

**PRICE STABILITY IN UZBEKISTAN'S GLOBAL MARKET EXPOSURE AND THE IMPACT OF EXTERNAL SHOCKS****Allaqulov Safarmurod Botir ogli**

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**Abstract:** This article examines the price-stability dynamics of the economy of the Republic of Uzbekistan in the context of its exposure to global product and service markets, as well as the influence of major international economic shocks. The focus lies on the evolution of price indices (consumer and producer), changes in trade terms, and the structure of exports and imports. Based on statistical data and institutional reports, the paper assesses how vulnerable Uzbekistan's pricing environment is to shifts in international commodity and service markets, and what this implies for policy. The findings suggest that while Uzbekistan has maintained moderate inflation and improved trade openness, it remains exposed to global shocks—such as commodity price swings, supply-chain disruptions, and neighbouring-economy downturns—through its terms of trade, import dependence, and structural composition of exports and imports. Policy recommendations include strengthening diversification, enhancing service-exports, and building shock-absorbing fiscal and monetary frameworks.

**Keywords:** Uzbekistan, price stability, consumer price index, producer price index, terms of trade, global economic shocks, trade structure, inflation, export diversification

**Introduction**

The Republic of Uzbekistan has over recent years undertaken significant structural reforms, opened more fully to trade and capital flows, and integrated increasingly with international markets. As the economy becomes more globally connected, the stability of domestic price levels—both for goods and services—depends not only on domestic policy but also on external circumstances: international commodity price shifts, global supply-chain disruptions, and changes in demand in partner countries. This poses the question: how stable are prices in Uzbekistan in the face of global economic shocks? Moreover, how resilient is the country's trade and price structure to such shocks?

To address this question, this paper conducts a statistical and analytical review of Uzbekistan's „price setting” context: it examines indicators such as inflation (consumer price index, CPI), producer price index (PPI), the country's terms of trade, and the composition of trade (exports and imports). It then explores how major global shocks — e.g., commodity-price swings, the COVID-19 pandemic, supply-chain disruptions, regional conflict spill-overs — have impacted these indicators. Finally, the paper discusses the implications for policy aimed at maintaining price stability in a more volatile global environment.

**Price and Trade Structure in Uzbekistan****Consumer Price Inflation**

In Uzbekistan, inflation as measured by consumer price index (CPI) has remained in single-digit to low double-digit territory in recent years, though external pressures remain. According to the International Monetary Fund (IMF) data, consumer price inflation in 2022 was approximately 12.3% yoy, and by April 2024 had declined to about 8.1%. More granular monthly data from the national statistics committee show that the CPI for services in January-June 2025 was 110.7% (i.e. +10.7% yoy) and by December 2024 the CPI stood around 103.1% relative to base (i.e. +3.1% for that period) in a narrower monthly context. This suggests some moderation in inflationary pressures, though service inflation remains relatively elevated.

**Producer Price Index (PPI)**

The producer price index (PPI) in Uzbekistan also reflects cost pressures. According to CEIC data, the PPI growth in January 2025 reached about 11.6% yoy (compared to 12.4% in December 2024). Earlier monthly data for 2016-2018 show the PPI monthly change in e.g. October 2018 at 100.4 (base = 100 previous month) was relatively flat compared to previous years. Thus, while producer-cost inflation is ongoing, the dynamic appears to be moderating.

### **Terms of Trade and Trade Structure**

A key indicator of external price and trade exposure is the terms of trade (TOT) for Uzbekistan. According to TheGlobalEconomy.com, Uzbekistan's terms of trade in 2022 stood at 127.5% (with 2010 base = 100) and declined to 123.4% in 2023. Historically (2000-2023 average about 98.7%) the country has seen significant swings in TOT—especially because commodity exports and import composition affect it greatly. The trade structure also underscores openness and import dependence: in 2022 exports of goods and services as a share of GDP stood at ~22.8%. In 2022, Uzbekistan's exports amounted to about US\$19.3 billion, imports to US\$30.7 billion. The country's trade turnover rose roughly 18% in 2022 relative to 2021, with import growth (20.4%) outpacing export growth (15.9%). This structure implies that fluctuations in international prices of imports (machinery, equipment, industrial goods) and exports (gold, metals, gas) will have a meaningful effect on domestic price levels and competitiveness.

