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1. SPECIAL NEWS

- **After two rounds of parliamentary elections UzLiDeP still leads.** According to [the results of the repeated elections](#) to the Legislative Chamber, held on January 5 in 25 electoral circles in Uzbekistan, the Movement of entrepreneurs and business people - **Liberal Democratic Party (UzLiDeP)** retained their leadership. This was announced at a meeting of the Central Election Commission in the international press center on election coverage.

In total, after two rounds of voting, *UzLiDeP won 53 seats* in the Legislative Chamber, *Milliy Tiklanish Democratic Party - 36 seats*, *Adolat Social Democratic Party - 24 seats*, *National Democratic Party of Uzbekistan (PDPU) - 22*, *Ecological Party of Uzbekistan - fifteen*.

The number of elected women deputies has doubled. If in 2014 24 women and 126 men were elected, in 2019 elections brought **48 women and 102 men** to the Legislative Chamber.

The **average age** of the newly elected deputies of the Legislative Chamber is **46.4**. Among elected representatives, 6% are younger than 30 years old, 64.7% are between the ages of 30 and 50, and 29.3% are older than 50. The **oldest** newly elected deputy - Safar Ostonov from the PDPU - **71**, the **youngest** - Sherzod Rakhmonov from the same party - **26**.

Re-election took place at 1730 polling stations in 25 constituencies. 3147079 citizens were included in the voters list, of which 1978048 took part in the repeated voting, which makes **62.8% of the citizens** included in the voters list during the second voting.

Re-election was watched by more than 5,000 observers from political parties nominated as deputies, as well as local self-government bodies.

As the chairman of the CEC Mirzo-Ulugbek Abdusalomov noted, in accordance with article No. 6 of the Law “On the Cabinet of Ministers of the Republic of Uzbekistan”, the party **UzLiDeP** received **the right to nominate a candidate** for the post of **prime minister**.

- **Law “On Special Economic Zones” is legal protection for investors.** On December 14, the Senate of the Oliy Majlis (parliament) of Uzbekistan at the 25th plenary meeting [approved](#) the law “[On Special Economic Zones](#)”. The special economic zone (SEZ), according to the document, recognizes a territory with certain boundaries and a special legal regime, specially allocated in order to attract foreign and domestic investment, high technology and managerial experience for the accelerated socio-economic development of the region. The SEZ is created by decision of the president for a period of 30 years. It can be of five types:

- *free economic zone;*
- *special scientific and technological zone;*
- *tourist and recreational area;*
- *free trading zone;*
- *special industrial zone.*

The law spells out the requirements for investment projects proposed for implementation on the territory of the SEZ, the types of activities prohibited on them, the grounds for liquidation, the procedure for obtaining the status of a participant in the SEZ, its rights and obligations. A separate article of the law is devoted to guarantees of legal protection of SEZ participants. So, when changing tax legislation, they have the right to apply, during the period of benefits, but not

more than 10 years, the rules and regulations on the payment of taxes that were in force on the date of registration by participants in the SEZ. Losses, as well as lost profits and non-pecuniary damage caused to legal entities and individuals as a result of unreasonable interference in their activities by state and other bodies or officials, are subject to compensation or compensation in court, the document says.

- **Head of the London Stock Exchange: confidence in Uzbekistan's capital market is growing.** On December 13, 2019, the Ambassador of Uzbekistan to the United Kingdom, Said Rustamov, [met with](#) Nikil Rati, Director General of the London Stock Exchange (LSE). The head of LSE praised the successful placement by Uzbekistan of sovereign Eurobonds at the exchange site in February 2019 in the amount of \$ 1 billion, as well as bonds of Uzpromstroybank for \$ 300 million in November. The manifested demand from British and international portfolio investors, which has exceeded the size of the initial offer packages by several times, reflects confidence in the capital market of Uzbekistan. Parties also discussed issues of further cooperation with the LSE, expanding assistance to the development of the domestic capital market. Plans have been outlined for organizing presentation events on the LSE base next year on the trade, economic and investment potential of Uzbekistan, the privatization process in the country for potential investors among LSE's client companies. Moreover, Ambassador and LSE's Director General agreed on the participation of Uzbek side in the international conference "Growing Markets in Europe and Central Asia", which is planned in London in April 2020, with a presentation on Uzbekistan.
- **The Boston Consulting Group (BCG) will help evaluate the investment attractiveness of the regions of Uzbekistan.** A [meeting with a group](#) of experts from BCG was held at the Ministry of Investment and Foreign Trade. An initiative was discussed to conduct a rating assessment of the investment climate in the regions of the republic and monitor the impact of ongoing socio-economic reforms on the business environment. The assessment will be carried out in order to further improve the investment climate, stimulate the attraction of foreign direct investment, strengthen investor confidence in a coherent policy regarding interaction with foreign partners and support entrepreneurship. To correctly and objectively compare the results, identify key trends, a rating assessment will be carried out in accordance with a previously developed methodology prepared in cooperation with BCG.

2. ECONOMIC OVERVIEW

2.1 LOCAL LEVEL

- **Uzbekistan and Japan International Cooperation Agency have agreed on a cooperation program worth more than \$ 3.5 billion.** President of Uzbekistan Shavkat Mirziyoyev at the Akasaka residence in Tokyo [received](#) Japan International Cooperation Agency's President (JICA) Sinichi Kitaoku. Currently, the portfolio of joint projects is over \$ 4 billion. A new long-term Cooperation Program worth more than \$ 3.5 billion was agreed, including projects in the

fields of energy, industry, agriculture, infrastructure modernization, as well as in the realm of environment and healthcare.

Particular attention was paid to supporting small and medium-sized business projects, as well as expanding educational exchanges. Uzbekistan and JICA reached an agreement on the development of a “road map” in order to ensure timely and high-quality implementation of each cooperation project.

