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**Europe-Uzbekistan Association for Economic
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1. SPECIAL NEWS

COVID -19 UPDATE

- As of the morning of August 10th, the number of confirmed COVID-19 cases reached **30.820** with **196 confirmed deaths**.
- The quarantine restrictions imposed on the country have been extended until August 15th, 2020. During this period:
 - **State bodies and organizations** must arrange remote working conditions, refrain from sending employees to business trips, provide financial assistance to employees in case of infection;
 - **Citizens** must refrain from hosting weddings, family celebrations and mass events; avoid public gatherings, maintain a social distance of at least 2 meters and wear face masks;
 - **The following facilities must be closed:** amusement parks, commodity markets, fitness clubs, catering facilities, educational institutions, camps, hotels, barbershops and beauty salons.
- The total amount of loans allocated to Uzbekistan by the Asian Development Bank (ADB), the International Monetary Fund (IMF) and the World Bank (WB) for the fight against coronavirus exceeded **\$1 billion**
- By the decision of the republican commission, it was decided to support approximately 120,000 families in need during a 20-day quarantine period, which will be provided with food, medicine and basic necessities free of charge.

2. ECONOMIC OVERVIEW

2.1 LOCAL LEVEL

Overview for January – June 2020 by sector:

- Enterprises of Uzbekistan produce industrial products worth 166.9 trillion soms
- Uzbekistan increases car production by 1.2 times
- Uzbekistan increases electricity production by 2.18%
- Uzbekistan produces 365,800 tons of gasoline
- Uzbekistan manufactures 344,000 tons of cotton fiber
- The volume of provided market services reaches 100.65 trillion soms
- Uzbekistan has attracted \$ 4.8 billion in foreign investments

“12-15% of the population in Uzbekistan are below poverty line” – Deputy Minister

According to Akmalxon Ortikov, First Deputy Minister of Economic Development and Poverty Reduction, preliminary estimates show that 12-15% of the population (4-5 million people) in Uzbekistan are below poverty line.

“Complex and regional programs have been developed to help the most vulnerable, and the responsibilities of ministers, khokims and sector leaders have been defined. But the pandemic is doing great damage in many areas, including creation of jobs and fighting poverty. In order to mitigate its influence, a nationwide movement “Sakhovat va Kumak” was launched. In accordance with the decisions of local councils of people’s deputies, more than 127.7 billion soms were spent during the quarantine period on large families in need of social protection, elderly people living alone and people with disabilities, as well as about 321,000 temporarily unemployed families who lost their source of income.

In May-June, working groups headed by heads of sectors in the regions took measures to create a source of income for about 233 thousand citizens. It was noted that in July-October this year, another 257,000 able-bodied people, who are in need of employment, will be provided with a source of income.

Unemployment rate in Uzbekistan reaches 13.2%

The unemployment rate among the economically active population of Uzbekistan in January-July 2020 amounted to 13.2%, the Ministry of Employment and Labor Relations said. Compared to the same period in 2019:

- The number of labor resources increased by 0.6%;
- the number of people employed in sectors of the economy decreased by 5%;
- in the official sector of the economy decreased by 0.2%;
- the number of citizens who left for work abroad amounted to 2,040 thousand people, which is 553.2 thousand less than the indicator for the same period last year;
- in the informal sector of the economy (excluding labor migrants working abroad) decreased by 2.1%;
- the number of the economically inactive population in the first half of the year increased by 4.5%.

Economic growth of Uzbekistan slows down to 0.2%

In January-June 2020, the gross domestic product of Uzbekistan at current prices amounted to 255.2 trillion soms, the State Statistics Committee reports.

- During the reporting period, GDP growth slowed to 0.2% against 6% in January-June 2019 and 5.9% in January-June 2018.
- Calculated in US dollars at the average exchange rate for the period under review, nominal GDP was formed in the amount of \$ 26 billion (in January-June 2019 - \$ 26.6 billion).
- GDP per capita of the country amounted to almost 7.5 million soums (766 dollars in equivalent). Compared to January-June 2019, the indicator decreased by 1.8% in real terms. The growth rates of GDP per capita in January-June 2018 and 2019 were 4.2% and 4.1%, respectively.

Key directions identified to ensure economic stability

On July 9th, 2020, issues regarding the insurance of the stability of the national economy were discussed on a meeting held by President Mirziyoyev. Over the past three months, 2.3 trillion soms (\$225.9 million) of tax incentives were provided to economic sectors, 3.6 trillion soms (\$353.5 million) were allocated from the Anti-Crisis Fund. In a course of the meeting, the following key areas were outlined by Mirziyoyev for ensuring further economic growth through the use of new approaches and tools during this year:

- ensuring economic and financial stability through optimization of budget revenues and expenses and provision of the additional income by resuming the activities of enterprises and improving tax administration;
- poverty reduction and employment growth; Ministries and agencies for villages with a high level of poverty were instructed to create a system of assistance for people in need and develop family business sector and a private household. It was proposed to direct students, who studied at the expense of a state grant, to such areas for the implementation of labor activities for a period of 3 years;
- acceleration of banking system reforms;
- foreign direct investment increase;
- increase of export potential and foreign exchange earnings security;
- strengthening industry competitiveness through Industrial Policy Strategy development, which touches upon the transfer of modern technologies, improving energy efficiency and industry competitiveness;
- development of small businesses for the purpose of creating free competition, through reforming the judicial system to protect private property of entrepreneurs.
- widespread introduction of digital technologies in all sectors: a low share of small businesses in high-tech industries was observed, hence development of government incentives for such entities was set as an objective. Instructions were given for the creation of small industrial zones in the regions.

Uzbekistan allocates \$100 million to support the service sector

President Mirziyoyev signed a decree “On measures to support the service sector”. The document outlines loans to be allocated to commercial banks for a period of 7 years, including a three-year grace period with an interest rate of 4% lower than the Central Bank’s main rate.

Loans will be allocated to business entities in the service sector (with the exception of business entities in trade and finance) to create and equip enterprises, especially those operating in the field of consumer services, education, medicine, information communications and other relevant areas, at the basic rate of the Central Bank in the amount of up to 1 billion soms (\$98.2 million). At least 20% of the loan funds will be allocated to women and young entrepreneurs.

EU launches a program to fight COVID-19 in Central Asia

The European Union has launched the € 3 million COVID-19 Central Asian Crisis Response (CACCR) package to meet the needs of Central Asian countries in the fight against the pandemic.

The World Health Organization's CACCR program will support mitigating the impact of the current outbreak of the COVID-19 pandemic. The program will also contribute to ensuring the long-term sustainability of the national health systems of the Central Asian countries by strengthening their ability to respond to similar threats to public health should they arise in the future.

CACCR is a two-year regional program for the countries of Central Asia, which was launched in July 2020. It is being carried out as part of a € 124 million “solidarity package” prepared by the European Union for the Central Asia region as part of Team Europe's global response to COVID-19.

WHO transfers to Uzbekistan over \$4 million in aid

The European Regional Office of the World Health Organization delivered to Uzbekistan a humanitarian cargo worth more than \$4 million. The aid was procured by the headquarters of the organization through the global Fund for Solidarity and Response to COVID-19 and delivered with the assistance of the WHO Country Office in Uzbekistan.

The dispatch of humanitarian cargo was carried out in two stages. The first shipment arrived in Tashkent on July 8 and included over 619,000 face shields and over 2.1 million surgical masks.

