A754-Economic Report 2023/24

UZBEKISTAN

September 2024

Executive Summary

Uzbekistan has benefited from opening its economy and embarking on ambitious market reforms in the past five years, reporting average post-pandemic GDP-growth of around 7%.

Throughout the past years, current and capital accounts were liberalized, trade restrictions started to be gradually removed, and relationships with neighboring countries have substantially improved. The reforms facilitated a fast expansion of agriculture and manufacturing, as well as robust infrastructure investments. The share of the private sector in the economy has increased, and considerable progress has been achieved on the green agenda, including a remarkable expansion of renewable power production.

Despite progress, the country's declared aim to reach an upper middle-income level by 2030 remains ambitious. Major reform challenges can be found across all economic sectors. Continuously strong interweaving between political power and the economy, as well as limited government capacity hinder the ability to deliver on more complex reforms. The economy continues to be dominated by large state-owned companies and financial institutions, and SMEs' development is hindered by continued lack of skills, high cost of finance, and – despite impressive efforts towards digitalization – continued significant administrative constraints. The country also faces rising climate change risks, including increasing water scarcity and environmental pollution, coupled with continued low energy, water and overall resource efficiency.

As a key piece of economic reforms, the country has started a divesting/privatization process that should make the private sector the main driver of the economy – and attract foreign direct investment. Experiences from other, also post-Soviet, countries show that such a process can bring risks of increased inequalities and state capture by vested interests. In its current state, the Uzbek economy is prone to these risks. Accompanying measures, including a more transparent legal framework, promoting the equal treatment of all investors, the fight against corruption, increased independence of the judiciary, but also investments in human capital, higher labor standards and social protection are necessary. The official unemployment rate stands at around 8%.

Internationally, Uzbekistan remains highly dependent from its two major trading partners Russia and China which together make up almost 40% of the country's foreign trade. Uzbekistan, also under the uncertainties of longer-term effects of the war in Ukraine, pursues its policy of diversification as practiced through its "multivectoral foreign policy". Challenges

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lay in connecting the country to the global markets both policy-wise (Uzbekistan has re-started its accession to the WTO in 2020 and is hopeful to achieve membership in 2026) and in regards to transportation routes. Especially trading with Europe has become more expensive since the Russian aggression against Ukraine, as transportation routes have shifted towards the Caspian Sea where the ports' occupancy rates constitutes a bottleneck. The Trans-Afghan Railway – which would connect Central Asia with ports in Pakistan – is again high on the agenda. So is the potential circumvention of sanctions through Central Asia, furthermore increasing administrative, including due diligence costs, for trade.

Despite ongoing challenges, over mid- to long-term, Uzbekistan has the potential to position itself as an interesting market for Swiss companies and investors. Ongoing investments in the country have already led to an increased interest and competition among external private actors. Through its promotion instruments, the Government of Switzerland supports Swiss businesses interested in accessing the Uzbek market. Since 2022, the Embassy, together with Switzerland Global Enterprise, has been organizing the annual "Swiss Days" in Uzbekistan, a platform for Swiss economic actors to present themselves to the Uzbek public. The next Swiss Days are foreseen for November 2024.

The Embassy of Switzerland in Uzbekistan is at the disposal of any interested company for further information or for recommendations of contacts. Business opportunities for Swiss enterprises in Uzbekistan are also published on the "GoGlobal Cockpit", a platform provided by Switzerland Global Enterprise (S-GE).

For further reading, the sources indicated in the text (a.o. EBRD Uzbekistan Country Strategy 2024-2029; World Bank: 2nd Systematic Country Diagnostics; OECD: Insights on the Business Climate in Uzbekistan; and regular updates by the Foreign Investors Council under the President of the Republic of Uzbekistan) can be recommended.

Table of Contents

1 ECONOMIC OUTLOOK AND ECONOMIC POLICY DEVELOPMENTS

In 2023, Uzbekistan's economy grew by around 6%, fueled by investment, private consumption, and exports. Inflation remains high, despite reaching a seven-year low. In 2023, average increase in consumer prices stood at around 10%.

The current account deficit worsened, driven by increased imports and reduced remittances in 2023, which were linked to the depreciation of the Russian ruble. The fiscal deficit widened to 5.8% of GDP in 2023, influenced by emergency energy spending during the cold winter, higher spending on wages, social benefits, energy subsidies, and subsidized lending to state-owned enterprises (SOEs) via state-owned banks. By December 2023, foreign reserves remained robust at $34.6 billion, equating to over eight months of import coverage.

