

**NEW UZBEKISTAN**

# The Big Country With Big Opportunities

*A report exploring Uzbekistan's  
attractiveness to foreign investors.*

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MAY 2024

*With the cooperation of:*



Ministry of Investment,  
Industry and Trade of the  
Republic of Uzbekistan

# Another world, just waiting to be discovered



*The stars seem aligned for Uzbekistan to shine on the radar of global investors.*

- Franklin Templeton



*Inward investment flows will build given the Government's strategic focus on creating a competitive and well-regulated investment environment.*

- Rothschild & Co.



*Uzbekistan has been a leading recipient of the EBRD funding in recent years. The level of our cooperation with the authorities and businesses in the country has also been exemplary. The EBRD commends the authorities for making conscious efforts aimed at the improvement of the investment climate in Uzbekistan*

- EBRD



*The economic reforms including the liberalization of the domestic market by the Government, are having positive impact on the international attractiveness of the country as an investment destination.*

- The International Islamic Trade Finance Corporation



*Uzbekistan has the ability to co-lead a process of enhanced economic growth and stabilisation across the region.*

- Gemcorp



*The most important thing for us is to ensure the quality of investments to ensure the sustainable, long-term development of Uzbekistan's economy, to make it competitive.*

- Laziz Kudratov, Minister of Investment, Industry and Trade in Uzbekistan

## Executive Summary

UZBEKISTAN, perhaps the best-kept secret on the Asian investment scene, is about to become much more widely known. Seven years of ambitious reforms are bearing fruit, as are parallel moves to liberalise civil society. Traditional industries such as cotton are thriving, while the country has become the region's magnet for green investment.

At the same time, Uzbekistan is experiencing a booming digital economy, not least as a result of becoming one of the world's leading IT outsourcing hubs. Tashkent is to house a custom-made international financial centre, complete with its own legal and tax regime. Meanwhile, the International Monetary Fund's (IMF) latest Article IV report on Uzbekistan was highly positive; with the Fund's seal of good housekeeping, it is unsurprising that important financing deals have been signed with multi-lateral financial institutions including the European Bank for Reconstruction and Development (EBRD) and the International Finance Corporation (IFC), the private-sector investment arm of the World Bank Group.

Three factors have together provided the bedrock for Uzbekistan's current powerful performance. The first is the country's prudent fiscal and monetary stance. Debt is low and currency reserves are strong, enabling the country to withstand economic shocks such as Covid-19 and the conflict in Ukraine.

The second is the gravitational pull for inward investors of Uzbekistan's very attractive demographic profile, featuring a young and highly educated workforce, with particular strengths in STEM subjects and in languages.

The third is Uzbekistan's enviable geographical location, which gives the country the opportunity to become the key link between the economies of south-east Asia and Europe. This advantage has been thrown into sharp relief by the disruption to Red Sea trade routes arising from conflict in the Middle East.

On May 2 and 3, the world will be invited to the Tashkent International Investment Forum to see what has been achieved and what opportunities are on offer. Those unfamiliar with the country are likely to be very pleasantly surprised and to spread the word far and wide that Uzbekistan is open for business with noticeable momentum.

**NEW UZBEKISTAN:  
THE BIG COUNTRY WITH  
BIG OPPORTUNITIES**



## NEW UZBEKISTAN:

# A big country with boundless potential

Uzbekistan is best understood as a new country.

Uzbekistan has emerged from the reforms of the past seven years into a modern pace-setting economy with strengths in a number of key sectors. It is a big country as well, larger than California.

The IMF noted in a recent press release “Despite shocks from the pandemic and the war in Ukraine, Uzbekistan’s economy has shown resilience. The pandemic caused a sharp slowdown in 2020, particularly in trade, tourism, and transportation. Nonetheless, real growth remained positive at 1.9 per cent.”

More recently, the EBRD’s five-year strategy for Uzbekistan, up to 2029, declared: “Uzbekistan has benefited from opening the economy and embarking on ambitious market reforms in the past five years, reporting strong growth that was largely uninterrupted by the global pandemic and Russia’s war on Ukraine.”

The country has listed the key elements of reform, including liberalisation of capital movements, the ending of trade restrictions and measures to increase the private-sector share of what had been a strongly state-dominated economic scene. But much has been learned from the “shock therapy” practised on some former Communist countries in the Nineties – in parallel with market reforms an active economic policy has been implemented – especially in the field of infrastructure.

In this regard, at least, Uzbekistan has benefited from coming later than most to fundamental economic change. Others’ previous mistakes have helped to guide policy development.

In the words of Ivailo Izvorski, the World Bank Chief Economist, Europe and Central Asia: “Uzbekistan’s efforts have delivered some of the results that were expected, but they’re definitely raising expectations a lot more. Impressively, the reform momentum has not slowed during the coronavirus disruptions.”

“The next stage of market and institutional reforms is aiming to increase the efficiency of labour, capital, land and resource markets. It should be starting soon.”

