

ECONOMIC SIGNIFICANCE OF BUSINESS ENTITIES OPERATING IN THE TRANSPORT SECTOR IN UZBEKISTAN

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Abstract. This article provides a comprehensive analysis of the role of business entities operating in the transport sector in the national economy of the Republic of Uzbekistan, their socio-economic significance and contribution to the development of the sector. In the context of the liberalization of the transport services market, an increase in the share of the private sector and the activation of small businesses and private entrepreneurs, the impact of the sector on gross domestic product, employment, logistics efficiency and territorial integration is assessed. In addition, the institutional and economic mechanisms of business activity in road, rail, logistics and freight services, the competitive environment and investment attractiveness factors are studied.

Key words: transport sector, business entities, logistics, economic efficiency, small business, services market, competitiveness, investment.

1. Introduction

Small business and private entrepreneurship play an important role in the economy of any country based on a market economy system of governance. The role of small business entities in finding effective solutions to many social and economic problems, especially during the transition period, is invaluable. The authorities of developed countries of the world have developed many programs to support small business and are carrying out effective work. In the life of such countries, the small business class serves as the basis for ensuring the sustainable development of the economy, the continuity of development and provides employment to a large part of the population. In these countries, about 60%-70% of the gross domestic product falls on small and medium-sized business entities.

2. Literature review

The transport sector is an important component of the national economy, as it ensures the movement of goods and services, foreign trade, and international integration (Eshankulov, 2025). Transport services make a significant contribution to national GDP, provide



employment, and improve the investment climate. Jumayev and Qurbanov (2025) emphasize that the efficiency of transport infrastructure and the introduction of innovations are important for national economic development, while also revealing the role of the transport system in foreign economic relations.

In the context of Uzbekistan, various studies have analyzed the economic efficiency of the transport and logistics system, its relationship with domestic and foreign trade. For example, the possibilities of improving the country's international logistics rating by assessing the efficiency of the transport and logistics services system, which will increase foreign trade and transit potential (Transportation Research Procedia, 2022). This article discusses the level of efficiency of the national transport system through the LPI (Logistics Performance Index) and the proposed proposals.

In terms of economic problems, it was found that problems with the management and infrastructure of the logistics and transport system in Uzbekistan increase economic costs. Makhammatlieva's analysis shows that logistics inefficiency has a negative impact on the national economy, transport costs can be equal to 10-12% of GDP, and systemic reforms in the field of infrastructure and regulation are required.

In addition, the introduction of digital technologies is highlighted as an important factor for increasing the efficiency of transport services. Kasimov et al. (2023) analyzed the role of the introduction of digital logistics systems in transport services and the economic balance, which opens up opportunities for innovative services and forecasting for business entities.

There has also been a lot of scientific writing on improving transport logistics in Uzbekistan. Articles published in the journals Economics and Development discuss the development of the country's transport and logistics corridors and prospects for regional cooperation, which will expand business opportunities through transport services and increase foreign trade potential.

The study by Tursunov (2018) analyzes the experience of developing investment funds and considers their prospects in the conditions of Uzbekistan. The author, emphasizing the role of international investment mechanisms in economic development, believes that directing investments to transport infrastructure will improve the growth dynamics of the country's economy (Tursunov, 2018). This point of view serves as an important scientific basis for developing investment attraction strategies for business entities in the transport sector.

At the same time, methods for assessing production potential are also important in the context of transport-related research. In his article, Bobir (2017) analyzes methods for



determining production potential in textile enterprises and studies the economic impact of efficient use of resources. Although the topic is not directly related to transport, methodologies for determining production potential can be used in analyzing foreign trade activities and demand for transport logistics services (Bobir, 2017). For example, timely and efficient delivery of products ensures the full use of production capacities, which has a positive impact on the economic results of business entities in the transport services market.

Another important source that demonstrates the economic importance of the development of the logistics system is the study of Ortikmirzaevich (2017). This article analyzes the impact of improving logistics services on the coordination of production potential and product flows. The author emphasizes that an effective logistics system, along with the efficient use of production resources and expanding access to markets, increases the economic importance of transport services (Ortikmirzaevich, 2017). This is an important direction for understanding the economic role of business entities operating in the transport sector, since logistics processes determine the efficiency of transport services.

