



# PARLIAMO DELL'UZBEKISTAN: progetto, investimenti, prospettive

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FEDERAZIONE NAZIONALE  
IMPRESE ELETTROTECNICHE  
ED ELETTRONICHE



Federazione delle Associazioni Nazionali  
dell'Industria Meccanica Varia ed Affine



Milano, 29 giugno 2017

## General Information

### Official Name:

Republic of Uzbekistan

Independence: 1 September 1991

Capital: Tashkent

Total Area: 448,9 sq. km. (56th in the world)

(80% is occupied by plains, and 20% by mountains and intermountain valleys)

Almost **130 ethnic groups** (80.0% Uzbek, 5.5% Russian, 5.0%-5.5% Tajik, 3.0% Kazakh, 2.5% Karakalpak, 2.5% others and around 0,8% Koreans)

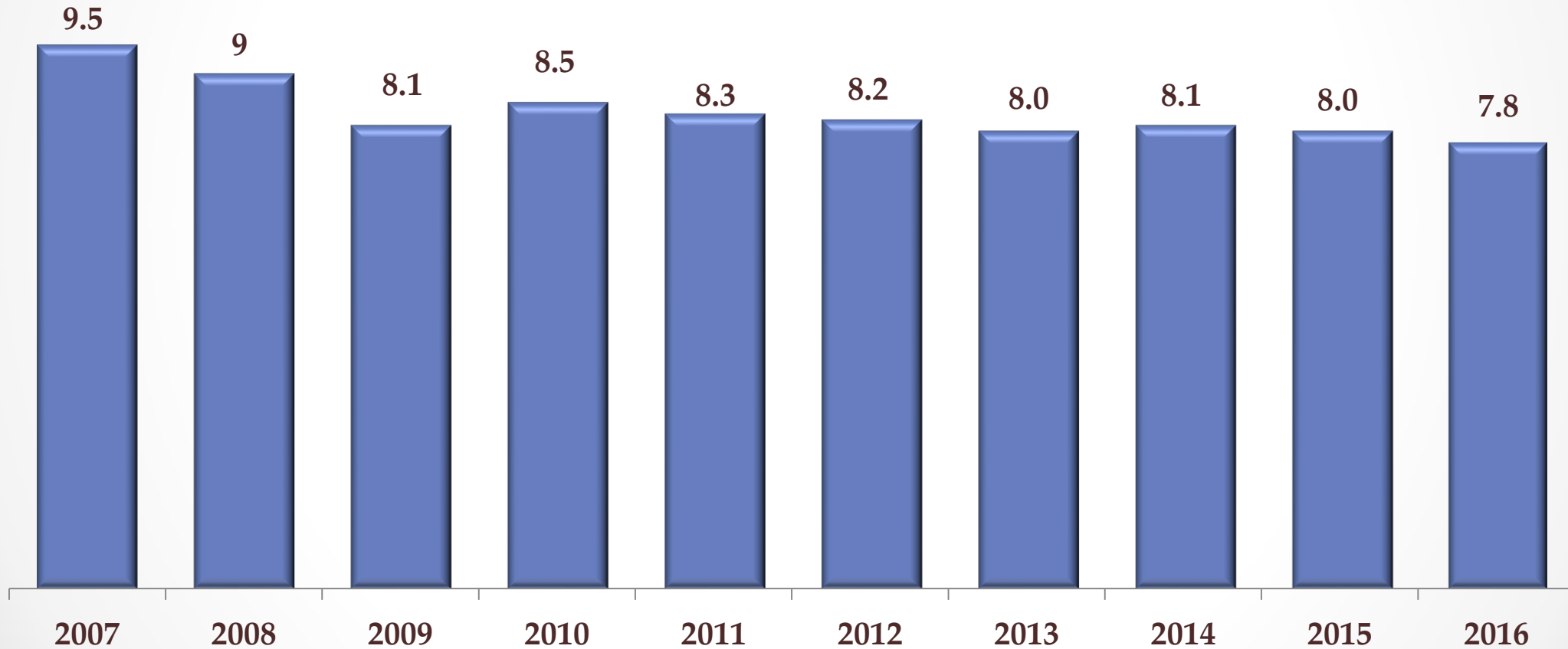
Access to sea: Double land-locked country (one of only two such countries worldwide (second one is Lichtenstein))



