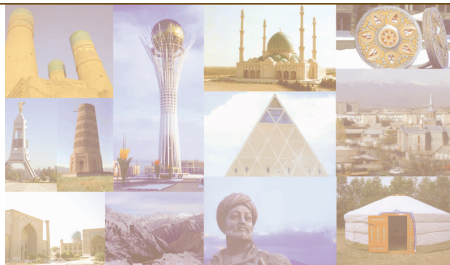


CENTRAL ASIA OBSERVATORY



The Central Asia Observatory (CAO) was established in 2007 by three institutions that are interested in the area: Casa Asia, CIDOB Foundation and Royal Institute Elcano



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UZBEKISTAN



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Highlights

This period in Uzbekistan's domestic and international affairs was quite dynamic in terms of different albeit routine activities. It also coincided with the eve of the 19th anniversary of the country's independence.

Internal affairs

On 5-7 July 2010, 1,400 residents of Surkhandarya province of Uzbekistan gathered for the meetings and pickets organized by the Ecological Movement of Uzbekistan (EMU). These meetings were designed to attract the attention of the international community and the government of Tajikistan to the environmental problems facing a number of southern areas of Surkhandarya province caused by the industrial emissions of the Tajikistan Aluminium Company. People carried placards with slogans reading: "We want a clean environment!", "Damage to nature is damage to our future!", and "We demand international ecological expertise of the Tajikistan Aluminium Company!"

During the meetings people pointed out that for 18-19 hours every day, the wind from the neighbouring mountain areas of Tajikistan brings poisonous smoke from the plant to the territory of the province. They called for urgent measures to reduce diseases related to the emissions of the Tajikistan Aluminium Company. They also called on the UN and other international organizations to take action. It should be noted that this was one of the first major demonstrations of the "will of the people" mobilized by the EMU. At the same time, it remains perhaps the only major public demonstration of the EMU's activity since its creation last year.

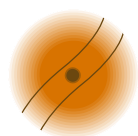
On 28 August 2010 the upper house of the Uzbek parliament adopted an amnesty decree in relation with the Uzbekistan's 19th anniversary of independence. Amnesty will primarily be given to women, teenagers, men over 60 and foreign citizens, as well as to disabled and sick prison inmates.

On 5 July, it was announced that a new and fifth phase of the Central Asian Drug Action Programme (CADAP) programme had kicked off in Uzbekistan. This programme is financed by the European Union. CADAP's activities overall are directed at reducing drug abuse and harm related to drug addiction (AIDS infections, etc.). According to CADAP chief Ingo Mikhels, this fifth phase basically aims to solve public healthcare problems and is scheduled to last three years. The start of this new phase will doubtless yield social and political benefits for Uzbekistan.

The President of Uzbekistan Islam Karimov visited Bukhara where he opened a new monument "The Ancient and Eternal Bukhara", built at his initiative. The monument is 18 metres high and occupies 107 hectares. During the trip, the President also visited the memorial complex of the great Islamic thinker Bahouddin Nakshband.

Uzbekistan celebrated its 19th independence anniversary on 31 August 2010. On the occasion of these celebrations, President Karimov made his traditional official Independence Day speech, noting that since 1990 Uzbekistan's GDP has increased 3.5-fold and that average salaries in the country would reach \$500 by the end of this year. He also pointed out that average life expectancy has risen from 67 to 73. The minimum wage is presently about \$30 and the maximum salary should be roughly \$970. It should be noted that in non-state, private enterprises salaries reach the level of \$1,500-2,000. So this \$500 monthly

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wage for employees of state institutions and companies simply bridges the huge gap between minimum and maximum salaries, as well as highlighting the contrast between state and private sectors.

Foreign and international Policy

On 7 July the foreign minister of Latvia, Ayvis Ronis, visited Uzbekistan. During the visit the Minister met with President Karimov, foreign minister Vladimir Norov, defence minister Kabul Berdiyev as well as Latvian businessmen who do business in Uzbekistan in the fields of information technologies, logistics, transport, food processing, banking and consulting. During these meetings, the two sides discussed bilateral economic cooperation as well as deepening dialogue between the EU and Central Asia. They also discussed stability in the region and instability in Kyrgyzstan, and the situation in Afghanistan. Ronis said that Uzbekistan is an important EU and NATO partner and called on the country to deepen its cooperation with the EU.

The governments of Uzbekistan and Germany have apparently signed a new agreement concerning use of Termez airport. This much became known from the message the President of the FRG, Christian Wulff, addressed to Islam Karimov on the occasion of the Independence Day celebrations. As President Wulff pointed out Germany is ready to be a reliable partner for Uzbekistan in terms of its political and economic development.

Termez airport has been used as a Bundeswehr base for transferring humanitarian assistance to Afghanistan and for supplying the German military contingent deployed in that country. At present, 300 German troops are stationed at Termez. It should also be noted that Germany has invested \approx 12 million in modernizing the airbase.

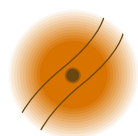
Economy and business enterprise

It was announced on 7 July that the German joint venture Mercedes-Benz Central Asia had been exempted from all types of taxes applicable in Uzbekistan for five years. The joint venture was set up in May 2010 by Daimler AG of Germany and Uzbekistan's Uzavtoprom to manufacture buses with the Mercedes-Benz label. The joint venture kicked off as a limited liability company with capital of \$8 million. Uzavtosanoat owns 49% and Mercedes-Benz Buses Central Asia 51%. Its productivity is expected to reach 600 buses per year. The buses will meet Euro III emission standards.

The meeting of the Uzbek-French intergovernmental commission on trade-economic cooperation took place on 1 July 2010 with participants representing ministries, agencies, firms and companies working in the spheres of economy, trade, investments, oil and gas, banking and financing, agriculture and water, aviation, geology, pharmacy, information technology and telecommunications, insurance, textile, chemical and food production, construction materials and tourism.

The co-chairman of the commission, deputy Prime Minister and Minister of Foreign Economic Relations, Investments and Trade Elyor Ganiev noted the steady development of trade-economic cooperation between two countries. In 2009 trade turnover between Uzbekistan and France reached \$186 million and 15 joint companies were created in Uzbekistan. The French co-chairwoman, State Secretary on Foreign Trade Anne-Marie Idrac, noted the dynamic growth of mutual trade which reflects the steady development of cooperation.

It is interesting to note that the organization of joint trade-economic commissions and business forums has become a strong tradition in Uzbekistan for developing international economic cooperation and attracting foreign investments. They are conducted



monthly or bimonthly and also serve as a tool for demonstrating Uzbekistan's dynamic economic activity.

The traditional Presidential Decree was issued on 9 July to guarantee the growth of the size of salaries, pensions and stipends by 20% as of 1 August 2010. This decree establishes the minimum level of monthly salaries at 45.215 Sum and minimum pension at 88.845 Sum.

The government of Uzbekistan announced that during the first half of this year, 509,000 new jobs have been created including 350,000 in rural areas. This took place in the context of the implementation of the special programme for creating new jobs and employing the population for 2010. Most of these new jobs have been created in the sphere of small business and private entrepreneurship.

On the eve of the Independence Day, the joint venture GM Uzbekistan presented a new model, the Chevrolet Spark. Production began at the Asaka plant of the Andijan province of Uzbekistan. Car manufacturing became the symbolic label of independent Uzbekistan. The first Uzbek cars -Damas, Tico, Matiz and Nexia- were produced together with Daewoo of South Korea. The production of new models -Lacetti, Captiva and Epica- was launched under the Chevrolet label in partnership with General Motors.

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