



## REPORT SUMMARY

**T**his month, several economic institutions presented analytical reviews of the preceding year, along with forecasts, and plans for the coming year. In particular, the depreciation of the Uzbek soum was shown to be 3,4% and thus, less severe relative to 10.1% in 2020. Regarding the foreign exchange regulator, the Central Bank announced inflationary expectations of 8-9% and GDP growth of 5.5-6.5% in 2022, which encapsulated the World Bank's updated GDP forecast of 5.6%. Regarding the overall economy, the Strategic Development Agency estimated the informal economy to stand at 48-65% or approximately USD 22.6bn. In Central Asia, Uzbekistan became the largest recipient of EBRD funds with 22 projects worth USD 690mn. More on development banks, the National Bank of Uzbekistan received a USD 200mn loan from AIIB to support businesses affected by the pandemic. On regional affairs, the President attended the first India-Central Asia summit and emphasized the country's interest in cooperating with India on a multitude of issues and sectors. On the legislative front, the government exempted several goods, such as grains and meat, from import duties and extended the VAT exemptions for goods such as cooking oil, meat, and potatoes. In addition, dividends received from shares are now exempted from tax until 2025. Finally, a draft presidential decree on the country's development strategy for 2022-2026 was submitted and consisted of reforms in a range of sectors, such as risk monitoring in the healthcare sector and expanding cybersecurity capabilities.

## MONTHLY HIGHLIGHTS

“Uzbekistan’s development strategy for the next 5 years sets a goal of not exceeding the external debt to 60% of GDP.”

**Director of the Public Debt Department  
under the Finance Ministry,  
Jasur Karshibayev**

“Uzbekistan’s GDP grew by 7.4% in 2021.”

**The President of Uzbekistan,  
Shavkat Mirziyoyev**

“The EBRD has been reporting record investment in the country for the third time since 2018 ... We are privileged to be living in the fast-reforming state of Uzbekistan and contributing to its success.”

**The EBRD’s Head of Uzbekistan,  
Alkis Drakinos**



### IMPORTANT NEWS PUBLICATIONS AND ARTICES

#### LOCAL POLITICS AND ECONOMY

##### **New Goal Set for Uzbekistan's External Debt to GDP Ratio in Its 5-year Development Plan**

The government aims to not go beyond its external debt to GDP ratio 60%. The Ministry of Finance informed that in the upcoming years the ratio will grow, stabilize, and decrease. While in 2021 the ratio was 38.8%, it is estimated that external debt will reach USD 30.4 billion in 2022 and decline from 2023-2024.

Source: [Newslineuz](#)

##### **The World Bank Increases GDP Growth Rate Estimates for Uzbekistan**

The new estimates are 5.6% in 2022 and 5.8% in 2023. In 2021 Uzbekistan had a GDP growth rate of 6.2%, which is 1.4% higher than World Bank's June 2021 predictions, but much lower than Uzbekistan's own rate of 7.4%. This makes Uzbekistan the leader in Europe and Central Asia region. However, due to the slowing world economy and the ongoing Omicron wave, economic growth rates may drop.

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

##### **Remittances and Exports as a Soft Cushion for Uzbekistan's Depreciating Currency**

In 2021 the value of the Uzbek soum fell by 3.4%, which is a lot less than in 2020 (10.1%). Foreign exchange earnings coming from exports and remittances played a large role in maintaining the currency during the pandemic. Large volumes of remittances, specifically USD 8.1 billion, have helped partially to compensate for the negative trade balance of the country.

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

##### **The Next Important Stage in the Development of Uzbekistan's Armed Forces Has Been Identified**

During a meeting with the Security Council, the President of Uzbekistan indicated priority areas for developing the nation's Armed Forces. Those were integrating military and scientific teaching, improving the strength of the air defence system, modernization of weapons and military equipment, and increasing information security.

Source: [President.uz](#)

##### **Uzbekistan's Foreign Exchange Reserves Value Surpasses USD 35 billion**

After a USD 389.8 million increase over the last month, Uzbekistan's foreign reserves assets topped USD 35.14 billion. While the value of gold in reserves went up to USD 20.95 billion, foreign currency reserves dropped to USD 13.07 billion.

