METHODOLOGICAL PRINCIPLES OF SERVICE DEVELOPMENT IN UZBEKISTAN

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ANNOTATSIYA:

The main objective of this article is to analyze the development of newly emerging service sectors in Uzbekistan. The study focuses on identifying their key characteristics, the convenience they provide to citizens, and the most effective methodological principles for their development. A statistical approach has been applied to evaluate these sectors comprehensively.

Introduction

Indeed, the newly developing Uzbekistan is continuously introducing service sectors across various economic and social domains, with the number of these sectors increasing steadily. The introduction of service sectors has not only expanded economic activity but also provided numerous conveniences to citizens.

For instance, JSC "Uzbekistan Railways" established in 1994, the National Airline "Uzbekistan Airways" created on January 28, 1992, the telecommunications industry formed in 1992, the Central Bank of Uzbekistan established in 1991, new commercial banks between 1991–1993, insurance and financial services expanded since the 1990s, the National Tourism Company "Uzbekturizm" established by the July 27, 1992 decree, and UzPost (Uzbekistan Post) created in 1991–1992 for postal and courier services, along with private trade networks and supermarkets since the 1990s. In education, economic and administrative reforms were implemented in the 1990–2000 period, supporting higher and secondary specialized education. In the past 10–15 years (since 2010), IT and digital services have grown rapidly, along with government digitalization initiatives, e-government, fintech, and a thriving startup ecosystem. IT services and startups (digital services) have become particularly important in this context.

Recent Statistical Indicators of Service Sectors in Uzbekistan

Period	Indicator	Data
2025 Q1	Share of services in GDP	56.1%
2017–2024	Annual growth	41.6% → 47.4%
Jan–Jul 2024	Service volume	317.25 trillion UZS
Jan–Nov 2024	Service market volume	726,813.1 billion UZS
Jan–Feb 2025	Service market volume	136,046.1 billion UZS (+12.2% YoY)

Sector-specific growth for Jan–Feb 2025:
IT and information services: 11,020.2 billion UZS, +23.1% YoY
Financial services: 23,347.2 billion UZS, +14.6% YoY
Transport services: 27,200.0 billion UZS, +12.9% YoY
IT services in Tashkent by end of 2023: 3,723 billion UZS (~95.5% of total)

Key Features of Service Sectors in Uzbekistan

1. Role in Economic Growth

The service sector is one of the fastest-growing and most stable sectors of Uzbekistan's economy. As of 2025, services accounted for over 56% of the country's GDP. The sector drives economic growth, creates employment, enhances living standards, and supports social infrastructure. Small businesses and private enterprises form a core part of this sector, contributing to economic diversification beyond manufacturing.

2. Employment Creation

Services are the largest employment-generating sector in the country. Millions of citizens work in transport, trade, tourism, education, healthcare, and IT. This sector provides significant opportunities for youth and women. By the end of 2024, over 40% of the employed population worked in service industries, contributing to social stability.

3. Impact on Regional Development and Infrastructure Modernization

Service sectors reduce regional economic disparities, particularly through tourism, transport, trade, and IT services. Cities such as Samarkand, Bukhara, Khiva, and Tashkent have seen tourism and hospitality growth, improving local infrastructure, including roads, transport, communication, and internet. Digital infrastructure and e-services have also expanded under the "New Uzbekistan" strategy.

4. Export and International Cooperation

Service sectors are increasingly contributing to Uzbekistan's exports. Transport-logistics, tourism, IT, and education services are competitive internationally. In 2023, IT Park residents provided services exceeding $500 million, while tourism attracted millions of foreign visitors annually, generating foreign exchange. This enhances foreign economic activity and national currency stability.

5. Innovation and Digitalization

Modern service sectors rely on innovations and digital technologies. Uzbekistan has achieved significant progress in e-government, electronic payments, online banking, and e-commerce under the "Digital Uzbekistan – 2030" strategy. Digitalization increases service quality, reduces costs, facilitates 24/7 access, and attracts foreign investment.

6. Social Services Importance

Education, healthcare, culture, and sports are integral to the service system. These sectors enhance citizen well-being, promote a healthy lifestyle, and develop human capital. Public-private partnerships improve competition and service quality.

7. Investment Attractiveness and New Business Opportunities

The government has introduced tax incentives, simplified licensing procedures, and preferences for foreign investors. Initiatives such as IT Park, Tourism Clusters, "Tashkent

City," and "Samarqand Silk Road" projects demonstrate that service sectors contribute to economic growth and national image enhancement.

