

**ENSURING SUSTAINABLE ECONOMIC GROWTH THROUGH THE
DIVERSIFICATION OF THE NATIONAL ECONOMY**

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Abstract: This research paper provides a comprehensive analysis of ensuring sustainable economic growth through the diversification of the national economy. In the context of modern globalization, countries are striving to expand their scope of economic activities and move away from mono-sectoral development to ensure economic stability. Diversification serves to mitigate risks, enhance export potential, and stabilize economic growth by developing various sectors of the economy. Using the economy of Uzbekistan as a case study, the research analyzes the processes of diversification, its priority directions, and outcomes. Specifically, it substantiates that economic growth rates can be stabilized through industrial development, modernization of agriculture, expansion of the service sector, and the implementation of innovative technologies. Furthermore, the international experiences of countries such as South Korea, China, and Germany regarding their diversification policies were examined. The results of the study indicate that economic diversification is one of the fundamental factors for long-term sustainable growth. The paper employs statistical data, economic modeling, and comparative analysis methods. Based on the findings, practical recommendations have been developed to accelerate the diversification of Uzbekistan's economy.

Keywords: diversification, economic growth, sustainable development, national economy, industrialization, export, innovation, modernization, economic security, investment, competitiveness, service sector, agriculture, technology, economic reforms, production, global economy, economic policy, efficiency, development strategy.

Introduction

In the context of contemporary globalization and the digital economy, ensuring the sustainable development of national economies stands as one of the most pressing issues. The strategy of economic diversification is of particular significance, especially for developing countries. Reliance on only one or two sectors of economic activity intensifies economic risks and increases vulnerability to external shocks. For a long period, the economy of Uzbekistan primarily relied on the export of raw materials, which created a high degree of dependence on global price fluctuations. Consequently, extensive reforms aimed at diversifying the economy have been implemented in the country in recent years. Diversification serves to stabilize economic growth by expanding economic activities, developing new sectors, and increasing the efficiency of existing industries. This process is realized through industrial development, expansion of the service sector, the implementation of innovative technologies, and the diversification of the export structure. The primary objective of this research is to explore the theoretical and practical aspects of ensuring sustainable economic growth through the diversification of the national economy.

Methods

Throughout the research process, methods of systemic analysis, comparative analysis, statistical methods, and economic modeling were utilized. Furthermore, scientific conclusions were drawn based on data from international organizations and a review of academic literature.

Literature review

The theory of diversification has been extensively studied by numerous economists: Michael Porter, in his theory of competitiveness, emphasizes that the competitive advantages of a national economy can be enhanced through industrial diversification. Joseph Schumpeter posits that innovation is the primary driver of economic growth and argues that diversification leads to innovative development. In his New Trade Theory, Paul Krugman maintains that diversifying

production and exports provides a strategic advantage in global markets. Dani Rodrik highlights the particular importance of industrial policy and diversification in economic development, while Jeffrey Sachs underscores the necessity of diversifying the economic structure for sustainable development. The literature review indicates that diversification serves as a vital instrument for stabilizing economic growth. For developing countries, in particular, this strategy is of paramount importance in mitigating economic risks and creating new opportunities.

Results and discussion

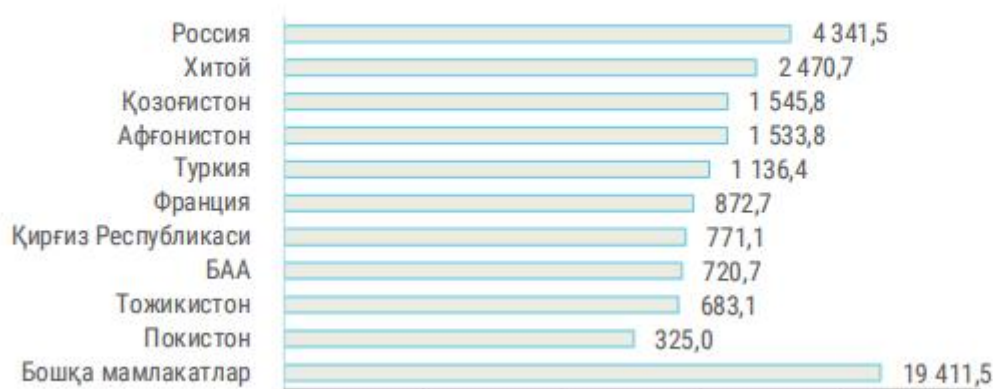
The geographical distribution of exports from the Republic of Uzbekistan was analyzed based on statistical data for the year 2025. The chart results facilitate an assessment of the country's primary export destinations and its level of diversification. According to the analysis, Russia holds the leading position in Uzbekistan's exports, with a volume exceeding \$4.3 billion. This figure is corroborated by official statistics, indicating that export volumes to Russia approached the \$4 billion mark in 2025. This situation underscores the Russian market as the largest and most stable export destination for Uzbekistan.

