

Top Investment News



CBU cuts the policy rate 100 basis points to 14%

Although headline inflation remained flat at 12.2% in January and February 2023, the Central Bank of Uzbekistan (CBU) pointed to falling core inflation, which dropped from 13.8% in December to 13.2% in February, as evidence of declining price growth. According to the CBU, the hiking policies of major central banks, increased volatility in financial and commodity markets, and uncertainty in the global banking sector presented risks for Uzbekistan's economy, which had already materialized in January with slowing growth in the retail trade, industrial production, and construction sectors.

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MEF to raise USD 900 million from privatization of state-owned assets

In addition to the projected 2023 budget deficit, which accounts for 3% of GDP, Uzbekistan is facing debt payments of UZS 19.2 trillion (USD 1.7 billion), which the Ministry of Economy and Finance (MEF) plans to fund through local bond issues (UZS 17 trillion), international borrowing and Eurobond issuance (UZS 17.3 trillion), and loans for the implementation of state programs (UZS 7.8 trillion). MEF forecasts Uzbekistan's GDP will grow 5.3% in 2023, 5.6% in 2024, and 6% in 2025 and expects total foreign trade turnover to rise from USD 58.6 billion in 2023 to USD 78.7 billion in 2025. The budget also estimates that Uzbekistan's public debt will fall from 36.2% of GDP in 2022 to 35.7% in 2023 despite a 10% increase borrowing to USD 32.1 billion.

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With help of EBRD finance, Ukraine's YURiA-PHARM makes Uzbek acquisition.

A leading Ukrainian pharma company, YURiA-PHARM, has acquired Reka-Med, a pharmaceutical company in Uzbekistan, with the help of €10 million of finance repurposed from an existing loan made by the European Bank for Reconstruction and Development (EBRD).

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JBIC joins financing for power plant in Uzbekistan

Japan Bank for International Cooperation (JBIC) has signed a USD396 million project loan agreement in project financing with Enersok Foreign Enterprise for a natural gas-fired combined cycle power plant in Uzbekistan. Enersok will build, own, and operate an approximately 1,600-megawatt natural gas-fired combined cycle power plant in the Syrdarya region in Uzbekistan. The electricity produced by the plant will be sold to Uzbek state-owned power company JSC "National Electricity Grid of Uzbekistan" under a 25-year power purchase agreement.

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EBRD approves USD 10 million loan for Uzbek SMEs through Davr Bank

The provision of a senior loan of USD10 million equivalent to Davr Bank to be used for on-lending to eligible micro, small and medium-sized enterprises (MSMEs) in Uzbekistan. The proceeds of the loan will help Davr Bank to continue supporting eligible MSMEs in Uzbekistan. At least 35 per cent of each tranche of the EBRD loan is expected to be on-lent to women-led MSMEs.

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Local Markets



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The State Assets Management Agency (UzSAMA) announced two privatization deals

The stake in “**Uzbekkimyomash zavodi**”, which produces equipment for the chemicals and oil and gas sectors, was sold to Tropidia Holding B.V. (the Netherlands) for UZS 37 billion (USD 3.2 million). Control of “**Elektrqishloqqurilish**”, an electrical infrastructure construction company, was purchased by Ural Energy Construction Company (Russian Federation) for UZS 93.2 billion (USD 8.1 million).



Vietnamese food company to set its production in Tashkent Region

Mareven Food Holdings, a Vietnamese company specializing in instant noodles, is going to build a food plant in Uzbekistan. This \$125 million facility will produce instant noodles, non-alcoholic beverages, dehydrated vegetables and chips, according to the country's Ministry of Investments, Industry and Trade.

