

MARCH 2022

ECONOMY

REPORT SUMMARY

Many investment projects were initiated by well-known IFIs, such as the Word Bank, AFC, AIIB, and EBRD, during this month. Most of the funds were allocated to support Uzbekistan's SMEs and a number of other sectors, like agriculture. Also, an important event in

Uzbekistan's transportation sector was the grand opening of the Samarkand airport's new terminal. Additionally, the aviation industry of the country has witnessed an increase in air passenger traffic, especially from Russia. In line with a great inflow of Russians, Uzbekistan's IT Park has taken the initiative to attract Russia's fleeing IT business through a co-called IT-Visa.

Construction and real-estate saw much potential for growth as well, due to the reformulation of well-established supply chains between Russia and the west. In the energy sector a new TPP in the Tashkent region was put into operation and a number of other power plant projects were initiated.

The progress in bilateral cooperation between Uzbekistan and Pakistan has enabled the import of meat and sugar products from Pakistan and India respectively. In addition, China and Morocco have expressed interest in trading textile products with Uzbekistan.

MONTHLY HIGHLIGHTS

"[Uzbekistan] is, from a business development and living point of view, is a very interesting market. Already, some investors are putting their capital into new projects in Tashkent."

Victor Sadigov,
Owner of Nika Estate company

"We are supporting Uzbek importers and importers by opening new permanent limits to our partner-banks, which will reach out to businesses across the country"

Odile Renaud-Basso,
EBRD President

"The World Bank is proud to continue the partnership with the Government of Uzbekistan..."

Marco Mantovanelli,
World Bank Country Manager for Uzbekistan

"Samarkand International Airport will become a 'visiting card' of Uzbekistan"

Hilmi Yilmaz,
Air Marakanda's deputy general director of operations



IMPORTANT NEWS PUBLICATIONS AND ARTICLES

FOREIGN & PUBLIC INVESTMENTS

Japan allocates USD 619 thousand for development of medical institutions in Uzbekistan's regions

The Ambassador of Japan Yoshinori Fujiyama, Deputy Minister of Health of Uzbekistan, as well as industry representatives were present at the event. The funds will be used to supply medical equipment to the Republic of Karakalpakstan Khorezm, Samarkand, Kashkadarya regions and the city of Tashkent.

Source: [Kun.uz](#)

EBRD established a USD 210 million Trade Facilitation Program with four Uzbek banks

To assist with import and export operations of private domestic businesses, including small and medium-sized enterprises (SMEs) EBRD has made a deal with four Uzbek banks. Namely, Asakabank, Ipoteka Bank, NBU and UzPSB will support private exporters and importers.



\$210 million Trade Finance Facility to four Uzbek banks



Source: [EBRD](#)

A EUR 100 million AFD-funded project to support livestock farmers is being launched in Uzbekistan

AFD's Project Manager for livestock in Uzbekistan stressed that through taking better care of the livestock, optimizing farming equipment and using renewable energy, the productivity of livestock can be increased without raising headcount. Hence, the AFD allocated a credit of EUR 100 million that livestock sector stakeholders can get through local banks loans.

Source: [AFD](#)

World Bank allocates USD 60 million to Uzbekistan for tax reform

"Tax Administration Reform" with the participation of the World Bank project was approved by the President of

OPEC Fund approves USD 100 million loan for Uzbekistan

OPEC has allocated USD 233 million to four countries as part of its global development support initiative. Among those countries is Uzbekistan, which received the largest loan to accelerate its Transition Program.

Source: [OPEC Fund](#)

The AFD allocates EUR 105 million to Uzbekistan for regional projects

The French Development Agency approved a loan of a total of EUR 105 million to Uzbekistan, and the European Commission – a grant of EUR 9 million through the agency. Those funds shall be used for the reconstruction and construction of sewerage systems in the Karmana district (Navoi region), the city of Shahrizabz and the center of the Kitab district (Kashkadarya region). The project is exempted from customs duties and VAT, and is supervised by Uzsuvitaminot.

