ORIGINAL ARTICLE

INTERNATIONAL JOURNAL OF ARTIFICIAL INTELLIGENCE

ISSN: 2692-515-x, Impact Factor: 9.23
American Academic publishers, volume 6, issue 01,2026

Journal: https://www.academicpublishers.org/journals/index.php/ijai

LAND RELATIONS REFORM IN UZBEKISTAN:LEGAL FOUNDATIONS AND ADVANTAGES OF THE PRIVATIZATION OF NON-AGRICULTURAL LAND

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Abstract

The large-scale transformations implemented in the field of land legislation in Uzbekistan are widely recognized as one of the most significant reforms in the country's modern history. In the context of rapid globalization, accelerating the privatization of non-agricultural land plots has become a matter of particular relevance for achieving sustainable and inclusive economic growth, forming a healthy competitive environment, intensifying investment flows, strengthening the confidence of the business community, and integrating land resources into full-fledged economic circulation.

Previously, land was considered exclusively state property and was granted to individuals and legal entities solely on the basis of rights of use, possession, or lease. At present, however, legal opportunities have been created to formalize non-agricultural land as private property.

The regulatory legal acts adopted in recent years have established the legal foundations for the privatization of non-agricultural land and may be regarded as a truly transformative step in the development of land relations in Uzbekistan.

Keywords

non-agricultural land plots, privatization, "YERXUSUSIYLASHTIRISH" automated information system, property rights, inviolability of property, law.

Introduction:

Land is one of the key factors of production and a strategic resource for sustainable economic development. During the transitional period of economic modernization in Uzbekistan, issues related to the rational use of land resources and the improvement of legal regulation of land relations have gained particular significance.



The land reform implemented in the country is aimed at creating an effective institutional environment that stimulates private investment, enhances economic competitiveness, and promotes infrastructure development. One of the key directions of this reform is the privatization of land plots designated for non-agricultural use.

Necessity of Reforms:

Until recently, land plots in Uzbekistan were classified as state property and were allocated to legal entities and individuals solely for temporary use in order to conduct entrepreneurial or urban development activities. Although residential buildings belonging to private individuals were recognized as private property, the underlying land remained under state ownership.

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This legal framework restricted the full economic utilization of land as a productive asset, limited the effective protection of property rights, and negatively impacted investment attractiveness.

Accordingly, in the context of economic liberalization, strengthening the inviolability of private property, and enhancing the efficiency of land use, comprehensive reforms of the land legislation were initiated. Central to these reforms was the introduction of a legal mechanism for recognizing private ownership rights over land.

Specifically, the enactment of **Law No. 552 of 13 August 2019** on the privatization of non-agricultural land constituted a foundational step in formally recognizing private property rights to land. This legislative instrument was subsequently refined, with a revised version adopted in 2021, followed by the issuance of several subordinate regulatory acts to ensure effective implementation.

Privatization Procedures:

The privatization of non-agricultural land plots in Uzbekistan is regulated by several legislative acts. The principal legal framework is provided by the Law of the Republic of Uzbekistan **"On the Privatization of Non-Agricultural Land Plots."** This law governs relations in the field of privatization of non-agricultural land, establishing that the process must be carried out in accordance with the principles of legality, voluntariness, compensation, integrity of the land and immovable property located thereon, as well as openness and transparency.

Under the current legal framework, the objects eligible for privatization include land plots allocated to legal entities for entrepreneurial, urban development, or other activities not prohibited by law, land plots provided to citizens of the Republic of Uzbekistan for individual housing construction and improvement, land plots associated with state-owned immovable property designated for privatization and vacant land plots.

These categories of land constitute the core objects of privatization under the Law, ensuring that the transfer of rights is legally regulated, transparent, and protects the integrity of the property involved.

