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# NEWSLETTER
## UZBEKISTAN

German Economic Team

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## Uzbekistan's economy is on a roll: over 7% growth

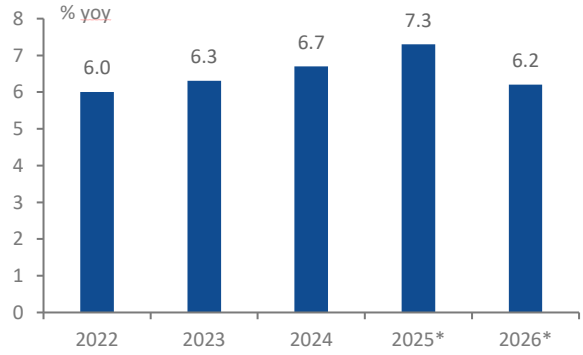
**The Uzbek economy grew by an impressive 7.6% in the first nine months of 2025. This has been driven by persistently strong consumer demand as well as continued growth in investment, which increased by 15.2% in 9M2025. At the same time, inflation is continuously declining and reached 7.8% in October 2025, which was associated with the central bank's restrictive monetary policy and the appreciation of the som against the US dollar. Also encouraging is the significant reduction of the current account deficit to an estimated 3.3% of GDP in 2025, as well as the decline in the fiscal deficit to 3% of GDP. The current account balance improved due to export growth, particularly in gold, and an 25% increase in remittances in 10M2025. The fiscal balance benefited from tax growth and declining subsidies.**

**Overall, additionally to high growth the Uzbek economy is demonstrating very solid macroeconomic fundamentals. This comfortable position offers a favourable opportunity to advance ongoing reforms without triggering significant adverse effects.**

### Growth rate increases

The Uzbek economy expanded by 7.6% in 9M2025, surpassing already high expectations. In its latest forecast, the IMF projects full-year growth of 7.3%. This development is driven by solid household consumption and investment.

Real GDP growth




*Source: IMF, *forecast*

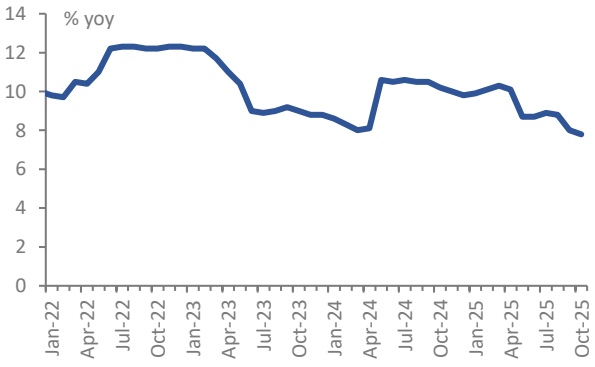
Investment increased by 15.2% in 9M2025, while consumption grew by more than 10% in the first half of the year. Consumption growth is linked to rising wages as well as strong remittances. All sectors are contributing to growth. Industry expanded by 7.3% in the 9M2025, the services sector grew by 8.7%, and construction increased by 14.2% yoy, reflecting strong investment dynamics. Agriculture grew by 3.8% yoy in 9M2025. For 2026, current forecasts anticipate a slight moderation in economic growth to slightly above 6%. However, if current trends continue, growth could stay higher.

It is important to note that another revision of GDP was done recently. After the revision in 2024 which focused on restaurants and contruction, the new revision focuses on methodological improvements, including the full inclusion of extra-budgetary funds that had previously been only partially taken into account for GDP calculation. As a result of the new adjustments, GDP for 2024 was revised upwards by around 5.6%. While this does not significantly affect the growth rate, it naturally influences indicators that are assessed relative to GDP, such as the budget, public debt, or the current account.

### Inflation eases and the som strengthens

In contrast to strong economic growth and robust demand, inflation continued to decline. In October, inflation fell to 7.8% yoy. This is linked to the fading impact of last year's energy price increases as well as the restrictive monetary policy of the Central Bank of Uzbekistan. In March, the central bank raised the key policy rate by 0.5 pp to 14% p.a. in order to curb elevated inflation expectations. To avoid jeopardising the downward trend in inflation, the rate has been maintained at this relatively restrictive level, even though inflation expectations have eased.

