

## Behind Singapore's Economic Miracle: Can Uzbekistan Follow Suit?

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**Abstract:** This article explores factors behind Singapore's remarkable economic transformation, analysing its economic policies, governance and financial incentives. The article also sheds light on whether Uzbekistan, with its unique challenges and opportunities, can replicate Singapore's incredible success. With a comparative analysis, the article highlights important lessons that Uzbekistan can learn and adapt to its own context.

**Keywords:** Economic Miracle, Uzbekistan's Development Path, Singapore Model, Central Asia's Emerging Economies, Economic Diversification, Authoritarian Leadership and Governance, Foreign Direct Investment (FDI), Human Capital Development, Strategic Location Advantage, Policy Reforms and Liberalization, Export-Oriented Growth, Public-Private Partnerships (PPPs), Challenges of Replication, Cultural and Historical Differences, Sustainable Growth Strategies.



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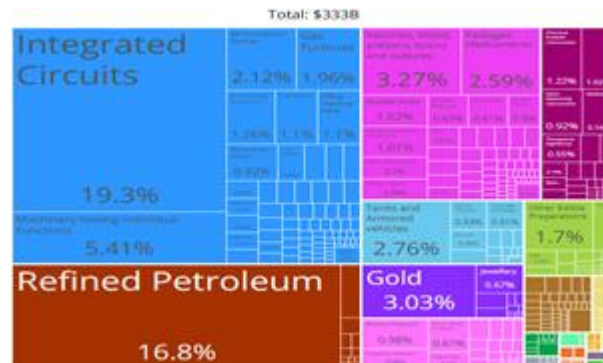
### Introduction

Singapore is an island country off the tip of Malaysia slightly smaller than Tashkent, a capital city of Uzbekistan, and home to 5.6 million people. Despite its tiny size and modest manpower, the country has an economic output of almost half a trillion US dollars, making it the 33rd largest economy in the world. The country outperforms much larger countries like the UAE, Vietnam and even Malaysia, the country directly to its North that has more manpower, more land mass and even more natural resources.

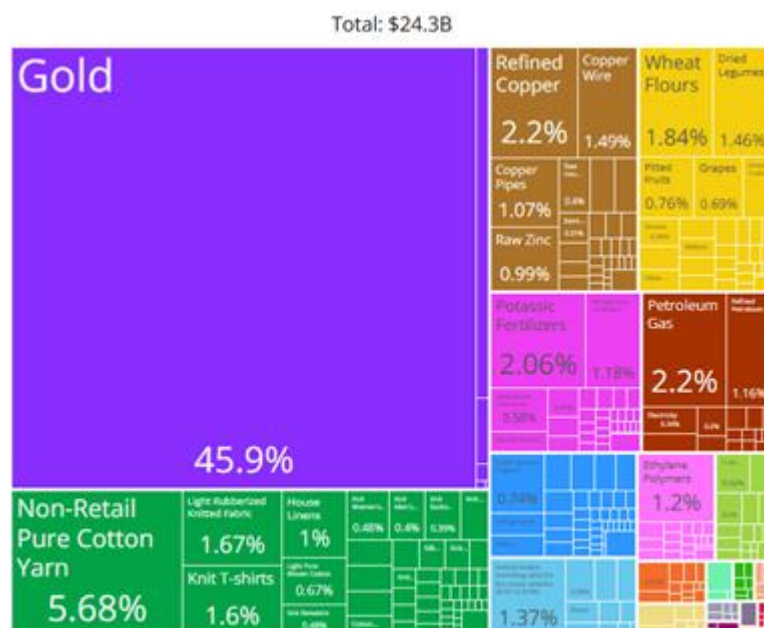
However, Singapore just five short decades ago was a desperately poor country still suffering from a long history of occupation. The remarkable success that this small island has been able to achieve in such a short amount of time is why so many countries try to replicate that success. It is common to encounter titles such as "A Singapore for Central America?" "The Kenya Is Poised to Become the 'Singapore of Africa'" and even "The Singapore of Asia" in major newspapers worldwide.

## Research and analysis

Meanwhile, Uzbekistan, despite being 622 times larger than Singapore and having a workforce 6 to 7 times greater, lags significantly behind, with an economy six times smaller and a GDP per capita 33.7 times lower than that of Singapore.



Singapore's exports, valued at \$333 billion in 2024, demonstrate a highly diversified and advanced economy. Leading exports include integrated circuits, accounting for 19.3%, and refined petroleum at 16.8%. The country also exports high-tech and pharmaceutical products such as vaccines, blood, and toxins (3.27%) and packaged medicaments (2.59%). Machinery and equipment, such as gas turbines (1.96%) and tanks and armored vehicles (2.76%), contribute significantly. Singapore's export portfolio reflects a strong emphasis on technology, innovation, and value-added industries, underpinned by its strategic focus on advanced manufacturing and global trade networks.



## Uzbekistan's Export Breakdown

Uzbekistan's exports, totaling \$24.3 billion in 2024, are heavily reliant on gold, which constitutes a significant 45.9% of the total. Other notable exports include non-retail pure cotton yarn (5.68%), petroleum gas (2.2%), refined copper (2.2%), and potassic fertilizers (2.06%). The country also exports agricultural products like wheat flours (1.84%), dried legumes (1.46%), and pitted fruits (0.76%). This breakdown highlights Uzbekistan's dependence on natural resources, raw materials, and agricultural goods, with limited focus on high-value, processed products.

