



MONTHLY REPORT ON UZBEKISTAN

DECEMBER 2020

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

08-01-2021
Brussels, Belgium

TABLE OF CONTENTS

1.	SPECIAL UPDATE – COVID-19.....	3
2.	NOTABLE STATEMENTS	3
3.	ECONOMIC OVERVIEW.....	4
3.1	LOCAL LEVEL.....	4
3.2	REGIONAL, BILATERAL & MULTILATERAL COOPERATION	6
4.	MARKET DEVELOPMENT BY SECTORS.....	7
4.1	BANKING SECTOR.....	7
4.2	INDUSTRY AND CONSTRUCTION.....	8
4.3	AUTOMOBILE AND TRASPORTATION SECTOR	8
4.4	HEALTHCARE	9
4.5	AGRICULTURE AND FOOD.....	9
4.6	INVESTMENT AND FINANCE	10
4.7	INDUSTRIAL INFRASTRUCTURE	10
4.8	BUSINESS.....	11
4.9	ENERGY SECTOR.....	12
4.10	TRADE.....	12
5.	EDUCATION	13
6.	REGULATORY CHANGES.....	13
7.	SENIOR OFFICIALS CHANGES/APPOINTMENTS	14
8.	IMPORTANT TENDERS	16
9.	USEFUL PUBLICATIONS AND LINKS	ERROR! BOOKMARK NOT DEFINED.

1. SPECIAL UPDATE – COVID-19

More than 400 volunteer citizens vaccinated against coronavirus

No post-vaccination reactions and adverse complications have been observed among vaccinated volunteers so far. Medical supervision has been established for each vaccinated individual.

<https://kun.uz/en/42014130>

The number of COVID-19 infected patients in Uzbekistan is diminishing

The healthcare system of Uzbekistan has received more funding during the pandemic than over the past 30 year. The Deputy Prime Minister stated that almost all patients have recovered from coronavirus.

<https://kun.uz/en/34557191>

2. NOTABLE STATEMENTS

UN notes Uzbekistan's progress on human rights issues

The US State Department has recently excluded Uzbekistan from the list of countries violating religious freedoms. It is hoped that Uzbekistan's current successes would encourage other countries to move forward on issues that, while seemingly complex, were nevertheless necessary for the maintenance of long-term peace and progress.

<https://kun.uz/en/53486942>

Uzbekistan ranked 106th on Human Development Report 2020

A positive trend in economic development of Uzbekistan is observed compared with many other developed and developing countries.

<http://hdr.undp.org/en/countries/profiles/UZB>

Uzbekistan becomes an observer state in EAEU

Along with Uzbekistan, Cuba has also been granted the observer status in the Union.

<https://www.russia-briefing.com/news/uzbekistan-and-cuba-become-observer-states-of-the-urasian-economic-union.html/>

Tashkent to host IV Asian Youth Games in 2025

An agreement was signed in Muscat, Oman, between the Olympic Council of Asia (OCA) and the host of the 2025 Asian Youth Games. More than 5,000 guests are expected to visit Uzbekistan during the tournament.

<https://kun.uz/en/72358091>

Uzbekistan joins list of countries introducing global protocols on safe travel

The World Travel and Tourism Council (WTTC) has developed the #Safetravel protocols to revitalize the tourism industry and develop meaningful action plans. Protocols are aligned with common standards to ensure the safety of private-sector employees and tourists.

<https://kun.uz/en/63936066>

3. ECONOMIC OVERVIEW

Standard & Poor's BB credit rating for Uzbekistan

S&P may downgrade the ratings if the rapid growth in external debt does not slow down. The agency notes that the country's foreign economic position remains strong enough in comparison with countries that have similar ratings.