Other studies have also linked rail transport, automation systems and digital transformation to economic development. For example, new criteria for assessing the economic efficiency of railway services and their impact on national economic growth were analyzed, and the importance of modern intelligent transport systems (smart transport systems) in accelerating economic growth was also taken into account in a scientific sense.

It is evident that research on the transport sector in the scientific literature includes several interrelated areas: infrastructure efficiency, logistics services, digital transformation, integration with international trade and economic costs associated with transport logistics. These studies create a broad and comprehensive scientific basis for the economic importance of business entities operating in the transport sector and identify areas for further improvement in the sector.

3. Analysis and results

Small business entities also play an important role in the economy of Uzbekistan in terms of their importance. It is noteworthy that this sector has been making a significant contribution to the gross domestic product of Uzbekistan in recent years and that this share has been growing steadily for several years, indicating the effectiveness of the country's economic policy.

According to current data, the share of small business entities in the GDP of our country's economy is as follows:

Agriculture: Small business entities in our country make a significant contribution to

agriculture. Share in GDP: ~95–97%, they operate in the fields of peasant and farm enterprises, agribusiness and livestock.

Construction: The share is ~75–80%, and private construction organizations and contractors play a decisive role in infrastructure and housing construction.

In the industrial sector: Small businesses play an important role in the production of industrial products. Their share in GDP is ~70–78%, and the processing industry is especially significant in production.

In the trade sector: The share of small businesses in retail and wholesale trade is ~85–90% of the country's GDP.

Service sector: Small businesses are also an active sector in the service sector. They provide various services to society, including education, tourism, IT and digital services, healthcare, transport services and other sectors, and their share in GDP is ~45–50%.

The taxi market is one of the sectors of the service sector, the transport services sector, whose global market size in 2023 was estimated at \$253.27 billion and is expected to reach \$388.79 billion by 2028, an analysis that indicates an annual growth rate of 8.95% in the period 2023–2028. [1]

The International Monetary Fund studies emphasize that services based on digital platforms are an important factor in expanding the tax base in the economy and increasing institutional efficiency.

According to the State Tax Committee of the Republic of Uzbekistan, as a result of the official registration of digital taxi platforms as taxpayers in the country since 2023, tax discipline in the services sector has significantly improved. [2] This process is an effective result of institutional reforms aimed at legalizing the taxi services market in our country and making incomes more transparent. In recent years, the introduction of fiscalization and digitization of taxi services has served to increase transparency in this sector, expand tax revenues, and reduce the share of the informal economy.

In addition, another major area of service provision is freight services, which is not only a link between producers and consumers, but also an infrastructure network that provides economic ties, accelerates the movement of goods and services, and strengthens economic integration between regions. Especially for export-oriented economies that are increasingly integrating into external markets, the state of transport infrastructure, management efficiency, quality-price competitiveness of freight services, and logistics stability are of decisive importance.



The global freight & logistics market is forecast to be approximately USD 6.37 trillion (6,370 billion) in 2025, and this figure is expected to grow to ≈ USD 8.49 trillion by 2031. [3]

As a reference, it is worth noting that, according to estimates by international experts on the share of the hidden economy in the services and transport sectors, which are typical for the economies of developing countries, the share of the hidden economy in the services sector can reach 30–35%, in the transport services sector 35–40%, and in the road freight segment, the share of informal activity can reach 40–50%. This is explained, in particular, by the high share of cash settlements in the domestic freight market, where small businesses predominate, the limited circulation of contracts and electronic documents, and the practice of avoiding tax reporting. [4]

In the conditions of Uzbekistan, a number of important structural and institutional changes were observed in the freight transport services sector during 2020–2025. In particular, the steady growth in the volume of freight transport services provided by road transport in the domestic market, the increase in the share of small businesses and individual carriers further increased the importance of this segment in the economy. However, along with these processes, informal economic relations inherent in the service sector also persist. In particular, the predominance of cash settlements, incomplete formalization of contractual relations, and the limited use of electronic document circulation lead to the fact that a certain part of freight transportation services remains outside of official reports.