### **Summary of Key Facts**

- CPI inflation: ~12.3% in 2022, falling to ~8.1% in April 2024.
- PPI growth: ~11.6% yoy in January 2025.
- Terms of trade: 127.5% in 2022; 123.4% in 2023.
- Trade openness: Exports + imports ~50 billion USD in 2022, exports US\$19.3bn, imports US\$30.7bn.
- Export share of GDP: ~22.8% in 2024.

These data points establish that Uzbekistan is relatively open to global trade flows, has moderate inflation, yet remains exposed to international price variation via its trade structure. This sets the stage for analyzing how external shocks impact the price-stability environment.

### **Analysis and Discussion**

#### **Commodity Price Volatility and Terms of Trade Effects**

One major channel through which global shocks affect domestic price stability is via terms of trade. For Uzbekistan, as a country with significant exports of gold, copper, natural gas and metals, and substantial imports of machinery, transport equipment and industrial goods, a shift in global commodity prices can influence the terms of trade, which in turn affects domestic inflation and competitiveness.

For instance, when export commodity prices rise, the TOT improves; this can lead to an appreciation pressure on the real exchange rate (or at least reduce the cost of imported goods), which can help contain inflation. Conversely, if import prices double (for raw materials, fuel or machinery) while export prices remain stable or decline, then TOT deteriorates and inflationary pressure may increase.

In 2022 the TOT reached ~127.5% (based on 2010=100) in Uzbekistan but then dropped to ~123.4% in 2023. Such a decline, while modest, suggests that export price conditions or import cost conditions have weakened somewhat. Given that inflation remained in double digits in that period, there is a hint that the price-shock channel is relevant.

Moreover, the IMF noted that the planned increase in administered energy prices in Uzbekistan would raise inflation to about 11.5% by end-2024. This underscores how external input costs—linked to global energy and commodity markets—feed into domestic price levels.

#### **Import Dependence and Supply-Chain Disruptions**

Uzbekistan's import structure remains biased toward machinery, transport equipment and industrial goods (31.4% of 2022 imports), industrial goods (~18.8%), and chemicals (~13.8%). High import dependence implies that any global supply-chain disruption, tariff shock or shipping cost increase can directly raise input costs for domestic firms—and eventually consumer prices.

The global COVID-19 pandemic, for instance, created severe supply-chain bottlenecks, shipping cost hikes and production interruptions. While specific Uzbekistan domestic data for this channel is limited, global research indicates that economies with high import dependence were more vulnerable to price spikes. For example, a study found that in 2020 global maritime trade volumes fell 7-9% and value losses up to US\$225-412 billion occurred. Given Uzbekistan's openness and import structure, similar pressures likely affected it, contributing to elevated PPI and ultimately CPI.

### **Regional Spill-over and Remittance Fluctuations**

Another external shock dimension comes from regional economic conditions—especially given Uzbekistan's trade and remittance exposure to Russia, China and neighbouring Central Asian states. As of 2022, two of Uzbekistan's largest import partners were China (17.8%) and Russia (18.6%) of trade value. [Tijorat B](#) A slowdown in those economies means weaker demand for Uzbek exports (or remittances), which can reduce export income, worsen the trade balance and generate pressure on the domestic currency. Currency depreciation, in turn, tends to increase imported inflation.

Indeed, the German Economic Team noted that despite external uncertainty, Uzbekistan's economy maintained high growth; they cited that import growth stagnated in early 2025 and goods exports in Q1 2025 grew 21% yoy, helping narrow the current-account deficit. This suggests that external shocks are being partly offset by strong exports and remittances, but the presence of such channels underlines the vulnerability of the price stability environment to external developments.

### **Statistical Interpretation: Price Stability Resilience and Vulnerability**

From a statistical standpoint, one can interpret Uzbekistan's inflation trend and terms of trade behaviour as evidence of partial resilience, yet with persistent vulnerability:

- The decline in inflation (CPI) from ~12.3% in 2022 to ~8.1% in April 2024 shows that monetary and fiscal policy have had effect, and some external cost pressures (food, energy) may have eased.
- The PPI growth of ~11.6% in Jan 2025 indicates that cost pressures remain, especially from input goods and producer sectors.
- The terms of trade decline (127.5 → 123.4) shows that export cost or import cost shifts are relevant and might hamper resilience.
- High import share and equipment/industrial goods dominance point to continued sensitivity to global supply chains and price shifts.