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Экспорт. Пшеница и меслин. Январь–декабрь 2022

	2022/12		2021/12		Рост за год	
	тыс. тонн	млн долл. США	тыс. тонн	млн долл. США	тыс. тонн	млн долл. США
Всего	6 345,7	1 920,4	5 786,2	1 435,5	9,7%	33,8%
Страны СНГ	4 656,5	1 379,7	4 154,3	999,2	12,1%	38,1%
Узбекистан	2 991,1	824,8	2 761,7	624,3	8,3%	32,1%
Таджикистан	986,7	309,9	967,2	239,7	2,0%	29,3%
Туркменистан	336,5	123,0	223,8	70,1	50,4%	75,4%
Азербайджан	291,6	95,9	89,5	26,0	225,9%	268,8%
Россия	45,3	24,6	87,0	33,5	-48,0%	-26,5%
Кыргызстан	5,3	1,5	24,8	5,5	-78,8%	-73,3%
Беларусь	-	-	0,5	0,2	-	-
Остальные страны мира	1 689,2	540,7	1 631,9	436,3	3,5%	23,9%
Афганистан	686,7	194,3	572,6	131,6	19,9%	47,7%
Иран	575,5	190,7	555,1	147,6	3,7%	29,2%
Италия	225,8	85,1	205,2	71,2	10,0%	19,5%
Турция	110,9	32,0	70,3	17,8	57,8%	79,6%
Китай	36,6	13,9	165,5	43,8	-77,9%	-68,4%
Латвия	16,6	7,9	9,9	3,9	67,3%	100,7%
Польша	14,2	8,1	2,6	1,4	446,6%	473,2%
Прочие	22,9	8,6	50,6	18,9	-54,7%	-54,3%

Источник: Бюро национальной статистики АСПиР РК

EnergyProm

Uzbekistan became the top importer of Kazakh wheat, purchasing nearly 3 million tons

The volume of Uzbekistan's wheat imports from Kazakhstan in 2022 increased 8.3% yoy while the total cost rose 32.1% and accounted for 64% of Kazakhstan's total wheat exports to the CIS region.

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KazTransOil starts shipping Russian oil to Uzbekistan

Kazakhstan's national transporter “KazTransOil” has started shipping 25 thousand tons of Russian oil for transit through the territory of Kazakhstan to Uzbekistan en route “Omsk - Pavlodar - Shymkent - oil loading rack Shagyr” (loading into railway tanks). In 2023, the volume of Russian oil transit to Uzbekistan via Kazakhstan is expected to reach 250 thousand tons.

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Online banking dynamics

The number of users of online banking services increased to 30 million, including 1.2 million businesses and 29 million individuals, with the volume of online transactions totaling UZS 146 trillion (USD 13 billion). According to the CBU, bank customers deposited UZS 21.9 trillion (USD 1.9 billion) and paid off UZS 8.2 trillion (USD 722.9 million) using mobile banking apps.

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Uzbekistan to attract investments worth USD11 billion

President of Uzbekistan Shavkat Mirziyoyev held a meeting on investment, export and international cooperation last week. According to the information voiced at the meeting, the number of enterprises-exporters has increased from 4,5 thousand to 7,2 thousand over the last five years. The range of exported products has also expanded from 1,5 thousand to almost 3 thousand and the export geography from 139 to 164 countries. Around USD11 billion of direct foreign investments are planned to be attracted this year alone establishing 12,000 new projects worth 23 billion USD.

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Interview with EBRD Managing Director for Central Asia: on the economy, energy, banking sector and privatization

Zsuzsanna Hargitai told Spot what the year 2022 was like for Uzbekistan, what projects are underway in the energy sector and what will happen to bank privatization. Hargitai pointed to liberal reforms as the key growth drivers for Uzbekistan in the coming years, while singling out inflation, volatile commodity prices, rising borrowing costs as major risks.

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Ramping up green energy to help reduce reliance on fossil fuels

From January to February, solar power plants in the Navoi and Samarkand regions generated 55 million kWh of electricity, saving 15 million cubic meters of natural gas and providing electricity for 140,000 households, according to the Ministry of Energy. Uzbek authorities hope that ambitious investments in renewable energy generation, including plans to bring online solar plants with a total capacity of 5 GW and wind plants with a total capacity of 3 GW in the near future, will alleviate pressures on the country's strained energy infrastructure and decrease dependence on natural gas and coal.