# Uzbekistan in 25 years: from an administrative-command system to a free market economy

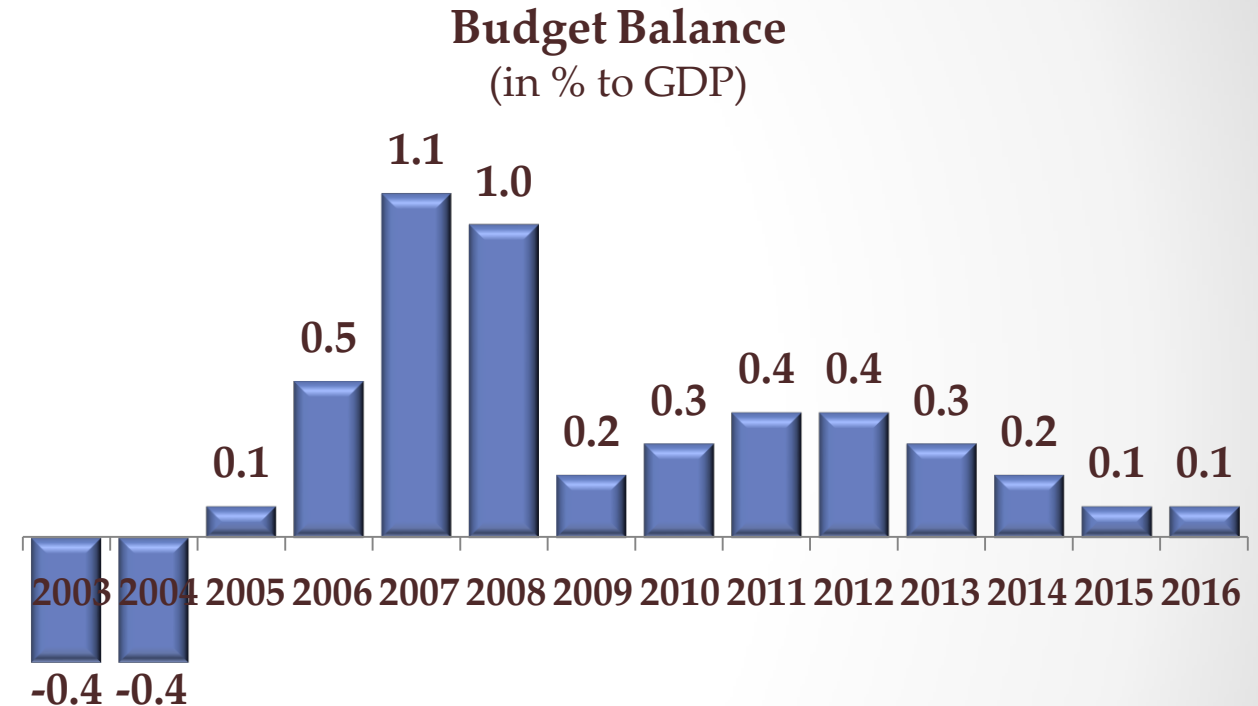
## GDP Growth Rate

(in % to previous year)



# Macroeconomic Stability

- Growth of:
  - industrial production - 6.6%
  - contractual construction works -12.5%
  - retail trade - 14.4%
  - services - 12.5%
- Triple surplus:
  - Surplus of the state budget since 2005
  - Balance of payments surplus since 2003
  - External trade surplus since 2000
- ▶ Prudent monetary policy ensured inflation rate at 5,7%
- ▶ The total external debt does not exceed 18,5%



Foreign exchange reserves continue to grow and today they cover 24 months of import, whereas IMF normal level is around 3 months



# Industrial Construction

## Construction

Cement Plant in Jizzakh



In 2016

164 large investment projects  
Total cost - 5,2 billion USD

## Automotive

T-250 car model at GM Uzbekistan



## Transportation

High-speed passenger train  
of TALGO



## Energy

Talimarjan (900 MWt) and Angren (150  
MWt) power plants



# Agriculture in 2016

The growth of agricultural output - 6,6%

- 8.2 million tons of grain
- 3.35 million tons of cotton
- 12.592 million tons of vegetables, including potatoes
- 1.85 million tons of melons
- 1.556 million tons of grapes
- 2.731 million tons of fruits





# Banking System

The total capital of banking system increased in comparison with 2014 year by 23.3%.

