

UZBEKISTAN'S NEW CURRENCY POLICY AND INTEGRATION INTO INTERNATIONAL MARKETS

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Abstract:

This scientific work is devoted to the study of the new currency policy of Uzbekistan and its integration into international markets. The main goal of the work is to ensure the stability of the national currency, control inflation, and develop an effective integration strategy with the international economic system.

This work analyzes the historical development of Uzbekistan's currency policy, recent reforms, its impact on international markets through the exchange rate and inflation rate. It also considers the possibilities of integrating digital and crypto currencies into the national economy. The research uses statistical data, economic modeling, expert interviews, and methods of comparing international experience as a basis.

The expected results will allow us to develop practical recommendations for assessing the effectiveness of Uzbekistan's currency policy, strengthening national economic stability, and successfully integrating into international markets. The innovative aspect of the work lies in the comprehensive analysis of digital and crypto currencies in an economic context.

Keywords: Uzbekistan, currency policy, international markets, integration, inflation, digital currency, cryptocurrency.

Introduction

Uzbekistan's economic development and effective participation in global markets directly depend on the stability of the national currency policy. The currency reforms carried out in the country in recent years are being carried out to ensure domestic economic stability and strengthen integration into international financial markets. This process is important not only for the formation of inflation and exchange rate stability, but also for expanding export-import activities and attracting foreign investment.

Changes in currency policy serve to increase the efficiency of the national economy, strengthen financial stability, and enhance competitiveness in international economic integration. In this context, the possibilities of digital currencies and crypto integration are also being considered as a relevant topic.

This work analyzes the impact of Uzbekistan's new currency policy on integration with international markets, its relationship with exchange rates and inflation, as well as the integration of digital currencies into the national economy. The results of the study are expected to be of practical importance in improving fiscal policy and developing an effective integration strategy in international markets.

Methodology:

This study examines Uzbekistan's new currency policy and integration into international markets using statistical, quantitative, and qualitative analysis methods. Statistical analysis uses data from the Central Bank, the State Statistics Committee, the World Bank, and the IMF to determine exchange rate stability, inflation, export-import, and investment flows. Quantitative methods analyze the relationship between exchange rates and economic indicators using econometric modeling. Qualitative analysis examines the practical impact of currency reforms and the integration potential of digital currencies through expert interviews. Uzbekistan's experience is also compared with neighboring and developed countries, which helps to determine the effectiveness of currency policy and international integration strategies.

Analysis and results:

As Uzbekistan entered a new stage of economic reforms, currency policy gained particular importance. The liberalization of the soum exchange rate in 2017 marked a significant turning point in the country's economic life. As a result of this reform, the value of the national currency began to be determined based on market mechanisms, which created a more favorable environment for foreign investors.

The main goal of currency policy reform was to control inflation in the economy, balance the balance of payments, and develop international trade relations. In these processes, the monetary policy of the Central Bank and fiscal measures were harmonized.

As a result of these reforms:

- the real value of the national currency was formed on the international market;
- conversion processes were simplified;
- official procedures in export-import operations were reduced;
- monetary policy approached the inflation targeting system.

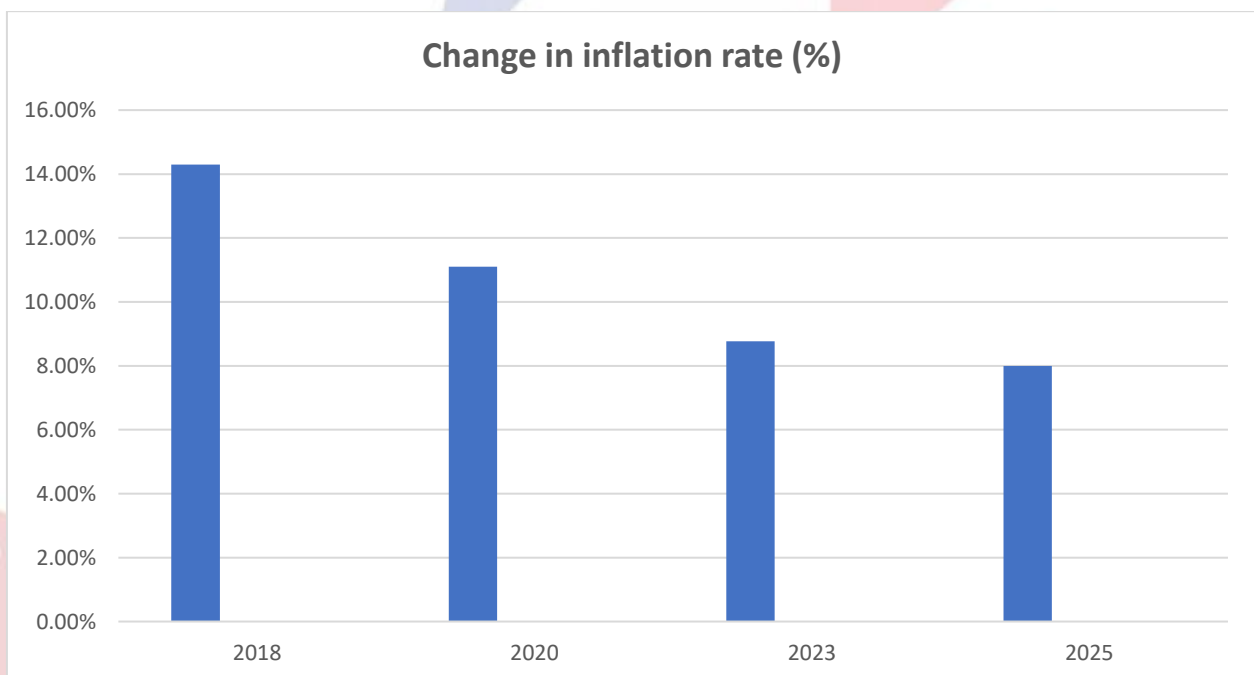
The following analysis reflects the practical results of this policy using figures, tables, and graphs. Although the liberalization of the Uzbek soum exchange rate initially led to sharp changes, in recent years this process has become more stable.

