



# THE IMPACT OF CORONAVIRUS ON THE ECONOMY OF THE REPUBLIC OF UZBEKISTAN AND WAYS TO REDUCE IT

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## ABSTRACT

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*The article highlights the impact of the coronavirus on the economy of the Republic of Uzbekistan and ways to reduce it, as well as a number of positive developments during the coronavirus pandemic, including the first online courses in higher and secondary special education. and performed a multi-factor forecast of gross domestic product using a system of equations.*

**KEY WORDS:** *coronavirus infection, epidemic, savings, business, economic support, privilege, unemployment, cooperation, analysis.*

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## INTRODUCTION

The coronavirus has made it possible to expose on a large scale the shortcomings in the health care systems of many countries, even economic preparedness and other catastrophic situations. The coronavirus, which is spreading around the world, is expected to have a very negative impact on the economy, affecting not only people's health but also their wallets. According to Bloomberg, such a turn of events will slow down the world's economic growth, and a very bad turn of events will bring it down. In fact, the planet could lose \$ 3 trillion due to the epidemic! To prevent this, from the day of detection of the virus in the Republic of Uzbekistan, as in other countries, to ensure sanitary and epidemiological peace and security of the population, to organize coordinated activities of state and economic authorities and organizations to prevent the spread of coronavirus infection, to protect life and health. For this purpose, the Resolution of the Cabinet of Ministers of the Republic of Uzbekistan "On additional measures to prevent the spread of coronavirus infection" [1].

In particular, the problem of providing for the needs of low-income and needy families on the basis of indefinite periodic quarantine introduced in the country in connection with the epidemic was

clearly demonstrated. In this regard, the President of the Republic of Uzbekistan proposed to launch a movement "Generosity and Support" on April 20, and the Government Decree on April 22 established the Fund "Generosity and Support" and its regional branches. The decree also approved the charter of the Generosity and Support Fund, which was used to provide cash, daily necessities, medicines and other products to the needy, temporarily unemployed people who lost their income due to quarantine. [2]

The construction of temporary hospitals, the immediate purchase of masks and medical equipment, the incentive and humanitarian involvement of medical personnel have also led to a serious effort to address the health challenges posed by the pandemic. Of course, the solution to this problem depends on the funds, and finding such funds is based on production and the payment of taxes in the country in general. However, if economic activity is not restored, people and businesses will not be able to maintain their jobs and continue to pay taxes, there will be no funds for this. This requires the government to support the economy, especially small business and private entrepreneurship, with a certain amount of subsidies, tax breaks, easing of regulations and financial assistance.



## LITERATURE REVIEW

Many experts and scientists are currently studying the impact of the coronavirus pandemic on the economy. Although it is not possible to pinpoint the economic damage caused by the new coronavirus pandemic Global COVID-19 in an article by foreign scientist Erin Duffin entitled "Impact of the coronavirus pandemic on the global economy - Statistics & Facts" [3], economists believe that has a broad consensus that it will have a serious negative impact on the economy. It is estimated by economists that the impact of the pandemic could reduce the 2020 GDP forecast by at least 2.4 percent. However, these predictions were made before COVID-19 became a global pandemic and before extensive social media restrictions were imposed to stop the spread of the virus. Since then, global stock markets have plummeted due to the boom, and the Dow Jones has lowered its biggest single-day gain by nearly 3,000 points on March 16, 2020 - reflecting its previous record of just 2,300 points in three days.

The UN Office for the Coordination of Economic and Social Affairs forecasts that the world economy may shrink by 0.9% this year instead of the expected 2.5% due to the coronavirus pandemic. If restrictions on economic activity are applied in the third quarter, this figure may increase as household incomes decline. During the 2009 financial crisis, the economy contracted by 1.7 percent.

The Asian Development Bank (ADB) has analyzed the impact of the global pandemic COVID-19 on the economy in the following scenarios: "Under the average scenario, measures and restrictions such as travel bans escalated in late January and 3 months after the restrictions, global losses reached \$ 156 billion or 0.2% of global GDP. and \$ 103 billion, or 0.8 percent of the country's gross domestic product, will be covered by China ..."[5]

## RESEARCH METHODOLOGY

This study used a multivariate forecasting method based on econometric models to provide a comprehensive comparative analysis of current pandemic activities, economic analysis of living standards, employment, and future tasks [10].

## ANALYSIS AND RESULTS

The global impact of the coronavirus epidemic poses a serious threat to all aspects of the world - economic, social, developmental and many other areas. Of course, we need to anticipate these negative consequences and develop measures against it immediately, quickly and in a coordinated manner.

Many countries are currently conducting a series of studies by economists and influential organizations on the impact of the coronavirus epidemic on the economies of various countries, including an article by the U.S. Foreign Policy Research Institute. demand is estimated to have fallen

by 17 per cent, and if the COVID-19 epidemic escalates in the next period, it will lead to a further decline in demand for natural gas. In particular, 17% of China's natural gas imports come from the three main suppliers in the Central Asian region - Turkmenistan, Uzbekistan and Kazakhstan. The result could lead to a crisis in Kazakhstan, and especially in Turkmenistan. However, it has less impact on Uzbekistan. This is because Sino-Uzbek trade is developing rapidly in construction, technology, energy and manufacturing, as well as in other areas such as petrochemistry. "[6]

According to the State Statistics Committee of the Republic of Uzbekistan, the foreign trade turnover of the Republic of Uzbekistan in January-February 2020 amounted to 5920.0 mln. USD, which is 190.0 mln. USD more than in the corresponding period of the last year. dollars or decreased by 3.1%. The export volume is 2631.3 mln. \$ 115.1 million. USD or 4.2% (special exports - 10000.9 mln. USD, decreased by 18.3% compared to the same period last year). The negative balance of foreign trade turnover amounted to \$ 657.4 million, which is \$ 40.2 million more than in the same period last year. dollars or increased by 6.5%. However, it is possible to reduce such negative consequences by diversifying exports, ie by exporting fruits and vegetables (strawberries, cherries, etc.) currently grown in the country, in cooperation with the Ministry of Economic Development and Poverty Reduction, State Statistics and State Customs Committees. it is expedient to develop and implement measures to allow the transformation of specialized regional products.