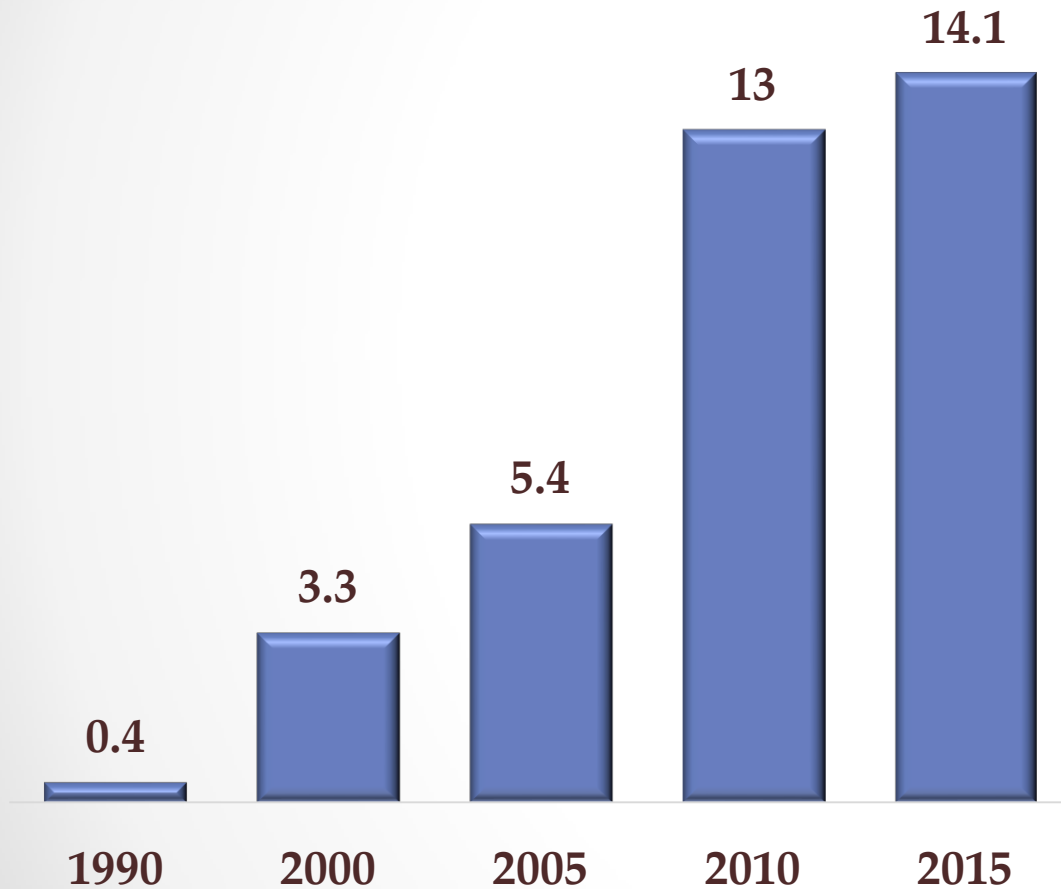
Over the past 5 years, this figure increased by 2.4 times.

The capital adequacy ratio of our banking system is almost 24% (3 times higher than generally accepted international standards)  
Its liquidity - 2 times higher.