The second batch was delivered to the capital on July 17th. It consisted of personal protective equipment, including safety glasses (95.2 thousand pieces), protective gowns (178 thousand pieces), surgical masks (12 thousand pieces), and KN95 respiratory masks (1 million pieces).

The cargo was transferred to the Agency for Sanitary and Epidemiological Welfare under the Ministry of Health.

Uzbekistan's gold and foreign exchange reserves exceed \$32 billion

The Central Bank of Uzbekistan has announced the volume of gold and foreign exchange reserves. As of July 1, Uzbekistan's official reserve assets amounted to \$ 32.3 billion. Most of the reserves are held in the form of monetary gold - \$ 19.4 billion and foreign exchange - \$ 12.4 billion. As of the beginning of the year, the figure was \$ 29.1 billion.

Deputy Minister: The government has developed programs to assist the most vulnerable segments of the population

The government has developed comprehensive and regional programs to assist the most vulnerable segments of the Uzbek population.

The pandemic is negatively affecting the labor market and the fight against poverty. To reduce its influence, the national movement “Kindness and support” was created. More than 127 billion soms were allocated to almost 321,000 families with children in need of social protection, persons with disabilities, elderly people living alone, as well as families that are temporarily unemployed and have no source of income.

Startup founders' need for funds and entrepreneurial experience

The Venture Investment Association of Uzbekistan, with the support of the investment fund Sturgeon Capital, IT Park Uzbekistan, Universal Bank and the law firm Centil Law, was the first in Uzbekistan to conduct a study of the startup ecosystem of the country, Startup Indicator 2020.

As part of the study, experts interviewed more than 120 startup founders. Research has shown that:

- 80% of founders are young people under 30 working for the B2B sector;
- most of the surveyed start-up founders plan to grow, and 93% plan to attract new employees in the near future;
- most often present in FinTech, Medtech, EduTech;
- 56% are based in the capital, 7% in Andijan, the rest are distributed in different regions in approximately equal remaining shares;
- 70% of the surveyed startups have a minimum viable product, generate annual revenue of more than \$10 thousand;
- more than 85% of respondents have a majority stake in the project and need capital for further development in the amount of less than \$ 50 thousand;
- 83% of respondents have higher education, the remaining 17% are students and / or with secondary education.

Analysts also found out that the country has certain problems for the development of startups:

- 89% noted the lack of proposed capital needed for development, as well as the lack of interest of large companies in cooperation with startups, which makes it difficult to scale the business;
- along with capital, founders need entrepreneurial experience (smart capital) and noted the small market of qualified specialists (programmers, marketers);
- the majority of startups are aimed at the domestic market and less than 10% of start-up projects are planning to enter global markets.
- It also turned out that there are much fewer women among co-founders of projects than in technologically developed countries: there are only three female founders of projects per 100 startups.

As for the gross revenue of the startups over the past year:

- 51% of startups have not started generating income,
- 41% have annual revenue of up to \$ 10 thousand,
- 6% - from \$ 10 to \$ 100 thousand per year,
- 2% - more than \$ 100 thousand per year.

2.2 REGIONAL COOPERATION

Meeting of the Foreign Ministers of Central Asian countries and China in a new format

On July 16th, the Minister of Foreign Affairs of Uzbekistan, Abdulaziz Kamilov, has participated in the first “China - Central Asia” ministerial videoconference meeting, the MFA press service informs. The meeting was attended by the Chinese Foreign Minister Wan Yi, Mukhtar Tleuberdi of Kazakhstan, Chingiz Aidarbekov of Kyrgyzstan, Sirojiddin Mukhriddin representing Tajikistan and Turkmen Foreign Minister Rashid Meredov.

Abdulaziz Kamilov emphasized the importance of implementing specific innovative, infrastructure, transport, communication and energy projects to strengthen stability and growth in the well-being of the people of Central Asia and China.

The parties discussed cooperation in fighting the coronavirus pandemic, strengthening relations to ensure regional security and stability, and mechanisms to promote economic growth. The participants also exchanged views on strengthening regional security and stability, including the restoration of the socio-economic infrastructure of Afghanistan.

Uzbekistan and the EU held negotiations on the draft Enhanced Partnership and Cooperation Agreement

On July 9-10, 2020, the fifth round of negotiations on the draft Enhanced Partnership and Cooperation Agreement between the Republic of Uzbekistan and the European Union took place via videoconference. The delegations were led by Deputy Minister of Foreign Affairs of the Republic of Uzbekistan Sherzod Asadov and Deputy Managing Director for Europe and Central Asia of the European External Action Service Luke Devine.

The parties expressed their satisfaction with the progress achieved in the negotiations and their readiness to speed up the agreement on the EPCA, the signing of which will expand political, trade-economic and investment cooperation between Uzbekistan and the EU member states.

European Union's Project 53 to be implemented in Uzbekistan

Videoconferences have been held with EU representatives to discuss the supply of two mobile laboratories, as well as the needs of Uzbekistan to restrain its struggle against COVID-19 within the framework of the project 53 of the European Union "Strengthening the National Legal Framework and Provision of Specialized Training on Bio-Safety and Bio-Security in Central Asian Countries".

During the negotiations, CBRN Centres of Excellence (CoE) Regional Secretariat for Central Asia expressed great hope for the speedy delivery of two mobile laboratories by the Bundeswehr Institute of Microbiology under project 53. Representatives of the Institute of Virology informed the project managers about the need for training in the operation of mobile laboratories, as well as for equipment for laboratory work in the fight against COVID-19.

Following the event, participants agreed to continue active work on the early implementation of project 53 and strengthen regional cooperation. The project aims to raise awareness of the importance on biosafety and biosecurity issues with national stakeholders in the partner countries, as well as to promote national and regional cooperation on these issues.

Uzbekistan prepares for bilateral negotiations with WTO member countries

The interdepartmental commission on work with the World Trade Organization and the working group on Uzbekistan's accession to the WTO held a joint videoconference meeting on July 21. The session provided information on the preparations for bilateral negotiations with the WTO member countries on access for the goods and services market.

The meeting resulted in the adoption of a plan of action for the next stage of the negotiations on Uzbekistan's accession to the World Trade Organization, and the identification of specific plans and priority tasks in this process.

IAEA nuclear infrastructure verification mission to visit Uzbekistan in December

“The IAEA welcomes the successful cooperation in the development of the nuclear infrastructure of Uzbekistan, in particular the joint preparation for the integrated assessment of the country’s nuclear infrastructure scheduled for December this year,” the Ministry of Foreign Affairs reports.

The Head of IAEA stressed the importance of collaboration with Uzbekistan within technical cooperation projects, i.e. with the Namangan Oncology Clinic, the National Endocrinology Center, the Samarkand State University and the Tashkent city branch of the Republican Specialized Center of Oncology and Radiology.

The Senate took part in the international conference on combating human trafficking

On July 20th, the 20th international conference of the OSCE Special Representative and Coordinator for Combating Trafficking in Human Beings on the topic "Stop Impunity: Restoring Justice through Effective Criminal Prosecution for Trafficking in Human Beings" began its work in the form of videoconference.

At the conference, taking into account the best practices in the field of combating human trafficking, the OSCE chose Uzbekistan as the keynote speaker.

The Chairperson of the Senate of the Oliy Majlis, Chairperson of the National Commission T. Narbayeva gave detailed information on national legislation improvement, comprehensive support for victims of human trafficking, and punishment measures for committing such crimes.

In addition, proposals and recommendations were made on improving the qualifications of bodies concerned human trafficking, organizing exchange of experience, and expanding cooperation in this area.

