

Uzbekistan Emerges as Regional IT Hub at ICT Week 2024

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At the crossroads of the ancient Silk Road, Uzbekistan is positioning itself as an emerging player in the digital age. Known for its cultural heritage and architecture, the country is now attracting attention in the tech sector. ICT Week 2024 in Tashkent reflected this shift, bringing together innovators, startups, and global tech companies as Uzbekistan seeks to combine its historical legacy with modern technological advancements.

This year's event saw significant growth in both attendance and the range of innovations presented, indicating Uzbekistan's increasing involvement in the global digital economy. ICT Week 2024 attracted around 20,000 participants, doubling last year's attendance, and featured over 200 exhibitors from 20 countries. The exhibition space expanded to 10,000 square meters, up from 5,000 the previous year, showcasing Uzbekistan's growing interest in digital technologies and international collaboration. Notable participants included major players such as China, South Korea, and Qatar, with China presenting 30 companies at the event.

Startups were a focal point, as 45



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ICT Week

innovative projects, including five international entries, competed for investor attention. Uzbekistan's burgeoning tech ecosystem attracted \$500,000 in investments for three standout projects: a ride-hailing service, an insurance marketplace, and a digital product management platform. The week also saw several multi-billion dollar memorandums signed, targeting areas such as artificial intelligence, data center construction, and other critical IT solutions.



Demographics are Destiny

In recent years, Uzbekistan has made remarkable strides in digitalization, driven by government initiatives to foster innovation. The country's leadership has prioritized creating a favorable business climate for IT companies, including offering tax incentives and streamlining registration procedures. These reforms have sparked growing interest from foreign investors eager to tap into Uzbekistan's evolving digital landscape.

What truly sets Uzbekistan apart, though, is its demographic strength. While many former Soviet states face aging populations, Uzbekistan boasts steady population growth, with a young generation eager to embrace digital careers. With 60% of its population under 30, Uzbekistan boasts a young, multilingual workforce primed to support the tech sector.

Educational programs to train IT professionals are proliferating, making Uzbekistan a compelling destination for companies looking to hire new talent. The government is also trying to attract English teachers to the country by increasing salaries to raise the country's English proficiency level.

With 30,000 IT graduates entering the workforce annually from 58 universities dedicated to tech education, the nation is rapidly building a talent pipeline that could drive its digital ambitions forward. Speakers at ICT Week 2024 repeatedly emphasized this point, signaling the government's determination to leverage its youthful workforce for long-term success. As Uzbekistan continues to modernize, its youthful energy could be the catalyst for becoming a key player in the global IT market.

Improving Metrics

Uzbekistan's recent rise in global rankings further underscore its growing reputation. Ranked first in the "Safety Perception Index 2023" among 121 countries, the nation also saw improvements in its e-government infrastructure. According to the United Nations' E-Government Survey 2024, Uzbekistan jumped six spots to 63rd place, positioning itself among countries with a "Very High EGD" (E-Government Development Index)

ICT Week 2024 sent a clear message: Uzbekistan is serious about its ambitions to become a major player in the global technology market. The government's pro-business policies and commitment to digitalization and workforce development are positioning the country as a burgeoning IT destination. While there is still work to be done to streamline business processes and improve transparency, Uzbekistan's transformation is well underway, making it a region to watch for future digital innovations.

Uzbekistan has also shown improvement in its rankings for innovation and the number of patent applications, improving its standing in the WIPO Global Innovation Index has seen notable improvement recently. Previously, the country held the XX position with an innovation score of XX. In the most recent report, Uzbekistan advanced to YY place, achieving an innovation score of YY. This represents a ZZ% increase in its overall innovation performance, underscoring the country's continuous efforts to strengthen its intellectual property framework and promote a more conducive environment for innovation and technological advancement.

Uzbekistan has made notable strides in patent activity, ranking 65th globally with 475 patent applications, an 11% increase. Of these, 458 were from local residents, reflecting a 10.9% rise. Internationally, the country ranks 120th for foreign filings, up 13.3%. Regionally, Uzbekistan ranks 20th in Asia and 4th in Central-South Asia, with a 0.7% share of applications. It holds 59th place globally for patents per million residents and 41st for patents relative to GDP. In utility models, Uzbekistan ranks 23rd with a 15.1% increase. Despite a decline in international PCT filings, it saw a 300% rise in applications moving to the national phase.