- **The capital market of Uzbekistan will be unified.** President Shavkat Mirziyoyev instructed to [unify legislation in the field of the capital market](#) by the end of 2020. This was announced by the deputy head of the department of the Agency for Development of the Capital Market of Uzbekistan Sherzod Egamberdiev. He noted that there are a lot of problems and shortcomings in the legislation. The President instructed the agency, together with the Ministry of Justice, to develop direct laws by the end of 2020. According to him, there will be developed the law on the capital market and the law on the capital market regulator. The first document should provide unification of all regulatory acts in the field of regulation of the securities market, the activities of public companies, the definition of rules related to the issue and circulation of all types of securities.

Egamberdiev added that the law on the regulator will clearly determine the statute of the Agency for the development of the capital market and its powers. The agency will independently enforce legal action. This is the imposition of fines and the imposition of sanctions against persons who violate the legislation on the capital market.

- **Italian CRIF and banks of Uzbekistan established a new credit bureau.** Credit Information Bureau (CIB) was established in Uzbekistan. [Its founders are](#) the Italian company CRIF and six banks of the country - Sanoat Qurilish Bank, Ipak Yuli Bank, Invest Finance Bank, Hamkorbank, Ipoteka Bank, Asia Alliance Bank.

According to the Deputy Chairman of the Board of Sanoat Qurilish Bank Ulugbek Tavakkalov, the new credit bureau will become a driver of credit retail growth. The new credit bureau will also deal with the analysis of credit risk of individual banks and the sector as a whole. The modern scoring system implemented by CIB can be adapted with banks’ internal scoring.

According to Tavakkalov, the creation of a new credit bureau provides easier access to loans for individuals and legal entities. In particular, due to the introduction of a credit scoring system in Uzbekistan - an assessment of the borrower's creditworthiness, which is set based on an analysis of a person’s credit history.

In May 2018, CRIF intended to buy back a 35% stake in the existing credit bureau Credit Information Analytical Center. The transaction did not take place, and the Italian company decided to create a new credit bureau in Uzbekistan, in which it owns 50% of the charter capital, the remaining 50% was divided among the country's banks.

- **National Bank of Uzbekistan and Frontera Capital (Great Britain) signed a loan agreement for 100 million US dollars.** This agreement, signed on December 14, 2019, is aimed at [raising funds in the national currency](#) to finance small and medium-sized business projects. The main advantages of the agreement are:

- raising funds using international financial mechanisms;
- more favorable financing conditions in Uzbek soums;
- attracting long-term funds for up to 7 years;
- borrowed funds can be used to finance small and medium-sized business projects, as well as retail lending.

The agreement provides new opportunities for expanding cooperation with the investment company Frontera Capital, which has many years of experience working with international financial institutions in emerging markets.

The funds were raised by issuing credit notes on the international capital market on behalf of the National Bank of Uzbekistan, which in turn will allow the bank to strengthen its positive image on the global capital market and will arouse the interest of international investors.

***For reference:** Frontera Capital (has offices in the UK, UAE) is an investment company that specializes in providing long-term financing in local currency and hedging instruments for currency risks, both for lenders and borrowers. It also supports the development of a secondary market for loans and bonds in developing countries. Since 2014, Frontera Capital has structured and created sovereign and corporate loans totaling about \$ 1.5 billion in 40 developing countries.*

- **The first crypto exchange in Uzbekistan.** The National Agency for Project Management under the President of Uzbekistan issued [the first license for the activity of crypto exchanges](#) to the Koba Group company (Republic of Korea). Koba Group is a technology company focused on the development of various solutions in the field of digital economy, including blockchain technology. In accordance with the statement, the company intends to engage in crypto-exchange activities in compliance with all requirements of the national legislation of Uzbekistan in the field of crypto assets circulation, as well as international standards in the field of combating money laundering and terrorist financing.

In Uzbekistan, a crypto-exchange is an organization that provides an electronic platform for the exchange, purchase and sale of crypto assets. At the same time, a crypto asset is a set of records in the blockchain, which has value and owner. The turnover of crypto assets and crypto exchanges is not covered by the legislation on securities, exchanges and exchange activities. A license to operate crypto exchanges is issued exclusively to foreign legal entities through the opening of subsidiaries or other enterprises in Uzbekistan.

- **From 2020 the export of raw cotton will be stopped.** According to the representative of the Ministry of Economy, Kuvonchbek Mustafayev, in 2020 full-scale processing of cotton fiber in Uzbekistan will begin, and [the export of raw cotton will be stopped](#). He stated this at a press conference on the prospects of the textile industry. As K. Mustafayev noted, there are two stages in the development of the textile industry - one of the key sectors of the economy. The first is the complete processing of cotton fiber independently. The second is the deep processing of yarn and the export of finished products to increase the value added tax. We are now proceeding to the first stage. From 2020 the export of raw cotton will be stopped. We intend to move to the complete processing of cotton fiber in our country. Experts believe that the entry into the EU market of our textile products is currently one of the key problems facing the industry. According

to the Ministry of Economy, the European Union is the main consumer of finished textile products worldwide. Uzbekistan needs to enter this market. For this purpose Uzbekistan is trying to switch to the GSP + system (mode of providing additional tariff preferences) by 2020. This system will provide better access to the EU market.

For reference: Uzbekistan is currently located in the GSP (Generalized System of Preferences). This mode allows you to export duty free to the EU up to 3000 types of goods and 3200 types of goods at preferential rates. When switching to the GSP + system, more than 6,000 products can be exported duty free.

- **The President of the Republic of Uzbekistan gave a number of instructions on the active attraction and effective use of grants.** On December 25, during a [meeting on the active attraction and effective use of grants](#), Shavkat Mirziyoyev noted that 160 projects are currently being implemented in the country through grants in the amount of \$ 667 million. However, there is no mechanism for monitoring the implementation of these projects, evaluating the effectiveness of development and monitoring the targeted use of funds. The facilities and equipment put into operation through grants and the experience gained in the framework of projects are used inefficiently. In such areas as science, innovation, ecology, not enough grants are attracted.

During the meeting, the head of state gave instructions to ministries regarding the development of grants' attraction to the economy more efficiently.