Agency	Rating	Outlook	Date
S&P	BB-	negative	Jun 05 2020
Moody's	B1	stable	Feb 13 2019
S&P	BB-	stable	Dec 21 2018
Fitch	BB-	stable	Dec 21 2018

<https://tradingeconomics.com/uzbekistan/rating>

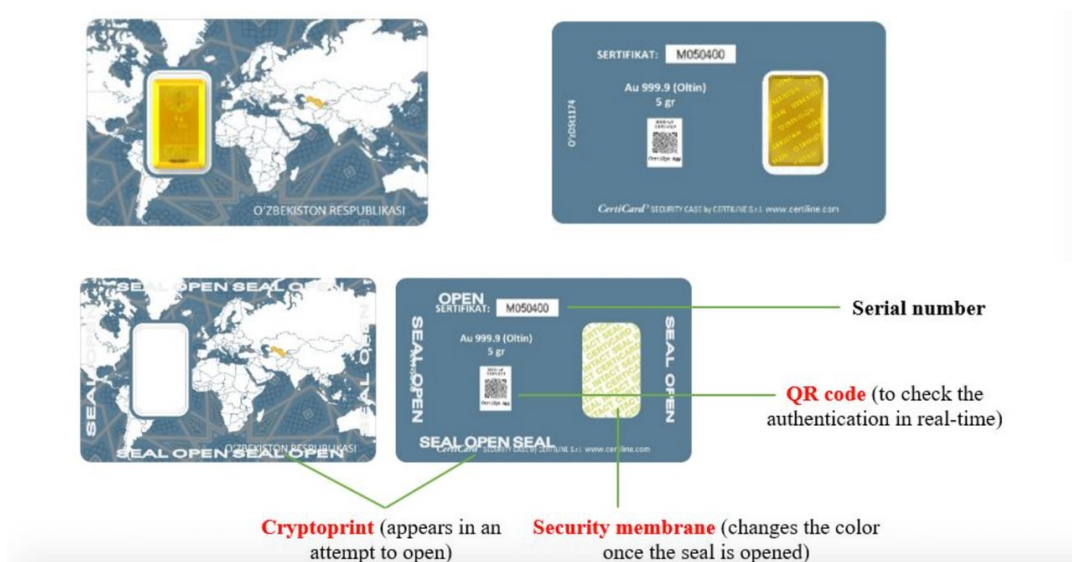
3.1 LOCAL LEVEL

- As of January-November 2020, Uzbekistan's foreign trade turnover amounted to \$32.9 billion, which is less by \$4.8 billion (12.9%) compared to the corresponding period of the previous year.

- The volume of gas exports decreased by 78% compared to 2019
- The revenues of the mining enterprises of Uzbekistan due to the rise in gold prices have increased by 43% in 2020 compared to 2019
- The volume of Uzbekistan's total external debt as of October 1, 2020, amounted to \$29.3 billion, up by \$4.8 billion (19.7%) compared to the beginning of the year
- According to national forecasts, the country's economy is expected to grow by 5.1% in 2021, with the industry growing by 5.8%, construction – by 6.5%, agriculture, forestry and fisheries – by 2.7% and services – by 6.4%.

Central Bank of Uzbekistan introduces gold as parallel currency

The central bank of Uzbekistan (CBU) issues sealed gold bars with a QR-code for real time verification. With these new bars CBU aims to stimulate gold to be used as a store of value, as well as promote the circulation of gold.



<https://www.zerohedge.com/commodities/central-bank-uzbekistan-introduces-parallel-currency-gold>

Government to allocate 10 trillion soums (\$954.7m) for social protection in 2021

About 5% of the total budget expenditure will be used for paying pensions, providing financial assistance to low-income families and people with disabilities, as well as for housing and utilities.

<https://kun.uz/en/97945975>

Uzbekistan plans to gradually reduce its economy's dependence on foreign currency

The share of foreign currency loans has to be reduced from 50 to 45 percent, which is at least \$2 billion.

<https://kun.uz/en/73407270>

3.2 REGIONAL, BILATERAL & MULTILATERAL COOPERATION

ADB \$93m loan to boost skill development and inclusive growth in Uzbekistan

The Asian Development Bank (ADB) has approved a \$93 million loan to help enhance competitiveness in Uzbekistan and boost inclusive growth by improving market-relevant skills development for young people and unemployed job seekers.

<https://www.adb.org/news/adb-loan-boost-skills-development-and-inclusive-growth-uzbekistan>

IsDB approves funding to improve living conditions of more than 710 thousand people in Uzbekistan

The IsDB has approved financing of two large-scale and economically significant projects:

- The first project, worth \$200 million, provides for the modernization of a number of infrastructure and social facilities in the Republic of Karakalpakstan, Khorezm, Bukhara and Navoi regions.
- The second project, worth \$80 million, aims to improve the system of providing medical services to patients with cancer by equipping domestic clinics with modern medical equipment.