Inflation rate




*Source: Central Bank of Uzbekistan*

The slowdown in inflation is also related to the appreciation of the som against the US dollar, in part driven by a strong increase in remittances. The som strengthened by 8% between April and November 2025. Since April, the central bank has also allowed wider daily fluctuations of the som, enabling market forces of foreign currency demand and supply to play a greater role. Overall,

inflation is expected to fall to 5% by the end of 2027, which is the central bank's medium-term target.

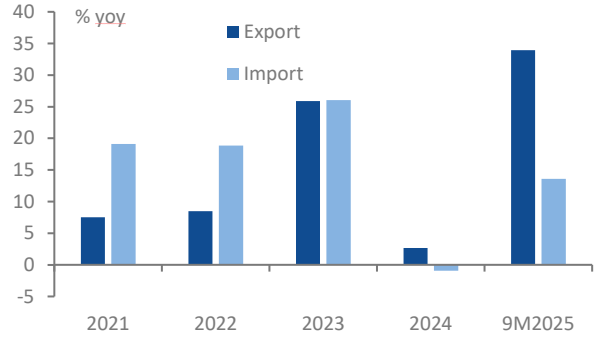
## Current account deficit declines

The current account deficit, previously considered one of the few macroeconomic challenges, has fallen markedly. After a deficit of 7.6% of GDP in 2023 and 4.7% in 2024, only a modest deficit of 3.3% of GDP is expected for this year.

Two developments have contributed to this improvement. First, exports increased strongly: in 9M2025, goods exports grew by 34% yoy. However, the picture is clouded by the fact that higher gold exports were the main driver of growth. Of the total export increase of USD 5 bn, gold accounted for almost USD 4.5 bn. The sharp increase in the gold price also played a significant role. By contrast, goods imports grew by 14%, or USD 3.5 bn, in 9M2025 compared with the previous year. Thus, the rise in goods exports exceeded that of imports.

A similar pattern can be observed in the services sector, where Uzbekistan records a trade surplus. Services exports rose significantly more in absolute terms than imports, contributing further to the reduction of the current account deficit.

Development of foreign trade in goods




*Source: National Statistical Committee of Uzbekistan*

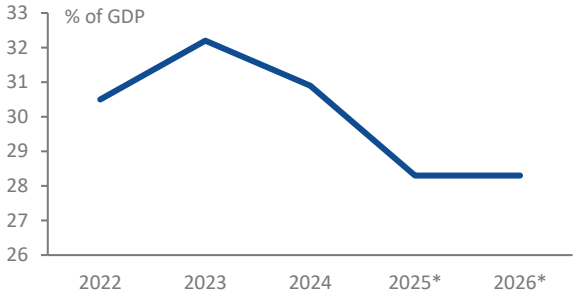
Apart from trade, the second major factor of the reduced current account deficit was the sharp increase in remittances. According to the central bank, these rose to USD 15.8 bn in 10M2025, representing a 25% increase compared with the same period of the previous year. This trend is expected to continue in the foreseeable future. The current account deficit is therefore likely to remain at a low to moderate level.

## Lower fiscal deficit and public debt

The fiscal deficit, which reached almost 5% of GDP in 2023, has also fallen markedly. For 2025, the deficit is estimated at 3% of GDP and is expected to remain at this level next year. This improvement reflects stronger economic growth and higher-than-expected tax revenues, including value added tax. At the same time, expenditures such as energy subsidies have declined.

The lower deficit, and the strong economic growth have together led to a decline in public debt which will fall to below 30% of GDP in 2025.

Public debt




*Source: IMF, *forecast*

## Conclusion

The pace of growth has accelerated this year compared with the already strong performance of previous years. At the same time, the potential macroeconomic vulnerabilities – the elevated current account and fiscal deficits – have been significantly reduced. Uzbekistan therefore finds itself in a comfortable position.

In our view, the favourable economic situation should be seen as a reward for sound economic policies, while also providing an opportunity to accelerate ongoing reforms without risking strong adverse effects on the country's economy. This includes reducing preferential lending and taking advantage of the favourable environment to advance privatisation.

**Financed by the Federal Ministry for Economic Affairs and Energy, the German Economic Team (GET) advises the governments of Ukraine, Belarus*, Moldova, Kosovo, Armenia, Georgia* and Uzbekistan on economic policy matters. Berlin Economics has been commissioned with the implementation of the consultancy.**
**Within the framework of project activities in Georgia, we are in contact solely with reform-oriented partners for the time being; in Belarus advisory activities are suspended.*

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