



MONTHLY REPORT ON UZBEKISTAN

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**Europe-Uzbekistan Association for Economic
Cooperation (EUROUZ)**

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1. EUROUZ NEWS.

EUROUZ helps deliver medical equipment with a total value of 80.000 EURO to Uzbekistan as humanitarian aid.

This august the European-Uzbekistan Association for Economic Cooperation has co-organized a delivery of two separate humanitarian shipments of medical equipment to Uzbekistan to support the country's government in the fight against COVID-19.

EUROUZ has closely collaborated with two member companies: Pietro Fiorentini (Italy) & Çalık Holding (Turkey) as well as the Embassy of Uzbekistan in Benelux countries and has jointly arranged for a successful purchase & delivery of 17 portable ICU ventilators to the Ministry of Healthcare of Uzbekistan.

On a separate occasion, though a close collaboration with the Uzbek community in Europe and the UAE, the EUROUZ team has arranged for a purchase and delivery of 50 oxygen concentrators and one ICU ventilator, all of which were distributed to remote regional clinics across Uzbekistan after their delivery to the country. 24 of the units and the ICU ventilator were fully sponsored by EUROUZ staff members.

All the equipment supplied in both shipments had been purchased in Germany and delivered to Uzbekistan with the support of Uzbekistan Airways.

EUROUZ & AEB Board Members address Uzbekistan's transformation.

In a special publication of the Diplomatic World Magazine published in Brussels at the occasion of Uzbekistan's 29th anniversary of Independence, Prof. Dr. Klaus Mangold, the Chairman of Mangold Consulting and Co-Chair of the EUROUZ Supervisory Board and Johan Vanderplaetse, President for Russia and CIS of Schneider Electric and Chairman of the Board of the Association of European Businesses in the Russian Federation have contributed with their thoughts on Uzbekistan's recent transformation and their views on the future developments that could be expected. [[Download LINK](#) visit <https://eurouz.com/news>]

2. SPECIAL UPDATE – COVID-19

- As of Sept 9th - the number of confirmed COVID-19 cases in Uzbekistan has exceeded **44.5 thousand** with more than **41.8 thousand (94%)** individuals who have recovered and **362 confirmed deaths**. The daily infection rate published by the government stands at approximately **300 new daily cases**.
- Uzbekistan started to loosen quarantine restrictions as of August 15th;
- The Federal Government of Germany has allocated EUR 2 million in aid to Uzbekistan for combatting the pandemic.

- Qatar has allocated USD 200,000 to Uzbekistan to fight COVID-19. The funds have been transferred to the account of the Karakalpak branch of the Republican Scientific Center for Emergency Aid;
- China is set to allocate around USD 3 million for upgrading quarantine laboratories in Uzbekistan.
- ABD and AIIB are allocating additional funds for Uzbekistan to contain the spread of COVID-19 and boost the capacity of the healthcare system over the next two years (see Attachment 1)
- Uzbekistan has also updated its procedures for the quarantine for the passengers entering the country from abroad, which are still divided into green-yellow and red zones:
 - the quarantine period for the passengers arriving from red zones is set at 14 days with an obligatory negative PCR test to be produced on arrival, which has to be taken up to 72h prior to the person boarding a flight to Uzbekistan. The quarantine period can be spent either in a Government designated hotel or at home at the discretion of the passenger.
 - the passengers arriving from yellow designated countries can leave the airport immediately upon producing negative PCR test results taken up to 72h prior to boarding the flight. Alternatively, they can also take an express test available at Uzbekistan's airport.
 - the passengers arriving from green designated zones can freely leave the airport upon arrival without further tests or certificates obtained prior to boarding their flight.
 - The list of zones is currently being updated with the latest available published in mid-august. The EU, except Spain is listed as yellow zone on that document.
- Uzbekistan joins the international COVAX Facility program, which provides access to the vaccines against COVID-19
- 2,139 small businesses suspended their activities due to the pandemic over Q2-2020
 - 871 small businesses in trade, 571 in industry, 191 in foodservice
- Systematic measures are being taken to mitigate the negative impact of the coronavirus pandemic on living standards, to provide social protection & financial aid to vulnerable groups:
 - one-time financial assistance to the following groups of population in September 2020:
 - children under the age of 16 from families included in the list of families in need of financial assistance, children under 16 years of age of families receiving a survivor's pension and children under the age of 16 with disabilities.
 - one-time financial aid for each child under 16 years old in the amount of 500 thousand soms (approx. USD 48)

3. ECONOMIC OVERVIEW

3.1 LOCAL LEVEL

State Statistics Committee has published the inflation rate of consumer prices for August 2020

- In August 2020, consumer prices and tariffs rose by an average of 0.5 percent.
- In January-August 2020, consumer prices rose on average by 4.8 percent.
- The average annual increase in the price of goods and services (compared to August 2019) was 11.7 percent.
- In August 2019, the prices of goods and services increased by 2.9 percent (3.2 percent – not including changes in fruit and vegetable prices).
- In January-August 2019, the prices of goods and services increased by an average of 8.2 percent. This year, the prices of goods and services were 16.5 percent higher compared to August 2019.
- The average monthly growth of the consumer price index was 0.6 percent in January-August 2020, which was 1.0 percent in the same period of 2019.