<https://islamicmarkets.com/articles/islamic-development-bank-approves-financing-of-usd-509-2-million-for>

Additional Support from the World Bank to Help Sustain Economic and Social Reforms in Uzbekistan

The World Bank's Board of Executive Directors approved a \$500 million Development Policy Operation (DPO) to support further reforms to strengthen the transparency and inclusiveness of Uzbekistan's ambitious economic and social transformation.

<https://www.worldbank.org/en/news/press-release/2020/12/16/additional-support-from-the-world-bank-to-help-sustain-economic-and-social-reforms-in-uzbekistan>

Britain to help Uzbekistan develop concept of an international financial center

The UK government has approved technical assistance to begin the second phase of exploring the concept of creating the Tashkent International Financial Center (TIFC). The essence of the project is to determine the optimal model for the formation of a unique financial and legal ecosystem, as well as the necessary infrastructure for its full functioning.

<https://kun.uz/en/07588929>

Uzbekistan joins Kyoto Convention on simplification of customs procedures

Deputies claim this move would have a positive impact on the country's integration into the world economy, in particular, its entry into the WTO.

http://www.xinhuanet.com/english/2020-12/22/c_139610516.htm

Presidents of Uzbekistan and Tajikistan discuss strengthening cooperation in ensuring stability and security in the region

The sides reached an agreement on increasing trade, promoting joint cooperation projects and expanding the scale of cultural-humanitarian exchange.

<https://kun.uz/en/95898980>

South Korean experts to help Uzbekistan to develop e-government and digital economy

The Uzbek Ministry for ICTs Development and the Ministry of Interior and Safety of the Republic of Korea signed a Memorandum of Understanding (MoU) on setting up of an Uzbek-Korean expert group in the field of e-government and digital economy.

<https://tashkenttimes.uz/national/6118-south-korean-experts-to-help-uzbekistan-to-develop-e-government-and-digital-economy>

4. MARKET DEVELOPMENT BY SECTORS

4.1 BANKING SECTOR

Asakabank attracted a credit line from Deutsche Bank AG

As part of a long-term cooperation with Deutsche Bank AG, Asakabank signed a loan agreement for a total of \$90 million. The funds will be used to finance trade transactions and replenish the working capital of the bank's clients.

<https://www.gazeta.uz/ru/2020/12/26/asaka-bank/>

Japanese H.I.S. Holdings plans to buy a share in an Uzbek bank

The parties have outlined further actions to implement the project and have revised various mechanisms of investment.

<https://kun.uz/en/90361811>

Central Bank to increase exchange rate flexibility to internal and external shocks

The Central Bank plans to move from the current fixing method to the continuous auction method – matching when determining the exchange rate.

<https://kun.uz/en/69056130>

4.2 INDUSTRY AND CONSTRUCTION

EBRD and Hamkorbank help set up new production line in Samarkand

In a joint transaction with the EBRD, Hamkorbank is providing a loan of up to €2.92 million to Midas Plastics. The loan is supported by the EBRD's Finance and Technology Transfer Centre for Climate Change programme. A grant of \$ 204,000 will finance the introduction of sustainable packaging technologies.

<https://www.ebrd.com/news/2020/ebrd-and-hamkorbank-help-set-up-new-production-line-in-samarkand.html>

Uzbekistan and South Korea to build a cement plant in Karakalpakstan

The new plant would meet high-quality cement requirement in an expanding Karakalpakstan market as well as provide cement for exports. A feasibility study is currently being carried out by CARIS.

<https://www.cemnet.com/News/story/170073/uzbekistan-and-south-korea-to-build-karakalpakstan-plant.html>

413-meter-long bridge to be constructed over Amu Darya

The bridge will connect Khorezm with Karakalpakstan, as well as a 79-kilometer railway from the Shovot district to Karauzyak.

