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GLOBALIZATION AND UZBEKISTAN: OPPORTUNITY, RISK, OR STRUCTURAL DEPENDENCY?

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Abstract

In an era in which the role of borders is becoming less salient, the concept of globalization means different things to different countries. While it creates new opportunities for developed nations, such as access to global markets and an increased customer base, it can also pose new challenges for developing nations, including economic dependency and cultural pressure. The purpose of this paper is to examine both positive and negative effects of globalization on different sectors of Uzbekistan by explaining and giving real-world examples. To achieve this goal, the reviewer used secondary data from a range of academic studies and academic reports, examining globalization and its impacts on small economies, with a focus on Uzbekistan. The findings of the study showed that the economy of Uzbekistan greatly benefited from globalization due to access to international markets and foreign direct investment, but there can be seen some problems occurred, such as economic dependency and healthcare problems. The importance of this paper is that globalization shapes the future of Uzbekistan's economy and determines long-term sustainability.

Keywords: globalization, economic dependency, developing countries, global market, multinational companies, local economy, healthcare, fiscal contribution.

1. Introduction

In the world of developed international relations and advanced economics, globalization has increasingly transcended geographical boundaries. The reason behind this is mainly because of the interdependence of states on resources from each other, liberal economic policies, and the expansion of multinational corporations. But when considering the impact of it on developed and developing nations, the former tends to experience a number of benefits and relatively few disadvantages, whereas the potential dangers for the latter can outweigh the opportunities created. This academic paper aims to focus on the complexities associated with globalization in order to uncover possible causal relationships.

The entrance of multinational companies and advanced technology into the market of developing countries can enable them to work more productively due to the implementation of developed technologies and access to the global market. Moreover, since the relationships with developed states get better, they usually exchange resources. In that case developing countries usually export natural resources in exchange with advanced educational programs in schools and cutting-edge technology in medicine. This way the literacy level and the quality of life improved a lot, the life expectancy increased and etc. However, globalization also brings challenges that should not be ignored, alongside its benefits. For example, the investors from developed nations provided the latest technology and investment, those small economies rely heavily on them. And if those international companies leave, the government will have less supervision over economic growth, and the local economy may suffer quickly. Furthermore, local industries in these countries cannot compete with the advanced technology and the quality products of multinational companies, so that many of them may close, limiting the growth of local economy. Besides, even though, developed nations give the developing an access to a quality medical

care system, the number of diseases is increasing, and new types of illnesses are entering those countries with the increasing number of tourists. [1]

Numerous studies have examined the effects of globalization on developing and small economies and the opportunities it provides to develop further. However, the focus of much of this research is on the broader regional or global trends rather than individual national cases. As a result, it still remains relatively difficult to analyze the specific impacts of it on Uzbekistan. So, the purpose of this paper is to explore both positive and negative impacts of it on different sectors of Uzbekistan, including economy, trade, and healthcare. Firstly, the focus of the paper will be on the advantages globalization brings and then move on to the challenges it holds. At the end, it will conclude by giving an overall picture of the case in Uzbekistan.

2. Methodology

For this study, the reviewers employed both quantitative and qualitative research approach to analyze the effects of globalization, with a focus on Uzbekistan. The methodology relies on secondary data analysis, including reports from international organizations, including the annual reports of Coca-Cola, government statistics, and academic literature. This combination of methods enables a comprehensive understanding of globalization's impacts within a national context.

3. Results

1) Coca-Cola

Since Uzbekistan became independent, Coca Cola was one of the earliest international companies collaborating with this newly developing country, which entered Uzbekistan in 1993. Until 2021 when Coca Cola İçecek (CCI) turned it into a private entity, it had been a state-owned joint venture. Since then, there was seen huge improvement in the revenue of the company, as well. For example, according to the data, in 2019 before the acquisition of CCI, the annual revenue of it was 1.4 trillion UZS, whereas they reported a turnover of 4.7 trillion UZS in 2023 once a massive scale-up has been done. By the end of 2025, they saw revenue growth of almost 34%, showing a total amount of 6.3 trillion UZS. [2]