The poverty rate declined from 5.0% in 2022 to 4.5% in 2023, measured at the lower-middle-income poverty line ($3.65/day, 2017 PPP). The unemployment rate dropped to 8.1% in 2023, down from 8.9% in 2022. Average real wages in 2023 increased by 7.8%, not only due to growing demand but also because of shortages in skills in the labor market.

The country’s GDP growth is projected at 5.3% in 2024 given the expected fiscal consolidation and slower export growth prospects to Russia and China, Uzbekistan’s key trading partners. Growth will be supported mainly by the continued implementation of structural reforms, notably SOEs’ restructuring and privatization, and high energy sector investment. Inflation is expected to increase in 2024 due to relatively sharp increases in domestic energy prices because of the energy tariff reforms (accompanied by social protection measures). Remittances in 2024 are projected to decline mainly due to an expected reduction in the number of labor migrants to Russia.

With decreasing remittances and strong imports, the current account deficit will most probably widen slightly but remain sustainable as Uzbekistan’s transformation process should bring in foreign savings to finance the deficit. This economic outlook is expected to reduce poverty moderately to 4.3% in 2024. The fiscal deficit is expected to fall to 4.2% of GDP in 2024 and towards 3% of GDP by 2026. The Government is expected to adhere to its debt limits (60% of GDP for total Public and Publicly Guaranteed debt), with public debt slightly increasing to 36.5% of GDP in 2024 and then gradually declining to 34.4% of GDP by 2026.

In 2023, the authorities established an independent energy regulator, began energy tariff reform, restructured the state-owned enterprise (SOE) rail operator, privatized a large chemical plant and a bank, and unbundled the leading chemical SOE to promote competition. They also established the National Agency for Social Protection, approved strong new legislation to combat gender-based violence, and expanded access to free legal aid. Uzbekistan also took a green transition path by introducing more ambitious environmental targets, a new pollution control system, and a national green taxonomy.[1]

Risks to outlook are tilted to the downside. External risks include possible deterioration of growth in key trading partners, notably China and Russia, and further tightening of external financial conditions.

Domestic risks stem from the growing contingent liabilities from SOEs, public-private partnerships, and state-owned banks. Upside risks include higher global gold and copper prices and stronger productivity growth due to ongoing structural reforms.

Given the high rate of population growth and the influx of young people into the job market annually, the country's economic expansion must focus on robust job creation. Continuing the reform agenda is crucial for this, which includes further market liberalization and enhancing competition.

[1] World Bank Macro Poverty Outlook for Uzbekistan: April 2024

Key strategies involve diminishing the economic influence of state-owned enterprises, fortifying land rights, deregulating the telecommunications sector and the trade of raw materials, and reducing elevated trade costs by improving logistics and connectivity. Additionally, to spur faster job creation and productivity, there is a need for more investment in enhancing the skills of the labor force.

Uzbekistan has made substantial strides towards WTO membership, driven by strong macroeconomic management and comprehensive reforms. President Shavkat Mirziyoyev has expressed a desire for Uzbekistan to gain WTO membership by 2026.

2 PRIORITY SECTORS AND OPPORTUNITIES FOR SWISS COMPANIES

A new, seven-year "Uzbekistan 2030 Strategy" was adopted in November 2023, to help guide the country through the next decade of changes, which comes as an evolution of the previous New Uzbekistan Development Strategy. The Strategy's overarching goal is to achieve upper-middle-income status by 2030, and to reduce poverty by half by 2026. The Strategy aims to achieve 100 goals within 5 priority areas:

1. Creating decent conditions for realizing the potential of every person (44 goals)
2. Ensuring the welfare of the population through sustainable economic growth (17 goals)
3. Conservation of water resources and environmental protection (12 goals)
4. Ensuring the rule of law, organizing public administration oriented at service to the people (16 goals)
5. Consistent continuation of the policy based on the principle of a "Safe and Peace-Loving State" (11 goals)

The structures of Uzbekistan's economy are still characterized by a relatively strong agricultural sector (around 24% of GDP) which includes raw material extraction including minerals (gold, uranium) and natural gas. While especially important as national income, approximately constituting around 15% of government budget[2], it has a low level of job creation and limited value creation for local communities.

