



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

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**REPORT OF THE PRESIDENT OF THE REPUBLIC OF UZBEKISTAN ISLAM
KARIMOV AT THE ENLARGED MEETING OF THE CABINET OF
MINISTERS DEDICATED TO THE SOCIO-ECONOMIC DEVELOPMENT IN
2015 AND THE MOST IMPORTANT PRIORITIES OF ECONOMIC
PROGRAM FOR 2016**



Our main goal, despite the difficulties, to go forward decidedly, consistently continuing ongoing reforms, structural transformations in economy, creating even more opportunities for development of private property, entrepreneurship and small business.

Dear participants of the meeting!

The agenda of today's enlarged meeting of the Cabinet of Ministers includes the results of economic and social development of the

country for the past 2015 and approval of the most important priorities of country's economic development in 2016.

Analyzing progressive advancement of the country on path of democratic reforms and sustainable development, we have all grounds to state that in the past year we have taken decisive steps in implementation of fundamentally important reforms aimed at

achieving our main goal - to reach the level of developed democratic countries in the world with a strong social oriented economy, providing a decent standards and quality of life of our people.

It is primarily an issue of implementation of fully thought-out **programs aimed at providing deep structural changes, reliable protection of interests of private entrepreneurship and small businesses, and that it is crucial - in legislative, regulatory and practical ensuring of prioritizing the role of the private property, as provided for in our Constitution, progressive reduction of state presence in Uzbekistan's economy.**

At this stage of our development it was deemed expedient to retain under direct control of state only those companies who engaged in extraction and processing of hydrocarbon raw materials, precious and base metals, uranium, as well as strategic infrastructure industries of natural monopolies - railways and road network, air transport, power generation, electrical and utilities networks.

The task was to create conditions for mass sale of state assets, especially to foreign investors. Thus, 506 property complexes with acceptance of investment obligations by investors, as well as creation of 22 thousand new jobs, in the amount of nearly 1 trillion soums and 40 million US dollars has been realized to new investors on "zero" redemption value on a competitive basis.

245 low-profit and inactive organizations have been completely eliminated.

Under the program of privatization 353 unused and unfinished construction objects of state property have been demolished. As a result, there was released 120 acres of land, 80 of which are reserved for the owners of production and services.

Stock-taking has been completed and 319 unused state property has been put up for sale for entire privatization, 102 of them last year were sold to new owners. State shares in 378 joint stock companies has been evaluated and put up for public auction for their realization to strategic foreign investors. It should be emphasized that state shares in such rather successful, growing companies as joint-stock companies "Navoiyazot", "Ferghanaazot", "Urgench excavator", "Kyzylkumcement", "Jizzakh Battery Plant", "Aloqabank" "Turonbank", insurance company "Uzagrosugurta" and others are put for sale.

State shares of 52 joint-stock companies, out of those offered for sale, have already been implemented in the private ownership. In particular, shares of JSC "Kokand Yog'-moy", state-owned, sold in amount of 2.5 million US dollars.

This is only the beginning of a large-scale work on a radical change in the ownership structure.

Adoption of number of relevant laws and regulations became crucial in establishment of proper order and responsibility of heads and officials of law enforcement, regulatory and administrative bodies for illegal interference in entrepreneurial activity.

The principle of priority of entrepreneurs rights for their relations with government, law enforcement and regulatory authorities has been introduced.

More than 40 legal acts have been amended and supplemented in order to simplify and facilitate creation and implementation of business activities. In particular, introduction of a new order, according to which the criminal case is not excited and the person is released from liability if he has committed a crime provided for in the case of tax evasion and other mandatory payments, but completely compensated caused damage to the state within 30 days after detection of offense.

The issues of consolidation of safeguards and protection of legitimate rights of private property owners and entrepreneurs paramount importance is attached to **strengthening the role of judicial bodies**. Courts entitled to suspend execution of decision of supervisory authority, contested by business entity for period of consideration of the relevant claim.

The legislation introduced the rule that business entities in connection with violation of tax and customs legislation could be dispossessed of their property only by court's decision. Complaint processing time has been significantly reduced.

Now the inspection of activities of small businesses and farmer enterprises will be carried out in a planned manner no more than once in every four years, and other economic entities - no more than once in every three years and only by decision of National Council for Coordination of Controlling Bodies.