Table 1.

Cargo transportation volume 2020–2025 (in million tons)

Years	Total cargo transported (million tons)	Comments
2020	≈ 1 366.7 million tons	
2021	≈ 1 420.2 million tons	
2022	≈ 1 420.9 million tons	
2023	≈ 1 455.7 million tons	
2024	≈ 1 521.2 million tons	

Compiled by the author based on data from the National Statistics Committee of the Republic of Uzbekistan

From this point of view, the current situation in the freight transportation services market



in Uzbekistan has common features with trends typical for developing countries, which allows applying the ranges of the share of the hidden economy given in international expert assessments to the country's conditions. This further increases the urgency of the issues of expanding the tax base in the transport services sector, accelerating digitalization, and fully involving small business entities in economic turnover.

The 1.3 - 1.52 billion tons of cargo transportation indicated in the table above in 2020-2024 is the total volume of cargo transportation carried out by all types of transport, including road, rail, pipeline, and air transportation services.

Based on the data for 2024, we can classify them by type of transport as follows.

Road transport — ≈ 1.3855 billion tons of cargo were transported (the main part of all cargo).

Rail transport — ≈ 73.9 million tons.

Pipeline transport — ≈ 61.8 million tons of gas were transported.

Air transport also showed growth this year, but its overall share in the country's cargo transportation market is very small.

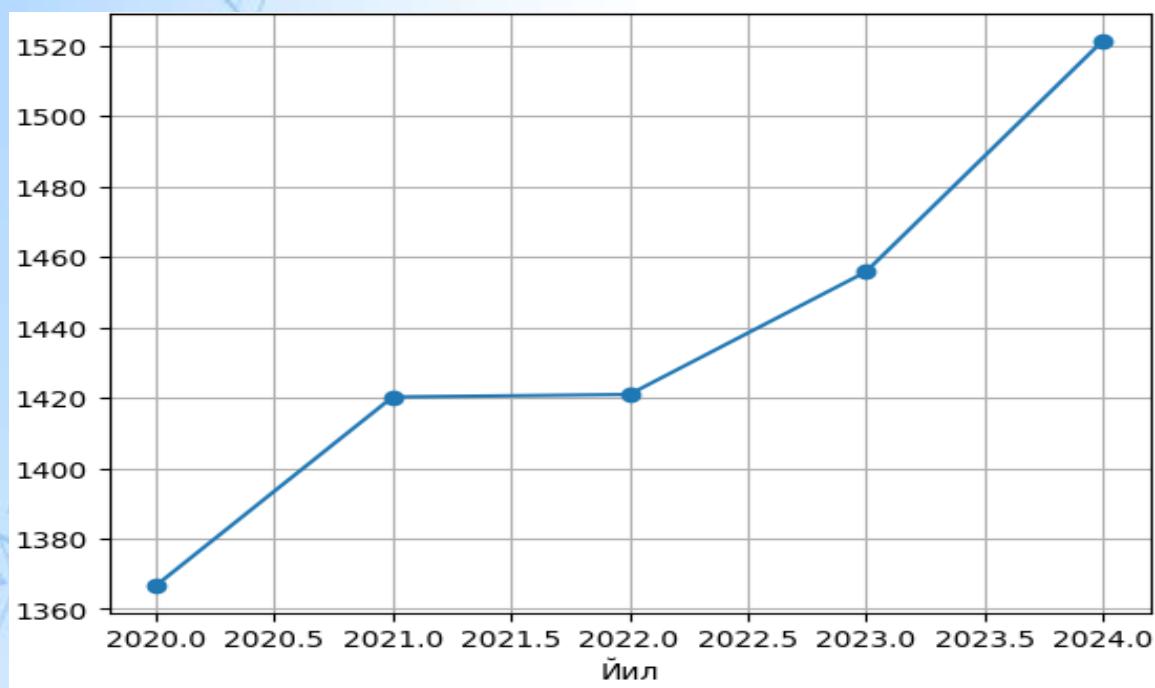


Fig.1. Total cargo volume in Uzbekistan (million tons)

