Uzbekistan

OUTLOOK 2026

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Executive summary

In 2025, Uzbekistan experienced a year of dynamic political, economic, social and cultural developments.

The country pursued a dual path of centralising executive authority while cautiously expanding political pluralism. President Shavkat Mirziyoyev's administration advanced comprehensive governance and anti-corruption reforms, including the dismissal of compliance heads in 117 ministries and agencies, strengthened oversight of strategic sectors and the introduction of 55 new digital and institutional anti-corruption initiatives. These measures reinforced public trust, attracted foreign investment and contributed to over $120bn in investment over seven years.

Political consolidation was underscored by the appointment of Saida Mirziyoyeva as head of the presidential administration, reflecting a concentration of power within the presidential family. Simultaneously, parliamentary reforms expanded opposition rights, marking measured steps toward political pluralism.

Uzbekistan strengthened its international and regional engagement, balancing strong economic ties with China, Russia and the Gulf states while fostering relations with the EU and United States. President Mirziyoyev highlighted domestic achievements—including poverty reduction from 35% to 6.6%, expanded education, green energy projects and small business development—at the 80th UN General Assembly. Regionally, Uzbekistan resolved border disputes, advanced transport and energy corridors through Afghanistan and promoted initiatives on counter-terrorism, water management and economic integration.

A major cultural milestone was the 43rd UNESCO General Conference in Samarkand, attended by over 4,600 participants from 184 countries. The conference reinforced Uzbekistan's international profile and commitment to multilateral cooperation, cultural preservation and technological ethics, including the launch of the UNESCO-Uzbekistan Beruni Prizes for AI research.

Economic growth accelerated in 2025, with GDP expanding 6.8–7.6% through the first three quarters, driven by industrial output, domestic consumption and sustained investment. Key sectors, including ICT, construction, trade and energy, supported continued expansion. Inflation moderated to 7.5% by November, while international reserves reached a record $61.2bn, bolstering financial stability. Trade expanded to 210 countries, with exports growing 28% year-on-year to $29.01bn, driven by gold, agricultural products and a maturing textile sector. Uzbekistan continued its transition to value-added production, particularly in textiles and advanced toward WTO accession, expected in spring 2026.

The Tashkent International Investment Forum (TIIF) and other investment initiatives confirmed Uzbekistan's emergence as a hub for international finance, energy projects, infrastructure and tourism. Significant agreements included a $5bn resort project, renewable energy plants, SME financing initiatives and a Central Asian Direct Investment Fund.

Uzbekistan achieved historic milestones in sports and cultural nation-building. The national football team qualified for the FIFA World Cup for the first time, reflecting long-term investment in youth development and professional sports infrastructure. The near-completion of the Centre for Islamic Civilisation in Tashkent highlighted cultural preservation, education and civic engagement.

Environmental, social and governance (ESG) issues became central to policy in 2025. The government responded to acute air pollution in Tashkent, introduced stricter industrial and fuel standards, advanced waste-to-energy projects and launched water security and irrigation modernisation programmes. Social and environmental resilience initiatives extended to schools, healthcare facilities and urban greening, reinforcing sustainable development objectives.

The IT and technology sector emerged as a growth driver, with fintech, AI, e-commerce and digital banking expanding rapidly. Initiatives included open banking frameworks, AI Centres of Excellence, satellite development and international partnerships, notably supporting companies like Uzum in achieving unicorn status.

Looking ahead, Uzbekistan aims to sustain 6–7% GDP growth, reduce inflation to 5% by 2027, advance WTO integration, continue infrastructure modernisation, strengthen ESG initiatives and consolidate its position as a regional hub for culture, investment and technology.

1.0 Political outlook

Uzbekistan experienced a year of substantial political developments, governance reforms and cultural achievements throughout 2025. The year was marked by centralisation of executive power, sweeping anti-corruption measures, cautious political liberalisation, significant progress toward World Trade Organisation (WTO) membership and major international cultural engagement.

Governance and Anti-Corruption Reforms

A defining feature of 2025 was President Shavkat Mirziyoyev's major anti-corruption drive launched in March. Compliance heads across 117 ministries and agencies were dismissed and oversight of five strategic sectors—health, construction, water resources, Uzbekneftegaz and Uzsuvtaminot—was transferred to the Anti-Corruption Agency. These bodies must submit annual corruption-risk reports, while ministers carry direct political responsibility and appoint regional compliance officers.

Digital reforms have expanded to reduce bureaucratic corruption, with online land auctions, transparent construction monitoring, e-procurement, automated education services and online banking saving UZS 14 trillion ($1.1bn) in 2024. In addition, 55 new initiatives were announced, including civil servant income declarations, stricter procurement rules and anti-corruption education in schools. These measures are aligned with international standards, with Uzbekistan aiming to host the UN Convention Against Corruption (UNCAC) conference by 2027. Officials say the reforms have boosted public trust, attracted foreign investment and contributed to over $120bn in investment over seven years.

Centralisation of Power

In June 2025, Saida Mirziyoyeva, the president's daughter, was appointed head of the presidential administration, reinstating a role formally abolished in 2023. Previously an aide, she now holds a central position in policymaking, communications and governance. This move reflects a consolidation of power within the Mirziyoyev family and aligns with broader regional trends of hereditary-style leadership in Central Asia, raising questions about succession and the balance of power.

Political Liberalisation

Despite centralisation, Uzbekistan made steps to empower parliamentary opposition. Reforms approved in August expanded opposition faction rights from three to six, allowing submission of alternative draft laws, committee leadership positions, participation in conciliation commissions and the ability to question the government during quarterly "government hours." While the current parliament remains closely aligned with the executive, these changes mark a cautious step toward political pluralism.

Foreign Policy and Regional Engagement

Uzbekistan continues a neutral foreign policy while maintaining strong trade and investment ties with China and Russia and expanding relations with the United States, EU and Gulf states. Remittances, mostly from Russia, account for nearly 20% of household income, reflecting economic dependence and vulnerability.

At the 80th UN General Assembly, President Mirziyoyev highlighted domestic achievements, including poverty reduction from 35% to 6.6%, expanded preschool and higher education, green energy investments and small business development. He endorsed the UN Secretary-General's "UN80" agenda, supported Security Council reform and proposed initiatives including a World Summit on professional education, an international childhood cancer programme and a permanent Asian Women's Forum.

Regionally, Uzbekistan resolved long-standing border disputes in the Ferghana Valley, promoted transport and energy corridors through Afghanistan and offered to host a regional Office of Counter-Terrorism. The country also pushed for UN-backed initiatives on green technologies, water management and economic integration.

UNESCO General Conference in Samarkand

A major international highlight in 2025 was the 43rd UNESCO General Conference, held in Samarkand from October 30 to November 14—the first time in over 40 years that the session was held outside UNESCO headquarters in Paris. UNESCO expressed "deep gratitude" to Uzbekistan for its hospitality, high-level organisation and support for the full participation of all member states, associate members and observers.

UNESCO officials, including session chairman Khondker Muhammad Talha, praised Uzbekistan's cultural heritage, professionalism and commitment to international cooperation, noting that the conference fostered dialogue, multilateralism and a spirit of harmony. The event brought together over 4,600 participants, including 184 countries, 94 ministers, three heads of state and 20 partner Organisations.

During the session, discussions addressed human rights, climate disruption, conflicts around the world, the protection of cultural heritage, the ethics of emerging technologies, media literacy and AI. Uzbekistan's hosting was described as symbolic, reflecting the country's openness to the world and commitment to peace, dialogue and education. UNESCO also highlighted the creation of the first UNESCO-Uzbekistan Beruni Prizes for research on AI ethics.

Economic and WTO Integration

Uzbekistan's economy remains robust, with GDP having doubled over the past six years to surpass $100bn and average incomes tripled. President Mirziyoyev aims to double GDP again by the early 2030s, accelerate privatisation and reduce bureaucracy. To meet these targets, Uzbekistan plans $50bn in investment projects and $150bn in infrastructure upgrades, financed through IFI loans, sovereign bonds and asset sales. Public debt is around 35% of GDP, potentially rising to 40% as borrowing expands. Gold exports remain over 40% of total exports, though reliance on gold is a noted vulnerability.

Significant progress has been made toward WTO accession, with full membership expected by spring 2026. Negotiations with Russia are nearly complete, with only minor technical points remaining, while talks with Chinese Taipei are the final step. WTO Director-General Ngozi Okonjo-Iweala praised Uzbekistan's "strong political commitment" to reforms. WTO membership is expected to reduce tariffs, increase exports, attract investment and help the country achieve upper-middle-income status by 2030.

Tashkent International Investment Forum (TIIF)

The 4th TIIF, held in 2025, reaffirmed Uzbekistan's status as an emerging hub for foreign investment and institutional reform. Over 8,000 participants attended, including more than 3,000 international representatives. Agreements and memorandums signed totalled $30.5bn, adding to the $44bn from 357 agreements signed at the first three forums since 2022.

Key highlights include:

- **Sea Breeze Uzbekistan**: A $5bn resort project with Agalarov Development, signalling ambitions to develop Tashkent Region as a major international tourism hub.

- **Energy agreements**: Projects include a 1,400 MW thermal power plant and photovoltaic plants in Namangan and Fergana, supporting Uzbekistan's energy transition strategy.

- **Private sector development**: A $500mn MoU between the Islamic Corporation for the Development of the Private Sector and the OPEC Fund to finance small and medium-sized enterprises.