Over the years, authorities have hence been adamant to restructure the economy. The removal of trade, investment, regulatory, and labor market constraints has specifically led to strengthening of the labour-intensive manufacturing/industry sector (above all: car manufacturing; food processing/beverages and the textile industry). Industry has seen more than a doubling in GDP contribution between 2010 and 2023 (10% to 24%).[3]

In addition, in March of 2022, after important improvements (supported by the ILO and by international partners including Switzerland) to eradicate forced labor on cotton fields, 331 international brands and retailers lifted their boycott of Uzbek cotton. Uzbekistan now has the potential to become a key sourcing country for cotton (as well as silk) textiles: authorities aim at a vertical integration of the value chain in "clusters".

Historically, the service sector in Uzbekistan, including transportation, financial services, health care, education, professional services, and most activities related to tourism, has been neglected. In aiming at an upper-middle-income status for the country by 2030, developing a service-driven industry is a key.

As a central part of Uzbekistan's reforms, there is a 5-year-plan to privatize – or partially sell – 620 of the country's still 2500 state-owned enterprises (SOE). The industries and sectors, which are to be affected by this process importantly include: financial institutions (banks and insurances), energy supply operators (electricity, natural gas), mobile operators, fertilizer

[2] World Bank: 2nd Systemic Country Diagnostics

[3] OECD: Insights on the Business Climate in Uzbekistan

plants, digitalization of public services, geological research work, transport (low-cost airlines, toll-roads, train operators), health, education, water management and other utility services as well as the construction sector; offering opportunities for potential investors. However, depending on the sector, the legal framework might set limitations despite official privatization policies. For example, in the financial sector the Central Bank's oversight has lately been strengthened, granting it the power to dismiss management and board members and prohibit payment of dividends when it sees fit: in effect, centralized control remains strong. Furthermore, aggregate financial information and granular data on SOE performance, including the measurement of revenues, tax and dividend contributions, are not publicly available and might be deterring for potential investors.

Independently from the divesting process, the renewable energy sector offers specific growth potential. Demand for electricity is expected to grow at approximately 4 percent annually through 2030. The diversification of Uzbekistan's electricity generation is limited: Natural gas–based generation accounts for more than 80 percent of the total installed capacity, followed by hydropower (above 10 percent), and coal (5 percent). Against this background, the Government of Uzbekistan has recognized the importance of supporting a more sustainable and climate-friendly growth approach. The 2019–30 Strategy on Transition to a Green Economy includes commitments to bring the share of renewables in power generation up to 25 percent by 2030. At the same time, the country's geography is conducive for solar and wind power.

Transportation infrastructure is another priority. With average shipment costs at about 1.75 USD per kilometer, Uzbekistan has the highest transportation costs in the Central Asia region. The decrease of transport costs is at the heart of many negotiations and projects (e.g. in the framework of the Belt and Road Initiative), leading to increased investment. The war in Ukraine and the by-passing of the Russian territory by many providers has further complicated logistics and rendered the development of alternative routes (e.g. southwards through Afghanistan: Trans-Afghan Railway) more important. Regarding transportation, too, the government has been pushing a more sustainable approach. In summer 2023, the Tashkent city council announced to limit cars running on gasoline and to invest in a broad network of charging stations for e-vehicles. The public transportation system has been strengthened in the past years, amongst others through purchases of electric buses and trains. There are intentions to build new tramlines and even cable cars.

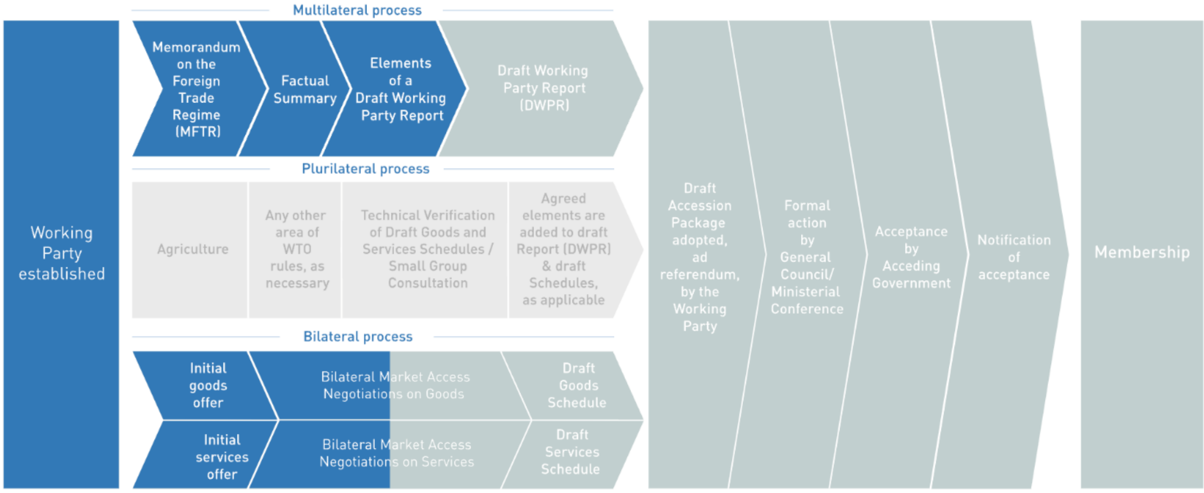
Another potential is offered by the growing tourism sector, in which Switzerland benefits from a traditionally strong branding, not least due to the Swiss Development Cooperation's Vocational Education and Training Programme in the tourism industry. By 2026, the government foresees to triple tourism services and create an additional 3.5 million jobs. In 2019, visa exemptions for citizens from the EU and an additional 20 countries (incl. Switzerland) came into effect.

