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The Outcomes of the Economic and Social Development of Uzbekistan in 2013 and Priorities for 2014

Embassy of Uzbekistan
Brussels
2014

The President of Uzbekistan Islam Karimov Chaired Extended Session of the Government



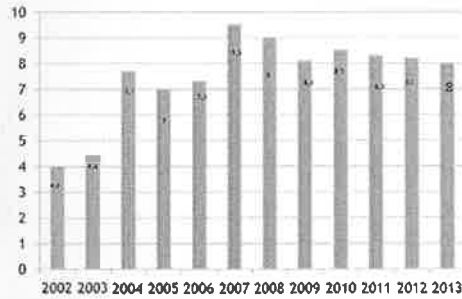
The head of State noted that despite the slowdown in the world economic growth and the mounting risks in its development, Uzbekistan in 2013 has been able to sustain higher economic growth rates and secure a macroeconomic balance as a result of the steady and fast implementation of strategic reforms and development projects

The achievements and prospects of Uzbekistan in the realization of Uzbek model of development widely acknowledged across the world, and the successful economic crisis management is given a high appraisal by prominent economists and international financial institutions

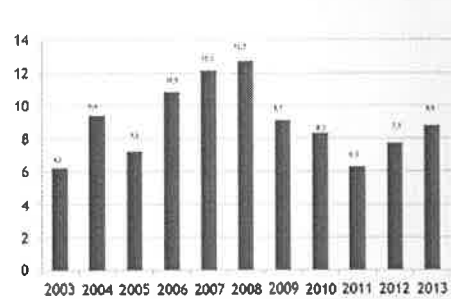


I. Main Trends of Economic Development

GDP Growth Rate
(in % to the previous year)



Growth Rate: Industrial Production
(in % to the previous year)



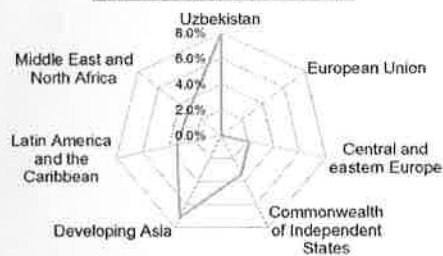
**Macroeconomic Stability and Economic Steadiness
have been preserved in 2013**

Sustained high rates of economic growth (7-9% per annum on average)



I. Main Economic Indicators of the World countries

GDP Growth Rate by Regions



Uzbekistan	8.0%
Developing Asia	7.1%
CIS	3.4%
Latin America & the Caribbean	3.4%
Middle East and North Africa	3.1%
Central and Eastern Europe	2.2%
European Union	0.0%

Uzbekistan	23.0%
Singapore	22.9%
Japan	21.2%
Turkey	21.0%
Brazil	18.5%
European Union	17.9%
United States	16.8%

Investment share in GDP



I. Main Trends of Economic Development

Main macroeconomic indicators of development of the Republic of Uzbekistan for the period of 2010-2013

№	Indicators	%			
		2010	2011	2012	2013
1.	Level of inflation	7,3	7,6	7,0	6,8
2.	Volume of agricultural products	5,8	5,2	7,0	6,8
3.	Volume of retail turnover	10,1	12,4	13,9	14,8

II. Factors Affecting the Growth Rate of Social and Economic Development of Uzbekistan

- maintaining macroeconomic stability, domestic and external equilibrium in the economy;
- implementation of innovative techniques, including energy-conservation and development renewables;



II. Factors Affecting the Growth Rate of Social and Economic Development of Uzbekistan

- development of Small Business and Private Entrepreneurship

- share of small business in GDP has grown from 31% in 2000 to 55,8% in 2013;
- number of small business enterprises has increased 2 times during last 10 years;
- share of small business enterprises in employment has increased from 49,7% to 75,0%;
- share of small enterprises in the total volume of industry has grown from 12,9% to 23%.

Dynamics of small business and private entrepreneurship development

Small business and private entrepreneurship share (in %)	2000	2013
In GDP	31,0	55,8
In industry	11,3	23,0
In construction	37,0	69,0
In retail turnover	45,3	65,0
In total employment	49,7	75,0
In export	10,2	18,0

II. Factors Affecting the Growth Rate of Social and Economic Development of Uzbekistan

- further liberalization of economy and improvement business environment

Measures	Results	Indicators of the report "Doing Business"
Reducing the number of procedures for the registration of new enterprises	3 procedures	1-3 procedures
Reducing the time spent on the registration of new enterprises	from 14 to 4 days	1-13 days
Reducing the initial costs of creating new enterprises	0% of income per capita	0-25% of income per capita
Reducing the number of procedures for registering property	1 procedure	1-7 procedures
Reducing the time spent on the registration of property	7 days	2-38 days
Reducing the number of tax payments	7 payments	3-29 payments
Reducing the number of documents for export	4 documents	3-7 documents
Reducing the number of documents for import	5 documents	3-5 documents

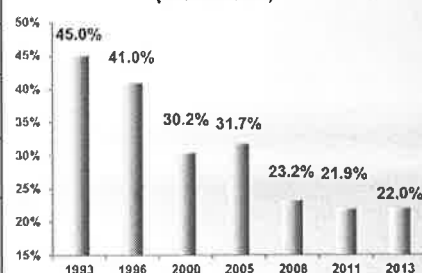
II. Factors Affecting the Growth Rate of Social and Economic Development of Uzbekistan

- stimulation and support for export

In 2013 the Government provided additional tax incentives for exporters, small business enterprises and companies engaged in new investments and starting production of new goods and products. The Aggregate Tax Burden decreased by almost 3 times.