Source: [Kun.uz](#)

Farmers in Uzbekistan to get better access to finance, with USD 200 million World Bank support

For the Second Rural Enterprise Development Project a USD 200 million financial package was approved. It will support the establishment and expansion of farms and rural enterprises in 10 Uzbek region. The financing comprises of a USD 180 million loan from the International Bank for Reconstruction and Development (IBRD) and a USD 20 million credit from the International Development Association (IDA).

Source: [WorldBank](#)

EBRD improves solid waste management in western Uzbekistan through a USD 120 million loan

Loans of USD 50 million and USD 70 million shall be allocated to improve solid waste services in Horezm and Karakalpakstan regions respectively. Reduced pollution and greenhouse gas emissions from landfills are some benefits that the solid waste management systems can offer.

Source: [EBRD](#)

AIIB and Uzbekistan Sign USD 108 million Loan to Improve Rail Transport Connectivity

The Asian Infrastructure Investment Bank (AIIB) shall assist Uzbekistan in electrifying the Bukhara-Miskin-Urgench-Khiva railway line. 465 kilometers of railway line will be electrified and a high-speed service on the route shall be launched to boost connectivity and tourism.

Source: [AIIB](#)

ECONOMY

EUROUZ Monthly Report on Uzbekistan

Uzbekistan. Based on it, a loan of USD 60 million for a period of 30 years and a 5-year grace period will be allocated to the development of the tax system.

Source: [Kun.uz](#)

IFC and Ipak Yuli Bank Partner to Support Small Businesses in Uzbekistan

With a local-currency-linked loan of USD 10 million, IFC will enable Ipak Yuli Bank to provide financial assistance to small and medium enterprises (SMEs). The funds will help Uzbek businesses recover from the economic shock of the COVID-19 pandemic, resume operations, and adapt to the post-crisis environment.

Source: [IFC](#)

TRANSPORTATION & LOGISTICS

The Kyrgyz Air Manas airline resumes flights to Uzbekistan

Air Manas' Bishkek to Tashkent route has resumed after a 2-year break due to the pandemic. For the beginning, flights will be on a charter basis every Monday and Friday.

Source: [EastWestStream](#)

Uzbekistan Airways is increasing flights to a number of cities

Due to an increase in passenger traffic, Uzbekistan Airways has temporarily increased flights to Moscow, St. Petersburg, Vladivostok, Kazan, and Novosibirsk. The additional flights to these cities were organized from the 7th to 26th of March. From the 2nd of April there will be an increase of regular flights from Tashkent to Frankfurt. Specifically, every Monday, Thursday and Saturday. And under the "Eastern Hub" program, Namangan-Almaty-Namangan flights will be launched from the 30th of March. And, in April-May, 2 new regular flights to New Delhi will be available.

Source: [Uzbekistan Airways](#)

Uzbekistan resumes international land transport

Restrictions placed during the pandemic are being lifted. Starting from May 2022 a high speed train will be operating between Tashkent and Almaty 3 times a week. Additionally, a Nukus-Beineu-Nukus route will start operating from the 1st of April 2022.

Source: [UzbekTravel](#)

Russian low-cost carrier Azimut receives license to fly to Uzbekistan

The airline will operate flights on the Russian short-haul aircraft Sukhoi Superjet 100 to Samarkand and Urgench from Rostov-on-Don, Krasnodar, and Mineralnye Vody.

Source: [UzReport](#)

Humo Air, Uzbekistan's budget airline, increases flights to Sokh from Fergana

Every Monday, Wednesday, Friday and Sunday Humo Air will have flights on the Fergana-Sokh-Fergana route. For that, an An-2 aircraft shall be used.

