A754-Economic Report 2022

UZBEKISTAN

28 July 2022

Executive Summary

Despite shocks from the pandemic and Russia's military aggression against Ukraine, Uzbekistan's economy has shown resilience. The pandemic caused a sharp slowdown in 2020. Nonetheless, real growth remained positive at 1.9%. Year-end inflation fell to 11%. In 2021, helped by government stimulus measures, growth rebounded sharply to 7.4%. Despite global price pressures, tight monetary policy helped reduce inflation further to 10 percent by end-2021. With a recovery in trade and remittances, the current account deficit widened slightly to 7 percent of GDP. Government economic support in the form of social assistance, investment and policy lending widened the overall fiscal deficit by 2 percentage points to 6.2 percent of GDP.

The authorities continued to make progress on structural reforms, which included: liberalizing domestic prices and reducing crop placement requirements for cotton and wheat; making public procurement more transparent through a public portal that also collects information on beneficial owners; doubling the size of the social safety net; improving corporate governance by appointing more independent members of supervisory boards; selling a mid-sized state enterprise and many smaller assets; and finalizing laws on public debt and the labor market.

Given Uzbekistan's close economic ties with Russia, the outlook for 2022 will depend upon spillovers from the war in Ukraine and Western sanctions on Russia. Remittances, trade, and financing from Russia are expected to slow, reducing growth in 2022 to 3–4 percent and increasing the current account deficit to 8.5 percent. With higher global food and commodity prices, inflation is expected to remain over 10 percent. Uncertainty is high, however. Possible risks could arise from a further escalation of the war and the sanctions regime, a renewed flare-up of the pandemic, slower growth in other trading partners, higher food and energy prices, or lower gold prices.

The World Bank's second systematic country diagnostic for Uzbekistan concluded that the risk of state capture by vested interests is likely to peak by 2025. It further states: "Experiences during post-Soviet transitions, including in Russia and Ukraine, suggest that most state capture and the creation of oligarchs occurred during two critical stages of the reform process: (a) the reduction of state control and state ownership of land and (b) the privatization of SOEs. Both are among the highest reform priorities identified by the government for the coming five years. Lessons from post-Soviet transitions also suggest that there are commonly two types of vested interests: those seeking control over the new resources made available through privatization (early or intermediate winners) and those benefiting from the status quo who seek to stop the reform process from advancing. Feedback from all stakeholder groups during consultations suggests that both risks are high in Uzbekistan and that concerns are strongly centered on the land and SOE privatization processes."

Embassy of Switzerland in Uzbekistan
Shota Rustaveli Str., Impass 1, House 4
100070 Tashkent
998 78 120 67 38/39
tashkent@eda.admin.ch
https://www.eda.admin.ch/tashkent

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1 ECONOMIC OUTLOOK AND ECONOMIC POLICY DEVELOPMENTS

The country has entered its sixth year of an ambitious market transition that has the well-being and prosperity of the people at its center. Strong fundamentals, ample policy buffers, and high gold prices allowed the authorities to take strong actions to mitigate the impact of the pandemic. As a result, the recovery that had started in late 2020 gained momentum in 2021 and growth accelerated to 7.4 percent.

Economic problems and challenges remain and just as it appeared that Uzbekistan had moved past the acute phase of the pandemic, the war in Ukraine and the Western sanctions imposed on Russia brought new uncertainty and weighs on Uzbekistan's outlook. Russia is a key trading partner and a large source of remittances and financing. Spillovers from trade disruptions, higher international fuel and food prices, and tighter global financial conditions create additional headwinds.

With the new challenges stemming from the war in Ukraine, Uzbekistan's growth is expected to slow to 3-4% in 2022. Growth is expected to decelerate from the 6% projected earlier. Lower remittances and financing from Russia, and to a lesser extent a reduction in trade, due also to further supply chain disruptions, are projected to reduce consumption and investment. Logistical challenges are large, causing delays and adding substantially to costs. Growth is expected to pick up to around 5 percent in 2023, as Uzbekistan's and the global economies adjust. Medium-term growth is projected to be in the 5–6 percent range but depends critically on further reform progress.

