



## REPORT SUMMARY

**C**onsidering the issues on pre-orders of Uzauto Motors cars, rates of customs duties on car imports are reduced by two times. Regarding Uzauto Motors, the President instructed the state-owned car manufacturer to deliver the pre-ordered vehicles by the 1st of May and reduce, prepayments from 85%

to 50%. World Bank's IFC will assist in the privatization of a state-owned enterprise Ferganaazat, which is one of the largest producers of nitrogen fertilizers, defoliants, and cellulose acetates.

In two years, the Asian Development Bank plans to implement projects for USD 2.8 billion and had already begun financing a USD 274 million project to modernize roads. Further on banking, Russian Sovcombank buys 100% of the state-owned stake at Uzagroexport bank.

Given the observed excess demand, the Senate prolongs the zero VAT on imports of meat, butter, and potatoes till April and plans to sustain low prices afterward.

At the newly built GTL plant, Honeywell UOP signs a preliminary deal to annually produce up to 100,000 tonnes of linear alkyl benzenes (LABs) using a by-product of kerosene production.

## MONTHLY HIGHLIGHTS

"Uzbekistan has been working closely with the IFIs to open up the country's power sector to private investment and to help us reach our goal of 25% of energy consumption deriving from renewable sources by 2026"

**Alisher Sultanov, Minister of Energy of Uzbekistan**

"The chemicals sector is a key sector in which Uzbekistan has unique resource advantages. With progressive reforms and investments in skills and technology, the chemicals industry can play a catalytic role in the economic development of Uzbekistan"

**Wiebke Schloemer, IFC Director for Turkey and Central Asia**

"USAID is proud to support the Government of Uzbekistan in developing its human capital potential, ensuring that the country's youth population is prepared to succeed in the workforce"

**USAID Uzbekistan Mission Director, Mikaela Meredith**

"As a key measure, in 2020 the Government started subsidizing transport costs for goods intended for exports. This has been a great support for domestic manufacturers, particularly as we and others look to enter many markets for the first time"

**Bektemir Murodov, CFO of Artel**



### IMPORTANT NEWS PUBLICATIONS AND ARTICLES

#### POLITICAL ECONOMY

##### Reducing the Tax Burden, Renovation, Investments - Development Strategy: Economics

The economic dimension of the Development Strategy of Uzbekistan aims at reducing the tax burden to 25% of GDP, attracting USD 120 billion in investments, developing a general population resettlement scheme, building "modern" housing estates on the site of dilapidated houses, and resettling 275 thousand families, and reducing inflation to 5% in 2023, and more.

Source: [Gazeta.uz](http://Gazeta.uz)

##### China and Uzbekistan Agree on Consolidating Comprehensive Cooperation

China expressed interest in aiding the building of a modern industrial system, exploring the potential, and aiming for the early activation of the China-Kyrgyzstan-Uzbekistan railway. Both sides agreed to cooperate in the energy sector, especially in renewable energy. Furthermore, China showed preparedness in anti-pandemic and poverty reduction cooperation with Uzbekistan.

Source: [Xinhuanet](http://Xinhuanet); [CGTN](http://CGTN); [Gazeta.uz](http://Gazeta.uz)

##### Uzbekistan's National Statistical System to Modernize with World Bank Support

The World Bank will provide a USD 50 million concessional loan to the government of Uzbekistan to modernize the national statistical system and improve the capacity of the State Committee on Statistics (SCS). Among other things, the loan will be used to increase the coverage of essential development priorities, such as gender equality and environmental sustainability.

Source: [Modern Diplomacy](http://ModernDiplomacy)