Uzbekistan to form a reserve fund of 500 billion soms (48.8 million USD) to support vulnerable groups of population

President Shavkat Mirziyoyev instructed to form a reserve of 500 billion soms by December 1st, 2020. Additional state monetary reserves would be allocated for these purposes, but the State Tax Committee was also instructed to focus on the need to increase state tax revenues through further steps of reducing the country's shadow economy.

Children from low-income families to receive 426 billion soms (41,5 million USD) in September 2020

Financial assistance of around 426 billion soms will be allocated in order to provide children from families in need and children with disabilities with financial assistance and support, such as winter clothing, school uniforms and school supplies. This was announced by President Shavkat Mirziyoyev at a solemn event dedicated to the 29th anniversary of independence at the Kuksaroy residence on September 1st 2020.

Legislative & executive brunches address key focus areas for next phase of reform

The Senate Chairperson, the Chairman of the Republican Council for Work with International Ratings and Indices, Mrs. Tanzila Narbayeva, and the Minister of Finance, Timur Ishmetov, held a public discussion of the measures for improving the position of Uzbekistan in the Global Competitiveness and Openness of the Budget indices.

The following indicators have been listed as key focus areas for the planned executive & legislative reforms: ensuring budget transparency, strengthening parliamentary oversight of budget implementation, strengthening the role of local councils of people's deputies and increasing citizens' participation in budget formation. The importance of bringing national

auditing and accounting standards in line with international standards was also listed as one of key priority areas for both the legislative and executive branches.

3.2 REGIONAL, BILATERAL & MULTILATERAL COOPERATION

Bavaria is ready to support the development of industrial clusters in Uzbekistan

The Ambassador of Uzbekistan to Germany Nabijon Kasimov held bilateral contacts with the State Secretary of the Ministry of Economy, Regional Development and Energy of Bavaria - Roland Weigert.

Among the items discussed were: (a) the prospects for the development of industrial clusters and industrial parks in Uzbekistan with the participation of Bavarian companies and financial institutions, (b) participation of Bavarian companies to share experience in organizing and managing industrial parks and clusters, (c) bilateral cooperation in the field of information technology, in particular, the establishment of partnerships between specialized educational institutions for the organization of trainings and implementation of start-up projects.

An agreement was reached to hold in a series of videoconferences between Uzbek and Bavarian institutions and companies to discuss and agree on possible joint projects.

Cotton and textile clusters of Uzbekistan are looking to link with global brands

The advisory board of the International Finance Corporation (IFC) held a videoconference on the development of environmentally sustainable cotton production in Uzbekistan. The event was attended by the representatives of the World Bank Group, the German Society for International Cooperation (GIZ), the Better Cotton Initiative (BCI), the Responsible Sourcing Network (Network of Responsible Suppliers), non-governmental organizations of Cotton Campaign coalition and foreign textile companies. Uzbekistan was represented by the heads of the Ministry of Investments and Foreign Trade, the Ministry of Agriculture, the Ministry of Water Management, the Ministry of Employment and Labor Relations, the Uztexstilsanoat Association, sectorial authorities, as well as the leaders of cotton and textile clusters.

The meeting addressed current results of the project to promote reforms in the cotton sector and the introduction of modern methods of cotton production that meet the requirements of sustainability and supply of the international markets, including the introduction of the BCI Standards System.

The parties have reached an agreement on intensifying contacts regarding a draft agreement on responsible sources of supply, which would allow Uzbekistan's cotton and textile clusters to cooperate with the world's largest brands.

The United Kingdom may provide technical support to Uzbekistan in the development of statistics and tax administration

On August 24 this year, the Deputy Prime Minister and Minister of Economic Development and Poverty Reduction, Jamshid Kuchkarov, spoke with the Ambassador Extraordinary and Plenipotentiary of the United Kingdom to Uzbekistan, Tim Torlot. The meeting was also attended by the Minister of Finance Timur Ishmetov, the Minister of Employment and Labor Relations Nozim Husanov and the Chairman of the State Statistical Committee Bakhodir Begalov, as well as representatives of other related agencies.

The meeting focused on the introduction of International Financial Reporting Standards in Uzbekistan, the organization of systems for the examination of professional auditors based on these standards, and cooperation in the attestation. The parties expressed interest in exchanging views and considering the experience of the British government in terms of tax administration. Technical support for the development of statistics in the Republic of Uzbekistan was also highlighted as a key aspect of the current cooperation with the UK.

