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### **Dear seminar participants!**

Since the first days of its independence, the Republic of Uzbekistan pursues the “open doors policy” in external economic relations and development of cooperation with countries of the world.

The fundamental principles of this process have been established at the initial stage of reforms and they envisage:

- development of trade and economic relations independently of the ideological views;
- fair and mutually beneficial cooperation, both on the bilateral and multilateral basis;
- the superseding priority of international law over the national legislation, recognition of the GATT/WTO principles and rules, within the context of phased liberalization of external trade regime in the process of integration into this organization;
- a sound balance between competition and cooperation;
- establishment of the most favorable regime for countries and certain investors ensuring the attraction of the most up-to-date technologies.

During the years of reforms a solid legal basis has been established for development of external economic relations – the laws “On External Economic Activities of the Republic of Uzbekistan”, “On Foreign Investments”, “On Guarantees and Measures of Protection of Foreign Investors’ Rights”, “On Investment Activities”.

Uzbekistan have become a fully fledged member of more than 30 authoritative international economic and financial organizations, such as the International Monetary Fund, World Bank, European Bank for Reconstruction and Development, Asian Development Bank, Islamic Development Bank and many other, it has the status of an observer in the WTO.

More than US\$ 20 billion have been attracted to the real sector of the economy. More than 3,500 enterprises have been established with participation of foreign capital, and the process of enterprise establishment is characterized by positive developments and is gaining the momentum.

As for the external trade regime, at present export activities in Uzbekistan have been liberalized to a maximum extent. Export customs duties have been abolished for all types of goods and services, the system of import and export quotas is not applied, licensing is used only for specific export-import operations. Uzbekistan does not apply quantitative restrictions on import.

The achievement of strategic objectives in external economic relations, practical implementation of external trade policy are based on goals and objectives of the reforms conducted in the republic.

Without limiting cooperation to some particular region or a group of countries, Uzbekistan maintains trade and economic relations with more than 140 countries in the world.

The external trade turnover of the republic has a sustainable trend towards growth. The outcomes of the previous year reflect positive dynamics in development of external economic relations and integration of Uzbekistan into the system of global economic relations.

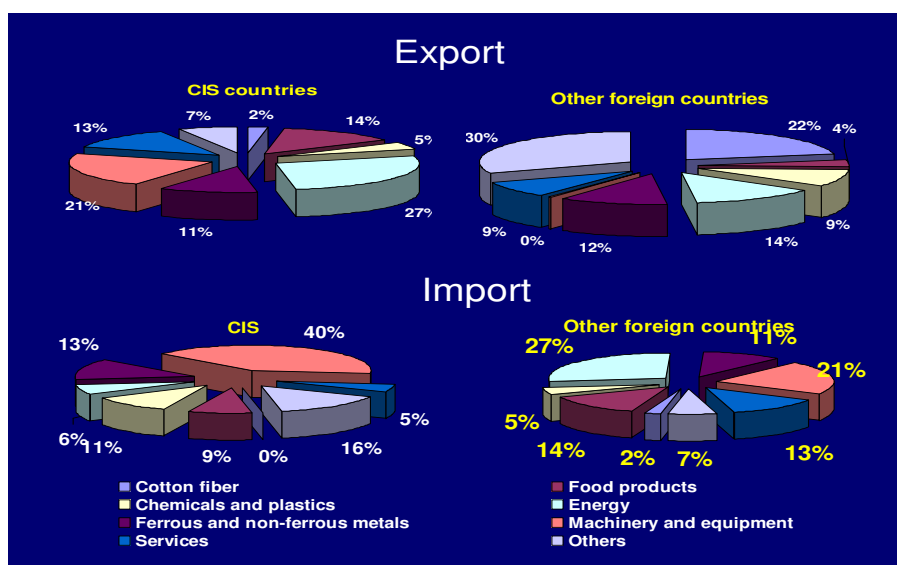
The external trade turnover for 2007 amounted to US\$ 14,227.1 million or 127.4 percent of the last year, of which export – US\$ 8,991.5 million and import – US\$ 5,235.6 million (140.7 percent and 109.5 percent to 2006, respectively).