# Export Growth

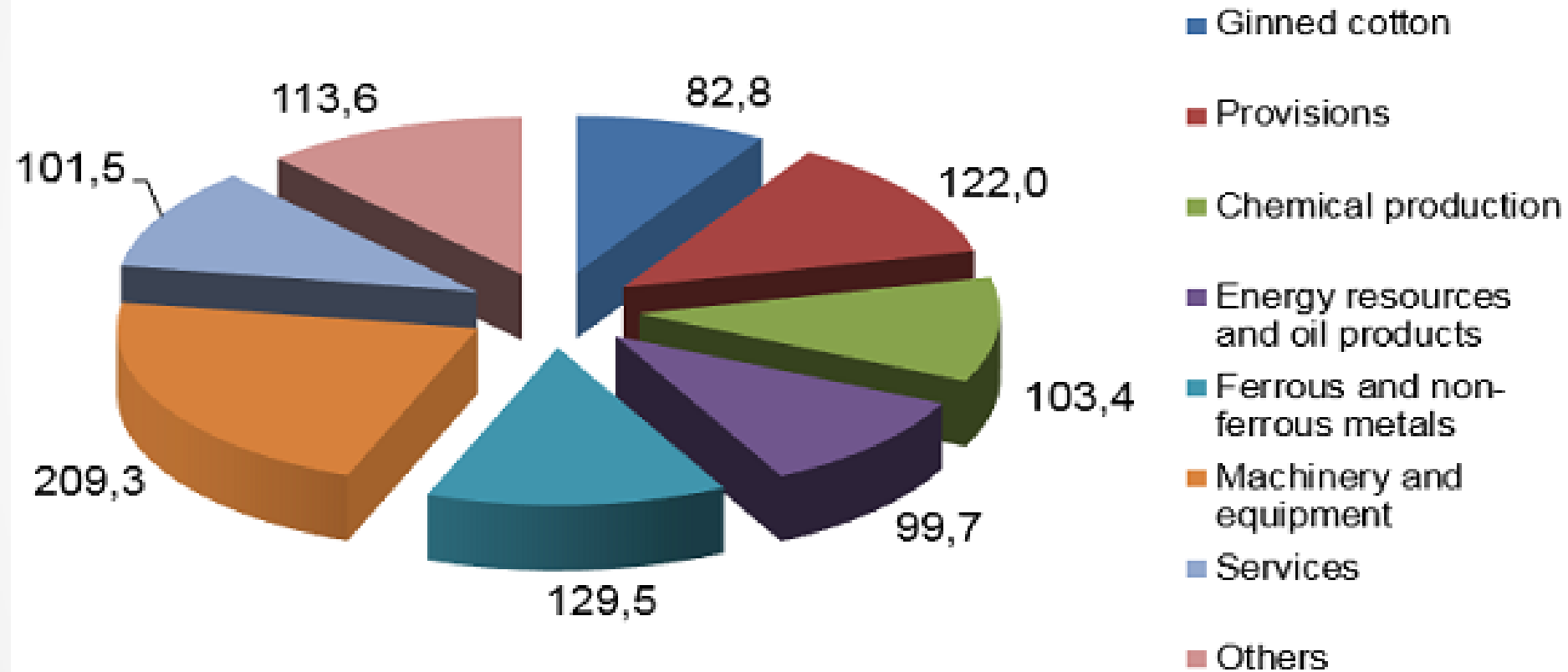
(in billion USD)



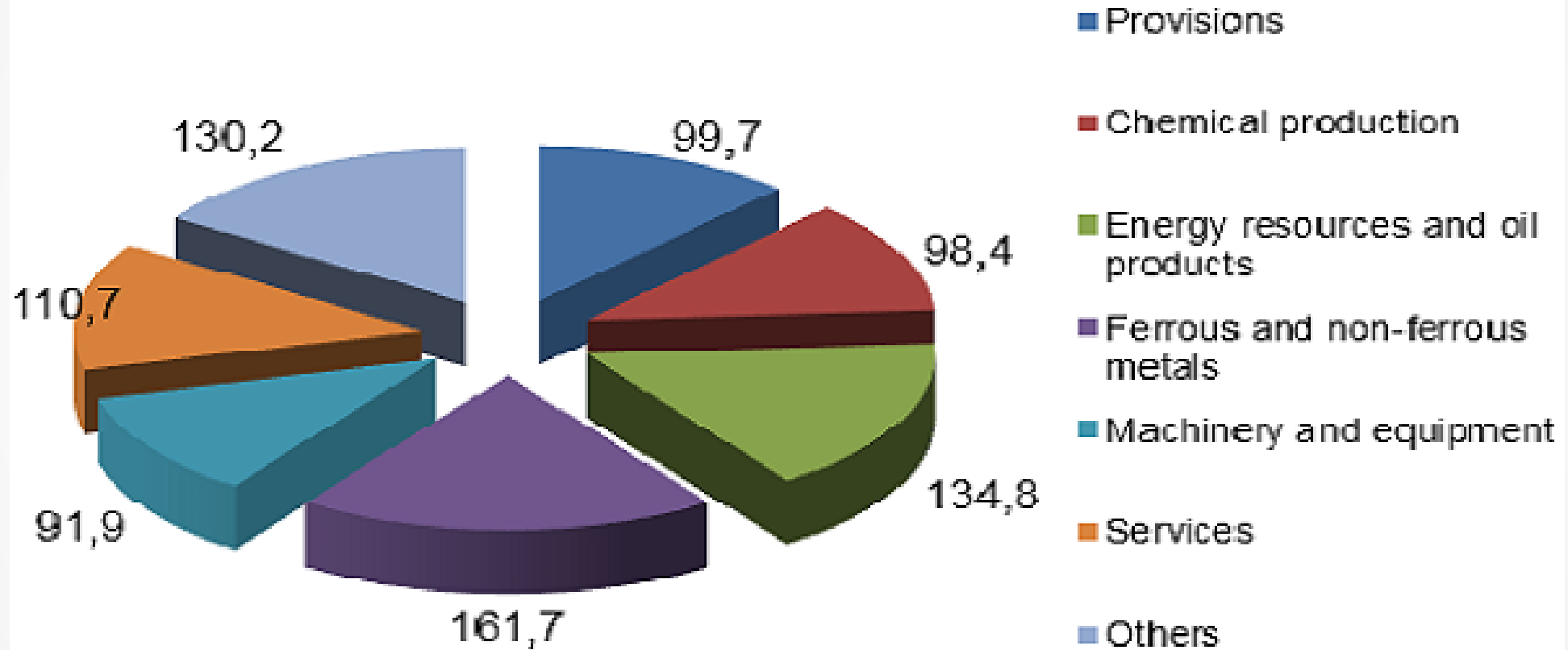
- Export volume for the period 1990-2015 has increased more than **30 times**
- Share of finished products in export increased from **30% to 76%**
- Over the past **10 years** export of high value-added products sharply increased, including:
  - automobiles – 12 times,
  - textile – 4.4 times,
  - chemical products – 11.3 times.



