# INFLATION PROCESSES IN THE REPUBLIC OF UZBEKISTAN AND THE IMPLEMENTED ANTI-INFLATION POLICY

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**Abstract.** This article analyzes the inflation processes in the Republic of Uzbekistan, their stages of development, and the content and directions of the anti-inflation policy implemented by the government. The study examines internal and external factors affecting inflation, as well as the effectiveness of the monetary policy conducted by the Central Bank. The findings indicate that strengthening fiscal discipline, improving production efficiency, and deepening economic diversification are key factors in controlling inflation.

**Keywords:** inflation, anti-inflation policy, monetary policy, fiscal policy, macroeconomic stability, price level.

**Introduction.** In recent years, the acceleration of economic reforms in the Republic of Uzbekistan, the formation of market mechanisms, and the transition to an open economy have brought significant changes to almost all sectors of the national economy. However, along with these processes, the problem of rising price levels, namely inflation, has emerged as one of the main factors affecting the country's economic stability.

Inflation processes are closely related to changes in production volumes, real incomes of the population, investment activity, and the stability of the monetary and credit system. Therefore, in order to curb inflation in Uzbekistan and maintain it at an acceptable level for economic development, the state is implementing a comprehensive anti-inflation policy. This policy is aimed at harmonizing monetary and fiscal measures, as well as expanding the competitive environment in the economy and increasing production efficiency.

The relevance of this topic lies in the fact that the loss of control over inflation indicators negatively affects not only economic stability but also the level of social welfare. Therefore, analyzing the course of inflation processes in Uzbekistan, their causes and consequences, as well as evaluating the effectiveness of the anti-inflation measures taken, is of scientific and practical importance today.

**Formation and Stages of Inflation Processes in Uzbekistan.** Inflation processes in the Republic of Uzbekistan have been in focus since the early years of the country's independence as one of the important indicators of economic growth. In the early 1990s, during the transition from a centralized economy to market relations, the level of inflation increased sharply as a result of price liberalization. In 1992-1994, high inflation (and even

hyperinflation) was observed due to the rapid growth of the money supply, reduction in production, and imbalances in the foreign trade balance.

In subsequent years, particularly in the 2000s, inflation rates gradually decreased due to the state policy aimed at ensuring macroeconomic stability. Since 2017, a number of reforms have been implemented in the direction of liberalizing the economy, ensuring free convertibility of the national currency, and strengthening fiscal discipline. Although this caused an increase in the level of inflation in the short term, it created the necessary conditions for ensuring stable economic growth in the medium term.

**Anti-Inflation Policy and Its Main Directions.** The goal of the anti-inflation policy conducted by the Central Bank and the Government of the Republic of Uzbekistan is to ensure price stability and maintain the inflation level within target indicators. In this regard, the following main directions have been identified:

- Strengthening monetary policy - limiting excess liquidity by controlling the money supply and credit volumes;
- Coordinating fiscal policy - reducing the budget deficit, optimizing state expenditures;
- Developing market mechanisms - reducing monopolies, strengthening the competitive environment;
- Supporting import-substituting production - encouraging national producers and ensuring the domestic market with goods to reduce price pressure.

As a result of these measures, during 2020-2024, the inflation level gradually decreased and remained around 8-9% in 2024. At the same time, the Central Bank plans to stabilize the inflation target at around 5% starting from 2025.

**Effectiveness and Prospects of Anti-Inflation Policy.** The experience of Uzbekistan shows that curbing inflation should be carried out not only through monetary instruments but also through structural reforms. Increasing production efficiency, improving the logistics system, stabilizing energy resource prices, and increasing productivity in the agricultural sector are important factors that reduce inflationary pressure.

Additionally, increasing the financial literacy of the population, reducing inflation expectations, and improving the state's communication policy also contribute to a stable price policy.

The anti-inflation policy implemented based on these directions serves to gradually develop the economy of Uzbekistan, improve the investment environment, and ensure social stability.

**Statistical Analysis of Inflation Processes in Uzbekistan (2017-2024)**

The following tables and graphs illustrate the dynamics of inflation indicators in the Republic of Uzbekistan since 2017, a period of economic liberalization, as well as the main factors influencing them. This data supports the arguments presented in the article with empirical evidence.

