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Europe-Uzbekistan

Association for Economic Cooperation

We are working on bridging the gap

Independent analysis:

**COVID-19 Economic Impact
on Uzbekistan &
recovery projections by IFIs**

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Key Economic Data for Q1-2020 + APRIL



4.1% GDP growth in the first quarter of 2020 (vs 5.7% in Q1-2019).

The Q1 data only partially reflects economic impact :

- Gradual quarantine as of **March 15**
- Q1 trade impact felt with key trade partner China + fiscal pressure over response to COVID-19.

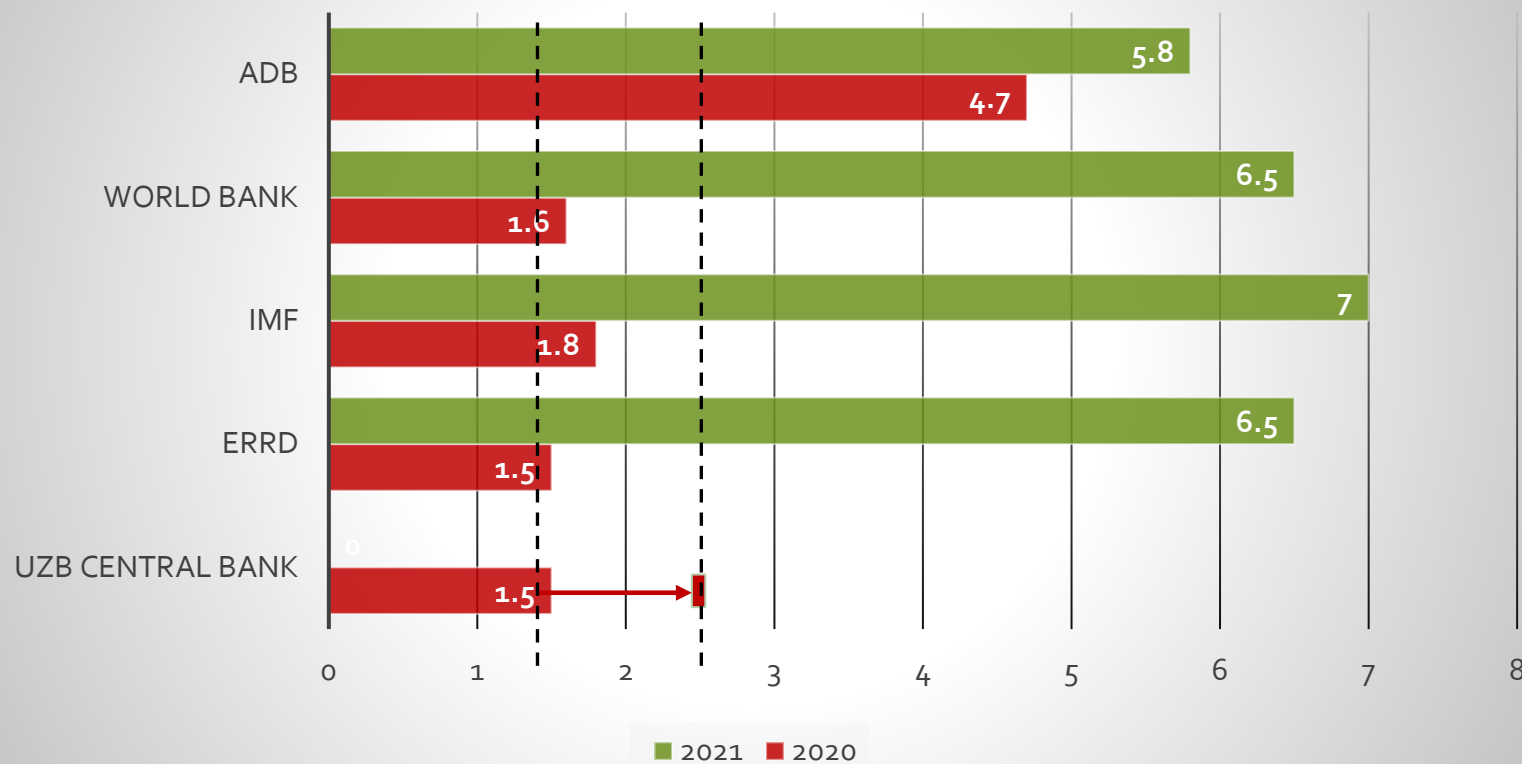
The data for the first 4 months published by CB is significantly more reflective:

- Export decreased by 10.6%** to \$4.4 billion, **import decreased by 10.8%** to \$6.4 billion (YoY)
- Foreign reserves reached **\$31.27 billion (+\$0.98 in April)**, but physical gold decreased by 0.1 million ounces
- Gold stands at **35.3%** of total exports in Jan-Apr 2020, equal to **\$1.5 billion (26.5% increase YoY)**
- Compensated significantly for a sharp decrease in exports of :**
 - Natural gas by **51.1% (YoY)**
 - Export of food products by **24.1% (YoY)**
 - Textile fibre by **53.8% (YoY)**
 - Non-ferrous metals **27.8% (YoY)** as well cast iron & steel **48.9% (YoY)**