Source: [Tashkent Times](#)

##### **Central Bank Undertakes an Evaluation of Uzbekistan's Economy for 2022**

Given the worldwide economic slowdown, global inflation, rising prices, and the pandemic, the Central Bank of Uzbekistan expect the country's inflation rate to be at 8-9% and the GDP growth at 5.5-6.5% in 2022. Hence, the Bank envisages maintaining moderately tight monetary conditions.

Source: [Cbu.uz](#)

##### **Strategic Development Agency Estimates the Shadow Economy**

In partnership with consultancy firms, the agency estimated the informal economy to stand at a 48-62% range or at least USD 22.6bn. In 2020, the State Tax Committee announced that the shadow economy takes up to 48% of GDP. Furthermore, the government has previously approved a roadmap to reduce the shadow economy.

Source: [State Development Agency](#); [Tashkent Times \(1\)](#); [Tashkent Times \(2\)](#)

#### ECONOMIC COOPERATION AND INVESTMENTS

##### **NBU and AIIB Sing a Loan Agreement for USD 200 million Aimed at Supporting Business Affected by the Pandemic**

Based on the Resolution of the Cabinet of Ministers named "On measures to attract and use the credit line of the Asian Infrastructure Investment Bank to support the business during the coronavirus pandemic" an agreement was signed between NBU and AIIB. Funds from the loan will help implement the

##### **EBRD Invests a Record USD 690 million in Uzbekistan in 2021**

In 2021 EBRD invested in 22 Uzbek projects which were worth USD 690 million. This made Uzbekistan the largest recipient of EBRD funds in Central Asia for the second year in a row. The Bank's funds promoted renewable power

Development Strategy of the New Uzbekistan for 2022-2026. The strategy, besides many other things, aims to support local businesses.

Source: [UZA](#)

generation, green lending, the upgrade of key infrastructure, and domestic small businesses.

Source: [EBRD](#)

## POLITICAL COOPERATION AND PARTNERSHIPS

### The Visit of the Government Delegation of Turkmenistan to Uzbekistan

The delegation was headed by Turkmenistan's Deputy Prime Minister and held meetings with the President of Uzbekistan and Uzbekistan's Minister of Investments and Foreign Trade. Topics concerning the establishment of the Turkmen-Uzbek trade zone, exchange of knowledge in the healthcare sphere, and development of the private sector were discussed. After the meeting, the Turkmen side ratified the creation of the Turkmen-Uzbek border trade zone.

Source: [Golden Age](#); [Kun.uz](#)

### Uzbekistan Takes Part in the Summit of Central Asian States and China

Held on the 25th of January in the form of a videoconference, the summit was attended by the President of Uzbekistan. A roadmap to increase the use of alternative energy and establish a Green Silk Road was put forward by Uzbekistan. As all members of the summit have green energy programs underway, the roadmap seemed quite timely.

Source: [ISRS](#)

### Uzbekistan Takes Part in the First India – Central Asia Summit

On the 27th of January, the President of Uzbekistan attended the first India-Central Asia summit, where the Delhi Declaration was adopted. In it, common approaches to key issues and ways to strengthen cooperation have been outlined. Uzbekistan, in particular, has shown great interest in developing its healthcare, IT, trade, energy, and education sectors with India.

Source: [NewsWires](#)

### Uzbekistan and World Bank Discuss the Upcoming Partnership Program for 2022-2026

Representatives from Kashkadarya, Surkhandarya, and Bukhara regions had an online meeting with the WB's local representatives to discuss the results of the 2016-2021 partnership program and the directions the new program will take. Representatives from Samarkand, Jizzakh, and Syrdarya regions will join the negotiations as well. 10 working groups have been tasked to merge the WB partnership with the country's development plan.

Source: [Dunyo](#)

### U.S. Provides over USD 1 million in New Equipment to Strengthen Uzbekistan Customs' Counter-Nuclear Smuggling Capacity

The United States and Uzbekistan's State Customs Committee handed over USD 1 million worth of equipment for counter-nuclear smuggling operations and modernized training capabilities. The partnership has invested over USD 16 million in building counter-nuclear smuggling capacity in Uzbekistan.