- **Regional investment fund**: Creation of the Central Asian Direct Investment Fund with Uz Oman Capital to promote multilateral regional investment.
- **Infrastructure and environmental projects**: Initiatives include highways, substations, waste recycling and bamboo cultivation, reflecting sustainable development and ESG alignment.

Cultural and Nation-Building Initiatives

The near-completion of the Centre for Islamic Civilisation in Tashkent represents a major cultural milestone. The centre includes a museum, library, research hub and conference spaces inspired by Timurid architecture. Exhibits include the ancient Qur'an of Caliph Uthman and 114 Qur'ans representing each surah, alongside over 1,000 repatriated manuscripts and artefacts. The project aims to foster civic engagement, counter extremist narratives and reinforce Uzbekistan's historic role as a Silk Road hub of learning. International partners include UNESCO, ISESCO and private philanthropists.

FIFA World Cup Qualification

2025 also marked a historic milestone in Uzbek sports: on June 5, Uzbekistan became the first Central Asian country to qualify for the FIFA World Cup finals with a 0-0 draw against the United Arab Emirates in Abu Dhabi. This achievement ended decades of heartbreak, after seven unsuccessful attempts since independence in 1991, including controversial referee decisions and narrow losses to South Korea.

The national team, coached by Timur Kapadze, received widespread acclaim for determination and professionalism. Key players included defender Abdukodir Khusanov, who became the first Uzbek in the English Premier League with Manchester City, attacker Eldor Shomurodov of Roma and winger Abbosbek Fayzullaev of CSKA Moscow. The Uzbekistan Football Association's investment in youth development, including the formation of Olympic Tashkent in 2021, was credited as a crucial factor in the historic qualification.

President Mirziyoyev congratulated the team, calling it "the victory of our entire people." Regional acknowledgment also came from Kazakhstan's football authorities, reflecting growing respect for Uzbek football in Central Asia. Uzbekistan will compete in the expanded 48-team 2026 World Cup across the US, Canada and Mexico.

2.0 Macro Economy

• 2.1 GDP

Uzbekistan's economy began to gain momentum after Shavkat Mirziyoyev became president in 2016 and reopened the country to the rest of the world. It took a couple of years for this momentum to fully build, but by around 2018, the foundations for sustained growth were taking shape. Between 2020 and 2025, Uzbekistan's GDP rebounded from the pandemic slowdown and showed consistent growth each year.

The COVID-19 pandemic in 2020 tested the economy like never before. Growth fell sharply, from 4.1% in the first quarter to just 0.2% in the second, before slowly recovering to 0.4% in Q3 and 1.6% in Q4. Disruptions in trade, production and daily life slowed activity significantly. Yet even in this challenging year, the economy showed adaptability and government measures to support businesses and households laid the groundwork for the rebound that followed.

In 2021, Uzbekistan bounced back strongly. Growth surged from 3.0% in Q1 to 7.4% in Q4, averaging around 6% for the year. This recovery was driven by government support measures, the reopening of businesses and a gradual normalisation of global trade. The rebound demonstrated the resilience of the economy and its capacity to respond quickly to shocks.

The next few years saw steady, stable expansion. In 2022, quarterly growth remained between 5.4% and 5.8%, reflecting the benefits of reforms and economic diversification. In 2023, growth ranged from 5.5% in Q1 to 6.0% in Q4, showing that the post-pandemic recovery had become firmly established, even as external pressures such as inflation and supply chain disruptions continued to influence performance.

2024 continued this trend. Growth rose from 6.2% in Q1 to 6.6% in Q3, before slightly moderating to 6.5% in Q4. The figures suggest that Uzbekistan was not just recovering, it was stabilising, building momentum through sustained investment in infrastructure, energy and industry and benefiting from rising domestic and export demand.

By 2025, the economy had reached a new level of strength. Early data show quarterly growth of 6.8% in Q1, 7.2% in Q2 and 7.6% in Q3, the fastest pace in five years. This acceleration reflects strong domestic consumption, expanding industrial output and ongoing investment.

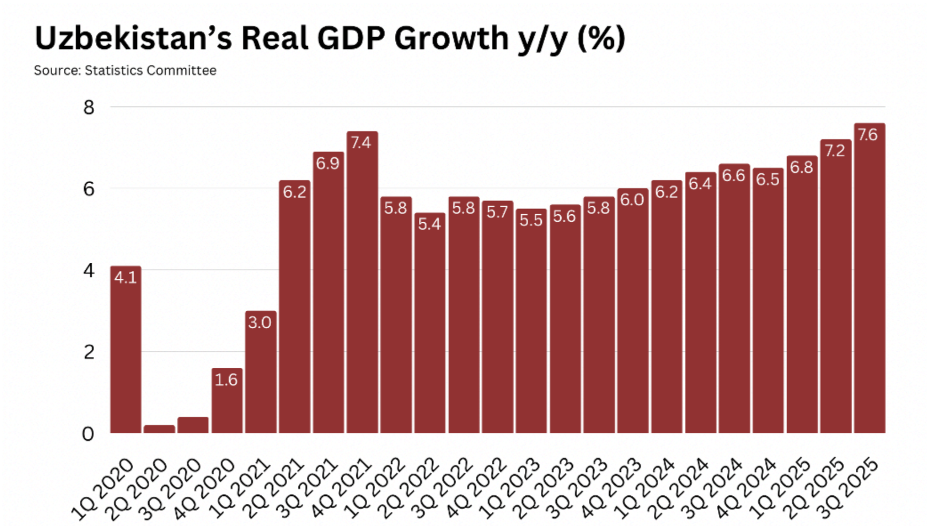
S&P Global Ratings in May 2025 projected that Uzbekistan's GDP will average 5.6% growth from 2025 to 2028, supported by the information and communications, construction and trade sectors. The agency noted that the country's expansion remains highly investment-led, with a 33% investment-to-GDP ratio in 2024, driven by projects in energy, transport, telecommunications, agriculture and tourism under the Uzbekistan 2030 strategy.

Fitch forecasted that the country's real GDP would expand by 6.3% in both 2025 and 2026, supported by structural reforms, strong gold exports and robust remittance inflows.

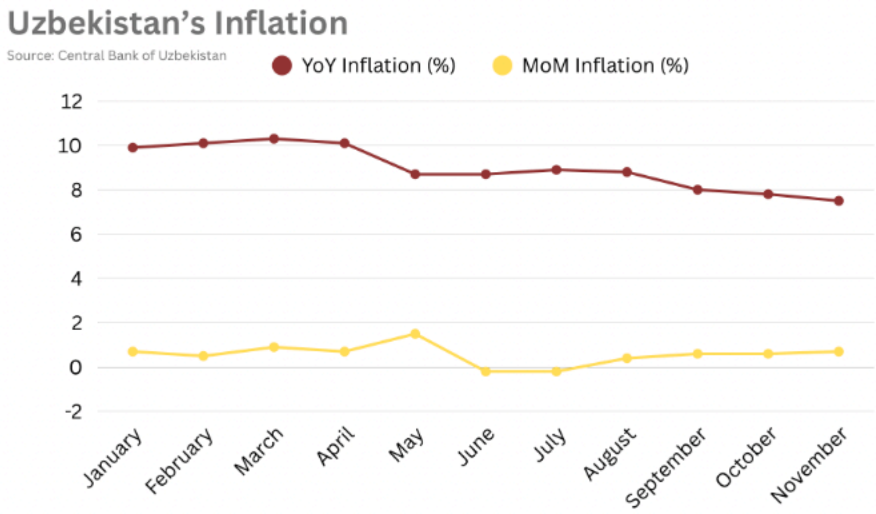
Additionally, the Eurasian Development Bank (EDB) projected Uzbekistan's GDP to grow 6.5% in 2025 and expects this momentum to continue, with growth estimated at 6.3% in 2026 and 6.4% in 2027. In October, The World Bank raised its 2025 GDP projection for Uzbekistan by 0.3 pp to 6.2%. It has also added 0.1 pp to its forecasts for 2026 and 2027, which are 6.0% and 5.9%.

In September 2025, the European Bank for Reconstruction and Development (EBRD) estimated the country's GDP would grow by 6.7% in 2025 and 6.0% in 2026, supported by broad-based expansion in manufacturing and continued foreign investment inflows.

The International Monetary Fund (IMF), in November, projected Uzbekistan's GDP growth to surpass 7% in 2025 and remain robust at approximately 6% in 2026.



• 2.2 Inflation & Monetary policy



In 2025, the Central Bank of Uzbekistan (CBU) kept its policy rate steady at 14% per annum (as of December 11) to manage ongoing inflationary risks and maintain economic stability. Headline inflation continued its downward trend in November, reaching 7.5% y/y, driven mainly by slower core inflation and the relative appreciation of the Uzbekistani som.

Core inflation fell to 6.3% annually, while stabilized import prices contributed to lower non-food inflation. Services inflation, although showing signs of moderation, remains above the headline rate due to demand-side pressures. Despite this improvement, inflationary pressures persisted, particularly from high services inflation and strong domestic demand. The CBU continues to target a 5% inflation rate in the medium term.

Inflation expectations from households and businesses declined but remained above current rates. In August, households expected inflation to rise by 12.2%, the lowest level in a year, while businesses forecasted 11.8%. Regional variations were observed: Surkhandarya (14.4%) and Samarkand (13.5%) expected the highest increases, whereas Namangan (10.9%) and Andijan (11%) anticipated lower rates. Rising utility and energy costs, higher wages and increases in transportation and basic food prices were cited as the main drivers of these expectations.

