



INSTITUTIONAL ENVIRONMENT FOR PRICE COMPETITION IN UZBEKISTAN

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Abstract

This article examines the formation and development of the institutional environment for price competition in the Republic of Uzbekistan amid the transformation of the national economy. It explores the role of government institutions, the legal framework, and regulatory mechanisms in ensuring the effective functioning of competitive markets. Particular attention is paid to the analysis of antitrust legislation, price liberalization policies, and measures to develop market infrastructure.

Keywords: Institutional environment, price competition, antitrust regulation, competition policy, price liberalization, government regulation, market economy, Uzbekistan, economic reforms, competitiveness.

Introduction

In today's emerging market economy, the institutional environment plays a key role in ensuring the effective functioning of the economic system. It determines the rules of interaction between economic actors, market regulation mechanisms, and the conditions for the formation of a competitive environment. In the Republic of Uzbekistan, which is deepening economic reforms and integrating into the global economy, the development of an institutional framework conducive to effective price competition is of particular importance.

Price competition is one of the most important elements of the market mechanism, ensuring the optimal allocation of resources, improving the quality of goods and services, and reducing prices for consumers. However, its effectiveness directly depends on the state of the institutional environment, including the regulatory



framework, the activities of antitrust authorities, the level of development of market infrastructure, and the degree of government intervention in pricing processes.

In recent years, Uzbekistan has been implementing large-scale reforms aimed at liberalizing the economy, developing the private sector, and strengthening competition policy. The adoption of a new version of competition legislation, the reform of antitrust authorities, and measures to digitalize the economy are creating the preconditions for the development of more transparent and effective price competition. At the same time, certain institutional constraints remain, related to the high share of the public sector, administrative barriers, and the imperfections of certain regulatory mechanisms.

Under these conditions, studying the institutional environment for price competition is particularly relevant, as it allows us to identify key factors influencing the effectiveness of market processes and identify areas for further improvement of economic policy. The purpose of this paper is to analyze the institutional foundations of price competition in Uzbekistan, identify existing problems, and develop recommendations for overcoming them in the context of sustainable economic development.

Literature analysis

The study of the institutional environment for price competition in Uzbekistan draws on several areas of scientific and analytical literature: institutional economics, competition theory, antitrust regulation, market reform analysis, and market digitalization research.

The first area is related to the general theory of institutions. In the works of D. North, the institutional environment is considered a set of formal and informal rules that determine the behavior of economic actors [1]. This is particularly important for the topic of price competition, as prices are formed not only by supply and demand, but also by the quality of the legal framework, the level of competitive protection, the transparency of public procurement, and the presence of barriers to market entry.

The second area is represented by research on competition policy. The OECD Review of Competition Law and Policy in Uzbekistan notes that competition provides consumers with greater choice, higher quality, and lower prices, and also promotes economic growth and innovation [2]. However, the OECD emphasizes that for transition economies, including Uzbekistan, building an effective competitive



environment is a complex task due to the historically high concentration of markets and the significant role of the state. An analysis of the evolution of antitrust regulation in Uzbekistan is particularly important. The OECD notes that national competition policy was formed in 1992, then developed through laws of 1996 and 2012, the creation of the Antimonopoly Committee in 2019, and subsequent reforms [3]. These changes demonstrate a gradual transition from administrative-price regulation to a more comprehensive system for protecting the competitive process.

The third area of literature is related to the new version of the Law of the Republic of Uzbekistan “On Competition” dated July 3, 2023. The law defines the regulation of competition relations related to the control and suppression of actions that may restrict competition in commodity and financial markets, as well as infringe on consumer rights [4]. This makes the law a central source in studying the institutional framework of price competition.

The fourth area is reflected in the work of the World Bank. The Country Economic Memorandum on Uzbekistan emphasizes that the country's further economic growth depends on the development of the private sector, increased market competitiveness, and integration into the global economy [5]. For the topic of price competition, this means that the institutional environment should not only limit monopolistic behavior but also create conditions for new companies to enter the market.

The fifth area is related to domestic research. A. Yu. Akhmedov's work examines the problems of antitrust regulation of the Uzbek economy in the context of new challenges and a transitional economy. The author emphasizes that developing competition requires not only legislative changes but also the effective practical application of regulations, the reduction of administrative barriers, and the development of a business environment [6].