The war and sanctions are impacting Uzbekistan's economy through multiple channels:

- **Trade**. Russia accounts for over 20 percent of imports (mainly vegetable oils and sugar, and fuel; wheat is mainly produced locally or imported from Kazakhstan) and 12 percent of exports (mainly basic fruits and vegetables and textiles that, despite Russia's economic contraction, may still be in demand or could be sold elsewhere in the region). Logistical challenges have increased substantially, as much of Uzbekistan's external trade passes through Russia. Alternative trade routes are few and costly.
- **Remittances.** Remittances were close to 10 percent of GDP in 2021, of which almost three quarters originated from Russia. One in six households depends on remittances as the main income source and remittances on average account for about 20 percent of total household incomes. Returning migrant workers could face considerable difficulties in finding job opportunities at home.
- **Commodity prices.** Higher food (notably wheat) and fuel prices will feed into inflation. Natural gas—the main source of energy—is produced locally and sold at regulated prices. Higher gold prices would boost budget revenues, offsetting revenue losses from reduced activity.
- **Financing.** Sanctioned Russian banks have been, and were expected to be, a major source of financing for large projects in the energy and mining (gold and copper) sectors. Alternative financing sources can be—and in some cases have already been—found, but this may take time.
- **Exchange rate**. During 2022 the pass-through from a depreciation of the national currency sum - UZS against the USD is estimated at about 40 percent, but this effect could be mitigated by the UZS's recent appreciation against the Russian ruble - RUB.
- **Sovereign spreads.** Spreads on Uzbekistan's bonds peaked at over 500 bps in mid-March but have since narrowed to around 400 bps (as of May 24), still somewhat higher than at the start of 2022.
- **Financial sector**. Uzbekistan's banks have well-diversified correspondent relationships and a relatively limited exposure to Russian banks. Economic agents appear to have been able to adjust relatively quickly by conducting financial transactions via non-sanctioned channels and mainly in RUB.
- **Potential upsides.** A possible relocation of production away from Russia as well as a diversification of trade and trade routes may give a boost to Uzbekistan's economy.

Inflation is expected to remain elevated this year, at close to 12%, due to surges in international food and fuel prices, as well as planned utility tariff increases. The current account deficit is projected to widen to 8.5% of GDP this year. Lower remittances are expected to be partly offset by lower import growth and higher commodity (gold) export receipts. FDI is unlikely to pick up in the near term, leaving the deficit to be financed largely by official borrowing. Depending also on the length and severity of the war, Uzbekistan's external position is assessed to be broadly in line with economic fundamentals and projected to gradually improve in the years ahead. Reserves are expected to remain more than adequate. At the end of 2021, foreign debt totaled USD 40 billion (57.8% of GDP). The year closed with a deficit of 7% of GDP. The UZS lost about 3% against the dollar.

Remittances were close to 10 percent of GDP in 2021 and stood at $9.3 billion, of which almost three quarters originated from Russia. Exchange rate in UZS per USD was at 10,820. One in six households depends on remittances as the main income source and remittances on average account for about 20 percent of total household incomes. Returning migrant workers could face considerable difficulties in finding job opportunities at home.

State owned enterprises (SOEs) dominate in important subsectors of the economy and there are currently 131 SOEs that are officially considered natural monopolies. In addition, 107 firms are described as dominant in Uzbekistan, which is defined as a market share greater than 35%. A total of 93 of these firms are SOEs (87%). Many SOEs enjoy monopolies over activities that, in other countries, are usually served by a competitive private sector, such as telecommunication, public transport, airlines, and car manufacturing. In sectors in which SOEs coexist with private sector firms, such as hospitality services, chemicals, banking, and insurance, SOEs benefit from anticompetitive advantages granted through preferential access to land, cheap state-directed financing, and preferential regulatory policies.

2 PRIORITY SECTORS AND OPPORTUNITIES FOR SWISS COMPANIES

National Development Strategy (NDS) for 2017–21 included plans to radically open and transform Uzbekistan's economy, society, and public institutions and bring 26 years of a closed, statist model to an end. Since then, Uzbekistan's reforms have proceeded with a breadth and speed that have exceeded the pace of many earlier transition economies at a similar stage of the process. Recognizing the limitations posed by the old economic model, the focus of economic reforms has been on deep structural changes to build a competitive, market-led, and inclusive private sector economy. There is also an emphasis on reducing the role of the state in economic production and refocusing the state's role as an effective public investor and enabler of the private sector. The focus of social and political reforms has been on restoring previously curtailed personal freedoms and establishing Uzbekistan as a champion of regional political, economic, and people-to-people integration. The reform agenda has also been people focused, helping to generate public support for the new course.