<https://kun.uz/en/79100061>

4.3 AUTOMOBILE AND TRANSPORTATION SECTOR

Uzbekistan increases import of foreign-made cars

Vehicles, mainly passenger cars, were imported for \$418.6 million. \$1.6 billion was spent on non-industrial automobiles and their spare parts.

<https://kun.uz/en/88032996>

4.4 HEALTHCARE

EBRD facilitates expansion of Uzbekistan's Healthline

A senior local currency loan of up to US\$ 2.8 million in Uzbek sum equivalent will allow Healthline, a leading domestic producer and trader of disposable medical goods, to launch a third production line dedicated to the manufacture of single-use medical gloves. The funds in local currency will protect the borrower from foreign-exchange-related risks.

<https://www.ebrd.com/news/2020/ebird-facilitates-expansion-of-uzbekistans-healthline-.html>

Uzbekistan set to deliver improved dialysis services to patients with IFC support

The Government of Uzbekistan selected Nephroplus, one of Asia's largest and fastest-growing dialysis companies, as the winning bidder today in a competitive international bidding process designed to increase patients' access to quality dialysis treatment.

<https://pressroom.ifc.org/all/pages/PressDetail.aspx?ID=26119>

Universities to purchase medicines against coronavirus for students and staff

The Minister of Health and the Minister of Higher and Secondary Specialized Education have signed a joint decree on protection of students and employees of higher education institutions against the coronavirus infection.

<https://kun.uz/en/88629488>

4.5 AGRICULTURE AND FOOD

Rungis seals a deal with Uzbekistan

France's Rungis International Market and Uzbekistan have signed a framework agreement to create a network of wholesale markets. Rungis agreed to provide its expertise to the Uzbek Ministry of Agriculture for the creation of a network of wholesale markets in Uzbekistan.

<http://www.fruitnet.com/eurofruit/article/183849/rungis-seals-uzbekistan-deal>

Uzbekistan to accelerate the introduction of drip and rain pipe irrigation systems in agriculture

From 2021, the state will provide subsidies to agricultural producers to cover part of the cost of introducing water-saving technologies. Subsidies are granted on the condition that the implemented technologies are applied for at least 5 years, and the land is not subject to optimization for a minimum of 5 years.

<https://kun.uz/en/02058118>

4.6 INVESTMENT AND FINANCE

Three-year investment program worth \$37.5 billion approved

The 2021-2023 Investment Program includes an investment and loan forecasts for the coming three years, with a centralized and non-centralized investment of 928.7 trillion soums and \$37.5 billion in foreign investment.

<https://kun.uz/en/58915975>

Uzbekistan plans to attract \$7.5 billion in FDI in 2021

In Uzbekistan, by the end of 2020, the volume of attracted foreign direct investment is projected at \$6.6 billion, and the volume of exports at \$15.1 billion, which exceed the indicators of the previous year.

<http://www.uzdaily.com/en/post/62722>

4.7 INDUSTRIAL INFRASTRUCTURE

Uzbekistan starts urea production

The cost of the project (\$985.7 million) was financed by:

- loans from banks and financial institutions of Japan – \$577 million,
- loans from the Reconstruction and Development Fund of Uzbekistan – \$320 million, and
- the enterprise's own funds – \$88.7 million.

<https://invest.gov.uz/mediacenter/news/a-chemical-complex-for-the-production-of-ammonia-and-carbamide-was-built-with-the-participation-of-mitsubishi/>

500 MW capacity wind power plant to be built in Navoi region

An agreement was signed between the government of Uzbekistan, the Ministry of Investments and Foreign Trade, Abu Dhabi Future Energy Company – Masdar (UAE) (investor) and Shamol Zarafshan Energy (project company). It is expected to attract \$600 million in investments.

<https://kun.uz/en/28656185>

Uzbekistan to abolish monopoly in supply of natural gas to consumers

President Mirziyoyev believes that it is necessary to create a free competitive environment in the commodity and financial markets, as well as equal opportunities for entrepreneurs to access raw materials.

<https://kun.uz/en/37794501>

Pioneering Solar Power Plant to Take off in Uzbekistan with World Bank Group Support

The International Finance Corporation (IFC) and ADB are providing up to \$60 million in the financing of the project. The World Bank is providing a \$5.1 million payment guarantee to backstop the payment obligations under the project along with its upstream support to create an enabling environment for renewable energy deployment in Uzbekistan.