Inflation expectations among households and businesses have also declined. By November, these expectations reflected the ongoing easing of price pressures, supported by tighter monetary conditions and a stronger national currency. Headline inflation for the end of 2025 is expected to be around 7.3%, slightly lower than previous forecasts, while the updated projection for end-2026 is approximately 6.5%.

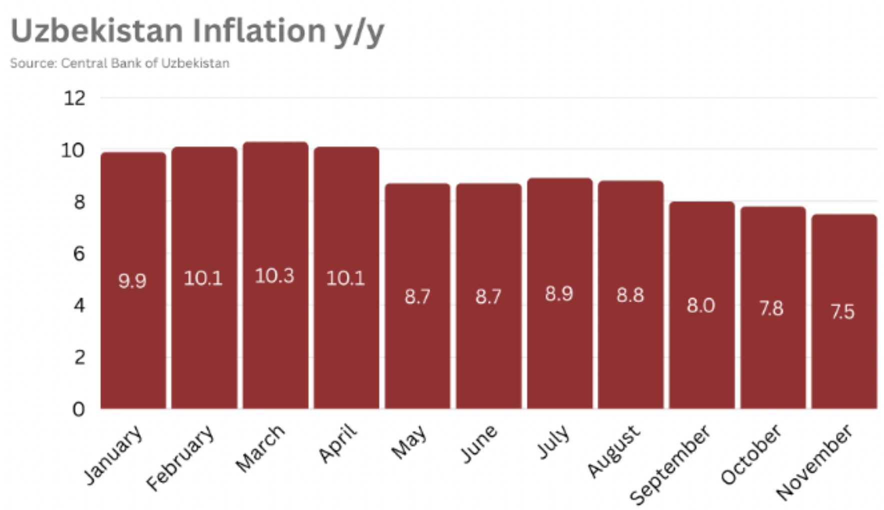
Inflation risks were particularly elevated in the first quarter due to import supply constraints for certain consumer goods, prompting the CBU to tighten monetary policy in March by raising the policy rate by 0.5 pp to 14%. The next CBU Board meeting to review the policy rate is scheduled for January 28, 2026.

Looking beyond 2025, the CBU released its Monetary Policy Guidelines for 2026–2028, outlining a medium-term strategy to achieve its 5% inflation target. Baseline projections assume:

- Gradual stabilisation of aggregate demand
- Normalisation of credit growth
- Wage increases aligned with labor productivity
- Remittance growth returning to medium-term trends
- Stable inflows of investment and a fiscal deficit under 3% of GDP

Under this scenario, GDP growth is projected at 5.5–6.5% in 2026, rising to 6–7% in 2027–2028, while inflation is expected to decline to 7% by the end of 2026, reach the 5% target in 2027 and remain around this level from 2028 onwards. Achieving these goals will also require structural reforms to strengthen competition, improve trade openness, enhance energy security and develop infrastructure and the financial sector.

While the CBU's policies in 2025 have supported strong economic growth and helped stabilize prices, inflation risks remain, particularly from external supply shocks and domestic demand pressures. The central bank will continue to monitor inflation closely and adjust policies as necessary to maintain stability and ensure progress toward its medium-term targets.



• 2.3 Labour & Income

Uzbekistan's labour market continued to grow steadily in 2025, building on annual employment increases of around 3.6% since 2016. By mid-year, 14.6mn of the 20.3mn working-age population were employed, with formal employment reaching 55% and informal work accounting for 33%. Unemployment fell to 5.1% in the first half of 2025, although youth unemployment remained elevated at 11%, highlighting ongoing challenges for younger workers. Over the past seven years, informal employment had declined from 60% to 38%, although it remained concentrated in agriculture (60%) and construction (41%).

Employment creation and poverty reduction remained central to Uzbekistan's economic strategy. Under the From Poverty to Prosperity programme, the government aimed to create 5.2mn jobs in 2025, provide 1.5mn permanent positions and support over 2mn entrepreneurs with UZS 120 trillion ($10bn) in loans. Initiatives targeted women and youth, including vocational training, IT skills development and support for female entrepreneurs, with measures projected to provide stable incomes for 2mn women in 2026. Progress was monitored through an electronic platform covering 6,472 neighbourhoods, linking employment to projects in solar energy, afforestation, tourism, e-commerce and local infrastructure.

International labour migration remained a defining feature of Uzbekistan's employment landscape. Russia continued to serve as the main destination for Uzbek workers due to higher wages, geographic proximity, low language barriers and established migrant communities. However, migrants continued to face workplace risks and social vulnerabilities. In September, Uzbek workers in Vladivostok were assaulted by local youths, prompting diplomatic intervention by Uzbekistan's Consulate General. The incident echoed broader concerns about discrimination and violence affecting Central Asian migrants in Russia.

Despite these challenges, remittances surged. In the first half of 2025, Uzbekistan received $8.2bn in transfers, a 27% y/y increase, with Russia accounting for $6.4bn (78%). Total inflows reached $12.1bn in the first eight months (+23% y/y), supported by stronger earnings among Uzbek migrants and favourable exchange-rate conditions, including the strengthening of the ruble following global market shifts. Monthly transfers rose from $1.06bn in January to a peak of $1.97bn in July.

While Russia remained dominant, migration routes showed gradual diversification. Remittances from the UK doubled to $89mn, transfers from EU countries rose 41% and inflows from the US increased 15% in the first half of the year. Transfers from the Baltics grew the fastest (+65.6% y/y), highlighting expanding labour corridors. Kazakhstan, South Korea, Turkey and the UK remained important secondary destinations.

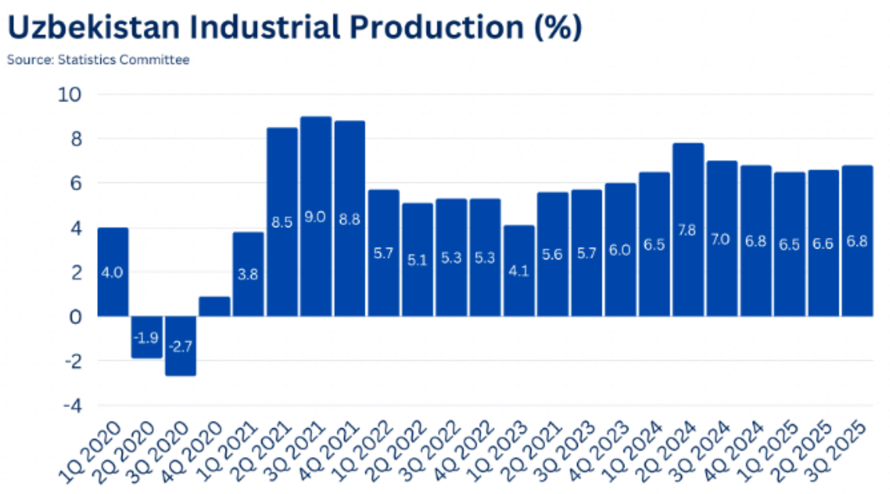
Remittance channels continued to modernise. In the first half of 2025, 53% of transfers were sent through traditional money-transfer systems (+22% y/y), while 44% were sent via peer-to-peer (P2P) card transfers (+40% y/y), reflecting both rising incomes and rapid digital adoption.

Labour migration beyond Russia also strengthened. Agreements with countries including South Korea, Japan, the UK, Germany and Poland provided legal employment opportunities for Uzbek workers, while initiatives such as South Korea's KS JOB Inc. pilot programme and Japan's employment of 10,000 specialists demonstrated growing overseas labour mobility.

Additionally, Uzbekistan strengthened international labour cooperation, signing memoranda with countries such as Serbia to ensure legal employment, prevent illegal migration and share best practices in employment policy.

Domestic labour indicators also improved in early 2025. Average nominal wages rose 18%, especially in communications, finance and insurance. Real household incomes increased 9.8% y/y, while per capita income grew 7.6%. Civil service reforms complemented broader labour-market development. By October 2025, 2,141 civil service positions had been cut, including 163 in the Ministry of Employment and Poverty Reduction, to improve efficiency. The Ministry, in partnership with the Federation of Trade Unions, provided reemployment support and mitigation measures for affected workers.

Youth employment and entrepreneurship expanded through programmes such as Yoshlar Daftari, the Youth Entrepreneurship Development Fund and Alokabank restructuring, contributing to a decline in youth not in education, employment, or training from 47.5% in 2020 to 15.4% in 2024 and increasing higher education enrollment among 18–22-year-olds from 20% to 28%. Tax incentives and creative industry hubs supported workforce skills development, innovation and entrepreneurial activity.



• 2.4 Industrial Production

Looking at the data from 1Q 2020 to 3Q 2025, we can observe the evolution of Uzbekistan's industrial production, shaped by the pandemic, recovery and steady expansion in recent years.

In early 2020, the industrial sector began with a strong 4% increase in the first quarter. However, the pandemic quickly affected production, with declines of 1.9% in 2Q 2020 and 2.7% in 3Q 2020. By the fourth quarter, industrial output showed a modest recovery, rising by 0.9% as some sectors began stabilising.

2021 marked a period of significant recovery. After the slow growth at the end of 2020, industrial production increased by 3.8% in 1Q 2021, followed by a sharp rise to 8.5% in 2Q, 9% in 3Q and 8.8% in 4Q. This rebound reflected a strong post-pandemic bounce-back.

In 2022, growth became more stable and gradual. The sector expanded by 5.7% in 1Q, slowed slightly to 5.1% in 2Q and maintained 5.3% growth in both the third and fourth quarters.