The Ministry of Investments and Foreign Trade, the Ministry of Finance were instructed to create a new system for evaluating the effectiveness of projects implemented through grants.

The Ministry of Foreign Affairs and the Ministry of Investments and Foreign Trade were tasked to develop relations with international donor organizations.

The Ministries of Health, Higher and Secondary Special Education, Agriculture, the State Committee for Ecology and Environmental Protection have been advised to develop “roadmaps” for attracting grants in 2020, directing the funds raised to priority goals and specific projects.

- **President instructed to conduct an analysis of enterprises with state share.** President of Uzbekistan Shavkat Mirziyoyev on December 11 during a meeting on the effectiveness of enterprise reform with the participation of the state said that [the presence of the state remains even in those areas in which there is no need for it](#). According to his instructions, an inventory of each enterprise will be carried out during a month and their profitability will be analyzed. While sharply criticizing the current situation, the president emphasized that today most of the 2819 enterprises with state share operate “on the basis of outdated methods, inefficiently, as a result of which they are not even able to pay dividends. Moreover, according to the head of state, there have still been no noticeable shifts in improving the efficiency of management and activities of state enterprises, transferring their functions to the private sector. President indicated that many companies are stalling in matters of financial reporting, internal control and audit, and attracting independent members to the board. He instructed to accelerate the implementation of corporate governance in these companies, as well as to reform 32 large enterprises of basic industries. The head of the country gave instructions to open a project office in the Ministry of

Transport and involve the private sector in transport enterprises. He stressed that it is necessary to radically update approaches to privatization and move in this area to a system that meets the requirements of a market economy system.

- **The French Orano Mining and the State Committee for Geology and Mineral Resources set up the enterprise.** The [joint venture Nurlikum mining, established](#) by the French company Orano Mining and the State Committee for Geology and Mineral Resources (Goskomgeologii) of Uzbekistan, will be able to produce up to 1,500 tons of uranium oxide per year. In September 2019, Orano and Goskomgeologiya signed an agreement on the establishment of a joint venture for exploration and production of uranium in the Navoi region. According to the terms the share of Orano in the joint venture will be 51% in the form of cash, technological equipment and machinery, the share of the State Geology Committee - 49% due to the costs of geological and other information on the contract areas. At the initial stage, the French company plans to invest up to \$ 20 million in the project and about \$ 150 million when identifying a commercial field. The joint venture plans to begin field work in early 2020. According to the State Committee for Geology, in 2017, uranium production in the republic amounted to 3600 tons, the entire volume is exported.
- **The concept of medium-sized business is being introduced in Uzbekistan - criteria and benefits.** In September of 2019, President Shavkat Mirziyoyev [instructed to introduce this category](#) and revise the criteria for small and large businesses. The other day, the Ministry of Economy and Industry introduced a draft presidential decree that introduces the concept of medium-sized business. The project proposes to do this from April 1, 2020.

Medium Business Criteria:

1) The number of employees depending on the profile of the company. If production, then from 100 to 150 people, if construction - from 70 to 100 people. In the field of agriculture and wholesale trade - from 30 to 40 people, in retail trade, the provision of services - from 20 to 30 people.

2) Annual turnover. If it is from 1 to 3 billion soums, then the business entity is considered medium-sized business and is exempted from paying value added tax.

It is expected that all the benefits enjoyed by small businesses will be provided to medium-sized businesses.

2.2 REGIONAL COOPERATION

- **Demand in Europe for dried fruits and vegetables from Uzbekistan is expected to grow.** In November this year, BMB Trade Group (Uzbekistan) and Advantage Central Asia (France) [conducted a marketing research](#). According to its results, it became known that in the coming years there are expected a stable growth of the agricultural products market and an increase in demand in European markets for products grown in Uzbekistan. The Ministry of Agriculture of the Republic of Uzbekistan officials said that next year it is planned to increase the volume of exports of fruits and vegetables from Uzbekistan to \$ 2.5 billion, and in the next three years to \$ 5 billion. To solve such a complex and important task, domestic exporters are required to choose

an acceptable partnership model with foreign companies that are ready to give a high guarantee for bringing fruit and vegetable products to foreign markets.

According to the ministry, representatives of BMB Trade Group and Advantage Central Asia signed an agreement on the establishment of a joint venture in France. This joint venture would be specialized in packaging fresh and dried fruits and vegetables from Uzbekistan, bringing them to the European market. It is worth to note that the market of dried fruits and nuts in Europe is 11 billion euros, of dried vegetables - more than 8 billion euros.

- **The President of Uzbekistan met with Japan's business circles.** The event [was attended](#) by heads of Japan's leading corporations, companies, financial institutions such as JETRO, JICA, JABIC, NEDO, JOGMEC, Mitsubishi, Itochu, Sumitomo, Marubeni, Isuzu. Uzbek leader called on Japan's companies and financial institutions to actively participate in the implementation of investment projects in Uzbekistan. Shavkat Mirziyoyev said that Japan is our strategic partner. Together we did a great job of modernizing the sectors of the economy and infrastructure in Uzbekistan. Our visit aims to open a new page in the history of bilateral relations. There are many unused opportunities, new projects in trade, energy, chemical industry, transport, tourism, fruit and vegetable processing and services.

3. POLITICAL NEWS

- **Shavkat Mirziyoyev: Japan is one of the priorities of Uzbekistan's foreign policy.** Uzbekistan's President Shavkat Mirziyoyev and Japan's Prime Minister Shinzo Abe [signed a joint statement](#) on further deepening and expanding the strategic partnership between Uzbekistan and Japan.

During the visit, the delegation of Uzbekistan signed more than ten documents in the economy, industry, tourism, science, innovation, information and communication technologies, labor migration, education and sports, as well as interregional cooperation.

During a speech to media representatives, Shavkat Mirziyoyev noted that the development and further expansion of multifaceted and mutually beneficial cooperation with Japan is one of the priorities of Uzbekistan's foreign policy. The President said that in the framework of the visit, there were concluded agreements on major projects with Japan's leading companies and organizations. These projects are noteworthy, primarily because they are aimed at attracting the advanced achievements of Japanese science and high technologies to the economy of Uzbekistan.

