

Uzbekistan to boost its IT sector with new International Digital Technology Center "ENTERPRISE Uzbekistan"

Uzbekistan has unveiled plans to establish the International Digital Technology Center

ТАШКЕНТ, Ташкент, Узбекистан, March 31, 2024 /EINPresswire.com/ -- Uzbekistan has unveiled plans to establish the International Digital Technology Center, a groundbreaking initiative to

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Cameron Jones

attract major foreign IT companies and enhance the country's digital services export. The Uzbek President, Shavkat Mirziyoyev, announced the decree on February 1, 2024.

The Uzbek IT sector is the jewel in the crown of the country's recent modernization efforts, and the opening of this new center will help to further boost the country's efforts to create a modern tech economy in the Central Asian nation, which has already earned recognition for

offering zero tax regime for IT companies. Even the workers of IT companies pay less income tax than the workers in other industries.

However, Uzbekistan is not yet well known by many global companies, so they might be thinking about possible risks related to local regulations and the rule of law in the country. Therefore the new decree provides the basis to create a favorable legal and judiciary environment for those companies located within the territory of IT Park Uzbekistan complex in Tashkent so that companies can minimize country-related risks. This underscores the nation's commitment to elevating its global status instead of being merely a regional IT hub. The International Digital Technology Center, also known as "ENTERPRISE Uzbekistan," is to be situated within the premises of IT Park, reflecting a strategic push towards creating a thriving ecosystem for digital innovation and development, as well as serving to enable global business through Uzbekistan.

The establishment of the Center is part of a broader strategy to increase IT service exports to \$5 billion, generate 100,000 new jobs, and make Uzbekistan an even more attractive destination for foreign IT firms. The government aims to boost the number of foreign resident companies in IT Park to 1,000, providing a robust platform for their regional growth and expansion.

"ENTERPRISE Uzbekistan" is set to offer a unique environment for tech companies, featuring a regulatory sandbox for innovative projects, stringent protection of intellectual property and personal data, and comprehensive state and banking services. The Center will also provide essential support in navigating labor laws, customs, and tax issues and resolving commercial and civil disputes, creating a conducive atmosphere for digital technology and outsourcing ventures.

The center is scheduled to commence operations in an experimental mode on June 1, 2024. The Center's special legal regime will be in effect for a five-year trial period. This initiative represents a crucial step towards realizing Uzbekistan's vision of becoming a leading player in the global digital economy by fostering innovation, attracting foreign investment, and promoting the growth of high-tech industries within the country.

Uzbekistan has made remarkable strides in the IT sector, as evidenced by its impressive jump to the top nine in global e-government rankings, improving by 18 places in just a year.

The country's IT landscape has experienced exponential growth, with IT service exports increasing 573-fold and the number of foreign companies expanding 106-fold from 4 to 426 since 2017.

Additionally, the sector has seen a 46fold increase in service volume, with the count of officially employed IT workers soaring from 2,523 in 2017 to 26,017 in 2023. Ambitiously targeting \$1 billion in IT exports by 2024—a goal that would mark a 3-fold increase from 2023. Currently, a significant portion, about 44%, of Uzbekistan's IT exports are destined for North America, positioning the country to tap into a global IT outsourcing market projected to reach \$539.3 billion by 2023.

The new International Digital Technology Center in Uzbekistan will look to build on the success of Tashkent's IT Park. It will help further amplify the nation's IT sector achievements and capitalize on the established momentum; this new enterprise zone will not only expand the infrastructural and regulatory innovations introduced by the IT Park. It will also enhance the appealing conditions that have already attracted a significant influx of tech talent and businesses. While perhaps not blessed with its geography as a double landlocked nation, Uzbekistan does boast a healthy demography with many young people. The country also has a very good education in maths and science, a legacy of the Soviet era, which it seeks to exploit as it creates an army of "one million Uzbek coders," all taking crash courses in coding and in English. Annually, over 30,000 students graduate from IT-related courses across 65 universities nationwide.

The IT city will form a key node in the ever-expanding IT ecosystem that is evolving throughout Uzbekistan. The country is determined to no longer rely on its extractive industries, like cotton and gold, for its economic growth. It wants to utilize its educated, young population to create a modern, globally competitive IT economy.

Uzbekistan faces several challenges despite its progress in the IT sector and economic reforms.

Intellectual property rights (IPR) protection remains a concern. The banking sector is predominantly state-owned, accounting for a significant portion of the industry's assets, deposits, and loans, leading to distorted competition and inefficient operations. Although there are ongoing efforts to privatize and introduce transparency, the sector's dominance by state banks and the overall economy's cash-based nature due to low trust levels continue to be impediments.

The country remains committed to making strategic investments in its IT sector and efforts to reform and reduce the number of SOEs are underway, aiming to foster a more competitive and efficient economic environment. However, these changes are part of a gradual process, with the government taking steps to improve the situation, such as enhancing public service regulations, promoting public procurement transparency, and advancing state property management.

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