As a result of outstripping growth in export the balance of trade was positive in the amount of US\$ 3,755.9 million.

(in US\$ mln.)

<b>Foreign trade turnover of Uzbekistan 2006-2007</b>			
	2006	2007	2007 to 2006 (%)
<b>Foreign trade turnover</b>	<b>11171,4</b>	<b>14227,1</b>	<b>127,4</b>
including:			
CIS countries	4746,1	6994,8	147,4
Other foreign countries	6425,3	7232,3	112,6
<b>Export</b>	<b>6389,8</b>	<b>8991,5</b>	<b>140,7</b>
Including:			
CIS countries	2685,5	4273,0	159,1
Other foreign countries	3704,3	4718,5	127,4
<b>Import</b>	<b>4781,6</b>	<b>5235,6</b>	<b>109,5</b>
Including:			
CIS countries	2060,6	2721,8	132,1
Other foreign countries	2721,0	2513,8	92,4

The structure of external trade with CIS countries and other non-CIS countries in 2007 is as follows:



This table shows the dynamics of changes in the volume and structure of export in 2007 as compared to 2006.

## Changes in volume and structure of exports

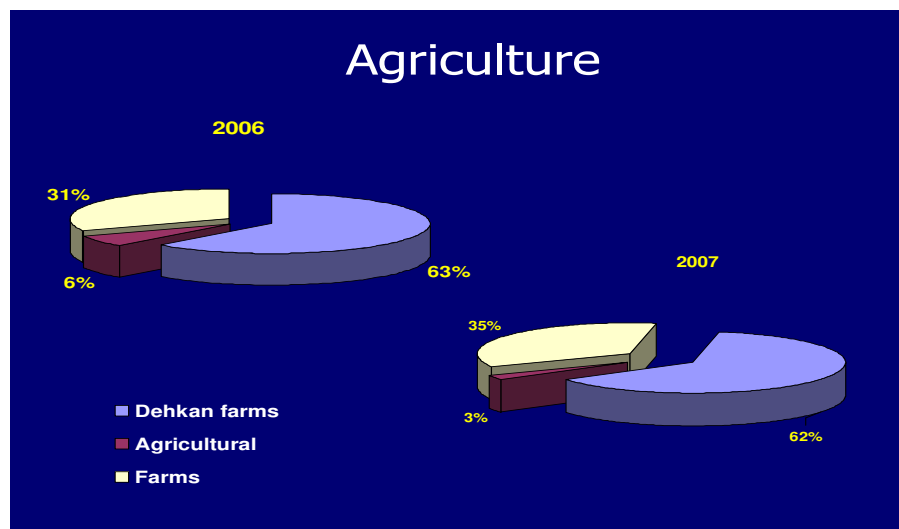
	The share in total exports and imports, %		Change in volume, %
	2006	2007	
Export	100	100	140,7
cotton fiber	17,2	12,5	102,8
Food products	7,9	8,5	150,7
out of them, consumer goods	7,2	8,0	156,6
Chemicals and their products	5,6	6,8	172,4
Energy and petroleum products	13,1	20,2	216,7
Ferrous and non-ferrous metals	12,9	11,5	125,4
Machinery and equipment	10,1	10,4	144,3
Services	12,1	10,7	124,6
Others	21,1	19,4	129,1

Currently products of the republic's enterprises are exported to more than 80 countries of the world. Alongside with traditional items (cotton fiber, energy products, non-ferrous metals), the share of various types of equipment, services, yarn and cotton fabrics, aircrafts and cars and other finished products becomes larger and larger. The share of products with high value added is increasing in the structure of export.

One of the largest shares in the structure of global trade is that of agricultural products.

Agriculture is considered by many countries as a unique sector of the economy, which, due to a number of reasons, including ensuring the national food security, cannot be considered as equal to other industries.