Thus, the period of scheduled inspections not related with financial and economic activity, reduced from 30 to 10 calendar days. It is important to note that these standards are also set for private banking and financial institutions.

We have come down hard on administrative responsibility for violation of order of inspections and audits of financial and economic activity by law enforcement and regulatory authorities, violation of public services provision order, illegal suspension of activities of economic entities and transactions on their bank accounts, unjustified reclamation of information on the availability of funds in their accounts, actions to force businessmen for charity and other activities related to the diversion of funds and others.

In addition, the law introduced mechanism of full compensation, including lost profit, harm caused to subject of business as result of unlawful decisions of state bodies, local authorities or action (inaction) of their officials.

Those officials of regulatory, law enforcement and other state bodies, who repeatedly violated the law in protecting freedom of business, to face criminal sanctions. The relevant rules have already been made to the Criminal Code of the Republic of Uzbekistan.

Over the year, based on a single call center "Uzbektelecom" and "helpline" of Prosecutor General's Office implemented the system around the clock receiving requests of businesses on their undue interference in activity of state, law enforcement and regulatory agencies, obstruction of business and violation of rights of owners. Only half a year since the introduction of this system, Prosecutor's Office filed more than 1.5 thousand entrepreneurs. Most importantly, about a third of all appeals were decided in their favor.

Thanks to the introduction of electronic forms of relationships between

government and business entities in 2015, 42.8 thousand business entities registered via Internet on a single portal of interactive government services, providing access to 260 different types of interactive services. If in 2013-2014 entrepreneurs and citizens were rendered nearly 102 thousand services, then only in 2015 their number exceeded 420 thousand.

Today, 100% of the tax and statistical reports sent electronically via Internet.

Since January 1 of this year, single center for provision of public services to businesses on principle of "one window" began to operate in all regions of the country; they have introduced a completely new mechanism of connection of businesses to engineering and communication networks, providing for the transfer of territorial enterprises operating agencies the authority to implement all procedures on a "turnkey" - from receipt of technical conditions to connect to engineering and communication networks.

Dear friends!

I would like to note with satisfaction that work carried out by us to improve the business climate is reflected in positive business environment rankings of international economic organizations. In October last year, the World Bank published the rating of "Doing Business", with the fact that Uzbekistan in just one year has risen on 16 positions and took 87 th place. Of particular note is that according to criteria such as "support for new business," Uzbekistan is currently ranked 42nd in the world, enforcement of contracts concluded - 32nd, on the effectiveness of the bankruptcy of insolvent enterprises - 75th. According to the indicator "loans to small businesses," Uzbekistan for the past three years rose from 154th to 42nd place improving only over the past year its ranking by 63 positions.

As noted in the World Bank report, Uzbekistan is currently among the top ten countries in the world, which in the last year achieved the best results in improving the business environment for business.

I would like to note that thanks to the measures taken the share of small business and private entrepreneurship in gross domestic product has risen from 31% in 2000 to 56.7% at the moment, or 1.8 times. In this area now produces a third of 98% of industrial and agricultural products. It employs more than 77% of the total employed population.

Dear participants of the meeting!

In 2015, a lot of work for a radical change in principles and approaches to corporate governance, giving it a truly market-driven character.

A complete inventory of all the activities of joint-stock companies on the basis of which 462 companies, or 43% of the total, the decision on their liquidation or conversion into other organizational and legal forms.

On the basis of the best international practices of corporate governance enterprises has been developed and approved a new standard structure of the company. At its base, taking into account modern approaches to corporate governance is developed and approved a new classifier positions and professions, with the inclusion of 566 new

categories, corresponding to the requirements of a market economy.

On the basis of this classifier were certified managerial personnel for their knowledge of modern methods and principles of corporate governance, management and marketing. According to the results of certification of 721 executives, subject to certification, only less than half, or 49%, are verified every third - conditionally certified, and 20 per cent, or one in five head, declared unsuitable for office. These figures speak for themselves and once again confirm how timely we began to radically change the structure of management of the company.

Young, well-educated specialists, who use techniques of modern management and marketing in practice, came on freed managerial positions.

For systematic organization of training and retraining of executives and specialists of joint stock companies, acquisition of modern methods of corporate management with the active participation of the European School of Management and Technology (Germany) the Scientific and Educational Center of Corporate Governance has been established.

