



ANALYSIS OF THE CURRENT STATE OF THE AUTOMOTIVE INDUSTRY IN UZBEKISTAN

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Annotation. *The article examines the state of the automotive industry in the Republic of Uzbekistan, as well as the ongoing changes and future plans for its development. It also discusses the prospects for growth and expansion in this sector.*

The article focuses on issues such as production, technology, and innovation in the automotive industry, as well as government policies and initiatives that aim to support and promote the sector. It provides an overview of the current state of affairs in the industry and identifies areas for improvement and growth.

Keywords: *industry, automobile, development, perspective, production, automotive industry.*

Introduction

The automotive industry in the Republic of Uzbekistan is a key driver of economic growth. During the process of establishing Uzbekistan as an independent nation, efforts were made to develop the automotive sector. As noted by the first President of Uzbekistan, Islam Karimov: “Our independent country is rapidly advancing on the path of progress, and one of the earliest achievements was the establishment of an entirely new industry – the automotive industry – for our economy.”

Today, Uzbekistan’s automotive industry is a rapidly growing sector of the country’s economy, demonstrating the nation’s export capabilities and playing an increasingly significant role in its foreign economic activities.

Structure of the Company:

Our organization comprises several components:

- Manufacturing facilities
- Localization facilities
- Dealer networks in Uzbekistan and other CIS countries
- Educational institutions
- Consumer goods producers Agricultural Machinery Enterprises (Under Trust Management)

Today, Uzbekistan stands among the leading countries in Central Asia in terms of car production with localization within its borders. In the long run, the automotive industry is expected to have a positive multiplier effect on the national economy and the growth of related industries. Specifically, the automotive sector has become a catalyst for the development of sectors such as chemistry, petroleum, mechanical engineering, nonferrous metals, electricity, construction, transportation, and others. While at present, this impact is limited to the industry itself, as it grows and expands, improvements and increased influence on the overall economy are anticipated.

To date, three major plants have been established within the territory of the Republic of Uzbekistan:

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– For the production of passenger vehicles under the Chevrolet brand. Buses and medium-duty trucks under the Isuzu brand as well as assembly production of heavy-duty vehicles under the MAN brand are planned for production at the Jizzakh Automobile Plant.

A joint venture with Uzbekistan Peugeot Citroen Automotive will also be established in the Jizzakh Free Economic Zone to produce light commercial vehicles under the Peugeot and Citroen brands.

Materials and Methods

The main sources of information for this article include:

- The Center for Economic Research and Reforms of the Republic of Uzbekistan;
- The State Committee on Statistics of the Republic.

Research methods used in this study include content analysis, structural analysis, and comparisons.

Results and Analysis

Experts from the Center presented the dynamics of automotive industry development in Uzbekistan over the period 2017-2023. The automotive industry is an important sector in the country, having seen rapid growth over the last six years. The share of the automotive sector in the country's gross domestic product (GDP) increased from 0.6% in 2017 to 1.1% in 2023, while its share in Uzbekistan's total industrial output increased from 2.8% to 4%.

In 2017, approximately 23,500 people were employed in the automotive industry, and by 2023, this figure had increased by 24.3%, reaching 29,200. During the period from 2017 to 2023, car production volumes increased by a factor of 2.3.

To achieve the set goals for developing the automotive industry, an active investment strategy is required. Accordingly, between 2017 and 2023, total investments in the sector amounted to \$714 million. These investments allowed for the launch of production of the Isuzu D-Max pick-up truck and the MAN TGS 40.440 dumper truck in 2019, and the commencement of production of Chevrolet Tracker-2023 vehicles and CSS Prime turbo engine models in 2023. Despite the continued negative impact of the pandemic and supply chain disruptions on the global automotive markets, passenger car production volumes in Uzbekistan increased significantly in 2023, reaching 328.1 thousand units. Additionally, 4,094 trucks and 1,357 buses were manufactured that year.

