

Uzbekistan: Market Profile

Major Economic Indicators

	2015	2016	2017**
Population (000)	30,971 [#]	31,343 [#]	31,719
GDP (US\$ bn)	65.403 [#]	66.502 [#]	68.324
Real growth (%)	8.0 [#]	7.8 [#]	6.0
GDP per capita (US\$)	2,112 [#]	2,122 [#]	2,154
Inflation – CPI index	8.5% [#]	8.0% [#]	8.6%
Unemployment rate	N.A.	N.A.	N.A.
Exports (US\$ bn)	10.000 [#]	10.000 [#]	N.A.
YoY growth (%)	-13.0 [#]	0 [#]	N.A.
Imports (US\$ bn)	11.500 [#]	11.500 [#]	N.A.
YoY growth (%)	-11.5 [#]	0 [#]	N.A.
Average exchange rate (UZSom per US\$)	2,569.43	2,969.40	3637.95 ^{##}

Note: # estimate, ## Jan-Jul 2017, ** forecast

Source: IMF, WTO, The Central Bank of the Republic of Uzbekistan

- Highly focused on the growing and processing of cotton, fruits, vegetables and grain (wheat, rice and corn), Uzbekistan, is also a world leader in terms of its gas, coal and uranium reserves. The nation's 30 million-plus population makes it the most populous country in Central Asia (accounting for 45% of the total population in Central Asia in 2016). This, however, has not led to the formation of a lucrative consumer market, despite the country enjoying average GDP growth of more than 8% per annum over the past decade.
- In terms of economic development, it has often been said that Uzbekistan lags behind many other Eurasian nations – notably Russia and Kazakhstan – by as much as 20 years. Its lack of modern infrastructure and its myriad of state controls and regulations with regard to foreign exchange and customs have made Uzbekistan less competitive in the global trading and investment environment. Crucially, it has also been seen as a less attractive trading partner than Kazakhstan, its immediate neighbor.
- In order to remedy this, in May 2015, the Uzbek government announced a five-year plan to modernise its industry and develop new infrastructure. In total, this will involve investment of US\$55 billion in 900-plus new projects in the gas and petrochemical sectors, as well as the construction of new roads and airports. This – together with the signing of various bilateral and multilateral cooperation agreements, most notably a June 2015 undertaking regarding enhanced economic cooperation with China as part of the Belt and Road Initiative (BRI) – intends to reboot the country's economy and bring its infrastructure up to speed.
- Following years of close trade and business ties, the Sino-Uzbek relationship has continued to improve dramatically. In late 2013, the Uzbek government signed some



US\$15-billion of investment deals with regard to the exploitation of oil, gas and uranium fields. More recently, a new agreement was signed with China in June 2015. This will focus on the extension of economic co-operation as part of BRI and will see increased bilateral co-operation in a number of sectors, including business, transportation and telecommunications. Bulk stock trading, infrastructure construction and the development of industrial park projects are also covered under the terms of the agreement.

- The rapid development and extension of Uzbekistan's railway and road networks, including a 19kilometre railway tunnel connecting the capital city, Tashkent, with the populous Ferghana Valley, is an early sign of the success of this initiative. As one of the developing countries along the Belt and Road and a founding member of the Asia Infrastructure Investment Bank (AIIB), Uzbekistan has been keen to rapidly improve its railway network and has been ordering locomotives from manufacturers on the Chinese mainland.
- As one of the only two double-landlocked countries in the world (with its closest access point to open sea being located nearly 3,000 km away), Uzbekistan relies almost exclusively on its land connections with Kazakhstan (in the north and northwest), Kyrgyzstan and Tajikistan (to the east and southeast), Turkmenistan (southwest) and Afghanistan (south). The Latvian seaport of Riga, however, is the most important transit point for Uzbek commodity exports (oil and oil products, fertilizers and automobiles), with some Uzbek companies even owning warehouses in the port. The Iranian ports, by contrast, are mainly used for raw cotton exports.
- Straddling many of the shortest transit routes connecting Europe and Asia, Uzbekistan is located at the heart of Transport Corridor Europe–Caucasus–Asia (TRACECA) and three of the six Central Asia Regional Economic Cooperation (CAREC) corridors, namely (i) Corridor 2-a, 2-b (Mediterranean–East Asia), (ii) Corridor 3-a, 3-b (Russian Federation–Middle East and South Asia), and (iii) Corridor 6-a, 6-b, 6-c (Europe–Middle East and South Asia). Dating back to Soviet times, rail and road transport have been the country's key and cheapest means of transport. According to current estimates, some 95% of cargo travelling through or to Uzbekistan still travels by road or rail.
- The inflows of foreign direct investment (FDI) to Uzbekistan exceeded US\$65 million in 2015, with China contributing US\$128 million. As of the end of 2015, China's total stock of FDI to Uzbekistan topped US\$882 million, up from less than US\$15 million in 2006. Investment from Hong Kong, though, is far from significant.
- The Uzbek government has carried out several reforms in taxation and foreign investment to attract investment. For instance, to facilitate the smooth set-up of business, the government abolished the paid-in minimum capital requirement and eliminated the requirement to have signature samples notarised before opening a bank account in 2014. More information on starting a business and investing in Uzbekistan, covering tax and accounting systems, investment policy, FDI notification and registration can be found at the [Authority for Foreign Investment of the Republic of Uzbekistan](#).



(US\$ million)	2015		2016		Jan-Jun 2017	
	Value	Growth	Value	Growth	Value	Growth
Total Exports	21.656	-45.1	18.510	-14.5	4.719	-30.3
Domestic exports	0.001	-98.2	0.002	+216.0	Nil	-100.0
Re-exports	21.656	-45.1	18.508	-14.5	4.719	-30.3
Imports	2.158	-84.5	1.379	-36.1	0.594	+1.5
Total Trade	23.814	-55.4	19.889	-16.5	5.313	-27.8

Source: Hong Kong Trade Statistics, Census & Statistics Department

More Information

More information on the Belt and Road countries' economic and investment environment, tax and other subjects that are important in considering investment and doing business are available in [The Belt and Road Initiative: Country Business Guides](#).

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