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Problems and prospects of combating monopoly in Uzbekistan

G.R. Ibragimova[1][a], F.F. Ismatullaeva [2][b], Y.T. Khusanova[1][c]

[1]Tashkent state transport university, Tashkent, Uzbekistan

[2]Silk Road International University of Tourism and Cultural Heritage, Samarkand, Uzbekistan

Abstract: This study examines monopolistic practices in Uzbekistan from the perspectives of entrepreneurs, consumers, and experts. Using a mixed-method approach based on survey data (44 respondents) and expert interviews, the research analyzes awareness of monopolistic behavior, perceived market fairness, barriers to entry, service quality, and the effectiveness of recent reforms. The findings indicate high awareness of monopolistic practices alongside a widespread perception of unfair competition and low satisfaction with services in sectors such as telecommunications, energy, and utilities. Significant administrative and infrastructural barriers continue to limit market entry, particularly for small and medium-sized enterprises. Although recent reforms, including the 2024 antimonopoly resolution, are viewed positively, their effectiveness remains moderate due to persistent structural constraints, such as limited regulatory independence, low consumer awareness, and digital inequality. The study concludes that strengthening competition in Uzbekistan requires not only legislative improvements but also enhanced institutional capacity, public engagement, and reduction of the digital divide.

Keywords: monopoly, competition policy, antimonopoly reforms, barriers to market entry, digital platforms, regulatory independence, consumer awareness, SMEs, economic liberalization.

1. Introduction

Monopolization remains a significant structural challenge in the development of Uzbekistan's market economy. Despite ongoing liberalization and policy reforms, key sectors continue to be dominated by state-owned or quasi-state enterprises, limiting competition and reducing market efficiency. As a result, monopolistic practices have become a central issue in economic policy, particularly in the context of efforts to enhance transparency, support private sector development, and integrate into the global economy.

The persistence of monopolization is largely rooted in the legacy of a centrally planned system, and despite substantial reforms, it remains evident in sectors such as telecommunications, energy, utilities, transportation, and digital platforms. Although recent policy measures such as the abolition of exclusive rights, procurement reforms, and the regulation of digital platforms reflect a commitment to strengthening competition, systemic challenges persist. These include administrative barriers, limited regulatory independence, low consumer awareness, and digital inequality, all of which constrain effective market functioning.

While existing studies primarily focus on legal and structural aspects, there is a lack of empirical research reflecting the perspectives of market participants. This study addresses this gap by analyzing awareness of monopolistic practices, perceptions of competition, barriers to entry, service quality, and the effectiveness of recent reforms.

The findings contribute to both academic and policy discussions by providing evidence-based insights into competition dynamics and offering practical recommendations for improving market transparency, regulatory effectiveness, and inclusive economic development in Uzbekistan.

2. Research methodology

Literature review

Monopoly is traditionally defined as a market structure characterized by the exclusive dominance of a single seller, where no close substitutes are available and market power is concentrated in the hands of one or a few entities. Such a structure emerges as a result of the concentration of production resources, labor, and output, often under the control of large enterprises or the state. From an economic perspective, monopolies can take various forms, including natural, legal, public, and price-discriminating monopolies, each with distinct implications for market functioning. While some monopolies arise due to objective conditions such as economies of scale or infrastructure constraints, others are formed through legal protection, technological advantages, or institutional arrangements.

Thus, monopolies which have different forms and each with unique characteristics and implications for the market. While some monopolies may occur because of natural reasons, others are focused through legal barriers or technological advances. It is crucial to understand the different types of monopolies and their impacts on the market to make informed economic decisions [2].

Monopoly has existed since ancient times. Land, mines, reservoirs, forests and other natural resources with unique products were concentrated in the hands of a few, giving their owners a monopoly position, who became the sole suppliers of a certain product to the market and dominated it. Monopoly, by its very nature, creates stagnation in production, because relying on a monopoly position, it is possible to make a profit without reducing costs, and to take advantage of the absence or weakness of competition to impose their will on the market. Monopoly restricts market relations, which is why even countries with a dominant market economy take measures against [6].