3 FOREIGN ECONOMIC POLICY

3.1 Uzbekistan's policy and priorities

In order to implement the ambitious reform plans, the country's international priority lies in opening and internationally connecting its market, attracting foreign direct investment (FDI) and modern technologies – amongst others through a large-scale divesting/privatization plan and the set-up of 23 "Free Economic Zones" (FEZ) – and receive credits from international lenders to finance the modernization of public services.

These ambitions are strengthened by the desire to join numerous international organizations such as the Eurasian Development Bank or the World Trade Organization (WTO; Uzbekistan applied to join the WTO in 1994, but suspended its process in 2005, restarting it again in 2020). In the adhesion process to the WTO, Uzbekistan is currently negotiating trade conditions with various countries. The government has declared its aim to join the organization by 2026; a plan that remains ambitious.



Uzbekistan WTO accession roadmap. WTO[4]

A major issue for Uzbekistan as a double land-locked country remains its connectivity (also digital[5], but primarily physical). The Chinese Belt and Road Initiative is of importance, including major investments in the China-Kyrgyzstan-Uzbekistan railroad. A closer and faster access to the sea could be established by connections to ports in Pakistan. The construction of a trans-Afghan highway has been in planning for years; however, the Taliban takeover in Afghanistan has further complicated this project.

Good neighborly relations, not only with Afghanistan, but within the whole region, are also at the core for energy and water security; needed not only for industrial development, but also for the continuously important agricultural sector. Following severe electricity shortages, common investments in energy production were set up with Kazakhstan and Kyrgyzstan, given that power grids from the Soviet-era are already transnational. The effects of climate change furthermore increase water shortages, where agreements with upstream countries, including Afghanistan are a priority.

3.2 Outlook for Switzerland (potential for discrimination or comparative advantage)

Uzbekistan with its 37 million inhabitants and its growing economy offers an interesting market not only for B2C products. The government is keen to attract FDI and is opening up various sectors in which Swiss actors have proven expertise (e.g., financial). Uzbekistan's demographic growth, high levels of urbanization and the declared will to modernize its infrastructure (transportation, energy, etc.) while prioritizing a green transition furthermore means that opportunities arise e.g. in the area of public transportation, engineering and the machine industry. The focus on developing human capital, amongst others through improved health services, opens windows for the extensive Swiss expertise in the pharmaceutical sector and beyond.

Generally, Switzerland enjoys a very good reputation in Uzbekistan. It is renowned for high-quality and reliable precision products and for first-class engineering. These are comparative advantages as Uzbekistan is aiming at developing its own industrial sector that has to differentiate itself against low-cost competitors in the region. To address this quality aspect, the Uzbek authorities have increasingly recognized the benefits of Technical and Vocational Education and Training (TVET), amongst others supported by the Swiss Agency for

[4] WTO -> Accessions -> Uzbekistan

[5] International Telecommunication Union: Statistics

Development and Cooperation (SDC). Swiss companies with their long-lasting hands-on experience in TVET can bring real benefit to developing the human capital in Uzbekistan and should consider actively approaching this thematic in case of interest in doing business in Uzbekistan.

On the other hand, given the broad public spending currently needed in Uzbekistan's development, there is a tendency that public tenders favor a short-term approach to costs. Product quality, long-term reliability and service guarantees, often constituting parts of offers from Swiss companies, might not receive the necessary attention. This often makes early outreach to government institutions, to raise product and service awareness, a necessity; the GoGlobal Cockpit can help with early identification of opportunities.