Already in the last year with broad involvement of professors and teaching staff of the leading educational institutions in Germany and other industrialized countries, was organized training in corporate governance, more than 160 heads of joint-stock companies, banks, large enterprises of the country, half of which has passed training in German companies.

Dear friends!

The most serious attention should be paid to attraction of inward investment in implementation of projects on modernization, technical and technological renewal of industry, structural change in economy. To this end, in 2015, investments from all sources of financing in the equivalent of 15.8 billion US dollars were drawn and used, or increase against 2014 by 9.5%. With more than 3.3 billion US dollars, or over 21% of all investments contain foreign investment, of which 73% are foreign direct investments.

67.1% of all investments are directed at industrial construction. This allowed in 2015 to complete the construction and to provide putting into operation of 158 large production facilities with a total value of 7.4 billion US dollars.

Among them - construction of combined-cycle plant with a capacity of 370 MW at Tashkent thermal power plant, modernization of hydrogenerators at Charvak hydropower plant, expansion of production of soda ash at Kungrad soda plant, organization of production of new complex fertilizers at JSC "Samarkandkimyo" with a capacity of 240 thousand tons, tractor-trailers, including increased capacity, components for home appliances based on idle production premises of JSC "Motor Plant" and others.

Among facilities put into operation I would like to mention especially the of Ustyurt Gas Chemical Complex at Surgil deposit built jointly with South Korean investors and experts. This complex is worth more than 4 billion US dollars is one of the most modern high-tech and large industries in the world. Its commissioning will allow to receive annually 83 thousand tons of polypropylene, which had previously been imported to the republic, to increase polyethylene production by 3.1 times, to employ

more than one thousand of highly qualified specialists.

JSC "GM Uzbekistan" in Khorezm region has launched serial production of mini-truck "Chevrolet Labo", overall cost of project totals approximately 6 million US dollars, and annual capacity is 5000 machines necessary for farmers and entrepreneurs. It should be noted that this is the third model produced at the new plant "Khorezm Auto", which has already launched production of cars "Damas" and "Orlando".

In the Pap district of Namangan region a solar photovoltaic power plant of 130 kW has been put into operation. So far this project is in test regime, but by 2020 the country plans to put into operation three more solar power plants of 100 MW each.

High-speed passenger trains on railway lines to Samarkand and Karshi are opened, allowing to organize the running of high-speed trains "Afrosiyob" from Tashkent to Karshi. As a result the carriage of passengers from the capital to Kashkadarya and back reduced twice.

The profound structural changes are taking place **in agriculture**. Through hard work and skills of farmers despite the difficult weather conditions in the country grown and harvested a rich crop of agricultural products - produced more than 7.5 million tons of grain, more than 3.35 million tons of cotton.

It should be noted that high yields are provided mainly due to intensification of agricultural production, improvement of selection and implementation of recognized varieties of cotton and grain crops, the development of modern agricultural technologies.

The average yield of wheat in country reached 55 quintals per hectare, and in some areas reached 60-77 quintals per hectare, which is a great achievement of our farmers.

In addition, the rapidly developing sectors of agriculture such as horticulture, viticulture and cattle breeding. Last year, 12.592 million tons of vegetables, including potatoes, 1.85 million tonnes of melons, 1.556 million tons of grapes, 2.731 million tons of fruits has been harvested.

We attach exceptional importance to deepening of industrial processing of agricultural raw materials, the development of storage infrastructure grown produce. In the past year created and upgraded 230 enterprises in the industrial processing of agricultural products, developed and modernized 114 new cold stores with a capacity of 77.8 thousand tons. The total storage capacity of fruits and vegetables in the country increased to 832 thousand tons, which allows in the course of year without interruption and without sharp seasonal price spikes to provide country's population with main types of agricultural products, to expand its exports, to maintain price stability.

All of this is the result of selfless labor of our farmers and all rural workers.

It gives me great pleasure to express our sincere gratitude.

In the past year, we continued systematic work to achieve dynamic **development of the sphere of services** as one of the most important factors and directions to deepen structural reforms and diversify economy, increasing employment, income and quality of life.

In 2015, the service sector has provided more than half of gross domestic product. Currently, its share in GDP reached 54.5% compared to 49% in 2010. In this area has more than half of the total employed population.