[a] https://orcid.org/0000-0002-5998-533X
[b] https://orcid.org/0009-0008-3316-6003
[c] https://orcid.org/0009-0005-1802-761X

Creation of monopoly companies by government agencies. For example, draft regulations that aim to create monopolies, appoint economic entities without tenders, or provide preferential treatment to certain entities [3].

Abuse of dominant position by monopolists, such as discrimination in providing businesses with access to infrastructure [7]. For example, Uzbektelecom, a state-owned monopoly, uses infrastructure for free, preventing private providers from competing in this sector. High regulatory and administrative burdens that hinder business. Entrepreneurs are preoccupied with meeting new requirements instead of expanding their business [9].

A new resolution on antimonopoly regulation in commodity and financial markets was adopted by the Cabinet of Ministers of Uzbekistan on May 1, 2024, and entered into force on August 3. The reform introduced several key changes, including expanded powers for the Competition and Consumer Protection Committee to reassess dominant market positions, new regulatory provisions for digital platforms, and additional criteria for identifying anticompetitive behavior. It also established updated procedures for determining the dominance of digital platform operators and detecting actions that may restrict competition or violate consumer rights.

These measures are particularly significant given the rapid expansion of digital platforms in Uzbekistan, including marketplaces and service aggregators, which has increased the need for more effective regulatory oversight [1].

The introduced measures are aimed at strengthening competition among digital platforms and reducing the risks associated with the abuse of dominant market positions, thereby enhancing consumer protection and supporting fair market practices.

Further reforms were initiated by the Presidential decree of April 30, 2025, focused on accelerating market liberalization and alignment with WTO standards. The document provides the reduction of administrative barriers and the elimination of monopolistic structures in key sectors. In particular, exclusive rights granted to Uzkimyoimpex were abolished, including its role in export and import operations related to chemical products. Reforms were also implemented in the natural gas procurement system, eliminating non-competitive allocation mechanisms, and in public procurement, where price preferences for domestic producers were revised to ensure equal conditions for market participants. As a result of these measures, enterprises that lost their dominant market position were removed from the State Register of monopolistic entities. An important institutional mechanism for monitoring market concentration is the state register of enterprises with dominant positions, which includes entities exceeding legally defined market share thresholds. This system enables regulatory authorities to identify monopolized sectors and apply appropriate antimonopoly measures. Its effectiveness is closely linked to broader economic reforms, including improvements in the tax system, which plays a significant role in supporting competitive market development and overall economic growth [10].

Nevertheless, there are several structural and institutional challenges in Uzbekistan. Firstly, ensuring the independence of regulatory authorities is critical. Political interference in competition enforcement weakens credibility and reduces the effectiveness of antimonopoly measures [11]. Secondly, public awareness of consumer rights and competition law remains relatively low. Many citizens do not know how to report unfair pricing or monopolistic behavior, which limits public oversight [8]. Thirdly, digital inequality persists across regions. While digital reforms are expanding, rural and remote areas still lack reliable access to internet infrastructure, reducing the benefits of digital transformation [5]. Solving these problems requires cooperation between government agencies, the private sector, and civil society organizations [4]. Sectors of Public education, accessible reporting instruments, and consultation which is opened can lead to transparency and strengthen public trust.

The struggle against monopolies in Uzbekistan is not a short-term initiative but a long-term strategic process that involves persistence, transparency, and active citizen engagement [11]. The government tries to regulate legislation, expand privatization, and strengthen small businesses show clear development to more opened market system.

Despite these advances, ongoing improvement stays actual. Conducting institutional independence, embracing digital innovations, and adopting international best practices will lead to create fair and competitive economical environment in Uzbekistan [5].

In conclusion, monopolies are not harmful in all aspects when they regulated, they can help to stay stable and find investments in key sectors. Nevertheless, unchecked monopolies hinder innovation, declines development, and spoil public confidence [8]. By setting a balance between state strengthens and market freedom, sustainable economic growth will occur in Uzbekistan, social welfare increase, and deeper integration enhance into the global economy [11].