The gross agricultural output of the Republic of Uzbekistan for 2007 totaled 8,988.9 billion sums or 106.1 percent as compared to 2006, including plant growing products for the amount of 4,951.0 billion sums (107.0 percent), cattle-breeding 4,037.9 billion sums (105.1 percent). In the total volume of agricultural output the share of plant growing products was 55.1 percent, cattle-breeding products – 44.9 percent. The breakdown of gross agricultural output by categories of farms is as follows:



Within the process of accession of Uzbekistan to the WTO the mentioned issues are very important and these trends of the global economy development and trade are taken into account when developing an economic policy for the agricultural sector.

Uzbekistan has a considerable capacity for development of agricultural produce processing and is one of the largest producers of fresh fruit and vegetables, one of the five

largest producers of tomato paste and has production capacities enough to process more than 10 million tons of fruit and vegetable produce.

## FRUIT AND VEGETABLES PROCESSING INDUSTRY

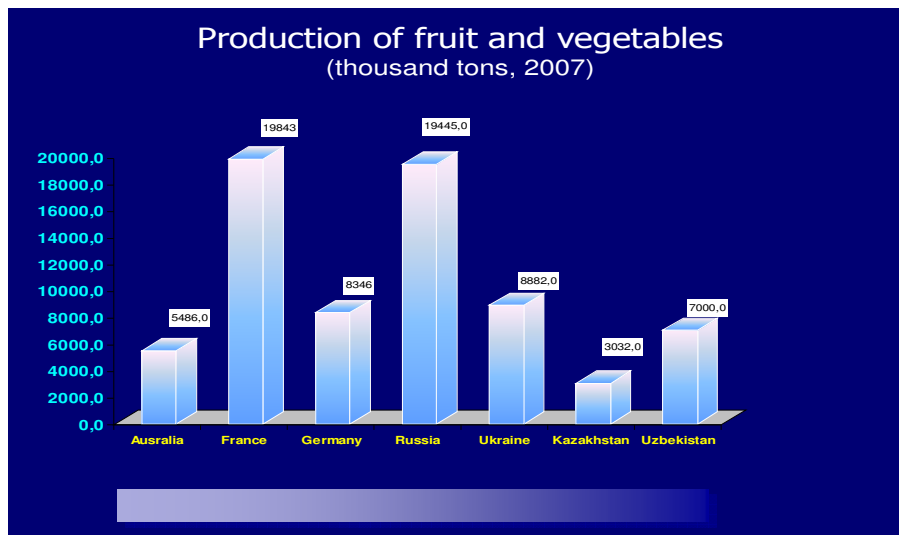
**Uzbekistan possesses a significant potential for development of processing of agricultural products.**

**UZBEKISTAN:**

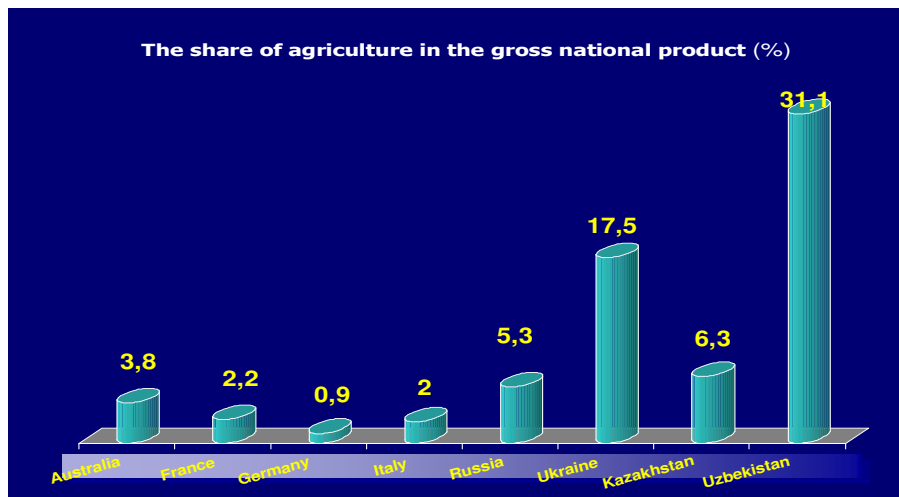
- **one of the largest producers** of fresh fruit and vegetables in the world
- **one of the top-five producers** of tomato-paste in the world
- capable to cultivate more than 10 mln tn of fruit-and-vegetable products p.a.