The strong emphasis on technology, innovation, and value-added industries is a key factor why Singapore has much larger economic output compared to many other countries, including

Uzbekistan. This is because high-tech and pharmaceutical products are highly valued than raw materials, and agricultural goods across the world, enabling countries with advanced and diversified economies to thrive. In contrast, countries heavily reliant on a single product—whether natural resources or a specific industry—face significant challenges when market values fluctuate, as exemplified by Uzbekistan's dependence on gold export. For example, rather than exporting gold and cotton as raw materials, Uzbekistan could focus on producing finished goods such as jewelry, luxury items, high-quality fabrics, and designer clothing. These value-added products would generate significantly higher profits for the country and enhance its economic growth.

The export of raw gold versus finished jewelry provides a clear illustration of the value-added economic potential. As of recent market data, the price of raw gold averages around **\$60 per gram**, whereas finished gold jewelry often sells for **\$100–\$150 per gram**, depending on design, craftsmanship, and brand value. This significant price increase underscores the economic advantage of transitioning from raw material exports to high-value processed goods. For Uzbekistan, investing in industries that transform raw resources, such as gold, into finished products can lead to increased revenues, job creation, and economic growth.

Another compelling example of value addition can be seen in the transformation of raw cotton into finished fashion clothing. Currently, raw cotton prices range between **\$2.71 and \$4.74 per kilogram** (Selina Wamucii). However, the same kilogram of cotton, when processed into high-quality fashion garments such as shirts, dresses, or designer apparel, can yield retail prices of **\$30 to \$200 per piece**, depending on branding and craftsmanship (Statista). For instance, a single kilogram of raw cotton, which could produce approximately 3–5 shirts, could generate revenues of **\$90 to \$600**, a dramatic increase in value.

This example underscores the significant economic advantage of moving up the value chain by shifting focus from raw material exports to manufacturing and marketing finished goods. For Uzbekistan, investing in the textile and fashion industries presents an opportunity to not only boost economic gains but also create jobs, enhance global competitiveness, and diversify its export portfolio.

### Governance and Corruption Overview

Another crucial factor influencing a country's economic development is the presence of transparent government policies and a robust legal system. Countries with low corruption rates and strong protection of private rights attract more investors and international businesses. This, in turn, creates employment opportunities, raises living standards, and accelerates economic growth.

### Corruption Perception Index (CPI) 2022

Country	Rank	Score (/100)
Singapore	5	83
Uzbekistan	126	31

### Key Points:

- Singapore's impressive CPI score of 83 highlights its effective anti-corruption measures, fostering a transparent and efficient business environment.
- Uzbekistan's CPI score of 31 indicates significant corruption challenges that could hinder economic growth and development.

The contrasting levels of corruption in Uzbekistan and Singapore highlight their differing governance systems. Uzbekistan faces significant challenges with widespread corruption, ranking 126th out of 180 countries on the 2022 Corruption Perception Index (CPI), with a score of 31/100. Corruption in Uzbekistan undermines investor confidence, distorts market competition, and leads

to inefficient resource allocation, which hinders economic growth. Practices such as bribery and favoritism in public administration and law enforcement increase business costs, deter foreign investment, and reduce efficiency in service delivery, stifling innovation and economic competitiveness.

In stark contrast, Singapore ranks as one of the least corrupt countries globally, placing 5th on the CPI with a score of 83/100. Singapore's low corruption levels have cultivated a business-friendly environment marked by transparency, efficiency, and institutional trust. These attributes attract substantial foreign investment, foster fair competition, and ensure the effective utilization of resources. As a result, Singapore has achieved remarkable economic development, establishing itself as a global financial hub.

### Conclusion:

In conclusion, while it is true that no country can perfectly replicate another's economic success due to unique circumstances and challenges, there are established guidelines that can significantly accelerate economic growth. In the context of Uzbekistan, policymakers should prioritize a strategic shift from exporting raw materials to producing high-value and processed products. This can be achieved by implementing targeted incentives for potential investors, venture capitalists, and entrepreneurs, fostering a culture of innovation and value addition.

Additionally, drawing inspiration from Singapore's success story, Uzbekistan can leverage its strategic location to its advantage by enhancing trade connectivity and logistics networks. Furthermore, promoting public-private partnerships can mobilize resources and expertise for key development projects, while substantial investments in human capital through education and skills training can equip the workforce for a knowledge-based economy.

To facilitate a smooth transition and create a fertile ground for economic growth, the government should prioritize establishing a business-friendly environment characterized by streamlined regulations, efficient bureaucracy, and a strong legal framework that protects property rights and enforces contracts. These measures will boost investor confidence, stimulate private sector participation, and foster a competitive market that drives innovation and efficiency. By adopting these proactive and sustainable strategies, Uzbekistan can unlock its vast economic potential, paving the way for a prosperous and inclusive future for its citizens.

While the path to economic transformation is undoubtedly challenging and requires sustained effort, learning from successful models and adapting them to the unique context of Uzbekistan can provide valuable insights and accelerate progress. By embracing innovation, investing in human capital, and fostering a conducive business environment, Uzbekistan can position itself for a brighter economic future and emerge as a dynamic player in the global economy.

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