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IFI Economic Projections

Projections for annual GDP growth rate 2020-21



Expected regional growth rates in GDP

Country	Fact 2019	EBRD* 2020	IMF 2020	WB 2020	ADB 2020
Uzbekistan	5.6	1.5	1.8	1.6	4.7
Kazakhstan	4.5	-3.0	-2.5	-0.8	1.8
Kyrgyz Republic	4.5	-4.0	-4.0	0.4	4.0
Tajikistan	7.5	-1.0	1.0	1.0	5.5
Turkmenistan	6.3	1.0	1.8	**	6.0
CENTRAL ASIA*	5.1	-1.2	-1.0	0.1	2.8

Notes:

* Central Asian regional data for EBRD also includes Mongolia
 ** World Bank has not released updated projections for Turkmenistan's GDP growth. A full updated economic outlook is expected to be released in early June

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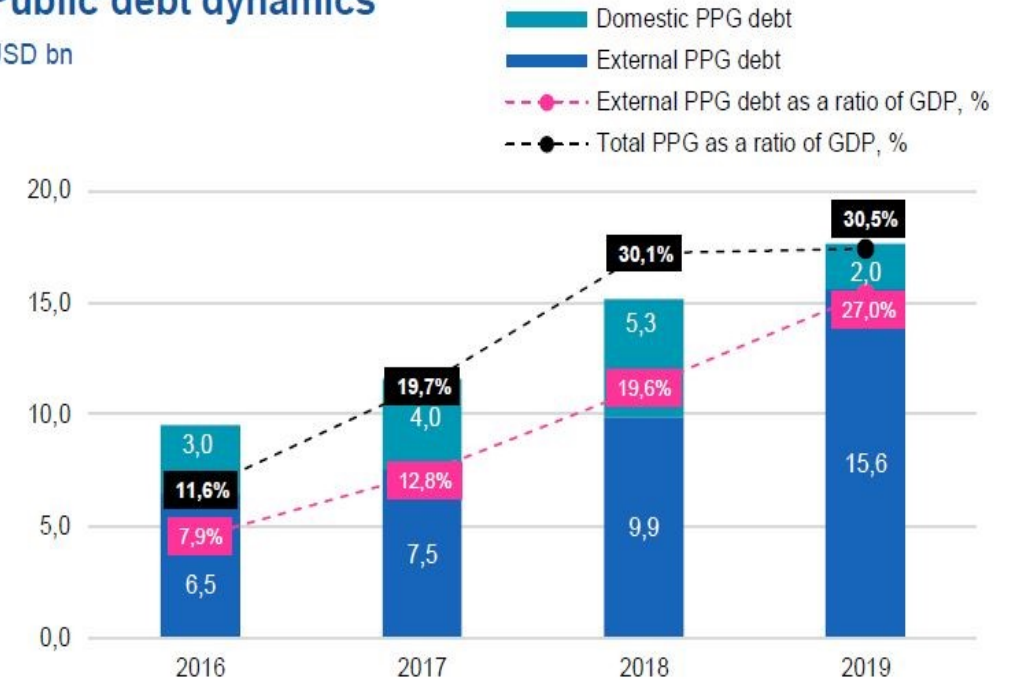
External Financial Support



- ❑ Addressing the external shock and the domestic impact of COVID-19 is expected to require additional external financing of **\$ 4 billion (7% of GDP)** according to the latest IMF report.
- ❑ Fiscal deficit is forecast expected to increase from **0.4 in 2019 to 4.1 percent** of GDP in 2020. In addition to automatic stabilizers, the larger deficit reflects tax relief to SME's & large additional spending needs.
- ❑ A Presidential decree published on 22-04-2020 (PP-4691) indicates that Uzbekistan has reached preliminary agreements with IFI's to attract preferential long-term loans and grants in excess of **\$ 3 billion**.
- ❑ Governments often fund fiscal deficits by issuing bonds. No specific plans announced, but given the data, rapid recovery of markets & Uzbekistan's rating and stability, it may be reasonable consideration.
- ❑ In the Budget Law for 2020, **the maximum amount of new public external loan agreements** has been set at the amount of \$4 bn*., and of disbursement of external PPG debt which is repaid from the budget – \$1,5 bn (e.g. \$7,9 bn worth external public debt loan agreements have signed during 2019);

Public debt dynamics

USD bn



Revoked domestic government guarantees have been taken into account in accordance with the Resolution of the President of the Republic of Uzbekistan dated 09.10.2019 No PR-4487.



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THANK YOU

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