Economic Development and Industrial Policy of Uzbekistan: Principle Directions

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Republic of Uzbekistan
Main macroeconomic parameters

Growth rate of GDP (%)

- 2002: 4.0%
- 2003: 4.4%
- 2004: 7.7%
- 2005: 7.0%
- 2006: 7.3%
- 2007: 9.5%
- 2008: 9.0%
- 2009: 8.1%
The main Macroeconomic parameters (continued)

Structure of GDP (in % to previous year)

The chart shows the structure of GDP for the years 2000 and 2009, categorized into industry, agriculture, construction, service, and taxes. The percentages are as follows:

- **2000 Year**
  - Industry: 13.8%
  - Agriculture: 30.4%
  - Construction: 6.1%
  - Service: 27.2%
  - Taxes: 12.7%

- **2009 Year**
  - Industry: 24%
  - Agriculture: 18%
  - Construction: 7%
  - Service: 44%
  - Taxes: 7%
The main Macroeconomic parameters
(continued)

<table>
<thead>
<tr>
<th>Year</th>
<th>Budget balance (% to GDP)</th>
<th>Inflation rate (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2002</td>
<td>101,0</td>
<td>7,4</td>
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<tr>
<td>2003</td>
<td>103,8</td>
<td>6,8</td>
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<tr>
<td>2004</td>
<td>107,0</td>
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<td>2005</td>
<td>103,1</td>
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<td>2006</td>
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<td>2007</td>
<td>120</td>
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<td>2008</td>
<td>128</td>
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<td>2009</td>
<td>130</td>
<td>7,4</td>
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</table>
Dynamics of growth rate of industrial output and share of the industry in GDP
High rates of investments into economy

Growth of investments (%)

- Budgetary funds
- Funds of the enterprises
- Foreign investments and credits under guarantee of the Government
- Foreign direct investments and credits
- Other funds

Comparison between 2000 and 2009:
- Budgetary funds: 30% in 2000, 7.7% in 2009
- Funds of the enterprises: 26% in 2000, 36.3% in 2009
- Foreign investments and credits: 18% in 2000, 5% in 2009
- Foreign direct investments and credits: 3% in 2000, 27.4% in 2009
- Other funds: 23% in 2000, 23.6% in 2009
High investment activity of entrepreneurs and the population

Structure of the sources of Investments

- Budgetary funds
- Funds of the enterprises
- Foreign investments and credits under guarantee of the Government
- Foreign direct investments and credits
- Other funds
The Anti-crisis program of the Republic of Uzbekistan

Compensation of losses from negative consequences of influence of global financial and economic crisis

Support of enterprises - exporters in maintenance of their competitiveness in foreign markets in conditions of deterioration of the current conjuncture

Stimulation of domestic demand for maintenance of industrial outputs, employment and incomes of the population

Realization of measures on decreasing production costs at the enterprises and production price not less, than to 20 %, implementation of a rigid economy effort
<table>
<thead>
<tr>
<th>Measures of support of enterprises - exporters</th>
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</thead>
<tbody>
<tr>
<td>Re-structuring of debts against the budget and off-budget funds with charge-off penalty fee, and also debts on the electric power, natural gas and municipal services (in 2009 (6 M) – 9 enterprises to 55,9 billion sum)</td>
</tr>
<tr>
<td>Restriction of a price rise on natural gas, the electric power and water for entrepreneurs within 2009 no more than 6-8 %</td>
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<td>Reduction to 20 days of term of return of the VAT to exporter of products, and also simplification of the mechanism of return of the VAT (in 2009 (6 M) returned 20,6 bln.sum)</td>
</tr>
<tr>
<td>Prolongation of tax privileges for exporters, manufacturing finished textile products, increase the terms of bank guarantees for purchasing cotton - fiber</td>
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<td>Short term reduction of a ratio of amortized deduction, as far as discontinuance of their charge</td>
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<td>Increasing in volumes and reduction in the rate of crediting of exporters under turnover means (in 2009 (6 M) allocated 83,1 bln.sum)</td>
</tr>
<tr>
<td>Re-structuring of debts of the enterprises which have carried out last two years at the expense of bank credits for technical modernization (in 2009 (6 M) – 41 enterprises to 54,3 bln.sum, 64,7 mln. USD, 7,8 mln. Euro)</td>
</tr>
</tbody>
</table>
The Anti-crisis program of the Republic of Uzbekistan
(continuation)