- **Shavkat Mirziyoyev: no one will ever give up Uzbek people's and nation's independence.** On December 26, during a meeting at the Abdullah Kadiri School of Art and Museum with writers and poets, literary critics and creative youth, President Shavkat Mirziyoyev [highlighted some aspects of the country's foreign policy](#).

Mirziyoyev stated that "We are in search ... Now we want to join the big integration. Some people say: we will give up independence ... No one will ever give up Uzbek people's and nation's independence. The struggle begun by our ancestors and continues to this day. But the reins are in our hands. We must consider which path is right in market economy in terms of our

interests. Of course, our greatest desire is to find the path that is the most profitable, the most suitable economically. With whom we will go is up to the people, the deputies. A deputy is the voice of our people, the eyes of our people. We will consult with the people. If we are confident in the correctness of the chosen path, we will do it.”

4. MARKET DEVELOPMENT INFORMATION

- **In 2019 inflation in Uzbekistan grew by about 1% compared to 2018.** According to the [report of the State Committee on Statistics](#), inflation in Uzbekistan in 2019 amounted to 15.2%. At the end of 2018, the indicator amounted to 14.3%. The periods of peak values of monthly growth and decrease in prices during 2019 fell on August (an increase of 2.9%) and June (a decrease of 0.5%).

In general, for 2019, food products became more expensive by 18.6%. Non-food products during this period rose by 10.9%, services - by 15.2%. Starting January 1 of 2020 the Central Bank was instructed to ensure a phased transfer of monetary policy mechanisms to the inflation targeting regime with a goal of reducing inflation to 10% in 2021 and a permanent inflation target (target) of 5% in 2023.

- **Central Bank: Uzbekistan's external debt is \$ 21.5 billion.** According to Central Banks report Uzbekistan's [total external debt](#) as of October 1, 2019 amounted to \$ 21.5 billion, an increase of \$ 4.2 billion from the beginning of 2019 (an increase of 24%). It is noted that over 9 months, public external debt increased sharply. This process is explained by the attraction of new external credits to finance state programs for the development of economic sectors and regions.

The increase in debt during January-September was mainly attributable to the public sector (\$ 3.7 billion), of which \$ 1 billion was international bonds. Private sector debt increased by \$ 494.4 million as a result of increased loans by banks and other sectors of the economy.

Payments on private external debt amounted to \$ 1.1 billion in principal and \$ 231 million in interest. At the same time, enterprises in the oil and gas and energy sectors, as well as in the banking sector, continue to make the largest volume of payments both in terms of principal and interest.

5. REGULATORY CHANGES

- **President signed the law “On the Cabinet of Ministers of the Republic of Uzbekistan” in a new edition.** In accordance with the law, [the candidacy of the Prime Minister is proposed by the political party](#) that won the largest number of seats in the elections to the Legislative Chamber of the Oliy Majlis, or by several political parties that received the same number of seats. The President of the Republic of Uzbekistan after considering the submitted candidacy for the post of Prime Minister within ten days proposes it for consideration and approval by the chambers of the Oliy Majlis. When considering and approving his candidacy in the Oliy Majlis, candidate prime minister presents Cabinet of Ministers’ action program for short and long term. Prime Minister’s candidacy is considered approved if more than half of the votes of the total number

of deputies of the Legislative Chamber and Senate members of the Oliy Majlis, respectively, are cast for it.

In the event of persistent contradictions between the Prime Minister and the Legislative Chamber on a proposal officially submitted to the President by deputies of the Legislative Chamber in an amount of at least one third of their total, the question of expressing a vote of no confidence in the Prime Minister is submitted for discussion at a joint meeting of the Chambers of the Oliy Majlis . A vote of no confidence in the Prime Minister is considered adopted if at least two-thirds of the total number of deputies of the Legislative Chamber and members of the Senate respectively vote for it. In this case, the president decides to dismiss the prime minister. At the same time, the entire Cabinet of Ministers resigns together with the Prime Minister.

- **Members of the Parliament adopted the new revised Tax Code.** The revised tax code of December 9 acquires the [status of a direct-acting document with the maximum reduction](#) in it of reference norms and by-laws. According to the new version of the tax code:
 - a new tax control procedure is proposed (desk audit, field audit, tax audit);
 - a risk analysis program is being introduced. In accordance with it, all operating economic entities on the basis of certain criteria, according to danger, without a human factor are automatically divided into 3 segments (green, yellow, red paths);
 - The rights and powers of taxpayers and tax authorities are defined. Types of tax audits reduced from 13 to 3 types;
 - for foreign tourists a VAT refund is introduced on the basis of the Tax free principle;
 - VAT payment is canceled upon the gratuitous transfer of property (services);
 - the single social payment rate is reduced from 25 to 12% for state enterprises with a state share, in the authorized capital of which 50% or more;
 - the procedure for applying financial sanctions against business entities that have committed a tax offense is being reviewed.

There have been introduced over 70 editorial and conceptual amendments in the new version of the Tax Code. In particular, the draft proposed to authorize the State Tax Committee to grant permission to defer and installment payments of taxes.

- **President Shavkat Mirziyoyev signed a decree on public procurement.** According to [the document signed](#) on December 5, from January 1, 2020 business entities and enterprises of strategic importance:
 - place an ad on a special public procurement information portal. At the same time, the announcement indicates the deadline - at least 15 days;
 - post for public discussion for two working days the minutes of the procurement commission on the selection of the best proposals on the day of its execution;
 - add to the register of contracts concluded with state customers information on contracts concluded as part of public procurement no later than three business days from the date of their conclusion;
 - the right to make purchases through an electronic store and an auction to lower the starting price.

From the same date state customers receive the right to conduct state purchases by regions among domestic manufacturers (contractors, service providers) using the additional page of the electronic store.

If the contract is not concluded due to the lack of goods (work, services), the state customer is not entitled to conclude direct contracts with a self-selected supplier without using the main page of the electronic store.