And nowadays, the Coca-Cola Company is considered to be the leader in the carbonated drink segment, with both positive and negative effects on different sectors of Uzbekistan. The labor market and the modernization of the retail industry are where the expansion's social effects are most apparent. Tens of thousands of indirect jobs in transportation and commerce are supported by the company's vast logistics network, while hundreds of highly skilled technical jobs have been created by the opening of new production facilities. According to the statistics, nowadays Coca-Cola employs more than 1,600 people in Uzbekistan solely in the production sector. [3] Additionally, by supplying thousands of specialized refrigeration units to small businesses, Coca-Cola has been instrumental in modernizing Uzbekistan's retail infrastructure. In addition to guaranteeing product quality, this "cold chain" logistics investment helps regional suppliers update their business processes.

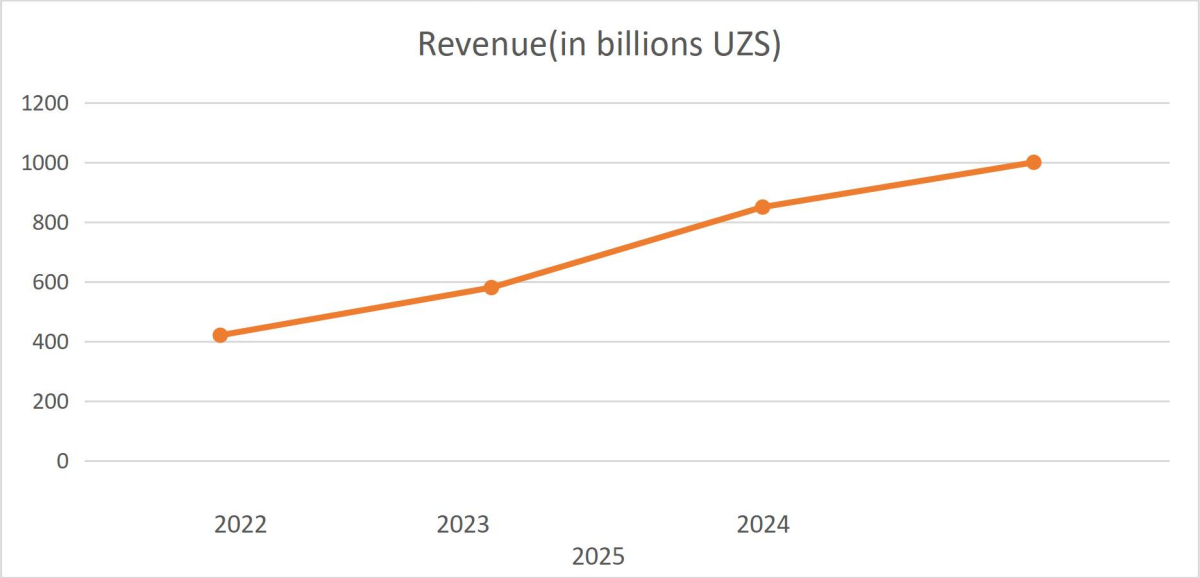
The company's dominant market share of about 47%, which it has maintained through a clever distribution strategy that guarantees its products are available in more than 90% of retail outlets nationwide, is a reflection of its financial success. [4]

Another benefit the company brings to Uzbekistan is its tax contribution. As a large multinational local production, Coca-Cola pays a number of taxes, such as corporate taxes, value-added tax (VAT), and excise-related payments. For instance, in 2024 alone, the total fiscal contribution of Coca Cola exceeded 1.1 trillion UZS, and the specific tax portion amounted to 634.2 billion UZS, highlighting its role as a major source of government income. [5]

2) KFC

One of the leaders of the catering industry, KFC entered the market in September 2018 and has since expanded to 30 restaurants across six major cities, namely Tashkent, Samarkand, Bukhara,

Fergana, Namangan and Andijan. The company's recent remarkable revenue milestones, which have established new standards for the local market, are directly responsible for this financial contribution. In accordance with the statistics, KFC became the first restaurant chain in Uzbekistan's history to generate one trillion UZS in revenue annually by the end of 2025. The remarkable 36% performance increase that drove this historic accomplishment is especially noteworthy because it happened at a time when many other market competitors were seeing decline of 3.1%.[6] In the end, this achievement shows how the "legalization" of a sector can be accelerated by the arrival of a global franchise, shifting it from unorganized operations to a structured, high-growth economic contributor.