The company strives to develop banking, insurance, leasing, consulting and other kinds of market services contributing to the development of the private sector and small business in country. In this industry, there are 80.4 thousand small businesses, accounting for more than 80% of the total number of service industries.

Particular attention is paid to development of this sphere in rural areas. As part of the program to accelerate development of service sector in rural areas over the past three years in rural areas more than 22.8 thousand projects have been realized, the volume of services increased by 1.6 times, and their consumption per rural resident rose by 1.5 times.

Dear participants of the meeting!

Summarizing every effort made over the past 2015, now we have every reason to say - we carried a huge scale and depth of work on renewal and reform of country, **achieving stability and sustainable growth and macroeconomic balance of economy.**

Despite the ongoing global financial and economic crisis in reporting year, GDP grew by 8%, industrial output - by 8%, agricultural production - by almost 7%, construction and installation works - almost by 18%.

The annual budget is executed with a surplus of 0.1% of GDP. The inflation rate was at 5.6%, that is, within the forecasted parameters.

According to the rating of authoritative World Economic Forum, **Uzbekistan is among 5 countries with the fastest growing economy in the world** by the end of 2014-2015 and forecasts of growth for 2016-2017.

In addition, in 2015, **Uzbekistan became one of 14 countries that have received awards for achievement of Millennium Development Goals in shere of food security** by Member States of Food and Agriculture Organization (FAO).

In 2015, the banking system was further strengthened by increasing level of capitalization and expansion of investment activity of banks. The total capital of banking system increased in comparison with 2014 year by 23.3% and reached 7.8 trillion soums. Over the past 5 years, this figure increased by 2.4 times. The capital adequacy ratio of our banking system is almost 24%, which is 3 times higher than generally accepted international standards, and its liquidity - 2 times higher than the highest indicator estimates.

Despite the significant slowdown in the world trade and reduction of external demand, decline in world prices for major export commodities, **we have managed to achieve a positive balance in foreign trade, which allowed for growth of state reserves.**

The results achieved and the strengthening of macroeconomic stability in the country shows a low level of public debt that does not exceed 18.5% of GDP.

Dear compatriots!

Persistently high economic growth rates and services have created necessary conditions for realization of important priorities - **providing employment, particularly employment of graduates of professional colleges and higher educational institutions.**

In 2015, more than 980 thousand jobs were created, including more than 60% - in rural areas.

More than 480 thousand college graduates have been employed. Commercial banks have given soft loans for organizing own business in the amount of about 280 billion soums, which exceeds this indicator of 2014 by 1.3 times.

In 2015, we achieved sustained high rates of economic growth that created a solid basis **for further income growth, improving living standards and quality of our people's life.**

Salaries of employees of budgetary institutions, pensions and scholarships were increased by 21.9%, and the real aggregate income per capita increased by 9.6%.

It should be noted that the share of income from business activity rose to 52% compared to 47.1% in 2010, significantly higher than in the CIS countries.

In our country, we are focusing on reduction of social stratification. The income ratio of 10% of the richest population and 10% of the least well-off population - the so-called "decile coefficient" moves downward steadily, and in 2015 indicated 7.7, compared to 8.5 in 2010.

International indicator of the separation of income - Gini index in 2015 was established at 0.280 against 0.390 in 2000, and its level is much lower than in many developed and developing countries.

Income growth contributed to increased domestic consumer demand. Retail turnover increased over the year by more than 15%, and paid services - by 10.8%.

Qualitative changes have taken place in level and structure of availability of durable goods, most of which are now produced in our country. In particular, provision of families with cars has reached 42 out of 100 families, which is 1.5 times more than five years ago, the personal computers - 47 with the growth during this period 3.9 times, air-conditioners - 31 or, respectively, 1, 7 times, mobile phones - 234, or 1.6 times.

I am pleased to note that in 2015 conducted under the auspices of United Nations with the participation of a group of independent organizations and international experts estimated the rating of 158 world's countries on such parameter as "happiness index", which characterizes the ability of a country to provide its residents a happy life, Uzbekistan took the 44th place against 60th position in 2013.

Our focus over the past year was laid on the issues of **further reforming and improving education.** Annual spending on education in Uzbekistan make up about 10-12% of GDP, which is almost 2 times higher than the relevant recommendations of UNESCO (6-7%) the size of investment in education needed to ensure sustainable development of the country.