**Sector Investment Capacity** | **300 mln USD**

This diagram represents the level of production of fruit and vegetables in 2007 by countries of the world. As the chart shows, Uzbekistan is among the five largest countries producing fruit and vegetables, after France, Russia, Ukraine and Germany.



This table reflects the share of agriculture in the gross national product of some states – major producers of agricultural products. The chart demonstrates that the share of agriculture in the gross national product in the Republic of Uzbekistan is more than 31%.



As for the production of fruit and vegetable products in the Republic of Uzbekistan, in 2007 the republic produced 7 million tons of fruit and vegetables.

More than 160 enterprises specializing in fruit and vegetable processing operate in the republic.

More than 1 million tons of products have been processed in 2007, which is 14-15% of harvested fruit and vegetable products.

**Situation with production of fruit and vegetable products, melons and grapes, its processing in the Republic of Uzbekistan**

- in 2007 the country produced 7 million tons of fruit-and-vegetable products, 720 thousand tons of which were exported
- there are more than 160 fruit and vegetable products processing enterprises in Uzbekistan. More than 1 million tons of fruit and vegetable products were processed in 2007
- which comprises about 14-15% of fruit and vegetable products

The major share of production capacity is located in Tashkent and Samarkand oblasts, as the key share of fruit and vegetable products is grown in these oblasts and there is well established infrastructure for agricultural produce processing and transportation.

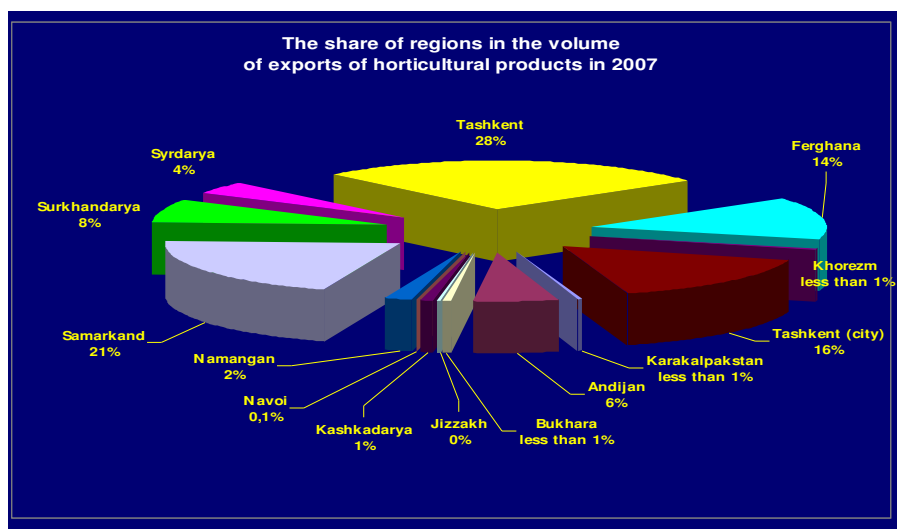
Export of fruit and vegetable products of the Republic of Uzbekistan in 2007 totaled US\$688 million or 720 thousand tons of products. The volume of export in 2007 as compared to 2006 increased by 67% in value terms.

**Situation with exports of fruit and vegetables in the Republic of Uzbekistan**

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- -Total exports of products amounted - \$668 million or 720 thousand tons in 2007
- -Exports in 2007 as compared to the level of 2006 has grown by as much as 67.2%

This chart reflects the share of each region of the republic in the volume of fruit and vegetable exports in 2007. As one can see in the chart, the major share of export is that of Samarkand, Tashkent oblasts and Tashkent city.