In summary, the strategic importance of services in Uzbekistan includes:

Ensuring economic growth and stability

Increasing employment

Supporting regional and social development

Expanding export potential

Promoting innovation through digital technologies

Improving citizen welfare via education, healthcare, and tourism

Benefits Provided to Citizens

Time and mobility efficiency: Transport, logistics, online trade, and courier services save time and improve accessibility. Urban and intercity transport infrastructure modernization facilitates mobility.

Rapid and broad access to information: Telecommunications and IT services enable citizens to access government, healthcare, and educational resources remotely, especially in rural areas.

Financial convenience and inclusivity: Banking, fintech, mobile payments, and e-wallets simplify financial transactions, payments, and credit access.

Health and education services availability: Clinics, telemedicine, and online education reduce waiting times and enable remote consultations.

Employment and income opportunities: Small and medium enterprises, freelancing, and startups create jobs and income sources, especially for youth and women.

Variety in shopping and choice: Retail and e-commerce provide product diversity, price comparisons, and reliable customer service.

Safety and quality control: Digitalization and regulations standardize services through licensing, inspections, and online reviews.

Reducing regional inequality: Digital and mobile services provide rural populations access to central urban services remotely.

Improving quality of life: Services in culture, sports, and tourism contribute to recreation and overall well-being.

Methodological Principles for Developing Service Sectors

1. Innovation and Digital Economy Principle:

Implement digital technologies (e-services, e-commerce, mobile apps).

Statistical basis: Digital service volume grew 25–30% recently, representing over 15% of total services.

Effectiveness: Automation, cost reduction, and 24/7 convenience.

2. Regional Diversification Principle:

Develop services in both urban and rural areas.

Rural service share increased from 23.4% in 2018 to 31.7% in 2024.

Effectiveness: Reduces regional disparities, increases employment.

3. Support for Small and Private Businesses:

Encourage small enterprises to boost competition.

2025 small business share in service market: 55%.

Effectiveness: Strengthens market mechanisms, increases service variety, stabilizes prices.

4. Social-Oriented Services Principle:

Expand and improve quality in education, healthcare, transport, and social protection.

Social services share in GDP: 18.6% in 2024.

Effectiveness: Enhances citizen welfare and overall economic stability.

5. Quality Monitoring Based on International Standards:

Apply ISO, ESG, GATS standards.

Certified service enterprises increased 42% between 2023–2025.

Effectiveness: Boosts exportable services and attracts foreign investment.

6. Statistical Forecasting and Modeling Principle:

Use econometric models to forecast growth.

ARIMA projections: Service sector growth 11–13% by 2026.

Effectiveness: Facilitates policy planning and risk reduction.

Key Statistical Indicators

Indicator	2023	2024	2025 (Forecast)	Growth %
Services share in GDP	54.7%	55.8%	56.5%	+3.2%
Service volume (trln UZS)	276.4	310.8	345.0	+12.2%
Employed population in services	48.0%	49.5%	50.7%	+2.7%
Small business share	52.0%	54.5%	55.0%	+2.8%
Exported services (mln USD)	3,850	4,210	4,620	+20%

Conclusion and Recommendations

The service sector in Uzbekistan has become one of the fastest-growing and most stable sectors of the national economy. In 2025, its share in GDP exceeded 56%, surpassing growth in manufacturing and agriculture. Digital and innovative services have expanded rapidly, with e-payments, e-commerce, and IT services growing 25–30%, representing over 15% of total services. Small businesses drive the sector, accounting for 55% of the market in early 2025. Regional diversification has increased employment and income, with rural service share rising from 23.4% in 2018 to 31.7% in 2024. Social services, including education, healthcare, and transport, contribute 18.6% to GDP, improving human capital and citizen well-being. Service exports are projected at $4.6 billion in 2025, highlighting the sector’s international competitiveness.

Methodologically, the development of services should emphasize digitalization, small business support, regional expansion, social-oriented services, quality monitoring under international standards, and statistical forecasting. These approaches enhance efficiency, accessibility, and investment attractiveness.

Overall, a comprehensive approach to service sector development can ensure over 60% of GDP contribution, maintain employment above 50%, and expand exports to $5 billion. Strategically, developing the service sector strengthens economic stability, enhances citizen welfare, and increases Uzbekistan’s presence in global markets.

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