In 2023, industrial production continued its steady expansion, with growth of 4.1% in 1Q, 5.7% in 3Q and 6% in 4Q, indicating consistent momentum across key sectors.

2024 saw renewed acceleration. The first quarter recorded a 6.5% increase, followed by a significant jump to 7.8% in 2Q. Growth eased slightly to 7% in 3Q and 6.8% in 4Q, reflecting a strong and sustained recovery.

Preliminary data for 2025 show that this trend continues. Industrial production grew by 6.5% in 1Q, 6.6% in 2Q and 6.8% in 3Q, indicating steady expansion and resilience in the sector. Overall, Uzbekistan's industrial sector remains on a stable growth trajectory, supported by ongoing investment, infrastructure development and policy measures aimed at enhancing manufacturing and energy production.

• 2.6 International Reserves

In 2025, Uzbekistan's international reserves, comprising gold, foreign exchange (FX) and foreign securities, reached unprecedented levels, reflecting the Central Bank of Uzbekistan's (CBU) proactive reserve management and favorable global market conditions. The year was characterized by dynamic gold accumulation, targeted diversification of FX holdings and strategic investments in low-risk foreign assets. Despite occasional fluctuations in FX reserves, overall international reserves consistently grew, supporting the stability of the Uzbekistani som, enhancing investor confidence and strengthening the country's external financial position.

The year began with an increase in January, as total reserves rose to $42.9bn, up $1.72bn (4.17%) from the previous month. Gold holdings surged by $3.02bn to $35.06bn, setting a new record, with physical tonnage rising slightly from 12.3mn to 12.6mn troy ounces. FX reserves, however, declined by $1.29bn to just below $7.3bn, including $442.3mn in accounts with foreign central banks and the IMF and $6.75bn in foreign commercial banks.

In February, total reserves reached $44.94bn, surpassing the previous record of $43.14bn set in October 2024. FX reserves grew by $2.13bn to $9.53bn, while gold value dipped slightly to $34.86bn, with physical holdings decreasing to 12.2mn troy ounces. Foreign securities held by the CBU doubled to $202.5mn, reflecting ongoing diversification efforts.

March saw reserves rise to a record $47.85bn, an increase of $2.9bn (6.45%). Gold value increased to $36.9bn, even as physical holdings fell slightly to 11.8mn troy ounces, amid a 9.6% rise in gold prices to $3,120 per ounce—the highest since 2013. FX reserves grew by $900mn to $10.4bn and foreign securities edged up to $203.1mn.

By April, total reserves reached $49.25bn, up $1.4bn (2.9%) month-on-month. Gold value rose to $37.65bn, with physical holdings declining to 11.5mn troy ounces. FX reserves grew to $11.05bn, including $361.9mn with foreign central banks and the IMF and $9.96bn in foreign commercial banks. Foreign securities more than tripled to $703.9mn, accounting for 1.43% of total reserves.

Reserves continued modest growth, reaching $49.665bn in May, up $410.2mn (0.8%) from May. FX reserves stood at $10.73bn, gold value slightly increased to $37.654bn, while physical holdings dipped to 11.4mn troy ounces. Between January and May, the Central Bank sold a total of 26 tonnes of gold.

In June, total reserves declined slightly to $48.54bn, driven by a drop in FX reserves to $8.85bn. Gold value increased by $763mn to $38.41bn and physical tonnage rose to 11.7mn troy ounces. Foreign securities increased marginally to $708.8mn (1.46% of total reserves).

By July, reserves edged up to $48.74bn, with gold rising to $38.68bn, FX reserves slightly down to below $9.5bn and foreign securities jumping 42.7% to $1.01bn, exceeding 2% of total reserves.

In August, reserves surpassed $50bn for the first time, reaching $50.08bn, up $1.34bn (2.76%). Gold value increased to $40.06bn, with physical holdings at 11.8mn troy ounces. FX reserves declined marginally to just under $9.5bn, while foreign securities rose to $1.016bn, accounting for more than 2% of total reserves.

September saw an increase to $54.99bn, up $4.9bn (9.8%). Gold contributed $4.2bn to this rise, reaching $44.2bn, with tonnage slightly down to 11.6mn troy ounces. FX reserves rose to $10.18bn and foreign securities climbed to nearly $1.02bn (1.85% of total reserves).

October brought an all-time high of $59.33bn, up $4.33bn (7.9%), with gold valued at $47.85bn and physical holdings increasing to 11.9mn troy ounces. FX reserves grew to $10.91bn and foreign securities remained around $1bn (1.72% of total reserves).

By December 1, 2025, Uzbekistan's international reserves set a new record of $61.2bn, up $1.9bn (3.2%) from November. Gold reached $50.9bn, with tonnage rising to 12.2mn troy ounces. FX reserves declined by $1.1bn to $9.8bn, while foreign securities rose to $1.5bn, representing 2.5% of total reserves.

3.0 External Environment

Uzbekistan's trade in 2025 tells a story of ambition and transition. The country continued to expand its presence in global markets, strengthening ties with over 210 countries, while navigating the structural challenges of a growing economy. China, Russia and Kazakhstan remained its most important partners, reflecting both geography and long-standing trade relationships.

Trade Balance

As in previous years, Uzbekistan ran a trade deficit, which reached $8.53bn in January–October 2025. Exports grew strongly to $29.01bn, up nearly 28% compared with the same period last year, while imports rose 17% to $37.53bn. The deficit is largely driven by the country's need to import machinery, energy and other equipment to modernize industries, build infrastructure and support an emerging middle class eager for consumer goods.

Current Account

Despite the deficit, the overall external position remained resilient. Service exports grew faster than imports, reaching $7.75bn, thanks to tourism, transport and IT services. This growth helped cushion the impact of higher import demand, showing that Uzbekistan is steadily diversifying beyond goods into services that bring in valuable foreign exchange.

Exports

Uzbekistan's exports remain anchored in commodities, but value-added production is gradually taking center stage.

- **Gold:** The biggest earner, gold exports hit $9.9bn, up sharply from $6.6bn last year.
- **Agriculture:** Fruit and vegetable exports grew 7.3% to 1.82mn tonnes, generating $1.72bn in revenue, benefiting from higher global prices.

Other notable exports include industrial goods, food products, chemicals and various manufactured items, all reflecting Uzbekistan's efforts to diversify beyond raw commodities.

Trade Partners

China remains Uzbekistan's largest trading partner, followed by Russia and Kazakhstan. Together, they supply the majority of imports and absorb a significant share of exports. Other key partners include Turkey and South Korea. This diverse network helps Uzbekistan balance reliance on any single market while integrating more fully into regional and global trade flows.

Imports

Uzbekistan's imports are dominated by machinery, industrial equipment, chemicals and transport vehicles—necessary inputs for the country's ongoing modernisation efforts. Rising consumer demand has also contributed to growth in imported goods. Service imports, including tourism and IT, increased sharply, reflecting both domestic demand and the country's ambition to integrate into global service networks.

Sector Highlights

- **Agriculture:** Exports are benefiting from higher global prices, particularly for fruits and vegetables.
- **Energy and Minerals:** Gold continues to dominate export revenues, while natural gas contributes steadily.
- **Textiles:** The sector illustrates Uzbekistan's industrial ambition, with the country moving up the value chain toward finished goods.
- **Services:** Tourism, transport and IT services are growing quickly, opening new revenue streams and diversifying the economy.

Textiles remain one of Uzbekistan's cornerstone export sectors, reflecting the country's long-term strategy to move beyond raw cotton exports and build a modern, value-added industry. The transformation, initiated with the 2017 ban on raw cotton exports, has positioned Uzbekistan as a leading regional textile producer.

Cotton, historically known as Uzbekistan's "white gold," continues to underpin this growth. While raw cotton once dominated exports, today the industry focuses on finished textiles and yarn, which make up the bulk of exports.

In 2025, textile exports reached $2.05bn in the first ten months, representing 7.1% of total exports. Although this marks a 15.5% decline year-on-year, reflecting weaker global demand and market pressures, finished textile products accounted for 51.4% of the total and yarn contributed 28.5%. These figures demonstrate that Uzbekistan is steadily shifting away from raw materials toward higher-value goods.

The sector's ongoing modernisation has allowed Uzbek textiles to reach over 80 countries and private investment continues to drive production improvements, technological upgrades and quality enhancements. Despite global challenges, the textile industry remains a critical engine for employment, foreign exchange earnings and Uzbekistan's broader economic diversification goals.

Textiles are no longer just a commodity; they symbolize Uzbekistan's economic transformation, turning a historic export into a modern, globally competitive industry capable of weathering market fluctuations while providing stable growth for the country.

4.0 Budget & Debt

4.1 Debt

Uzbekistan entered 2025 with public debt at its highest level on record, reflecting years of infrastructure-led growth, expanding budget support and rising external financing needs. While debt ratios remain moderate by international standards, the pace of accumulation and growing reliance on foreign borrowing place fiscal discipline and debt management at the centre of the country's economic agenda this year.

Public debt stood at $40.2bn at the end of 2024, equivalent to 35% of GDP, more than double its level five years earlier. By the first quarter of 2025, the figure had climbed to $42.4bn, driven mainly by external borrowing for budget support and infrastructure projects. As of October 1, public debt reached $43.97bn, though quarterly growth slowed as the year progressed.

Despite the increase in nominal terms, the debt-to-GDP ratio declined to around 32–33%, supported by economic growth and inflation effects. The Ministry of Economy and Finance forecasted public debt to reach about $45–45.1bn by the end of 2025, or 36.7% of projected GDP, staying within levels the government considers manageable.