##### The President Reduces Duties on the Import of Foreign Cars and Prepayments for Uzauto Motors cars

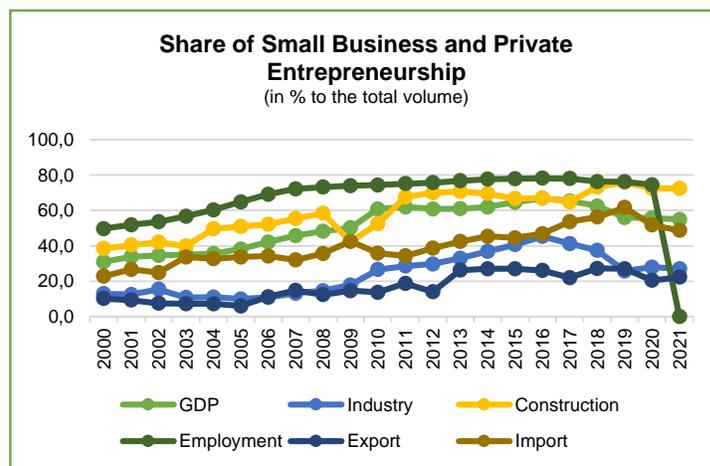
The new amendments entail that the rates of customs duties on car imports are reduced by two or more times. Furthermore, additional coefficients, such as those that consider the engine power of a car, are also reduced. Regarding the national car manufacturer, Uzauto Motors, the President instructed to deliver the pre-ordered vehicles by the 1st of May and reduce prepayments from 85% to 50%

Source: [Gazeta.uz](http://Gazeta.uz); [Gazeta.uz\(2\)](http://Gazeta.uz(2))

##### Russia, Uzbekistan Increasing Bilateral Trade Ties

Following a meeting in Moscow, the governments have agreed to accelerate investment cooperation in the areas of metallurgy, mechanical engineering, and the chemical industry. Furthermore, special attention was directed to investments in the pharmaceutical industry.

Source: [Russia Briefing](http://RussiaBriefing)



Source: [Stat.uz](http://Stat.uz)

##### Uzbekistan: Fines Are Introduced for Companies Infringing Intellectual Property Rights

Fines ranging from USD 2,500 to 5,000 will be introduced and imposed on companies that violate IP rights. Such rights include trademarks, company names, inventions, industrial designs, utility models, and appellations of origin.

Source: [JDSUPRA](http://JDSUPRA)

##### Inflation in the Consumer Market Amounted to 0.9%

In January, food products rose by an average of 1.3%, non-food by 0.5%, and services by 0.7%.

Source: [Gazeta.uz](http://Gazeta.uz)

##### Human Dignity Index to be Implemented in Tashkent

Analogous to the Human Development Index (HDI), the Human Dignity Index will be utilized by Tashkent's municipality to analyze the problems of residents on the level of mahallas.

Source: [Gazeta.uz](http://Gazeta.uz)

### Uzbekistan SMEs to Benefit from US USD 15 Million Financing Facility from ITFC

The International Islamic Trade Finance Corporation (ITFC) signed a trade finance agreement with Uzbekistan's Aloqabank. Among other things, the financing is directed towards supporting the import and pre-export financing needs of SMEs.

Source: [African Business](#)

## MANUFACTURING AND CONSTRUCTION

### Volkswagen Russia Looking to Set up EV Manufacturing in Uzbekistan

Volkswagen Group is considering the production of electric cars in Uzbekistan. Previously, the group signed an agreement with Uzavtosanoat JSC to produce and sell light commercial vehicles in Uzbekistan.

Source: [Russia Briefing](#)

### IFC to Help Government of Uzbekistan Privatize One of the Key Chemicals Companies

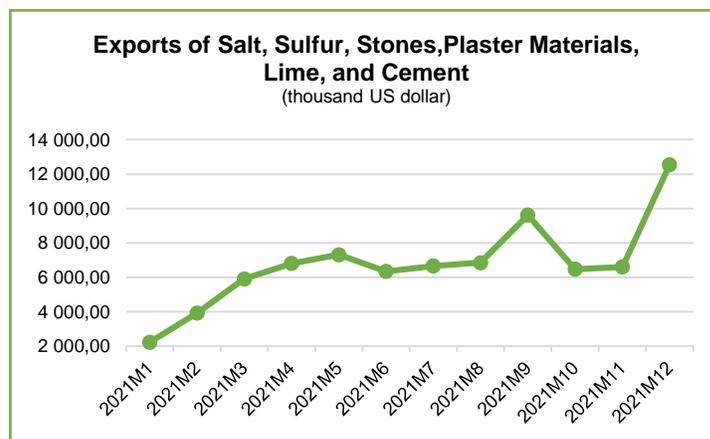
IFC will assist in the privatization of JSC Ferganaazot, which is a state-owned enterprise and one of the largest producers of nitrogen fertilizers, defoliants, and cellulose acetates.