6. SPECIAL INTEREST SECTION [EXPERT OPINION]

- **Education Minister: Uzbekistan ought to focus on exporting services, not products.** Speaking at an event entitled “Sustainable Development for the Benefit of Future Generations: Economic Priorities” as part of the New Uzbekistan - New Elections discussion club, Education Minister [Sherzod Shermatov said](#) that Uzbekistan should now focus on exporting services, not products. Uzbekistan does not have direct access to the sea, and two countries must be crossed to export products. This makes our products expensive. We should focus on exporting services, not goods. Children need to be interested in information technology, in English. Then citizens will not need to move to another country. Knowing the English language, they will be able to export services abroad, while remaining in Uzbekistan. After leaving school, young people will not have problems finding a job. According to the minister, the biggest problem in education is the lack of leading cadres. It’s hard to find a good school principal. This was also because the level of income of specialists in the field of education lagged behind other sectors.
- **Think Tank’s Deputy Director: WTO minimizes trade barriers as much as possible.** Deputy Director of the Institute for Strategic and Interregional Studies (Think Tank) under the President of Uzbekistan [Sanjar Valiev believes](#) that it is necessary to accelerate the process of the republic's accession to the World Trade Organization (WTO). He considers that the WTO minimizes barriers to trade. As of Valiev, for Uzbekistan, it is very important if we want to expand trade with distant partners, to speed up the process of joining the organization as much as possible. Expert noted that Uzbekistan has already implemented the main activities of the preparatory phase for joining the WTO. Uzbekistan’s President designated accession to the WTO as one of the key areas of the country's development in the trade and economic sphere. Today, the country participates in the organization as an observer state.
- **Nazirov: the demand of foreign investors for Uzbekistan is growing.** Atabek Nazirov, director of the Capital Market Development Agency, said [that today's financial architecture](#) - the rules for opening accounts, depositing / withdrawing money and the history that we had, like everything happened with us, frightens many investors. He emphasized that “the demand of foreign investors for Uzbekistan is growing” due to the fact that the country's economy has potential for growth. According to Nazirov, there are few economies where there are such opportunities as in Uzbekistan. GDP per capita today is about \$1.5 thousand, at purchasing power parity - \$6-7 thousand. The world average is about \$35-\$40 thousand. The gap is huge. If investment and macroeconomic policies are conducted correctly, the economy will grow. Accordingly, investors will want to invest.

The head of the agency added that the draft Strategy for the Development of the Capital Market for 2020-2025 proposes a number of measures, "where we want to completely remove restrictions, simplify the ability to open accounts, and provide the ability to deposit / withdraw capital without any restrictions."

According to Tursun Makhkamov, head of the agency's department, in Uzbekistan there is still "no clear and convenient procedure for managing capital flows," which worries investors. Investors agree to certain restrictions on the capital movement, but they need to know more about what restrictions exist and how they need to act correctly in order to consider all the risks they may face, which is very difficult to do currently.

- **An additional 2% of GDP growth in Uzbekistan is expected due to the development of the capital market.** According to [forecasts by experts](#) of the Agency for the Development of the Capital Market, Uzbekistan will be able to provide additional economic growth 2% higher than forecast due to the successful implementation of the capital market development strategy, follows from the presentation. The agency published a summary of the capital market development strategy for 2020-2025, prepared on the basis of recommendations of BTA and ISC consultants, with the support of the European Bank for Reconstruction and Development (EBRD) and the Asian Development Bank (ADB).

The expected results of the strategy are:

- Clear rules for all market participants / reliable protection of investor rights;
- Bringing the share of securities in free circulation (Freefloat) to 10% of GDP (6 billion dollars);
- Inclusion of frontiermarkets in international indices;
- Significant increase in foreign investment in Uzbekistan through the capital market;
- Reducing the dependence of the economy on the banking sector and the presence of the state in the banking sector;
- Welfare growth - it is planned to attract 2.5 million local investors. (Expected volume of investments - 6% of savings);
- Attracting additional funds from the shadow turnover to the economy;
- Ensuring the growth of the economy of Uzbekistan at a faster pace (2% higher than forecast).

7. EVENTS

7.1 Recent events overview

- **04-06.12.2019 – Tashkent**

The eighth round table on ‘Accession and Reform of the WTO: Towards the Ministerial Conference in 2020’

On December 4-6, 2019, Deputy Minister of Investments and Foreign Trade B. Abidov participated in in the eighth round table ‘Accession and Reform of the WTO: Towards the Ministerial Conference in 2020’. The agenda included negotiations on reforms in the World Trade Organization, the most promising procedures for states’ entering the Organization and preparation to the Twelfth WTO Ministerial Conference expected in Nur-Sultan in June 2020.

The round table was attended by more than 100 delegates, including WTO Deputy Director General Alan Wolff, Minister of Economic Development of the Russian Federation M. Oreshkin, Minister of Commerce and Industry of Afghanistan Ajmal Ahmadi, First Deputy Minister of Economic Development of Tajikistan Z. Zavkizoda, representatives of countries currently entering the WTO: Belarus, Bosnia and Herzegovina, Serbia, Comoros, Ethiopia, etc.

- **12.12.2019 – Tashkent**

- **Uzbek-Iranian Business Forum**

- Within the framework of the visit of the delegation of the Islamic Republic of Iran, headed by the Minister of Industry, Mines and Trade, Reza Rahmani to the Republic of Uzbekistan, the Chamber of Commerce and Industry of Uzbekistan on December 12, 2019. The Uzbek-Iranian business forum and B2B negotiations with business circles of the two countries took place. The main purpose of this event was to discuss the prospects for the development of trade, economic and investment projects between Iran and the Republic of Uzbekistan. The Minister of Industry, Mines and Trade of the Islamic Republic of Iran Reza Rahmoniy, the First Deputy Chairman of the Chamber of Commerce and Industry of the Republic of Uzbekistan Islom Zhasimov, the First Deputy Minister of Investment and Foreign Trade of the Republic of Uzbekistan Alisher Abdualiev, as well as representatives of leading Uzbek companies addressed the forum.