Uzbekistan and India are preparing agreement on promotion and mutual protection of investments

On August 24, the Uzbekistan – Indian Committee for Coordination and Promotion of Practical Implementation of Bilateral Agreements held its first meeting via videoconference. The sides have reached an agreement to accelerate the preparation and signing of the Agreement on Encouragement and Reciprocal Protection of Investments and the Agreement on Preferential Trade.

Uzbekistan and Pakistan to expand cooperation in implementing transport-communication and energy projects

On August 12, Foreign Minister of Uzbekistan Abdulaziz Kamilov held a meeting with his counterpart from Pakistan Makhdoom Shah Mahmood Qureshi via videoconference. The parties exchanged views on the issues of bilateral cooperation and intensification of trade-economic relations. Special attention was paid to expanding cooperation between the two countries to promote the peace process in Afghanistan, implementing transport-communication and energy projects. The parties also exchanged views on other issues of mutual interest.

Uzbekistan is supporting an economic revival in Afghanistan

On August 26, an online conference was held on the topic "Opportunities of Russia and the Central Asian States in Afghanistan", organized by the Institute for Strategic and Interregional Studies under the President of the Republic of Uzbekistan and the Valdai International Discussion Club. The event was centered around the exchange of views on the prospects of strengthening cooperation between Russia and Central Asia in the field of regional security, the processes of peaceful reconstruction of Afghanistan and the country's integration into the regional economic partnerships. The participating parties have agreed that joint programs for the economic development of Afghanistan must become a powerful driver for strengthening interconnectedness, sustainable development and common prosperity in Eurasia, which can further serve as a driving factor in achieving long-term peace & stability in Afghanistan.

4. MARKET DEVELOPMENT BY SECTORS

4.1 INDUSTRY AND CONSTRUCTION

USD 62 million will be allocated for the Samarkand airport reconstruction

The project is being implemented by the Turkish engineering and construction company Kiklop and the domestic Primetime Group with the contractor Enter Engineering (Singapore).

After the reconstruction, the airport will be able to increase its capacity from 600 to 1,500 passengers per hour. Completion of the construction and commissioning are currently scheduled for 2021.

Uzbek-Turkish techno park is set to be established in Tashkent

The Ministry of Innovative Development of Uzbekistan has reported that an Uzbek-Turkish techno park will be established in the Almazar district of Tashkent city. The facility will be established and managed in partnership with Teknopark Istanbul, who will act as a representative for the Turkish side.

The techno park is intended to include large-scale investments in the production of vaccines and drugs, unmanned aerial vehicles, development of new technologies in the field of communication, as well as research in the field of food and agriculture.

Industrial clusters to be established in each region of Uzbekistan

The decision was announced during a meeting that was held by the President on August 12th with the senior government and regional officials.

The success of several regions, which have created a favorable business environment through the establishment of industrial clusters was noted as a model approach (Namangan region is developing textiles industry, Navoi region – production of construction and finishing materials, Tashkent region – pharmaceuticals, Tashkent city – electronics and furniture manufacturing). A vertical integration through government stimulus for the establishment of scientific, innovative, design, financial, engineering and investment organizations relevant for each cluster was outlined as a key priority area for local administrations with the ultimate goal of ensuring final product competitiveness for each of the clusters.

The meeting had also stressed the need of government support in reviving enterprises that do not operate at a full capacity and for the regional governments to work closely with such enterprises in order to assist in access to raw materials, cashflow support and market access. Instructions were also given to ensure a stable supply of electricity and natural gas to the industrial sectors and to ensure that planned projects are kept in line with their announced schedules.

Uzbekistan Railways working on a concept for a major overhaul of the national railway management system

Due to restrictions on road & air transport introduced throughout most countries around the world, Uzbekistan has seen a major shift in its logical channels. With the closing of borders, the main flow of cargo transport has immediately shifted to the railway system. In January-July this year alone, the total volume of international rail freight traffic of Uzbekistan has seen an increase of 110% compared to the same period last year (a new total for the period amounted to 17.8 million tons).

The Ministry of Transport and Uzbekistan Railways JSC were instructed to develop a concept for a substantial modernization of the national railway system, which should also include measures to attract private operators with the aim to create a healthy competitive environment, improve transportation hubs, increase the transparency of the tariff policy, introduce modern corporate governance and implement a digitalization of work processes.

In addition, the heads of the Ministry of Transport, Uzbekistan Airways JSC and Uzbekistan Airports JSC were instructed to develop specific proposals for optimizing tariffs, improving the quality of services, developing cargo transportation and modernizing the relevant infrastructure, as well as expanding public-private partnerships in the field of civil aviation.

New refrigerator production launched in Tashkent

On August 29, the second facility in the Technopark cluster in Tashkent has commissioned a new major plant set to produce household refrigerators. Shavkat Mirziyoyev has visited the enterprise and launched the production by pressing a symbolic button, the press service of the head of state has reported. The plant, which is worth USD 51.5 million, is going to produce refrigerators under a licensed Samsung Electronics brand. The plant is set to produce 1 product in every 19 seconds with 30% of the production being planned for export.