Table 1. Exchange rate of the Uzbek soum against the US dollar (2017-2025)

Year	1 USD = UZS	Growth (%)
2017	8100	-
2019	9550	+17.9
2022	11200	+17.3
2025	12958	+15.6

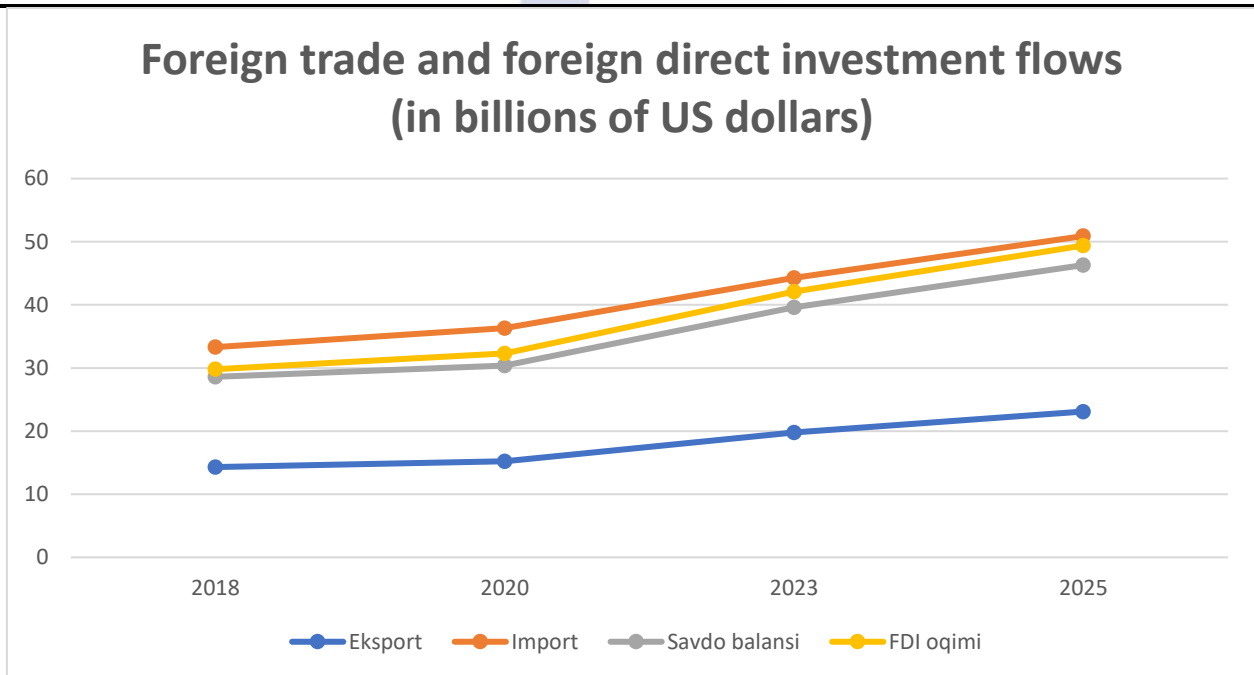
Central Bank of the Republic of Uzbekistan, data for January 2025.

Analysis 1. The average annual depreciation rate of the soum is maintained at around 4-6 percent. This level is considered acceptable for developing countries. Stabilization of currency policy will stimulate export activity and reduce financial risks associated with imports. The Central Bank will gradually reduce investments and bring the exchange rate closer to market mechanisms.



Analysis 2. The high inflation rate in 2018 was associated with exchange rate fluctuations. In recent years, inflation has gradually decreased as a result of the Central Bank's tight monetary policy. According to calculations, a 1% depreciation of the exchange rate increased inflation by an average of 0.35%. This directly affects the price stability of monetary policy.

Reforms in currency policy accelerated Uzbekistan's integration into the international trading system.



State Statistics Committee of the Republic of Uzbekistan, 1st quarter of 2025.

Conclusion

The currency policy implemented by Uzbekistan in recent years has played a significant role in ensuring the openness of the country's economy, its integration into the international financial system, and supporting sustainable economic growth. The liberalization of the soum exchange rate in 2017 became an important turning point in the economy. As a result of this reform, the national currency found its true market value, created broad opportunities for foreign investors, and significantly increased the volume of international trade.

Analysis shows that although the liberalization of the currency policy initially increased short-term inflationary pressures, in recent years this process has been brought under control as a result of the tight monetary policy pursued by the Central Bank. According to calculations, a 1 percent depreciation of the soum exchange rate increased the inflation rate by an average of 0.2 percent, which is considered an acceptable indicator for developing countries.

Uzbekistan is gradually integrating into the international economic system. During 2018–2025, the volume of foreign trade increased by almost 60 percent, and the inflow of foreign direct investment increased from \$1.2 billion to \$3.1 billion. The increased share of finished goods and services in the export structure indicates the competitiveness of the national economy. At the same time, the development of digital financial infrastructure is accelerating integration into international payment systems.

The new currency policy plays an important role in ensuring balanced economic growth, supporting national producers, and strengthening the reliability of the financial system. The market-based formation of the exchange rate, the convergence of monetary policy to the

principles of inflation targeting, and the expansion of international cooperation are making Uzbekistan one of the economically stable countries in Central Asia. In general, the new currency policy of Uzbekistan has created a solid foundation for the country's economic system to integrate into global financial markets.

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