As additional trends, it is worth noting that road transport plays a dominant role in the freight market, i.e. in 2024 this figure will be around 92%. The volume of international transit cargo increased from 500 thousand tons in 2020 to 1 million tons in 2025, i.e. the volume of



international transit cargo transportation carried out within the middle corridor doubled during 2020-2025. Based on the statistical data provided, we can recognize that the role and competence of the freight transport sector in our economy in the country is of great importance, and we should not lose sight of the market share of small businesses in this sector:

Table 2.

Share of small businesses (SMEs) in the freight transportation sector in Uzbekistan (2020–2025)

Years	Share of small business, % (in cargo volume)	Comments
2020	≈ 45.2 %	COVID-19 impact, private sector dominates in road freight transportation
2021	≈ 47.6 %	Activation of the internal market, growth in the number of individual carriers
2022	≈ 49.8 %	The impact of the digital economy and simplification of the licensing procedure
2023	≈ 51.0 %	The role of private sector in logistics services can be observed to increase
2024	≈ 51.5 %	The main part of road freight transportation activities falls on small business entities (90%+ share)
2025	≈ 51.8 %	Sustainable growth, private sector occupies a leading share in domestic freight transportation

Compiled by the author based on data from the National Statistics Committee of the Republic of Uzbekistan.

Small business entities that provide freight transportation services in the country's transport sector are individual entrepreneurs, micro-logistics companies concentrated in the automobile freight segment, and increasing their economic efficiency and safety is one of the urgent issues.



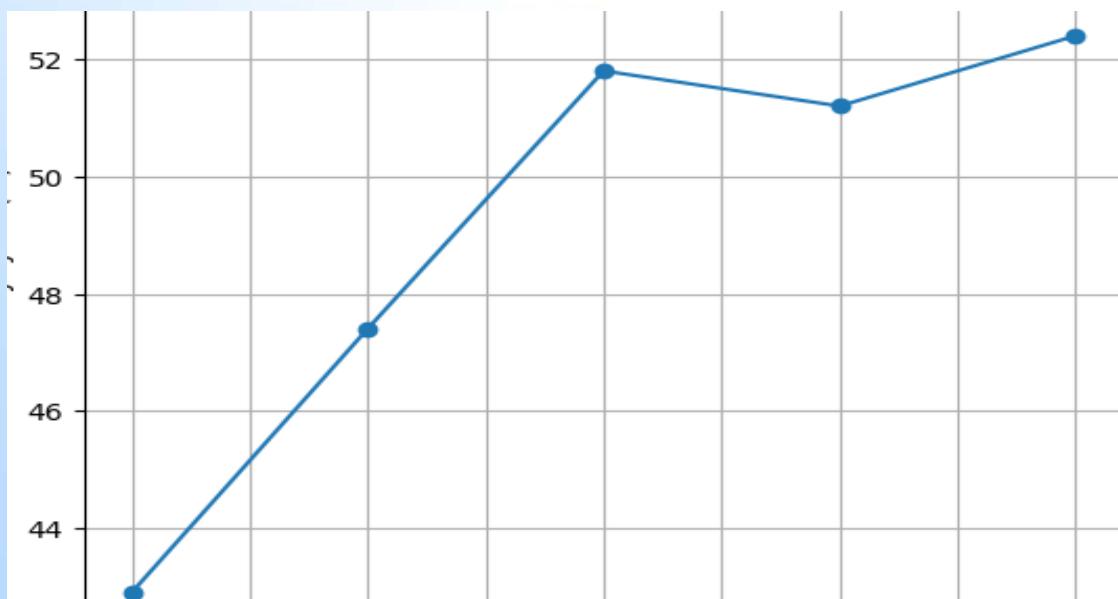


Fig.2. Share of small businesses in total freight traffic

In recent years, the main regulatory and legal documents have been signed in our country to increase the efficiency and safety of small business enterprises in freight transportation, and we can cite the following decrees and resolutions.