Thanks to an active foreign economic policy and the development of trade relations with neighboring countries, foreign trade in automotive products has intensified since 2017. For instance, while in 2017, automotive industry exports were worth approximately \$150 million, this figure increased to \$358 million in 2023.

As of January 1st, 2024, according to the Statistics Agency data, the number of privately owned cars in Uzbekistan stood at 4,020,744. The majority of these were passenger cars, totaling 3,759,045.

The breakdown of vehicle ownership by type is as follows:

- Passenger cars: 3,759,045
- Trucks: 240,917
- Buses: 6,297
- Minibuses - 9,102;
- Special vehicles - 5,383.



CEIR analysts analyzed how the automotive market in Uzbekistan has changed in February 2024. Despite a notable decrease in activity on the car market during the month of February, in the new passenger car segment, sales for the year have increased by 8.4%. Sales of electric cars have tripled over the past year.

According to February's results, the total number of vehicles sold in Uzbekistan exceeded 115,000. Overall, the car market declined by 6.3% year-on-year.

In February, 109,700 passenger cars were sold, while the annual decrease in the passenger car market was 5.6%.

The situation on the primary car market

With regard to the primary passenger vehicle market, sales have significantly decreased month-over-month and amounted to over 26,000 cars. Compared to the previous year, the primary market for passenger vehicles grew by 8.4% in terms of sales. During the month under review, 23,500 passenger cars of domestic manufacture were sold, an increase of 7.7% compared to February of the previous year.

The passenger car segment

The market for foreign cars saw growth of 15.6% year-on-year. By the end of February, sales of newly imported passenger cars totaled 2,700 units.

Electric vehicles

Despite a slight decline in interest in EVs at the start of the year, year-on-year sales of new passenger EVs increased three-fold.

In collaboration with the Chinese company BYD, plans are underway to localize the production of vehicle components.

In the near future, Uzbekistan aims to increase the annual production of electric vehicles by 500,000 units, according to the press service of the Head of State.

During his recent state visit to China, President Mirziyoyev met with representatives of BYD at their headquarters, where they launched a project to assemble hybrid and electric cars in the Jizzakh region.

The President and the CEO of BYD, Mr. Wang Chuanfu, discussed plans to increase production of electric cars by 500K, which is a two-thirds increase from the initial target announced in September.

Over the last three years, sales of electric vehicles have increased tenfold. Last year alone, more than one-third of all imported passenger vehicles, or approximately 25K units, were hybrid or electric cars. The Head of State has instructed to expand the previously defined plans for the electric vehicle industry and to accelerate the implementation of relevant projects.

In cooperation with the company BYD, measures will be taken to localize the production of key components.

To introduce innovative technologies and solutions, it has been decided to establish an integrated system involving the Turin Polytechnic Institute, relevant engineering centers, research institutes, and laboratories.

Over the next three years, there is a potential for an increase in the demand for professionals and skilled workers in the field of electric transportation, potentially reaching 10,000 people. Consequently, it has been determined that training programs for highly qualified personnel should begin immediately.

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Additionally, a program will be developed to develop a network of charging stations for electric vehicles.

Conclusion

The automotive sector is a crucial component of the republic's economy, with a significant impact on related industries, regional economies, and the country's overall development.

According to the new vision, by 2030, the domestic market for passenger cars will increase from 300,000 to 450-460 thousand units, while bus sales will rise from 1,000 to 2,000. The full implementation of the proposed concept will also lead to reduced government intervention in the economic activities of industrial enterprises, increased efficiency, and a guaranteed qualitative transition to a new phase of development.

The next step is to determine the scope of the automotive market for products. Determining product scope is a process of identifying products that have no substitutes within the relevant automotive market. This involves identifying products and their features that influence buyer choice, as well as other products that are compatible with the primary product. Consumer preferences should be considered by examining and/or analyzing existing contracts for sales of the product. Based on the above, it is evident that Uzbekistan has become a country where the automotive industry and market are rapidly developing. For the future growth of this sector, the importance of the development of electric and hybrid vehicles cannot be overstated.

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