3. Results and Discussion

This section presents and analyzes the results of the primary data collected from entrepreneurs, consumers, and experts in Uzbekistan. The findings reflect respondents' perceptions of market competitiveness, the prevalence of monopolistic practices, and the effectiveness of recent antimonopoly reforms. Quantitative results are summarized using descriptive statistics, complemented by qualitative insights that help interpret observed trends.

The survey included 44 participants, consisting of 25 entrepreneurs and 19 consumers. The descriptive statistics focus on key variables such as awareness of monopolistic practices, perceived fairness of competition, access to services, and the evaluation of recent reforms.

The survey results indicate that majority of the people interviewed have an excellent awareness of monopolistic practices with the mean of 4.12. It coincides with the increasing controversy in the society about the state monopolies, digital sites, and established corporations of the business which have found their way to news coverage and reports in recent times. The perception of equity in the competition within the market is low (M = 2.46) which confirms the fact that literary sources substantiate the notion that monopolies still represent the impediment to the cooperation of markets. The specially mentioned issues that have been faced by entrepreneurs pertain to the failure to receive the same access to infrastructure services that the already stated issues in the telecommunications, gas supply and procurement system already have their own issues as well.

Table 1

Descriptive statistics of key elements

Variable	Mean	SD	Min	Max	Interpretation
Awareness of monopolistic practices (1-5)	4.12	0.83	2	5	High awareness of monopoly issues across respondents
Perceived fairness of market competition (1-5)	2.46	0.91	1	5	Competition widely perceived as insufficient or unfair
Bariers to market entry experienced by entrepreneurs (1-5)	3.87	1.02	1	5	Significant presence of administrative or infrastructural barriers
Satisfaction with service quality in monopolized sectors (1-5)	2.73	1.01	1	5	Mixed to negative satisfaction with monopolistic service providers
Awareness of recent antimonopoly reforms (1-5)	3.21	0.97	1	5	Moderate awareness; reforms not yet widely understood
Perceived effectiveness of reforms (1-5)	2.89	0.88	1	5	Respondents see reforms as promising but insufficient
Digital platform dominance concerns (1-5)	3.64	0 .95	1	5	Moderate to high concern over large digital platforms

The market has low entry barriers and low operating barriers.

The entrepreneurs reported massive entry barriers (M = 3.87). They include administrative requirements, the delays during licensing and the monopoly of supply chains. This is consistent with the literature review that reported high regulatory burdens and favouring certain enterprises among some of the most essential structural problems.

The respondents were quite dissatisfied with the pricing and the quality of the services in industries where the service provider was a single entity (M = 2.73). The most complained services were telecommunications and utilities and transport services. This brings out the theoretical argument that when there is no competition, monopolies are not strongly motivated to be innovative or to reduce costs.

Although significant reforms have been implemented by the government and in particular those ones that apply to digital sites and the elimination of exclusive rights in certain sectors, the level of consciousness is moderate (M = 3.21). The perceived effectiveness of these reforms (M = 2.89) ranks marginally lower than the average, which explains the fact that the positive changes are not to be provided by the early implementation yet to enable the respondents to see them clearly. Interestingly, the issues related to the digital market are rated with a comparatively high score (M = 3.64), which shows that there are more issues with the appearance of the powerful e-commerce and platform-based businesses. This is aligned with the current policy debates that lay much emphasis on the element of regulation of digital market places.

Experts cited a shortage of autonomy of the regulatory authorities as one of the challenges. Some of the interviewees emphasized on the fact that the Competition Committee lacks the authority to enforce, and due to that, the investigations are stalled or completed incompleteness. This is to verify the literature that claims that political interference contributes to negative effects on effectiveness of regulation.

As the data of the interview have revealed, the absence of information in the population regarding consumer rights remains one of the impediments to the effective vigilance. Many of the respondents were not aware of the available reporting systems of unfair pricing or discrimination of services. This is consistent with the literature at present which demonstrates that there is absence of citizen involvement in competition enforcement.

