Embassy of India
Tashkent
Economic & Commercial Report for June 2014

No. TAS/201/1/2012 29 July, 2014

General

According to the State Committee of Statistics, Govt. of Uzbekistan, the GDP of the country was equivalent to approximately US$ 55 Billion in 2013 (Jan-Dec 2013) with a growth rate of 8% over 2012. While the share of the State in GDP was 17.2%, the share of the non-State sector was 82.2% of GDP. The GDP for 2013 shows a similar structure as in 2012 with the non-State sector dominating the economy.

During the First Quarter of 2014, the GDP grew by 7.5 percent, industrial output increased by 8.9 percent, agricultural production - 6.2 percent, services - 11.8 percent. State budget surplus was at 0.2 percent of GDP. Consumer goods production increased by 12.8 percent, retail trade by 14.3 percent and paid services by 9.1 percent. The consumer goods share in the total industrial output increased to 34.4 percent compared to 29.5 percent in the first quarter of 2013. According to Asian Development Outlook-2014 of the Asian Development Bank, Uzbek economy's growth remained robust at 8.0% in 2013, led by wage and pension increases and high public investment spending. Recovery in external demand raised the current account surplus to 3.7% of GDP. Continued high public spending, strong private consumption, and an improving external environment are projected to keep growth near 8.0% in 2014 and 2015. According to an updated rating issued by the World Bank during mid-July, 2014, the per capita GDP at purchasing power parity of Uzbekistan is US$ 5340. However, according to World Bank report, the GDP growth rate in 2014 is likely to slow down to 7% owing to the ongoing weakness in the external environment.

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1. Visit of CHEMEXCIL delegation to Tashkent

A delegation from CHEMEXCIL visited Tashkent during 19-21 June 2014 to participate in the Beauty Expo Uzbekistan 2014. The delegation comprised 13 Indian companies. This marked the participation of CHEMEXCIL for the first time in the event. As per statistics provided by CHEMEXCIL, the commodity-wise export to Uzbekistan grew from US$ 1.00 million in 2011-12 to US$ 2.8 million in 2012-13 which include export of dyes, dye intermediates, agro chemicals, cosmetics, soaps, toiletries and essential oils etc. The event saw 55 participants from 18 countries.

2. Tashkent hosts Uzbekistan-South Korea Intergovernmental Cooperation Committee meeting

On May 29, Tashkent hosted the regular meeting of the Uzbek-South Korean Intergovernmental Committee on Trade and Economic Cooperation. The event was attended by senior officials of ministries and agencies, business enterprises of the two countries involved in finance, oil and gas, investment and trade, automotive, agriculture and water resources, labor and social protection, pharmaceuticals, air transport, protection of environment, communications and information, geology, food and chemical industry, building materials and other industries. During the meeting, the sides exchanged views on the prospects for further development of cooperation between Uzbekistan and South Korea.

3. Framework Agreement on Economic Co-operation and Development signed between Uzbekistan and Republic of Korea


4. Uzbekistan- Republic of Korea sign MoUs/Agreements

Uzbekistan and Republic of Korea have signed a Memorandum of Understanding on cooperation in textile and light industry, Memorandum of Understanding for the construction of a test solar photovoltaic plant in Uzbekistan and a General Agreement on the establishment of Inha University in Tashkent. The two sides also plan to establish Textiles Technology Innovation Center in Tashkent. To this effect a Memorandum of Understanding worth $10 million was signed between UzbekYengilSanoat (Light Industry Joint Stock Company) and the Korean Institute of Science and Technology at Uzbekistan-Korea Business Forum in Tashkent.
Besides this, an agreement was signed between UzbekYengilSanoat and Yanguan Corporation to implement three new Uzbek-Korean joint investment projects in the textile and light industry worth US$20 million. It is also planned to implement two projects worth $12 million to expand and modernize existing production on Daewoo Textile Fergana and Daewoo Textile Bukhara. UzbekYengilSanoat and Daewoo International signed Memorandum of Understanding on these projects.

5. Delegation from China held talks at MFERIT

A Chinese delegation headed by Director General of the Department of External Investment and Economic Cooperation of the Ministry of Commerce, Mr. Chen Lin held talks at the Ministry of Foreign Economic Relations, Investments and Trade (MFERIT). During the talks, the two sides discussed issues of further expansion of trade and investment ties between the two countries. Particular attention was drawn to the need to intensify cooperation on the development of Djizjak special industrial zone and the implementation of joint high-tech projects, as well as increasing the volume of bilateral trade in strategic goods.

6. Visit of Lithuanian delegation

A Lithuanian delegation headed by Mr. Vidas Gyadvilas held talks in which the two sides discussed the current state and prospects of bilateral trade, economic and investment ties, as well as opportunities for cooperation in the field of logistics, textile industry and the issues of supply of fresh and processed fruits and vegetables, etc. The Uzbek side noted the importance of mutual visits of business circles, of holding joint business forums and the participation of entrepreneurs in international exhibitions and fairs held in the two countries. The sides also discussed the issue of holding the next session of the Uzbek-Lithuanian Intergovernmental Commission on Trade-Economic Cooperation and Joint Business Forum in the second half of this year in Tashkent. The delegation separately held talks with the Uzbek Uzbekneftegaz authorities. Mr. Vidas Gyadvilas expressed interest in developing cooperation with Uzbekistan in oil & gas industry. The two sides also examined a number of promising areas for joint activities such as exploration works in Uzbekistan; modernization of industry, implementation of investment projects in hydrocarbons.