External borrowing continues to dominate Uzbekistan's debt profile, accounting for roughly 84% of public debt. External public debt reached around $36–37bn by late 2025, with fixed-rate loans slightly outweighing floating-rate obligations. Dollar-denominated debt still prevails, although its share has been gradually declining as euro- and yen-denominated borrowing increases.

Beyond the public sector, total external debt, including corporate liabilities, rose sharply. By mid-2025, Uzbekistan's total external debt reached $72.2bn, equivalent to nearly 56% of GDP. Corporate borrowing was the main driver, accounting for over 60% of the increase in the first half of the year, reflecting investment needs in energy, industry and services.

International financial institutions remain Uzbekistan's largest creditors. The World Bank and Asian Development Bank together hold more than 40% of sovereign external debt, followed by the AIIB, Islamic Development Bank and IMF. Foreign government-backed lenders account for around 30%, led by China and Japan, while international bondholders hold roughly 15–16%.

Eurobond issuance continued in early 2025, pushing total outstanding international bonds to over $5.6bn. While portfolio inflows have supported financing needs, they have also increased exposure to global market volatility and refinancing risks.

Nearly half of Uzbekistan's external public borrowing is allocated to budget support, underscoring the role of debt in financing fiscal gaps rather than purely investment projects. Energy-related sectors, including power, oil and gas and coal, remain major recipients, alongside agriculture and water management, housing and utilities and transport.

At the same time, some sectors, such as fuel and transport, saw reduced borrowing in parts of 2025, suggesting a more selective approach as authorities seek to moderate debt growth.

The key risks facing Uzbekistan in 2025 stemmed from the rapid growth of external and corporate debt, exposure to foreign currency fluctuations and rising refinancing needs. Floating-rate loans and eurobond issuance increased sensitivity to global interest rate conditions, while continued reliance on budget-support borrowing highlighted underlying fiscal pressures.

In response, authorities set a $5.5bn cap on external borrowing for 2025 and gradually expanded local-currency financing. Domestic debt, while still modest, increasingly shifted toward issuance in Uzbek soum, helping reduce currency risk over time.

Uzbekistan's debt dynamics in 2025 pointed to stabilisation rather than acceleration. Although public debt continued to rise in nominal terms, the pace slowed and debt ratios remained below 40% of GDP. Maintaining this balance depended on tighter fiscal discipline, improved project selection and sustained economic growth.

4.2 Budget

Uzbekistan's budget framework for 2025 builds on the fiscal performance of 2024 while setting the stage for a medium-term strategy through 2026–2028. The 2025 budget law, signed in December 2024, introduces a more disciplined fiscal path by reducing the consolidated deficit target to no more than 3% of GDP (from about 4% in 2024), strengthening local budget revenues and enhancing reporting and oversight mechanisms.

Review of 2024 Budget Performance

Revenue

In 2024, state budget revenues increased by 18.4% y/y, ending the year at UZS 274.4 trillion ($22.8bn), above forecast. Growth was broad-based:

- VAT: UZS 59.3 trillion ($4.9bn)
- Corporate profit tax: UZS 52.6 trillion ($4.4bn) (+29%)
- Personal income tax: UZS 35.4 trillion ($2.9bn) (+18.3%)
- Subsoil use tax: UZS 20.2 trillion ($1.7bn) (+31.8%)
- Excise tax: UZS 19.1 trillion ($1.6bn) (+20.4%)

Higher gold prices strengthened resource tax revenues, while improved administration supported wider tax base collection.

Expenditure

Total expenditures in 2024 reached UZS 310.9 trillion ($25.8bn), exceeding both 2023 levels and approved forecasts, with nearly 49% allocated to social sectors such as education, healthcare and welfare.

Deficit

The consolidated budget deficit in 2024 was around 4% of GDP. Strong revenue growth was accompanied by faster spending growth, reflecting active fiscal support for the economy.

2025 Budget Overview

Revenue

In 2025, revenue performance remains robust. By the first quarter, state budget revenues grew by 21.5% y/y. Over the first nine months of the year, collections increased by 18% compared to the same period in 2024.

Key growth areas include:

- VAT and personal income tax
- Non-tax revenues (fines, duties, fees)
- Continued resource sector contributions, supported by elevated commodity prices

Expenditure

Expenditures remain elevated to sustain social and economic objectives. Additional measures have been introduced to trigger expenditure cuts (sequestration) if revenues fall short of expectations mid-year.

Deficit and financing

The consolidated budget deficit is capped at 3% of GDP for 2025, supported by:

- Up to $5.5bn in new external borrowing, including $3bn for budget support
- Net government bond issuance capped at UZS 30 trillion ($2.5bn)

2026 Budget Framework and Medium-Term Outlook (2026–2028)

The draft 2026 budget and the 2026–2028 budget message passed its first reading in the Legislative Chamber in early December 2024, outlining projected trajectories for revenue, expenditure and fiscal balance.

Key components:

- State budget revenues for 2026: UZS 368.9 trillion ($30.7bn)
- Consolidated deficit for 2026: ~1.5% of GDP when isolating state budget and targeted funds
- State target funds (excluding transfers) are projected at UZS 78.2 trillion ($6.5bn) with expenditures at UZS 147.5 trillion ($12.3bn), funded in part by transfers

Fiscal Parameters for 2026

- New external borrowing is lowered to $5bn, split evenly between budget support and investment financing.
- Government securities issuance remains capped at UZS 30 trillion ($2.5bn).

- Limits on public-private partnership (PPP) exposure remain at $6.5bn to manage contingent liabilities.

Local Budget Strengthening

From 2026, local budgets will retain:

- A portion of VAT revenues (5% outside Tashkent city; 20% in Karakalpakstan and regions)
- Turnover taxes
- Land and property taxes (except for large taxpayers)

Also:

- Academic lyceums at universities are fully financed from local budgets, as already implemented for colleges and technical schools.
- Preschool and school construction, reconstruction and overhaul costs shift to local budgets.

Key Features and Priorities for 2025–2026

1. Fiscal consolidation with controlled flexibility
A reduction in the consolidated deficit target to under 3% of GDP for 2025 and sustained below this level in 2026 reflects a focus on fiscal sustainability.

2. Decentralisation and local autonomy
Broader local revenue sources and shared VAT retention aim to bolster local budget sustainability and service delivery, while transitions in education infrastructure financing mark deeper decentralisation.

3. Enhanced transparency and fiscal discipline
Quarterly reporting on programme effectiveness and gender budgeting, combined with sequestration rules tied to revenue performance, will improve accountability and spending efficiency.

4. Continued investment in human capital and infrastructure
Education, healthcare and social programmes remain priority areas, supported by steady revenue growth and targeted transfers to state funds.

5. Prudent debt management
Limits on external borrowing and PPP commitments are designed to contain debt risk, even as investments continue in strategic sectors.

While revenue performance remains strong, risks include global commodity volatility, domestic cost pressures and implementation challenges linked to decentralisation reforms.

5.0 Real Economy

5.1 Retail

In 2025, Uzbekistan's retail sector continued to show how far it has come since the turbulent days of 2020. After closing 2024 with a confident 9.9% growth in the fourth quarter, retailers entered the new year with optimism — and the numbers quickly proved that sentiment right.

The first quarter of 2025 recorded 9.5% growth, nearly matching the pace seen at the end of the previous year. For many businesses, this steady start felt like a sign of stability: shelves were stocked, consumer demand remained strong and both traditional markets and modern retail chains were seeing healthy foot traffic. Compared to the 9.3% growth in 1Q 2024, the sector had clearly gained more confidence.

The second quarter pushed things a little further. Growth rose to 9.7%, a small but meaningful increase that showed the market was still moving in the right direction. Retailers described 2Q 2025 as a "steady and predictable" period — something that hasn't always been guaranteed in recent years. Sales of electronics, home goods and everyday essentials all contributed to this rise and improved logistics helped keep supply flowing more smoothly than in the past.

Then came the third quarter and with it, a noticeable shift. Growth surged to 11.0%, the strongest quarterly performance since 4Q 2022, when retail expanded by 12.3%. This jump was especially striking when compared to 9.2% in 3Q 2024. The higher demand reflected not just seasonal patterns, but also the rapid expansion of e-commerce platforms and regional shopping centres. More people were ordering online, more goods were moving through growing fulfilment hubs and retailers were quick to adapt with new services and smoother customer experiences.

This progress becomes even more impressive when viewed against the sector's journey over the past five years. In 2020, the pandemic pushed growth down to 0.7% in the second quarter and even into the negative at –0.2% in the third. But by the end of that year, the sector was already fighting back. By 2021, retail trade surged, climbing from 2.8% in the first quarter to 12.0% by year's end. The momentum continued in 2022, where every quarter recorded double-digit growth. Even when growth moderated in 2023, dipping to 5.2% in 1Q but rebounding to 9.1% in 4Q, the sector remained on solid ground. And in 2024, quarterly growth consistently hovered between 8.4% and 9.9%, laying the foundation for the strength seen in 2025.

5.2 Banks

Uzbekistan's banking sector witnessed strong growth and transformation in 2025, marked by rising digital banking adoption, strategic privatisations and extensive international support.

TBC Bank Group Expands Digital Banking
In Uzbekistan, TBC's digital banking arm has grown rapidly, now reaching over 21mn unique registered users. Operating income for 3Q in Uzbekistan rose 69% y/y to GEL188.6mn, with net profit up 30% y/y at GEL41.1mn and ROE of 23%.