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German companies to establish a tire recycling plant in Uzbekistan

German companies Matteco GmbH and Selfus met with Uzbek diplomatic mission in Frankfurt to discuss a joint venture for a tire recycling plant in Uzbekistan. Heads of the two German companies plan to travel to Uzbekistan before establishing a plant for the recycling and processing of old tires for use in photovoltaic panels, drip irrigation houses, and agricultural geogrids.

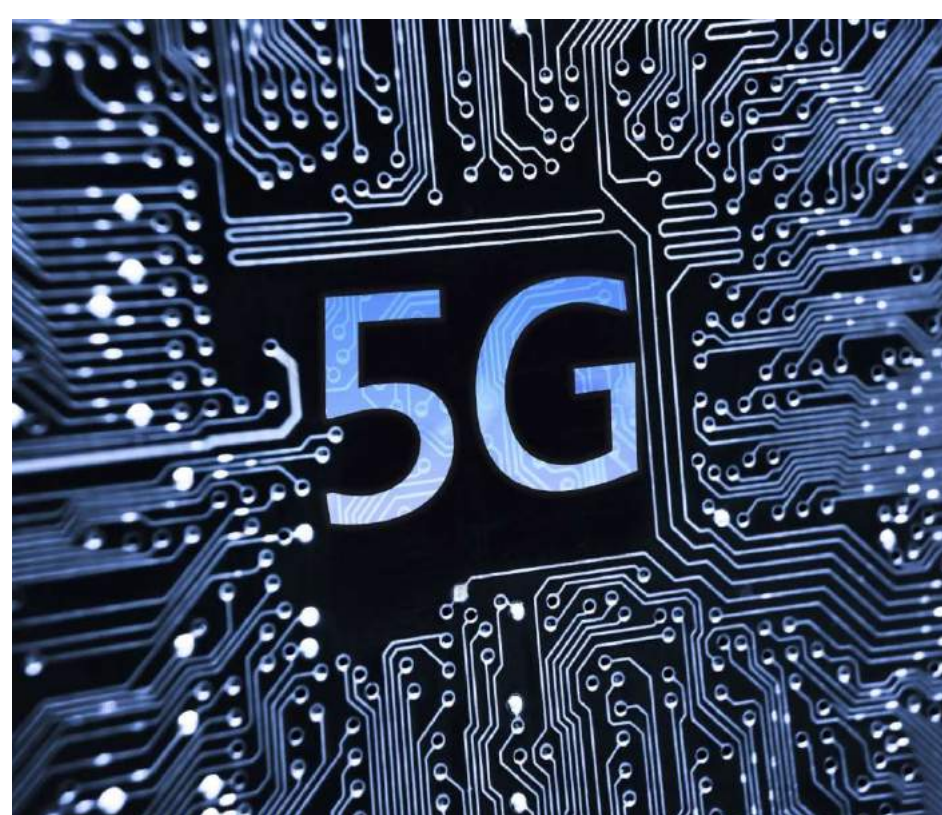
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The CBU granted licenses to two new banks, bringing the total number of registered banks to 34

Apex Bank is part of the Apex group, which owns insurance company Apex Insurance, Uzbekistan's largest insurer by net premiums written in 2022, while Hayot Bank reportedly plans to operate as a digital bank while also providing financing and investment services.

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Uzbekistan introducing 5G technology

"Uzbektelecom" announced plans to begin the fifth-generation mobile roll out throughout Uzbekistan as of March. As part of the project, existing mobile base stations will be modernized and new ones will be installed. At the first stage, the 5G network will fully cover Tashkent and partially Nukus and provincial centers.