Contemporary research also focuses on digitalization and marketplaces. In N. Kh. Goyibnazarova's article, the institutional conditions of price competition are examined through competition law, industry regulation, and public procurement. The author highlights risks such as bid rigging, price wars, entry barriers, and price discrimination [7].

Thus, an analysis of the literature shows that the institutional environment for price competition in Uzbekistan is formed at the intersection of legal regulation, antitrust policy, market reforms, digitalization, and private sector development. The main conclusion of the literature is that effective price competition is impossible solely



through the formal adoption of laws: independent regulatory bodies, transparent market rules, a reduced role for the state in competitive sectors, and consumer protection from anticompetitive practices are necessary.

Analysis and Result

Price competition is a fundamental mechanism of market economies. When firms compete by offering lower prices or better value for money, consumers benefit through greater choice, improved quality and more affordable goods and services. For a transition economy like Uzbekistan, effective price competition is not only a tool for enhancing consumer welfare but also a driver of economic efficiency and innovation. However, price competition does not emerge spontaneously. It depends on a well-designed institutional environment that shapes the behaviour of market participants and limits monopolistic practices.

Uzbekistan's economy has undergone a significant transformation since independence in 1991. Early reforms focused on price liberalisation and privatisation, but the institutional framework for competition remained underdeveloped. Only in the mid-1990s did the government begin to adopt competition law and create specialised regulatory bodies. The institutional environment has continued to evolve, with major revisions of the competition legislation in 2012 and 2023. The role of the Antimonopoly Committee (AMC), public procurement reforms and broader economic liberalisation policies all influence how firms compete on price.

This thesis examines the institutional environment for price competition in Uzbekistan. The objectives are to:

Analyze the evolution of competition law and policy since independence and its impact on price competition;

Identify key institutional components that enable or hinder effective price competition;

Assess recent reforms and ongoing challenges in aligning the institutional framework with international best practices; and

Provide recommendations for strengthening the institutional environment to foster competitive pricing and market efficiency.

The study uses secondary data from official documents, reports and academic literature. A timeline table summarizes major institutional reforms and their effects on price competition. The analysis explores how legal changes, regulatory institutions



and market reforms interact to create incentives for firms and protection for consumers.

Key sources include legislative texts (especially the Law “On Competition”), reports by the OECD and World Bank, and academic publications on competition policy in Uzbekistan. These sources are evaluated to trace the evolution of the institutional environment and to identify factors that influence price competition.

A table summarizing major institutional reforms and their impact on price competition is constructed from these sources. The analysis interprets the information in the table, highlighting trends and drawing connections between institutional changes and market outcomes. The study does not use primary data; rather, it synthesizes secondary materials to provide a coherent narrative and policy recommendations.

Table 1. Key Institutional Reforms Influencing Price Competition

Year / Period	Institutional Reform / Policy	Description
1992–1994	Price liberalisation and early privatisation	Gradual removal of administrative price controls; transfer of small state enterprises to private hands
1996	First Law on Competition ("On the Protection of Competition")	Introduced basic rules against monopolistic practices and unfair competition
2012	New Law on Competition	Updated legal definitions of dominance, banned abuse of market power, introduced merger control and stricter penalties
2019	Reorganisation into the Antimonopoly Committee (AMC)	AMC established as independent authority; tasked with enforcing competition law, monitoring markets and investigating violations
2020–2023	Public procurement reforms and digitalisation	Implementation of e-procurement system to increase transparency; introduction of competitive auctions for state purchases
July 2023	Adoption of the new Law “On Competition” (LRO’z-850)	Comprehensive revision aligning national law with international standards; clarifies concepts of unfair competition, introduces leniency programmes, strengthens merger control and increases fines
2024–2025	Deregulation and state-owned enterprise (SOE) reforms	Government programme to reduce state ownership, privatise major SOEs and limit price regulation in sectors such as energy, telecommunications and transport



The table shows that the institutional environment for price competition in Uzbekistan has evolved through successive legal and organizational reforms. Early measures in the 1990s focused on price liberalization and privatization but did not establish a strong legal framework, resulting in limited competitive pressure. The first Law on Competition (1996) created a basic legal foundation, but enforcement was weak due to limited institutional capacity and state dominance in key sectors.