The government's new National Development Strategy for 2022–26 is built around the achievement of its ambitious development goals with an overarching goals of achieving upper-middle-income status (US$4,000 per capita) by 2030 and reducing poverty by half by 2026:

(a) Building a **'people's state'** through the enhancement of human dignity and the further development of a free civil society, including actions to strengthen public accountability, community-led development, and public oversight of state functions; to make public administration more digital, efficient, and citizen centric; and to strengthen parliamentary oversight of government operations
(a) Establishing the principles of **justice and the rule of law** as the most fundamental and critical conditions for development, including actions to protect property rights, ensure the rule of law and constitutional legitimacy, establish strong judicial controls, increase

access to impartial justice, and establish a more effective and citizen centric system of law enforcement to maintain public order

(b) Developing the **national economy** and ensuring high-growth rates, including actions to improve the investment climate and business environment, reduce the footprint of the state in the economy, improve agricultural and livestock productivity, attract greater private investment, strengthen outward and export orientation in the economy, increase the sustainability of energy and water resource use, and provide effective enabling infrastructure to support economic development in all regions
(c) Developing inclusive social policy and **human capital development**, including actions to increase vocational education coverage; increase access to high-quality preschool coverage; increase the quality and remuneration of teachers; increase higher education enrollment rapidly to 50%; strengthen links between industrial enterprises and scientific institutions; expand social safety nets among the population; improve the quality of health services (including high-technology services); improve the value for money of public health spending and strengthen partnerships with private health service providers; improve pharmaceutical regulations; and promote healthier lifestyles
(d) Supporting **cultural and spiritual development** and fundamental transformation in this area, including actions to transform and popularize reading and libraries, strengthen interethnic and religious tolerance, expand public investments in supporting cultural and artistic talent activities, and improve infrastructure in major cultural sites
(e) Addressing **global issues** at the national level, including actions to mitigate existing ecological issues, such as protecting the environment and improving the environmental sustainability of urban areas; establishing effective mechanisms to counteract extremism and terrorism; introducing integrity standards for public servants; increasing the efficiency of corruption prevention factors; ensuring safe, organized, and legal labor migration; and strengthening people-to-people links with Uzbekistan's diaspora
(f) Strengthening the **security and defense capacity** of the country and conducting an open, pragmatic, and active foreign policy, including actions to strengthen the defense capability; improve regional cooperation on security, trade, water, energy, transport and connectivity, and cultural and humanitarian issues; further develop relations with traditional partners; accede to the WTO and deepen integration with the Eurasian Economic Community; increase international awareness of Uzbekistan; enhance foreign policy and trade legislation; and improve the performance of Uzbekistan's representational offices abroad.

The new strategy, which was adopted by presidential resolution on January 29, 2022, is extremely ambitious. It covers all areas of state activities and thus makes it difficult to define priorities. Nevertheless, some topics have moves into the foreground:

The authorities have made important progress to improve <u>governance</u> and additional planned measures include strengthening the effectiveness of anticorruption institutions, enhancing transparency of public procurement, improving corporate governance of SOEs and reducing opportunities for corruption. Granular data on <u>SOE</u> performance, including the measurement of revenues, tax and dividend contributions, and more detailed economic analysis of SOE performance, are not publicly available. Data such as aggregate financial information and the contribution of SOEs to the economy are limited.

Over 2,000 SOEs and other public sector activities amount to about half of Uzbekistan's GDP. SOEs account for about 18 percent of employment and 20 percent of exports. State-owned assets are concentrated in fifteen large SOEs, with total assets equivalent to 57 percent of GDP in 2019.

The privatization of the 1,100 SOEs is a priority for the government under the NDS for 2022–26. According to the document, the industries and sectors, which are to be affected by the privatization processes as well as those seen as priority for attracting FDR (public-private partnerships being one of the mechanisms) include following: banks, energy supply operators (electricity, natural gas), mobile operators, fertilizer plants, digitalization of public services, geological research work, transport (low-cost airlines, toll-roads, train operators), health, education, other utility services, water management, construction of student apartments, production of firefighting equipment, building of social and sports infrastructure in residential areas and agro logistic centers. Any of these industries and sectors could be seen as an opportunity for Swiss Companies.

Demand for electricity is expected to grow at approximately 4 percent annually through 2030. Most electricity is consumed by the industrial sector (41 percent), followed by residential (24 percent), agriculture (21 percent), and commercial users (11 percent).