Turkish company to finalise reconstruction of an 8-lane section of Tashkent ring within the end of October

On August 29th, President Shavkat Mirziyoyev got acquainted with the works being performed on repair and improvement on the Fargona Yuli Street section of Tashkent ring. According to the project, which has been developed jointly with the Turkish company Kalyon, a new 8-lane section of Tashkent ring road also includes installation of energy-saving lighting fixtures, establishment of a pedestrian and bicycle paths, as well as accompanying green areas. It has been previously reported that the same company had been involved in the building of Uzbekistan's first tall highway, plans for which have been revised a number of times over past several years.

ADB approves USD 274 million loan to improve road infrastructure in Uzbekistan

The Asian Development Bank (ADB) has approved a USD 274.2 million loan to reconstruct 240 kilometers of highway in the western part of Uzbekistan and to improve safety at key sections of the country's national road network, in order to expand regional trade and road transport connectivity. To improve road safety and traffic efficiency, the project will help the Ministry of Transport to install an intelligent transport system along a 100-km pilot section of the Tashkent–Namangan road. The system will monitor traffic and road conditions in real-time, feeding information and warnings to display boards and websites. This project is set to help to develop Uzbekistan's potential as a regional transport and logistics hub between Europe, South and East Asia, promoting economic growth, according to ADB press release.

4.2 TOURISM AND AVIATION SECTOR

Uzbekistan gradually restores international flights

The Special Republican Commission has approved the temporary instruction for the organization of regular international flights during the coronavirus pandemic.

According to Deputy Prime Minister Aziz Abdukhakimov, the relevant officials have been instructed to take measures on gradually restoring all types of international flights (as well as rail and road communications) and approving them with foreign countries. This instruction came into force on September 1, 2020, and now the commission will suspend the issuance of permits to tour operators and airlines to organize charter flights; at the same time, issued permits will be valid until October 1, 2020. Plans for resumption of regular flights to China, UAE, South Korea and Germany has been announced by Uzbekistan Airways.

4.3 HEALTHCARE

The United States has sent USD 2.5 million of humanitarian aid to Uzbekistan

200 ICU ventilators with a total value of about USD 2.5 million have been sent from the United States to Uzbekistan in August. The ventilators are being transferred as part of humanitarian aid announced in June by the administration of President Donald Trump. The ventilators are manufactured by the American manufacturer Zoll Medical Corporation and will be distributed by the Ministry of Health of Uzbekistan among 62 medical institutions in all regions of the country.

China-Backed AIIB Approves USD 100 Million Loan to Uzbekistan to fight COVID-19

Beijing-backed Asian Infrastructure Investment Bank (AIIB) decided to lend USD 100 million to Uzbekistan to help the country deal with the COVID-19 pandemic and future public health disasters. The project will be co-financed by the Asian Development Bank and aims to increase Uzbekistan's capacity for testing, surveillance and treatment of COVID-19 and other outbreaks, according to a statement by the AIIB. The loan is part of AIIB's USD 13 billion funding facility to help public and private sectors fight the pandemic.

4.4 AGRICULTURE AND FOOD

Carrefour supermarket chain accelerates its entry into Uzbekistan

A network of Carrefour super- and hypermarkets is set to open in Tashkent in the coming months. Three supermarkets and one hypermarket are planned to be launched already this year. It was previously reported on this subject that in the fall of 2019, UAE businessman Majid Al Futtayim had signed an agreement with the AKFA Group, which owns the retail and real estate facilities that will host all of the 7 initially planned Carrefour supermarkets. Website carrefouruzbekistan.com has launched in August.

Latest developments in Uzbekistan's food retail market

The pandemic has emphasized the potential of Uzbekistan's food retail market. Three large international food retailers, besides Carrefour plan to start operating in Uzbekistan in 2020. (1) Russian discount store FixPrice, (2) Kazakh retailer Magnum, and (3) Belorussian retailer Dobronom all plan to start operations across Uzbekistan in coming months.

The local supermarket chain Macro is also making a new push in growing the number of its "close to home" locations under Macro Express brand. This could be happening under pressure from a local competitor, Havas, that has already opened 65 medium-size discount stores in areas of Tashkent.

4.5 ICT SECTOR

Payment for public services becomes more transparent

Uzbekistan introduced a new ICT system in August under which all citizens making payments for each public service provided by the national public services centers shall receive a text message confirming the amount of payment received. The Public Services Agency reported that this innovation is aimed to prevent corruption and ensure greater transparency in the public services system. The press service of the agency communicated that the introduction of the SMS-alert function for the Civil Registry and business services will also be introduced in coming months. Payment for services provided by the public services centers can be made through mobile applications of banks, as well as other popular mobile banking applications.