In 2015, further development and strengthening of material and technical base of 384 educational facilities was carried out totaling 423 billion soums, including those

built on standard projects 29 new schools, 219 schools were renovated and 136 schools were repaired.

The Uzbek State World Languages University built a new modern educational building for 2.2 thousand training places, a sports complex and hotel to attract foreign specialists. The construction of a new academic unit in Navoi State Mining Institute.

In higher education, implemented a radically new, improved system of regular training of the teaching staff of universities. The 15 basic high schools organized refresher courses and advanced training for managers and teaching staff of universities that already have been retrained about 2.7 thousand teachers.

In 2015, has been spent about 500 billion soums for construction, reconstruction, renovation and equipment of 141 health facilities. National Children's bone-tuberculosis sanatorium, Urgench branch of the Tashkent Medical Academy, regional diversified medical centers in Andijan and Bukhara, regional children's multipurpose medical centers in Karshi and Samarkand, medical associations in a number of regions of the republic were reconstructed and put into operation. Optimization of rural medical centers has been completed, equipping them with modern diagnostic and medical equipment.

As a result of the measures implemented over the past five years maternal mortality per 100 thousand live births dropped from 23.1 to 19 cases, the mortality rate of children under 5 years - from 14.8 to 13.9 and infant mortality - from 11 to 10.7. According to these indicators, our country has fully achieved relevant Millennium Development Goals.

Particular attention is paid in our country **the development of physical culture and sports**, which are an important and effective factor in health promotion. In 2015, as part of the address program of construction and reconstruction of sports facilities for children at the expense of the Children's Sports Development Fund commissioned 35 standard sports facilities, 12 swimming pools, 174 school gyms, totaling more than 225 billion soums.

In 2015, the Uzbek athletes at the world championships, Asian and other international tournaments, won more than 860 medals, including 311 gold, 274 silver and 276 bronze. Especially our athletes successfully perform in sports such as athletics, gymnastics, boxing, wrestling, judo, taekwondo, equestrian sports.

Our focus over the past year was to ensure polnoyrealizatsii adopted **State program "Year of attention and care for the older generation"**.

The implementation of the program has involved all ministries and departments, enterprises and organizations of all sectors of the economy, social structures, primarily funds "Nuroniyy" and "Mahalla", that no sphere of life of the older generation either remained without due care and attention.

More than 215 thousand elderly people in the past year have passed free medical examination. Needy persons with disabilities have the opportunity to receive more than 11,000 prosthetic and orthopedic products and technical means of rehabilitation of high quality. About 70 thousand veterans were covered by the medical examination in

hospital and health recreation and spa facilities. All centenarians Uzbekistan who have reached the age of 100 years, received special allowance of one minimum wage added to pension.

In addition, on September 1, last year introduced a new list of basic food and hygiene products to ensure the free monthly lonely elderly and disabled in need of constant care.

Total for the implementation of measures envisaged in the State Program "Year of attention and care for the older generation," 2 trillion 246 billion soums and more than 225 million US dollars has been spent from all sources.

Dear participants of the meeting!

In defining key priorities of socio-economic development of our country for 2016, we can not ignore the serious problems arising in connection with the ongoing global crisis, a sharp decline in demand, uncertainty and significantly increased the fierce competition in the global markets, fall in output growth, and all the attendant consequences, touching majority of states in the world.

In this regard, difficult problems facing us in 2016, dictate need for a complete renunciation of outdated methods of predicting inertia of achieved level, relying on average development.

Our main objective must be continuous technological and technical renewal of production, as well as constant search for internal reserves, implementation of deep structural reforms in economy, modernization and diversification of industry.

The major direction of implementation of our internal resources and capabilities should be a gradual increase in depth of processing of local raw materials of mineral and plant origin, which is rich in our land, as well as expanding volume and range of products with high added value.

In other words, time itself needs to move to successive 3-4-stage processing of raw materials cycles in demand on world market under scheme: basic raw material - primary processing (semi) - finished materials for industrial production - finished products for final consumption.

This raises need for development and implementation of programs to trace complete cycle of deep processing of each type of raw materials - semi-finished products up to final consumption.

In short, you need to provide whole cycle forecasting organization of production - from raw materials to finished products with a substantiation of expediency and cost recovery.

Calculations show that as a result of the release of products with high value-added petrochemical products production volumes can be increased with development of its new species in 2030 by 3.2 times, products from ferrous metals - by 2.2 times, of iron or steel - 2.3 times, chemical products, including fertilizers - 3.2 times.

