

REPORT SUMMARY

Some of Uzbekistan's largest state-owned manufactures of chemicals, cement, metals, and banks attract direct investments, issue corporate bonds, and undergo privatization. VAT gets abolished on the imported and domestically sold poultry and meat, and taxes for fish farming are cut by 50%. In major tourist cities, travelers are now able to refund their VAT payments. Uzbekistan launches a USD 3.6bn GTL (gas-to-liquid) plant, becoming the fifth country in the world to do so, and allocates an additional USD 1.8bn to the energy sector. Saudi Arabian energy giant, ACWA Power, signs the first-ever tender of a wind power project in Uzbekistan for USD 108mn, which will, among other things, supply power to over 110,000 households. The President approves the hydropower development program to bring the capacity of hydroelectric power to 3,416 MW by 2030.

MONTHLY HIGHLIGHTS

"This new innovative technology (at the UzGTL) enables us to increase production of either kerosene or diesel depending on their market prices"

The President of Uzbekistan, Shavkat Mirziyoyev

"In general, in all tourist cities, a system for value added tax refund for purchased good guests should be introduced"

The President of Uzbekistan, Shavkat Mirziyoyev

"Reliable and safe transport infrastructure is a key driver of economic growth, particularly in double landlocked Uzbekistan"

ADB Director General for Central and West Asia, Yevgeniy Zhukov

"Energy demand is set to increase rapidly and we at ACWA Power have the expertise, experience and technological know-how to deliver on these ambitions while ensuring the trajectory to achieving the net zero commitment"

ACWA Power President and CEO, Paddy Padmanathan

"Development of a strong domestic pharmaceutical industry that can produce high quality standards medicines, including tuberculosis medicines, is important from a public health as well as an economic development standpoint"

Health Development Office Director of the USAID Mission, Cherry Gumapas

IMPORTANT NEWS PUBLICATIONS AND ARTICLES

MANUFACTURING AND CONSTRUCTION

The Rejuvenation of Uzbekistan's NavoiAzot Chemical Works

NavoiAzot, one of the largest chemical plants in Uzbekistan, is attracting foreign investments and receiving state-guaranteed credits to undergo USD 1.7bn modernization and expansion into the production of ammonium, urea, and nitric acid along with other chemicals. Several international companies that began cooperation include Chinese CAMC Engineering, Austrian Continaz, Swiss Casale, and Japanese Mitsubishi Heavy Industries.

Source: [Intellinews](https://intellinews.com)

Forum "Energy-efficient materials and technologies in Uzbekistan" was Held in Tashkent

The issue of energy efficiency was discussed at the forum joined by numerous government ministries and agencies, international organizations and banks, and private companies. In the construction sector, energy efficiency is a pressing issue given that the sector produces about 30% of the total share of greenhouse gas emissions. In Uzbekistan, buildings account for 49% of total energy consumption or 17 million tonnes of oil equivalent per year. At the forum, various public and private initiatives and solutions were presented to promote energy efficiency.

Source: Gazeta.uz

Artel Offers New Impetus for Uzbekistan's Push Towards Sustainability

Uzbekistan's largest home appliance and electronics firm with a "B" rating from Fitch, Artel, signs up for the United Nations (UN) Global Compact initiative. Artel's CFO, Bektemir Murodov, highlights that such initiatives will help the company to raise the standards of corporate governance and adopt sustainable business practices.

Source: Emerging Europe

Nuberg EPC Awarded Contract for New Hydrogen Peroxide Plant in Uzbekistan

Swedish R&D company, ED Nuberg, has been selected to design, construct, and launch a hydrogen peroxide plant with 85-ton/d 50% chemical grade H₂O₂ in Navoi, Uzbekistan. The plant will allow hydrogenation and oxidation of solution and extraction of crude H₂O₂.

Source: Chemical Engineering; Hydrocarbon Engineering

BANKING AND FINANCE

Uzmetkombinat Registered Bonds for 50 billion soums

The Ministry of Finance has registered the issue of corporate bonds from Uzmetkombinat JSC for UZS 50bn or approximately USD 4.6mn. The company issued 10,000 bonds by open subscription with a par value of UZS 5mn each. The actual market rate on the bonds are 22%, mature in 543 days, and pay interest every six months. Demand parameters included 12 applications for UZS 478.5bn or USD 44.31mn, in other words, demand to offer reached 957%, where 42% of the application were from non-residents.