Source: [Kun.uz](#)

Russia has lifted COVID-19-related restrictions on flights to eight countries

From the 9th of March restrictions on non-scheduled and regular flights to a number of countries including Uzbekistan were lifted. The restrictions were initially placed to battle the spread of the COVID-19 virus.

Source: [TASS](#)

Uzbekistan and Kazakhstan to resume bilateral bus service

From the 16th of March bus routes from Tashkent to Nur-Sultan, Almaty, Kyzylorda, Turkestan, Irgeli, and from Chirchik to Shymkent and Almaty were resumed. Initially, they were cancelled due to the coronavirus pandemic. Further efforts are being made to launch bus transits through Kazakhstan and to Russia.

Source: [Kabar](#)

Aeroflot launches an extensive program of regular international flights from Sochi

Direct regular flights from Sochi to Armenia, Egypt, Israel, Kazakhstan, Turkey, and Uzbekistan are now available on Aeroflot's website. From the 7-8th of April 2022 flights from Sochi to Samarkand, Bukhara, Tashkent, Urgench, and Ferana will be available.

Source: [Aeroflot](#)



Samarkand's new state-of-the-art terminal opens for business

The public-private partnership responsible for the USD 80 million project comprises Air Marakanda and state partner Uzbekistan Airports JCS. The construction work was carried out by leading Uzbekistan EPC company Enter Engineering based on an architectural design by the Turkish design and engineering company Kiklop Construction. Independent research by market research firm, Lufthansa Consulting, forecasts an increase in annual passenger traffic from 480,000 to two million.

Source: [AirportWorld.com](#)

AGRICULTURE, MINING AND MANUFACTURING

UzAuto Motors increases the price of consumer cars

While the prices for the Damas, Spark, and Nexia-3 models have gone up by 10%, Genta's have increased by 12%. The local car manufacturer announced that the new prices have taken effect from March 3rd 2022.

Source: [Qalampir](#)

Land plots possessing precious metals to be sold through "E-auksion"

According to a resolution of the Cabinet of Ministers, subsoils with precious metals will be sold on "E-auksion" portal with a starting price of about USD 820. Permits are issued only to residents of Uzbekistan and last for 3 years. Mined materials are sold to reception desks and jewelry manufacturers.

Source: [Kun.uz](#)

INFORMATION TECHNOLOGY & R&D

Uzbekistan plans to implement a three-year IT visa

Uzbekistan's IT-Park, in an effort to attract more foreign IT specialists and companies, is creating an IT-Visa. Issued on the recommendation of IT-Park, the new Visa's will grant 3 years of free entry to Uzbekistan, an immediate residence permit upon purchase of real estate, and a 3-year visitor Visa for all family members. Applications for a recommendation can be submitted through the official IT-Visa website.

Source: [TashkentTimes](#)

Access to Skype in Uzbekistan is officially allowed

The online video calling platform, Skype, has been officially removed from the Uzbekistan's blacklist. Other banned social media apps, like Twitter, TikTok, VKontakte and WeChat, shall be gradually unbanned as well. Currently, all foreign companies must host their servers with Uzbek user data in Uzbekistan and process the data inside the country.

Source: [UzReport](#)

CONSTRUCTION & REAL ESTATE

Real estate in Tashkent may become in demand among Russian citizens

Due to the heavy sanctions placed against Russia, its citizens can no longer obtain real estate in the EU. Russians are now forced to switch from the western markets to the middle east and Central Asia. While Dubai is the most popular alternative so far, Uzbekistan is being viewed by Russians as an attractive market as well.

Source: [realty.ria.ru](#)

Uzbekistan's President views plans for the Asian Youth Games "Olympic town" project

Engineered by a British company called Arup and planned to be built in Tashkent city's Yashnabad district, the project is dedicated to the 2025 Asian Youth Games. The town will have indoor sports complexes, a water sports palace, training areas, a rowing canal, and an Olympic Stadium in the middle of it all.