Uzbekistan to study Turkish practice of managing free economic zones

On July 27, the delegation of Uzbekistan led by Deputy Prime Minister Sardor Umurzakov visited the Ankara Chamber of Industry 1. Organized Industrial Zone (OIZ). During the visit, the Turkish experience of managing industrial zones was studied, which includes the comprehensive and consistent provision of the businesses in the zone with the necessary engineering communications and resources, as well as the creation of the needed social infrastructure for employees of enterprises located in the industrial zone.

Also, an agreement was reached with the management of the OIZ’s administration on the establishment of bilateral cooperation. As part of the agreement, modern practices for managing industrial facilities in the process of improving the activities of free economic zones in Uzbekistan will be introduced.

3. MARKET DEVELOPMENT BY SECTORS

3.1 INDUSTRY AND CONSTRUCTION

The AIIB is providing a loan to improve the roads in the Bukhara Region

Asian Infrastructure Investment Bank (AIIB) provides a \$165.5 million loan for rehabilitation and maintenance of a 78-kilometer long section of the international A380 road located in the Bukhara region, Uzbekistan. About 80 kilometers of the M37 highway will also be renovated within the scope of operations performed under the loan.

The importance of the renovations lays in improved trade, transport and economic activities of the country, as a result. The benefits expand to the roads in Xorazm Region, as well as in the autonomous Republic of Karakalpakstan, which borders with Kazakhstan and Turkmenistan.

Uzbekistan-Kyrgyzstan-China railway project

The project of a railway line, which will connect China with the countries of Central Asia, has been discussed for almost 20 years. The parties cannot agree on the track gauge, as well as on the highway construction cost, which will pass through the high-mountain hard-to-reach areas on its route.

Kyrgyzstan stated that the combined route "Torugart-Arpa-Kosh-Dobo-Makmal-Jalal-Abad" is the most optimal in terms of the formation and transportation of freight traffic, as well as further development of the regions of Kyrgyzstan.

The Kyrgyz President emphasized the importance of building the railway, as the country has no access to the sea, and is now in the state of being "locked up" due to the pandemic. Closed borders do not only have a negative impact on the economy of the country, but also threatens food security of the population.

China agreed that construction along the route proposed by the Kyrgyz side is "a good option from a financial point of view," but due to the fact that "experts on the width and route of the railway did not come to a common conclusion," suggested considering other proposals.

Taking into account these aspects, the parties agreed to continue discussions on the choice of the most optimal route for the construction of the railway, as well as on financial and economic issues, the investment model of the project for the future operation of the railway and a feasibility study.

Uzbekistan GTL LLC reduces staff on construction site from 11 to 2 thousand due to infection cases

Despite a number of preventive measures, cases of coronavirus infection have recently been registered on the construction site, which led to a significant reduction in the number of workers from 11 thousand to 2 thousand. However, these are reported to be temporary measures. The drastic reduction in the number of workers on the site was caused by the testing for coronavirus of all workers on the territory of the plant.

Managers are currently making a schedule for sending foreign specialists to their home countries, as well as for the mobilization of new workers from the regions of Uzbekistan and from abroad to the construction site in order to continue the construction and installation work at the planned pace.

3.2 TOURISM AND AVIATION SECTOR

Ateca Hotels signs first property in Uzbekistan

Ateca Hotels, developed by UAE hotel experts, has signed an agreement with Tashkent-based Global Smart Investments (GSI) to manage the group's first property in Uzbekistan under the Ateca 24/7 Hotels brand.

Uzbekistan aims to increase tourism's contribution to the country's GDP. By 2025, it hopes to attract more than nine million tourists, up from just over 6.7 million last year.

Construction for the 98-key lifestyle hotel is expected to commence once borders reopen.

Russia and Uzbekistan discuss the possibility of creating a joint low-cost airline

Russia and Uzbekistan discussed the possibility of creating a Russian-Uzbek low-cost airline for air transportation of passengers and cargo, the Ministry of Transport of the Russian Federation reports.

The second meeting of the subcommittee on cooperation in the field of transport of the Intergovernmental Commission on Economic Cooperation between the Russian Federation and the Republic of Uzbekistan was held via videoconference.

During the meeting, the parties discussed the preparation for signing an agreement between the Federal Air Transport Agency and the Civil Aviation Agency on cooperation in the field of airworthiness. In addition, they talked about the possibility of increasing the number of flights between the two countries and creating a Russian-Uzbek low-cost air carrier for the transportation of passengers and cargo.

3.3 HEALTHCARE

Israeli scientists plan to conduct clinical trials of medicine against coronavirus in Uzbekistan

Negotiations between Uzbek and Israeli specialists in the field of medicine and pharmaceuticals were held through a videoconference. The aim of the conference was to discuss the prospects of cooperative research in COVID-19, as well as the creation of anti-coronavirus medicine.

Dr. Marina Kleiman delivered a presentation on the creation of a multifunctional anti-inflammatory drug against coronavirus called "MFAIDs", developed in cooperation with Professor Saul Yedgar. Detailed information was provided on the composition of the drug and the stages of clinical trials.

Both parties agreed to cooperate, allowing Israeli researchers to perform testing in Uzbekistan. In addition, the prospects of cooperation in the field of telemedicine and remote medical consultation were discussed. Professor Eduard Yakubov expressed his readiness to assist in establishing

partnerships with relevant departments and universities in Uzbekistan, as well as in organizing online advanced training courses for Uzbek specialists.

Uzbekistan will raise \$200 million to modernize healthcare and sanitary-epidemiological services

On July 13, the Deputy Prime Minister of Uzbekistan, Sardor Umurzakov, held a meeting with the President of the Asian Development Bank (ADB), Masatsugu Asakawa, via videoconference. The meeting focused on ongoing cooperation as part of the measures to protect the population from the spread of coronavirus and to minimize the negative impact of the pandemic on the social and economic development of the country.

The ADB noted that the new loan for the amount of \$100 million is undergoing necessary approval. It is expected that this loan will be approved in early August this year. The modernization will be co-financed by the Asian Infrastructure Investment Bank, which is willing to allocate \$100 million for the implementation of this project.

ADB handed over 700 more ALVs to Uzbekistan

The Asian Development Bank (ADB) has delivered another shipment of medical supplies and equipment to Uzbekistan as part of its assistance to the country in combating the pandemic, the press service of the bank's Tashkent office informs.

On July 24, 20 oxygen concentrators were sent by UNICEF, and the first 100 ALVs arrived in Tashkent on July 17. Another 700 units of ventilators will be delivered in the coming weeks.

3.4 AGRICULTURE AND FOOD

The World Bank allocates \$500 million for agriculture modernization in Uzbekistan

The project will be funded by the International Bank for Reconstruction and Development for the amount of \$276 million, and the International Development Association for the amount of \$224 million.

The project will allow farmers and representatives of agricultural enterprises have access to modern technologies, technical consultations, support services, agrology, phytosanitary, etc. As a result, by increasing competitiveness and increasing the export potential of local producers, their presence in the domestic and international markets is likely to expand. An addition, due to the participation of local commercial banks in the project, domestic producers will have the opportunity to attract long-term credit resources, with the prospect of using them to increase export-oriented value chains.

The project will also assist in the modernization of agricultural research institutes in Uzbekistan. Project activities will focus on issues regarding the development of seed production, land and water resources management, introduction of agroecological climate-resistant technologies focused on specific regions, as well as preserving the unique genetic material of plants in Uzbekistan.