Furthermore, as the World Bank describes, the government's granting of special, nontransparent preferences to some investors (including concessional access to resources or "even the establishment of explicit entry barriers to potential competitors") remain: "Many agreements, especially financial concessions, are concluded in secret and never published, making it difficult for newly entering businesses (*including Swiss ones*) to know the full extent of incentives available to competitors in the market".[6]

4 FOREIGN TRADE

4.1 Developments and general outlook

4.1.1 Trade in goods

Uzbekistan's policy of "opening up" can amongst others be observed in its trade balance with external partners. While in 2016, trades in goods amounted to around 20 billion USD, by 2023, it almost tripled to reach around 55 billion USD, according to the official statistics agency.[7]

While China (21,9%) and Russia (15,8%) remain the most important trade partners for Uzbekistan, the Chinese trade dominance has now become obvious: In 2022, each country had a share of around 18%. Trade with neighboring Kazakhstan adds up to around 7%. In the past years, Uzbekistan has specifically deepened its economic relations with Türkiye, which, with a share of around 5% is the 4th biggest trade partner. Apart from the neighboring countries Kyrgyzstan, Turkmenistan and Afghanistan, the Republic of Korea, Germany and – newly – France figure amongst the top ten trading partners.[8]

When adding trade in services, Uzbekistan presented a record high negative foreign trade balance for 2023 in the amount of around 13 billion USD. Uzbekistan's exports still remain concentrated both in terms of sectors and geography, and SMEs are underrepresented among exporting businesses.[9] Reinforcing the conditions for exporting SMEs will be key for a more balanced trade sheet.

Logistical challenges for the double-landlocked country have increased with international sanctions against Russia following its war in Ukraine, as a majority of Uzbekistan's exporting goods traditionally pass through Russia. Alternative trade routes are few and costly. A trilateral Agreement of Cooperation was signed at the 22nd Shanghai Cooperation Organization Summit in Uzbekistan in September 2022 to advance the construction of the China-Kyrgyzstan-Uzbekistan (CKU) railway, as one step of increasing Eurasia integration and connectivity.

[6] World Bank: 2nd Systematic Country Diagnostics

[7] Uzbekistan Department of Statistics of Foreign Economic Trade

[8] Uzbekistan Department of Statistics of Foreign Economic Trade

[9] OECD: Boosting the Internationalisation of Firms through better Export Promotion Policies in Uzbekistan

Official visits of President Mirziyoyev in a number of European countries and vice-versa in the past year have led to the signing of agreements bound to increase bilateral trade with these countries. In 2021, Uzbekistan had been admitted as a beneficiary country under the European Union's Generalized Scheme of Preferences (GSP).

4.1.2 Trade in services

According to the official statistics of Uzbekistan, export of services amounted to around 4 billion USD, import of services to around 5 billion USD, doubling compared to 2022; adding up to around 20% of total exports. As part of the export of services, the lion's share is occupied by transport services (43%), tourism (41%), as well as telecommunications, computer and information services (8.5%).

As part of the import of services, the main share is occupied by tourism (52.2%), transport services (21.0%), as well as telecommunications, computer and information services (9.3%).

4.2 Bilateral trade

4.2.1 Trade in goods

In the past years, trade with Switzerland has been fluctuating around 100 million USD per year, while slightly growing over the years. While trade data differs depending on the data source, 2023 has seen a sharp raise of export from Switzerland to Uzbekistan (+50%, to 150 Mio. USD).[10] While calculations of trade volumes vary, according to Uzbekistan's official statistics, Switzerland figures among the top-18 countries from which Uzbekistan is importing.[11]

Switzerland primarily exports chemical products, vitamins, diagnostic instruments, including active substances, industrial machinery as well as food, beverages and tobacco. The overwhelming majority of imports is made up of precious metals (gold), constituting 99.9%. If one were to include precious metals in the official bilateral trade statistics, Switzerland would be 3rd most important trading partner for Uzbekistan.

4.2.2 Trade in services

There is no quantitative data available. There is a number of Swiss companies in Uzbekistan operating logistics services. Some Swiss enterprises have offered franchising. Furthermore, some Swiss companies have started selling online services, including market platforms and online lending. Tourism furthermore plays an increasingly important role with upward trends of visitors from Uzbekistan to Switzerland.