1. Decree of the President of the Republic of Uzbekistan No. PF-60 dated January 28, 2022 “On the Development Strategy of New Uzbekistan for 2022–2026”

This decree sets out:

- development of the transport and logistics system;
- increasing the share of the private sector and small businesses;
- strengthening the competitive environment in freight transportation services as priority tasks.

2. Resolution of the Cabinet of Ministers of the Republic of Uzbekistan No. 311 dated June 2, 2022, “On measures to regulate freight transportation activities in road transport”

In accordance with the resolution:

- the licensing procedure for individual entrepreneurs and small enterprises has been simplified;
- barriers to entry into the domestic freight transportation market have been reduced; small business activities in road freight transportation have been expanded.

3. Resolution of the President of the Republic of Uzbekistan PP-104 dated March 1, 2023 “On measures to accelerate digitalization in the field of transport and logistics”

This resolution provides for:

- electronic cargo documents (e-CMR);



- digital dispatch and platform services;
- expanding the opportunities for small carriers to enter the market.

4. Regulatory documents and explanatory letters of the State Tax Committee of the Republic of Uzbekistan for 2023–2024

Main directions:

- full coverage of small business entities providing freight transportation services in tax accounting;
- introduction of digital accounting and online control mechanisms;
- increasing tax discipline in the field of services.

5□. Programs of the Ministry of Transport of the Republic of Uzbekistan for 2020–2025

The aforementioned decrees and decisions reflect a systematic state policy aimed at strengthening the institutional role of small business entities in the field of cargo transportation, reducing barriers to market entry, and increasing economic efficiency through digitization.

4. Conclusions

In the Republic of Uzbekistan, the state policy aimed at increasing the role of freight transportation in particular, small business entities in this market, has been consistently and systematically implemented in recent years. The studied decrees and resolutions show that the transport and logistics sector is considered a sector of strategic importance in diversifying the national economy, ensuring the stability of the domestic market and stimulating entrepreneurial activity. In particular, the development strategy for 2022–2026 sets as priority tasks the development of transport infrastructure, strengthening the competitive environment in freight transportation services and increasing the share of the private sector. The simplification of the licensing and regulation processes for road freight transportation activities through the resolutions of the Cabinet of Ministers has facilitated the entry of small business entities into the market and contributed to the growth of the volume of services. At the same time, decisions aimed at digitizing the transport and logistics sector have created a basis for increasing the transparency and efficiency of freight services through the introduction of electronic document circulation, digital platforms and online dispatch systems. Regulatory and legal acts adopted by the State Tax Committee have served to expand the tax base of small business entities, strengthen tax discipline in the field of services and reduce the share of informal activities.

In general, these decrees and decisions reflect a comprehensive state policy aimed at strengthening the institutional position of small business entities in the field of freight transportation, improving market mechanisms and increasing economic efficiency. This will



create a solid legal and regulatory basis for ensuring sustainable growth in this sector in the future, improving the quality of logistics services and increasing the competitiveness of the national economy.

Based on the presented analysis and statistical data, in order to further increase the economic importance of small business entities operating in the transport sector, in particular in freight transportation services, in Uzbekistan, taking into account the high share of small business entities in the road freight transportation segment, the following proposals and practical recommendations can be put forward.

- Development of digital logistics platforms for small carriers;
- Introduction of national digital logistics platforms on the basis of public-private partnerships;
- Phased connection of small carriers to electronic dispatching, e-CMR and GPS-monitoring systems;
- Encourage the conclusion of direct contracts between the shipper and the carrier;
- Expansion of leasing and auto lending programs for small carriers;
- Introduction of preferential credit lines for the renewal of vehicles;
- Development of insurance mechanisms (cargo insurance, operational risks) for small carriers will serve to reduce economic risks;
- Support in international licensing processes of small carriers that provide national cargo transportation service in the country;
- Simplified tax reporting for small freight companies;
- Introduction of automatic tax calculation systems through digital platforms;
- Development of incentive mechanisms aimed at legalizing informal cargo transportation activities fit for purpose.

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