4.6 INVESTMENT AND FINANCE

AKSA ENERJI to transfer a Thermal Power Plant from Turkey to the Tashkent Region

The Turkish company "AKSA ENERJI Ü RETİM A.Ş." will transfer an existing combined cycle power plant with a capacity of 240 MW from Turkey to the Tashkent region.

JSC "National Electric Grids of Uzbekistan" will act as a supplier of natural gas and technical water required for the project. As an exception, companies are allowed to set the prices for goods of work and services sold in Uzbekistan pegged to foreign currency.

Uzbekistan plans to attract additional USD 200 million from ADB to implement reforms in the electricity sector

The amount is planned to support new reforms in the electricity sector, including accelerated introduction of an automated system of accounting and control of electric energy (SCADA).

The draft resolution of the Cabinet of Ministers on attracting a USD 200-million loan from the Asian Development Bank to support the state budget in the implementation of reforms in the energy sector has been announced in August. Following additional information available:

- In accordance with the Resolution No. 260 of the Cabinet of Ministers “On measures to accelerate the introduction of automated systems of accounting and control of electricity” dated April 27, 2020, to support the budget of the Republic of Uzbekistan in the implementation of reforms in the energy sector, it is planned to attract a loan from the Asian Development Bank (ADB) in the amount of USD 200 million (Policy Based Loan);
- On July 28, 2020, the Ministry of Finance, the Ministry of Investments and Foreign Trade, the Ministry of Energy and the ADB signed a Memorandum of Understanding on attracting a state target loan in the amount of USD 200 million;
- Based on the negotiations, held on August 14, 2020, the ADB Board of Directors will consider on September 28, 2020, the issue of allocating a USD 200-million loan (Policy Based Loan), with a repayment period of 15 years, including a 3-year grace period, to support the budget of Uzbekistan in the implementation of reforms in the energy sector.

Launch of TBC Bank Uzbekistan postponed to autumn, while Payme earned more than USD 1.9 million in six months

The full launch of TBC Bank Uzbekistan, which was scheduled for August, is being postponed until sometime in autumn. The authorized capital of the bank was initially at USD 22 million, while now is being increased USD 40 million by attracting additional investments from the international financial institutions. As a result, the share of TBC Bank Group in the Uzbek bank will amount to 51%.

The financial results for the II quarter of 2020 on Payme (a popular mobile payments application, 51% of which was acquired by Georgia’s TBC Bank Group in 2019) were also published in August. The net income of the operating company has increased by 66.7% in this period, reaching USD 1.2 million, while the revenue for 6 months amounted to 6 million lari (more than USD 1.9 million). The company's total user base reached 2.3 million, an increase of 61.6% over the same period of last year. The growth was close to the expected 2.5 million users but did not exceed it. It was reported that in just 2019 alone the company grew by 84%

and earned more than USD 2.7 million. TBC predicted USD 4 million in revenue for 2020 at the start of this year.

Bank of Korea to advise the Central Bank of Uzbekistan on monetary policy

The Central Bank of Uzbekistan has signed an agreement with the Central Bank of Korea on a knowledge partnership program. The program aims to promote the development of the financial market and macroeconomic policy of Uzbekistan to support long-term economic growth, as well as to strengthen the capacity of the banking staff through the exchange of knowledge and experience with the Korean specialists and the implementation of their policies in relevant spheres.

As part of the program, the Bank of Korea will give the Central Bank of Uzbekistan advice on its monetary policy, including in-depth macroeconomic analysis to improve the skills of its employees. The program will be implemented by a team comprised of Bank of Korea staff, scientific advisers of leading Korean economic institutions and employees of the Central Bank of Uzbekistan.

A license for the right to carry out banking activities was issued to ANOR BANK JSC

The Central Bank of the Republic of Uzbekistan issued a license for the right to carry out banking activities to ANOR BANK JSC.

According to the regulator, by the resolution of the Board of the Central Bank of the Republic of Uzbekistan, it was decided to register the joint stock company ANOR BANK in the city of Tashkent and issuing a license for the right to carry out banking activities.

First electronic money system officially registered in Uzbekistan

In accordance with the requirements of the "Rules for the Issue and Circulation of Electronic Money on the Territory of the Republic of Uzbekistan", the payment organization LLC "Inspired" began its activity as an operator of the electronic money system "E-CARD". The issuer of this electronic money system is a private joint-stock commercial bank "Universalbank". The data on the electronic money system were entered into the Register of the Electronic Money System of the Central Bank on August 21 of this year.