Source: UzDaily; UzNews

Uzbek Banking Privatisation Gathering steam

In line with a Presidential decree, the government has begun the privatization of major banks by selling UzPromStroyBank, which is the country's most profitable bank with USD 73.3mn. More on that, EBRD announced a pre-privatization convertible loan of USD 50mn for UzPromStroyBank and noted that 20% of the loan will be invested into energy and climate-related projects. Regarding privatization, other large banks being prepared for privatization include Asakabank, Aloqa Bank, QQB, Ipoteka Bank, and Turon Bank. Furthermore, IFIs are assisting the government to transition the banking sector into IFRS reporting in the coming years.

Profits of the top 10 most profitable banks in 3q21

Uzpromstroybank	\$73.3mn
NBU	\$63mn
Ipoteka-bank	\$54.7mn
Trastbank	\$30.7mn
Hamkorbank	\$28.3mn
Ipak Yo'li	\$28mn
Qishlow qurilish bank	\$25.3mn
Kapitalbank	\$24.9mn
Asakabank	\$24mn
Orient Finance Bank	\$19.9mn

EUROUZ and Spot.uz

Source: [Intellinews](#)

Loans Within the Framework of Family Entrepreneurship Development Programs are Provided at a Rate of 14 Percent Per Annum

In line with a Presidential decree, advantageous financing opportunities will be available within the entrepreneurship development program. In particular, loans will be provided for 14% per annum with varying grace periods. For example, loans for gardening, viticulture, lemon growing, greenhouse farming, purchase of agricultural machinery and equipment will be up to 3 years with a grace period of up to 7 years. In addition, loans within the program will be fully digitalized through a single electronic platform beginning from March of 2022.

Source: [UzDaily](#)

Cyprus-based United Cement Group became the owner of 86.92% of shares of Qizilqumsement

United Cement Group (UCG) purchases the 86.92% state share in Qizilqumsement, the largest cement plant in the country, for USD 174.7mn. Deloitte, Grant Thornton, and Dentons consulted the transaction, conducted the appraisal of the shareholding, and provided legal support. The plant is in the Navoi province and can produce over 3mn tons of cement per year. Furthermore, UCG owns two other cement plants in Uzbekistan, including Kuvasaytsement and Bekabadcement.

Source: [Gazeta.uz](#); [Qizilqumsement.uz](#)

TRANSPORTATION AND LOGISTICS

ADB Approves \$162M Loan to Electrify Railway Line in Uzbekistan

The loan will be used to electrify over 400 kilometers of railway between cities in western Uzbekistan. Furthermore, it will permit the operation of high-speed trains and significantly reduce travel time between cities like Bukhara, Khiva, and Tashkent. The ADB highlights that such transportation improvements will positively affect national trade and tourism.

Source: [Devdis Course](#)

Pakistan, Afghanistan, Uzbekistan Propose to Establish Rail Link

The three countries will cooperate in the construction of a railway line worth USD 4.8bn to connect Tashkent with the capitals of Afghanistan and Pakistan. A delegation from Pakistan is expected to visit Uzbekistan to discuss the details of the project. More on that, Uzbekistan will provide technical training to Afghan personnel working on the railway.

Source: [The Statesman](#)

Uzbekistan Proposed to Open a "Green Corridor" for Bilateral Access of Products with India

At the "India-Central Asia" meeting, a delegation from Uzbekistan proposed creating a "green corridor" for the trade of goods between the markets of India and Central Asia. The initiative is seen as a step towards strengthening the interconnection between Central Asia and South Asia by forming stable trade, economic, transport, and communication ties. Furthermore, a proposal was made to establish an analytical platform and hold annual events under a "Forum of Analytical Centres in India and Central Asia".

Source: [Kun.uz](#); [Economic Times](#)

Uzbekistan: Local Auto Giant Halts Sale Orders

Due to a supply deficit of components, UzAuto Motors announced a pause in the production of new orders until February of 2022. Particularly, the manufacturer said that shortages of components, like semiconductors, in countries like Mexico and South Korea are causing the slowdown in production. Given UzAuto Motors's significant market share and high import tariffs, auto sales are expected to drastically reduce.

Source: [Eurasianet](#) [Kun.Uz](#)

Uzbekistan Airways and Amadeus Announce the Beginning of Strategic Cooperation in the Field of Information Technology

Amadeus, a Spanish travel technology company that services airlines such as Lufthansa will assist Uzbekistan Airways in expanding various ancillary services and improving the overall customer experience. For instance, customers will be able to personalize their travel experiences by pre-selecting meals, baggage options, and seats.

