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SPECIAL EDITION UZBEKISTAN

P409937 - v.u. Barbara Dietrich - Beiaardlaan 25b - 1850 Grimbergen. Afgitekantoor Mechelen X

WWW.DIPLOMATIC-WORLD.COM

KLAUS MANGOLD

CHAIRMAN

MANGOLD CONSULTING GmbH

CO-CHAIR OF THE SUPERVISORY BOARD

EUROPE-UZBEKISTAN

ASSOCIATION FOR ECONOMIC COOPERATION

Putting Uzbekistan on the map for
investors and businesses

IN NOVEMBER 2019, THE EUROPE-UZBEKISTAN ASSOCIATION FOR ECONOMIC COOPERATION (EUROUZ) WAS FORMALLY ESTABLISHED, WHICH YOU HAVE JOINED AS THE CO-CHAIR OF THE SUPERVISORY BOARD. AS A RECENT ORGANIZATION, COULD YOU EXPLAIN TO OUR READERS THE VISION AND OBJECTIVES OF EUROUZ DURING THIS INITIAL PHASE?

The reforms undertaken by Uzbekistan in recent years are tremendous and demonstrate the country's general new openness and its desire to become part of the international economy, especially Europe and Germany. The country has become significantly more attractive for investors and the European society, because during the past decades Uzbekistan has been a black box for the European community.

Now that Uzbekistan welcomes European companies to the country, they are experiencing an acute lack of quality information on the opportunities and potential of Uzbekistan's market which has created a gap between Uzbekistan and Europe.

EUROUZ (Europe-Uzbekistan Association on Economic Cooperation) is a non-governmental and non-profit organization which serves the purpose of enhancing the relationship between Uzbekistan and the European business community on a much larger scale by filling that gap by providing reliable & up-to-date information on market conditions in Uzbekistan.

This association assists the Government of the Republic of Uzbekistan and the European Business Community in establishing, strengthening and supporting business, investment and trade cooperation between Uzbekistan and the countries of the EU Customs Union and European Free Trade Association.

The support of EUROUZ is a good sign and a convincing symbol for the support of Uzbekistan's leadership to promote private business initiatives – independent from state organizations.

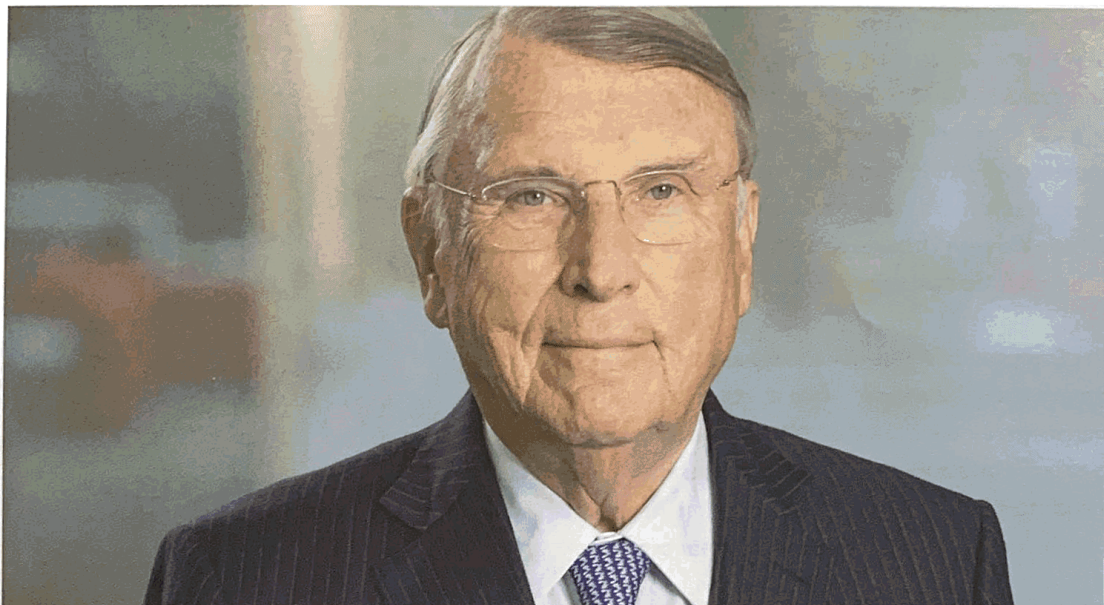
Since Uzbekistan is a very attractive and promising market for the European business community, we establish a direct dialogue with the potential partners and investors in order to boost the mutual trade with the countries of European Economic Area.