The catering system will receive support benefits and preferences during the pandemic that were previously provided to the tourism industry

The service sector, which employs a very large number of the population, has been hit hardest by the pandemic over the past four months. The head of the country voiced and instructed the economic block to support catering, restaurant business and trade.

The head of the CCI stressed the importance of such since the catering system is inextricably linked with the tourism system. As of today, the Ministry of Economic Development and Poverty Reduction and the Ministry of Finance have already begun to prepare relevant government decisions.

Previously, for tour operators, travel agents, as well as accommodation facilities, the following benefits were provided:

- from June 1 to December 31, 2020, income tax rates are reduced by 50% from the established rates;
- the right to carry losses forward at the end of 2020 and 2021 is granted without limiting their size;
- until January 1, 2021, the calculation and payment of the tourist (hotel) tax is suspended.

3.5 ICT SECTOR

Programming and robotics to be included in the school curriculum

On July 14th, 2020, President Mirziyoyev spoke on increasing employment amongst the youth and women. The President outlined areas that require special attention, including issues of training and employment of school graduates.

The question was raised about the introduction of a system of vocational training in schools for relevant and popular specialties, such as programming, design, robotics and linguistics. In this regard, the President emphasized the importance of staffing industries with qualified personnel.

To this day, the megaproject “One Million Uzbek Coders” is being implemented to train IT specialists. In order to widely attract young people to participate in the project, the President set the task of educating 100,000 people by the end of the year and another 150,000 in the first half of 2021. The instruction was given to improve the subject “Computer science” taught in the 5th grade in schools, and to include disciplines from the project “One Million Uzbek Programmers” in its program.

Mobiuz launches 930 base stations in the first half of the year

During the first half of 2020, Mobiuz, a mobile operator in Uzbekistan, directed over 100 billion soms to technical development and modernization of networks. Expanding coverage and increasing the capacity of 4G / 3G networks in the regions of Uzbekistan became one of the key areas of the company’s activity during this period.

“Mobiuz subscribers are one of the most active users of the mobile Internet. They quickly master new technical solutions and capabilities of mobile networks. The huge demand for data services confirms the need for the chosen strategy – building new facilities, continuing to modernize existing networks and increasing the convenience and accessibility of the Internet,” Sardor Tajiev, spokesman for Mobiuz PR, said.

Based on the chosen strategy, the company plans to commission at least 200 more base station in the second half of the year, complete preparatory work at the current facilities for a full transition to 4G LTE. A large volume of highly specialized work is also awaiting.

Uzbekistan to adopt Artificial Intelligence development strategy

The draft presidential decree “On the Development of Artificial Intelligence Strategy in Uzbekistan in 2021-2022” has been placed on the portal for discussing draft normative-legal acts.

The document dictates the establishment of an online database for the acquisition of knowledge in the field of artificial intelligence, which will be regularly updated with structured data. It will contain the basic concepts of AI, the scope of AI, short free online courses and online platforms for sharing innovative ideas.

The project also envisages the development of a draft decree on the establishment of the “National Center for Artificial Intelligence Research and Development” at the Scientific and Practical Center for the Introduction of Innovative Development under the MID.

Mobile application developed in Uzbekistan to notify of possible contact with a coronavirus-infected patient

The Ministry of Health, the Ministry for the Development of Information Technologies and Communications and the Tashkent city administration have developed a mobile application “Self-Safety”.

The application compares your personal data with the data of other users. In case the virus is detected in one of the users, the system will match all points of intersection of the users based on geodata and Bluetooth tags within a radius of 5 meters within one minute. As a result, notifications of possible contact and recommendations for action in the form of push notifications will be sent to all users who have been in physical contact. The mobile application is available on Android and iOS platforms.

Uzbekistan to introduce digital technologies into cadaster sector

President Shavkat Mirziyoyev stated the primary task of cadaster offices to keep records and balance of the land. By the end of the year, it is projected to launch an information system that would collect information on the type, contour, boundary and user of the land. The decision to allocate land is now valid only if it is included in the system.

He also noted the need to digitalize agricultural management, maintain land balance and record it in the National Geographic Information System starting from next year. By the end of the year, it is planned to introduce a procedure for allocating agricultural land through electronic selection and auction, optimization of land categories with the help of international experts.

IFC is to help Uzbekistan develop digital financial services

The Central Bank of Uzbekistan entered into agreements with the International Finance Corporation (IFC) to implement two projects aimed at improving the regulatory environment for the development of electronic and digital financial services and realizing programs to improve financial literacy.

The main goal of these projects is to expand the availability of financial services for the population. IFC experts will assist in the development of regulatory documents in the field of electronic and digital financial services, which includes remote servicing, implementation of the principles of remote customer identification, a regulatory sandbox for payment systems, and the attraction of bank payment agents by credit institutions.

3.6 AUTOMOBILE SECTOR

Uzbekneftegaz's plans to build charging stations for electric vehicles in Tashkent

JSC Uzbekneftegaz will build charging stations for electric vehicles in Tashkent at the beginning of next year. By January 2021, two units of high-speed charging systems will be operational in Tashkent. The government was instructed to stimulate the creation of a service infrastructure for electric vehicles in the country. Proposals on specific locations for the infrastructure facilities must be prepared by September of 2020.

Earlier, it was reported that the introduction of electric vehicles of the Chinese company BAIC Motor Corp was expected in the capital's taxi service. 500 cars were purchased for the maintenance of which, it is planned to create 10 special charging stations that will allow drivers to charge the cars in 30 minutes.

Uzavotosanoat provides Volkswagen Caddy cars for Ambulance

Jizzakh automobile plant will start deliveries of Volkswagen Caddy cars to medical institutions of Tashkent, the press service of JSC Uzavotosanoat informed.

"The cars are designed to serve the population during the difficult period - the period of the pandemic. The vehicles will be available for ambulance starting the next week," the message said.

The Turin Invest Engineering, a local company, works on equipping these cars. The company specializes in the realization of engineering projects - from design to putting into operation. The company has laboratories of mechatronics, metrology and high-tech equipment with no analogues in the whole country.

Uzbekistan developing light armored vehicles

The State Committee for Defense Industry in cooperation with one of the leading enterprises in the country for the production of special equipment "KRAN VA MAXSUS TEXNIKALAR" LLC is developing a prototype of a light armored vehicle (LAV) TARLON (4x4).

According to the committee, the LAV, which protects against bullets and explosions, transports personnel, protects them from ammunition and explosives on the battlefield, performs special tasks

in dangerous areas, provides fire support to mobile groups and checkpoints, protects troops and convoys, conducts combat patrols, and is designed to perform other combat missions as well.

Uzbekistan becomes main purchaser of Kazakh cars in H1 2020

The volume of automobile exports of Kazakhstan increased by 8.6 times in H1 of 2020. According to the Ministry of Industry and Infrastructure Development, Kazakhstan has exported 2,500 passenger and commercial cars for a total amount of 19 billion tenge (\$45 million) in January-June 2020, whereas in the same period of 2019, this index was 607 cars for 2.2 billion tenge (\$5.2 million).

Exports accounted for 7.6 percent of total output in the automotive industry this year (2.9 percent in 2019).

3.7 INVESTMENT AND FINANCE

Mirziyoyev instructs bank leaders to take measures to eradicate corruption

On July 6th, 2020, President Mirziyoyev held a meeting on the implementation of the Banking System Reform Strategy for 2020-2025 and increasing the share of the private sector in banking assets from 15 to 60 percent.