China is recorded as the second-largest export market (\$2.4 billion). China remains one of the leading partners not only in exports but also in overall foreign trade, occasionally accounting for over 20% of the total foreign trade turnover. This signifies the increasing integration of Uzbekistan's economy into Asian markets. Furthermore, Central Asian nations—Kazakhstan (\$1.5 billion), Kyrgyzstan, and Tajikistan—are also identified as vital export partners. Statistical data suggests that these countries have emerged as the primary regional markets for Uzbek products, a trend explained by geographical proximity, lower transportation costs, and historical economic ties.

Afghanistan (\$1.5 billion) warrants particular attention in the chart. This nation serves as a critical export market for Uzbekistan in the South Asian direction, playing an especially significant role in the export of energy and food products. The inclusion of countries such as Turkey, France, and the UAE demonstrates the expanding geography of exports. Specifically, France's presence indicates the penetration of Uzbek products into European markets, while the UAE gains importance as a logistics and re-export hub. Of particular scientific significance is the fact that the largest share in the chart belongs to "other countries" (\$19.4 billion). This indicator confirms that Uzbekistan maintains trade relations with more than 200 countries and that its export geography is progressively expanding.

Table 1¹

Ўзбекистон Республикасининг экспорт бўйича йирик ҳамкор давлатлари
(2025 йил январь-декабрь, млн АҚШ доллари)



¹ The table was prepared by the author based on the studied sources

The trend of diversification indicates that the inclusion of European (France) and Middle Eastern (UAE) nations in the export structure signifies the exploration and acquisition of new markets. This, in turn, serves to mitigate economic risks.

During the period of January–December 2025, the primary partners in the export of goods and services within the trade turnover were Russia (12.8%), China (7.3%), Kazakhstan (4.6%), Afghanistan (4.5%), Turkey (3.4%), France (2.6%), the Kyrgyz Republic (2.3%), the UAE (2.1%), Tajikistan (2.0%), and Pakistan (1.0%). Their combined share in total exports exceeded 40.0%.

An analysis of the foreign trade indicators of the Republic of Uzbekistan for the year-end 2025 reveals that the country's export volume increased significantly, reaching between \$33.4 and \$33.8 billion. This represents a growth of approximately 23–24% compared to 2024, indicating an intensification of export activities within the national economy.

Table 2²

Ўзбекистон Республикасининг ҳудудлар кесимида экспорти
(январь-декабрь)

Ҳудудлар номи	млн АҚШ доллари			
	2024 йил	2025 йил	Ўсиш суръати, % да	Жами ҳажм улуши, % да
Ўзбекистон Республикаси	27 270,1	33 812,3	124,0	100,0
Қорақалпоғистон Республикаси	387,4	435,2	112,3	1,3
<i>вилоятлар:</i>				
Андижон	1 210,3	1 342,1	110,9	4,0
Бухоро	311,7	414,0	132,8	1,2
Жиззах	214,3	272,3	127,1	0,8
Қашқадарё	518,3	513,5	99,1	1,5
Навоий	1 117,8	1 397,8	125,0	4,1
Наманган	625,6	722,6	115,5	2,1
Самарқанд	886,3	1 150,9	129,9	3,4
Сурхондарё	272,6	507,5	186,2	1,5
Сирдарё	282,5	283,1	100,2	0,8
Тошкент	1 918,4	2 218,1	115,6	6,6
Фарғона	836,1	1 082,1	129,4	3,2
Хоразм	427,5	435,7	101,9	1,3
Тошкент ш.	5 956,3	6 599,7	110,8	19,5

The presence of countries such as France, the UAE, and Pakistan in the chart highlights the ongoing expansion of the export geography. This signifies the following positive trends:

- Access to European markets (via France);
- Utilization of Middle Eastern logistics hubs (via the UAE);
- Development of the South Asian trade corridor.

Furthermore, the substantial share of "other countries" (\$19.4 billion) demonstrates that Uzbekistan's exports are expanding based on a multi-vector economic policy. According to statistical data, the number of export destination countries exceeded 130 in 2025. This confirms that the process of diversification has effectively moved into an active phase.

Table 3³

² The table was prepared by the author based on the studied sources

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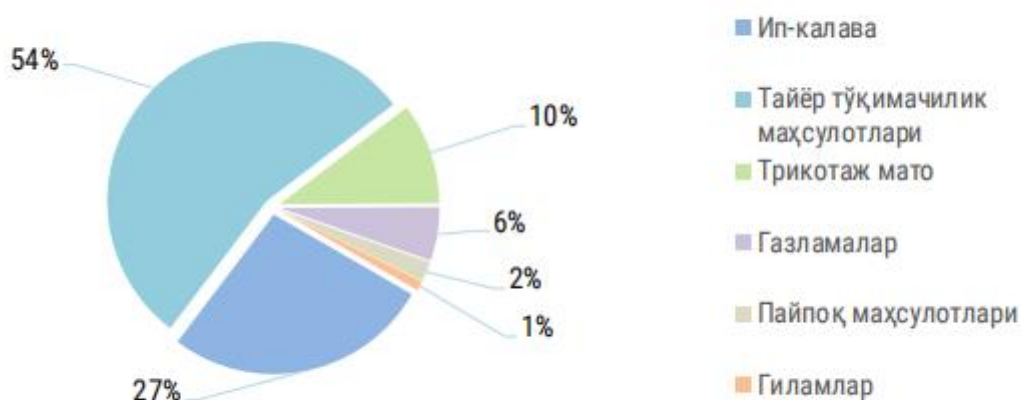
Мева ва сабзавотлар экспорти (2025 йил январь-декабрь)