Source: [Markets Screener](#)

### Quotas for the Export of Cement, Clinker, and Glass are Cancelled

From the 1st of March, all legal entities are allowed to export cement, cement clinker, and building glass based on direct contracts without quotas. Furthermore, companies are to receive up to 50% of transportation costs when exporting building materials

Source: [Gazeta.uz](#)



Source: [Stat.uz](#)

## BANKING AND FINANCE

### Uzbek 'Buy Now, Pay Later' Islamic Finance Start-Up Raises USD 1 Million Funding

IMAN, an Uzbek company providing services compliant with Islamic finance rules, has raised USD 1 million from venture capital investors.

Source: [Reuters](#)

### Uzbekistan Introduces New Mechanisms to Support the Capital Market

In line with the Presidential Resolution, legislative changes are introduced in the capital markets. Specifically, income accrued in the form of dividends on shares of individuals are exempt from income tax, a 5% income tax rate is applied for legal entities, and residents and non-residents are exempt from income tax of physical entities and corporate income tax.

Source: [Mondag](#)

### ABD will Implement 27 Projects in Uzbekistan for USD 2.8 billion until 2025

The ADB will assist Uzbekistan in implementing 27 projects from 2022 to 2024. In 2022, the support will be directed towards the field of renewable energy, including solar and wind, investments in water resources, urban development and roads, and development of the mortgage market.

Source: [Gazeta.uz](#)

### ADB Allocated Almost USD 274 million to Uzbekistan for Road Modernization

The ADB provides a USD 274 million loan to modernize 106km of road connecting Derbent and Denau in Surkhandarya province and reconstruct about 87km of the Guzar-Bukhara-Nukus-Beineu highway.

Source: [Gazeta.uz](#)

### Uzbekistan Opens Treasury Auctions to Foreign, Retail Investors

Foreign investors and local retail investors are now able to purchase government securities in primary auctions. In 2021, the Ministry of Finance sold USD 448 million worth of bonds with maturities of up to 10 years.

Source: [Reuters](#)

### Sovkombank Buys Uzagroexportbank for USD 4 million

According to the State Assets Management Agency, Russian Sovkombank PJSC bought the 100% state-owned stake in Uzagroexportbank JSCB for USD 4 million.

Source: [Kun.uz](#)

## TRANSPORTATION AND LOGISTICS

### Samarkand Airport Redevelopment Reopens for Shanghai Cooperation Organization & World Tourism Summits

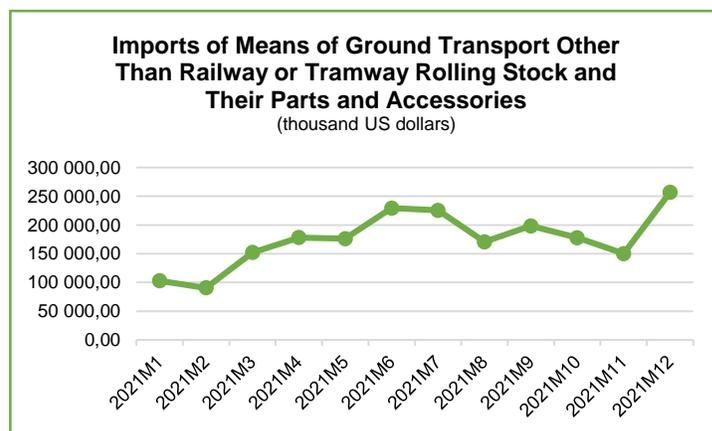
The USD 130 million reconstruction of the airport will allow to serve 1000 passengers per hour with a projected annual passenger traffic from 460,000 to two million a year. Furthermore, the flight capacity will increase from 40 to 120 aircraft a week.

Source: [Silk Road Briefing](#); [Gazeta.uz](#)

### In January, Car Imports Increase by Almost 14 Times

Uzbekistan imported 3,037 cars, which is 14 times more than in the same period of 2021. The total volumes of imports amounted to 65.7 million dollars.