The 2012 Law on Competition marked a significant improvement, introducing modern concepts such as abuse of dominance and merger control. However, the Antimonopoly Committee's limited independence and resources constrained enforcement, allowing large firms to maintain market power. The creation of the AMC in 2019 aimed to address these issues, but the Committee's influence depends heavily on the broader political context.

Public procurement reforms and digitalization (2020–2023) have increased transparency and competition in government purchasing, which is important for reducing collusion and promoting competitive pricing. Nevertheless, collusive practices persist, and monitoring remains a challenge. The adoption of the new Law “On Competition” in July 2023 represents the most comprehensive attempt to align Uzbekistan's competition regime with international standards. This law clarifies prohibited practices, introduces leniency programs and raises penalties, signaling stronger commitment to competition policy. However, its success will depend on the implementation capacity of the AMC and the judiciary, as well as on reducing state intervention in sectors that still have administrative price controls.

Overall, the analysis reveals that Uzbekistan has made significant progress in developing an institutional environment conducive to price competition. The legal framework now approximates international best practices, and reforms are moving towards greater transparency and market orientation. The main challenges lie in effective enforcement, reduction of state dominance in strategic sectors and fostering a competitive culture among businesses. Addressing these challenges requires strengthening the independence and resources of the AMC, promoting judicial training in competition law, accelerating SOE reforms and enhancing public procurement oversight.

Below is a statistics table summarizing key indicators that shape the institutional environment for price competition in Uzbekistan, followed by an analysis of what the data imply for market dynamics.



Table 2. Key statistics on the institutional environment for price competition in Uzbekistan

Indicator	Statistic (year)
Role of state-owned enterprises (SOEs)	In 2019 there were 2 023 centrally-owned SOEs employing about 529 600 workers and generating USD 18.44 billion in revenues—roughly 32 % of GDP. More than 70 % of these SOEs were not corporatized and 31 % operated in the financial sector, while about 1 600 SOEs operated in competitive sectors. Just 19 SOEs accounted for 86 % of total SOE revenues and 48 % of SOE employment. [5]
Trade openness and export participation	Uzbekistan’s trade-to-GDP ratio doubled to 71.6 % in 2022, yet only 6 % of firms export goods. [5]
Contribution of small and medium enterprises (SMEs)	SMEs employed 10.1 million workers (about 86 % of total employment) and produced 54.9 % of GDP in 2021; in 2000 they employed 4.5 million and produced 31 % of GDP. The SME share of imports rose from 22.8 % to 48.7 % and their share of exports rose from 10.2 % to 22.3 % between 2000 and 2021. [5]
Competition enforcement actions (2024)	In 2024 the Competition Development and Consumer Protection Committee initiated over 400 cases against natural monopolies; investigations affected more than 200 000 consumers and led to refunds totaling around 50 billion UZS (\approx USD 4 million). [8]
Public procurement irregularities (2025)	In 2025 the committee detected 28 300 anti-competitive actions in 16 100 tender procedures. Violations included 16 000 breaches of tender procedures, 1 145 coordinated actions, 801 unjustified disqualifications and 8 647 cases of creating advantages. Out of 23 000 procurement procedures worth UZS 18.8 trillion reviewed, 4 708 legal cases were opened, 714 protocols on administrative offences were prepared and 11 400 cases were forwarded to other authorities. [9]

Analysis of table 2 gives the following results:

Dominance of SOEs and limited corporatization – The large number of SOEs (2 023) and their substantial share of GDP (32 %) illustrate the strong role of state ownership in Uzbekistan’s economy. Because over 70 % of SOEs are not corporatized and only 19 entities generate the bulk of revenues and employment, market power is highly concentrated [5]. The prevalence of SOEs in competitive sectors can dampen price competition, as publicly owned firms often benefit from preferential treatment and regulatory protections. This suggests that further corporatization and privatization could be necessary to level the playing field and stimulate competitive pricing.