Natural gas accounts for 86 percent of the total primary energy supply in Uzbekistan. The diversification of Uzbekistan's electricity generation is also 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). Improving the efficiency of gas supply, diversifying the energy mix, and achieving a sustainable transition to low-carbon pathways are key priorities in the sector.

Weaknesses in the transport sector (maintenance neglect, aging rolling stock, and weaknesses in public investment and budget planning) are exacerbating the private sector growth challenges stemming from Uzbekistan's double-landlocked geography**.** Despite the economy's sensitivity to infrastructure quality and border costs, Uzbekistan has the highest transportation costs in the Central Asia region. Average shipment costs are about US$1.75 (per truck kilometer), about 32 percent more than in Kazakhstan and 23 percent more than in the Kyrgyz Republic.

The Government of Uzbekistan has recognized the importance of supporting a more sustainable and climate-friendly growth approach. Recently, it made great strides in setting environmental sustainability priorities as outlined in the 2019–30 Strategy on Transition to a Green Economy. This includes commitments to bring the share of renewables in power generation up to 25 percent by 2030 and to reduce specific greenhouse gas emissions per unit of GDP by 35 percent by 2030 from the level of 2010.

In addition, in March of 2022 Cotton Campaign has finally announced the end of its pledge, signed by 331 brands and retailers, to boycott Uzbek cotton on account of forced labor. Uzbekistan now has the potential to become a key sourcing country for cotton textiles.

3 FOREIGN ECONOMIC POLICY

3.1 Uzbekistan's policy and priorities

Uzbekistan's foreign economic policy is mainly aimed at creating favorable legal conditions for foreign direct investments (FDI). The government seeks to attract FDI in such specific sectors as banking, energy, oil and gas, manufacturing, telecommunications, transport, and agriculture - as part of the president's large-scale privatization plan.

Committed major regional economic projects include the China-Kyrgyz Republic-Uzbekistan railroad, the construction of the Yavan hydropower station co-owned with Tajikistan, the 573 km-long Termez-Peshawar railway project to access Pakistan's major seaports and a construction of Uzbekistan's first nuclear power plant jointly with Russia.

IFIs working in Uzbekistan include the Asian Development Bank (ADB) with a cumulative commitment totaling to $10.4 billion, European Bank for Reconstruction and Development (EBRD), International Finance Corporation (IFC), International Monetary Fund (IMF), Islamic Development Bank (IsDB), and the World Bank ($ 808 mln. commitment in 2022). EBRD invested almost US$ 690 million (€607 million) in 22 projects in Uzbekistan in 2021, with the country becoming the largest recipient of EBRD funds in the Central Asian region for the second year running.

The United Nations Country Team in Uzbekistan currently comprises 25 UN Agencies, Funds and Programmes working together to advance national development priorities in line with Agenda 2030 and the Sustainable Development Goals.

At the end of 2021, foreign debt totaled $40 billion (57.8% of GDP). The year closed with a deficit of 7% of GDP.

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

According to Switzerland Global Enterprise (S-GE), Swiss companies in the infrastructure, energy, food and textile industries might want to take a closer look at the Uzbek market.

In infrastructure there is a need to catch up in areas such as energy supply, road construction, railway lines and water treatment. The Water Resource Management and Irrigation Sector Development Strategy of Uzbekistan for 2021-2023 contains a set of priority measures aimed at the implementation of fundamentally new ideas and ways of further development and modernization of the sector, including the introduction of market mechanisms, information technologies and the principles of integrated water resources management, as well as strengthening of regional cooperation. Uzbekistan is interested in renewable energy, especially in the fields of water and solar energy. In order to advance these projects, large state investments are needed.

Concerning food processing the aim of the government is to improve the quantity and quality of food production and processing in order to strengthen its own products (such as milk or meat) for the local market. Finally, Uzbekistan is one of the largest cotton producers in the world. The government also wants to improve and expand production in the textile sector in terms of quantity and quality.