During the meeting, the head of state noted that, “currently, 6 commercial banks – Ipoteka Bank, Sanoat Qurilish Bank, Turon Bank, Asaka Bank, Aloqabank and Agrobank have begun cooperation with international financial institutions with regards to financial diagnostics, development of long-term strategies and privatization. However, the transformation of other commercial banks has barely been progressing”.

The Central Bank was assigned to arrange training programs at the Corporate Retraining Center to educate local employees on bank transformation.

In the course of the meeting, issues of improving the quality of the loan portfolio and bank projects were also discussed. It was indicated that the share of problem loans can grow several times, which is a serious challenge for the banking system.

In this regard, instructions have been given to analyze problem loans by region and create an effective mechanism to maintain the quality of loan portfolios. It was emphasized that once the banks' loan portfolios undergo stocktaking, the Central Bank should develop specific measures to restore the financial capabilities of each customer in a difficult situation.

A separate aspect during the meeting was the discussion of the need to eradicate corruption in the banking sector. The head of state emphasized the need for bank chairpersons to take tough measures to eradicate corruption, introduce compliance control and other effective mechanisms.

Mirziyoyev noted the need for independent attraction of financial resources by commercial banks without state support.

Georgia has opened a JBCB TBC Bank subsidiary in Uzbekistan

As Uzbekistan has finally begun to open up its banking sector to foreign players, in June 2020, one of Georgia's largest banks announced its plans to open a subsidiary of JBCB TBC Bank in Uzbekistan. According to the plan, the services of the bank will be available to the Uzbek population by August 2020.

The bank's CEO Vakhtang Butskhrikidze states that, "The launch of banking operations in Uzbekistan is a very significant step in TBC PLC's international expansion and is an integral part of our digitally-led growth strategy".

The major share of the Uzbek banking sector was controlled by state-owned banks, however, President Mirziyoyev is working on the privatization of the banks, as a part of Uzbekistan 2.0 programme. The list of the banks that need to undergo privatization excludes the following:

- the National Bank for Foreign Economic Activities (100% state-owned);
- Xalq Bank (100% state-owned);
- Agro Bank (94.5% state-owned) and
- Mikrocredit Bank (84.5% state-owned).

The Uzbek banking sector has opened itself up to classic and retail banking, enabling foreign exchange deposits and a more liberal free-market approach.

"The initial, as well as ongoing reforms, have been one of the major encouragements for us to enter the Uzbekistan market," says Giorgi Shagidze, TBC Group's CFO, who is also the chairman of the supervisory board of the Uzbek bank. "Particularly significant were legislative and executive reforms supporting open market practices, investments, and regulatory matters".

TBC aims to fulfill the need for digitalized banking experience, leaving the branches primarily for client relationships. Mr Shagidze sees Uzbekistan as "a fast-growing emerging market with a well-diversified economy and a large population".

Investment agreement between Uzbekistan and Turkey enters into force

On July 9th, 2020, an intergovernmental agreement on mutual promotion and protection of investments between Uzbekistan and Turkey entered into force. The document was signed during the visit of President Mirziyoyev to the Republic of Turkey on October 25th, 2017.

The agreement defines the legal framework for protecting the rights of investors, facilitating the flow of capital and technology, and free money transfers. The document creates a solid basis for the inflow of mutual investments in the economy of the two states, and also increases the investment attractiveness of both countries for potential foreign investors.

On the same date, a protocol on amendments and additions to the intergovernmental Agreement on Avoiding Double Taxation of Income from 8 May 1996 entered into force. The Agreement is supplemented by a new norm on assistance in the collection of taxes, in order to avoid double taxation of income.

\$2.4 billion in remittances have been transferred to Uzbekistan during the first half of 2020

The volume of the market for cross-border remittances in June 2020 began to recover after falling in March and April, follows from data from the Central Bank.

- The volume of cross-border transfers received by Uzbekistan amounted to \$2.4 billion, having decreased compared to the same period of the previous year by \$156 million or 6%.
- The volume of sent foreign exchange funds reached \$ 427 million, which is less than the same period last year by \$40 million or 9%.
- As a result, the positive balance on cross-border transfers was at the level of \$2 billion, which is \$ 116 million (or 5%) less than in the same period last year.
- Most of the transfers to Uzbekistan come from Russia. \$4.7 billion was transferred from Russia to Uzbekistan.
- The total volume of cross-border transfers received amounted to \$6.4 billion.

JSC "Uzbekneftegaz" has attracted almost \$850 million in investments during the first half of the year

All conditions have been created for uninterrupted operation during the quarantine period of all enterprises included in the system of the joint-stock company.

As a result, the forecasts for the six months were fulfilled including 1 billion cubic meters of natural gas, almost 22 thousand tons of condensate and 1.2 thousand tons of oil produced. Within the framework of 11 projects, investments for \$ 846.5 million were attracted.

The President gave instructions on improving the quality of manufactured products, the level of localization, reducing imports and actively introducing digital technologies into the industry. The importance of attracting foreign investors to promising projects to expand geological exploration and increase hydrocarbon production was emphasized.

Hungarian OTP Bank plans to expand to Uzbekistan

The largest bank in Hungary, OTP Bank, plans to enter the Uzbek market. The prospects for opening the bank were discussed at a meeting between the Deputy Prime Minister of Uzbekistan S. Umurzakov and the Minister of Foreign Economic Relations and Foreign Affairs of Hungary P. Siyarto in Tashkent.

During the meeting, on a reciprocal basis, the importance of joint work on the "Road Map" implementation to bring trade with Hungary to \$100 million was emphasized.

Separately, the success in the work on rapprochement of the business communities of the two countries was noted - at present, the approval of the draft document on the creation of the Uzbek-Hungarian Business Council has been completed. The activities of this structure will be aimed at further strengthening interactions between the business communities of Uzbekistan and Hungary.

The National Bank raised \$50 million from American Cargill

The National Bank attracted a loan from the American financial company Cargill Financial Services International in the amount of \$ 50 million, the bank's information service reported. Cargill Financial Services International was founded over 150 years ago and operates in the agricultural, food and beverage, animal feed industries. In 2019, the company's revenue was \$ 113.5 billion.

Earlier, Forbes.uz stated that Agrobank, The National Bank and Microcreditbank will receive \$ 100 million from the Fund for Reconstruction and Development to finance projects of the "Every Family is an Entrepreneur" program.

Anti-Crisis Fund expenditures announced: Uzbekistan Airways to receive \$40.6 million and Uzbekistan Airports – \$10.1 million

Deputy Minister of Finance Dilshod Sultanov has spoken about the expenditures of the Anti-Crisis Fund at the session of the International Press Club.

"To date, about 6.5 trillion soms have been spent from the Anti-Crisis Fund. The first direction of spending is related to preventing the spread of coronavirus. In this regard, funds have been allocated for medicine, medical supplies, financial incentives for doctors and tests," Dilshod Sultanov said.

It was noted that as part of social support measures, 200 billion soms was spent on the temporary employment of unemployed citizens, and 50 billion soms – on the development of the private land plots of low-income families.

In addition, 2 trillion soms have been allocated to support sectors of the economy and business. Funds have been allotted to support the most affected companies, such as the JSC Uzbekistan Airways and the Tashkent Metro, which ceased operations during the quarantine period.

On July 17th, the Ministry of Finance released data on the expenditures and revenues of the Fund under the Ministry. Reportedly, expenditures have been distributed in the following manner:

- to finance the anti-coronavirus measures – 907 billion soms;
- to the social sphere – 2.2 trillion soms;
- for construction and equipment of hospitals and quarantine complexes – 684 billion soms;
- to support the economy – 2 trillion soms. In particular, JSC Uzbekistan Airways was allocated a loan of 406 billion soums and JSC Uzbekistan Airports – 101 billion soms;
- for water supply and irrigation – 502 billion soms.

