

Digital Economy in Uzbekistan: Challenges and Opportunities

Associate Professor Nargiza Khakimovna Roziboyeva

Department of Investment and Innovation, Samarkand Institute of Economics and Services.

4th-year Student: Esanov Javohir

Samarkand Institute of Economics and Services.

4th-year Student: Berdiyev Shaxriyor

Samarkand Institute of Economics and Services.

Abstract: *This article explores the role and development of the digital economy in the Uzbekistan economic landscape. It delves into the challenges faced during this evolution and sheds light on the nature of competition policy in Uzbekistan, particularly in the context of the digital economy.*

Keywords: *intensive, information and communication technologies, digital technologies, cyber attacks, digital addiction, monopoly, innovation task. Certainly, I can help you with the translation.*

INTRODUCTION:

Digital Economy in Uzbekistan: Challenges and Opportunities

In recent times, the concept of the "digital economy" has been widely used. In essence, in many developed countries, digital economies have significantly influenced their development trends. The concept of the digital economy became apparent not long ago, around 1995, as identified by American scientist Nicholas Negroponte from the Massachusetts Institute of Technology. He foresaw significant changes in the transition from the traditional economy to a new economy with the intensive development of information and communication technologies.

The digital economy involves conducting business activities where the key indicators in production and service provision are data, analyzing the results of reprocessing large volumes of information. It aims to apply more efficient solutions in various sectors such as production, service provision, technology, equipment, storage, and delivery of products by reprocessing and analyzing extensive information from the previous system. In simpler terms, the digital economy encompasses online service delivery, electronic payments, e-commerce, and other activities connected with the development of digital computer technologies.

“Advantages of the Digital Economy”

Undoubtedly, the development of information and communication technologies provides numerous positive opportunities in our daily lives. The evolution of digital technologies allows individuals to quickly access necessary services, purchase products online, and accumulate substantial amounts of money. For instance, buying an electronic version of a book can be more economical than



purchasing its printed counterpart. Furthermore, ordinary consumers are becoming entrepreneurs by engaging in online commerce without leaving their homes.

“Potential Challenges of the Digital Economy”

Despite the numerous advantages of information and communication technology development, there are potential risks associated with the digital economy:

1. Cybersecurity threats and concerns about the protection of personal information.
2. "Digital addiction" - the tendency for millions of people to become dependent on their data.
3. Increased unemployment due to the development and implementation of information technologies in various fields and professions.

”Digital Economy in Uzbekistan”

As of 2018, the total number of users benefiting from the Republic of Uzbekistan's Internet infrastructure exceeded 20 million, indicating a 36% increase compared to the beginning of 2017. The number of mobile Internet users reached 3.504 million.

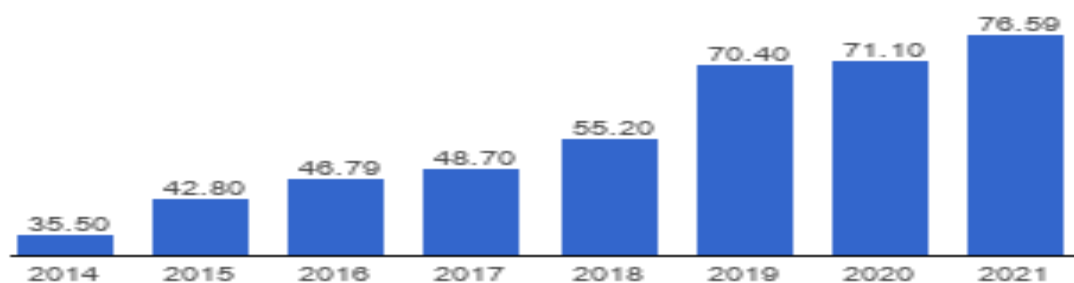


Figure 1: Total Number of Internet Users (percent of population)[1]

In the data presented in Figure 1, we observe that at the beginning of 2018, the total number of internet users in our country amounted to 55.20 percent, indicating a noteworthy increase of several million users throughout the year, marking a 21% growth. The overall internet usage speed in international networks in Uzbekistan reached 104.1 Gbit/s, exhibiting a remarkable 58% increase over the course of the year.