4 FOREIGN TRADE

4.1 Developments and general outlook

Uzbekistan has signed trade agreements with 47 countries providing most favored nation treatment. It also signed bilateral investment treaties with 49 countries, but five of them have not entered into force. The country became an observer in the Eurasian Economic Union (EAEU) in 2020 and is preparing to join the Eurasian Development Bank. As one among few countries, Uzbekistan is not a member of WTO, but is working on accession. In 2004, Uzbekistan and Russia signed a Strategic Framework Agreement that also includes free trade and investment concessions. In November 2005, the government signed the “Treaty of Alliance Relations” with Russia, with provisions for economic cooperation. Uzbekistan and Ukraine’s 2004 agreement removes all bilateral trade barriers. Uzbekistan’s membership in the CIS Free Trade Zone was formalized in 2014. Uzbekistan currently has free trade agreements with eleven countries - all of them are former members of the Soviet Union. On April 9, 2021, the European Union accepted Uzbekistan as the ninth beneficiary of its expanded General System of Preferences (GSP+) trade arrangement, which removes tariffs on two thirds (6,200 titles) of the product lines covered by GSP. On November 1, 2021, Uzbekistan became the first country admitted to the United Kingdom’s Enhanced Framework Generalized Scheme of Preferences, which allows zero import duty on more than 7,800 products made in Uzbekistan.

The “Treaty between the Government of the Republic of Uzbekistan and the Government of the United States of America Concerning the Encouragement and Reciprocal Protection of Investment” was signed in in 1994, and ratified soon thereafter by Uzbekistan’s Parliament. The U.S. government, however, has not acted to bring this agreement into force. In 2004 Uzbekistan signed the regional Trade Investment Framework Agreement (TIFA) with the U.S. Trade Representative’s Office and four of its Central Asian neighbors – Tajikistan, Turkmenistan, Kazakhstan, and the Kyrgyz Republic.

The volume of foreign trade was $37.2 billion (2020 - $36.3 billion). The main trading partners were China (23%), Russia (22%), Ukraine (15%), Kazakhstan (11%), Turkey (9%), South Korea (7%), Kyrgyzstan (3%), Germany (3%) and Turkmenistan (2%).

4.1.1 Trade in goods

As mentioned before, Russia accounts for over 20 percent of imports (mainly vegetable oils and sugar, and fuel; wheat is mainly produced locally or imported from Kazakhstan) and 12 percent of exports (mainly basic fruits and vegetables and textiles that, despite Russia's economic contraction, may still be in demand or could be sold elsewhere in the region). Logistical challenges have increased substantially, as much of Uzbekistan's external trade passes through Russia. Alternative trade routes are few and costly.

During 2021 export of goods overall stood at $14.14 billion and imports at $23.05 billion.

The foreign trade turnover of Uzbekistan amounted to $8.7 billion in January-February 2022.

4.1.2 Trade in services

No reliable data is available for the reporting period and available data is fragmented.

4.2 Bilateral trade

4.2.1 Trade in goods

The volume of trade between Switzerland and Uzbekistan is modest, primarily consisting of gold exports from Uzbekistan to Switzerland, the only importer of Uzbek gold. The volume of the bilateral gold trade amounted to CHF 2.15 billion in 2021. Switzerland primarily exports chemical end products, vitamins, diagnostic products, including active substances, industrial machinery, air and spacecraft, precision instruments and equipment to Uzbekistan.

4.2.2 Trade in services

No documented trade in services has taken place between Switzerland and Uzbekistan to this date.

5 DIRECT INVESTMENTS

5.1 Developments and general outlook

The National Development Strategy for 2022-2026 aims to take measures to attract $120 billion, including $70 billion in foreign investment, over the next five years.

Uzbekistan's laws and regulations are highly fragmented, which deters investors and increases the risk of corruption. They consist of presidential decrees and resolutions, laws of Parliament, cabinet-level and ministerial resolutions, and 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.

Although efforts to counter this problem are made (see above chapter 2), Uzbekistan lags well behind regional peers in general perceptions about the rule of law as well as in the protection of property rights. At least 13 different legal regulatory documents pertain specifically to FDI in Uzbekistan. The ability of individual investors to obtain an investment-specific regulatory framework creates an unleveled playing field. SOEs enjoy preferential access to land, infrastructure, credit, state support, contracts, and, until recently, foreign exchange. There are significant differences between measured indicators of Uzbekistan's performance against investors' actual experiences in resolving legal issues. Uzbekistan ranks 92nd among 128 countries in the World Justice Project's rule of law index and has one of the lowest scores in Europe and Central Asia. Although scores have recently improved in areas such as regulatory enforcement and civil and criminal justice, progress in other dimensions is much slower.

Despite the goal and the efforts to increase FDI, since 2018, the government and SOEs - including state-owned banks—have expanded external borrowing, most of which is long term. The main inflows represent loans and international bond issuances, and FDI. On average during 2019–21, net FDI inflows equaled about 3.25 percent of GDP, net loans about 11.25 percent of GDP and portfolio flows (bonds) about 2.5 percent of GDP.

