

Uzbekistan 2022

Country information



General information

Uzbekistan is the geographic, economic and cultural heart of Central Asia. With nearly 35 million people (2021), Uzbekistan is by far the most populous of the five Central Asian republics of the former Soviet Union. Tashkent, Uzbekistan's capital city, has a population of more than 2.5 million. Lying on the ancient Silk Road between Europe and the Far East, the cities of Samarkand, Bukhara and Khiva have been centers of commerce and trade for centuries.

After taking over as president in autumn 2016, Shavkat Mirziyoyev launched a series of reform initiatives. His slogan—"It is high time the government serves the people, not vice versa"—led to large-scale reforms in virtually every sector. Uzbekistan has been undergoing a period of economic and structural reforms since 2016 and the rise of Mirziyoyev as a reformist politician. Since then, the country has signed trade agreements with the European Union and the United Kingdom, has attracting a slew of Western foreign investors and has become a primary example for Central Asian nations in terms of managing political and economic reform.

Uzbekistan is reducing trade barriers and bureaucracy and creating attractive conditions for the import of foreign goods and services. For the last two decades the economy is growing at the high rate mainly driven by domestic demand (especially public investment). However reforms to address economic inefficiencies and diversification have to be enforced. Uzbekistan still has a highly centralized government, weak public accountability and a limited citizen participation in economic and social policy dialogue.



Economy

Between 2004 and 2015 Uzbekistan's GDP was rising at a rate of more than 7% a year, then it fell down to 4-5% and reach the minimum of a mere 1.7% in the pandemic year 2020. The recovery in 2021 brought the GDP growth back to 7.4% level. The absolute value of Uzbekistan GDP in 2021 was \$69,202 million.

The GDP per capita of Uzbekistan in 2021 was \$1,983, a plus of 13% as compared to previous year. To view the evolution of the GDP per capita, it is interesting to look back a few years and compare these data with those of 2015 when it reached a pic of \$2,754.

In 2021, about 7.5 percent of citizens lived below the World Bank's lower-middle-income poverty line.

The Government continues its efforts in liberalizing the national economy and bringing it closer to free market standards including social and economic reforms transforming and privatizing large state-owned enterprises (SOEs) in various sectors, investing in poverty and unemployment reduction, improving the social protection system, and developing human capital through better and more accessible health and education services.

Trade with Switzerland

One of the aims the reform is to reduce the overall number of SOEs by 75% by 2025 and to open for private investors an access to traditionally closed sectors of the economy, such as mining, energy generation, railway and air transportation. Key reforms include exchange rate liberalization, reduction of import tariffs, price liberalization of selected goods and services, and establishment of the Anti-Monopoly Committee.

The country heavily depends on imports. Top 4 imported product categories in 2021 were resource products for industry, equipment with its parts and accessories, transport equipment, food and beverage and consumer products. Main trade partners are China, Russia, Kazakhstan, Turkey and South Korea.



Switzerland and Uzbekistan have signed a number of economic agreements, including a bilateral trade and economic agreement (in force since 22 July 1994).

Based on its regional cooperation strategy with Central Asia, Switzerland supports bilateral and multilateral projects in Uzbekistan. SDC and SECO are particularly involved via projects in water resource management, vocational education, and trade facilitation.

The volume of trade between Switzerland and Uzbekistan is modest, primarily consisting of gold exports from Uzbekistan to Switzerland, the only importer of Uzbek gold. The volume of the bilateral gold trade amounted to CHF 2.15 billion in 2021.

Import of goods and services of the Republic of Uzbekistan from Switzerland in 2021 was equal to 163,797 thousand US dollars. The same trend is maintained in 2021 with 81,873 thousand US dollars turnover made the first half of 2022.

The composition of Swiss exports in Uzbekistan remains unchanged. It includes machines and tools (textiles, packaging, measuring technology, building material industry machines, construction machinery, machines in the pharmaceutical industry, etc.), pharmaceutical products, chemical products (fertilizers, dyes, basic elements for the processing and conveying industry), agricultural products (seeds), optical and medical apparatus, watchmaker goods, stationery (securities, bills, passports, among others).

Several Swiss companies are already present on the market. Rieter Maschinenfabrik AG (Winterthur) has its own production facilities in Uzbekistan and is working to expand its facilities. In 2012, the company opened a factory to produce textile machinery for the treatment of cotton fibers in Tashkent. Nestlé operated a milk, dairy, and baby food production plant in Namangan, as well as a drinking water production line in Tashkent. Other Swiss companies have also been testing the ground for potential investments in Uzbekistan since the last year. Sika has decided to enter the Uzbek market and started operating a small-scale production facility; Schindler and ABB have been successful in relation with some large construction projects and may continue to reinforce their presence in Uzbekistan.

Business opportunities for Swiss companies

Among main trade challenges for foreign companies in Uzbekistan remain insufficient intellectual property rights protection, inefficient banking sector (three large state-owned and seven partially state-owned banks control over 80% of the sector's total assets), lack of transparency and State-owned enterprises dominating Uzbekistan's economy.



The sectors of infrastructure, energy, food processing and textile could prove to be highly promising for Swiss companies:

Infrastructure: There is a need to catch up in areas such as energy supply, road construction, railway lines and water treatment. Some citizens still don't have access to clean water, despite the fact that Uzbekistan is a water-rich country.

Energy: Uzbekistan is interested in renewable energy, especially in the fields of water and solar energy. In order to advance these projects, large state investments are needed. Swiss companies can already position themselves on this market in Uzbekistan.

Food Processing: The aim of the Uzbek government is to improve the quantity and quality of food production and processing in order to strengthen its own products (such as milk or meat) for the local market.

Textile industry: Uzbekistan is one of the largest cotton producers in the world. The government also wants to improve and expand production in this sector in terms of quantity and quality.

FMCG: Retail in Uzbekistan is one of the few sectors with no state presence. The supermarket sector in particular has been singled out as "ready to boom". The country's total annual retail market volume is estimated at between \$6bn and \$8bn, of which supermarkets —or "organised retail"— make up between just 7% and 10%. This share, according to experts, is set to at least triple to 30% in the next five years. French grocer became the first international retailer to enter the Uzbek market in 2021, intending to invest \$100m.