- **16.12.2019 - Tokyo**

- **Uzbek-Japanese Business Forum in Tokyo**

- On December 16, Tokyo hosted the Uzbek-Japanese Business Forum involving the heads ministries, departments, industry associations and commercial banks from the Uzbek side, and representatives of Japanese business groups, i.e. heads of large holdings, financial institutions, multi-industry corporations. The Forum was also attended by Deputy Prime Minister, Minister of Finance of Japan Taro Aso, heads of the Japan External Trade Organization (JETRO), Ministry of Economy, Trade and Industry of Japan, Japan Business Federation (KEYDANREN). In total, the event involved representatives of more than 500 Japanese companies and organizations. Japan Oil, Gas and Metals National Corporation will support the geological surveys in Navoi region based on Japanese technologies. Overseas Medical Equipment Technical Assistants (OMETA) intends to establish a Japanese-Uzbek medical information center in Tashkent. Intensive investment is expected to be attracted in automotive engineering through the cooperation between Japanese Isuzu Motors and Itochu Corporation with Uzavtosanoat JSC. Besides, Uzbekistan's commercial banks signed a number of documents with MUFG Bank and Sumitomo Mitsui Banking on additional investments to finance small and medium-sized business projects.

- **16.12.2019 - Tashkent**

- **An international conference was held on the topic: "Integrity in business, international standards, regional problems and next steps"**

- On December 16, the Chamber of Commerce and the Organization for Security and Co-operation in Europe (OSCE), in the framework of the project "Assistance to Combating Corruption in the

Private Sector of Uzbekistan”, hosted an international conference on the topic: “Integrity in business, international standards, regional problems and next steps”. The conference was attended by the OSCE Project Coordinator in Uzbekistan, Ambassador John McGregor, Chairman of the Chamber of Commerce Adham Ikramov, Ambassador Extraordinary and Plenipotentiary of the Federal Republic of Germany to Uzbekistan, Ambassador Gunter Leo Overfeld, Manager of the OECD Anti-Corruption Network for Eastern Europe and Central Asia, Mrs. Olga Savran, Commissioner for the President of the Republic of Uzbekistan for the protection of the rights and legitimate interests of business entities (Business Ombudsman) Dilmurod Kasimov, Deputy General Attorney of Uzbekistan Svetlana Artykova and OSCE experts, the OECD, Switzerland, Ukraine, Kazakhstan, as well as representatives of the Republican interdepartmental commission on combating corruption, a number of the authorized state and non-state bodies of Uzbekistan.

- **25.12.2019 - Tashkent**

- **The third meeting of the Interdepartmental Commission for Work with the World Trade Organization**

- On December 25 of this year, the third meeting of the Interdepartmental Commission for Work with the World Trade Organization, headed by Minister of Investments and Foreign Trade S. Umurzakov, was held. It is noted that along with the Memorandum on the regime of foreign trade of the Republic of Uzbekistan, the WTO Secretariat has submitted 12 additional documents covering various aspects of the foreign trade regime of the republic, including 7 annexes to this document, information on the application of the WTO Agreements on customs valuation, technical barriers to trade, sanitary and phytosanitary measures, trade aspects of intellectual property rights, as well as a plan of measures to adapt national legislation to WTO agreements. Corresponding instructions were also given to intensify work in preparation for the fourth meeting of the Working Group created by the Member States of the WTO on the accession of the Republic of Uzbekistan to this organization at its headquarters in Geneva (Switzerland), including the formation of the necessary documents.

- **30.12.2019 – Tashkent**

- **Meeting of the Coordinating Council on attracting external gratuitous assistance**

- On December 30, 2019 at the Ministry of Investments and Foreign Trade of the Republic of Uzbekistan, a meeting of the Coordinating Council on attracting external gratuitous assistance (grants) was held. Together with the involved ministries and departments, grant recipients and donors, it is planned to organize work on an inventory of completed, ongoing and ongoing grant projects, as well as filling in reliable data from a single electronic system - “Foreign Aid Information Management Systems”. Users of this system can receive up-to-date information on the possibilities of obtaining financial assistance, on projects being developed, approved and implemented in the context of regions and industries. Currently, the system is already active and contains information on 1242 projects implemented with the assistance of grant funds.

7.2 Upcoming Events

- **12-13.01.2020**

Minister of Foreign Affairs of Russia to visit Uzbekistan

Minister of Foreign Affairs of the Russian Federation Sergey Lavrov will pay an official visit to Uzbekistan. The President of the Republic of Uzbekistan Shavkat Mirziyoyev will receive the head of the Russian Foreign Ministry. The program of the visit provides for bilateral negotiations at the Ministry of Foreign Affairs of Uzbekistan, a visit to the branch of Moscow State Institute of International Relations (University) in Tashkent. A wide range of issues of bilateral political, economic, cultural and humanitarian cooperation will be discussed during the upcoming negotiations. It is also planned to sign the Cooperation Program between the Foreign Ministries for 2020-2021.

- **February, 2020**

President of Uzbekistan to visit Russian Federation

The President Shavkat Mirziyoyev will visit Russia on February 5 according to the first deputy foreign minister Ilkhom Nematov. “The president, Shavkat Miromonovich Mirziyoyev, attaches great, exclusive importance for the comprehensive development and strengthening of relations with Russia. We have an unprecedented increase in trade volume. The political dialogue between the two leaders is being strengthened,” Nematov said.

- **First half of 2020**

EBRD President to visit Uzbekistan

The President of the European Bank for Reconstruction and Development (EBRD), Suma Chakrabarti is planning to visit Uzbekistan in the first half of 2020 to discuss the expansion of the bank's activities in the country. On November 20, the Government of Uzbekistan and the EBRD signed US\$ 246.1 million worth of loan agreements for the energy, housing and communal services projects. The first interim session of the Foreign Investors Council with the participation of the EBRD under the President was held in Tashkent on the same day. The EBRD resumed operations in Uzbekistan in 2017 after a ten-year hiatus. To date, the bank has invested 1.3 billion euros in 70 projects.