5 DIRECT INVESTMENTS

5.1 Developments and general outlook

A major focus of the Uzbek government lies on the development of the industry, for which the authorities foresee a growth of 50% in the next five years. According to them, this requires 120 billion USD of investment, of which 70 billion USD are expected to come from abroad.

In order to attract FDI, the President and his administration have been busy strengthening bilateral contacts with various visits around the world which included the signing of investment agreements. Among their remaining goals are abolishing 17 state monopolies; attracting private investments to the rail, road, and electricity sectors; and further developing efficient PPP projects (PPPs have grown rapidly in recent years, amounting to a cumulative 20 percent of GDP at end-2023). To increase its attractiveness for FDI, further structural reforms such as

[10] Federal Office for Customs and Border Security, FOCBS

[11] Uzbekistan Department of Statistics of Foreign Economic Trade

a strengthened independence of the judiciary (to effectively protect investments) and more transparency in the legal framework are key.

As such, Uzbekistan's laws and regulations remain highly fragmented, which deters investors and increases the risk of corruption: Regulations consist of presidential decrees and resolutions, laws of Parliament, cabinet-level and ministerial resolutions, as well as ministerial orders. Though businesses may still be required to comply with them, many of these documents are not publicly available because of administrative delays or decisions to withhold publication. Often, there are underlying vested interests and combined with poor public oversight create additional reputation risks for companies.

Furthermore, the ability of some investors to obtain an investment-specific regulatory framework creates an unlevel playing field. State-owned enterprises specifically enjoy preferential access to land, infrastructure, credit and state support. In June 2024, a new law on "Conflict of Interest" came into force; it remains to be seen how it will be implemented in practice.

In June 2022, the World Bank has elaborated recommendations for the Government of Uzbekistan for a national FDI strategy. It includes a "sector scoring" that identifies sectors with special potential for FDI attraction: At the top stand the banking and the renewable energy sectors.[12] As a major international signal for the ongoing privatization efforts – though after various highest-level contacts between the two countries – the Hungarian OTP bank acquired 97% shares of the Uzbek Ipoteka bank (which had previously been held by the Government of Uzbekistan). However, the privatization process has since started to falter: While the "lowest hanging fruits" were harvested at the beginning of the privatization process, the assets still in public hands are seemingly more complex. It is also probable that the government expected to achieve higher selling prices than the current market situation offers. It can therefore be assumed that the divestiture process of state assets will continue throughout the coming years.

5.2. Bilateral investment

Close to 40 Swiss companies, including distributors of Swiss products, are active in Uzbekistan. So far, investment has remained low, as only few companies have opened own facilities in the country that go beyond administration and distribution. With the ongoing reforms and the government's divesting strategy, new opportunities may arise (cp. chapters 2 + 3). In the past, through the Central Asia Small Enterprise Fund (CASEF), the Government of Switzerland has invested in chosen projects with social impact. In 2024, the Swiss Export Risk Insurance (SERV) has for the first time insured a project of a Swiss company in Uzbekistan.

6 ECONOMIC AND TOURISM PROMOTION

6.1 Swiss foreign economic promotion instruments

Switzerland supports Swiss companies in developing their international business through the federally mandated export promoter Switzerland Global Enterprise (S-GE) as well as through its representations abroad. S-GE's services are geared to small and medium-sized enterprises (SMEs). The S-GE's ExportHelp team is the first point of contact for administrative export-related issues of all kinds, but companies can also contact one of S-GE's country advisers directly.

Additionally, the Embassy of Switzerland in Tashkent offers a selection of services comprising information, advice, referral, support for events and delegations, and consular protection. It

[12] World Bank: 2nd Systematic Country Diagnostics

organizes regular meetings and networking opportunities within the circle of Swiss business representatives in Uzbekistan. Amongst the community, it runs annual business climate perception surveys to learn about the needs as well as perceived challenges and opportunities.

Since 2022, S-GE and the Embassy of Switzerland organize the annual “Swiss Days” in Uzbekistan, traditionally taking place in November. It is a platform for Swiss companies to showcase their products and services, including through public events, exhibitions and workshops.

The Joint Chamber of Commerce of Switzerland also promotes private-sector business exchanges, as do other specialized Chambers of Commerce. The Embassy can share respective contacts.

6.2 Uzbekistan’s interest in Switzerland

The good relations between Switzerland and Uzbekistan have a strong foundation in the cooperation in international financial institutions, in the Swiss Cooperation Programme of Central Asia 2022-2025 as well as in the restitution of assets definitively forfeited as part of the criminal investigation in connection with Ms. Gulnara Karimova, which was initiated in 2012 by the Office of the Attorney General of Switzerland.