Source: [UzDaily](#)

"Uzbekiston Pochtasi" Began Rebranding. What Changes are Awaiting Mail?

UzPost, previously known as Uzbekiston Pochatasi (Mail of Uzbekistan), announced the implementation of a new logistics, marketplace, payment, and tracking systems. For example, customers will now be able to register postal items via a website, an application, or a Telegram bot. In addition, UzPost launched own marketplace, Unisavdo, to encourage e-commerce with over 14 thousand goods that are delivered throughout the country.

Source: [Gazeta.uz](#)

AGRICULTURE AND MINING

Uzbekistan Cancels VAT on Poultry and Meat

Given the increase in prices of poultry and meat by almost 50%, the government exempts importers and sellers from VAT payments. Price hikes are explained by the domestic supply deficit and excess demand driven by the rising purchasing power of the customers. More on that, total consumption is estimated to be at least 1.5 million tonnes, while production stands at 1.4 million tonnes. Regarding imports, Uzbekistan imported almost 24 thousand tons of meat in the first three quarters from mostly Eastern European countries, which is 7.3 thousand tons more than in the same period last year. Furthermore, the government has previously provided aid and preferential taxes to poultry producers.

Source: [Dutch Ministry of Agriculture, Nature, and Food Quality](#); [UzDaily](#)

Some Taxes for Fish Farming Households will Be Cut By 50%

To increase the domestic supply of fish, land, and property tax rates for fish farming households are to be reduced by 50%. In addition, the government will double the financing available for fish suppliers to USD 20mn. In the last five years, over 1000 projects were implemented to reach an almost sixfold increase in fish procurement and produce 400 thousand tons this year. Furthermore, the President noted that ensuring sufficient supplies and price stability should be the central concern.

Source: [Kun.uz](#)

New Incentives to Foreign Investors in Mining and Natural Resources Sectors

In line with a Presidential decree on geological exploration, domestic and foreign investments into capital-intensive sectors will receive significant tax and customs incentives. The decree captures oil, natural gas, gold, copper, tungsten, and uranium sectors. For more information, check the legislative document below.

Source: [UNCTAD](#); [Legislative Document](#)

TRADE AND INVESTMENT

Uzbekistan Became the Leader in Money Transfers from Russia Among the CIS Countries

In the third quarter of 2021, over USD 1bn was transferred from Russian to Uzbekistan, which is 34.0% more than in the second quarter. With that in mind, a six-year record of USD 2.29bn was transferred from Russia to CIS countries in the June to September period. The increase in transfers is explained by the doubling of labour migrants, especially from countries like Uzbekistan and Tajikistan. More on that, over 950 thousand were issued this year to citizens from Uzbekistan.

Source: [Kun.uz](#); [Kommersant](#)

38 Contracts for 114.1 billion soums were Signed at the Cooperation Exchange

At an Intersectoral Industrial Fair, about 30 enterprises of the leather, footwear, and fur products presented over 200 localized and import-substituting goods. At the cooperation exchange, 38 contracts for over USD 10mn were signed. In 2022, the enterprise members of "Uzcharmsanoat" Association plan to launch 34 more projects and plan to produce import-substituting products for over USD 6mn.

Source: [UzDaily](#)

TOURISM AND IT

VAT Refund for Visitors to be Launched in Tashkent, Samarkand and Bukhara

The President proposed to increase the volume of retail sales in tourist cities by at least 2 times by building more modern shopping and service complexes and refunding VAT for goods purchased by foreigners in three cities. Furthermore, foreigners will be able to receive a refund when departing from Uzbekistan.

Source: [Tashkent Times](#)

Uzbekistan: Female Tech Entrepreneur Cuts out the Middleman

According to the UN Food and Agriculture Organization, 14% of the world's food is said to spoil and therefore, be lost between harvest and retail. The founder of an agricultural export company and a web-based platform, Dildora Atadjanova, believes this figure to be over 50% in Uzbekistan. Atadjanova and her companies are bringing positive changes to the market of rural and small-scale farmers by introducing an online platform with 1200 users, Dalatek, to reduce information asymmetry and transport costs between producers, exporters, and other buyers. She hopes that such technologies will enable farmers, smallholders, and exports to improve logistics, efficiency, and increase sales.