There are many exciting projects coming up that need proper attention and support from European countries to solve the issues that could have an impact both on economic and political relations. So we work on expanding the presence of European business and technology in various areas of Uzbekistan's economy.

The creation of our business platform, that covers all European countries, will considerably increase the effectiveness of the economic dialogue between Uzbekistan and the business community of the EEA countries.

HOW SPECIFICALLY DO YOU INTEND TO HELP EU BUSINESSES INTERESTED IN INVESTING IN UZBEKISTAN? DO YOU ENVISAGE SETTING UP DIALOGUE MECHANISMS TO BRIDGE THE EUROPEAN BUSINESS COMMUNITY AND THE GOVERNMENT OF UZBEKISTAN?

EUROUZ was created exactly out of the idea to set up a bridge between Uzbekistan and European Union for the above mentioned gap that resulted in the past decades. The government of Uzbekistan is making enormous efforts to provide the necessary support for its business community and to make it more independent than before.



Klaus Mangold

Therefore, our goal is to build a successful bridge for the European business community not only with the government of Uzbekistan, but with the business community of Uzbekistan itself.

One of our first tasks, as soon as EUROUZ was created, was to provide high quality information to the potential investors in the EU about big chances, challenges and great opportunities of doing business today in Uzbekistan. Thus, we provide a detailed review of economic, financial, industrial, political and social sectors of Uzbekistan on a monthly basis to our partners, members and all interested parties.

Another of our key priorities was to intensify the dialogue and exchange by organizing joint governmental working groups and targeted business delegations of EU business representatives to Uzbekistan as well as from Uzbekistan to EU.

What is the use of interesting information that we provide if neither EU investors nor Uzbekistan can experience it on their own by becoming acquainted with the respective people, culture and know-how of both parties.

There are, of course, many more tools to secure and enhance the communication but they are limited at the moment. Obviously, the current state of the world makes us rethink our choices and look for new ways of communication. As the world shut down, we started successfully regularly organizing video conferences on different industries and development areas of Uzbekistan by presenting not only current situation of the country in regard to COVID-19, but also business opportunities for European countries despite this COVID-19 pandemic.

Such conferences include both business and political representatives of embassies or state bodies of Uzbekistan to guarantee a direct communication with potential investors.

As effective the online communication may be, it offers only a limited set of possibilities and cannot fully replace the real life connection and experience. Therefore, as soon as the virus will be beaten and travelling will be safe and possible, we will introduce many more dialogue mechanisms and ultimately build the strongest bridge between the European Union and Uzbekistan.

THE TASHKENT INTERNATIONAL INVESTMENT FORUM WILL BE A MAJOR PLATFORM FOR THE DISCUSSION OF STRATEGIES TO ENHANCE THE ROLE OF UZBEKISTAN ON THE INTERNATIONAL INVESTMENT MARKET. WHAT ARE YOUR EXPECTATIONS TOWARDS IT?

Since the Tashkent International Investment Forum will be the first one of its kind in Uzbekistan I believe that it will be a very important milestone in the revival and further development of the economy after the COVID-19 pandemic. This forum will take Uzbekistan on a whole new level and introduce the undetected rich and enormous opportunities and potential of Uzbekistan to the whole world. The Tashkent International Forum will be a platform not only for discussion of strategies but also for exchange of international expertise and know-how.