Deep processing of cotton fiber, fruits and vegetables using modern technologies will increase in 2030 production volumes demand on domestic and foreign markets environmentally friendly finished products textile and light industry by 5.6 times, fruits

and vegetables - by 5.7 times.

This list can be continued.

Along with this increase in the production of modern finished products with high added value, demand in foreign markets, will be basis of sustained high growth rate of its exports.

I must say that this work has already begun in the country. However, it requires a radically new software integrated approach with a view to the perspective view of each raw material and semi-finished products with high potential, have a specific program of deep processing, calculated for 2020, 2025, 2030.

We now have good reason, based on deep analysis of trends in global economy and realistic assessment of our resources and capabilities, **to set a target - not less than 2-fold increase in 2030 GDP of our country.** Due to drastic structural reforms - to achieve accelerated growth of industry and bring its share in GDP to 40% against 33.5% in 2015, while share of agriculture has fallen from 16.6% to 10.8%, to reduce energy intensity of GDP is about 2 times as a result of the widespread introduction of energy saving technologies.

The reality of the task can be judged based on the following calculations. In order to achieve the growth of GDP for the years 2016-2030 2 times, enough to provide average annual growth rate of 4.8%, while over the past 11 years the average GDP growth rate in the country amounted to level no less than 8%.

Dear compatriots!

The most important priority envisaged for 2016 economic program should be unconditional continued initiated system of democratic reforms and modernization of the country, deep structural changes in the economy, especially in industry and agriculture, advanced development and protection of private property, entrepreneurship and small business, ensuring macroeconomic balance.

We have set ourselves the task to ensure this year's GDP growth at 7.8%, the volume of industrial production - 8.2%, agriculture - 6.1, retail trade - 14 and services - 17.4%, maintain inflation in the range of 5.5-6.5%, ensure the growth of real incomes by 9.5%, the average wages, pensions, scholarships and grants, taking into account the tax benefits provided by the - by 15%.

A crucial role in the realization of these objectives belongs to investment program for 2016 as an essential instrument of structural transformation of industry and economy as a whole.

We should take urgent measures to ensure the unconditional entry within the terms provided for 2016, 164 major investment projects worth more than 5 billion US dollars.

First of all, completion of high-speed train "Afrosiyob" to Bukhara, two steam and gas turbines of 450 MW each at Talimarjan TPP, power unit of 150 MW at the Angren TPP, three blocks of desulfurization capacity of 6 billion cubic meters of gas at the Mubarek Gas Processing Plant, a new smelter capacity of 70 thousand tons of copper at the Almalyk MMC, capacity expand of cement plant in Jizzakh region to 1 million tons

of Portland cement, development of production of new models of cars, "Aveo" (T-250) at JSC "GM Uzbekistan".

In 2016, its planned to build in rural areas 13 thousand houses with a total area of more than 1 million 800 thousand square meters, as well as to pave 900 kilometers of water networks, gas and electricity, 325 kilometers of access roads.

In general, in 2016 its planned to direct investments for development, modernization and structural adjustment in the equivalent 17.3 billion US dollars with a growth rate of 109.3%, of which more than 4 billion US dollars contain foreign investment with an increase against 2015 by 20.8%.

I would like to emphasize especially the need to improve the accountability of officials, regardless of their affiliation with the delivery and installation of machinery and equipment that meets all modern requirements.

To this end, last year the Cabinet of Ministers of the Republic of Uzbekistan Agency on expert assessment of feasibility studies of projects newly constructed and reconstructed production facilities, equipment and technology was established. It is the organization, first of all, that will be strictly responsible for the unconditional fulfillment of all requirements by customers.

A recent study by a special commission of the Cabinet of Ministers to study the state of problem at enterprises of light and textile industry revealed a number of serious flaws in this case. Such inspections should be continued.

Along with this specific articles to strengthen the responsibility of the customer for the delivery and commissioning of outdated equipment must be added to the Administrative Responsibility Code and the Criminal Code.

An important task is to continue in 2016 started work on unconditional implementation of major provisions of Program of development and modernization of engineering and communication and road infrastructure in 2015-2019.

The focus should be laid on issues to complete modernization of Uzbek national highway, about 513 kilometers of roads of which this year to be constructed and reconstructed.

