



Highlights

Government activity in the September-October period was mostly concentrated on the cotton harvest, which traditionally takes place in this period. Domestic and foreign affairs were relatively passive. Celebrations of Uzbekistan's 21st anniversary of independence on 1 September were low-key.

Internal affairs

The main political event of this period was President Karimov's visit to the Khorezm province on 9 October to attend the session of the provincial council of people's deputies. In his speech for the occasion he spoke about major achievements in the province in the fields of industry, construction, agriculture, culture, healthcare, science, education and sports as well as mentioning basic problems that still exist. He noted that the provincial economy has grown 9% and referred to the successful development of small businesses and private entrepreneurship which has created new jobs, as well as the development of tourism in Khorezm. He nominated Pulat Bobojonov as the new hokim (mayor) of the province and the Council elected him.

Foreign and international policy

On 24 October a meeting was held between the MFA of Uzbekistan and the co-chairman of the Uzbek-British Council on Trade and Industry, British MP Peter Lilli who headed a delegation of business circles visiting Uzbekistan. The parties discussed Uzbek-British cooperation in the sphere of trade and investment.

On 16 October in Paris, Uzbek foreign minister Abdulaziz Kamilov met with French foreign minister Laurent Fabius for bilateral political consultations. Cooperation in political-diplomatic, economic, investments and cultural-humanitarian spheres was discussed, with the two

countries confirming their mutual interest in developing this cooperation and implementing new joint projects in such spheres as electro-technical, electronic, chemical, oil-chemical, pharmaceutical and cosmetic production. An agreement was signed concerning cooperation between the Academy of State Management under the President of Uzbekistan and France's National School of Administration (ENA).

Interestingly, the last two meetings that have taken place in Europe attest to the growing interest of French and British businessmen in investing in the special economic zones of Uzbekistan, Navoi and Angren. Uzbek representatives are going out of their way to propagate these special economic zones created recently to attract foreign investment.

At the 67th session of the UN General Assembly in September this year, foreign minister Kamilov proposed establishing a contact group on Afghanistan under the aegis of the UN. Kamilov noted that intractable problems may arise in connection with the anticipated drawdown of international forces from Afghanistan by the end of 2014 and handover of responsibility for maintaining stability in the country to the Afghan security forces. He expressed apprehension regarding the destabilization of the situation in Afghanistan and neighbouring countries due to the rise of extremism and the growth of illegal drug traffic in the region. He said that in these circumstances, the most relevant way of solving the Afghan problem is the creation of a contact group under the UN aegis, made up of Afghanistan's neighbours plus the US, NATO and Russia. He stressed that the main purpose of the group should be to achieve compromise between rival groups and the formation of a government in which basic ethnic and religious fractions involved in the conflict might be represented.



This proposal was reminiscent of President Karimov's 2008 initiative presented to the NATO summit in Bucharest regarding the creation of the "6+3" group and which has not gained international support since then mainly because its composition was deemed inadequate. It is therefore doubtful that the international community will respond this time round.

Economy and Business Enterprise

The main economic event of this period was the cotton-picking campaign in Uzbekistan beginning in September and finishing in late October. The country grew a bumper crop this year, amounting to 3.5 million tons.

On 17-18 October the International Cotton and Textile Fair of Uzbekistan took place in Tashkent, an international forum bringing together business circle representatives from 38 countries. Uzbekistan sold about 700,000 tons of cotton and textile products for \$600 million.

In its annual report "Regional Economic Perspectives" published on 26 October, EBRD raised its forecast of GDP growth in Uzbekistan for 2012 from its July prognosis of 7% to 7.5%. The Uzbek government estimates GDP growth at 8.2%, the World Bank and the ADB at 8% and the IMF at 7.4%.

Interestingly, at the same time, the World Bank and International Financial Corporation published their tenth annual Report "Doing Business - 2013" in which Uzbekistan was listed among the countries demonstrating significant improvements in doing business in 2012. According to the Report, Uzbekistan improved its position in the rating and shifted from 168th place in 2011 to 154th in 2012. The report confirms that conditions have improved in Uzbekistan in terms of switching to electric supply (167th place), obtaining credits (154th) and resolving problems associated with creditworthiness (73rd). Conditions remained unchanged in terms of opening businesses (90th), property registration (138th) and international trade (185th). Conditions worsened in terms of obtaining building licenses (152nd), protection of investors (139th), taxation (161st) and ensuring implementation of contracts (46th). Although the improvement of the business climate in Uzbekistan is recognized, its ranking as 154th in the world for a country with enormous economic and human potential is far from perfect. The process of reforms in this sphere remains quite slow.

On 18 September the national body for the certification of management systems CERT INTERNATIONAL received accreditation from the European organ on accreditation SNAS (Slovak National Accreditation Service). It was noted that this event would doubtless serve as a catalyst for developing Uzbekistan's export potential by increasing the confidence of foreign importers in products from Uzbekistan. Earlier Uzbek companies appealed to foreign bodies on certification for obtaining internationally recognized ISO 9001 certificates, but now there is no need for this. The European accreditation permits CERT INTERNATIONAL ISO 9001 certificates which are recognized in 58 countries worldwide including those in the EU, Australia, Great Britain, Canada, South Korea, Japan and others.

The joint Uzbek Korean company UzSungwoo was created in October for the production of spare parts for new models of cars produced by GM Uzbekistan in Asaka (Andijan province). The company attracted foreign investments amounting to \$47.8 million and provided 453 jobs. The company will produce over 180 spare parts for cars in the Chevrolet Cobalt range. It is envisaged that UzSungwoo will produce 120,000 components per year.

The opinions expressed here are those of the authors and do not necessarily reflect the positions of the Central Asia Observatory (CAO). The institutions that constitute the CAO are not responsible for the use of these contents. © Central Asia Observatory.