For several years now, the most populous country in Central Asia, with a population of 34 million people, has been showing high growth rates of GDP, most recently 5.6 percent in 2019 (in 2016 it was almost 8 percent). This puts Uzbekistan in first place in Central Asia.

Even during the Corona crisis international institutions expect the GDP of Uzbekistan to be positive in 2020 – around 1.5 percent. Reopened borders for the trade in goods, new and revitalized regional transport corridors, and agreements with neighboring countries on joint projects in energy, agriculture, textile, manufacturing, tourism and many other valuable resources undoubtedly already increase Uzbekistan's attractiveness as a business and investment location.

The European business community and the whole world got very curious about Uzbekistan since its opening and are attentively watching over the current activities and development of this previously mysterious country. So the Tashkent International Investment Forum will offer a huge platform for exchange of knowledge, experience and know-how for everyone.

Photo by Mangold Consulting GmbH

Mangold Consulting GmbH

Mangold Consulting GmbH was founded by Prof. Dr. Klaus Mangold in 2003 with focus on Russian Federation, Central European and Central Asian countries. We advise in strategy, Mergers & Acquisitions, government relations, start-ups and challenging transactions. Over almost twenty years Prof. Dr. Klaus Mangold has successfully implemented projects in most various fields such as oil&gas, energy, automotive and machinery industry as well as in education and healthcare. The company is maintaining strategic relationships with the respective governments as well as with leading decision makers of our partnership countries.

As member of various Supervisory Boards of European and Central Asian organizations and companies, including Knorr-Bremse AG, Rothschild Bank, Tiriak Foundation, Baiterek National Management Holding JSC of Kazakhstan or EUROUZ, Prof. Dr. Klaus Mangold has successfully contributed to strengthening the economic, political and social cooperation of Germany with other European and Central Asian countries, and continues to do so. Mangold Consulting is happy to welcome any kind of international business opportunities, and guarantees to provide strong expertise and full support.



JOHAN VANDERPLAETSE PRESIDENT RUSSIA & CIS SCHNEIDER ELECTRIC

For Schneider Electric Uzbekistan is a promising
dynamically developing market

LAST YEAR, SCHNEIDER ELECTRIC OPENED NEW OFFICE IN UZBEKISTAN. WHAT ARE THE REASONS BEHIND SCHNEIDER ELECTRIC'S EXPANSION INTO THE UZBEK MARKET AND WHAT PROJECTS ARE PLANNED?

Schneider Electric's presence in the markets of Russia and the CIS countries traces back to over 40 years. In the CIS, we own 6 factories, 35 offices in different locations, three large logistics centers and two Research & Development (R&D) centers – so the company is actively expanding. At the moment, representative offices of the company and its subsidiaries are open in Uzbekistan, Armenia, Belarus, and Kazakhstan. In total, over 8,000 people work in the company on the territory of the CIS, and our partner network includes over 800 companies. Such an extensive presence of the global company on the CIS market is quite unique, and for us it is a strategic decision - to be closer to our customers, to provide them with the most modern products that fully meet all technical and legislative requirements, to provide them with the fastest possible terms of service.

The Republic of Uzbekistan is a promising, dynamically developing market, which has embarked on the path of modernization and increasing its industrial potential. Being unconditionally committed to long-term development in Uzbekistan, we opened in April 2019 an official representative office in Tashkent. During the event we were honored to welcome a great number of Uzbekistan business representatives, government representatives and the Ambassador of France to the Republic of Uzbekistan. Before the launch we had a productive meeting with Botir Khodjaev, the Minister of Economy and Industry of the

Republic of Uzbekistan. Alike we do globally, Schneider Electric in Uzbekistan will offer solutions for industrial automation and digitalization and management and optimization of power supply and distribution. Our key customers are companies in the following sectors: energy and oil and gas, transport, petrochemical industry, metals and mining, civil and industrial construction, food and beverage, pharma, hospitals, telecom and finance.