The following categories of land plots are not subject to privatization under the current legislation of Uzbekistan:

- Land plots containing mineral resources, except for widespread minerals whose reserves are not recorded in the state balance of mineral resources;
- Land plots designated for the protection of nature, environmental rehabilitation, recreation, and historical-cultural purposes, including forests and water fund lands, as well as lands of general use within cities and towns (such as squares, streets, lanes, roads, riverbanks, parks, gardens, boulevards, and recreational areas);
- Land plots containing state-owned immovable property that, according to legislation, cannot be privatized;
- Land plots located within zones where urban development activities are restricted under legislation;

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- Land plots contaminated with hazardous substances or subjected to biogenic poisoning;
- Land plots allocated to participants of special economic zones in accordance with the established legal procedure, for the duration of the operation of the special economic zone;
- Land plots occupied by multi-apartment residential buildings, as well as land plots adjacent to such residential buildings;
- Land plots allocated for the implementation of public-private partnership projects, social partnership agreements, or for public purposes granted to legal entities.

These categories are **exempt from privatization** to ensure public safety, environmental protection, historical and cultural preservation, and the effective functioning of state-regulated projects and infrastructure.

The coordination of the privatization process and the regulation of its implementation are governed by the Law of the Republic of Uzbekistan "On the Privatization of Non-Agricultural Land Plots" and are carried out in cooperation with the Cabinet of Ministers of the Republic of Uzbekistan, local government authorities, the Cadastre Agency under the National Committee for Sustainable Development of Urbanization and the Housing Market, the State Assets Management Agency, and other relevant state bodies.

The privatization of land plots is conducted through the acquisition of land by citizens and legal entities of the Republic of Uzbekistan who have the right to permanent use (possession), lease, or lifelong ownership subject to inheritance. This process is implemented via the "Yer xususiylashtirish" automated information system, which ensures transparency, traceability, and legal compliance.

Upon receipt of an application, within **five working days**, the district (or city) construction and housing-communal services department examines the requested land plot to verify:

- its urban development planning in accordance with city planning documents;
- conformity with zoning restrictions established by legislation;
- whether the land plot is located within a restricted-use area;
- the presence of multi-apartment residential buildings on the plot;
- whether the land plot is adjacent to multi-apartment residential buildings.

This coordinated procedure ensures that the privatization of non-agricultural land is carried out in accordance with urban planning requirements, legal restrictions, and principles of transparency and legality, thereby protecting both public and private interests.

The presence of information in approved master plans of settlements, detailed planning projects of settlement sections, or other documents related to comprehensive development and construction **of** territories that directly prevents the privatization of land plots, as well as the location of the land plot within zones where the use of land is restricted under legislation for urban development purposes, constitute legitimate grounds for the district (or city) construction and housing-communal services department to refuse an application for the privatization of the land plot**.**

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This provision ensures that the privatization process is consistent with urban planning regulations, legal restrictions, and sustainable development principles**,** thereby safeguarding public interests and maintaining the integrity of spatial planning frameworks.

The **National Committee for Ecology and Climate Change of the Republic of Karakalpakstan**, together with the **Departments of Ecology and Climate Change of the regions and Tashkent city**, conduct inspections of land plots located in areas contaminated with hazardous substances or exposed to biogenic poisoning.

In this context, the district (or city) branches of the State Cadastre Chamber are authorized to verify:

- availability of a topographic plan for the land plot;
- consistency of information provided in the application regarding the land plot and its legal owner with the data recorded in the State Register of Rights to Immovable Property;
- conformity of information regarding the owner of the land plot with data about the owners of buildings and structures located on that plot;
- alignment of the land plot boundaries on-site with the data contained in cadastral documents.

This verification ensures that the privatization of land plots is carried out in accordance with legal property rights, cadastral accuracy, and environmental safety requirements, thereby protecting both public and private interests.

Considering that the privatization of land is carried out on a compensatory basis**,** under the current procedure the privatization amount is determined based on the total of the land plot area, the applicable tax rate, and the primary expenses incurred by the authorized state authorities**.**

This approach ensures that the transfer of land ownership is conducted in a **legally regulated, transparent, and economically justified manner**, reflecting both the market value of the land and the administrative costs associated with its privatization.

However, when calculating the amount payable for privatization, it is appropriate to take into account the **location of the land plot, the degree of engineering and utility infrastructure provision, and the intended purpose of land use**.

