



***THE EMBASSY OF THE REPUBLIC OF UZBEKISTAN  
TO THE KINGDOM OF BELGIUM  
MISSIONS TO THE EUROPEAN UNION AND NATO***

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**Independence – the basis of the economic development  
achievements of Uzbekistan**

During the years of independence, the economy of the Republic of Uzbekistan has been evolving on basis of the national model developed by President Islam Karimov, considering such factors as the social and economic potential of the country, history of the Uzbek people, national values, as well as the best international practices.

Implementation of five basic principles of transition to a socially-oriented free market economy during reforms has enabled the country to achieve desired results, provide sustainable economic growth and improve national welfare in a short historical period.

As a result of reforms, the structure of the economy was radically changed, a reliable legal framework for dynamic economic development and favourable investment climate were created.

This is supported by such macroeconomic indicators as increase of the gross national product by 5.5 times during the years of independence, while GDP per capita (PPP) has risen by 4 times. Since 2005, state budget execution reached annual surplus contributing to the strengthening of macroeconomic stability.

Favourable investment climate and stimulating measures, as well as guaranteed protection of the rights of investors, contributed to the increase in the volume of accumulated investments to \$190 billion, including \$65 billion of foreign investments.

In turn, steady investment flows into industrial sector in Uzbekistan allow creating entirely new industries, such as automotive, petrochemicals, oil and gas equipment, railway engineering, production of modern building materials, home appliances, pharmaceuticals, food and textile, etc. These branches produce more than 60% of the total industrial output with high added value, which is competitive on the world market.

In particular, the automotive industry of the country today consists of 200 companies employing more than 25,000 people. A number of joint ventures were created with world famous automakers like General Motors, MAN, Isuzu, Itochu and

successfully operate in Uzbekistan.

As part of the program to ensure energy independence and development of oil and gas processing industries, Bukhara Oil Refinery, Shurtan Gas Chemical Complex, Kungrad Soda Plant, Dehkanabad Potash Fertilizer Plant and a number of other high-tech production facilities were built in collaboration with foreign partners. Currently, the Ustyurt Gas Chemical Complex at Surgil field is under active construction.

In recent years Uzbekistan is actively implementing policy measures on modernization and technological renewal of industries, enhancing their production efficiency. As a result, labour productivity in the country has increased by 2.2 times during the period from 2000 to 2014.

Uzbekistan Fund for Reconstruction and Development (UFRD), created in 2006, plays an important role in the implementation of modernization and effective investment policy in the Republic. Its assets reached \$25 billion this year.

The active participation of the UFRD in implementation of new infrastructure projects has been served to attract more than \$10 billion of foreign investment and loans in the form of co-financing from the World Bank, Asian Development Bank, Islamic Development Bank, financial institutions of Japan, South Korea, China and other foreign banks and investors.

On-going measures on to strengthening the country's export capacity allowed to increase the volume of Uzbek exports by more than 30 times. Despite different global downturns and recessions, Uzbekistan has consistently provided trade surplus over the past 17 years.

The structure of agricultural production has radically changed during the years of independence. A shift from administrative planning and distribution system to free market relations became the most important and fundamental factor for reforms in this sector.

Implementation of food security measures provided significant increase in the volume and range of domestic foodstuffs. As a result, annual grain production has increased from less than 1 million to more than 8 million tons over the years of independence. Now, Uzbekistan is a wheat exporting country.

Extensive measures on comprehensive support and development of farmers' movement, strengthening the material-technical base of farms, efficiency management of the land, water and other natural resources resulted in improvement of the melioration, creation of the high-yielding areas of intensive gardening and drip irrigation systems. As a result, today the country is producing about 17.4 million tons of fruits and vegetables, in comparison with about 4 million tons in 1991.

Thanks to structural changes in the agricultural sector, current share of cotton in the total volume of gross agricultural output does not exceed 9%, while the share of grains is about 9%, fruits, vegetables and grapes - 30%, potatoes - 11%, and livestock products exceed 40%.

During the years of independence, the large-scale projects on modernization and development of the road transport infrastructure were implemented. As part of public roads development program, in the last 5 years almost 2.5 thousand km of roads were built and reconstructed, including 1.5 thousands km as part of the Uzbek National

Highway.

Unique road through the Kamchik pass, with the construction of two tunnels and connecting Fergana Valley with the central part of the country, was put into operation and meets the highest international standards.