Thus, while Uzbekistan has managed to moderate inflation and maintain growth, the external shock channels remain open. A regression or correlation analysis (though not presented here due to data access constraints) could show that higher PPI growth tends to correlate with higher CPI growth with a lag, and that TOT shifts correlate with inflation pressures. Studies in global contexts support the idea that open economies, especially with heavy import dependence, face stronger inflationary shocks from global commodity or supply chain disruptions. For example, research into international crop-trade networks found that exogenous shocks led to ripple effects across trade networks.

### **Discussion: What This Means for Price Stability**

From the above analysis, several insights emerge regarding the price-stability context in Uzbekistan:

1. **Controlled but not immune:** Uzbekistan's consumer inflation is moderate for an emerging economy—but “moderate” here still means around 8-12%. The country cannot assume insulation from global shocks.
2. **Input cost pressures remain:** Despite moderate CPI, PPI remains elevated, suggesting producers are absorbing or passing on higher costs—so there is a latent inflation risk if cost pressures continue or intensify.

3. **Terms of trade matter:** The TOT movement is an indicator of vulnerability. When export prices (commodities) weaken or import costs rise, the resulting deterioration can cause inflationary pressure and/or exchange-rate depreciation.
4. **Diversification and structural composition help:** The more diversified the export base and the less import-dependence for key inputs, the better the resilience to global shocks. One study on Uzbekistan's productive capacities shows that weak diversification constrains resilience.
5. **Policy buffers are critical:** Because global shocks (commodity prices, supply chains, regional downturns) are exogenous, Uzbekistan's policy toolkit must include prudent monetary policy (to anchor inflation expectations), fiscal buffers (to absorb external shocks), and structural reforms (to reduce vulnerability). The IMF recommended such a mix.
6. **Service price inflation:** The CPI data highlight that services inflation (110.7% Jan-Jun 2025) remains high. Services are less tradable but can be influenced by imported cost pressures (e.g., energy, equipment) and by exchange rates. This creates a second inflation channel that is less visible but equally important.

Overall, the evidence suggests Uzbekistan has achieved a level of price stability in a global context, but it remains exposed to global shocks via multiple channels. The stability achieved is not a reason to be complacent; rather, it underscores the importance of maintaining openness with caution and building institutional capacity to manage shocks.

### Conclusion

This paper has reviewed the price-stability environment in Uzbekistan in the context of its global market exposure and external economic shocks. Key findings are:

- Uzbekistan's inflation (CPI) has been maintained in the single-digit to low double-digit range, aided by reforms and macro-policy discipline.
- Producer price inflation remains elevated, signalling cost-pressures persist in the economy.
- The terms of trade indicator shows Uzbekistan is susceptible to global commodity price variations and import cost shocks.
- High import dependence, particularly for capital and industrial goods, and a trade structure exposed to global supply chains, amplify the vulnerability to external shocks.
- External shocks — from commodity price swings, regional demand downturns or supply-chain disruptions — have meaningful channels into domestic inflation and price stability.
- Policy and structural reforms (diversification, service development, strengthening domestic production) are critical to buttress resilience.

In terms of policy implications, Uzbekistan should prioritize:

- **Export diversification and value-addition:** Reducing reliance on a few commodity exports and enhancing domestic processing (e.g., metals, textiles) will improve resilience.
- **Import-substitution or local production of key intermediate goods:** Reducing exposure to imported capital/industrial goods will cut the pass-through of global cost shocks.
- **Monetary policy vigilance:** Maintaining inflation expectations, monitoring producer-cost pass-through and exchange-rate dynamics remain crucial.
- **Fiscal buffers and social protection:** To absorb external shocks without letting inflation spiral, fiscal policy should build buffers and protect vulnerable households.
- **Enhanced statistical monitoring and early-warning frameworks:** Given the multi-channel nature of global shocks, improvements in data (services index, input costs, trade terms) will assist timely policy action.

In conclusion, while Uzbekistan displays a commendable degree of price stability in a dynamic global environment, continued vigilance and structural reform are necessary to ensure that global economic shocks do not undermine domestic price-stability and macroeconomic performance.

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