

# CENTRAL ASIA OBSERVATORY

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CASA ASIA



**UZBEKISTAN**



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## Highlights

Numerous presidential decrees were signed in the period March-April. International affairs trundled along at their usual modest pace, whereas domestic affairs were somewhat more turbulent.

## Internal affairs

On 23 March the Senate adopted a constitutional law on “New elections to representative power bodies and of the President of the Republic of Uzbekistan”, under which the next parliamentary elections will be held in December 2014 and presidential elections, in 90 days after the results are officially announced. The last parliamentary elections were held in 2009 and parliament elected for five years, whereas the last presidential elections took place in 2007 with the incumbent being elected for seven years. Both elections will therefore coincide in 2014.

This decree caused speculation as to whether it signals the beginning of invisible preparations for a change of power in Uzbekistan. What is clear is that the decree slightly modified the elections date established by virtue of the previous law. The new decree has ostensibly been passed to avoid the staging of the two elections at the same time, an explanation that is not entirely convincing because this scenario was clear right from the start and it is not as if this problem has suddenly appeared out of the blue. These political changes coupled with the recent amendment to the law extending the presidential term from five to seven years have sparked various allegations concerning this new twist in the political process.

On 18 April President Karimov signed a decree whereby World War II veterans will be awarded 400,000 som on the occasion of 67th anniversary of

the war on 9 May. This announcement came as something of a surprise since this war has rarely been mentioned in the official lexicon since Uzbekistan gained independence in 1991. It should be noted that 9 May is celebrated in Uzbekistan not as Victory Day but as a Day of Memory and Tribute, which is also why this recollection of the Great Victory is a relatively new element of the country's political affairs.

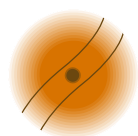
The number of UZ internet domains reached 14,000 in April, which is a really good achievement. Since the beginning of this year 1,470 new domain names have been registered and 11,600 out of the 14,000 domains belong to residents of Uzbekistan. These developments mirror the dynamic development of the internet in Uzbekistan, with 9 million users of the worldwide web.

## Foreign and international policy

A Polish delegation headed by defence minister Tomasz Semyonak visited Uzbekistan on 16 March to discuss bilateral cooperation issues, including military cooperation and the situation in Afghanistan. Semyonak confirmed the participation of the Polish mission in Afghanistan until 2014. As expected, military representatives from EU countries have been visiting Uzbekistan to coordinate the withdrawal of their troops via the Northern Distribution Network. Since February this year, the defence ministers of Latvia, Great Britain, Germany and Italy as well as the Chief Commander of US Centcom James Mattis have visited Tashkent.

On 27 March a US delegation headed by Ambassador at Large for International Religious Freedom Suzan Cook visited Uzbekistan. At a meeting at the foreign affairs ministry, she discussed issues of US-Uzbekistan cooperation in the sphere of the development of religious freedom, sending a message that the US is

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not only interested in the functioning of the NDN but is monitoring all developments in the sphere of human rights and democratization.

At the invitation of the European diplomatic service, on 16 March in Brussels a delegation from Uzbekistan took part in a meeting of national coordinators responsible for implementing the EU Central Asian Strategy. The meeting was chaired by the managing director for Russia, Eastern Neighbourhood and the Western Balkans in the EU's External Action Service, Miroslav Laichak. The meeting was also attended by delegations from Kazakhstan, Kyrgyzstan, Tajikistan and Turkmenistan. The participants discussed inter-regional cooperation and perspectives of implementing the EU Strategy. These broad-reaching talks mirror the climate of fluid interaction between the EU and Central Asia.

## **Economy and business enterprise**

President Islam Karimov signed a decree on the "Creation of Angren special industrial zone". The document was adopted to create favourable conditions for attracting foreign and domestic investments to establish modern high-tech facilities ensuring the production of competitive products with high added value. The term of "Angren" special industrial zone's operation will be 30 years with the possibility of renewal. Within this period there will be a special tax regime in the territory and custom privileges will be established lasting from three to seven years depending on the size of investments. Earlier in this region, an "Angren" Logistical Centre was created, a territory rich in coal mines. Angren is the second special industrial zone following the creation of one in Navoi province in 2008.

On 10 April President Karimov signed a decree "On additional measures for stimulating attraction of foreign direct investments" in a bid to create an optimum investment climate for foreign investors. There are presently more than 4,200 companies in

Uzbekistan operating with foreign investments and each year over \$3 billion in foreign investment is used in different branches of the economy. In the event that the tax regime changes in Uzbekistan, the decree provides for newly created companies with foreign investments in which the share of a foreign investor is no less than \$5 million, subject to the norms and provisions of the tax legislation in force on the date of their registration.

On 2 April the ADB provided a \$100 million loan to Uzbekistan and a \$200 million political risk guarantee for the development of a natural gas field project in southwest Uzbekistan—Bukhara province. This is the first commercial loan granted by the ADB for the gas production industry. This project will doubtless contribute to boosting economic growth and employment among the local population. Lukoil Overseas Uzbekistan, part of the Lukoil Group, an international oil and gas operator, will use the \$100 million loan to develop the Kandym gas field under a 35-year production sharing agreement with the state-owned Uzbekneftegaz gas company. The gas reserves of this field are estimated at 84 billion cubic metres and gas will be transported to Russia and possibly China.

A presentation of the new car Chevrolet Malibu took place on 20 March. This new model is assembled by the Joint Company GM Uzbekistan. It will replace the previous Sedan Epica that has been produced in Uzbekistan and will be more comfortable, with a new design and a more powerful engine.

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