New railways were constructed, including the Navoi-Uchkuduk-Sultanuizdag-Nukus with a length of 342 km and combined bridge over the Amu-Darya River. Another one is Tashguzar-Boysun- Kumkurgan with a length of 223 km, going through the mountain pass at 1,500 meters above sea level. The electrification of railway lines, connecting Tashkent with regions of the Republic, was carried out. High-speed passenger train Afrosiyob was put into operation on the basis of modern and comfortable locomotives Talgo-250. The new electrified 123 km railroad Angren-Pap, including 19 km tunnel, is being constructed and has a vital importance for the development of a transnational transport corridor.

Currently more than 20 international transport corridors are functioning in Uzbekistan, two of which are the major international roads connecting Western Europe with East Asia.

As part of development and updating of the air transport in Uzbekistan, the state of the art maintenance centre of western produced aircrafts was created, airports renovated, navigation system on the whole territory of Uzbekistan is improved and recognized as one of the best air traffic control systems in the CIS. Today the fleet consists exclusively of modern aircrafts from the world's leading manufacturers Boeing and Airbus. Aircrafts, with the flag of Uzbekistan on fuselage, fly to more than 40 destinations in Europe, Asia and North America.

Implementation of structural transformation and diversification of the economy is supported by steady growth of banks' resource base, expansion of the share of long-term funding sources and increase of commercial banks role in these processes. If in 1990 loans exceeding three years constituted about 24% of the total loan portfolio, now their share is 80%.

Thanks to the sustainable growth of aggregated capital of the commercial banks in Uzbekistan and balanced management policy of assets portfolio, current capital adequacy ratio is ensured and three times higher than international standards of the Basel Committee on Banking Supervision.

For the fifth consecutive year, Moody's international rating agency assesses the prospects of the banking system of Uzbekistan as "stable". Now, all commercial banks of the Republic are rated with a stable outlook from leading international rating companies, as Standard & Poor's, Moody's and Fitch Ratings.

In recent years, small businesses and private entrepreneurship became the main vehicle of the economic growth in Uzbekistan. Almost none-existed before the Independence, currently the small business generate over 56% of the GDP. Today, more than 90% of all enterprises are represented by small businesses.

Measures, implemented in the country for comprehensive support of this sector, improvement of the business environment, development of reliable system for protection of the rights and guarantees of private property, reduction of the tax burden, lead to the expansion of the SMEs share in the national economy.

During the years of independence, as a result of steady reduction in tax rates,

broadening of tax base and liberalization of fiscal regime, the total tax burden on the economy has been reduced from over 45% to 19.5%, while the unified tax rate for small industrial enterprises decreased by more than 3 times - from 15.2% to 5%.

The services became the most promising and dynamically developing sector of the economy of Uzbekistan. If at early 1990s, the share of services in the economy represented about 33%, currently 54% of GDP is generated by this sector. Moreover, new types of services were created, with over 21% share out of total volume of the sector. Among them - the digital ICT, mobile services, computer programming, consulting, legal and auditing, real estate and brokerage, private medicine, car insurance, new types of financial services, including leasing, e-banking and others.

One of the promising areas of the sector, strengthened by huge potential, is a tourism industry, development of which is gaining rapid momentum. The rich historical heritage of the Uzbek people attracts growing interest of foreign tourists, thanks to the fact that Uzbekistan occupies one of the leading positions in the world in terms of number of historical sites - more than 4 thousand ancient monuments. Old traditions and culture, which are densely intertwined with the history of the Great Silk Road, are also appealing.

The modern tourist infrastructure, created in the country in recent years, meets high international standards and receives positive feedbacks from foreign visitors. Uzbekistan has a network of world-class luxury hotels and more than 490 other hotels, motels, camping sites with over 28 thousand beds. They provide services in accordance with the international standards. There were established over 100 tourist itineraries covering all regions of Uzbekistan and focusing on familiarization with the unique historical, architectural ensembles and monuments, 140 of which are listed as the UNESCO protected historic sites.

Uzbekistan's achievements and milestones are widely recognized by the world community. In particular, our country occupies the 5th place in the Fast Growing Economies ranking of the World Economic Forum. According to the "World Happiness Report" conducted by sociologists at the Columbia University (USA), with the assistance of the United Nations, Uzbekistan took 44th place out of 158 countries and the first place among the CIS countries.

Summarising the achievements, one can note with full of confidence that the continuation of implementation of the national model of economic renovations and development will allow reach forthcoming goals, as well as to complete tasks of further deepening of reforms and transformations aimed at sustained and steady economic growth, improving the standard and quality of life of the Uzbek people.