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3.

4. Discussion&Analysis

1) Coca-Cola

Despite the fact that Coca-Cola had a revenue growth of almost 34 percent by the end of 2025, and the company is able to employ over 1,600 individuals, there are various serious side effects that Coca-Cola has for society. The initial and the most famous one is the problem associated with health. Since Coca-Cola is rich in caffeine, acid, and sugar, the product can result in the erosion of tooth enamel, obesity, type 2 diabetes, sleep disorders, and other health complications.

Environmental pollution is also another issue. Coca-Cola is sold in plastic bottles, so the company is making the plastic waste grow. Coca-Cola creates about 500 to 600 million liters of drinks annually in Uzbekistan. Assuming that each of the plastic bottles will have an average of 0.5 liters, then this would be close to 1 billion plastic bottles annually. Moreover, the national culture can also be affected by Coca-Cola drinks. In Coca-Cola ads, the drink is either presented along with national meals or in social events. This can result in the reduction of the consumption of traditional drinks like compote and tea, and slowly alter the people into traditional routines to more contemporary consumption patterns.

2) KFC

One of the best examples of how the service and retail sectors are modernized through international standards and significant investment is KFC's entry into the Uzbek market.

Beyond its financial effects, KFC has sparked a “supply chain revolution” by making local partners adhere to stringent international standards. This is particularly evident in the poultry industry, where the brand moved from importing meat to deeply integrating with regional producers like “Safi” and “Saxovat Broyler”. These companies had to implement strict International Halal Standards and international farming methods, like using the highly productive ROSS-308 breed, in order to keep their status as suppliers.[7] In addition to stabilizing prices and enhancing the quality of meat accessible to all consumers, these improvements have equipped Uzbek agricultural companies to compete in global export markets.

As previously mentioned, the company KFC has a positive effect on the economy of our society as it pays the taxes and provides people with employment opportunities, however, its negative effects in other directions also should not be ignored. To begin with, KFC has developed high trust in its brand because of its international status, which motivates many individuals to use this brand. This is also supported by the fact that at the end of 2025, KFC has received a profit of 1 trillion Uzbek sums in Uzbekistan and recorded the highest score among the fast-food cafes in the country exceeding the company EVOS that occupied the leading position up to that time. KFC experienced a growth of 36 percent in revenue, whereas the revenues of competitors are declining. The majority of its competitors are local small and large restaurants.

The increasing popularity of KFC and its turning into a staple among the customers can result in the loss of earnings of other companies and even the closure of some small companies. Moreover, KFC makes fast food that may be detrimental to the health. These are high-fat and salt foods, and they are typically accompanied by sweet carbonated beverages that may lead to various illnesses making them obese, high blood pressure, Type 2 Diabetes, etc. The other extremely destructive effect is the environmental damage. Since KFC is involved in single use packaging, this is a major contributor to the waste.

Conclusion

From analysis it can be seen that globalization is like a coin with two, positive and negative sides. While it creates substantial opportunities for developing countries, such as Uzbekistan, for economic modernization. With the entrance of international companies, including Coca-Cola and KFC, Uzbekistan benefited not only because of record-breaking tax contributions, but also local industries felt the need to adapt to international standards.

But these benefits also come with a lot of problems. The fast-food and beverage giants that are growing quickly around the world have caused long-term public health problems, like more people complaining about diabetes and obesity, as well as environmental problems, like plastic waste and single-use packaging. Also, the fact that these brands are so popular shows that there is a growing structural dependency, where the state budget and local job markets depend a lot on foreign companies staying in business and doing well.

In short, globalization has helped Uzbekistan become a high-growth country, but it has also pushed out some local competitors and changed the way people used to buy things. So, for the long-term health of the country, the government needs to find a balance between bringing in foreign direct investment and having strong health and environmental laws. To explore the further impacts of globalization, future research should concentrate on longitudinal studies examining the health effects on the Uzbek population and the alterations in educational quality to assess whether the economic benefits of globalization surpass the potential social costs.

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