Source: [InsideTheGames](#)

Rent of state property in Tashkent rises in price by 30%

Through data about the minimum rental rate published by the State Assets Management Agency it was concluded that

ECONOMY

EUROUZ Monthly Report on Uzbekistan

Uzbekistan carried out 12.8 trillion soums (USD 1.1 billion) worth of construction works in Jan-Feb 2022

69.4% of the construction was done small enterprises and micro-firms, while large businesses did 13.6% only. Compared to the Jan-Feb 2021 period there was a 2.8% increase.

Source: [State Statistics Committee; Kun.uz\(eng ver.\)](#)

property prices in 2022 grew by 30%. Compared to that, 2021 saw no changes in the rates and in 2020 there was a 50% escalation.

Source: [Kun.uz](#)

Russian builders to switch from current construction materials Uzbek alternatives

Russia's Minister of Construction and the Ambassador of Uzbekistan to Russia have discussed the prospects of cooperation in the exchange of experience in the development of projects and technologies in construction. The Russian side noted that currently it is possible to boost ties in the "production of building materials" and "attract qualified personnel".

Source: [The Tribune](#)

ENERGY & FUEL

New TPP launched in Tashkent region

During the visit of the President of Turkey, a modern thermal power plant in Tashkent region was put into operation and the decision has been made to construct a similar one in the Syrdarya region. Both projects are implemented by the Turkish company Cengiz Enerji. The new TPP has a capacity of 240 megawatts and will generate 2 billion kilowatt-hours of energy per year. The upcoming Syrdarya region TPP will have 220 megawatts and produce 1.7 billion kilowatt-hours of electricity per year.



Source: [Uza](#)

Uzbekistan's gas production increased by almost 8% in 2021

Compared to 2020, in 2021 53.6 billion cubic meters of gas was produced, which has resulted in a 7.9% growth rate. While gas imports have decreased by 89.3%, exports increased by 60.3%. Gas consumption by the population has also increased by 7.5%.

Source: [Kun.uz](#)

A TPP with a capacity of 174 MW has been commissioned in the Khorezm region

The USD 105 million construction project was fully funded through a public-private partnership with the Turkish company "Odash Enerji CA". Located in the Yangiaryk district, the TPP will generate 1.4 billion kilowatt-hours of electricity per year. Additionally, the high efficiency of the facility will help supply energy to an additional 350 thousand homes per year.

Source: [Yuz.uz](#)

New Photovoltaic Power Station to be launched in Nurabad district by April 2022

The USD 100 million Nurabad district photovoltaic power plant project will generate 260 million kilowatt-hours of electricity per year. With 295,000 solar panels on 353 hectares of land, the project plans to save 78 million cubic meters of natural gas per year.

Source: [ITA](#)

TRADE & BUSINESS

USM, a company belonging to Alisher Usmanov, sells Kapitalbank shares

The company sold all of its stake in Telecominvest LLC (RF) and FINANCE TCI LLC (Uzbekistan) to a group of private investors. The deal led to the sale of 61.54% of JSCB Kapitalbank's (Uzbekistan) shares.

Source: [TashkentTimes](#)

Russia abolishes restrictions on tomatoes and peppers from Uzbekistan

On the 5th of March Rosselkhoznadzor lifted the ban of Uzbek tomatoes and peppers. This decision was made based on the information provided by the national organizations for quarantine and plant protection and to avoid trade violations.

Source: [HortiDaily](#)

ECONOMY

EUROUZ Monthly Report on Uzbekistan

Morocco is showing great interest in importing Uzbek textile

Uzbekistan's Deputy Chairman of the Uztekstilsanoat Association was welcomed by the heads of Morocco's textile industry. The meeting helped establish trade relations between Uzbekistan and Morocco in the area of textile production. Ways of reducing customs barriers and establishing free trade ties were discussed as well.