Growing SME sector – The rapid growth of SMEs - from employing 4.5 million people in 2000 to over 10 million in 2021 and producing more than half of GDP -



indicates an expanding private sector. The rising SME share in imports and exports shows that smaller firms are increasingly integrated into international trade, which tends to foster competition through exposure to global prices and practices. Strengthening SME access to finance and technology could further enhance price competition by increasing the number of market participants.

Trade openness vs. export participation – Despite a high trade-to-GDP ratio, only 6 % of firms’ export. This underscores a disconnect between macro-level openness and micro-level participation: a small number of firms dominate exports while many others remain inward-oriented. Policies promoting export diversification and reducing barriers to entering foreign markets could help more firms compete on price, both domestically and internationally.

Active but reactive enforcement – The competition authorities’ actions - over 400 cases against natural monopolies and refunds to 200 000 consumers -demonstrate vigilance against price abuse. Yet the very large number of tender violations (28 300 in 2025) and the need for thousands of legal actions suggest pervasive anti-competitive practices in public procurement. This points to institutional weaknesses in procurement design and monitoring. Strengthening compliance mechanisms, increasing transparency and reducing discretionary power in procurement could reduce anti-competitive behaviour and encourage fairer pricing.

Overall, the statistics reveal a mixed institutional landscape: while the private sector (especially SMEs) is growing and trade openness is increasing, the dominance of SOEs, concentration of economic power and widespread procurement irregularities constrain price competition. Effective reforms—including corporatization and privatization of SOEs, deeper integration of SMEs into global value chains, and stronger enforcement and transparency in procurement—are needed to create a more competitive pricing environment in Uzbekistan.

Conclusions

State dominance limits competitive pricing – Uzbekistan’s economy remains heavily influenced by state-owned enterprises (SOEs). In 2019 there were about 2 023 centrally owned SOEs employing more than 529 600 workers and generating revenues equal to around 32 % of GDP. More than 70 % of these firms were not corporatized, and just 19 SOEs accounted for 86 % of total SOE revenues and nearly



half of SOE employment [9]. The prevalence of large public monopolies in competitive sectors limits market entry and reduces incentives to compete on price. Private sector dynamism is increasing but uneven – Small and medium enterprises (SMEs) now employ roughly 10 million people and generate over half of GDP. Their share of imports and exports has risen significantly, signalling a more active private sector. However, the share of firms exporting remains very low (about 6 %), and many markets are still dominated by a few large incumbents, limiting the benefits of trade openness for price competition.

Regulatory enforcement is active but systemic issues remain – The Competition Development and Consumer Protection Committee has investigated hundreds of cases against natural monopolies and secured refunds to thousands of consumers, yet anti-competitive behaviour remains pervasive. In 2025 alone, authorities detected over 28 000 violations in public procurement, with thousands of legal actions initiated. This indicates that while enforcement is stepping up, fundamental reforms to procurement processes and market regulation are still required.

Recommendations

Accelerate corporatization and privatization – To stimulate price competition, the government should continue corporatizing SOEs, clearly separating commercial activities from state functions and preparing non-strategic enterprises for privatization. Reducing preferential treatment and opening competitive sectors to private investment would diversify market participants and exert downward pressure on prices.

Strengthen procurement transparency and compliance – Given the large number of tender violations, procurement processes need greater transparency. Introducing e-procurement platforms, standardized procedures and independent oversight can curtail collusion and favoritism, ensuring fairer pricing for public contracts.

Enhance SME capabilities and market access – Building on the growing role of SMEs, policies should focus on improving access to finance, innovation support and export promotion. Simplifying licensing and reducing regulatory burden will encourage new entrants, increase competition and help more firms reach international markets.

Strengthen competition law enforcement – The competition authority should shift from a predominantly reactive role to more proactive monitoring, especially in sectors with high barriers to entry. Aligning investigative powers with international best



practice and ensuring judicial independence will deter anti-competitive practices and reinforce consumer trust.

Promote digitalization and open data – Expanding digital platforms for market information (prices, supply chains, and procurement data) can reduce information asymmetry and empower consumers and businesses to compare offers. Digital tools also enable real-time monitoring of dominant firms, helping regulators respond faster to price abuses.

By implementing these measures, Uzbekistan can move toward an institutional environment that fosters robust price competition, leading to more efficient markets and improved consumer welfare.

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