Taxes	Tax rates in 1992-2009	Tax rates in 2013
Legal entities income tax	45%	9%
Individual income tax	13%-60%	8%-22%
Value added tax	30%	20%
Single social payment	40%	25%
Single tax payment for small enterprises	15,2%	6% (in industry - 5%)

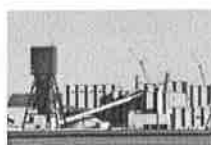
Dynamics of tax burden in 1993-2013
(in % to GDP)



II. Factors Affecting the Growth Rate of Social and Economic Development of Uzbekistan

- modernization and development of industrial infrastructure, particularly transport, power industry, water use and sewer systems

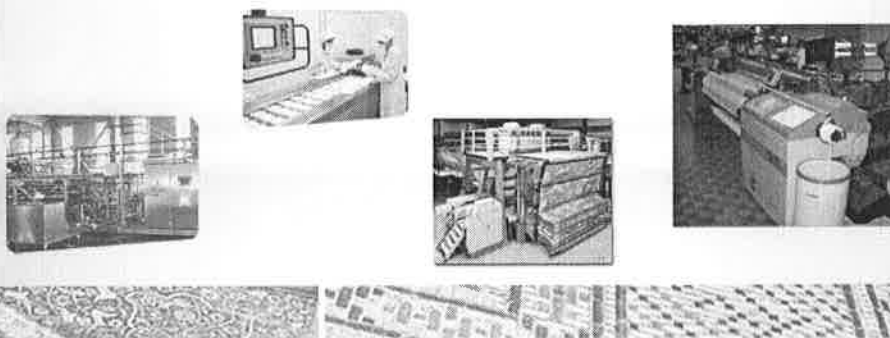
- Commissioning of a combined-cycle plant at Tashkent Thermal Power Station
- Construction of a booster compressor station and pipeline "South Urtabulak - Mubarek Gas Processing Plant"
- Construction of a construction complex to produce cement by JSC "Bekabadcement"
- Reconstruction and development of transport infrastructure (highways, automobile roads and others)



II. Factors Affecting the Growth Rate of Social and Economic Development of Uzbekistan

- active industrial policy, aimed at structural changes, the rapid growth rate of the share of processing industry with the production of goods with high value added

- Construction of modern textile complexes in Tashkent and Namangan regions, leather processing complex in Samarkand and others
- Modernization of food processing complexes



II. Factors Affecting the Growth Rate of Social and Economic Development of Uzbekistan

- employment of the Population

- 970 thousand new jobs have been created of which 60,3% were created in rural areas;
- over 107 thousand young men and women were employed;
- 19 thousand unemployed youth were retrained;



II. Factors Affecting the Growth Rate of Social and Economic Development of Uzbekistan

- active investment on the building of human capital in the fields of education, health and physical training

Further development of education system and improvement of educational standards;

- 131 new academic lyceums and professional colleges, with the capacity of 50 thousand students were constructed;
- 381 renovated and newly constructed secondary schools for 1.2 million students;
- 45 institutions were constructed, including branches of leading foreign universities ;
- 55 children's music and art schools, 112 children's sports facilities and 4 swimming pools were commissioned;
- increase the level of possession of foreign languages of young generation.



II. Factors Affecting the Growth Rate of Social and Economic Development of Uzbekistan

- intensification of agricultural sector at the expense of the introduction of new technologies, water conservation, efficiency and productivity



In 2013 farmers harvested a record **7.8 mln. tons of grain** and **8.4 mln. tons of vegetables** and **3.360 mln. tons of cotton**

- grain production increased by 2 times since 2000, potatoes - by 3.1 times, vegetables - by 3.2 times, grapes - 2 times, meat and milk - by 2.1 times, eggs - 3.4 times.
- improvement of reclamation of nearly 1.5 mln. ha of irrigated land, 415 ha, or nearly 10% have been reduced the area of land with a critical level of groundwater, 113 thousand ha of strongly and medium saline lands are decreased;



II. Factors Affecting the Growth Rate of Social and Economic Development of Uzbekistan

- modern housing construction as a driving force of comprehensive development and transformation of rural areas

The comprehensive program launched in 2008 in Uzbekistan and aimed at the radical transformation of village's appearance – successive improvement of the well-being and the quality of life of rural residents, changes in the nature of their work and living environment, and ultimately – change of thinking, mentality and lifestyle of rural residents

In 2013, in 353 massifs of the countryside 10,000 comfortable houses were built in the area of over 1.5 million square meters. For this purpose we have spent 650 million USD