The local business has built a $1bn loan book and registered more than 10mn users over three years. TBC's flagship "Salom Card" is emerging as a leading daily banking product. While regulatory headwinds and a pivot from microloans to SME lending slightly moderated full-year profit expectations, the group remains optimistic about long-term growth in both Georgia and Uzbekistan.

Banking Sector Stability and NPL Trends
The Central Bank of Uzbekistan (CBU) reported non-performing loans (NPLs) at UZS 21.3 trillion ($1.8bn) as of October 1, 3.7% of total loans, a decline from previous months. State-owned banks accounted for UZS 14.6 trillion ($1.2bn) of NPLs, with the National Bank of Uzbekistan, Agrobank and Uzpromstroybank leading among state lenders.

Private banks like TBC, Ipoteka and Kapital Bank reported lower ratios, while some smaller institutions faced higher distressed asset levels. The CBU emphasised that the banking system remains stable, with strong capital, liquidity and stress-test resilience. Household debt ratios have eased slightly and digitalisation continues to expand banking access.

Privatisation and Capital Market Developments
Uzbekistan's revised bank privatisation programme focuses on targeted approaches. Fitch Ratings noted the government's priority is Uzbek Industrial and Construction Bank (SQB), with potential privatisations of Asakabank, Aloqabank and Turonbank expected in 2026 or later. SQB's $300mn AT1 international bond issuance in October strengthened its capital base, enabling additional lending and improving profitability, particularly in SME and retail segments.

Uzpromstroybank also issued $300mn in AT1 international bonds on the London Stock Exchange, attracting strong investor demand and boosting its capital adequacy ratios. The move strengthens Uzbekistan's banking reputation and supports manufacturing and infrastructure financing.

International Financial Support
Uzbekistan is receiving significant international backing for structural reforms and economic development:

- The World Bank approved an $800mn package to support poverty reduction, job creation, private sector growth and reforms across energy, agriculture, telecommunications and social services.

- The Asian Development Bank (ADB) provided a $300mn policy-based loan, including $100mn in concessional funds, targeting MSMEs, women-led businesses and microfinance development.

- The Asian Infrastructure Investment Bank (AIIB) extended $500mn to support the Green and Resilient Market Economy programme, focusing on low-carbon growth, renewable energy and climate resilience.

- The European Bank for Reconstruction and Development (EBRD) allocated $50mn to Ipak Yuli Bank and $70mn to Hamkorbank to expand green financing and improve MSME access to credit.

5.3 Industry

In 2025, Uzbekistan's industrial sector continued its steady expansion, reflecting the country's broader economic growth and investment attractiveness.

As of November 1, 2025, a total of 58,600 industrial enterprises were operating across the country. The largest share of these enterprises were concentrated in food production (11,700, 20%), production of other non-metallic mineral products (8,200, 14%), clothing (5,800, 10%), finished metal products (4,700, 8.1%), furniture (4,000, 6.9%), textile production (3,600, 6.2%) and production of rubber and plastic products (2,800, 4.7%).

Between January and October 2025, industrial enterprises produced goods worth UZS 865.8 trillion ($71.9bn), marking a 6.7% increase compared to the same period in 2024. The growth of industrial production per capita exceeded the national average of UZS 22.9mn ($1,904) in several regions, including Navoi (UZS 140.8mn, $11,706), Tashkent city (UZS 53.4mn, $4,439), Tashkent region (UZS 42.3mn, $3,517) and Andijan (UZS 24.0mn, $1,995).

The manufacturing industry remained the backbone of Uzbekistan's industrial sector, accounting for UZS 741.5 trillion ($61.6bn) or 85.6% of total industrial output.

The mining and quarrying sector produced UZS 63.3 trillion ($5.3bn, 7.3%), while electricity, gas, steam and air conditioning contributed UZS 56.1 trillion ($4.7bn, 6.5%) and water supply, sewerage and waste management represented 0.6% (UZS 4.9 trillion, $407.4mn).

Key industrial products produced during the period included natural gas (35.5bn m^3), oil (547,300 tons), coal (6.5mn tons), motor gasoline (974,700 tons), diesel fuel (978,100 tons), portland cement (17.3mn tons), yarn (482,800 tons) and soft wheat and spelt flour (1mn tons).

Within manufacturing, the largest contributions came from:

- Food, beverages and tobacco products (19.3%)

- Textiles, clothing, leather and leather goods (15.5%)

- Finished metal products, machinery, electronics and transport equipment (18.6%)
- Chemical products, rubber and plastics (7.1%)

Technology composition in the manufacturing sector showed 1.1% high-tech, 19.8% medium-high-tech, 39.7% medium-low-tech and 39.4% low-tech output. Production of electricity increased to 103.8% of last year's level, while thermal energy production by large enterprises declined to 88.9%. Textile waste volumes rose 33.6%, wastewater disposal and treatment services increased 14.2% and septic tank services grew by 0.9% compared to 2024.

Production increases were observed in:

- Basic pharmaceuticals and preparations (+23.7%)
- Clothing manufacturing (+20.5%)
- Production of other non-metallic mineral products (+21.9%)
- Rubber and plastic products (+18.7%)

Conversely, production declined in machinery and equipment repair (82.7%) and chemical production (91.6%) relative to 2024.

Construction and Investment Trends

Construction activity remained robust, with completed works totaling UZS 247.3 trillion ($20.6bn) (+14.7% y/y). Large enterprises accounted for 24.9%, small and micro-enterprises 50.1% and informal sector entities 25% of total construction output.

Uzbekistan also maintained its leadership in attracting investment in Central Asia, receiving $10.7bn in foreign direct investment (FDI) in 2025, representing 22.3% of all regional investment, with manufacturing being the primary beneficiary (85% of total investment).

The country also increased its outgoing investments to $396mn, reinforcing its role as both a recipient and investor in the Eurasian region. Russia remained the largest investor, accounting for 90% of mutual FDI.

5.4 TMT

In 2025, Uzbekistan's IT and technology sectors saw significant expansion, further cementing the country's position as a rising digital hub in Central Asia. The government continued to prioritise fintech, AI and digital infrastructure as key areas for growth. Initiatives such as the introduction of a regulatory sandbox for stablecoin payments and the creation of a $50mn fintech venture fund supported the growth of innovative startups while attracting international investment.

The Central Bank of Uzbekistan (CBU) launched an innovation hub for fintech, providing training and certification reimbursements for participants and hosting the country's first annual international fintech forum. Open banking frameworks were also set to be implemented by September 2026, enabling secure data exchange between banks, payment institutions and fintech companies. Uzbek companies gained the right to issue tokenised shares and bonds, with dedicated trading platforms, strengthening the domestic capital market.

The private sector continued to flourish, with Uzum, Uzbekistan's first tech unicorn, leading the way in e-commerce, fintech and banking. Following Tencent's $70mn investment, Uzum prepared for a pre-IPO funding round in Hong Kong, with plans to list on global exchanges in 2027. The company's platforms, including Uzum Market, Uzum Tezkor and Uzum Bank, served over 20mn users monthly, while a second bond issuance valued at $33.2mn reflected strong market confidence.

While successes mounted, the year also saw challenges, exemplified by the bankruptcy of Humans LLC. Once serving over twomn users, the company struggled with regulatory and financial pressures, including unauthorised withdrawals, ultimately entering liquidation. The case underscored the need for compliance and risk management in Uzbekistan's fast-evolving digital economy.

Artificial intelligence became a key focus in 2025. The government established an Alliance for the Development of Artificial Intelligence, expanding AI integration across education, healthcare, transport and space technology. Initiatives included AI education programmes for students and officials, AI laboratories in universities and partnerships with Nvidia to develop supercomputing clusters and an AI Centre of Excellence. In healthcare, AI applications reduced diagnosis times for stroke and breast cancer by 80%, while plans were set to expand AI diagnostics to additional conditions. AI was also integrated into transport monitoring systems and the development of satellites, such as Samarkand-2028, for Earth observation and agricultural monitoring.

Infrastructure development progressed alongside these initiatives. The second phase of Tashkent IT Park expanded the complex by 1.5 times, adding an AI Centre, Space and Future Technologies Centres, office towers and service buildings. A $150mn data centre was built in partnership with Saudi Arabia's DataVolt, with total capacity planned to reach 500 MW in later stages and attract $3bn in additional investment. By the end of 2025, the IT Park hosted 3,200 companies employing 14,000 specialists, generating revenues of over $2.5bn and exports exceeding $1bn.

Uzbekistan also advanced in robotics, signing an MoU with South Korea's ROBOTIS to develop humanoid robot production, including training programmemes to build local expertise. Meanwhile, Wallet in Telegram launched in the country, providing 27mn users with easy access to cryptocurrencies integrated with local payment systems, further expanding the reach of digital finance.

Overall, 2025 marked a pivotal year for Uzbekistan's IT and tech sectors, combining government-backed initiatives, private sector innovation and international partnerships. Despite regulatory and market challenges, the country strengthened its reputation as a regional hub for fintech, AI, e-commerce and emerging technologies, laying the foundation for sustained growth and innovation into 2026 and beyond.

5.5 ESG

Environmental, social and governance (ESG) issues moved decisively to the centre of Uzbekistan's policy agenda in 2025, shaped above all by an acute air pollution crisis in Tashkent and accelerating pressure on water and waste management systems. What began as an emergency response evolved over the year into broader structural reforms, tighter enforcement and long-term sustainability planning.