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.

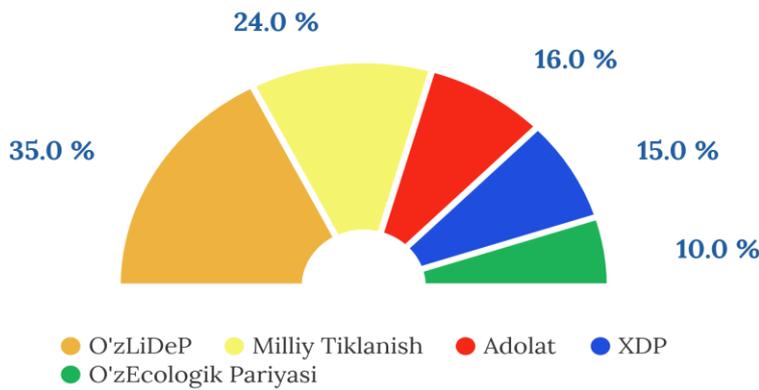
EUROUZ is envisaged a non-commercial, non-profit, non-government organization, registered in Brussels, with a representative office in Uzbekistan.

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

APPENDIX

UZBEKISTAN PARLIAMENT ELECTION RESULTS

2019-2024 LEGISLATIVE CHAMBER COMPOSITION



150 MEMBERS

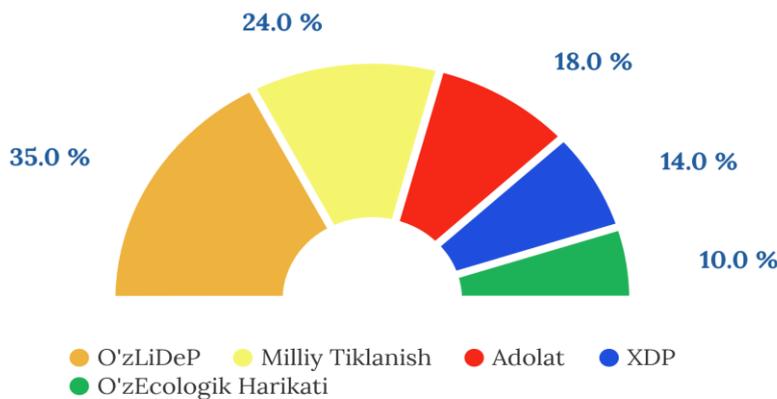
out of total of 744 candidates competing for the Legislative Chamber have been selected.

The Legislative Chamber (Uzbek: Qonunchilik palatasi) is the lower chamber of the Oliy Majlis (Parliament) of the Republic of Uzbekistan, which consists of a total of 150 seats.

Elections took place on:

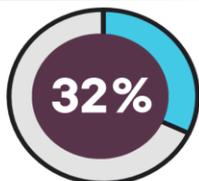
22/12/2019 (ROUND-1) - 125 seats allocated
05/01/2020 (ROUND-2) - 25 seats allocated

2014-2019 LEGISLATIVE CHAMBER COMPOSITION



The parliament composition in terms of the number of seats distributed between the 5 parties remains virtually unchanged from the last elections. While it looked like O'zLiDeP may lose its position as the party with the most seats in parliament after the first round, it quickly regained its position in the second round of the elections.

The party that gained the most number of seats will present the candidacy of Prime Minister to the new Parliament. The currently serving Prime Minister has been previously announced to keep his job in case O'zLiDeP would gain the most number of seats in the new Legislative Chamber of Parliament.



of members within the new Chamber are women



of members within the new Chamber are under 30 years old



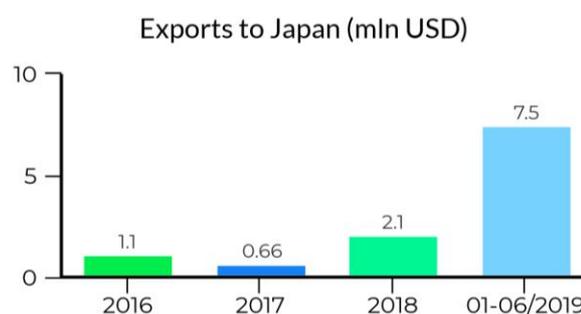
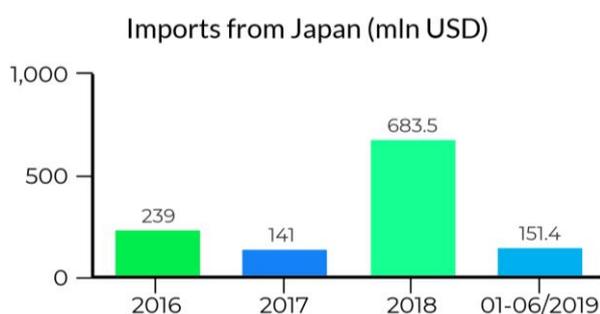
the average age of all members of the new Legislative Chamber

71.1%
final voter turnout

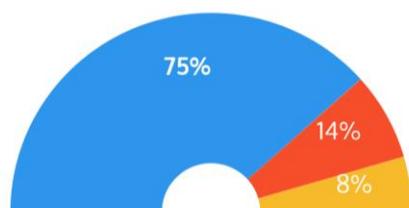
according to the Central Election Commission (CEC) of Uzbekistan

Economic Relations between Uzbekistan & Japan

*Trade turnover between Uzbekistan & Japan in 2018 – over 685.6 mln. USD.
Share of Imports from Japan in the total trade turnover – 99%*



Imports composition in 2018

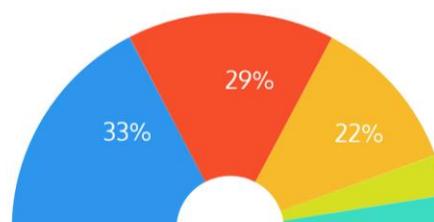


- Machines and mechanical devices – \$ 515 mln.
- Means of ground transportation – \$ 96 mln.
- Electrical appliances and parts thereof – \$ 60 mln.