Source: [Eurasianet](#)

KOICA to Provide Healthcare, IT Support for Uzbekistan

As part of the Presidential visit to South Korea, Korea International Cooperation Agency (KOICA) signed a memorandum of understanding with Uzbekistan. As part of the memorandum, KOICA plans to implement 14 projects worth USD 88mn in healthcare, education, and digitalization. Additionally, a grant of USD 4.5mn will be allocated to enhance the potential of an IT Park in Uzbekistan.

Source: [Korea Times](#); [Kun.uz](#); [UzDaily](#)

FHT Future Technology will Build a Technopark and a Power Plant in Fergana Region

Chinese fintech company, FHT Future Technology, intends to invest USD 350mn into the construction of a technopark over 25 hectares. The park will specialize in the production of IT products, including hardware and software. More on that, the technopark will be powered using its photoelectric power station covering 500 hectares.

Source: [Spot.uz](#)

Strengthening Cooperation with Technopol Istanbul Technopark

At the Istanbul Economic Summit, a memorandum of understanding was signed between the government and Technopol Istanbul, which is a technology development organization at the University of Health Sciences of Turkey. In line with the memorandum, the parties agreed to organize advanced training courses for Uzbek start-ups in Turkey and cooperate in the creation of technology parks in Bukhara, Uzbekistan.

Source: [UzDaily](#)

Turkish Investors are Interested in Implementing Projects in the Tourism Industry of Uzbekistan

Turkish company specializing in the design of theme parks and museums, Outdoor Factory, will cooperate with the government in the tourism sector. The company discussed and presented project proposals and agreed to finalize projects and move to their implementation.

Source: [UzDaily](#)

Turkish Company is Ready to Invest and Implement Data Center Projects in Tashkent

Turkish engineering company, Sigma Engineering, held a meeting with the government of Tashkent to discuss plans for the construction of data processing centres. Furthermore, the Turkish side will receive information and assistance from the government on the current and expected demand and capacities in the capital and country overall.

Source: [UzDaily](#)

RETAIL AND WHOLESALE

Uzbekistan: Korzinka COVID-19 Food Retail Supply Chain Support Project

Asian Development Bank (ADB) provides a 3-year loan worth USD 12mn to Korzinka.uz with a grace period of 1 year. Anglesey Food LLC's Korzinka.uz, the leading retail supply chain in the country, will use the liquidity to cover expenses and mitigate shocks related to the COVID-19.

Source: [ADB](#); [UzDaily](#)

Uzbekistan Launches Overseas Warehouse in China

In China's Gansu province, Uzbekistan opens an overseas warehouse with a storage space of 9,000 cubic meters. The warehouse will reduce the delivery time from about 30 days to less than four. Last year, Gansu province opened its warehouse in Tashkent.

Source: [Ecns](#)

ENERGY AND CLIMATE

Announcing Teaser for New Wind Project in Uzbekistan

"The project teaser for a 200 MW wind project and associated evacuation infrastructure in the Beruniy and Qorao'zak districts, Republic of Karakalpakstan for which an investor-developer will be selected via an international competitive tender in order to further develop wind energy in Uzbekistan"

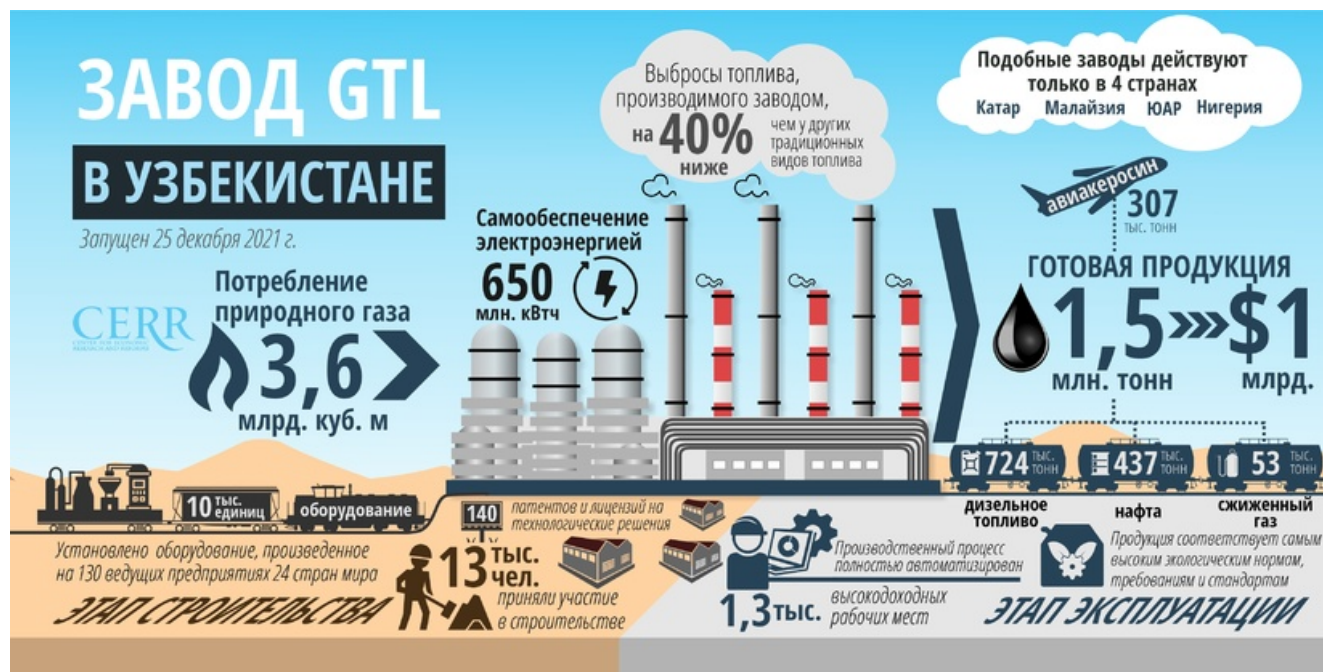
Source: [The Ministry of Energy of Uzbekistan](#)