The most visible environmental challenge was air quality. In late November, Tashkent experienced some of the worst pollution levels recorded globally, briefly ranking first among the world's most polluted cities. Concentrations of fine particulate matter far exceeded safe limits, with PM2.5 levels more than tripling daily thresholds during periods of atmospheric inversion. The episode triggered swift government intervention and exposed the cumulative impact of coal- and waste-burning greenhouses, construction dust, transport emissions and outdated fuel standards.

In response, President Shavkat Mirziyoyev signed an emergency decree introducing strict air-quality controls. A special commission was established to monitor pollution levels in real time and impose immediate restrictions when thresholds were breached. Industrial operations were curtailed, dozens of construction sites suspended, transport inspections intensified and more than 100 polluting facilities shut down in Tashkent and its suburbs. Authorities accelerated the gasification of greenhouses, reversing earlier reliance on coal and imposed higher fines and criminal penalties for burning prohibited fuels such as tyres and plastics.

The crisis also tested governance and enforcement practices. While inspections and raids demonstrated a tougher stance on environmental violations, instances of excessive enforcement, including the demolition of traditional tandoor ovens, sparked public backlash and prompted official reprimands. The episode highlighted the need for proportional regulation, clearer standards and better coordination between environmental protection and social sensitivities.

Beyond emergency measures, 2025 marked a turning point in environmental regulation. Uzbekistan moved to phase out Ai-80 gasoline by the end of the year, banning fuels below Euro-4 standards and mandating refinery upgrades. A ban on mazut use was introduced except in emergencies and new industrial projects with high environmental risks were restricted in major cities. Draft legislation on plastic waste management and recycling fees was prepared as part of a broader shift toward a circular economy.

Waste management emerged as another ESG priority. Recycling capacity expanded, though processing rates remained modest relative to total waste generation. To address landfill dependence, the government approved six waste-to-energy plants scheduled for rollout from 2025 to 2027, alongside a $78mn hazardous waste management project with France's Suez and Saudi

Arabia's VIIC. By 2030, the government plans to reduce the amount of solid municipal waste disposed of in landfills by 50%. Pilot low-carbon projects, including a Japanese-backed biogas-to-methane facility, signalled growing interest in cleaner technologies and international partnerships.

Water security remained a strategic concern. A three-year irrigation modernisation programme was launched, targeting thousands of kilometres of canals, introducing digital water management and drip irrigation and powering pumping stations with renewable energy. Regionally, Uzbekistan deepened coordination with Kazakhstan and Kyrgyzstan on water and energy balances through 2026, reflecting the growing sensitivity of transboundary water management amid climate stress. International recognition followed, as two historic Uzbek irrigation canals received the World Heritage Irrigation Structure Award, underscoring the balance between preservation and modernisation.

Social and environmental resilience was also reinforced through large-scale reforestation under the Yashil Makon (Green Nation) project, which aimed to expand nationwide green cover to 30% and increase forested land from 8% to 15%, or about 6.1mn hectares, by 2030. Tree planting accelerated in 2025, with particular focus on urban areas and the Aral Sea region, where greening efforts sought to stabilise soil and reduce toxic dust storms. Community-level planting programmes extended ESG objectives into schools, healthcare facilities and neighbourhoods, linking environmental goals with public health and awareness.

5.6 Agriculture

Uzbekistan's agricultural sector continued to show strong momentum in 2025, driven by state-led reforms, expanded export markets and improved water management infrastructure. Sector output grew by 4.6% year-on-year, according to figures from the State Statistics Committee, with cotton, fruits and vegetables remaining key contributors to overall performance.

The government has prioritised modernisation and market liberalisation in agriculture as part of its broader economic diversification strategy. As of December 2025, over 180,000 farms had been reorganised under new land lease arrangements, following a shift away from state quotas introduced in previous years. This restructuring has enabled more flexibility in crop selection and incentivised higher-value production, particularly in horticulture.

Cotton, historically the dominant crop during Soviet times and once known as "white gold", continues to play a significant role. In 2025, Uzbekistan exported 423,000 tonnes of raw cotton, valued at $620mn, according to the Uztekstilprom Association. While cotton now accounts for 11% of total agricultural output and 14% of agri-exports, this marks a significant decline from its former status as the sector's primary product. The government has shifted focus to domestic processing and textile manufacturing to capture more value within the supply chain.

Exports of agricultural goods reached $2.3bn in the first 11 months of 2025, with major growth in fresh and dried fruit shipments to China, Russia and the Gulf states. The horticulture sub-sector, including grapes, pomegranates and melons, now accounts for over 40% of total agri-exports. Greenhouse cultivation also expanded by 9% in area terms, supporting year-round supply for export.

Water scarcity remains a structural challenge, especially in southern and western provinces, but the government has accelerated investment in irrigation infrastructure and digital monitoring systems. The World Bank-supported "Modernising Irrigation Services" project saw the rehabilitation of over 4,000 kilometres of canals in 2025, improving water delivery to 300,000 hectares of farmland.

Looking ahead to 2026, output is projected to increase by 5.1%, according to the Ministry of Economy and Finance. Growth will be supported by continued investment in agri-tech, the expansion of greenhouse production, and stronger alignment with food safety standards required for European Union market access. Pilot programmes for organic certification and digital land cadastre systems are also expected to scale nationwide.

5.7 Manufacturing

Uzbekistan's manufacturing sector recorded steady growth in 2025, underpinned by state-led industrialisation policies, increased foreign investment and a shift towards import substitution.

The State Statistics Committee reported a 6.8% year-on-year increase in manufacturing output, with notable expansions in machinery, construction materials, textiles and food processing.

The government's industrial policy, guided by the "Uzbekistan 2030" strategy, aims to raise the sector's share of GDP and reduce dependency on imports, particularly in machinery and consumer goods.

Manufacturing accounted for 17.4% of GDP in 2025, up from 16.1% in the previous year. Key industrial zones in Tashkent, Navoi and Fergana have attracted new projects supported by tax incentives and simplified customs procedures.

Textile and garment production continued to grow as part of efforts to increase domestic value addition to raw cotton. According to the Uztekstilprom Association, exports of textile products reached $2.1bn in 2025, representing a 12% increase compared to the previous year. Processed cotton now comprises more than 80% of Uzbekistan's total cotton-related exports, a major shift from its earlier role as a raw material exporter.

Machinery and equipment manufacturing expanded by 9.4%, driven by demand from the construction, agriculture and energy sectors. The UzAuto Motors plant in Asaka increased output by 7%, producing over

320,000 vehicles in 2025, while several new joint ventures with Chinese and Turkish firms were launched in industrial robotics and components manufacturing.

Food processing also saw double-digit growth, with strong domestic and export demand for packaged fruit, dairy and meat products. The sector benefited from improvements in cold chain logistics and new EU-aligned sanitary certification centres.

Looking ahead to 2026, the Ministry of Economy and Finance projects manufacturing output growth of 7.2%, supported by further industrial diversification and the launch of over 300 new projects under the state industrial development programme. These include investments in pharmaceuticals, electronics and green technologies.

“Manufacturing is becoming a pillar of sustainable economic growth,” Deputy Minister of Investment, Industry and Trade Shukhrat Vafayev said in comments reported by *Daryo* on November 24. “Our aim in 2026 is to expand industrial exports and strengthen supply chain localisation.”

5.8 Automotive

Uzbekistan’s automotive industry recorded a rise in production in 2025, supported by stable domestic demand, growing export volumes and the continued localisation of parts manufacturing.

Output at the country’s main production facility, UzAuto Motors, reached 322,000 vehicles in 2025, representing a 7% increase over the previous year, according to figures from the UzAuto company.

Located in Asaka, the **UzAuto Motors** plant remains the centrepiece of the domestic automotive sector, assembling both passenger and commercial vehicles under the Chevrolet brand. The company added new hybrid models to its domestic line-up in 2025, responding to rising consumer demand for fuel-efficient vehicles. A parallel increase in locally sourced components—up to 52% by the end of 2025—reflected the government’s broader strategy of boosting supply chain localisation and reducing reliance on imports.

The second major facility, operated by **ADM Jizzakh**, also expanded production, with over 12,000 vehicles assembled in 2025 under agreements with Chinese manufacturers such as Chery and Exeed. The plant’s output focused on crossover and SUV models, which remain in high demand in both domestic and regional markets.

Automotive exports increased to 42,000 units in 2025, up from 34,000 in the previous year, according to the Ministry of Investment, Industry and Trade. The majority of exports were directed to Kazakhstan, Azerbaijan and other Central Asian neighbours, while new markets in the Caucasus and Eastern Europe showed signs of growth. Export revenues reached $610mn, boosted by improved after-sales service and the introduction of right-hand drive variants for selected markets.

Meanwhile, Uzbekistan **imported** just over 31,000 vehicles in 2025, mainly electric and premium models not yet produced locally. Imports originated primarily from China, South Korea and Germany. The government maintained differentiated customs duties favouring local assembly, while also expanding infrastructure for electric vehicles, including 300 new public charging stations built nationwide.

Looking ahead to 2026, the automotive industry is expected to produce up to 350,000 vehicles, with new assembly lines planned for electric vehicles and a broader range of export-oriented models. The Ministry of Economy and Finance forecasts continued annual growth of around 8% in the sector.

“Our domestic production is gaining competitiveness both in price and quality,” UzAuto Motors CEO Shavkat Umurzakov said in remarks reported by Spot.uz on November 29. “In 2026, we aim to enter three new foreign markets and introduce a locally assembled electric vehicle model.”

5.9 Metals & Mining

Uzbekistan’s mining sector expanded steadily in 2025, led by increased gold production and new investment in strategic metals including copper, tungsten and uranium.