Accordingly, the payment amount should be determined based on the following **calculation methods**:

$$\mathbf{C_{pr} = S \times K_c \times K_l \times K_i \times K_u}$$

where:

- $\mathbf{C_{pr}}$ – privatization cost of the land plot (uzb soums);
- **S** – area of the land plot (in square meters);
- $\mathbf{K_c}$ – base cadastral value per 1 m² of land (UZS/m²);
- $\mathbf{K_l}$ – location coefficient (territorial adjustment factor);
- $\mathbf{K_i}$ – the engineering and infrastructure provision coefficient;

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- $\mathbf{K_u}$ – land-use purpose coefficient.

In turn, calculating the privatization amount using such a methodology allows for an increase in the funds payable for privatization, which in turn enhances the revenues of the Republic
of Karakalpakstan, regional budgets, and the Tashkent city budget, increases the capacity to compensate for property losses incurred by individuals and legal entities and facilitates the allocation of greater financial resources for the development of business project infrastructure by entrepreneurs. This approach ensures that the privatization process is not only **economically efficient** but also contributes to **sustainable regional development and investment attractiveness**.

Essence and Advantages of Privatization:

One of the fundamental principles of land privatization is that the process must be carried out voluntarily, at the discretion of citizens and legal entities**,** and any form of coercion is strictly prohibited.

Surveys and studies indicate that the majority of landowners hold the belief that their land plots – which they occupy or have been using for years – will not be interfered with, reflecting a strong sense of security and continuity in land use.

However, in 2022, the **Law of the Republic of Uzbekistan on Procedures for the Expropriation of Land Plots for Public Needs in Exchange for Compensation** was adopted, establishing a legal framework for the compulsory acquisition of land for public purposes**,** provided that fair compensation is granted to landowners.

The Law establishes procedures for the compulsory acquisition of land plots or their parts for public needs in exchange for compensation, including land that is subject to heritable lifelong ownership, permanent ownership, permanent use, term (temporary) use, or lease rights.

However, the Law explicitly does not apply to land plots that are already held by individuals or legal entities under property rights**.** Consequently, if a landowner chooses to privatize a land plot assigned to them, its acquisition for public purposes can occur only upon payment of the amount desired by the owner, and public projects will not be implemented on such land without the owner's consent.

At the same time, the ongoing process of globalization, the inflow of investments into regions, the construction of new buildings and complexes, and the development of urban planning documentation necessitate improvements in the current situation. These measures aim to modernize the appearance of districts and cities, improve their infrastructure, and create a contemporary urban environment.

Moreover, to simplify the privatization process, ensure transparency, and minimize human factors (prevent corruption), applications for land privatization are processed through the **"YERXUSUSIYLASHTIRISH"** automated information system**.**

It is widely recognized that vacant land plots granted under heritable lifelong ownership, permanent ownership, permanent use, term (temporary) use, or lease rights cannot be sold directly. In practice, land users often construct buildings on these plots and subsequently sell the building along with the land. To avoid such complications or unnecessary expenses, the