Uzbekistan Launches First Gas-to-Liquids Plant and Allocates \$ 1.8 billion to Expand the Capacities of the Shurtan Gas Chemical Complex

Uzbekistan launched its first gas-to-liquids plant, UzGTL, a USD 3.6bn project to annually produce 1.5mn tonnes of synthetic liquid fuels. The country joins four other countries in the world with a GTL plant and becomes the only one in the former Soviet Union. The plant will enable the country to significantly reduce energy imports by converting natural gas into various petroleum products. The plant can take up to 3.6 cubic meters of methane per year and supply over 700,000 tonnes of diesel, 400,000 tonnes of naphtha, 300,000 of jet fuel, and liquefied propane and butane. Furthermore, the President announced a USD 1.8bn investment into the Shurtan Gas Chemical Complex to expand the current production of polyethylene and polypropylene through the processing of naphtha from the UzGTL plant.

Source: [Reuters](#); [Upstream Online](#); [Trade Arabia](#); [Gazeta.uz](#); [xs.uz](#)

Infographic: GTL Plant in Uzbekistan (in Russian)



Source: Review.uz

ACWA Power Signs Agreement for 100MW Uzbekistan Wind Power Project

One of the leading Saudi Arabian energy companies, ACWA Power, wins a tender on building a 100MW wind power project worth USD 108mn in Nukus and signs a 25-year power purchase agreement. This marks the first-ever tender of a wind power project in Uzbekistan, where ACWA Power won with a bid of 2.5695 cents/kWh and secured its fourth project in the country. More on that, ACWA Power already had a USD 1.2bn Combined Cycles Gas-Turbine (CCGT) project and USD 1.3bn wind power projects. Once completed, the Nukus plant will have more than 25 wind turbines, provide power supply to over 110,000 households, produce 40 million kWh of electricity annually, create about 1000 jobs during construction and 50 permanent operational jobs, and reduce CO2 emissions by up to 160,000 tons per year.

Source: Saudi Gazette; Kun.uz; UzDaily; Dunyo; Off Grid Energy Independence; Asharq Al-Awsat; Energy Global; Renewables Now; The National News; Arab News

A Thermal Power Plant with a Capacity of 270 MW Was Put into Operation in the Bukhara Region

A Turkish energy company, Aksa Enerji, begins the operation of the first power unit of a gas-fired TPP. The TPP becomes the first of its kind in Bukhara and can generate 2.2bn kWh of electricity annually. Furthermore, the plant will save 260mn cubic meters of natural gas annually, which is additional 900mn kWh of electricity for 450,000 households.