	Миқдори, тоннада	Минг АҚШ доллари	Қийматига нисбатан, ўсиш суръати
Жами	2 162 668,4	2 121 198,6	136,9
мевалар ва резаворлар	628 492,9	699 928,1	131,6
узум	249 532,9	244 991,3	131,6
қуритилган узум	113 087,2	143 795,2	181,0
шафтоли	111 625,7	105 151,0	108,5
гилос	34 264,6	72 465,7	98,7
хурмо	76 658,3	70 872,6	124,3
қуритилган олхўри	43 324,3	62 652,3	160,5
сабзавотлар	582 543,3	214 035,5	107,1
пиёз	318 963,5	90 149,7	132,5
карам	140 186,2	60 058,7	117,0
помидор	45 206,0	36 033,6	77,7
сабзи	57 387,4	11 243,5	57,8
қалампир	12 421,6	11 047,1	123,5
бодринг	8 378,5	5 502,9	97,4
<u>тарвуз ва қовун</u>	233 625,5	57 548,9	155,3
<u>ерёнғоқ ва ёнғоқлар</u>	29 337,1	71 858,9	115,2
<u>мош</u>	148 213,0	149 310,7	150,2
<u>бошқа</u>	540 456,6	928 516,6	150,0

Between January and December 2025, exports of fruit and vegetable products amounted to \$2,121.2 million. This figure represents a 36.9% increase compared to 2024, accounting for 6.3% of the total export volume.

Table 4⁴

Тўқимачилик маҳсулотлари экспорти улуши (2025 йил январь-декабрь)



⁴ The table was prepared by the author based on the studied sources.

By the end of January–December 2025, exports of textile products reached \$2,632.5 million, accounting for 7.8% of the total export volume, which represents an 8.2% decrease compared to the previous year. Within the structure of exported textile products, finished textile goods (54.3%) and cotton yarn (27.0%) constituted the primary shares.

An analysis of the structure of the service exports of the Republic of Uzbekistan for January–December 2025 reveals that the service sector is playing an increasingly vital role in the country's foreign trade. According to statistical data, the export of services represents a significant portion of the total export structure, with its volume and composition serving as key indicators of the level of economic diversification.

Table 5⁵



During the period of January–December 2025, the volume of service exports amounted to \$9,760.4 million, accounting for 28.9% of the total export volume, which represents a 28.9% increase compared to 2024. The primary shares of the service export structure were attributed to travel (50.0%), transportation (33.0%), telecommunications, computer, and information services (9.4%), and other business-related services (3.0%).

The service sector in Uzbekistan's economy is experiencing steady growth and is becoming a crucial direction for export diversification. In particular, tourism and transport services hold leading positions, emerging as the primary drivers of economic growth. Simultaneously, the development of IT services is creating a vital foundation for the formation of high-value-added exports. In the future, sustainable economic growth can be ensured by further expanding service exports and diversifying their structure. The research results indicate that economic diversification is implemented through the following directions:

- **Industrialization:** In recent years, the share of industry in Uzbekistan has been steadily increasing, becoming a vital factor in economic growth.
- **Export Diversification:** By increasing the share of finished products within the export structure, foreign exchange earnings are stabilized.
- **Development of the Service Sector:** Tourism, IT, and financial services are emerging as new sources of economic growth.

⁵ The table was prepared by the author based on the studied sources.

- Implementation of Innovations: Efficiency is being enhanced through the transition to a digital economy.

International experience demonstrates that South Korea transformed into a developed nation by diversifying its industry within a short period. Similarly, China ensured sustained economic growth through the implementation of export-oriented manufacturing strategies.

Conclusion

The results of the conducted analysis indicate that while the export volume of Uzbekistan's economy is increasing significantly, certain structural and directional challenges persist. Specifically, the growth in service exports (28.9%) and its high share in total exports signify the commencement of economic transformation processes. Simultaneously, the decline in textile exports and the sluggish development of certain sectors necessitate the implementation of comprehensive measures. Although the economy of Uzbekistan is transitioning toward an export-oriented model, deep diversification, innovative development, and the acquisition of new markets are essential for its sustainable advancement. The country can achieve long-term sustainable economic growth by expanding the service sector, enhancing the export potential of its regions, and developing the production of high-value-added products.

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