Since the time of establishment of the digital infrastructure, experts and entrepreneurs have suggested that it has been a trend of unequal distribution both in the urban and the rural parts of the country. These inequalities reduce the potential benefits of the digital reforms and create limitations to entry into the new competitive markets. These implications justify the fears of the literature with the unequal development and digitalization.

Discussion

The findings demonstrate that the presence of monopoly in key sectors of Uzbek economy are still common and the recent antimonopoly practices are not clearly being made known to people. The results back the existing academic discussions of the stasis resulting upon the existence of monopolies, particularly with no cost-cutting incentives. Though, the reforms are supposed to improve the state of transparency, reduce the exclusive right and govern the digital platforms, the moderate perspective of the performance being attained gives grounds to believe that the primary stage of the policy modifications does not bring tangible benefits to the businesses and consumers. It is important to mention that there are several critical challenges associated with both quantitative and qualitative data:

1. The management and structural impediments promote unfair competition.
2. Consumer accountability is suppressed by a lack of awareness of the people.
3. This is still constrained by institutional factors of regulatory dependency.
4. The implication of the new regulations of the digital platforms is curtailed by digital inequalities.

However, the respondents also noticed that the current reforms, i.e., the abolishment of the exclusiveness of rights and the improvement of the transparency of procurement, are the important steps towards establishing the more competitive economic environment. Overall, empirical evidence supports the theoretical framework of the literature review quite well: monopolies not only reduce the innovation and efficiency of the market, but also that, with the assistance of the advanced regulation and institutional fortification, competition can be progressively restored.

4. Conclusion

The study aimed to assess how entrepreneurs, consumers, and experts in Uzbekistan perceive monopolistic practices, the level of market competition, and the effectiveness of recent antimonopoly reforms. The findings indicate a high level of awareness of monopolistic behavior among market participants, which reflects the growing public attention to competition-related issues. However, this awareness is accompanied by a generally negative perception of market fairness and dissatisfaction with the quality and pricing of services in monopolized sectors such as telecommunications, energy, and public utilities.

The results also reveal the persistence of significant administrative and infrastructural barriers to market entry, which continue to constrain the development of small and medium-sized enterprises and limit competitive dynamics. Although recent reforms, including the 2024 antimonopoly resolution, the removal of exclusive rights in selected sectors, and the regulation of digital platforms, are perceived as important steps forward, their practical effectiveness remains moderate. This indicates a gap between policy intentions and actual market outcomes.

The analysis further highlights several systemic challenges that hinder the full realization of reform objectives, including limited institutional independence of regulatory authorities, insufficient public awareness of consumer rights, and ongoing digital inequality between regions. These factors collectively reduce the effectiveness of competition policy and limit the inclusiveness of market development.

Overall, the findings suggest that combating monopolization in Uzbekistan is a complex and long-term process that requires not only legislative improvements but also stronger institutional capacity, greater transparency, and active participation of society. Sustainable progress in this area depends on the consistent interaction between government, business, and civil society, as well as on the development of a competitive environment supported by modern digital infrastructure and effective regulatory mechanisms.

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Information about the author

Ibragimova Gulshan	Toshkent davlar transport universiteti, Temir yo’ldan foydalanish ishlarini boshqarish kafedrasi dotsenti E-mail: ibragimova.gulshana@mail.ru Tel.: +998 94 015 27 10 https://orcid.org/0000-0002-5998-533X
Feruza Ismatullaeva	Ipak yo‘li turizm va madaniy meros xalqaro universiteti, magistranti E-mail: feruza19891412@gmail.com Tel.:+998 99 814 55 55 https://orcid.org/0009-0008-3316-6003
Yelizaveta Khusanova	Toshkent davlar transport universiteti, 2-kurs talabasi E-mail: husanovalika@gmail.com Tel.: +998 90 129 20 80 https://orcid.org/0009-0005-1802-761X

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