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IsDBI helping Uzbekistan to build a resilient Islamic finance industry

Technical mission from the Islamic Development Bank Institute (IsDBI) visited Uzbekistan to assess the progress of on-going projects in Uzbekistan and to pilot the Islamic Finance Country Assessment Framework, a newly developed tool that allows for the assessment of a country's Islamic financial ecosystem. The assessment aims to assist the IsDBI in identifying and addressing the priority needs of the member countries for building a successful Islamic finance industry.

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Chinese energy companies to help build wind farms in Jizzakh Region

Ministry of Energy and Chinese companies China Huadian Overseas Investments, China National Electric Engineering Company and SANY Renewable Energy to study the possibilities of building wind farms with a capacity of up to 1,000 MW in Jizzakh region. Within the framework of agreement Chinese companies will attract direct investments in the amount of \$1 billion to Uzbekistan.

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The Rothschilds to take part in the banking and financial sector's privatization efforts

A group from Rothschild & Co., led by Managing Director and Supervisory Board member Baroness Arielle de Rothschild visited Uzbekistan to meet with the leadership of the Agency for Strategic Reforms under the President of the Republic of Uzbekistan. The parties discussed opportunities for cooperation and the use of the company's experience in implementing privatization programs, current trends in the field of international investment activity, as well as the vision for the privatization of key assets of the Republic of Uzbekistan.

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Government & Regulations



List of enterprises to be privatized through “people’s IPO” published

President Mirziyoyev signed a resolution “On additional measures to reduce state participation in the economy”. The document approves conditions for the privatization of shares of 40 enterprises through a public auction on the local stock market through a "people's IPO" on a "one share - one lot" basis. The list includes such giants as "Uzbekneftegaz", "Hududgazta'minot" (gas supply), "Hududiy Elektr Tarmoqlari" (Regional power networks), "Uzbekhydroenergo" and others.

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Uzbekistan brings fresh impetus to WTO membership negotiations

At the sixth meeting of the Working Party on the Accession of Uzbekistan on 14 March, members expressed their support for Uzbekistan’s ambition to secure WTO membership while underlying the importance of bringing its trade regime into full conformity with WTO requirements.

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Meeting of FIC Working Group on Investing Across Borders

On March 30, the FIC held a meeting of the Working Group on Investing Across Borders to discuss the issues of cross-border investment and trade.

In particular, the meeting participants were presented with the new draft Law of the Republic of Uzbekistan “On Special Economic Zones”, developed by IFC experts in line with international standards and best practices.

The group members were also provided with information on the activities and accomplishments of the FIC Secretariat.

“Since the beginning of this year, the Secretariat has established 6 working groups and subgroups to identify and discuss the most pressing issues and proposals related to improvements in different business areas and sectors of economy. At the same time, one-to-one meetings with some 25 foreign companies/ FIC members were arranged and 85 proposals and recommendations were received”, - said Golib Kholjigitov, Head of FIC Secretariat.

The meeting was attended by representatives of Zeppelin/Caterpillar, Coca Cola, Silverleaf, Mitsubishi Corporation, Suez, White & Case, Mitsui & Co, as well as representatives of government bodies and international financial institutions.



Islamic finance regulatory framework is planned to be established in Uzbekistan

The Foreign Investors Council (FIC) of Uzbekistan in cooperation with IsDB and EBRD are working on the creation of new regulatory framework for Islamic Finance in Uzbekistan. Regulatory framework is comprised of amending the Law on Banking and Banking Activities, the Civil code and the Tax Code of Uzbekistan. After this stage, 2 new laws, on Islamic banking and Islamic Insurance are planned to be drafted. It is estimated that the adoption of Islamic finance (banking, capital markets and insurance) will bring additional 10 billion US dollars of funds (investments) to the banking system and economy of Uzbekistan.

Besides, according to experts' calculations, a local retail bank operating according to Islamic banking will see additional inflow of deposits of over USD 4 billion from the local population. The creation of the legal framework necessary for the operation of the Islamic banking and financial system also increases the opportunities to attract foreign investments, including international and foreign Islamic financial institutions. Comparable countries were able to attract up to USD 3 billion worth of investments and capital inflow as well.