Finastra to transform risk management business

Finastra announced that People's Bank, a retail and commercial bank in Uzbekistan, is deploying Fusion Risk. The technology will automate the bank's risk management business, enabling it to become more efficient, whilst managing all types of risk including credit, market, operational, liquidity and interest rate. Finastra partners, local fintech FinExtra Group and IT solution developer Neoflex, are carrying out the implementation, enabling the bank to meet local and international regulatory requirements.

Fusion Risk is a fully automated, end-to-end risk and compliance solution that will enable People's Bank to manage its day-to-day operations and provide it with powerful analytics to address long-term strategic business planning. The solution will provide a single point of control, improving the user experience for its users. The full functionalities of Fusion Risk are expected to be implemented as part of the transformation, including asset and liability management of the bank (ALM), transfer-pricing calculation (FTP), and automation of various international regulatory requirements, such as IFRS 9 and Basel II/III.

3.8 UTILITY SYSTEM

Launch of the Request for Qualifications for the selection of an independent power producer to develop Combined Cycle Gas Turbine PPP project in Sirdarya region

On June 26, 2020, the government has launched a Request for Qualifications for the projects developed in cooperation with the International Finance Corporation (IFC). The program is being carried out by the Ministry of Energy (MOE), with the support of the Ministry of Investments and Foreign Trade (MIFT) and the Public-Private Partnership Development Agency under the Ministry of Finance (PPPDA).

The site is situated near the town of Shirin in Sirdarya region, which has been selected for the construction of a Combined Cycle Gas Turbine station with a capacity of 1250-1500 MW.

The government has been preparing an international tender with the assistance of IFC to attract and select a qualified private developer-investor for the Project, under the PPP Law. On March 5, 2020, 45 companies and the consortia submitted their Expression of Interest (EOI) to participate in the tender. Those companies and the consortia are now requested to submit their applications by September 26, 2020 (11 pm Tashkent Time).

The EU and AFD allocated € 1.5 million for the safe disposal of medical waste in Samarkand

The project is aims to improve medical waste management in Samarkand, as well as to ensure the safety of workers involved in the collection and removal of solid household waste in the city.

The plan was developed in cooperation with the French consulting company Seureca, which provides technical assistance to Maroqand Obod within the scope of "Modernization of Integrated Solid Waste Management in Samarkand City", co-funded by the government of Uzbekistan, the French Development Agency (AFD) and the European Union.

Deputy Chairman of the State Committee for Ecology and Environmental Protection, Mr. Islombek Bokizhonov, emphasized that workers in the waste management sector work day and night to remove household waste. The effectiveness of their work, he noted, plays a decisive role in overcoming the pandemic.

The President approved the Economic Conception of Water Development of the Republic of Uzbekistan for 2020-2030

Given the increasing scarcity of water resources in the region, the adopted conception assumes:

- increasing the efficiency of irrigation systems from 0.63 to 0.73;
- irrigated land area reduction of areas with a low level of water supply from 560 to 190 thousand hectares;
- reduction of saline irrigated land areas by 226 thousand hectares;
- reduction of the annual electricity consumption by 25% of the Ministry of Water Management system's pumping stations;
- installation of water measuring and control devices "Smart Water" in all objects of the irrigation system with the introduction of digital technologies in the process of water accounting;
- automation of water management processes at 100 large water facilities;
- bringing the total area of land covered by water-saving technologies for irrigating agricultural crops to 2 million hectares, including drip irrigation technologies - up to 600 thousand hectares;
- implementation of 50 projects in the water sector based on the principles of public-private partnership (PPP).

The document will be implemented by a new department of the Ministry of Water Management, which will be formed within a month. Foreign experts will be involved in the work. The project is also planned to be financed through external borrowings. The effectiveness of foreign funded projects will be reported annually to the Cabinet of Ministers.

Honeywell will provide technology for the Bukhara oil refinery

Bukhara Oil Refinery and Honeywell signed a licensing agreement on the provision of technical licenses, as well as on the development of a documentation package for the refinery modernization.

The modernization project aims to increase the processing depth of existing refinery capacities from 79% to 95%, the yield of light oil products from 77% to 91%, as well as the production of oil products that meet the requirements of the Euro-5 standard.

Hungary's willingness to invest hundreds of millions of euros in the construction of an Uzbek nuclear power plant

During their visits to Hungary in 2018 and 2020, specialists of the Uzatom Agency got acquainted in detail with the facilities of the Hungarian nuclear energy, as well as with the experience of the country in the nuclear power plant construction and operation.

The Hungarian side emphasized the educational aspect of mutual cooperation, which is already taking place and is moving towards development. This is reflected in an increase from 30 to 100 people in the quota for students from Uzbekistan, within the framework of which it was proposed to introduce a program for the study of nuclear energy at the Budapest Polytechnic University.

JSC Uzsuvtaminot ordered to connect 2.5 million consumers to the network by the end of the year

On July 17, President Shavkat Mirziyoyev held a videoconference on improving the drinking water supply and sewerage systems in the regions, as well as speeding up preparations for the autumn-winter season.

At the meeting, it was noted that despite it was planned to provide 3.6 million people with access to drinking water within three years and address all financial issues, only 30 percent of households ended up having access to water.

The head of state pointed out the problems in the implementation of projects and returning foreign loans, noted the need for making full use of newly laid water supply networks, aiding in the construction of water supply networks directly to people's homes.

For this purpose, supervisory boards will be created at the regional water companies, chaired by khokims of the regions. They will be equally responsible for the quality of project implementation, targeted use of funds and repayment of the received loans. Uzsuvtaminot JSC will develop projects in coordination with the khokims and the population, based on the specifics of the region.

Program ASKUG is being implemented into the gas pipeline system

One of the important innovations in JSC "Uztransgaz" is the introduction of the "Automated system of commercial gas metering". ASKUG is an effective and promising innovative project aimed at improving the supply of natural gas to consumers.

Prior beginning working on the new program, the experience of several foreign companies was studied in order to develop the system software. At present, practically all gas distribution and gas metering stations available in the republic are connected to the ASKUG system and operate in test mode. The volumes of supplied natural gas are accounted for in a fully automated manner. According to the plan, the start-up process of the ASKUG system will be completed by September this year. After full commissioning during the fourth quarter, work will continue to improve the functionality of the system.

3.9 TRADING SECTOR

Uzbekistan suspended gas export to Russia

Due to the impact of the coronavirus pandemic on foreign markets, the export of gas produced in Uzbekistan to China has decreased by 3 times and has completely been stopped to Russia.

Earlier, Prime Minister Abdulla Aripov stated that by 2025, measures will be taken to stop the export of natural gas and its complete processing within the country, as well as to expand the production of value-added products.

Uzbekistan suspends export of pharmaceutical products

Export of pharmaceutical products from Uzbekistan, including export by individuals, will be suspended. A relevant decision was made by the Special Republican Commission, taking into consideration the current situation in the country regarding the pandemic. However, the export of certain types of pharmaceutical products approved by the Special Commission may continue. The Commission will later announce the procedure for issuing permits for the export of pharmaceutical products.

The State Customs Committee and the Border Troops of the State Security Service will establish strict control over the smuggling of medicine and medical supplies from the territory of the republic.