The State Committee of Geology and Mineral Resources reported that the sector contributed 12.8% of GDP, with total mineral exports valued at $8.6bn, a 9.4% increase compared to the previous year.

Gold remained the country’s most valuable mineral export, accounting for more than 45% of total mining revenues. Navoi Mining and Metallurgical Company (NMMC), Uzbekistan’s largest state-owned gold producer, extracted 96 tonnes of gold in 2025, maintaining its position among the top ten global producers. The company’s Muruntau mine, one of the world’s largest open-pit gold operations, continued to drive output, supported by a $750mn modernisation programme to expand processing capacity and reduce energy use.

Gold exports brought in $6.2bn in 2025, up from $5.7bn the previous year, according to the Central Bank of Uzbekistan. Major buyers included Switzerland, the United Arab Emirates and India. Although gold is also held as a key foreign exchange reserve asset, the government has gradually increased volumes sold on the international market to take advantage of high global prices.

In addition to gold, **copper** output rose by 6.3%, driven by investment in the

Almalyk Mining and Metallurgical Complex (AMMC). The Yoshlik mine development project, part of a multi-year $2bn investment plan, is expected to double AMMC's copper concentrate output by 2030. In 2025, Uzbekistan exported 141,000 tonnes of copper valued at $1.1bn.

Ferrous and non-ferrous metals including tungsten, molybdenum and zinc also saw moderate growth, driven by demand from Asian and European buyers. The Uzbek-Turkish joint venture Uz-Tungsten commissioned new enrichment facilities in Namangan region, with plans to scale up production in 2026.

Uranium production, overseen by the state-owned Navoiuran, remained stable at 3,600 tonnes in 2025. Uzbekistan is the world's 5th largest uranium producer and continues to supply fuel under long-term contracts to China and South Korea. A memorandum signed with France's Orano in October 2025 aims to develop new uranium fields in the Kyzylkum desert, with exploratory drilling set to begin in 2026.

Looking forward to 2026, the Ministry of Mining and Geology projects sector growth of 5.5% in 2026, with a focus on attracting foreign investment in rare earths and critical minerals for the global energy transition.

"Our long-term strategy is to diversify beyond gold and tap into the rising global demand for battery and energy metals," Deputy Minister of Mining and Geology Ulugbek Nazarov said in comments reported by *Kun.uz* on November 21. "The sector will remain a key driver of export earnings and industrial development in 2026."

6.0 Energy & Power

Uzbekistan's energy landscape in 2025 witnessed accelerated transformation, underpinned by ambitious goals for sustainability, energy security and emissions reduction. The country advanced on multiple fronts, from renewable energy and energy storage to sustainable aviation fuels and nuclear power, positioning itself as a regional hub for clean energy innovation.

One of the standout developments in 2025 is the finalisation of agreements between the Khorezm regional government and Allied Biofuels to develop Central Asia's first integrated biorefinery for zero-carbon aviation fuels in Tuproqqala district. The $5.9 bn project will produce 382,000 tonnes of sustainable aviation fuel (SAF), 152,000 tonnes of electro-synthetic SAF (e-SAF) and 11,000 tonnes of renewable diesel annually, supported by 2 GW of proton exchange membrane electrolysers. The facility is expected to create hundreds of skilled jobs while contributing directly to Uzbekistan's net-zero emissions by 2030 target.

Renewable energy development has continued at pace. Uzbekistan now operates 13 solar and 5 wind power plants with a combined capacity of 5,582 MW, producing over 10bn bn kWh in December 2025.

As of December 8, 2025, Uzbekistan's hydro, solar and wind power plants have produced 16 bn kWh of electricity, sufficient to cover the yearly consumption of 6.6 mn households.

By December 1, 2025, the country has installed 1,971 MW of small-scale solar panels across 141,221 sites nationwide, including social institutions, businesses, private homes and apartment complexes.

Large-scale projects underway include:

- Sazagan Solar 1 and 2 and Samarkand 1 and 2, jointly developed by Saudi Arabia's ACWA Power, Japan's Sumitomo Corporation, L&T and Shikoku Electric Power, delivering a total of 2.2 GW of solar PV capacity with 1,336 MWh of battery energy storage. These projects alone are expected to generate around 2,300 GWh annually, avoiding roughly 1.3 mn tonnes of CO_2 emissions.

- UAE-backed Masdar and AMEA Power are constructing 500 MW of energy storage capacity in Navoi and other regions, enhancing grid stability as renewable penetration rises.

- At ADIPEC 2025, UAE-based Masdar signed a new deal to build a 300-MW battery storage system in Navoi and to invest in Austria's largest green hydrogen project with Vienna-based OMV. The Navoi facility will further strengthen grid stability and enable wider renewable adoption, while the Austrian hydrogen project will produce up to 23,000 tonnes of green hydrogen annually, marking a significant step in low-carbon fuel development.

- TrinaTracker is supplying 363 MW of solar tracker systems for a photovoltaic plant in Navoi, designed to withstand extreme temperatures and wind conditions, adding to over 1 GW of tracked solar capacity already delivered in Uzbekistan.

Uzbekistan has also expanded its thermal and nuclear capabilities. Saudi Arabia's Pemco has begun construction of a 200-MW gas-piston thermal power plant in Samarkand, complementing previous Saudi-backed thermal, solar and wind projects. Meanwhile, discussions with Italy's Ansaldo Energia explored its role in constructing Uzbekistan's first nuclear power plant, including technology integration, regulatory support and radioactive waste management.

Grid modernisation remains a priority. Turkish firm Aksa Elektrik signed a 30-year, $1 bn public-private partnershipto modernize and operate the grid in southeastern Uzbekistan, enhancing reliability and enabling further renewable integration. In the transportation sector, Yutong electric buses continued to expand in Tashkent, with 202 new buses added in 2025, bringing the total fleet to 534, supported by 267 charging stations.

International financing and partnerships continue to accelerate energy transition. The EBRD and ADB have provided over $280 mn for Uzbekistan's largest solar-plus-storage projects, while the Japan Bank for International Cooperation (JBIC) is backing a $1.45 bn renewable energy package in Samarkand. UNG Overseas and Cargill Inc. explored $3–5 bn in long-term financing to support energy security, infrastructure modernisation and sustainability.

Uzbekistan's targets remain ambitious: producing up to 54% of electricity from renewable sources by 2030, scaling SAF and e-SAF production, integrating storage systems and gradually diversifying through nuclear and thermal capacity. By combining large-scale infrastructure, international expertise and workforce development programmes, Uzbekistan is positioning itself as a regional leader in clean energy, while reducing greenhouse gas emissions, modernising its power grid and supporting sustainable economic growth.

7.0 Markets Outlook

Uzbekistan's capital markets saw incremental progress in 2025, with muted trading volumes but growing investor interest ahead of a series of major initial public offerings planned for 2026.

The Tashkent Stock Exchange (TSE) recorded modest activity during 2025, as the market has yet to take off, while regulators advanced legal and structural reforms to improve market transparency, liquidity and access for foreign investors.

Equity trading on the TSE remained limited in 2025, with daily turnover averaging UZS2.1bn ($170,000), according to the Capital Market Development Agency. Market capitalisation stood at UZS70.2tn ($5.7bn) by year-end. While overall liquidity remains low, foreign investors continued to participate without restriction and are permitted to fully repatriate dividends and capital gains in foreign currency.

Momentum is building ahead of a pipeline of IPOs planned for 2026 under Uzbekistan's privatisation and capital market development programme. Among the most anticipated is the dual listing of **Navoi Mining and Metallurgical Company** (NMMC), the country's largest gold producer. If finalised, the offering would be the country's first major international IPO and is expected to attract significant institutional interest.

Franklin Templeton, which manages the **Uzbekistan-focused New Silk Road Fund**, has confirmed plans to bring several portfolio companies to market in 2026. These include interests in energy, telecommunications and consumer goods, with valuations expected to be in the range of $50mn to $300mn. *Intellinews* reported on November 30 that up to eight firms could list shares on the TSE or pursue cross-listings abroad.

The government is also exploring connection to international settlement systems, including Clearstream, to ease access for global investors. Discussions with **Euroclear and Clearstream** advanced in 2025, according to officials from the Central Securities Depository, although no implementation timeline has been announced.

In the **debt market**, government securities continued to dominate, with UZS38tn ($3.1bn) in outstanding treasury bills and bonds by end-2025. Yields ranged from 11.2% for short-term instruments to 15.6% on longer-dated paper. The Ministry of Economy and Finance expanded the range of maturities offered in 2025, including three- and five-year notes to support yield curve development.

The **corporate bond** market remains in early stages, with a limited number of issuers, primarily banks, leasing companies and large industrial firms. Outstanding corporate debt stood at UZS4.7tn ($380mn) in 2025, with average yields between 16% and 19%. Notable issuers included Asaka Bank, UzAuto Leasing and the state energy utility Uzbekneftegaz.

Regulatory changes implemented in 2025 included the introduction of mandatory credit ratings for new corporate bond issuances and draft legislation to simplify listing procedures. Further reforms are expected in 2026, including legal amendments to allow international law-governed bond issuances and enhanced disclosure standards.

"Uzbekistan's equity market is still developing, but we expect a breakthrough year in 2026 with several significant listings," said Jamshidbek Karimov, Head of Capital Markets at Franklin Templeton Uzbekistan, in comments published by *IntelliNews* on November 30. "There is strong appetite from both domestic and foreign investors if the reforms continue at pace.”