While official borrowing at concessional rates dominates external borrowing, borrowing at market terms has been increasing. The government and five state-owned companies (including three banks) have placed Eurobonds in the last three years that were heavily oversubscribed. In addition, state-owned banks increased borrowing from international commercial banks, official development banks, and IFIs, which increased the banking sector external debt from less than 2 percent of GDP in 2018 to about 10.5 percent of GDP in 2021.

In the near term, FDI inflows are expected to remain modest and official external borrowing will likely expand, but at lower speed. The government plans to continue tapping the sovereign bond market, provided spreads narrow again, and multilateral institutions remain supportive by providing additional loans to the government for budget financing and investment projects. However, external borrowing has been increasing fast-notably in the banking sector-and more robust debt management is needed to keep risks low.

Despite improvements in recent years, FDI inflows remain constrained by the inefficient and heavily controlled factor markets and the slow pace of the reforms in reducing state ownership and monopolies over FDI-attractive sectors, such as telecommunications, banking, chemicals, and aviation.

5.2 Bilateral investment

Some 30 Swiss companies are active in Uzbekistan. The two biggest Swiss investors are Rieter (textile machines) and Pro Alpina AG (mountain resort). Other companies represent such sectors, as services (mainly transportation and logistics), chemicals and pharmaceuticals, food and others.

6 ECONOMIC AND TOURISM PROMOTION

6.1 Swiss foreign economic promotion instruments

Swiss companies are supported 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). Its 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. The Embassy of Switzerland in Tashkent offers a selection of basic services comprising information, advice, referral, support for events and delegations, and consular protection.

The Joint Chamber of Commerce of Switzerland (JCC) also promotes private-sector business exchanges.

6.2 Uzbekistan's interest in Switzerland

The good relations between Switzerland and Uzbekistan are largely based on cooperation in international financial institutions and on the Swiss Cooperation Programme of Central Asia 2022-2025. Switzerland also maintains regular political dialogue with Uzbekistan, which is an important partner in water diplomacy.

Switzerland is not a top tourist destination for people from Uzbekistan and there is no relevant data available on tourism-related visits.

Mr. Ulugbek Kasimkhodjaev, 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. Mr. Kasimkhodjaev asked for his contact information to be included in this Economic Report and he can be reached at following addresses:

Investment Promotion Agency
Ministry of Investments and Foreign Trade
of the Republic of Uzbekistan
34, Taras Shevchenko Street
100029 Tashkent
Uzbekistan

E-mail: director@invest.gov.uz
Phone: +998 71 202 0221

ANNEX 1 – Economic structure

Economic structure of Uzbekistan

	2020	2021	2022
Distribution of GDP			
Industry	36.4	25.8	n/a
Agriculture, forestry and fisheries	28.1	25.0	n/a
Services	35.5	49.2	n/a
- of which public services	**n/a**	**n/a**	**n/a**

Distribution of employment			
Industry	23.6	14.0	14.0
Agriculture, forestry and fisheries	27.1	25.8	26.0
Services	49.5	60.2	60.0
- of which public services	**n/a**	**n/a**	**n/a**

Source: State Committee of the Republic of Uzbekistan on Statistics @ http://nsdp.stat.uz/

ANNEX 2 – Main economic data

Uzbekistan's main economic data

	2021	2022	2023
GDP (USD bn)	69.24	77.66	92.12
GDP per capita (USD)	2,002	2,072	2,275
Growth rate (% of GDP)	7.4	3.4	5.0
Inflation rate (%)	10.0	12.1	11.3
Unemployment rate (%)	9.5	10.0	9.5
Fiscal balance (% of GDP)	-6.2	-4.4	-3.4
Current account balance (% of GDP)	-7.0	-8.3	-7.2
Total external debt (% of GDP)	57.8	61.2	59.0
Debt-service ratio (% of exports)	8.4	6.3	6.9
Reserves (months of imports)	14.6	12.7	10.7

Source: IMF, Article IV Consultation [June 2022]

- https://www.imf.org/en/Publications/CR/Issues/2022/06/22/Republic-of-Uzbekistan-2022-Article-IV-Consultation-Press-Release-Staff-Report-and-519919