Furthermore, the Swiss private sector, through its renowned expertise and innovation force has the potential to effectively contribute to the objectives of Uzbekistan’s development strategy. The development of human capital being a key priority, study opportunities for students at Swiss universities have received increasing attention in the past years. Switzerland and Uzbekistan maintain a regular political dialogue and meetings of joint economic commissions.

Attracting FDI, including from Switzerland, plays an important role in Uzbekistan’s strategy. The Director of the Investment Promotion Agency under the Ministry of Investments and Foreign Trade of the Republic of Uzbekistan expressed his willingness to meet with and assist any interested potential investors and economic partners from Switzerland on related matters. The director of the Agency has asked for the contact information to be included in this report:

Investment Promotion Agency
Ministry of Investments and Foreign Trade of the Republic of Uzbekistan
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Uzbekistan
E-mail: director@invest.gov.uz, uzipa@invest.gov.uz
Phone: +998 71 202 02 10

Furthermore, the newly created Foreign Investors Council can be contacted through their Linkedin profile. The Europe-Uzbekistan Association for Economic Cooperation (EuroUz) is furthermore active in supporting potential investors in Uzbekistan.

ANNEX 1 – Economic structure

Economic structure of Uzbekistan

Distribution of GDP in %[13]	2020	2021	2022	2023	2024 Jan - June[14]
Agriculture, forestry and fishing	26.8	26.5	24.9	24.3	17.4
Industry	26.8	27.3	27.0	26.1	26.6
Services*	39.7	39.6	41.6	43.4	45.9
Construction	6.7	6.6	6.5	6.2	5.9

Distribution of employment in %[15]				
By sector	**2020**	**2021**	**2022**	**2023**
Agriculture, forestry and fisheries	26.4	25.2	25.1	24.2
Industry (including Construction)	23.5	23.7	22.8	23.8
Services**	50.0	51.0	52.1	52.0
By type of ownership				
Public	18.8	18.7	18.5	18.4
Non-public	81.2	81.3	81.5	81.6

**Services = Trade, accommodation and food services + Transportation and storage, information and communication + Other service industries*

***Services = Trade + Transportation and storage + Education + Health and social services + Other activities*

[13] 2020-2023 data. Page 11 of the report by the Statistics Agency under the President of Uzbekistan

[14] National Summary Data Page (NSDP) – Uzbekistan: National Accounts (GDP) by the Statistics Agency under the President of Uzbekistan

[15] National Summary Data Page (NSDP) – Uzbekistan: National Accounts (GDP) by the Statistics Agency under the President of Uzbekistan

ANNEX 2 – Main economic data

Uzbekistan's main economic data

	2020	**2021**	***2022***	***2023***	***2024 proj.***
GDP (USD bn)*	60.2	69.6	81.167	90.882	*97.9*
GDP per capita (USD)*	1,776	2,013	2,301	2,522	*2,665*
Growth rate (% of GDP)*	1.9	7.4	5.6	5.9	*5.1*
Inflation rate (% change)*	12.8	10.8	11.4	9.9	*11.5*
Total investment (% of GDP)*	38.4	40.1	39.2	42.8	*42.4*
Population (in millions)**	33.9	34.6	35.3	36.0	*37*
Unemployment rate (% of total labor force)*	10.5	9.6	8.8	8.3	*7.8*
Adjusted fiscal balance (% of GDP)**	n/a	-4.6	-4.1	-4.6	*-2.4*
Current account balance (% of GDP)**	n/a	-7.0	-3.5	-8.6	-7.6
Volume of imports of goods and services (% change)*	-13.1	0.3	13.2	26.4	*10.3*
Total external debt (% of GDP)**	n/a	57.6	54.6	61.3	*60.9*
Debt-service ratio (% of exports)		8.8	8.8	9.9	*14.8*
Reserves (months of imports)**	15.0	11.8	10.2	9.2	8.0

* Source: IMF, World Economic Outlook (April 2024 Edition)
- www.imf.org/external/pubs/ft/weo