4.7 UTILITY INFRASTRUCTURE

Uzbekistan completes the modernization of the Kadyrinskaya Hydropower Plant

The USD 27.6 million modernization project was conducted in partnership with a Chinese hydropower enterprise Dongfang Electric International Corporation and Russian hydro technical design companies JSC Hydroproject, JSC Suvsanoatmash and JSC Uzbekgidroenergostroy. Chinese Eximbank had provided a USD 9.8 million loan whilst

Uzbekistan had allocated USD 17.8 million for the project. The modernization of the plant has increased its capacity from 13.23MW to 15.34MW and an average annual power output to 124.4 million kWh. This modernization project began in December 2017 following a Presidential Decree and was completed in accordance with its initial schedule.

USD 437 million to be allocated for water supply systems modernization in Bukhara

The Cabinet of Ministers has taken measures to implement the project “Development and modernization of water supply and sewerage systems in the Bukhara region” with the involvement of the Asian Infrastructure Investment Bank (AIIB).

The total cost of the project is USD 437.62 million, of which USD 385.12 million comes from an AIIB loan and USD 52.5 million from a government contribution (though tax and customs benefits). The implementation of the project will take 4 years – 2020 to 2023.

Republican center for control and accounting of electric energy launched in Tashkent

On August 20th, an opening ceremony of the new "Electricity metering automation center" took place in Tashkent. The event was organized by Regional Electric Networks JSC jointly with KT Corporation (South Korea) and the Asian Development Bank (ADB). This system will ensure reliable accounting of the supply volumes of energy consumption. The Center's software is designed to serve 8 million subscribers, with the possibility of increasing them to 20 million.

The French Development Agency (AFD) issues a loan to finance Uzbekistan's hydropower projects

In accordance with the Resolution of the President of the Republic of Uzbekistan dated November 28, 2018 No. 4037 "On measures to further expand and strengthen bilateral cooperation between the Republic of Uzbekistan and the French Republic", a loan agreement worth EUR 55.8 million for a period of 20 years has been signed with the AFD to finance the construction of small hydropower plants 1A and 2A, as well as projects to increase the security of the Charvak HPP in Tashkent region.

The loan will be used for the purchase and construction of modern technological equipment in accordance with the procedures of the French Development Agency. The hydropower plants are expected to be commissioned in 2023.

A new propane-butane mixture processing unit launched at the Mubarek GPP

On August 28, 2020, a ceremony was held at the Mubarek Gas Processing Plant to launch a new 4th string of the Propane-Butane Mixture Production Unit (UPPBS), capable of producing 38.4 thousand tons of liquefied gas annually. The new propane-butane mixture production unit will make it possible to process up to 3 billion cubic meters of gas annually and receive more than 38 thousand tons of liquefied gas. Its introduction will also provide jobs for nearly 70 new employees.

The project for the construction of a new Unit for the production of propane-butane mixture at the Mubarek GPP was implemented in accordance with the decrees of the President of the Republic of Uzbekistan No. PP-2745 dated January 26, 2017 and No. PP-3874 dated July 19, 2018. The financing of this project in the amount of USD 58.25 million was implemented at the expense of Uzbekneftegaz JSC's own funds with a payback period of 6 years (2021-2026).

4.8 COMMODITIES & TRADE DATA

The share of gold in Uzbekistan's exports reaches almost 40%

The volume of gold exports from Uzbekistan from January to July 2020 amounted to USD 3.29 billion, which is 4.7% less than the same period in 2019:

- During the reporting period, the share of gold in total exports amounted to 39.8%
- The indicator of the country's total exports compared with the same period last year decreased by 21.3% - from 10.5 billion to 8.2 billion dollars.
- In January-July 2020, the Uzbekistan's foreign trade turnover reached USD 19.5 billion, having decreased by USD 4.6 billion compared to the same period last year.
- Of the total foreign trade turnover, exports amounted to USD 8.2 billion, and imports - USD 11.2 billion (a decrease of 17.7%).
- The foreign trade balance amounted to a passive balance of USD 2.9 billion.

Uzbekistan's foreign trade turnover down by USD 4.6 billion in the first half of 2020

In January-July 2020, the country's foreign trade turnover amounted to USD 19.5 billion, decreasing by USD 4.6 billion (19.3%) compared with the same period of last year.

According to the State Statistics Committee, the country has recorded a positive foreign trade balance with five of the 20 largest foreign economic partners, including Afghanistan (USD 396.6 million), the Kyrgyz Republic (USD 329.0 million), Tajikistan (USD 173.6 million), the UAE (USD 7.9 million) and France (USD 3.2 million). A negative foreign trade balance has been maintained with the remaining 15 countries.

Despite the measures taken to support foreign trade and further strengthen cooperation between the CIS countries, the share of CIS countries in Uzbekistan's foreign trade turnover in January-July 2020 amounted to 32.6% of the total trade turnover, which is down by 5.9% compared to the same period of 2019.

President Mirziyoyev signs a decree to support domestic producers

According to the document, the government introduced new temporary restrictions on foreign products, as well as services provided by foreign citizens from November 1st, 2020.