At the same time fresh vegetables and fruit (grapes, persimmons and melons) account for the major share of exported products or 80.7% of the total export volume. The major countries importing fresh vegetables and fruit from the Republic of Uzbekistan are the Russian Federation (79.7% of the total volume), Afghanistan (7.5%), Turkey and Kazakhstan (2% each) and Iran (1.9%).

**Situation with exports of fruit and vegetable products shipped by republic's enterprises**

- Fresh fruit and vegetables - 80.7%
- Processed - 17.1%
- Wine production - 2.2%

This is mainly:

- Grapes and its products (20.3% of total exports),
- Pomegranate and persimmon (11.6%)
- Melon (10%)

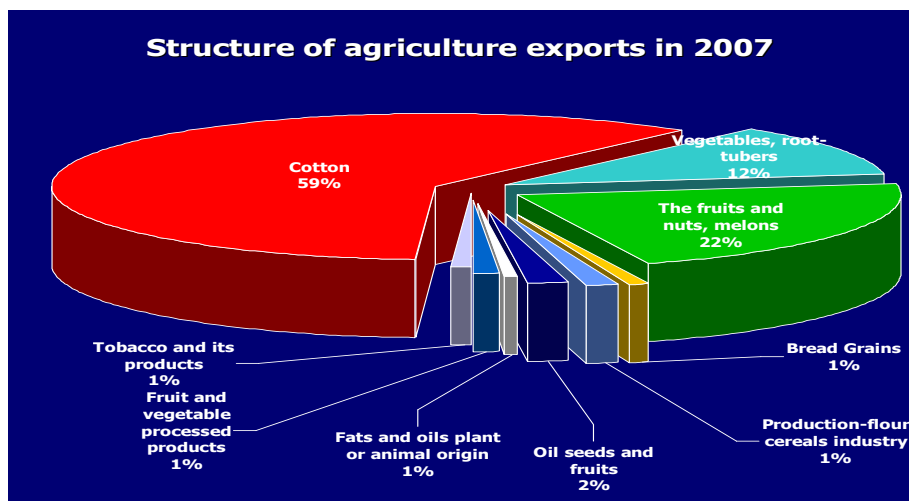
Geography of exports: Total - to about 48 countries, of which mainly:

- Russian Federation (79.7%),
- Afghanistan (7.5%),
- Turkey and Kazakhstan (2%) and
- Iran (1.9%)

The structure of agricultural produce export includes mainly the products specified in this table, which indicates that cotton fiber accounted for the major share of export in 2006 and 2007.

**The dynamics of agricultural exports in 2006-2007, in thous USD**

Product	2006	2007	2007 to 2006 (%)
Vegetables, root-tubers	97,0	215,9	222,5
Fruit and nuts, melons	269,1	406,1	150,9
Bread Grains	19,9	19,3	96,9
Production-flour cereals industry	28,2	25,6	90,8
Oil seeds and fruit	25,2	28,1	111,3
Fats and oils of plant or animal origin	16,8	12,4	73,6
Fruit and vegetable processed products	16,7	21,6	129,1
Tobacco and its products	16,0	16,9	105,9
Cotton	1 097,0	1 127,4	102,8



The following table shows the geographical distribution of export of agricultural products of the Republic of Uzbekistan by countries and major types of products. As one can see, the major share of export is that of Russia, Afghanistan, Iran and Turkmenistan. At the same time Iran, China, Singapore and UAE account for the major volume of export of cotton fiber.

Cotton fiber has a special place in the republic's export. Uzbekistan ranks number six in the world by production volumes, and number two by the volume of export of cotton fiber.