Source: [Kun.uz](#)



Source: [Stat.uz](#)

## AGRICULTURE AND MINING

### Kazakhstan Takes Lead in Food Supplies to Uzbekistan

In 2021, 34.1% or USD 996.5 million of total food imports, compared to USD 867.3 million in 2020, were from Kazakhstan. Furthermore, crops accounted for 65.1%.

Source: [Inform.kz](#)

### Imports of Brazilian Sugar Significantly Increased

For the first time, Brazil became the third-largest food exporter to Uzbekistan, because of the 7.5-fold increase or USD 319.7 million worth of sugar.

Source: [Gazeta.uz](#)

### From Blueberries to Medical Cannabis: Water Ways' Uzbekistan Project Increases to Over USD 7 million

Water Ways Technologies Inc., a provider of agricultural technologies, will undertake a cotton smart drip irrigation project for USD 2.7 million in Bukhara, Uzbekistan.

Source: [Benzinga](#)

### The Senate Approved the Extension of the Zero VAT rate on Imports of Meat and Butter

The zero VAT rates will apply to meat, butter, and potatoes. The extension is approved until the 30th of April, however, the Senate plans to sustain low prices beyond April.

Source: [Gazeta.uz](#)

### Subsidies to Milk and Meat Producers Doubled

In line with a Presidential decree, the amount of subsidies for livestock farms for each kilogram of weight of cattle and small cattle, and a litre of milk were doubled.

Source: [Gazeta.uz](#)

### TRADE AND INVESTMENT

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#### Scottish Companies Got Acquainted with the Investment and Trade Opportunities of Uzbekistan

Representatives of Scottish companies held meetings with government agencies and ministries to express interest in cooperation. The companies were from the oil and gas industry, the renewable energy sector, logistics, and agriculture.

Source: [Market Screener](#)

#### Turkey Establishes Most Companies in Uzbekistan in 2021

The State Statistics Committee announced that Turkey established the most companies in Uzbekistan with 407 companies. Turkey was followed by Russia with 356 companies and China with 266 companies. In total, the total number of firms with Turkish capital stands at 1,882.

Source: [Daily Sabah](#)

### TOURISM AND IT

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#### Ministry of Tourism About Plans for the Development of Tourism in Bostanlyk

Along the Chirchik River and Charvak Reservoir, the Ministry presented plans to create public beaches, walking areas, viewing platforms, hiking, and cycling trails. Overall, the area will be transformed into an eco-tourism center.

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

#### European-Uzbek Association for Economic Cooperation and IT Park Signed a Memorandum of Cooperation

The Memorandum of Cooperation will enable the parties to increase the efficiency of interactions between IT Park and IT incubators and innovation centers of European countries.

Source: [UzDaily](#)

### RETAIL AND WHOLESALE

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#### Retailer Wildberries Enters the Uzbek Market

Russian online retailer, Wildberries, begins operations in Uzbekistan and opens the first pick-up point in Tashkent.

Source: [Gazeta.uz](#)

### ENERGY AND CLIMATE

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#### 10 billion soums (USD 917,431) will be Allocated for the Development of Hydrogen Energy

The Development Strategy of New Uzbekistan for 2022-2026 pays a special attention to the development of hydrogen energy in the country. More on that, the strategy entails the organization of scientific research on the creation of technologies for the production, storage, and transportation of hydrogen energy.

Source: [Kun.uz](#)

#### Development Strategy by the Ministry of Energy

By 2026, the total capacity of solar and wind power plants will reach 8,000 MW. The draft presidential decree proposes an increase in the share of renewable energy sources to 25% by 2026, which will save about 3 billion cubic meters of natural gas per year. A program will be developed to expand and support the use of renewable energy sources. According to which:

1. 8 wind power plants (WPPs) with a total capacity of 4,000 MW will be built, namely:

#### Japan Provides USD 1 million for UNDP to Promote Climate-Resilient Development in Fergana Valley, Help Country Achieve Net-Zero Emissions

UNDP's project aims to speed up the agricultural practices that are resilient to climate change and minimize emissions. Among other things, the purpose is to improve the productivity of agricultural land and improve the existing water management systems.