In the area of rail transport a key focus will be the further development of the railway network, providing electrification of railways section Samarkand-Bukhara and continued work on electrification of Karshi-Termez section. An important event of the year will be the completion of the 19-kilometer rail tunnel through on pass Kamchik and opening of railway traffic on Angren-Pap section, which will provide cargo transportation by rail between Ferghana Valley and other regions of the country.

Once again I want to emphasize that it is vital for us, this promising project, which has not only a strategic and economic importance, but also characterized by an increased level of progress we have made in the field of communications and transport.

Dear participants of the meeting!

Fundamentally important priorities of economic program for 2016 and near future is the further deepening of reforms and structural changes in agriculture, efficient use of land and water resources.

I must say that transition to a system of farm management the issue of optimization of land areas size, which provides each farmer enterprise the right for rental property, remains relevant.

This is primarily due to the fact that in conditions of irrigated agriculture, water scarcity and high salinity of almost all arable territory of the Republic of Karakalpakstan, regions and rural areas, there is a great variety of land fertility and yield class.

It took hard systemic work to reach rational and optimal provision of land areas, taking into account experience of development, efficiency and profitability of farms established in various regions.

At the same time an effective factor in avoiding and preventing subjective approach in determining size of areas is that all of this extremely important work was entrusted to deputy corps, advising farmers and rural community.

As a result of further optimization of land created over 17.5 thousand farms and more than 250 thousand new jobs. The largest number of farms established in Tashkent, Jizzakh, Namangan, Samarkand, Kashkadarya, Ferghana, Andijan regions and Karakalpakstan.

A new mechanism for granting and withdrawal of land for farms, when the decision is made not by hokim of district, but the district Council of deputies on conclusion of territorial councils and commissions of farmers to address issues of land areas provision.

Especially I would like to dwell on the issue of fundamental importance to quality of structural changes in agriculture and development of economy as a whole.

We are talking about a phased reduction of the volume of production and state purchases of cotton from 3.35 million tons to 3 million tons up to 2020.

Calculations show that the volume of produced cotton will allow, on the one hand, to fully meet the needs of, first of all, textile and light industry, raw material, given its deep processing, and on the other hand - to keep a strong position of our country as a supplier of cotton fiber and its derivatives to world markets.

I must say that by reducing the production of raw cotton by 350 thousand tons released about 170.5 thousand hectares of irrigated land. Thus, as a rule, released land with low yield class where cotton yield do not exceed 12-15 quintals per hectare - with the average achieved in the country yields 26.1 centners per hectare. Released mainly saline land and land in the foothill areas unsuitable for growing cotton.

The fact that in recent years has been a sharp fall in prices and demand for cotton in world market is equally important.

The cultivation area, exempt from cotton in turn to be sown with vegetables, including potatoes, fodder, oilseeds, established orchards and vineyards.

As a result of optimization of crop areas and introduction of modern agricultural technologies by 2020 its provided for to bring production volumes of cereal crops up to 8.5 million tons with an increase of 16.4%, increase of potato production by 35%, other vegetables - 30%, fruit and grapes - 21.5%, meat - by 26.2%, milk - by 47.3%, eggs - by

74.5%, fish - by 2.5 times.

We should take into account that exports of these types of food will be substantially increased.

As before, our focus remains on issues related to development of social sector, further improvement of level and quality of life.

The social sector in 2016 will be allocated 59.1% of total expenditure from State budget, that surpasses last year's indicator, including on education - 33.7%, on healthcare - 14%. At the same time costs for maintenance and development of education will increase against the previous year by 16.3%, healthcare - 16%.

I would especially like to note the growing volume of funds allocated for development of material-technical base of higher educational institutions (HEIs) of our country. It is envisaged to allocate 355 billion soums to construction and reconstruction of 13 HEIs, including Karakalpakstan, Bukhara and Samarkand State University, Fergana Polytechnic Institute. Also a complex of buildings of the Tashkent State Institute of Dentistry, new academic buildings branches Inha University and Singapore Institute of Management Development will be built.

The most important task for us is to ensure employment of the population - in 2016 provides for the creation of about 990 thousand new jobs, including by accelerating the development of small business and private entrepreneurship, services will be organized more than 660 thousand jobs. In 2016, we will ensure employment of more than 510 thousand graduates of universities, high schools and colleges.