ANNEX 3 – Trade partners

Trade partners of Uzbekistan **Year: 2021**

Rank	Country	Exports *from Uzbekistan* (USD million)	Share	Change[1]	Rank	Country	Imports *to Uzbekistan* (USD million)	Share	Change[1]
1	**China**	**1,744.42**	**12.3%**		**1**	**Russia**	**5,350.48**	**23.2%**	**+1**
2	**Russia**	**1,703.96**	**12%**		**2**	**China**	**4,879.50**	**21.2%**	**-1**
3	**Turkey**	**1,638.93**	**11.6%**		**3**	**Kazakhstan**	**2,712.13**	**11.8%**	
4	**Kazakhstan**	**1,025.62**	**7.2%**		**4**	**South Korea**	**1,744.95**	**7.7%**	
5	**Kyrgyz Rep.**	**776.56**	**5.5%**		**5**	**Turkey**	**1,661.62**	**7.2%**	
6	**Afghanistan**	**511.09**	**3.6%**		**6**	**Turkmenistan**	**688.91**	**3.0%**	**+4**
7	**Tajikistan**	**329.68**	**2.3%**		**7**	**Germany**	**657.41**	**2.9%**	**-1**
8	**Ukraine**	**225.62**	**1.6%**	**2**	**8**	**Ukraine**	**472.74**	**2.1%**	**+5**
9	**Sudan**	**199.67**	**1.4%**	**90**	**9**	**India**	**460.33**	**2.0%**	
10	**Iran**	**167.96**	**1.2%**	**-1**	**10**	**Lithuania**	**442.32**	**1.9%**	**-3**
30	***Switzerland***	**17.21**	***0.12%***	***+7***	***23***	***Switzerland***	***134.40***	***…%***	***+1***
	EU (n/a)	**…………**	**…%**	**…%**		**EU (n/a)**	**…………**	**…%**	**…%**
	Total	**14,142**	**100%**	**…%**		**Total**	**23,046**	**100%**	**…%**

Source(s): IMF DATA

[1] Change from the previous year in rank

ANNEX 4 – Bilateral trade

Bilateral trade between Switzerland and Uzbekistan

	Export (CHF million)	*Change (%)*	**Import** (CHF million)	*Change (%)*	**Balance** (in million)	**Volume** (in million)
2017	111.66	6.3	3618.83	29.1	-3507.17	3730.49
2018	114.80	2.8	2425.59	-33.0	-2310.79	2540.39
2019	111.12	-3.2	2593.15	6.9	-2482.03	2704.27
2020	64.79	-41.7	5.88	-99.8	58.91	70.67
2021	**84.57**	**30.5**	**2185.01**	**>999.9**	**-2100.44**	**2269.58**
*(Total 1)**	84.57	*30.5*	2.55	*146.9*	82.02	87.12
2022 (I-VI)**	**41.14**	**30.5**	**2761.41**	**>999.9**	**-2720.27**	**2802.55**

*) ‘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	**2020-1** (% of total)	**2021-2** (% of total)
1. Chemical end products, vitamins, diagnostic products, including active substances	37.3	49.4
2. Industrial machinery	28.0	12.6
3. Air and spacecraft	–	11.5
4. Precision instruments and equipment	6.7	6.9

Imports	**2020-1** (% of total)	**2021-2** (% of total)
1. Precious metals (including gold and silver bars)	99.9	99.9
2. Basic materials of paper production	0.01	0.02
3. Food, beverages and tobacco	0.01	0.01
4. Articles of apparel and clothing	0.01	0.01

Source: Federal Office for Customs and Border Security

ANNEX 5 – Main investing countries **(data is not available)**

Main investing countries in Uzbekistan **Year:**

Rank	**Country**	**Direct investment** (USD, stock)	**Share**	**Variation** (stock)	**Inflows over past year** (USD)
1	………..	………..	..%	+/- …%	….
2	………..	………..	..%	+/- …%	….
3	………..	………..	..%	+/- …%	….
4	………..	………..	..%	+/- …%	….
5	………..	………..	..%	+/- …%	….
6	………..	………..	..%	+/- …%	….
7	………..	………..	..%	+/- …%	….
8	………..	………..	..%	+/- …%	….
9	………..	………..	..%	+/- …%	….
10	………..	………..	..%	+/- …%	….
…	EU	………..	..%	+/- …%	….
…	*Switzerland*	………..	*..%*	+/- …%	….
	Total	………..	100%	+/- …%	

Source(s):