Upon tender bids evaluation, all local producers are now given a preference of up to 15% of the CIP (INCOTERMS) price for the imported goods. Moreover, from January, some

procedures for purchasing of goods (services) for economic entities and enterprises of strategic importance have now been canceled.

The Cabinet of Ministers has been instructed to ensure an introduction of internal rules for the purchase of goods (services) by companies and enterprises of strategic importance, based on public procurement legislation & modern principles of corporate governance by Jan 1st, 2021.

Uzbekistan seals an electricity supply agreement with Afghanistan for the next 10 years

According to the press service, at a meeting between the National Electricity Networks of Uzbekistan JSC and the Afghan company Da Afghanistan Breshna Sherkat (DABS), an agreement was signed on the supply of electricity for a period of 10 years. The details of the contract were not specified. The parties have also considered issues of strengthening cooperation in the development of transport corridors through the implementation of joint projects in the field of railway transport.

During the meeting that was held in Tashkent, the parties also agreed to establish a mechanism of permanent contacts to ensure high-quality and timely implementation of bilateral agreements and prompt resolution of all emerging issues.

4.9 ENERGY AND MINING SECTOR

LUKOIL makes further cuts to its gas production in Uzbekistan

Due to the coronavirus pandemic, Uzbekistan has completely stopped its gas exports to Russia, and substantially reduced gas exports to China (3x reduction).

In the February to August period, LUKOIL had already reduced its gas production to 20% of the design capacity due to the falling demand from China, which affected the group's total hydrocarbon production in the first wight months of 2020. The company has recorded a loss of 39 billion rubles (USD 511 million) in the second quarter of 2020, 36 billion (USD 471 million) of which were lost in Uzbekistan.

Turkish Cengiz Holding holds meetings to re-start activities in Uzbekistan

On August 24, in Tashkent, the Minister of Energy of the Republic of Uzbekistan Alisher Sultanov met with a Turkish delegation headed by the Chairman of the Planning and Budgetary Commission of the Grand National Assembly of the Republic of Turkey - Mr. Lutfi Elvan and Chairman of the Board of Directors of Cengiz Holding - Mr. Mehmet Cengiz.

During the meeting, a further development of the joint Uzbek-Turkish project for the construction of a thermal power plant that was previously planned in 2019 with Cengiz Holding was once again being discussed. The Uzbek side expressed its readiness to re-start discussions and provide all the necessary support in order to implement the already planned projects as well as to discuss new mutually beneficial proposals.

3 new gold and 2 new uranium deposits discovered in Uzbekistan

The 3 gold deposits were discovered in the mountains of Kuldzhuktau and Auminzatau in the Bukhara and Navoi regions, while the 2 uranium deposits were discovered in the Kattakurgan region of the Samarkand region and the Arnasai region of the Jizzakh region. Presidential press service reported that 150 new mineral fields have been accepted on the state balance sheet since the beginning of the year.

4.10 EDUCATION

WB estimates impact of COVID-19 on education in Central Asia at USD 44 billion

The World Bank believes that the coronavirus pandemic will have a long-lasting negative impact on education, the quality of human capital and socio-economic development in Central Asia. According to experts, the crisis threatens to deprive this generation of future earnings, as it pushes a large share of Central Asian students into functional illiteracy.

According to WB estimates, prior to the pandemic, education across Central Asia was already suffering from low learning levels. Students across the region performed 1.5 years below the average of Europe. The COVID-19 pandemic has exacerbated learning problems, as the closure of schools will have an even more negative impact on the most vulnerable aspects of education. Ayesha Vawda, Lead Education Specialist at the World Bank in Central Asia, has approximated USD 44 billion in economic loss in Central Asia, as an outcome of COVID-19.

Switzerland has provided a grant to Maktab.uz (*Uzbek for school.uz*) project

The Swiss Embassy has provided a USD 150,000 grant to the Maktab.uz educational online platform for distance learning. The curriculum will be based on STEAM programs. The project will also broadcast popular science films from the Discovery, National Geographic, and BBC TV channels.

The teachers will receive psychological and professional support and will be provided with computer equipment on a need-basis.

5. REGULATORY CHANGES

Renewable energy installations will be put on state record

The Cabinet of Ministers adopted Resolution No. 452 of 23.07.2020 "On Measures to Maintain State Registration of Renewable Energy Sources and the Energy Generated by them". The Ministry of Energy, together with the United Integrator for the Creation and Support of State Information Systems UZINFOCOM LLC, was given until March 1, 2021:

- to introduce an online inventory management system with a single identification number to energy producers from renewable energy sources (RES);

- to organize an online reporting system on the energy generated from renewable energy sources in electronic forms, in accordance with the procedure and requirements established by new resolution;
- to develop an automated information system that ensures the work of the Unified Database of the Ministry of Energy for the collection, systematization, and analysis of information on the accounting of produced and (or) supplied energy generated from RES.

The document was actually published in the state language in the National Database of Legislation and entered into force on July 24, 2020.