*49 % of all musical instruments, parts and accessories imported into Uzbekistan are imported from Japan

Exports composition in 2018



- Raw cotton – \$ 0.701 mln.
- Iron or steel products – \$ 0.620 mln.
- Electrical appliances and parts thereof – \$ 0.473 mln.
- Chemicals and rare metals – \$ 0.122 mln.
- Textiles – \$ 0.102 mln.

**The total amount of State-to-State loans & grants over the last 5 years:
Japan → Uzbekistan**

Loans: **\$ 1.9 bln.**

Aid & Grants: **\$ 11.1 mln.**

The statistics used in this infographic are taken from the website of the State Committee for Statistics of the Republic of Uzbekistan www.stat.uz and the website of the Japan International Cooperation Agency (JICA) www.jica.go.jp.

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Project Agreements between Uzbekistan & Japan [12-2019]



RECENT & ONGOING INDUSTRIAL PROJECTS

- 1** 2015 – agreement on the management and technical support of combined cycle power plants 2018,2019 – memorandums related to the expansion and extension of the original agreement 
- 2** Navoiy CCPP-2 (additional unit)

 - Capacity: 450 MWt
 - Cost: \$ 448 mln.
 - Financing: JICA
 - EPC: Consortium 

  Mitsubishi Corporation
- 3** 2015 - 2020 Plant for the production of ammonia and urea based on JSC Navoiyazot

 - EPC 
 - Cost: \$ 985 mln.,
 - Production capacity of– 660 thousand tons of ammonia & 577,5 thousand tons of urea per year.
 - New workplaces – 500 people
- 4** Turakurgan CCPP

 - Commissioning: 12.2019z.
 - Capacity: 450 MWt x2
 - Cost: \$ 1.195 bln.
 - Financing: JICA
 - EPC: Consortium 

  Mitsubishi Corporation
- 5** OOO «SamAvto»(expansion.)

 - Investors:  
 - Investment amount – \$ 15 mln.
 - Increase of production at «SamAvto» LLC from 5.000 to 10.000 units per year (busses, trucks & pickup trucks)
 - New capacity planned – as of 2021



MAJOR NEW STATE-TO-STATE LOAN AGREEMENTS SIGNED IN TOKYO IN DECEMBER 2019

- 1** Modernization of Navoi TPP (Phase 2 extension - blocks 3 and 4)

 - Credit amount: \$ 1.187 mln. block 3
 - \$ 925 mln. block 4
 - Conditions: 0,50% p.a. 30 y (10 y grace)
 - Final project commissioning Q4,2024
 - Financing through: JICA
- 2** Electricity Sector Capacity Development Program (Phase 2)

 - Credit amount: \$ 340 mln.
 - Conditions: 1,15% p.a. 30 y (10 y grace)
 - Final project commissioning Q4,2024
 - Project duration: 2020-2026
 - Financing through: JICA
- 3** Horticulture Value Chain Development Project

 - Credit amount: \$ 200 mln.
 - Conditions: 1,00% p.a. 25 years duration (7 year grace)
 - Financing through: JICA
- 4** Construction & equipment supply for a special neurology medical centre

 - Credit amount: \$ 100 mln.
 - Final project commissioning Q2,2025
 - Financing from : JICA
- 5** Information technology & telecom infrastructure development project

 - Credit amount: \$ 180 mln.
 - Final project commissioning Q42021
 - Financing from : JBIC
- 6** Programme for development of cogeneration technology in 5 cities

 - Credit amount: \$ 784 mln.
 - Project commencement: Q12021
 - Financing from : JICA



MAJOR TRADE CONTRACTS: [Long-term supply of uranium]

- 1** • Contract Value: \$ 510.1 mln
• Marubeni Corporation
- 2** • Contract Value: \$ 646.4 mln
• Itochu Corporation

Plan of exhibitions in UZEXPOCENTRE for January-March 2020

№	Exhibition	Date	Organizer
1	International Aviation Exhibition and Forum "UZBEKISTAN AIRPORTS, AVIATION & LOGISTICS FORUM 2020"	19-20.02.2020	"Fair Exhibition Organizers"
2	21st International Exhibition "Construction - UZBUILD 2020"	25-28.02.2020	ITECA EXHIBITIONS +99871 205-18-18 post@iteca.uz
3	12th International Exhibition "Road-Building and Groundscare - BUILDTECH 2020 »	25-28.02.2020	ITECA EXHIBITIONS +99871 205-18-18 post@iteca.uz
4	International Investment Forum	03-05.03.2020	Ministry of Investments and Foreign Trade of the Republic of Uzbekistan
5	15th International Exhibition "Agriculture – AGROWORLD UZBEKISTAN 2020"	11-13.03.2020	ITECA EXHIBITIONS +99871 205-18-18 post@iteca.uz
6	11th International Exhibition "UZMININGEXPO – 2020" (Technologies and equipment for mining industry.)	24-26.03.2020	INTERNATIONAL EXPO GROUP +99871 238-59-88 www.ieg.uz
7	10th International Exhibition "UZCHEMPLASTEXPO-2020" (Chemistry Plastic. Laboratory and analytics)	24-26.03.2020	INTERNATIONAL EXPO GROUP +99871 238-59-88 www.ieg.uz
8	12th International Exhibition "UZTECHTRANSEXPO– 2020 "(Special equipment. Transport. Auto industry)	24-26.03.2020	INTERNATIONAL EXPO GROUP +99871 238-59-88 www.ieg.uz
9	12th International Exhibition "UZMETALMASHEXPO– 2020 (Metallurgy and Metalworking. Engineering. Welding)	24-26.03.2020	INTERNATIONAL EXPO GROUP +99871 238-59-88 www.ieg.uz
10	4th International Exhibition "INTERPACKEXPO – 2020" (Packaging industry. Warehousing)	24-26.03.2020	INTERNATIONAL EXPO GROUP +99871 238-59-88 www.ieg.uz

 For more information, please visit: <https://uzexpocentre.uz/en/plan/date/2020/02/national>