

# ECONOMIC IMPACT OF COVID-19 ON THE ECONOMY OF UZBEKISTAN

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**Abstract:** this article analyzes how the Covid-19 pandemic affected the economy of Uzbekistan and what kind of measures the government took to mitigate the negative effects of this economic crisis caused by the global pandemic.

**Keywords:** recession, GDP (Gross Domestic Product), growth, policy, income, economy.

It is no exaggeration to say that 2020 is one of the unforgettable years in the history of humanity. The onset of the global pandemic has had a number of negative effects on the global economy and caused many losses to the world. Many countries have suffered a lot of economic and social damage; many corporations have fallen to the level of bankruptcy. Worldwide, incomes of the population declined sharply and unemployment rate skyrocketed in many countries. Undoubtedly, the global pandemic completely changed the world's economic, political, religious and financial systems and structures.

Demographically, 2,728,064 people have died so far from the coronavirus COVID-19 outbreak as of March 22 [2]. According to David Malpass, The President of World Bank Group, the pandemic and global recession may cause over 1.4% of the world's population to fall into extreme poverty [3]. Additionally, if we look at the economy of China, USA, European Union and Japan in terms of economic hit from covid-19 pandemic, it is clearly seen that this crisis is more severe than Global Financial crisis in 2008 (figure 1).

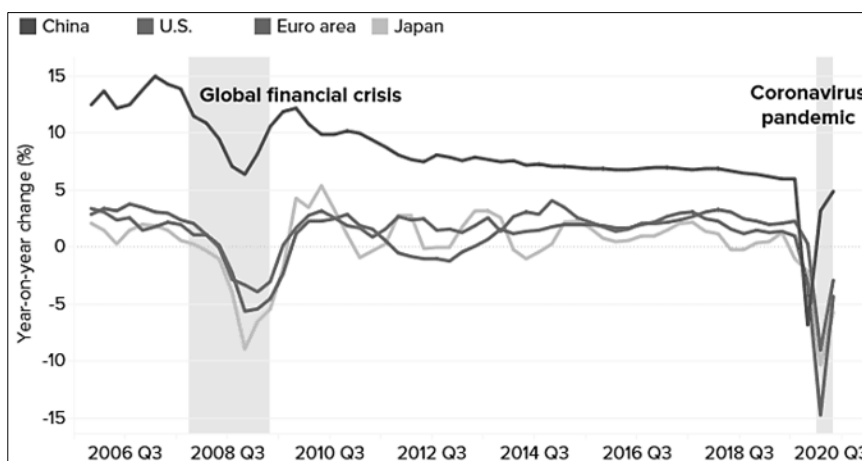


Fig. 1. Economic hit from Covid-19 pandemic [1]

Indeed, the economic crisis caused by the Covid-19 pandemic has had a very negative impact on the economy of Uzbekistan that as a result of a sharp decline in income of the population in the country, the purchasing power of them noticeably declined and the number of unemployed in the country rose sharply; the volume of foreign direct investment declined. Tourism sphere in the country has almost collapsed and suffered heavy losses.