## Structure of export for January -April 2017 year



## Structure of import for January -April 2017 year



# New President: new wave of modernization and reforms



- December 2016 – HE Mr. Shavkat Mirziyoyev elected as the President of Uzbekistan
- Economic Liberalization
- Active foreign economic and investment policy
- Administrative & institutional reforms
- Social Services Reform
- Strengthening of the dialogue with people
- Active Regional Diplomacy



# The Strategy for Development 2017-2021

- *Improving State and Public Development*
- *Ensuring Rule of Law and Reforming Judicial-Legal System*
- *Developing and Liberalizing Economy*
- *Developing Social Sphere and Ensuring Security, Inter-Ethnic Harmony and Religious Tolerance*
- *Implementing Balanced, Mutually Beneficial and Constructive Foreign Policy.*



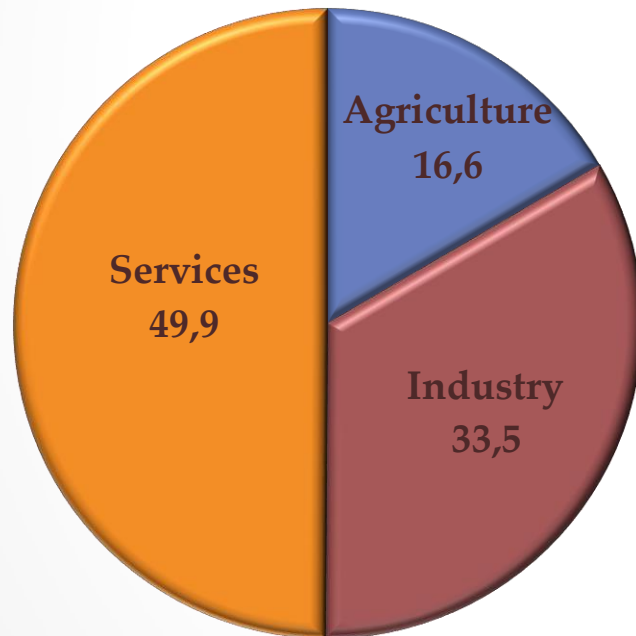
# The Strategy for Development 2017-2021