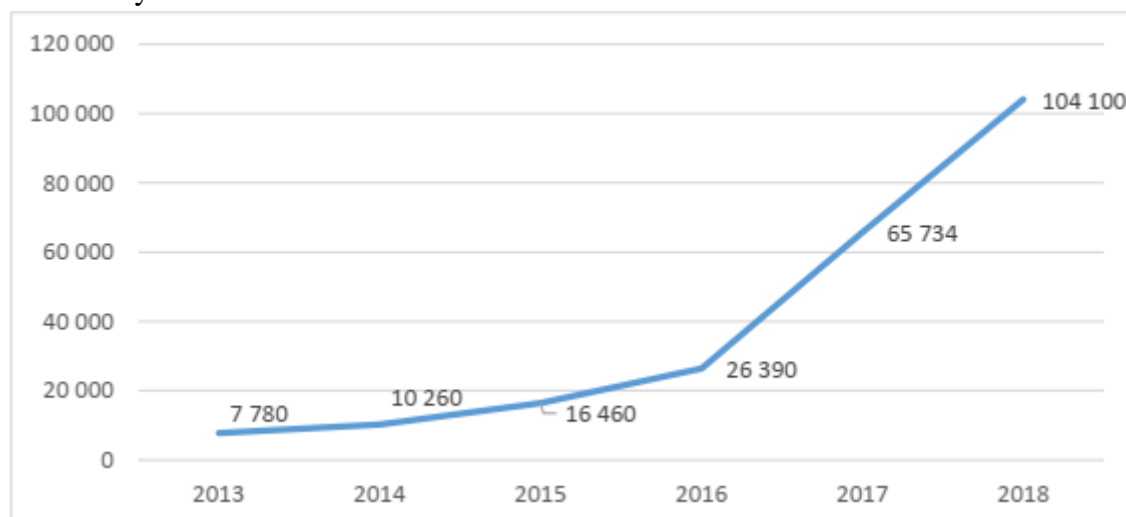


Figure 2: General Connection Speed to International Networks (9 Mbit/s)[1]

Similarly, analyzing information regarding Internet service prices for providers in Uzbekistan, we note a significant change in prices, specifically for a 1 Mbit/s connection in US dollars. In 2017, the price per 1 Mbit/s was \$76.6, decreasing to \$30.2 by the end of the same year, implying more than a two-fold decrease in price. However, starting from September 2017, the Uzbekistani currency market liberalization has led to an evaluation of prices based on the exchange rate against the US dollar.



“Challenges in the Development of the Digital Economy in Uzbekistan”

Despite the potential for the development of the digital economy in Uzbekistan, progress has been relatively slow compared to the country's potential. Several challenges hinder its development, including:

1. Monopoly in various sectors.
2. Slower internet speed and its inconsistency.
3. Lagging behind in legislation regarding information technologies.
4. Limited computer literacy among citizens.
5. Issues related to information security.
6. Lack of qualified specialists in information technology or their emigration to other countries.
7. The slow development of information culture, digital hygiene, and the inadequacy of information technology security.

Government's Role in Promoting Competition

The government of Uzbekistan has recognized the importance of creating a competitive environment in the economy. To address this, the Monopoly Elimination and Competition Development Committee was established in 1996 under the Ministry of Finance. Later, it was transformed into an independent state committee. The committee focuses on fostering competition through fair pricing and sending price signals.

In conclusion, Uzbekistan grapples with the challenges and opportunities presented by the digital economy. Despite a significant increase in internet users, impediments such as monopolies, inadequate legislation, and a shortage of skilled professionals have hindered its full potential. The government has taken steps to foster competition through the Monopoly Elimination and Competition Development Committee, emphasizing fair pricing and competitive markets.

The advantages of the digital economy are evident, providing efficient solutions for production, services, and entrepreneurship. However, risks, including cybersecurity threats and digital addiction, underscore the need for robust regulations and public awareness. As Uzbekistan navigates this transformative landscape, addressing these challenges is pivotal for ensuring sustained economic growth, global competitiveness, and the well-being of its citizens.

”References”

1. [Infocom.uz](<http://infocom.uz/2018/01/26/kolichestvo-internet-polzovatelej-v-uzbekistane-privysilo-20-millionov>)
2. [Ministry of Innovation (Uzbekistan)](<https://mininnovation.uz/uz/news/raqamli-iqtisodiyot-muammolar-vaimkoniyatlar>)
3. [Toppr - Digital Economy](<https://www.toppr.com/guides/business-environment/emerging-trends-in-business/digital-economy/>)
4. Law of the Republic of Uzbekistan "On Payments and Payment Systems" No. ҚР-578 from 01.11.2019.