** Source: IMF, Article IV Consultation (July 11, 2024)
- www.imf.org/external/country/index.htm

ANNEX 3 – Trade partners

Trade partners of Uzbekistan **Year: 2023**

Rank	Country	Exports *from Uzbekistan* (USD mln)	Share	Change [16]	Rank	Country	Imports *to Uzbekistan* (USD mln)	Share	Change [1]
1	**Russia**	3 307,6	13.5%	105%	**1**	**China**	11 260,1	29.5%	175%
2	**China**	2 461,8	10.2%	94%	**2**	**Russia**	6 576,1	17.2%	106%
3	**Kazakhstan**	1 372,5	5.7%	98%	**3**	**Kazakhstan**	3 026,4	7.9%	93%
4	**Türkiye**	1 248,5	5.1%	76%	**4**	**South Korea**	2 302,9	6.0%	100%
5	**Afghanistan**	856,7	3.5%	113%	**5**	**Türkiye**	1 851,2	4.9%	107%
6	**Kyrgyzstan**	631,5	2.6%	64%	**6**	**Germany**	978,4	2.6%	91%
7	**Tajikistan**	605,0	2.5%	116%	**7**	**Turkmenistan**	923,2	2.4%	126%
8	**France**	392,1	1.6%	540%	**8**	**Brazil**	652,2	1.7%	118%
9	**Pakistan**	269,1	1.1%	145%	**9**	**India**	648,5	1.7%	99%
10	**UAE**	261,7	1.1%	197%	**10**	**France**	592,6	1.6%	218%
62	**Switzerland**	**n/a**	**n/a**	**n/a**	**18**	**Switzerland**	**312.8**	**0.8%**	**140%**
	Total	**24,426**	**100%**	**23.8%**		**Total**	**38,141**	**100%**	**24.0%**

Source(s): Foreign Trade Turnover Report for January – December 2023 by the Statistics Agency under the President of Uzbekistan

[16] Change from the previous year in %

ANNEX 4 – Bilateral trade

Bilateral trade between Switzerland and Uzbekistan

	Export (CHF million)	*Change (%)*	**Import** (CHF million)	*Change (%)*	**Balance** (in million)	**Volume** (in million)
2018	114,8	2.80%	2,2	-23.70%	112,6	117,0
2019	111,1	-3.20%	2,8	24.70%	108,3	113,8
2020	64,8	-41.70%	1,0	-62.50%	63,8	65,8
2021	84,6	30.50%	2,5	146.90%	82,0	87,1
2022	104,7	23.90%	1,3	-50.80%	103,5	106,0
2023 *(Total 1)**	**148,0**	**41.3%**	**3,2**	**160%**	**144,8**	**151,2**
2024 (I-VI)**	50,8	-37.7%	1,7	21.7%	49,1	52,5

*) ‘Economic’ total (total 1): not including gold bars and other precious metals, currencies, previous stones and gems, works of art and antiques

**) Change (%) from the previous year

Exports	**2022** (% of total)	**2023** (% of total)
1. Chemical and Pharmaceutical Products	48.9	35.0
2. Industrial machinery	19.3	22.7
3. Precious metals (including gold, coins, precious stones, gems), Works of arts[17]	n/a	19.5
4. Precision Instruments, incl. Watches	6.8	8.0
Imports	**2022** (% of total)	**2023** (% of total)
1. Precious metals (including gold, coins, precious stones, gems), Works of arts[18]	99.99	99.96
2. Paper and Paperboards, Articles of Paper Pulp	0.00	0.06
3. Textiles, Articles of apparel and clothing	0.01	0.01
4. Agricultural products	0.00	0.003

Source: Federal Office for Customs and Border Security, https://www.gate.ezv.admin.ch/swissimpex

[17] The total of precious metals including gold, coins, precious stones and gems as well as works of art and antiques imports from Uzbekistan to Switzerland amounted to around 7,3 Bio. USD in 2023. The exports of these goods from Switzerland to Uzbekistan during the same period amounted to around 47 Mio. USD. These numbers are not reflected in the overview table on the top of this page.

[18] The total of precious metals including gold, coins, precious stones and gems as well as works of art and antiques imports from Uzbekistan to Switzerland amounted to around 7,3 Bio. USD in 2023. The exports of these goods from Switzerland to Uzbekistan during the same period amounted to around 47 Mio. USD. These numbers are not reflected in the overview table on the top of this page.

ANNEX 5 – Main investing countries

Main investing countries in Uzbekistan

Updated data is not available. Historically, China, Russia, South Korea, Turkey, Kazakhstan, Germany and the Republic of Korea are main investors in Uzbekistan. Primary sectors for investments are energy, metallurgy and the chemical industry.