According to preliminary analysis of the International Labor Organization, up to 25 million people worldwide are expected to lose their jobs, and the loss of workers' incomes is expected to reach \$ 3.4 trillion. But it is now clear that the figures quoted do not fully reflect the extent of the damage to be seen.

In the case of our country alone, many large and small enterprises have ceased operations, working hours have been reduced, shopping centers and restaurants have been closed, flights and hotel reservations have been canceled, and remote enterprises have slowed down. It also had to lay off people who did not have a stable job, such as salespeople, waiters, kitchen staff, loaders, cleaners.

In the first quarter of 2020, the unemployment rate in Uzbekistan was 9.4%, with the highest unemployment rate in Samarkand and Surkhandarya regions at 9.8%, in Jizzakh, Kashkadarya, Syrdarya and Fergana regions at 9.7%, and the lowest in Tashkent. (7.8 percent) were identified. The number of unemployed people in need of employment was 1399.7 thousand people [11].

The results of the study show that using the data of the State Statistics Committee of the Republic of Uzbekistan, the regression of economic



development, ie GDP, investment in fixed assets GDP and the number of jobs in the economy IBS and inflation Inf equation

$$YIM = AKI^{0.66} \cdot IBS^{2.7} \cdot Inf^{-0.09} \cdot e^{-20,6} \tag{1}$$

apparently identified. According to Equation (1), the growth of a country's GDP depends more on employment and then on investment than on these

indicators, and that an increase in inflation leads to a decrease in GDP.

Equation (1) and the following in the time - dependent variation of each of the influencing factors

$$AKI = -31763,7 + 11084,4 \cdot t$$

$$IBS = 8233,8 + 336,3 \cdot t$$

$$Inf = 17,2 - 0,1 \cdot t$$

using a system of equations, it is possible to implement a multi-factor forecast of gross domestic product (Table 1).

**Table 1**  
**Multifactor forecast of GDP of the Republic of Uzbekistan<sup>1</sup>**

Years	Gross domestic product, bln. sum	Fixed capital investments, bln. sum	Total number of employees, thousand people	Inflation, %
2020	564552,4	201008,7	15296,1	15,1
2021	620635,9	212093,1	15632,4	15
2022	680212,1	223177,5	15968,7	14,9
2023	743404,8	234261,9	16305	14,8
2024	810338,9	245346,3	16641,3	14,7

According to the table, by 2024, investments in fixed assets will amount to 245346.3 billion soums. soums and the number of employed people will reach 16641.3 thousand soums and the inflation rate will decrease by 14.7% to 810338.9 bln. soums.

The analysis does not take into account the number of people working in foreign countries, and in the current globalization, labor migrants working abroad are unable to work due to quarantine and, in turn, unable to send money to their families, which in turn leads to increased poverty in the country.

In his address to the Oliy Majlis, the President of Uzbekistan said: "As in any country, we have low-income people. According to various estimates, they make up about 12-15 percent. These are not small numbers. We are talking about 4-5 million people. This is a very large number" [8].

To teach the basics of working in a market economy and financial literacy on the basis of helping their families with a clear list of unemployed and migrant workers in the community;

education of the unemployed in new professions through the establishment of vocational schools in the mahallas with the involvement of teachers released from professional colleges;

Assistance in the establishment of repair shops, farms or small production workshops for low-income families with the support of local authorities;

study and provide practical assistance in the placement of unemployed unemployed people in sufficiently lucrative jobs through employment centers;

requires the implementation of priority tasks, such as improving social programs that can prevent layoffs and protect vulnerable workers, which will determine the long-term state of society and the economy.

**DISCUSSION**

In his address to the people of Uzbekistan, the President said: "These difficult days, which have come to many and are suffering by the people of the world, will certainly pass. In its centuries-old history, our great and glorious people have bravely overcome all calamities, wars and famines. I am convinced that we will pass this test with dignity." [9] Of course, the current coronavirus epidemic is temporary, and during this time our country has achieved a number of positive results. Including:

As a result of the first online courses in higher and secondary special education, many problems in the education system were identified, and a distance learning platform was created and improved (which in turn created a distance learning system);

the opportunity for employees to switch to remote work has created new opportunities for employees to continue working, and for employers to continue working even in times of crisis (which will accelerate the digitization of the country's economy);

It has led to an increase in human qualities such as kindness and support among people.

<sup>1</sup> Author's development



## CONCLUSION/RECOMMENDATIONS

In short, just as any disaster has a certain positive side, failure to take drastic measures can lead to catastrophic consequences and many casualties. In such a complex environment, the main goal is to support the economy as much as possible and hope that it will recover quickly. The measures taken by the state authorities and organizations in Uzbekistan to provide social and material support to the poor, as well as economic incentives for small and medium-sized businesses are organized in proportion to the complex economic and social processes taking place in the world. To prevent the crisis caused by this coronavirus pandemic: first, the introduction of new innovative developments and modern technologies into production; second, to reconsider the global supply chain of any new equipment and technologies; third, there is a need to focus on highly automated manufacturing companies and factories, which in turn will increase the resilience of industry and food production to global change.

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