<https://pressroom.ifc.org/all/pages/PressDetail.aspx?ID=26143>

Japanese firm pays \$10m for stake in Uzbek chemicals producer

Japan's Balcom Co. Ltd has bought a minority stake in Uzbek agricultural chemicals producer Ifoda Agro Kimyo Himoya for \$10 million.

<https://www.nasdaq.com/articles/japanese-firm-pays-%2410-mIn-for-stake-in-uzbek-chemicals-producer-2020-12-07>

Russia to build new gas-chemical complex in Uzbekistan

VEB.RF, Gazprombank JSC and Uzbekneftegaz JSC have signed an agreement to finance the second phase of the program (worth \$100 million) to increase the production of hydrocarbons. EKSAR, Eriell and ChTPZ groups have signed an agreement on the supply of pipes worth up to \$75 million for projects in Uzbekistan.

<https://chemweek.com/CW/Document/116247/Sibur-Gazprom-study-construction-expansion-of-gas-chemical-complexes-in-Uzbekistan>

4.8 BUSINESS

Uzbekistan invites bids for its stake in joint venture with Coca-Cola

The government holds a 57.1% stake in Coca-Cola Ichimligi Uzbekiston. The participants of the first stage of the sale process will be selected by Jan. 14.

<https://uk.reuters.com/article/us-coca-cola-consol-uzbekistan/uzbekistan-invites-bids-for-its-stake-in-joint-venture-with-coca-cola-idUKKBN28S0IM>

LeverX opens an office in Tashkent

LeverX, an international provider of turnkey SAP solutions, has announced the opening of a Development and Implementation Center in Tashkent.

<https://kun.uz/en/90002617>

4.9 ENERGY SECTOR

Uzbekistan and Russia to implement \$22 billion worth energy projects

An important area of cooperation is the digitization of the production and financial processes of Uzbekistan's energy companies.

<https://kun.uz/en/40847632>

Uzbekistan and EBRD sign loan agreements for \$150 million

The funds will be invested to implement projects in the energy sector and for the construction and reconstruction of networks to improve water supply.

http://www.xinhuanet.com/english/2020-12/10/c_139580230.htm

4.10 TRADE

Uzbekistan exports textile products worth \$1.2 billion in eleven months

Exports have increased by 5,332 tons compared to the same period last year. According to the Customs Committee, 32% of textiles were exported to China, 23% to Russia, 18% to Turkey and 9% to Iran.

<https://kun.uz/en/54880962>

Uzbekistan resumes supply of natural gas to northern Tajikistan

Currently, more than half of the industrial plants have already declared a switch to alternative fuels. In the future, CJSC Sugdiyongaz intends to gradually start supplying gas to the households.

<https://tashkenttimes.uz/national/6132-uzbekistan-has-resumed-natural-gas-supply-to-northern-tajikistan>

Uzbekistan and Kyrgyzstan to establish an investment fund with authorized capital of \$50 million

Both sides considered the development of the transport industry, including international transport, to expand the export geography of both countries and their access to new markets.

<https://kun.uz/en/63809705>

Uzbekistan and India plan to increase trade turnover to \$1 billion

As a benchmark in the trade and economic sphere, the task was set to achieve a trade turnover of \$1 billion in the coming years.

<https://kun.uz/en/99801951>

5. EDUCATION

Four universities of Uzbekistan included in QS EECA University Rankings

The rating has included the following universities of Uzbekistan:

- Tashkent Institute of Irrigation and Agricultural Mechanization Engineers;
- National University of Uzbekistan named after Mirzo Ulugbek;
- Samarkand State University;
- Tashkent State Technical University.

<https://kun.uz/en/02578189>

More than \$100m to be spent on pre-school education

The Government of Uzbekistan has adopted a decision on measures to implement the project “Improvement of the development of children from an early age” with the participation of the International Development Association, the Global Partnership in the field of education. A total of \$100.57 million will be directed on ensuring children’s access to early education.

