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DEVELOPMENT OF E-COMMERCE IN UZBEKISTAN: TRENDS, STRATEGIES, AND PROSPECTS

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Abstract: The article examines key aspects of e-commerce development in Uzbekistan within the context of the country's digital transformation. It analyzes government initiatives, including the "Digital Uzbekistan-2030" strategy, the launch of the National Online Trade Platform, and cooperation with international platforms such as Alibaba. The paper highlights achievements in digital infrastructure, including the expansion of internet coverage and the development of online trading ecosystems. The benefits of e-commerce for businesses and consumers are discussed, along with major challenges such as data security, regulation, competition, and consumer trust. Key factors contributing to the growth of e-commerce in Uzbekistan are identified, including the increase in internet users, the improvement of payment systems, the development of logistics, and the emergence of local platforms.

Keywords: e-commerce, digital economy, online trade, Uzbekistan, digital transformation, online platforms, Alibaba, Unisavdo, "Digital Uzbekistan-2030" strategy, internet payments, logistics, cybersecurity, e-commerce regulation.

Adoption of the Digital Uzbekistan 2030 Strategy ¹in October 2020: The government plans to increase the length of the fiber-optic network built across the country from 118,000 kilometers (73,322 miles) to 250,000 kilometers (155,343 miles) by 2030; increase high-speed internet coverage from the current 67% to 100% by 2030; expand mobile broadband coverage from 78% to 100% by 2022; and increase annual admission quotas for higher and secondary specialized educational institutions in the field of information technology from the current 7,000 to 20,000 by 2030. Uzbekistan has announced plans to invest \$2.5 billion in developing digital infrastructure in 2021-2022. In his report to parliament on 14 December 2022, the Minister for Information Technology and Communications Development said that the fibre optic network had been extended to 170,000 kilometres (105,633 miles), mobile phone coverage had reached 99% and mobile broadband coverage had reached 98%.

¹Digital Uzbekistan – 2030, Decree of the President of the Republic of Uzbekistan on approval of the strategy "Digital Uzbekistan-2030" and measures for its effective implementation, <https://lex.uz/docs/5031048>



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Launch of the National Online Trading Platform <https://www.unisavdo.uz/> by O'zbekiston Pochtasi (State Postal Service) in March 2021: entrepreneurs can put their products up for auction through the system; Ozbekiston Pochtasi will deliver purchased goods to the buyer's address and thus assume responsibility as a guarantor between the seller and the buyer; the state-owned company plans to increase the number of logistics centers from 4 in 2021 to 30 in 2025 and increase the number of goods posted on the platform from 10,000 in 2021 to 1,500,000 in 2025; the number of local and international online stores for cooperation should increase from 10 in 2021 to 125 in 2025.

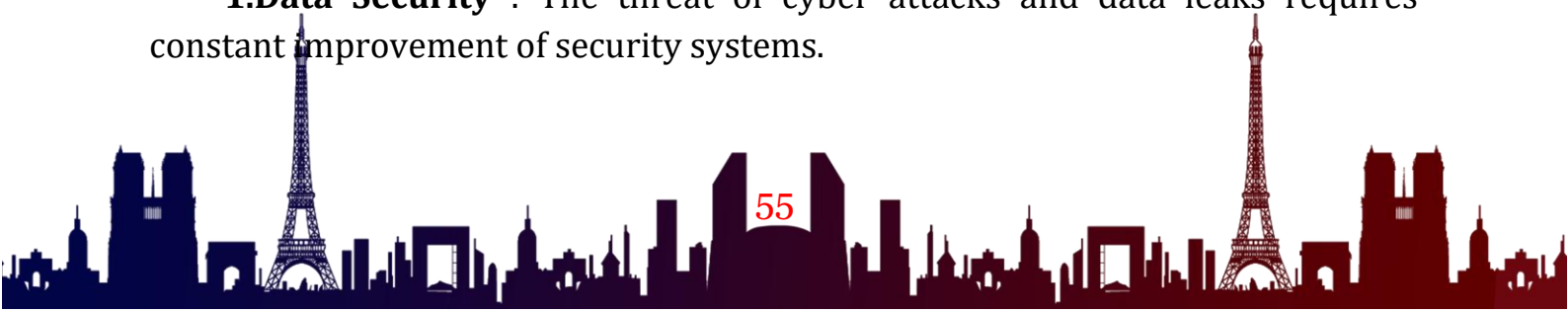
Uzbekistan's Export Promotion Agency established cooperation with Chinese e-commerce company Alibaba in October 2020, creating a "Made in Uzbekistan" section on the Alibaba.com platform, where products from selected domestic companies will be displayed; the government plans to provide financial support for the registration of more than 300 local companies on the Alibaba.com platform. On August 9, 2023, the Namangan regional administration announced that Alibaba would open its regional center in Namangan.

Launch of the Open Digital Ecosystem, a set of information systems for e-commerce, from July 1, 2022, the operation of which is entrusted to the Digital Transformation Center under the Ministry of Investments and Foreign Trade. The ecosystem will have an escrow account to ensure the fulfillment of contractual obligations of bidders. The profit tax rate for operators of e-commerce platforms integrated into the Digital Ecosystem has been reduced by 50% until January 2024.

The development of e-commerce has had a significant impact on the market and trade in general. The introduction of online contracts has changed traditional forms of interaction between sellers and buyers, making them more convenient and efficient. The online contract in e-commerce has become an integral part of the market, losing its significance and social purpose outside of its framework. Simply put, the contract in e-commerce has become a key legal document that contributes to the further development and formation of the economy.

E-commerce allows businesses to expand their sales markets while minimizing the costs of physical presence and logistics. Consumers gain access to a wider range of goods and services, often at lower prices. However, despite all the advantages, e-commerce faces a number of challenges. Among them are:

1.Data Security : The threat of cyber attacks and data leaks requires constant improvement of security systems.





2.Competition : High levels of competition require companies to constantly improve their offerings and services.

3.Regulation and taxation : Differences in laws between countries can create barriers to international trade.

4.Consumer Trust : Fraud and product quality issues can undermine consumer confidence in online platforms.

In Uzbekistan, e-commerce is in the active development stage. The country is rapidly catching up with global trends, and the government is making efforts to support this sector. Some key points of e-commerce development in Uzbekistan include:

1.Growing Internet Users : The increasing number of Internet users is driving demand for online services and products. As of 2023, Internet penetration in the country continues to grow, creating favorable conditions for the development of e-commerce.

2.Development of payment systems : An important factor is the improvement of the electronic payment infrastructure. The introduction of convenient and secure payment methods, such as mobile payments and bank cards, contributes to the increase in the number of online purchases.

3.Local platforms : Uzbekistan is seeing the emergence of its own e-commerce platforms, such as Olx.uz and Uzum , which offer a wide range of products and services for the local market. These platforms promote competition and improve service quality.

Logistics and delivery : Despite certain difficulties with logistics, the development of delivery services and improvement of transport infrastructure also play an important role in the successful development of e-commerce in the country.