7. Uzbek-Italian JV 'Avtosanoat-Landi Renzo' established at Navoi FIEZ

According to the Navoi FIEZ press center, UzAvtoSanoat and Italian Landi Renzo SpA have established a Joint Venture ‘Avtosanoat-Landi Renzo’ at Navoi free industrial economic zone. The venture is part of the investment project for manufacture of 25000 units of underhood CNG propulsion systems. The project involves an initial investment of US $1.8 million.
8. Switzerland and Uzbekistan to exchange tax information

The Government of the Republic of Uzbekistan and the Swiss Federal Council signed a Protocol on introduction of changes to the Agreement on avoidance of double taxation on income and capital. This Protocol made provision for administrative assistance under the applicable international standard for the information exchange, the State Tax Committee of Uzbekistan reports. of the State Secretariat for International Financial Matters Jacques de Watteville.

9. Textile projects implementation progress discussed at UzPahtaSanoat

UzPahtaSanoat (Cotton Industry Company) held an expanded meeting on the progress of execution of investment projects. The meeting noted the commissioning of 22 textile and light industry at a total cost exceeding US$100 million. However, major projects of textile complexes that combine spinning, weaving and garment factories are planned for 2015-2016.

10. Visit of Israeli Minister of Agriculture and Rural Development

An Israeli delegation headed by the Minister of Agriculture and Rural Development Yair Shamir paid a visit to Uzbekistan.

The Israeli minister held talks with his Uzbek counterpart Shukhrat Teshhaev, during which the two sides noted the enormous potential for the advanced Israeli technologies in Uzbekistan’s agriculture. The Israeli delegation also visited the Legislative Chamber of Oliy Majlis, the Agricultural University, Institute for Land Reclamation and Irrigation and the Uzbek Research Institute of Horticulture, Viticulture and Winemaking.

In addition, the ministers attended the Business workshop "Israeli agro-technologies" featuring Israeli specialists in irrigation and water management, greenhouses, poultry breeding and seed production. Over 150 Uzbek farmers and specialists of different agriculture spheres participated in the workshop. The workshop included the presentations on agriculture of Uzbekistan and Israel.
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11. India’s trade with Uzbekistan year-wise:

(Source: State Committee on Statistics/MFERIT/Uzreport)

<table>
<thead>
<tr>
<th>Year</th>
<th>Imports from India (in US$ million)</th>
<th>Exports to India (in US$ million)</th>
<th>Total trade turnover (in US$ million)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2009</td>
<td>101.8</td>
<td>23.1</td>
<td>124.9</td>
</tr>
<tr>
<td>2010</td>
<td>123.8</td>
<td>27.2</td>
<td>151.0</td>
</tr>
<tr>
<td>2011</td>
<td>137.6</td>
<td>22.2</td>
<td>159.8</td>
</tr>
<tr>
<td>2012</td>
<td>163.4</td>
<td>37.8</td>
<td>201.2</td>
</tr>
<tr>
<td>2013</td>
<td>217.4</td>
<td>42.2</td>
<td>259.6</td>
</tr>
<tr>
<td>2014( Jan-May)</td>
<td>96.0</td>
<td>18.0</td>
<td>114</td>
</tr>
</tbody>
</table>

[During 2013 India stood at Sl.No. 15 in terms of Uzbekistan's trading partners. Major import items from India are: Pharmaceuticals, Machinery, Chemicals, Food products, Garments, Services, Ferrous & Non Ferrous metals etc. Major exports to India are: Cotton & Silk, Fertilizers, and Food products etc.]

12. Structure of Foreign Trade in major components during the 1st Quarter of 2014 (in percentage):

<table>
<thead>
<tr>
<th>Foreign Trade</th>
<th>Ginned cotton</th>
<th>Chemical Production</th>
<th>Energy/resources and oil products</th>
<th>Ferrous and non-ferrous metals</th>
<th>Machinery and equipment</th>
<th>Services</th>
</tr>
</thead>
<tbody>
<tr>
<td>Export</td>
<td>8.7</td>
<td>4.9</td>
<td>25.3</td>
<td>5.6</td>
<td>3.2</td>
<td>23</td>
</tr>
<tr>
<td>Import</td>
<td>-</td>
<td>15.5</td>
<td>3.7</td>
<td>7.2</td>
<td>44.8</td>
<td>6.6</td>
</tr>
</tbody>
</table>
### 13. Macroeconomic indicators of Uzbekistan: January-December 2013

<table>
<thead>
<tr>
<th>Items</th>
<th>In US Dollars ***</th>
<th>As percentage of January-December 2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gross Domestic Product</td>
<td>55 Billion</td>
<td>108.0</td>
</tr>
<tr>
<td>Industrial Output</td>
<td>28.42 Billion</td>
<td>108.8</td>
</tr>
<tr>
<td>Agricultural Output</td>
<td>14.32 Billion</td>
<td>106.8</td>
</tr>
<tr>
<td>Exports</td>
<td>15087.2 million</td>
<td>110.9</td>
</tr>
<tr>
<td>Imports</td>
<td>13798.8 million</td>
<td>107.7</td>
</tr>
<tr>
<td>Balance of Trade</td>
<td>1288.4 million</td>
<td>x</td>
</tr>
</tbody>
</table>

(Source: The State Committee of Statistics, Uzbekistan)

***Note:*** The figures provided by the State Committee of Statistics are in Soums. This has been converted to equivalent US Dollars at an average of US$ 1 = Soums 2150)

(D.K. Sharma)
Charge d’Affairs