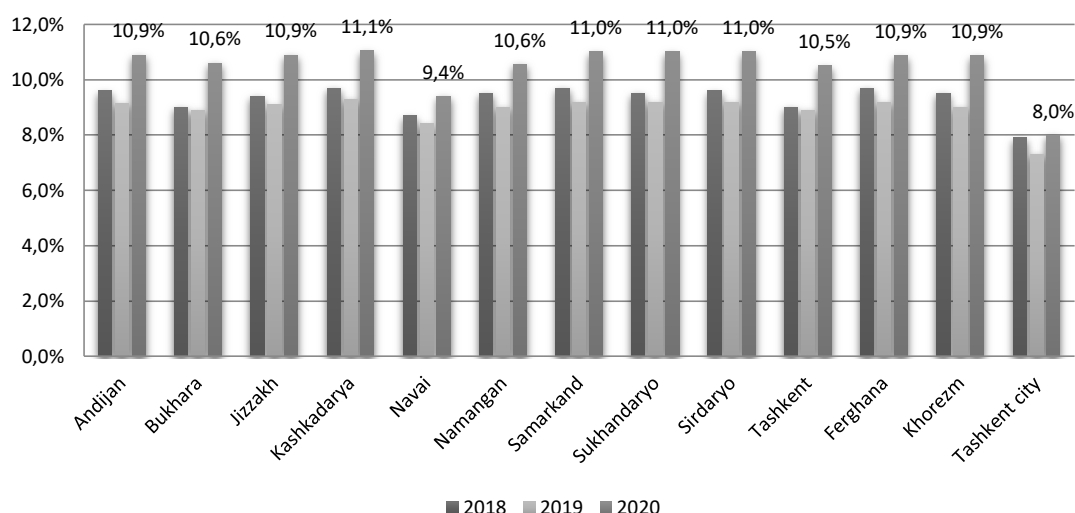


Fig. 2. The unemployment rate in Uzbekistan in 2018, 2019, 2020 (in percentage) [5]

During the pandemic, the unemployment rate in the country increased significantly compared to previous years, reaching 10.5 % (It made up 9.3 % in 2018 and 9.0 % in 2019). The highest unemployment rates were in Kashkadarya, Samarkand, Surkhandarya and Syrdarya regions, with about 11 % (figure 2).

The most affected spheres in Uzbekistan during the pandemic were tourism and aviation. A total of 507 billion soums were spent on the aviation sector at the expense of the Anti-Crisis Fund under the Ministry of Finance (406 billion soums were allocated to Uzbekistan Airways and 101 billion soums to Uzbekistan Airports) [4].

According to the State Statistics Committee, the gross domestic product (GDP) of Uzbekistan in 2020 amounted to 580.2 trillion soums. Compared to 2019, the growth was 1.6%.

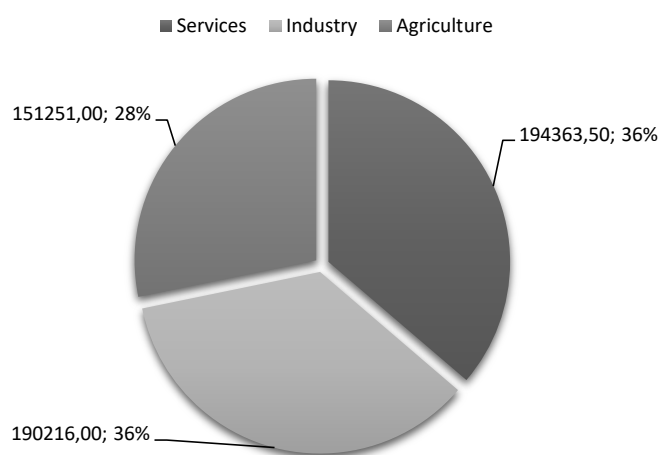


Fig. 3. The composition of GDP of Uzbekistan by sectors in 2020 [5]

The government has implemented anti-pandemic policies in three main way as the followings:

- **Economic measures.**

The basis of economic measures was the monetary and fiscal policy of the state. First of all, the country introduced tax incentives to businesses operating in the tourism sector and services sector, and subsidies to large state-owned enterprises from a special fund such as the Anti-Crisis Fund under the Ministry of Finance. Moreover, The Central Bank also reduced the discount rate to 14%, suspended loan repayments and implemented a number of concessions.

- **Social measures.**

In order to provide social support to the population of our country, "Temir daftar" - a list of families in need of financial assistance and support - has been formed. Also, "Yoshlar daftari" and "Ayollar daftari" were formed in each neighbourhood, district, city and region. All citizens on this list received financial assistance from state and other non-state funds during the pandemic. Call centers have been set up in each region to help the population in need of social protection.

- **Legal measures.** A number of Presidential Decrees and Resolutions, resolutions and orders of the Cabinet of Ministers, laws and by-laws have been signed and came into force on the purpose of supporting population, organizations, entrepreneurs and lessening the negative effects of the global economic crisis caused by Covid-19 pandemic.

In conclusion, the measures taken by the government in each area have shown effective results; the negative consequences of the pandemic have been significantly mitigated.

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