## Priority areas of economic development and liberalization

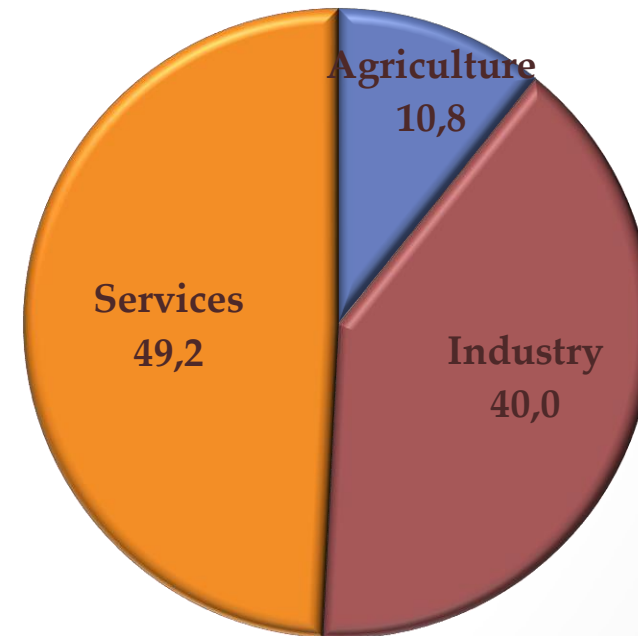
- Further strengthening of the macroeconomic stability and the maintenance of high rates of economic growth
- Improving the competitiveness of the national economy through deepening of structural reforms, modernization and diversification of its leading industries
- Modernization and intensive development of agriculture institutional and structural reforms aimed at reducing the state's presence in the economy
- Further strengthening the protection of rights and priority role for private property, encouraging the development of small business and private entrepreneurship
- Integrated and balanced socio-economic development of provinces, districts and cities, the optimum and efficient use of their potential

# TO DOUBLE GDP BY 2030

**GDP Structure in 2016**  
(in %)



**GDP Structure in 2030**  
(in %)





## Institutional reforms

On February 2, 2017, President Shavkat Mirziyoyev has approved the **State program on fighting corruption for 2017-2018**. The state program envisages measures for prevention of corruption in all spheres of activity of the government and society, timely detection and suppression of corruption offenses, elimination of their consequences, causes and conditions, as well as improvement of legislation in the field of fighting corruption.

**New wave of reforms in judicial and legal system are underway.** It is planned also the adoption of new laws “On state service”, “On public and private partnership”, “On public procurement”, “On distribution of legal information”, “On public control”, “On protection of victims, witnesses and other participants of criminal proceedings” and “On administrative procedures.”

## Institutional reforms



**Akhmedkhadjaev Azim**, Chair of the State Investment Committee. Prior was Chairman of the Board of "Asaka" Bank and first Deputy Chairman of the National Bank for foreign economic activity of Uzbekistan.

On March 31, 2017, President signed a decree on creation of the **State Committee for Investments** which should facilitate:

- full realization of Uzbekistan's investment potential
- improvement of the investment climate, development of annual quality investment programs
- creation of favorable conditions for attracting foreign investment
- expanding cooperation with international financial institutions, foreign government financial institutions, leading foreign companies and banks
- increase the efficiency of drawn foreign investments."

The Committee will become a part of the Cabinet of Ministers' complex on development of territories and communal sphere, transport, capital construction, building industry, headed by the First Deputy Prime Minister, Achilbay Ramatov, who is meanwhile Chairman of the Board of Uzbekistan Railways. The new committee will start its activity on 1 of June 2017

## Reform of state instructions on economy, trade and investments

On April 14, 2017, President signed a decree to convert the Ministry of Foreign Economic Relations, Investments and Trade of Uzbekistan into the **Ministry of Foreign Trade of Uzbekistan**.

The decree was aimed at "further improving the efficiency of foreign trade relations, liberalizing foreign trade, strengthening the export potential and improving the system of promoting local products to foreign markets, forming long-term sustainable trade partnerships with foreign partners."

The Ministry of Foreign Trade shall be responsible for the formation and implementation of the foreign trade policy, and shall coordinate the work of government bodies in the field of foreign trade regulation.

On April 18, 2017 the State Committee for Privatization, Demonopolization and Development of Competition has been converted into the **State Committee for Assistance to Privatized Enterprises and Development of Competition** with the aim of «ensuring a quality upgrade in the government policy in the field of development of private property and entrepreneurship at privatized assets, providing effective post-privatization assistance to business entities, and improving the efficiency of the use of state property».

Besides, April 19 was created new **Ministry of Housing and Utility Services**.