For example, we provided equipment for the construction and commissioning of the Tashkent Metallurgic Plant, for the construction of the new residences at Tashkent City area. We made energy control more effective in the scope of the enlargement of the International Center for package commutation and data transfer of Uzbekelekom and very recently we completed a modernization project of water supply systems in the cities of Samarkand, Jizzakh, Kashkadarya. So, the spectrum of our projects in Uzbekistan is truly rich.

HOW DO YOU ASSESS THE INDUSTRIAL POTENTIAL OF UZBEKISTAN IN THE CONTEXT OF THE ONGOING REFORM PROCESS TOWARDS A GREATER OPENNESS AND MODERNIZATION OF THE ECONOMY?

Changes at the Government and subsequent reforms aimed at modernization and the liberalization of the economy created favorable business climate and opened new opportunities in Uzbekistan for international investors.

Last year in my additional capacity of Chairman of the Association of European Businesses (AEB) I led the Delegation of 29 participants, including six regional CEOs, from 20 AEB member-companies representing different sectors of the economy, including energy, machine-building, electric and chemical engineering, pharmaceuticals, logistics, HR and several others. We had a number of productive meetings with the Ministry of Investment and Foreign Trade, Ministry of Industry and Economic Development and other authorities. All those discussions persuaded most of the foreign business representatives to consider Uzbekistan as the next country for their business expansion.

Schneider Electric has launched its own production line at the plant of ENERGO SYSTEMA NVA, where we produce low and high-voltage equipment.

HOW CAN SCHNEIDER ELECTRIC CONTRIBUTE TO A MORE EFFICIENT DEVELOPMENT OF SPECIFIC INDUSTRIES IN UZBEKISTAN, INCLUDING OIL, GAS, TRANSPORT AND CONSTRUCTION?

One of the most powerful transformation drivers is the digitization of the economy. The Internet of Things, Artificial Intelligence, Big Data Analytics - these are just some of the technologies that, on one hand, help us to become more competitive, and, on the other, pose new challenges for us. The demand for electricity is rapidly increasing. It is expected to double by 2050, and this is primarily due to the increase in population and global economic growth. Every day, unplanned production downtime is costing more and operating costs rise. It is obvious that in the future this process - digitization of as many processes as possible in companies and enterprises - will only deepen.

Schneider Electric started digitalizing industry 30 years ago, long before the disruption of Internet of Things (IoT). We brought the internet to factories and connected production lines: that's when we got electronic control circuits and started building a digital ecosystem.

We created EcoStruxure architecture, which is based on the Industrial Internet of Things. With connected field devices, control, data processing and collection, specialized applications, analytics and services, EcoStruxure architecture offers a scalable solution and provides a high level of cyber security for each production site. The system is three-level.

At the first level, we create connected products. At the second level, we need edge control: these are SCADA (Supervisory Control And Data Acquisition) systems, automated security systems, and distributed control systems. And the third level is applications, analytics, services. This is the cloud layer, and it receives data from connected products and equipment, from control and monitoring systems. In the cloud, you can manipulate data,



Johan Vanderplaetse

identify patterns, and create algorithms to predict equipment maintenance, predict trends, and conserve resources.

When it comes to power supply, EcoStruxure allows equipment to speak. The first level "identifies the symptoms", the second "makes a diagnosis", and the third "gives a prescription for treatment". Already two levels make it possible to see the status of all equipment, receive reports and alerts in real time. The user will know in advance if there is a need for preventive maintenance.

In order to make digital technologies flourishing on the local market we need to keep in mind the need for training the qualified personnel. We started this work in several directions.

Firstly, we are in talks with the universities of Uzbekistan to determine the most suitable site for training students. We also develop training centers of our partners, who in turn offer their services for training and retraining of personnel to their customers. In addition, those who wish can improve their qualifications on the basis of our own training centers located around the world.

We still have a lot to do, but the first step has already been taken. We are certainly ready to support and help in the implementation of startups in Uzbekistan. These are the sites where fresh innovative ideas are born that move both the industry and the digital economy into the future.

Photo by Schneider Electric