Uzbekistan exported gold for \$2.1 billion in January-June

In the first half of the year, Uzbekistan exported gold worth \$2.1 billion. This is evidenced by the State Statistics Committee data. According to the committee, the increase compared to January-June 2019 was 101.4%. In H1 2020, the share of gold in exports amounted to 33.8%.

It should be noted that in recent years, Uzbekistan has increased gold exports. It exceeded \$823.9 million in 2015, \$738.2 million in 2016, \$1.6 billion in 2017, \$2.91 billion in 2018 and \$4.9 billion in 2019.

Uzbekistan simplifies cement imports

Today the Cabinet of Ministers adopted a Resolution "On measures to simplify the procedure for importing cement and providing the domestic market with high-quality cement." According to the document, cement products can be put into free circulation within 1-2 days post-import, unlike 28 days, as it used to. It is expected that this decision will saturate the domestic market with quality cement products and reduce its current cost.

Uzbekistan and Turkey agree to bring bilateral trade to \$5 billion despite the pandemic

On July 28th, during the visit of the delegation of Uzbekistan to Turkey, the Minister of Investments and Foreign Trade Sardor Umurzakov met with the Minister of Trade of Turkey, Ruhsar Pekcan, the MIFT press service reports.

During the discussion, the parties noted that the trade and economic partnership between Uzbekistan and Turkey has shown strong growth in recent years: the volume of trade in 2019 amounted to \$2.5 billion, which had increased by 22,7% compared to the previous year. The countries are ready to further increase the volume of mutual trade to \$5 billion in the short term, despite the impact of the pandemic. In this context, the representatives mentioned the priority of expediting the negotiations on the draft Preferential Trade Agreement, which is currently being developed by experts from the two countries' specialized agencies.

The implementation of the action plan for economic cooperation between Uzbekistan and Turkey was also revised, and the parties agreed to coordinate efforts and introduce a new monitoring mechanism to ensure the unconditional implementation of the document.

3.10 ENERGY AND MINING SECTOR

285 large industrial enterprises of Uzbekistan will pass energy audit

The mechanism of mandatory energy audit of enterprises with high energy consumption is being introduced, which is planned to be carried out on the basis of analytical data obtained from the Unified Information System of the Ministry of Energy.

The decree approved a roadmap for improving energy efficiency and a schedule for conducting energy audits of 285 industrial enterprises.

The Ministry of Energy was instructed to ensure the involvement of leading domestic and international companies for conducting energy audits at the industrial enterprises within two months, and to make a proposal to expand their list.

The authorities plan to borrow 100 million euros for the Energy Efficiency Fund for Residential Buildings

The Uzbek authorities plan to conclude an agreement with the German government on the creation of a Fund for improving the energy efficiency of residential buildings and attracting concessional financing in the amount of 100 million euros, follows from the presidential decree.

In addition, it is planned to attract funds from the World Bank in the form of a concessional loan in the amount of \$143 million to improve the energy efficiency of social facilities.

The head of state also approved the structure of the Intersectoral Energy Saving Fund. The funds of the fund will be used to finance the preparation of a feasibility study for energy efficiency projects, participation in the formation of authorized capital of industrial enterprises and projects of enterprises for the production of installations of renewable energy sources, conducting energy audits of economic entities and implementing measures to support the development of renewable energy sources.

The Ministry of Energy executes forward-looking plans

The Ministry of Energy is undertaking a tender to build a 100MW wind power plant in the Qorao'zak district of Karakalpakstan. Another tender for a second wind farm at the same site is in planning, as well as the two 100MW pilot solar power projects in the Samarkand and Navoi regions.

This year's investors will be selected for two planned thermal power plants with a total capacity of 2,600–3,000MW in the Syrdarya region, while expansions of the existing Navoi combined heat and power project and Talimarjan thermal power project are expected to be commissioned in either 2023 or 2024. A new 1,300MW combined-cycle gas turbine plant is also in the planning stage.

3.11 EDUCATION

Admission to Higher Education Institutions 2020: About 1 million applicants are registered

As of July 14, 2020, a total of 938,952 applicants (including 418,558 this year's graduates) were registered in the country, the Ministry of Higher and Secondary Specialized Education reported. Amongst these, by the form of education:

- daytime – 551,257 applicants;
- part-time – 368,916 applicants;
- evening – 18,779 applicants.

In terms of languages:

- in the Uzbek language – 825,036 applicants (88.3%)
- in Russian – 87,071 applicants (9.2%)
- in the Karakalpak language – 24,787 applicants (2.3%)
- in other languages – 2,058 applicants (0.2%).

Higher education institutions (HEIs) with the largest number of applicants:

- Samarkand State University – 50,434 applicants;
- Andijan State University – 40,656 applicants;
- Karshi State University – 36,981 applicants;
- Namangan State University – 34,922 applicants;
- Tashkent State Pedagogical University – 34,452 applicants.

4. NEW GOVERNMENTAL INSTITUTIONS

Youth Union to be transformed into Agency for Youth Affairs

On June 30th, 2020, President Mirziyoyev signed a decree regarding the transformation of the Youth Union into the Agency for Youth Affairs. The newly transformed governmental institution aims to protect the rights of the youth, and to create essential conditions for their development, in the form of foreign education, employment and entrepreneurship. In addition, the scope of Agency's responsibilities expands to establishment of music-, sports- and IT-clubs at schools, as well as supply of necessary literature to the libraries.

A coordinating council was formed to implement the program of additional measures, which aims to further develop the state youth policy by providing financial support towards the organization of educational and business events. In order to reduce the unemployment rate amongst the youth, various teams will be created to engage enthusiastic individuals in paid seasonal work. The target will be mostly on university students, who are available for employment during the summer holidays.

The decisions made by the Agency are thus binding on all state bodies, organizations and officials involved in the implementation of the state youth policy.

5. REGULATORY CHANGES

New reporting forms for budgetary organizations

The quarterly and annual reporting forms on the implementation of the plan for the industry, establishments and budgetary organizations financed from the State Budget of the Republic of Uzbekistan (reg. No. 3255 dated June 30, 2020) were approved by the Minister of Finance.

The document provides reporting forms for the following types of budgetary organizations:

- public preschool educational institutions;
- secondary educational institutions;
- music and art schools for children, extracurricular activity organizations for children;
- educational institutions not divided into stages;
- all types of sports schools;
- academic lyceums, vocational schools, colleges and technical schools;
- higher educational institutions;
- institutions for retraining and advanced training of personnel;
- research organizations;
- other educational institutions;
- outpatient service organizations;
- medical service organizations;
- population's social protection organizations;
- other healthcare organizations;
- agricultural organizations of the agroindustrial complex;
- water management organizations of the agroindustrial complex;
- veterinary organizations;
- ministries and departments, governing bodies and other organizations (for budgetary funds);
- ministries and departments, governing bodies and other organizations (for extra-budgetary funds);
- self-government bodies of citizens;
- social skills organizations,

The document was published in the state language in the National Database of Legislation and will enter into force on January 1, 2021.

The Ministry of Justice develops measures for unprecedented liberalization in issuing licenses and permits for entrepreneurs

A draft Decree of the President of the Republic of Uzbekistan "On measures to radically improve licensing and permitting procedures" has been developed in order to eliminate systemic errors in the field of licensing. In accordance with the project, about 1,000 established bureaucratic processes are simplified. In particular:

1. The notification procedure is being introduced as a separate institution.

- Upon sending a notification, individuals and legal entities undertake to comply with the requirements and conditions established by law, and also confirm that their activities comply with the established requirements.
- The draft Decree stipulates the introduction of a notification procedure instead of 44 licensing and 13 permitting procedures.

