

UZBEKISTAN

Uzbekistan's economic freedom score is 55.7, making its economy the 117th freest in the 2022 *Index*. Uzbekistan is ranked 25th among 39 countries in the Asia-Pacific region, and its overall score is below the regional and world averages.

The Uzbekistani economy has grown strongly over the past five years except for 2020 when growth, although still positive, was lackluster. Economic freedom has advanced during the same period. With large increases in scores for **investment freedom** and **financial freedom** outpacing declines in scores for rule of law, Uzbekistan has recorded a 3.4-point overall gain in economic freedom since 2017 and is in the middle ranks of the "Mostly Unfree" countries. Fiscal health is robust, but **government integrity** and **judicial effectiveness** exhibit weaknesses.

IMPACT OF COVID-19: As of December 1, 2021, 1,406 deaths had been attributed to the pandemic in Uzbekistan, and the government's response to the crisis ranked 140th among the countries included in this *Index* in terms of its stringency. The economy grew by just 1.6 percent in 2020.

WORLD RANK:

117

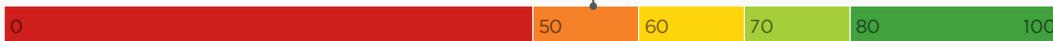
REGIONAL RANK:

25

ECONOMIC FREEDOM STATUS:
MOSTLY UNFREE

ECONOMIC FREEDOM SCORE

55.7



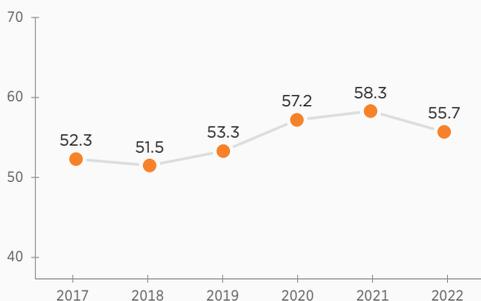
REGIONAL AVERAGE
(ASIA-PACIFIC)

58.5

60.0 WORLD AVERAGE

HISTORICAL *INDEX* SCORE CHANGE (SINCE 1998): +24.2

RECENT FREEDOM TREND



QUICK FACTS

POPULATION:
34.2 million

GDP (PPP):
\$252.6 billion
1.6% growth in 2020
5-year compound
annual growth 4.7%
\$7,449 per capita

UNEMPLOYMENT:
6.0%

INFLATION (CPI):
12.9%

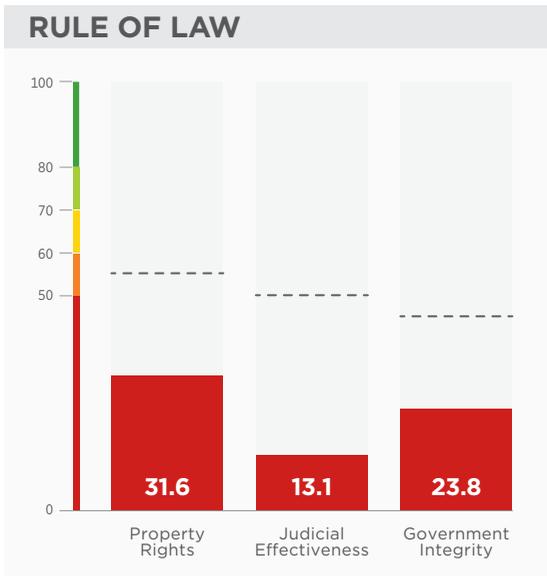
FDI INFLOW:
\$1.7 billion

PUBLIC DEBT:
37.9% of GDP

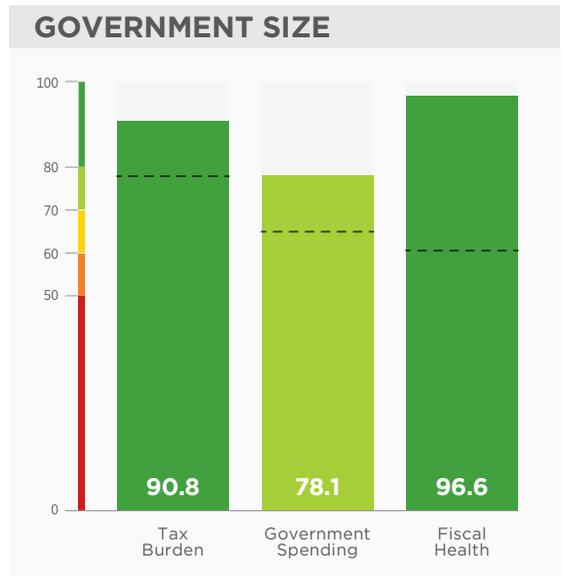
2020 data unless otherwise noted. Data compiled as of September 2021

