

UZBEKISTAN

In contrast with the majority of the CIS countries, Uzbekistan has adopted a “gradual” approach to transition and state-led development aimed at import substituting industrialization and energy and food self sufficiency. This approach resulted in a less painful economic and social transition than experienced in most countries of the CIS and, in recent years, strong macroeconomic performance.

The government’s approach has relied heavily on the use of state controls, planning and direct interventions in many sectors of the economy, foreign exchange and trade restrictions, directed and sometimes subsidized credits to selected sectors, and large public investments. Uzbekistan made progress in increasing self-reliance in both energy and foodstuffs, and has been pursuing a policy of “localization,” i.e. encouragement and protection of domestic production. In recent years this policy appears to have been successful in increasing value added in industry from 14% of GDP in 2001 to 22% in 2008.

The consolidated fiscal position has strengthened in 2008, supported by strong revenue from the commodity sector, in particular due to an increase in gold prices and large increases in export prices of gas negotiated with Uzbekistan’s main gas buyer. A budget surplus was achieved despite the government’s deliberate policy of reduction of tax burden on the non-commodity sector.

Despite strong growth of exports in 2002-08, the government continues to administratively manage and discourage imports (especially of consumer goods) through restrictions on convertibility, high tariff/non-tariff protection and restrictive trade regulations. Although Uzbekistan entered into the global financial and economic crisis with a limited financial vulnerability and strong national fiscal and external position, the country is still feeling the effects as it is linked to global markets through three channels: capital, products, and labor. In late 2008 and during 2009 the government of Uzbekistan adopted and started implementing its anti-crisis program of measures for 2009-2012 estimated at around 4% of GDP.

State Joint-Stock Railway Company “Temir Yollari” was founded on November 7, 1994 on the basis of the former Central Asian Railway, located on the territory of the Republic of Uzbekistan. At present the structure of the

company reformed radically. Particular attention is given to privatization of individual regions.

Uzbekistan carries on intensive construction of new railway lines, such as the direct railway line from Karshi to Termez via Guzar, Baysun, and Kumkurgan. Tashkent - Samarkand railway line has been fully reconstructed and electrified too. The construction of the 130 km railway branch line Angren - Pap through the long and hard-to-build tunnel under Kamchik mountain pass will provide for the outlet to Fergana Valley.

Background figures in railways (2009):

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|-------------------------------------|
| 4,230 km length of lines |
| 589 km electrified lines |
| 15 x 1 000 000 passengers carried |
| 2,632 x 1 000 000 passenger-km |
| 79 x 1 000 000 tonnes carried |
| 24,238 x 1 000 000 tonne-kilometres |

Economics

| | 2008 | 2009 |
|--|-------|-------|
| GDP (current billions US\$) | 27.91 | 32.81 |
| GDP growth (annual %) | 9 | 8 |
| Exports of goods and services (% of GDP) | 42 | 40 |
| Imports of goods and services (% of GDP) | 32 | 32 |
| Industry, value added (% of GDP) | 31 | 32 |

Ease of Doing Business Rank 2010

| | |
|-------------------------------|----------|
| World | rank 150 |
| Eastern Europe & Central Asia | rank 26 |