2. The number of activities requiring a license and permission is significantly reduced.

- It is proposed to exclude from licensing activities that will not harm human health and society, as well as to transfer certain types of activities with a low level of risk to alternative regulatory methods.
- According to the draft Decree, about 100 licensed activities and 35 permits are canceled and transferred to alternative regulatory methods.
- As a result of the reduction in the number of licenses and permits, entrepreneurs will save more than 125 billion soms per year.

3. Licensing permits and notification procedures will be fully digitalized.

- Digitalization will result in reduced occurrence of corruption in the implementation of administrative procedures
- It will be possible to save funds in the amount of more than 13 billion soms allocated by state bodies for manufacturing special forms, as well as 3.5 million units of paper.

4. The project stipulates the widespread simplification of business processes and administrative procedures.

5. Proposal to establish that license or permit cancellation at the initiative of the authorized body is decided only in court.

6. The right of state unitary enterprises and institutions to carry out licensed activities without obtaining an appropriate license is annulled.

- Elimination of the dominance of state-owned enterprises over private entrepreneurs, unequal market conditions, as well as the monopoly position of state-owned enterprises.

7. Measures will be taken to systematize and codify legislation governing relations in the field of licensing procedures, as well as to reduce the regulatory burden.

- A unified draft law will be developed by combining the laws “On licensing of certain types of activities”, and “On licensing procedures in the field of entrepreneurial activity”.

The implementation of the draft Decree will ensure transparency of the licensing and permitting system, harmonization (unification) of administrative procedures and increasing the responsibility of business and government bodies.

Media registration to be canceled and a notification procedure to be introduced

A draft law “On Mass Media” has been developed by the Agency of Information and Mass Communications in accordance with the Presidential resolutions and the Constitution and was posted on the SOVAZ portal for discussion. The following rules were laid down:

- the cancellation of the media registration system and the introduction of a notification procedure for starting operations;
- guarantees for establishing media relations with legislative, executive and judicial authorities;
- provision of gender equality, equal rights and opportunities for women and men working in the media;
- responsibility for violation of media freedom;
- grounds for terminating the activities of the media, etc.

- the right to freely take photos and videos of public places, buildings and structures, with the exception of those prohibited for shooting with the corresponding signs of territories, the list of which is approved in accordance with the law;
- increase in the share of foreign investment in the authorized capital of the media from 30 to 49%.

Central Bank: a new version of the Regulation "On corporate governance in commercial banks"

In order to improve management in banks, the Central Bank approved a new version of the Regulation "On corporate governance in commercial banks" (No. 3254 from 30 June 2020), which was developed on the basis of the principles of the Basel Committee and other internationally recognized norms.

The document envisages the following:

- introduction of advanced standards and experience in corporate governance, ensuring accountability and transparency in the activities of banks' management bodies, as well as increasing the efficiency of the management decision-making process;
- definition of the powers and tasks of the governing bodies, including the supervisory board, its committees and the bank's board, the necessary measures to prevent conflicts of interest, ensure the disclosure of information, implement the rules of ethics for employees, as well as the system of reporting unfair behavior;
- details regarding the functions of the committees created under the Regulation, and their role in bank management, in order to ensure transparent areas of government responsibility as well as proper accountability in line with international practice.

The Regulation "On Corporate Governance in Commercial Banks" will enter into force on 1 October 2020.

The President signed amendments to the law: LLC's received the right to issue bonds

Corporate bonds will become an alternative to bank loans and will expand sources of financing for private projects.

The President signed a law that introduces amendments and additions to 11 legislative acts, including the laws "On joint stock companies and protection of shareholders' rights", "On limited and additional liability companies" and "On the securities market". Limited liability companies are now eligible to place corporate bonds. The Senate approved the relevant bill in June.

Uzbekistan to develop a methodology for calculating the corruption rate of state bodies and enterprises by 2021

On July 27, President Shavkat Mirziyoyev held a meeting to discuss ongoing activities to reduce the shadow economy.

In order to ensure transparency in these areas, strengthen public control and competition, the Ministry of Finance was instructed to launch an information portal for public procurement. Each project will undergo anti-corruption expertise. The task has been set to apply this procedure from 2021 to all projects implemented using centralized funds.

The head of state gave instructions on the development of roadmaps to combat corruption in the context of sectors and directions, to prevent corruption in the field of public procurement and investment projects.

Uzbekistan adopts new package of anti-crisis measures for the population and businesses

President Mirziyoyev approved a new package of anti-crisis measures for the population, business, catering, trade and services. The text of the presidential decree was published by the Ministry of Finance. According to the decree, the catering enterprises:

- are exempt from paying value added tax and the fee for the right to carry out retail trade in alcoholic beverages;
- have the right to sell alcohol with delivery;
- can expand the staff - the maximum average annual number of employees for them increases from 25 to 50 people;

Landlords are advised to lower their rent in 2020, taking into account the tax incentives provided. Specifically, from 1 July to 31 December 2020:

- enterprises specializing in the provision of premises for rent are exempt from value added tax;
- individuals are exempt from personal income tax on income received from the provision of real estate for rent;
- the application for tax purposes of the minimum rental rates for individuals who lease premises and vehicles is suspended.

In 2020, a penalty for violating the deadline for submitting tax returns is not imposed if no more than 5 days have passed from the deadline. Specific cases in which sanctions are not applied will be determined by the State Tax Committee.

6. SENIOR OFFICIALS CHANGES/APPOINTMENTS

- **Ministry of Finance:** Deputy Minister.
Appointed – Jamshid Abruyev.
Previously served as the Deputy Head and First Deputy Head of the State Budget Department of the Ministry of Finance.
- **Supreme Court:** First Deputy Chairman.
Appointed – Robahon Makhmudova.
Previously served as the Chairman of the Committee on Science, Education and Health of the Senate.
- **Ministry of Health:** First Deputy Minister.
Appointed – Abdukhakim Hadjibayev.
Previously served as the Deputy Minister of Health – Director General of the Republican Scientific Center for Emergency Medical Care.
- **The Administration of the President of the Republic of Uzbekistan:** Deputy Adviser to the President on Issues of Youth, Science, Education, Health, Culture and Sports
Appointed – Amrillo Inoyatov.
Previously served as the Rector of the Bukhara State Medical Institute
- **Labor Migration Agency:** Deputy Adviser to the President on Issues of Youth, Science, Education, Health, Culture and Sports
Appointed – Mukhammadzokir Mamatkhonov.
Previously served as the Head of the Main Department of Employment of the Namangan Region under the Ministry of Labor
- **National movement "Yuksalish":** Chairman
Appointed – Bobur Bekmuradov
Previously served as the Deputy Head of the Organization for Program Development and Cooperation
- **The Administration of the President of the Republic of Uzbekistan:** Director of the Agency for Information and Mass Communications
Appointed – Asadjon Hodjaev
Previously served as the Head of the State Inspection for Control in the Sphere of Informatization and Telecommunications
- **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

EUROUZ or Europe-Uzbekistan Association for Economic Cooperation is a new platform of cooperation between Europe & Uzbekistan, which has been created in order to assist the European business community in establishing and strengthening business, investment and trade cooperation ties with Uzbekistan. 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 foreseen with international organizations.

EUROUZ is envisaged a non-commercial, non-profit, non-government organization, registered in Brussels, with a representative office in Uzbekistan.

For any inquiry, contact us via: info@eurouz.com