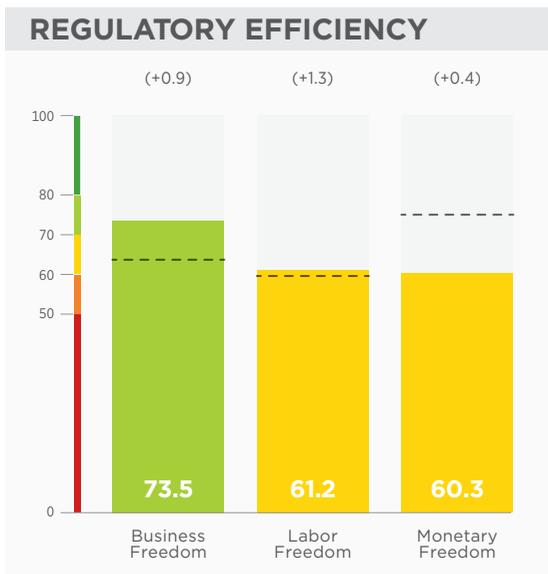
12 ECONOMIC FREEDOMS | UZBEKISTAN



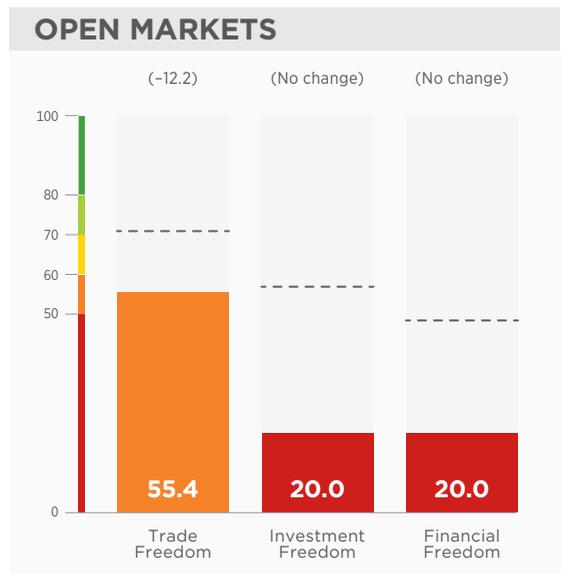
All agricultural land is owned by the state, but in 2020, a new law allowed for the privatization of nonagricultural land plots. Ownership of real property is generally respected, but enforcement of property rights is tenuous because of widespread corruption. The judicial system is independent, but government interference and corruption are common. Graft and bribery are common in the bureaucracy, and corruption is pervasive.



The top individual income tax rate is 22 percent, and the top corporate tax rate is 7.5 percent. The overall tax burden equals 14.8 percent of total domestic income. Other taxes include value-added and property taxes. Government spending has amounted to 25.9 percent of total output (GDP) over the past three years, and budget surpluses have averaged 1.2 percent of GDP. Public debt is equivalent to 29.3 percent of GDP.



Uzbekistan has increased the rights of minority shareholders and their role in major corporate decisions. Ownership and control structures have been clarified, and corporate transparency has been enhanced. The value added per worker has risen. According to the IMF, government subsidies were forecast to consume 0.3 percent of GDP in 2020.



Uzbekistan has four preferential trade agreements in force. The simple average tariff rate is 14.8 percent, and layers of nontariff barriers further hamper trade. Uzbekistan is not a member of the World Trade Organization. Measures to improve the investment environment, including simplification of the privatization process and the easing of foreign currency controls, have been adopted. The high cost of financing reduces development dynamism.