<https://kun.uz/en/57024456>

Uzbekistan to introduce presidential grants for 200 students

The presidential grant will be allocated to 200 young people who attain the highest scores in university admission exams. The grant will be allocated for four years of study.

<https://kun.uz/en/19187223>

6. REGULATORY CHANGES

ID-cards replacing biometric passports to appear in Tashkent starting Jan 2021

According to the decision of the government “On measures to introduce the system of registration and issuance of ID-cards in Uzbekistan”, the card will replace biometric passports of Uzbek citizens and residence permits of stateless persons and foreign citizens.

<https://kun.uz/en/30592594>

President Mirziyoyev signs law On State Budget for 2021

The following rates of individual payments for 2021 have been approved:

- minimum rental rates established for individuals who rent out property;
- marginal levy rates for the right to retail trade in certain types of goods;
- rates of road transport charges.

The law comes into force on January 1, 2021.

<https://kun.uz/en/39400644>

President Mirziyoyev to sign a decree to radically reduce bureaucratic barriers

The aim is to eliminate bureaucracy, red tape and other administrative barriers in the provision of public services, to radically reduce outdated procedures that do not meet modern requirements.

<https://kun.uz/en/77059413>

Entrepreneurs to be able to participate as agents in provision of public services

This is envisaged in the presidential decree “On additional measures to attract the private sector in the areas regulated by the state”. The decree comes into force as of March 2021.

<https://kun.uz/en/34349840>

Anti-Crisis Fund to be terminated

According to the presidential decree on the implementation of the law On the State Budget of Uzbekistan for 2021, the unused part of the funds will be transferred to the state budget.

<https://kun.uz/en/67176704>

7. SENIOR OFFICIALS CHANGES/APPOINTMENTS

- **Chairman of the CIS Intergovernmental Council on Agro-Industrial Complex Appointed** – Jamshid Khodjayev.
Previously served as the Minister of Agriculture of Uzbekistan
- **Deputy Chairman of State Tax Committee Appointed** – Yunusjon Nasimjonov.
Previously served as the Head of the Tax Department in the Jizzakh region
- **Chief Tax Officer of Jizzakh region Appointed** – Bekzod Toshpulatov.
Previously served as First Deputy Head of the Jizzakh regional tax department

- **Khokim of Urgench**
Appointed – Oybek Holboyev.
Previously served as Khokim of the Bogot district

- **Khokim of Khiva**
Appointed – Temur Davletov.
Previously served as Deputy Khokim of the Khorezm region for development of tourism and sports

- **Ambassador Extraordinary and Plenipotentiary of Uzbekistan to the Islamic Republic of Pakistan**
Appointed – Oybek Usmanov.
Previously served as Head of the Television and Radio Department of the National Television and Radio Company of Uzbekistan

- **Deputy Khokim of Syrdarya region**
Appointed – Avazkhon Ergashev.
Previously served as Khokim of the Kurgantepa district, Andijan region

- **Deputy Chairman of the Central Bank of Uzbekistan**
Appointed – Ayubkhon Kamalov.
Previously served as the First Deputy Khokim of the Namangan region

- **Advisor to the Chairman of the State Committee for Tourism Development**
Appointed – Utkir Saidov.
Previously served as the Head of the Department for Work with Public Organizations and Compatriots Abroad

- **Head of the Department of Budgetary Policy in Education, Science and Culture at the Finance Ministry**
Appointed – Adham Eshchanov.
Previously served as the Head of the Department for Development of Innovations, Digital Economy and Services of the Ministry of Economic Development and Poverty Reduction

8. IMPORTANT TENDERS

Uzbekistan shortlists bidders in 600 MW of solar tenders

The Ministry of Energy has selected 15 bidders. Among the shortlisted developers are Abu Dhabi Future Energy PJSC (Masdar), Jinko Power Technology Co Ltd (SHA:601778), Japan's Marubeni Corp (TYO:8002), Total Eren and Norway's Scatec Solar (FRA:66T).

<https://renewablesnow.com/news/uzbekistan-shortlists-bidders-in-600-mw-of-solar-tenders-723696/>



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

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

EUROUZ is a non-commercial, non-profit, non-government project, registered in Brussels, with a representative office in Uzbekistan. For any inquiries, contact us via: info@eurouz.com