Source: UzReport; The Ministry of Energy of Uzbekistan

Overview of Uzbekistan's Renewable Energy Projects

Project Characteristics

Project Name	Scaling Solar (Uzbek Solar 1)	Sherabad Solar	Scaling solar (Uzbek Solar 2)	Scaling Solar (Uzbek Solar 2)	Wind Power
Generation Capacity	100 MW	200 MW	200 MW	200 MW	100 MW
Renewable Type	Solar	Solar	Solar	Solar	Wind
Supporting IFI	IFC/WBG	ADB	IFC/WBG	IFC/WBG	EBRD
Region	Navoi	Surkhandarya	Samarkand	Jizzakh	Karakalpakstan
Financial Proposal Opening	October 4, 2019	May 12, 2021	May 20, 2021	May 20, 2021	September 16, 2021

Energy Charge (US cents/kWh) Excluding VAT

Masdar	2.6790	1.8045	1.7910	1.8230	2.6550
ACWA Power	2.9800	2.4825	2.5940	2.7840	2.5695
Jinko	3.7020	2.1621	2.2280	2.3050	-
Total Ener	4.2730	4.3940	3.0980	3.1400	-
Volitalia	-	-	-	-	3.2790

Source: [Bakhodir Amonov](#)

Uzbekistan Calls on World Bank to Assess Hydrogen Production Options

With the rapidly growing population, the government is diversifying its energy portfolio to mitigate and reverse the existing electricity and gas shortages. Therefore, the government will cooperate with the World Bank to examine possibilities for blue hydrogen production and plan carbon capture and storage solutions before the end of 2022. Furthermore, major energy investors like Air Products, Siemens Energy, and ACWA Power have shown interest in piloting hydrogen projects.

Source: [Upstream Online](#)

The President Approved the Hydropower Development Program

According to the program, by 2030 the capacity of hydroelectric power plants will be increased to 3,416 MW. Beginning in 2022, hydroelectric energy will be supplied according to the types of activities and tariffs established for consumers. In particular, hydroelectric power plants operating on a water stream will supply at a rate of 70%, hydroelectric plants regulated by a dispatcher in the amount of 100%, and hydroelectric power plants at a rate of 150%. Furthermore, Fitch highlights that the hydropower development program will significantly diversify the country's electricity generation portfolio towards renewables. For more information, check the legislative document below.

Source: [Kun.uz](#); [UzDaily](#); [Legislative Document](#); [Fitch Ratings](#)

HEALTHCARE AND R&D

USAID Opens Quality Club in Uzbekistan and Donates 30 GeneXpert Devices to the Ministry of Health of Uzbekistan

USAID launches the Quality Club to encourage dialogue between the Agency for the Development of Pharmaceutical Industry and domestic pharmaceutical manufacturers. At the opening event, representatives from health institutions and agencies met with private manufacturers to discuss the current situation and obstacles in the market. Furthermore, the USAID donated 30 tuberculosis (TB) testing machines worth USD 381,000 to help with the multi-drug resistant TB situation in the country.

Source: [US Embassy \(1\)](#); [US Embassy \(2\)](#); [UzDaily](#); [Kun.uz](#)

EBRD Encourages Local Drug Manufacturers to Scale Up Drug Production

Uzbek pharmaceutical company certified by the German TUV Turer, Nika Pharm, receives a USD 5mn from EBRD. Nika Pharm specializes in the production of pharmaceuticals for the treatment of colds, as well as in gastroenterology, pediatrics, and urology. The company plans to expand its range of products, invest in R&D capabilities, and build warehouses in provinces to localize many of the imported medicines.

Source: [UzDaily](#)

SHOLARLY AND MARKET PUBLICATIONS

Fitch Ratings 2022 Outlook: CIS+ Banks

[Fitch Ratings](#)

Limited Damage from the Pandemic Supports Neutral Outlook for CIS+ Banks

[Fitch Ratings](#)

Issues of Digitization of the Banking and Financial System in the Integration of the Republic of Uzbekistan into the World Economy

[Gulistan State University](#)

Uzbekistan: Changing The Face Of Tourism

[Eurasia Review](#)

New Opportunities for Youth in the Investment Environment

[Market Screener](#)

Uzbekistan: Change the face of tourism

[Eurasianet](#)

MACROECONOMIC TRENDS (Jan-Sep 2021 to Jan-Sep 2020)

GROSS DOMESTIC PRODUCT 106,9% ▲

INDUSTRY 109,0% ▲

AGRICULTURE, FORESTRY, AND FISHING 104,2% ▲

INVESTMENTS IN FIXED CAPITAL	105,0% ▲
CONSTRUCTION	104,5% ▲
CARGO TURNOVER	112,3% ▲
PASSENGER TURNOVER	107,4% ▲
RETAIL TRADE	109,8% ▲
SERVICES	119,5% ▲



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 international organizations.

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