Source: [The Times of Central Asia](#)

#### Uzbekistan to Produce 56.3 billion Cubic Meters of Gas in 2022

In 2021, Uzbekistan produced 53.8 billion cubic meters of natural gas and plans to increase the production to 56.3 billion cubic meters in 2022. For information, the government previously announced plans to increase the production to 66.1 billion cubic meters annually by 2030.

Source: [Xinhuanet](#)

#### Uzbekistan, Honeywell Plan to Produce Chemicals at New GTL Plant

- 4 power plants in the Republic of Karakalpakstan, as well as in the Bukhara and Navoi regions with a total capacity of 1600 MW in 2023-2024;
  - In 2025-2026, 4 wind farms with a total capacity of 2,400 MW will be put into operation throughout the country.
2. Solar photovoltaic power plants with a total capacity of 4000 MW will be put into operation, namely:
- In Navoi, Jizzakh, Samarkand and Surkhandarya regions, 4 power plants with a total capacity of 1100 MW will be commissioned in 2023;
  - 5 power plants in Bukhara, Namangan, Khorezm, Kashkadarya and Fergana regions with a total capacity of 900 MW in 2024;
  - In 2025-2026, solar photovoltaic power plants with a total capacity of 1800 MW will be put into operation throughout the country.
  - By 2030, the volume of small renewable energy sources with a capacity of up to 1 MW will be increased to 1000 MW.

3. The management system for the use of renewable energy sources will be improved.

Source: [Press Service of the Ministry of Energy of the Republic of Uzbekistan](#)

The GTL plant and Honeywell UOP sign a preliminary deal to produce up to 100,000 tonnes of linear alkylbenzenes (LABs) annually using a by-product of kerosene production.

Source: [Financial Post](#)

### Uzbekistan's Electricity Purchases from Tajikistan

In 2021, Tajikistan supplied 1 billion kWh of electricity worth over USD 23 million to Uzbekistan.

Source: [Kun.uz](#)

### American Geologists will Search for Shale Gas and Oil in Uzbekistan

Representatives of the US Geological Survey (USGS) will cooperate with the government to explore reserves of mineral and energy resources and conduct analysis and forecasting of droughts and floods.

Source: [Then24](#)

## HEALTHCARE AND R&D

### Japan Allocated USD 6.9 million to the Innovative Clinic of the Medical Institute of Karakalpakstan

The grant will be used to improve the quality of specialized and high-tech medical care in terms of diagnosis, treatment, and prevention of major diseases. The main areas of focus include elective surgeries, therapies, cardiology, and otorhinolaryngology.

Source: [Gazeta.uz](#)

### Russian Manufacturer Localizes Production of Insulin

Russian biotech company, Geropharm, signed an agreement with the Ministry of Investments and Foreign Trade to localize the production of insulin in Uzbekistan.

Source: [Gazeta.uz](#)

## SHOLARLY AND MARKET PUBLICATIONS

High Expectations in Uzbekistan

[Brookings](#)

Central and South Asia Regional Connectivity: Prospects and Challenges - OpEd

[Eurasia Review](#)

Can Uzbekistan Build an Equitable Economy?

[The National Interest](#)

AFC Capital: Engine of Uzbekistan's Capital Markets Reform is Purring Strongly

[Intellinews](#)

Uzbekistan: Automobile Industry Hits a Bumpy Road

[Eurasianet](#)

Central Asian Leaders Mute on Ukraine, But Markets and Public Reel

[Eurasianet](#)

How Uzbekistan's Opening-Up Agenda Boosted Exports

[Emerging Europe](#)

Renewable Energy: Insight on Uzbekistan

[Unicase](#)

## MACROECONOMIC TRENDS (Jan-Dec 2021 to Jan-Dec 2020)

GROSS DOMESTIC PRODUCT	107,4% ▲
INDUSTRY	108,7% ▲
AGRICULTURE, FORESTRY, AND FISHING	104,0% ▲
INVESTMENTS IN FIXED CAPITAL	105,2% ▲
CONSTRUCTION	106,8% ▲
CARGO TURNOVER	110,0% ▲
PASSENGER TURNOVER	109,5% ▲
RETAIL TRADE	112,0% ▲
SERVICES	119,2% ▲



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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