# A single legal regime for Free Economic Zones



- ▶ FEZ NAVOI
- ▶ FEZ JIZZAKH
- ▶ FEZ ANGREN
- ▶ FEZ Urgut
- ▶ FEZ Gijduvan
- ▶ FEZ Qoqand
- ▶ FEZ Hazarasp

## A single legal regime for Free Economic Zones

Establishing a single legal regime for free economic zones, unification of tax and customs privileges and preferences to create the most favorable conditions for foreign investors;

- active attraction of direct investments, primarily foreign, to create modern high-tech and localizing production, ensuring deep processing of local mineral resources and production of competitive products with high added value, promotion of industrial specialization of FEZ and development of industrial cooperation;
- gradual transition to “one window” principle in all free economic zones, that provides for rendering all types of public services, including licensing procedures;
- advanced development of production, engineering-communication, transport and social infrastructure, as well as development of modern infrastructure to provide high-quality logistics services;

## A single legal regime for Free Economic Zones

Unified tax and customs regimes in force in the territory of FEZ, with exempting the participants of free economic zones from payment of:

- land tax, income tax, tax on property of legal entities, tax for accomplishment and development of social infrastructure, single tax payment for microfirms and small enterprises, as well as also obligatory charges in the Republican Road Fund and Off-budget Fund for reconstruction, refurbishment and equipping of general schools, professional colleges, academic lyceums and medical institutions under the Ministry of Finance of the Republic of Uzbekistan;
- customs payments (except fees for customs clearance) for equipment, raw materials and component parts imported for own production needs, as well as building materials not produced in the Republic and imported within the framework of the projects on the lists approved by the Cabinet of Ministers of the Republic of Uzbekistan.

In terms of sale or donation of equipment, raw materials and component parts imported with the use of customs privileges for three years from the date of importation, customs duties are levied in full in the manner prescribed by law.

## A single legal regime for Free Economic Zones

**Privileges are provided for a period from 3 to 10 years depending on the amount of investments, including in the equivalent of:**

- from \$300 thousand to \$3 million – for a term of 3 years;
- from \$3 million to \$5 million – for a term of 5 years;
- from \$5 million to \$10 million – for a term of 7 years;
- from \$10 million and above for a period of 10 years, while profit and uniform tax rates for the next 5 years are established at 50 percent below the current rates.

The participants of FEZ:

- exempt from payment of customs payments (except fees for customs clearance) for imported raw materials and components in terms of production aimed at export, for the entire period of activities at free economic zones;
- within the free economic zones, have the right to make calculations and payments in foreign currency in accordance with the concluded agreements and contracts;
- have the right to pay for the supply of goods (works, services) from other business entities-residents of the Republic of Uzbekistan in foreign currency, and use convenient terms and forms of payment and payments for exported and imported goods.

# Currency policy liberalization – upcoming big step

The new leadership of Uzbekistan has a conviction in liberalization of currency market. First Deputy Chairperson of Senate of Uzbekistan Mr. Sadyk Safaev at the session of international press club in Tashkent on 14 of April 2017 noted that this process should occur with a minimal negative effect on society.

Conditions for currency liberalization:

1. Improvement of the banking system. Banks should become financial institutions to attract investment and raise funds for the subsequent transfer to the economy.
2. Develop the stock market. In Uzbekistan, the stock market is practically absent as a factor of domestic investment.
3. Development and implementation of a balanced regional policy. In Uzbekistan, investment flows are unevenly distributed, which are concentrated mainly in four regions. This, in turn, is connected, including with personnel issues, as well as the need to change the status of local authorities. It is necessary to expand the authority to attract foreign investment.

At present, the Uzbek authorities are working on a new concept for improving the investment climate. The United Nations Development Program and the World Bank supported the creation of a new project "Investment Climate of the Republic of Uzbekistan".

The given project assumes the decision of three packages of questions:

- amending legislation
- Reform of regulatory policy (customs, tax policy, visa issues);
- Different scenarios of liberalization of the foreign exchange market



# Uzbekistan-Italy: Economy & Trade

- *Uzbekistan and Italy enjoy the most favored nation treatment.*
- *Currently in Uzbekistan there are **29** enterprises with the Italian capital, including **4** enterprises with 100% foreign capital. **Four** Italian companies are accredited at the Ministry of Foreign Trade of Uzbekistan.*
- *In 2016 the trade turnover between Uzbekistan and the Italian Republic reached **190,72 million euro**. The Italian export – **176,41 million euro** (increase since 2015 - **79.12%**), Uzbek export - **14,31** million euro (increase since 2015 - **272.57%**).*

## Business opportunities for Italian companies

- *Infrastructure projects in energy, transport chemical industry, renewable energy sector*
- *Mining industry*
- *Food industry*
- *Intensive agriculture*
- *Textile industry*
- *Pharmacy industry*
- *Tourism industry, taking into account the rich Italian experience*



# Grazie

## Domande?

Ambasciata della Repubblica dell'Uzbekistan  
in Italia  
Via Pompeo Magno, 1  
00192 Roma