Confronting Challenges

However, challenges remain. While the government provides robust support for the IT sector, issues such as bureaucratic inefficiencies and the need for enhanced infrastructure and intellectual property protections persist.

While Uzbekistan's IT sector is experiencing significant growth, notable challenges could hinder its progress in becoming a regional tech hub. U.S. Ambassador Jonathan Henick candidly addressed these hurdles during a press conference in Tashkent, pointing out several key areas where improvements are needed to attract and sustain foreign investment in the digital sphere.

One of the major concerns is the rule of law, which remains a critical issue for many foreign companies. Henick emphasized that investors need assurance that legal disputes with local partners will be resolved fairly and transparently in court. Without this, many international firms may hesitate to enter the market, uncertain about the security of their investments.

Another significant challenge is the insufficient protection of intellectual property (IP). Many foreign companies invest heavily in their brands and products, and Henick pointed out that Uzbekistan's current IP protection framework is not robust enough to safeguard these assets.

Strengthening this area is crucial for attracting global tech giants and startups alike, who rely on IP laws to protect their innovations. In fact, at the 47th plenary session of the Senate in Uzbekistan, lawmakers discussed new amendments to legislation aimed at strengthening the country's intellectual property rights (IPR) system. As part of broader reforms across various sectors, Uzbekistan has been working to enhance legal protections for intellectual property and improve the delivery of government services.

The Ministry of Justice has been given additional responsibilities to safeguard intellectual property rights and streamline state services in an effort to create a more efficient and professional government apparatus. The new law, aligned with ongoing reforms, transfers the functions and authority of intellectual property agencies and government service providers to the Ministry of Justice. This includes implementing changes to the Customs Code to ensure the protection of intellectual property in export activities.

Additionally, the law reduces the time required to issue certificates for trademarks and geographic indications, providing businesses with faster access to these protections. The Senate has approved the law, marking another step in Uzbekistan's legal reforms. Additionally, IT Park and WIPO are discussing collaboration to address issues related to intellectual property protection. These measures highlight the country's ongoing efforts to enhance its intellectual property framework and foster a more supportive environment for innovation and technology development.

Uzbekistan suffers from a bit of a Soviet-era hangover in the form of the dominance of state-owned enterprises in key sectors of the economy. These monopolies create additional obstacles for domestic and foreign private companies. Henick highlighted the need for greater privatization, as the current landscape can stifle competition and make it harder for private entities to thrive.

Corruption also remains a persistent challenge. Although President Mirziyoyev has made significant efforts to combat it, corruption continues to create an unpredictable business environment, particularly for international investors seeking transparency and fair practices. Alongside this, high tariffs on many goods present another barrier for foreign companies looking to enter the Uzbek market.

Despite these challenges, Henick remains optimistic about Uzbekistan's potential. The country boasts a highly educated and hardworking labor force, a key asset for tech companies seeking skilled professionals. Additionally, Uzbekistan's geographic location offers strategic advantages, making it an ideal hub for accessing broader Central Asian markets. With continued reforms and efforts to address these challenges, the nation has the potential to become a central player in the global IT landscape.

Uzbekistan's efforts to establish itself as a regional player in the IT sector are still developing, but the growth potential is significant. Despite challenges such as legal uncertainties, intellectual

property protection, and bureaucratic obstacles, the country's assets—especially its young, educated workforce—are notable. The government's initiatives to attract foreign investment and promote innovation through tax incentives and educational programs are helping to create the conditions for a growing tech ecosystem.

So, while hurdles remain, the overall outlook is positive, with Uzbekistan increasingly viewed as an emerging IT hub. For those present at Tashkent ICT Week 2024, the message was clear: Uzbekistan is open for business, and the world is starting to take notice.

Akbar Abdusalyamov

IT Park Uzbekistan

a.abdusalyamov@365.it-park.uz

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