Product	Export geography (%)
Vegetables, root-tubers	Russia - 52,3%; Afghanistan - 22,4%; Iran - 2,4%; Turkey - 2%
Fruit and nuts, melons	Russia - 74,9%; Iran - 2,1% Turkey - 2,1%; Ukraine - 1,5%
Bread Grains	Iran - 66,3%; Afghanistan - 10,8% Tajikistan - 9,8%; Kyrgyzstan - 6,2%
Production-flour cereals industry	Afghanistan - 66,4%; Turkmenistan - 29,2% Kyrgyzstan - 1,1%
Oil seeds and fruits	Russia - 31,3%; Afghanistan - 12,1 Turkmenistan - 10,6%; Ukraine - 7,8%
Fats and oils of plant or animal origin	Tajikistan - 27,4; Kazakhstan - 21,4 Afghanistan - 22,5%; Kyrgyzstan - 10,4%
Processed fruits and vegetables	Russia - 56%; Kazakhstan - 18% Germany - 6%; Ukraine - 2,3%
Tobacco and its products	Turkmenistan - 58,5%; Russia - 30,7% Germany - 4,1%; Ukraine - 1,7%
Cotton	Iran - 37,5%; China - 20,3% Singapore - 12,7%; UAE - 4,6%

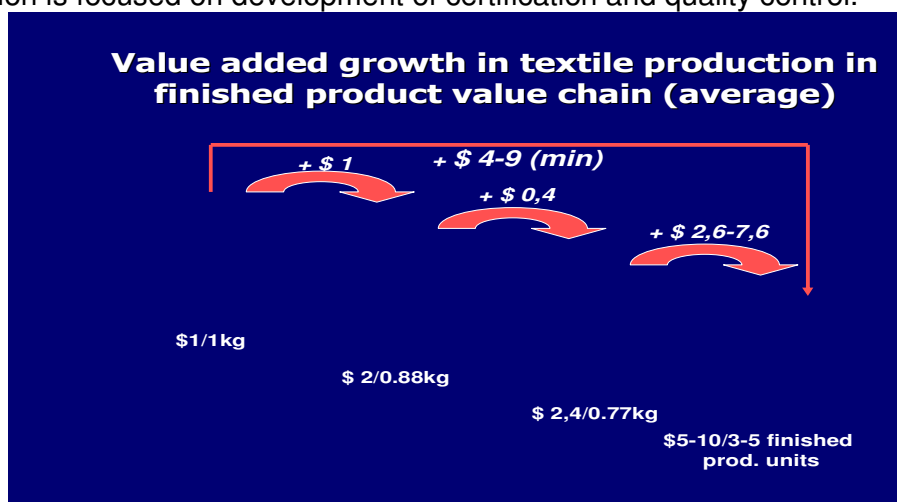
22 cotton terminals, 6 free warehouses with a one-time storage capacity of 414 thousand tons of fiber have been established and are functioning to create a reserve for making up batches of cotton fiber for export.



The improvement of quality parameters, as well as an effective marketing policy enables to increase and strengthen the reputation of Uzbek cotton.

Alongside with the impact of the reforms in the cotton industry conducted by the Government of the republic, the marketing policy is aimed at further broadening of the geography of export using uniform pricing for all buyers, which is an additional factor maintaining stable demand for Uzbek cotton.

The priorities in the sphere of industry reforming are: increasing the share of cotton fiber processing in the republic, development of new manufacturing technologies and reducing production costs, improvement of quality and technical characteristics of the cotton fiber. A special attention is focused on development of certification and quality control.



Today Uzbek cotton fiber enjoys good demand in the world market; it has higher quotations at the commodity exchange compared to its major competitors from Greece, Syria, Africa, India.

One cannot but note other important components of the export potential of agriculture.

Silk, plant materials, wool, karakul, rawhide and products made of them.

The core element for structural reforms in each sub-sector is increasing processing of raw products in the republic and expanding export of products with deeper processing.

At present the republic is working in the sphere of standardization and certification of locally produced products.

Key objectives of external economic activities in 2008 in this sector of economy are: further realization of export potential of agricultural products, attraction of foreign investments and organization of joint production for its processing.



Thank you for  
your attention!