Oliy Majlis is now authorized to conduct parliamentary investigations

The legislators have approved amendments aimed for improvement of parliamentary control processes.

- The parliamentary inquiry has been introduced, which is intended to study specific facts or events that have a negative impact on the most important interests of the society and the government. The Legislative Chamber or the Senate forms a commission of its own representatives. This commission is entitled to invite representatives of government and self-governing bodies, specialists, experts, and scientists to participate in its work.
- The Legislative Chamber and the Senate has been given the right to hear information from the heads of state bodies and economic management bodies on their activities. The procedure is the same as for members of the government.
- The amendment has specified the officer-in-charge – the individual who must sign the reply to the parliamentary inquiry, the request of the senator, the deputy of the Legislative Chamber or the member of the Council of People’s Deputies.
- The subjects of the legislative initiative will participate in the consideration of the draft laws they propose and will make a presentation at the first reading in the Legislative Chamber. The decision on presenting the law to the Legislative Chamber shall specify the person who will make the presentation and participate in the reading.

Uzbekistan to conduct a population census in 2022

The draft resolution of the Cabinet of Ministers on measures to prepare for and conduct the population census in the Republic of Uzbekistan in 2022 has been announced. The followings have been noted:

- The population census in the Republic of Uzbekistan will be conducted between November 1 and 25, 2022;
- The pilot census in the Republic of Uzbekistan will be conducted between November 1 and 25, 2021, in the Yukori Chirchik district of the Tashkent region and the Yashnabad district of Tashkent city.

Based on the results of the pilot census, if necessary, appropriate amendments and additions will be made to the regulatory documents on population registration.

President Mirziyoyev signs a decree on abolishing 70 types of licenses hampering development of entrepreneurship

On August 24, President of Uzbekistan Shavkat Mirziyoyev signed a decree “On measures to radically improve licensing and permitting procedures”. According to the document, from January 1, 2021, in total, 70 out of 266 types of licensed activities, as well as 35 out of 140 permitting documents are canceled:

- 37 licenses and 10 permits are canceled.
- 16 licenses and 11 permits are canceled by merging.
- 17 licenses and 14 permits are canceled by introducing a notification procedure.
- the deadlines for processing 14 types of licensed activities and permits are almost halved.
- the procedure for obtaining 115 licenses and permits is simplified.

6. SENIOR OFFICIALS CHANGES/APPOINTMENTS

- **Adviser to the Prime Minister of Uzbekistan. Head of Department for the Protection of the Rights and Support of Citizens of Uzbekistan Temporarily Working Abroad Appointed** – Mehridin Khairiddinov.
Previously served as Consul General of the Embassy of Uzbekistan in Moscow.
- **Embassy of the Republic of Uzbekistan in the Austrian Republic Ambassador Extraordinary and Plenipotentiary Appointed** – Abat Fayzullaev
Previously served as the Head of the Organizational and Control Department of the Ministry of Foreign Affairs of Uzbekistan

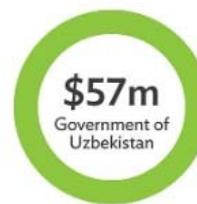
ATTACHMENTS

Attachment 1: ADB on improving healthcare in Uzbekistan

IMPROVING HEALTHCARE IN UZBEKISTAN

ADB

ADB and the Asian Infrastructure Investment Bank (AIIB) are supporting the Government of Uzbekistan to help contain the spread of COVID-19 and boost the capacity of the healthcare system over the next two years.



*subject to Board approval

HOW WILL THE FUNDS BE USED?



Strengthen 38 laboratories and supply equipment to increase testing capacity for COVID-19 and other diseases



Train healthcare workers to identify COVID-19 cases, and **develop a real-time digital reporting system** to improve contact tracing and refer cases for treatment



Refurbish 16 hospitals as COVID-19 treatment centers, with expanded intensive care units, staff training, and ambulances as required

ADB'S EARLIER COVID-19 ASSISTANCE TO UZBEKISTAN

\$500 million

CARES Program provides budget support to strengthen healthcare, support small businesses, create regional jobs, and expand social safety nets

\$19.5 million

Funds from the Primary Health Care Improvement Project to acquire 800 ventilators

\$1.6 million

Grant from regional technical assistance to procure personal protective equipment and other supplies

SOURCES

Asian Development Bank. <http://www.adb.org/uzbekistan>

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- ❖ **Center for Economic Research and Reforms of RUZ - Does news influence housing prices?**
- <https://img1.wsimg.com/blobby/go/15667cfc-6d6f-4e91-81a4-ac4243dea7c8/downloads/housing%20eng.pdf?ver=1599459809289>



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All organizations of any legal form registered within the EU Customs Union and European Free Trade Association countries or those who registered in Uzbekistan are all eligible to become members of EUROUZ. A special mechanism for cooperation is also established with the international organizations.

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