Once again I would like to remind the heads of district, city and regional administrations about their personal responsibility for this area of work, bearing in mind that the solution to problem of employment of young people, our children, especially in rural areas, continues to be for us one of most urgent tasks.

It is extremely important in shaping annual plan of admission to professional colleges and academic lyceums mainstream, what new facilities will be commissioned in 3-4 years in the district, city, area, some footage of how they need to function, and on this basis make appropriate adjustments to reception.

In the context of increasingly tough competition in world markets becomes **fundamental priority improving competitiveness of our economy, increasing support for export enterprises, promotion of full participation in export of farms, small businesses and private entrepreneurship.**

In these areas there is a huge, yet untapped potential. It should be borne in mind that, unlike the industrial exporting enterprises, small businesses and farmers are exempt from the mandatory sale of banks to 50% of foreign exchange earnings from the export of their products themselves should be interested in promoting their products for export.

First of all, we should critically review the system of benefits provided to exporters to take additional measures to further simplify customs procedures, reduce time of implementation and tariffs on carrying out foreign trade operations. Its essential to broader introduce the electronic form of registration of all documents and licensing procedures, export-related products. Serious responsibility for resolution of all these

issues rests with structure of transformed Ministry of Foreign Economic Relations, Investments and Trade.

Today they are fully responsible for coordination of export and involvement of new members in export activities, expanding supply of our products for export, development of new markets.

The most serious attention should be paid to experience of Fund for export support for small business and private enterprises, established in 2013 under the National Bank for Foreign Economic Activities. This is a unique structure that is intended to provide legal, financial and organizational services to businesses to promote their products and services to foreign markets.

In this connection, I consider it necessary to consolidate financial capacity of this Fund due to an increase in current year of the size of its share capital at least twice, as well as to expand its powers, functions, and a list provided them with financial services, to consider the establishment in the regions of its business units.

In modern conditions, in the era of the Internet and electronic wide introduction of modern information and communication technologies in the fields of economy, a radical acceleration of the creation of the "Electronic Government" is of priority importance.

The whole world experience shows that in current global economy the role and importance of information and communication technologies is increasing, including manufacturing of computer and telecommunications technology, software development and provision of on their basis a wide range of interactive services. We should not forget that the development of ICT has a direct impact on level of competitiveness of country, allows to collect and summarize vast amounts of information, offers great opportunities for management at strategic level.

I must say that today ICT accounts for about 5.5% of world GDP, and according to authoritative international experts estimates by 2020 this figure will exceed 9%.

For example, in Republic of Korea share of the ICT sector in the country's GDP totals more than 11.8%, in Sweden - 7%, in United States of America - 6.8%.

Despite the fact that in recent years, this sector of our economy developing rapidly, we must recognize that we are only at the initial stage - the share of ICT accounts for only about 2% of GDP.

At the same time, we have all the necessary resources and opportunities for more rapid development of the sector, with a view to growing up professional staff in the country where those active in Tashkent foreign universities South Korean Inha and universities of our country prepare such a staff.

On the eve of the new year we all decided to name 2016 as the Year of Healthy Mother and Child. In accordance with the centuries-old traditions of our people, we firmly believe that a healthy mother and healthy child are the key to keep a happy family, in turn, happy family is the basis of a prosperous society.

We have a huge large-scale work on implementation of program, in which special attention is paid to such issues as further strengthening of protection of family,

motherhood and childhood, formation and consolidation of material and technical base, personnel potential perinatal and screening centers, nursing services , increase level and quality of care for young mothers and children, creation of healthy spiritual environment in families, formation of girls' physical health and intellectual development of compulsory education in academic lyceums and professional colleges, their regular exercise.

At the same time we must bear in mind that further strengthening of physical and moral health of our children, mothers, all our people undoubtedly depends on our constant attention to these problems.

Dear compatriots!

Today we have every reason to be proud of what has been done and executed by us in past 2015.

We have entered into an anniversary for our country - the year of 25th anniversary of Uzbekistan's independence. I will not be mistaken if I say that for every citizen of Uzbekistan, a matter of honor - to make a significant contribution to the fact that 2016 has become for us worthy of this great date.

Of course, the coming year will not be easy, but I am convinced that all the parameters and indicators will surpass last 2015's ones. There is no doubt.

I wish you all good luck and success in achieving these noble objectives.