Source: [Dunyo](#)

India exports goods to Uzbekistan through Pakistan and Afghanistan for the first time

A shipment of 140 tones, mostly sugar, departed from Mumbai, India to Karachi seaport, Pakistan. Through road transportation, the cargo crossed the Torkham border and arrived in Kabul, Afghanistan. Finally, the goods were moved to Tashkent, Uzbekistan. This shipment route was made possible thanks to the recently signed bilateral transit trade agreement between Pakistan and Uzbekistan.

Source: [The Tribune](#)

Chinese textile workers express interest in the further development of cooperation with Uzbek partners

The Chairman of the China Chamber of Commerce for the Import and Export of Textiles and Clothing (CCCT) showed interest in Uzbek textile's export potential. Hence, it was agreed to develop cooperation between the CCCT and the Uzbektextilprom Association. Trainings for Uzbek enterprises may be provided.

Source: [Dunyo](#)

First cargo of Pakistani Halal meat sent to Uzbekistan

Shaheen Group of Companies and Pyramid Logistics Pakistan shipped 18 tons of Halal meat from Karachi, Pakistan to Tashkent, Uzbekistan. The cargo was worth USD 400,000 and is expected to be followed by 50 more similar shipments. The containers in which the meat is transported are equipped with cold logistics technology.

Source: [Business Recorder](#)

Japan GXT and Japan DXT to start operating in Tashkent

The companies were jointly registered in Uzbekistan by Nippon Investment Operating Corporation, Japan DX and Number One Solutions Inc. While Japan DXT plans to open a cryptocurrency exchange and implement project in digitalization, Japan GXT will focus on projects aimed at AgriTech and the production of medical cannabis.

Source: [Kun.uz](#)

Uzbekistan EV cars and polyethylene statistics for the January-February 2022 period

In January-February 2022, Uzbekistan imported 228 electric vehicles from six countries for USD 5.9 million. This is by 150 units greater than in 2021. China was the largest exporter with a 94.7% share. Export-wise, USD 45.7 million worth of polyethylene were shipped to 13 different countries with Turkey being the largest importer.

Source: [State Statistics Committee](#)

BANKING AND FINANCE

Uzcard temporarily suspended transactions with Russian Mir payment system

Due to ongoing technical maintenance works, Uzbekistan's unified republican processing centre Uzcard has temporarily suspended the payments via the Mir system. However, the Uzcard-Mir co-branded cards have not affected. The services have fully resumed their work on the 7th of March.

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

EBRD and Uzbekistan enter into their first cross-currency swap

Uzbekistan and EBRD have entered into a USD 20 million cross-currency swap, which will help Uzbekistan develop its local currency markets. Currency risk management and local currency lending to the real sector of the country will be facilitated.

Source: [EBRD](#)

Prices for gold coins and bars are slowly falling after a sudden growth in March

Based on data from the Central bank of Uzbekistan, during the first 2 weeks of March the price for gold grew by 9.6% compared to February 24 of 2022. However, closer to the end of the month a slight decrease in prices were observed. The table below showcases these changes (1 soum = USD 11480).

Date of recorded price	Cost of 50 grams of gold
24 th of February 2022	USD 2,983.25
9 th of March 2022	USD 3,270.91
27 th of March 2022	USD 3,262.28

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

The Board of the Central bank decided to raise the policy rate to 17% per annum

The decision was made in response to the “high uncertainties and tensions in the external economic environment”. However, it was noted that with “the decline in inflation and devaluation expectations, lowering external pressures on internal macroeconomic conditions,” the rate shall be deceased. The next Board meeting is expected on the 21st of April 2022.

Source: [CBU](#)

SHOLARLY AND MARKET PUBLICATIONS

An interview with UzAuto Motors CEO Bo Andersson about UzAuto Motors' activities and future plans [Kun.uz](#)

Solar Energy Policy in Uzbekistan: A Roadmap [IEA](#)

Regional Economic Update for the EBRD Regions: In the shadow of the war [EBRD](#)



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.

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