Increasing competitiveness of the country
In intermediate term and long-term prospect

- Adopted program of technical modernization and reconstruction of manufacture for 2009-2014, containing 852 projects with total cost of USD 42.5 billion
- Additionally developed three big programs of modernization of railway transportation, electric power industry and the tunning-shoe industry with the beginning of realization of these programs in 2009
- Acceleration of realization of some major strategic projects in sphere of electric power industry, oil-gas-chemical, iron and steel industry
- Allocation of additional public funds in volume of about 500 billion sum for increasing the authorized capitals of banks, with a target direction of the specified means for realization of investment projects
- Worked out energy saving program, providing the accelerated outlet and replacement of the power-intensive equipment to energy saving, full automation of accounting system, and also application of alternative sources of the electric power
About 200 hydrocarbon deposits have been discovered in Uzbekistan including:
- more than 50% are under development
- 35% - prepared for development
- exploration works are underway at 15%.

Natural gas reserves in Uzbekistan exceed 8 trillion cubic meters.
Liquid hydrocarbon reserves are estimated to exceed 1 billion tons.
Reserves of explored minerals over the territory of Uzbekistan are estimated by international experts in USD 1.9 trillion, while the total mineral & feedstock potential of Uzbekistan - in USD 11 trillion.

Uzbekistan takes leading position in the world for its reserves and expected resources of a number of most important minerals such as gold, uranium, copper, potassium salts, phosphorites, kaolin, etc.
Elements of Periodic Table in Uzbekistan

<table>
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<tr>
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<th>I</th>
<th>II</th>
<th>III</th>
<th>IV</th>
<th>V</th>
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</table>

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About 600 explored deposits of construction raw materials including:

- Building stone blocks – 30 deposits;
- Cement – 30;
- Raw limestone – 25;
- Silicate – 25;
- Gypsum – 13;
- Raw glass – 5;
- Sand and gravel – 75;
- Brick and ceramics – 200;

And huge reserves of marble and granite.

List of Deposits and Future Sites for Construction of Cement Factories

1. Karakalpakstan, Karauzak rayon (limestone – proven reserves – 22.36 mln. tons, iron containing ores – 4.0 mln. tons).
2. Jizzakh oblast, Zafarobod rayon (limestone - 200 mln.tons).
4. Surkhandarya oblast, Sherabad rayon (limestone – 122.3 mln. tons, iron containing ores - 5 mln. tons, gypsum – 1.5 mln. tons).
Textile companies in Uzbekistan

- Process 30% of cotton fiber
- Produce about 200,000 tons of cotton yarn
- Manufacture more than 300 mln rm. of cotton fabrics and 2.5 mln. sq. m. of carpets
- Amount of projected sales of textile products exceeds USD 1 billion
Multi-tier sector features more than 30 companies

Sector produces more than 67% of electrical goods in Central Asia, including equipment for cotton and silk industry of Uzbekistan

Opportunities for investors to joint manufacturing of printing boards, electrical modules, computers, TV-sets, DVD-players, and other household appliances
More than 90 pharmaceutical companies in Uzbekistan, producing pills, capsules, galenics, salines, bandages, gauze, etc.
Uzbekistan has solid potential for processing agricultural produce:

- One of the biggest producers of fresh fruits and vegetables in the world
- One of five major producers of tomato paste worldwide
- Available raw material resources to process about 10 mln. tons of fruits and vegetables
THANK YOU FOR YOUR ATTENTION!!!