Source: [US Embassy](#)

### Uzbekistan Delegation Takes Part in the Senior Officials' Meeting of the OIC Member States

The meeting was a preparation for the 48th session that is planned for March 2022. During the meeting, Uzbekistan has put forth the draft document that declares the Aral Sea region a zone of environmental innovation and technology. The draft was accepted by the OIC Ministerial Council.

Source: [Kun.uz](#)



### LEGISLATIVE CHANGES

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#### **Uzbekistan Exempts a Number of Goods from Import Duties and VAT, and Plans to Reduce Tax Rates in 2023**

Until the end of the year, some types of grains, meat, and organic cleaning substances were exempted from paying import duties. Also, the VAT exemption for a number of products was extended until the 30th of April, 2022. Those products include certain types of imported or produced cooking oils, meat, and potatoes. The VAT, according to Uzbekistan's development strategy, is planned to be reduced from 15% to 12% in 2023. The income tax, on other hand, will drop from 20% to 15%.

Source: [Kun.uz\(1\)](#); [Kun.uz\(2\)](#); [Montaq](#)

#### **The Draft Presidential Decree “On the Development Strategy of New Uzbekistan for 2022-2026” Has Been Published**

The new decree contains plans and goals that will affect a number of sectors. Some of the important ones are: risk monitoring and prevention in the healthcare sector, investigative and protective functions of the law enforcement agencies, improving the awareness and expertise in the area of cybersecurity.

Source: [Regulation.gov.uz](#)

#### **Uzbekistan Joins the Marrakesh Treaty**

Through the presidential decree "On accession to the international treaty" Uzbekistan joined the Marrakesh Treaty on facilitating access for the blind and visually impaired or people with other disabilities to perceive printed information. The Information and Mass Communications Agency has been appointed as the responsible body for implementing the international treaty.

Source: [UzReport](#)

#### **The Law “On Hydro Meteorological Activities” Approved by the President of Uzbekistan**

The new law outlines the basic principles of hydro-meteorological activities, defines objects and subjects, specialized organizations in this area, as well as their obligations and rights. In addition, a specially authorized state body shall be responsible for providing consumers with hydro-meteorological information.

Source: [TashkentTimes](#)

#### **Dividends Received from Shares to be Exempt From Tax until end of 2024**

The presidential decree “On additional measures to introduce effective mechanisms to support the capital market” has been adopted. Based on it, from April 1, 2022, to December 31, 2024, dividends received by individuals from shares will be exempt from income tax. For non-resident legal entities, income tax is applied at the rate of 5%.

Source: [Trend](#)

#### **Tax Authorities Launch a Cashback System and See Immediate Results**

From January 1, 2022, the State Tax Committee launched a cashback system, where individuals can receive 1\$ of purchases when issuing a corresponding receipt using a QR code in a new application, Soliq. In less than a week, the number of scanned receipts increased by 43%.

Source: [Podrobno.uz](#)

### SHOLARLY AND MARKET PUBLICATIONS

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**Uzbekistan: Tax Changes In Uzbekistan From January 1, 2022**

[Mondaq](#)

**OUTLOOK: 2022 Uzbekistan**

[bne IntelliNews](#)

**Economic Development as a Priority in the Development Strategy of Uzbekistan for 2022-2026**

[The Asia Today](#)

## CHANGES IN AUTHORITY

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- **Regional prosecutor of Andijan**  
**Appointed** - Sirojiddin Eshkuvvatov  
**Previously served as the** First deputy prosecutor of Namangan region
- **Vice-President of UN Human Rights Council**  
**Appointed** - Ulugbek Lapasov  
**Also serves as the** Uzbekistan's Permanent Representative to the United Nations Office and other international organizations in Geneva
- **Deputy Chairman of “Uzneftegaz”**  
**Appointed** - Rustam Sherov  
**Previously served as the** Director of the Murabek oil and gas production department
- **Deputy Chairman of Deputy Chairman of JSC Almalyk Mining and Metallurgical Complex**  
**Appointed** - Abdulla Azizov  
**Previously served as the** Deputy Minister of Health
- **Khokim of Fergana city**  
**Appointed** - Vosiljon Nazarov  
**Previously served as the** Khokim of Baghdad district
- **Presidential Advisor on Public and Religious Organizations**  
**Appointed** - Muzaffar Kamilov  
**Previously served as the** First Deputy Chairman of the Committee for Religious Affairs



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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