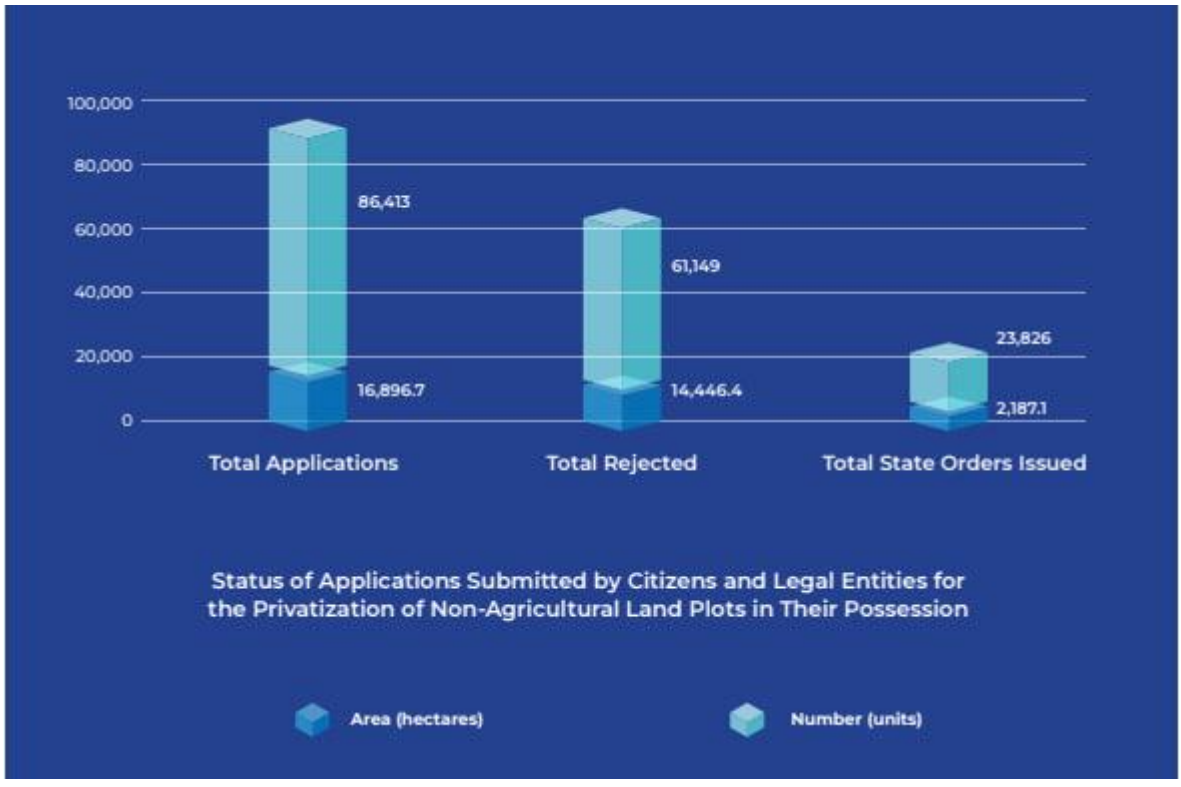
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privatization of vacant land allows for direct purchase and resale of these plots**,** as provided by current legislation.

Furthermore, private property arising from the transfer and privatization of state assets is inviolable**.** The results of state disposals and privatization cannot be reviewed, revoked, or annulled. State authorities, including supervisory, law enforcement, and judicial bodies, are prohibited from initiating reconsideration, invalidation, or annulment of the results of privatization, including the valuation of privatized objects.

This legal protection of property inviolability fosters investor confidence and encourages the inflow of capital into the regions.

Currently, approximately over **86,000 subjects nationwide** have expressed interest in privatizing the land plots they occupy**,** and this number is steadily increasing. Privatization provides land users with legal guarantees, security, transformation of land into an economic asset, and the ability to leverage available financial resources**.**



https://davaktiv.uz/uploads/docs/Uzsama_ENG_2025.pdf

Conclusion

The reform examined in this study should be understood not merely as a modification of land ownership arrangements, but as a **core institutional transformation within the broader framework of administrative and economic governance reforms** in Uzbekistan. From the perspective of institutional economics, the reform strengthens the **formalization and enforceability of property rights**, which constitutes a fundamental precondition for reducing transaction costs and enhancing market efficiency.

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By establishing a **stable and predictable legal regime for private land ownership**, the reform enables the full integration of land into formal economic circulation. This institutional shift allows land to function as a **transferable, mortgageable, and investment-grade asset**, thereby expanding its role within capital markets and facilitating more efficient resource allocation. In land governance terms, the reform enhances **tenure security, legal certainty, and regulatory transparency**, which are critical determinants of investment behavior and long-term development outcomes.

As a result, land increasingly transitions from a quasi-administrative resource into a **market-based economic asset**, significantly broadening the economic agency and investment capacity of landholders. The strengthened protection of ownership rights mitigates expropriation risk, improves expectations of policy stability, and reinforces trust in public institutions—factors widely recognized in the literature as essential for private sector development.

Overall, by improving land-use efficiency, reinforcing institutional credibility, and enhancing the investment climate, the reform represents a **strategically significant advancement in Uzbekistan's land governance system**. It contributes to sustainable market-oriented development, supports inclusive economic growth, and strengthens the confidence of domestic and foreign investors, thereby aligning national land policy with internationally recognized principles of effective land governance.

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