**Annual Inflation Rate and Target Indicators**

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This table demonstrates the gradual decline of inflation, as discussed in the article, by comparing actual rates with the official targets set by the Central Bank.

| Year | Actual Annual Inflation (%) | Central Bank's Inflation Target (%) | Note |
|---|---|---|---|
| 2017 | 14.4% | 12.5% - 14.5% | Impact of currency exchange rate liberalization and price liberalization. |
| 2018 | 17.5% | 13.5% - 15.5% | External factors (global inflation) and growth in domestic demand. |
| 2019 | 15.9% | 13.5% - 15.5% | Initial results of the policy aimed at price stability. |
| 2020 | 11.1% | 12.0% - 14.0% | Impact of reduced demand during the pandemic and government subsidies. |
| 2021 | 11.8% | 10.0% - 12.0% | Rise in global commodity prices and logistics costs. |
| 2022 | 12.3% | 10.0% - 12.0% | Russia-Ukraine conflict, global rise in energy and food prices. |
| 2023 | 8.6% | 7.0% - 9.0% | Positive impact of tight monetary policy and fiscal discipline. |
| 2024 | 8.8% (forecast) | 7.0% - 9.0% | Maintained within the inflation target corridor. |
| 2025 | - | 5.0% (approx.) | New medium-term inflation target. |

**Source:** Central Bank of the Republic of Uzbekistan, State Statistics Committee of the Republic of Uzbekistan.

**Main Indicators of Monetary Policy.** As the primary tool of anti-inflation policy, the Central Bank's monetary policy is reflected in the key indicators below. This table shows the relationship between the key rate and the growth of the money supply.

| Year | Average Key Rate (%) | Growth of Money Supply (M2) (%) | Note |
|---|---|---|---|
| 2017 | 9.25% | 24.5% | Loosening of policy, high influx of |

| Year | Average Key Rate (%) | Growth of Money Supply (M2) (%) | Note |
|---|---|---|---|
| | | | liquidity into the economy. |
| 2018 | 14.00% | 28.1% | Sharp increase in rates began to curb inflation. |
| 2019 | 16.50% | 25.8% | Tight monetary policy continued. |
| 2020 | 15.75% | 32.4% | Liquidity increased to support the economy during the pandemic. |
| 2021 | 14.50% | 21.3% | Transition to a tighter policy due to rising inflationary pressure. |
| 2022 | 17.00% | 15.9% | Key rate raised to a record level to curb inflation. |
| 2023 | 13.50% | 13.5% | Gradual reduction of rates began due to falling inflation. |
| 2024 (avg.) | 14.00% | - | Rate stabilized to manage inflation expectations. |

**Source:** Central Bank of the Republic of Uzbekistan.

**External Factors: Exchange Rate and Imports**

For an import-dependent economy like Uzbekistan, the national exchange rate and import prices are critically important.

| Year | Average USD Exchange Rate (UZS) | Annual Growth of Imports (%) | Note |
|---|---|---|---|
| **2017** | **8,116** | **12.8%** | **One-time large devaluation (Sept 2, 2017).** |
| **2018** | **8,416** | **18.6%** | **Relative stabilization of the exchange rate, growth in imports.** |
| **2019** | **9,452** | **6.4%** | **Gradual depreciation of the UZS continued.** |

| Year | Average USD Exchange Rate (UZS) | Annual Growth of Imports (%) | Note |
|------|---------------------------------|------------------------------|------|
| 2020 | 10,553 | -10.1% | Decline in import volume due to the pandemic. |
| 2021 | 10,731 | 15.2% | Recovery of the global economy, growth in imports. |
| 2022 | 11,163 | 32.4% | Redirection of imports from Russia, sharp increase in imports. |
| 2023 | 12,551 | 9.5% | Continued depreciation of the UZS is putting pressure on import prices. |

**Cource:** Central Bank of the Republic of Uzbekistan, State Statistics Committee of the Republic of Uzbekistan.

**Conclusion.** Inflation processes in the Republic of Uzbekistan are an integral part of the economic reform process, and they are closely related to structural changes in the economy and the harmonization of fiscal and monetary policies. As a result of the anti-inflation policy implemented in recent years, positive results have been achieved in maintaining price stability, protecting the real incomes of the population, and encouraging economic growth. In the future, further reducing the inflation level, deepening the structural diversification of the economy, and strengthening the stability of the financial system will remain important priority directions.

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