In 2013 in Tashkent there have been organized International conference with more than **800 participants**, including over **300 foreign participants** from **61 countries of the world** to discuss important issues of construction of rural housing



Free Economic Zones of Uzbekistan





FIEZ «Navoi»: Concept of creation



FIEZ «Navoi» was created by the Decree of the President of the Republic of Uzbekistan on December 2, 2008 based on the synergy of its 4 blocks or hubs:

- Industrial
- Logistic
- Innovation
- Touristic, cultural & recreational




«Navoi» International Airport

UZBEKISTAN airways


KOREAN AIR

29 flights per week
 (Delhi, Mumbai, Bangkok, Frankfurt, Istanbul, Dubai, Doha, Dhaka, Hanoi, Moscow, Milan, Brussels, Vienna, Zaragoza, Incheon, Paris)
 2 cargo flights per week to Tianjin

1st stage – Cargo processing ability – 300 tons/day
 2nd stage – Cargo processing ability – 1 000 tons/day

FIEZ «Navoi»: Tax preferences




FIEZ «Navoi» residents are exempted from all types of taxes:

Period of privileges and incentives:

If amount of FDI is:

- 3 to 10 million Euros - 7 years
- 10 to 30 million Euros - 10 years and 50% reduction of profit tax for the following 5 years
- more than 30 million Euros - 15 years and 50% reduction of profit tax for the following 10 years

FIEZ «Navoi»: Current projects




operating projects:


Enterprises operating in production of :

- Automobile components with Minda (India)
- LED lamps with South Korea
- ADSL modems with Singapore
- Heating boilers with Ariston (Italy)
- Mobile phones with ZTE (China)
- High voltage cables with Erea (South Korea)
- Set-up boxes with Singapore
- Polyethylene pipes and etc.

50 new projects



Special Industrial Zones «Angren» and «Jizzakh»

<p style="text-align: center;">SIZ «Angren» Established on 13 April 2012</p> <div style="border: 1px solid black; padding: 5px; margin: 5px 0;"> <p style="text-align: center;">Total territory of SIZ «Angren» – 1638 hectares</p> </div> <div style="border: 1px solid black; padding: 5px; margin: 5px 0;"> <p>Logistic center: Capacity of storage facilities 5,4 mln. tn./year Total area 36,7 hectares Registered about 400 vehicles</p> </div>	<p style="text-align: center;">SIZ «Jizzakh» Established on 18 March 2013</p> <div style="border: 1px solid black; padding: 5px; margin: 5px 0;"> <p style="text-align: center;">Territory of SIZ «Jizzakh» is 524 hectares</p> </div> <div style="border: 1px solid black; padding: 5px; margin: 5px 0;"> <p>In Jizzakh city - 416 hectares and its branch in Syrdarya district - 108 hectares</p> </div>
	

Special Industrial Zones «Angren» and «Jizzakh»

<p style="text-align: center;">SIZ «Angren» Current projects:</p> <ul style="list-style-type: none"> • 6 projects in progress for production of : • - synthetic motor oil • - copper pipes • - LED lamps • - sanitary ceramic • - silicon • - sugar plant <div style="display: flex; justify-content: space-around; margin-top: 10px;">    </div>	<p style="text-align: center;">SIZ «Jizzakh» Current projects:</p> <ul style="list-style-type: none"> • 4 projects have been implemented for production of : • - mobile phones • - leather products • - sanitary fittings (faucet) etc. <div style="display: flex; justify-content: space-around; margin-top: 10px;">   </div>
<p>30 new perspective projects</p>	<p>49 new perspective projects</p>

SIZ «Angren» and SIZ «Jizzakh» : Tax Preferences & Incentives

Residents of SIZ «Angren» and SIZ «Jizzakh» are exempted from all types of taxes and customs duties

Period of privileges and incentives:

If amount of FDI is:

- 0,3 to 3 million USD - 3 years
- 3 to 10 million USD - 5 years
- more than 10 million USD – 7 years

The State Program «On priorities of developing industry in Uzbekistan during 2011-2015»

It includes 516 projects with total cost of 54 billion USD

- Also there are 40 investment projects are being realized in SIZs for more than 500,0 million USD:
 - 23 of these projects are realized in cooperation with China
- More than 130 perspective investment proposals are planned to realize in 2014 in cooperation with foreign partners in territories of the SIZs



IV. Priorities for 2014

I. Continuity of the strategy, providing consistently high rates of economic growth, mobilization to this end of all available resources and means

II. Commissioning of the most important high-tech and modern facilities and capacities in the industry, boosting and improvement of investment processes

III. Creation of fully competitive environment, which is a key factor in technical and technological renovation and modernization of production and access to world markets



IV. Priorities for 2014

IV. Creation of business environment (on "do business" principle), comprehensive support and further promotion of small business and entrepreneurship

V. Development of social sector, creation of jobs, housing construction, further reform and improvement of education and public healthcare

VI. Implementation of the State Program for 2014 "Year of Healthy Child"





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