BACKGROUND: Measured by population, Uzbekistan is the largest nation in Central Asia. Islam Karimov's iron-fisted rule lasted from the late 1980s until his death in 2016. Current President Shavkat Mirziyoyev has demonstrated some willingness to reform. He was reelected by a landslide in October 2021 in an election of questionable integrity. The country is dry and landlocked. 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.

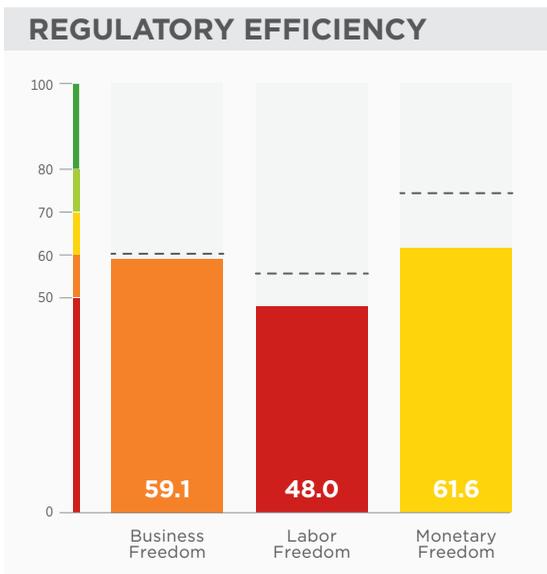
12 ECONOMIC FREEDOMS | UZBEKISTAN



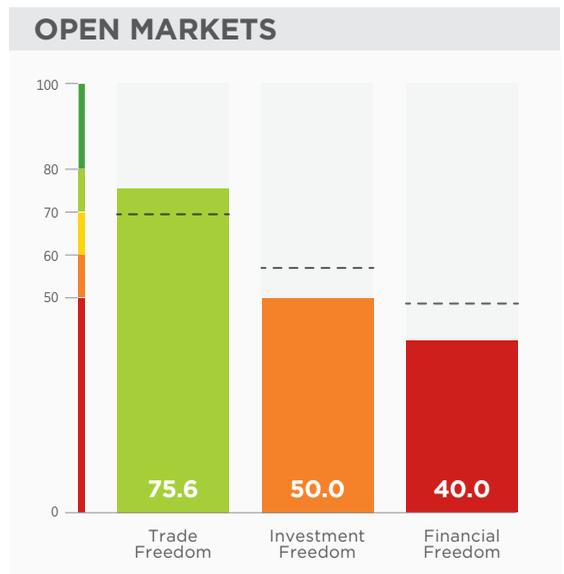
All agricultural land is owned by the state, but nonagricultural plots may be privatized. Although ownership of real property is generally respected, enforcement of property rights is tenuous because of widespread corruption. The judicial system is independent, but government interference and corruption are common. Graft and bribery are common in the bureaucracy.



The top individual income tax rate is 22 percent, and the top corporate tax rate is 7.5 percent. Other taxes include value-added and property taxes. The overall tax burden equals 19.6 percent of total domestic income. Government spending has amounted to 27.0 percent of total output (GDP) over the past three years, and budget deficits have averaged 0.6 percent of GDP. Public debt is equivalent to 37.9 percent of GDP.



An Anti-Corruption Agency has been established to inspect governmental bodies and legal entities. The Law on Employment of the Population establishes previously undeclared legal rights of the self-employed and the unemployed. Prices of most goods and services including key food items (flour and bread) and fuel have been liberalized since 2017. Utility tariffs have been raised but remain regulated and below cost recovery.



Uzbekistan has four preferential trade agreements in force. The simple average tariff rate is 4.7 percent, and layers of nontariff barriers further impede trade. Uzbekistan is not a member of the World Trade Organization. Measures to enhance the overall investment regime including approval for the privatization of state-owned enterprises have been adopted. The financial sector has undergone modernization, but state-owned banks remain dominant.