Professional services firm EY, in a guide to investing in Uzbekistan, describes the country as “an exciting and dynamic environment”, while international law firm Dentons, after waxing lyrical about the country’s landscapes, architecture, and “gastronomic delights”, commented: “Being one of the fastest-growing economies in the world... Uzbekistan is becoming part of the global economic shift towards Asia.” Eyes are now turning to the outlook for the six years ahead: the Uzbekistan 2030 strategy addresses initiatives and programs across the whole economy, with a special focus on public-private partnerships (PPP).

**Uzbekistan’s 2030 strategy sees it targeting upper-middle-income nation status by 2030, in part through PPP projects totalling \$17 billion.**

Meanwhile, in March 2024 the International Islamic Trade Finance Corporation (ITFC) signed a number of agreements with Uzbekistan totalling \$715 million. ITFC said at the time: “This financing is geared towards supporting the production of cotton and wheat, ensuring food security, and helping stabilise prices for essential commodities, as well as supporting the trade finance needs of private sector and SME clients.”

Across the region more generally, the ITFC flagship project Trade Connect Central Asia + will promote growth and economic integration in Azerbaijan, Kazakhstan, Kyrgyzstan, Tajikistan, Turkmenistan as well as Uzbekistan.

The country and its 37 million people are now centre stage in what is a rapidly evolving Asian economic scene. After the hard pounding of the

past seven years of reform, Uzbekistan is now ready to reap the rewards of these changes.

Furthermore, population size is itself an asset, outstripping those of neighbours including Tajikistan (10 million), Kyrgyzstan (7 million) and Kazakhstan (19.7 million).

Nor is this merely a matter of headcount. The quality of human capital is extremely rich, and constantly improving. According to the US Agency for International Development: “The government of Uzbekistan’s Ministry of Public Education is committed to an ambitious program of systematic and comprehensive reforms. Uzbekistan is working to create an education system that can produce graduates with the critical thinking, problem solving, and practical skills that will enable them to succeed.”

Already, Uzbekistan has one of the highest literacy rates in Asia, close on 100 per cent, and a flourishing tertiary education sector, covering both academic and vocational studies. Most schools choose English as either the first or second compulsory foreign language.

It helps that it is one of the youngest countries in Asia, with nearly 60 per cent of the population below the age of 30.

FROM COTTON TO IT OUTSOURCING:

# The changing face of the economy

One of the trickiest manoeuvres in economic policy is to maintain sectors of traditional strength while encouraging development in new industries. Uzbekistan has arguably pulled off this neat trick and is now enjoying the rewards.

Business Activity 2010-2023	Projects No.	Jobs Created Total	Capital Investment Total (USDm)
Manufacturing	118	45,577	24,548.40
Sales, Marketing & Support	40	1,471	737.10
Retail	37	2,475	366.00
Business Services	34	3,553	699.00
Electricity	34	1,269	12,835.80
ICT & Internet Infrastructure	13	1,091	1,503.00
Construction	6	3,146	864.70

\*UNWTO "Investing in Uzbekistan"

In its World Factbook, America's Central Intelligence Agency (CIA) notes that Uzbekistan is a "key natural gas, cotton, and gold exporter". Cotton, in particular, was a major focus during the Soviet era, while bullion sales bolstered the policy first set out by VI Lenin when challenged on whether a Marxist state should be trading in this capitalist commodity: "When amongst wolves, howl like a wolf."

Today, the country's Navoi Mining and Metallurgical Company (NMMC) is the world's fourth-largest gold producer. Its flagship Muruntau mine is one of the largest gold mines in the world and recognised by the industry as a geological master. With estimated resources of more than 150 million ounces, industry leading costs and strong gold prices, NMMC is ideally

placed to contribute significantly to the Uzbek economy for the long term. The Company is busy implementing an ambitious transformation program focused on expanding its resource base, improving operational efficiency as well as championing best practice ESG approaches. This program will help showcase to international investors the significant natural resource development opportunity the country offers across a range of commodities.

Alongside this has been the rapid development of new industries in which the country has no historic involvement, such as IT and green energy. It is a tribute to the adaptability of the workforce that it has taken to these new sectors so quickly and wholeheartedly.

## Compelling economic fundamentals underpinned by ambitious reform program

### UZBEKISTAN IN NUMBERS

- GDP growth of **6%** in 2023
- Population of **37 million** with an average age of **29**
- **99%** literacy rate
- **99%** internet coverage
- **0%** corporate taxes for businesses based in IT Park
- **25%** growth in foreign trade in 2023
- Smartphone penetration to reach **77%** by 2025
- First country in CIS to introduce **5G**
- **+\$70 Billion** FDI over the next 5 years
- **2x growth** in average monthly wages (US \$) over past 5 years
- Uzbekistan rated "**stable**" and "**positive**" by S&P and Moody's respectively

### 2030 STRATEGY - HIGHLIGHTS

- Increase the share of the private sector in the economy to **85%**
- Secure membership of the World Trade Organisation (WTO)
- Increase the share of renewable energy in the economy to **40%**
- Doubling industrial labour productivity
- Increase the volume of exports to **45 billion dollars**
- Reduce regulatory burden on economy by **30%**

### GROWTH MOMENTUM

GDP per capita, 2018-2022



\*UNWTO "Investing in Uzbekistan"

# An economy poised for growth in key strategic sectors



Uzbekistan has its first technology "unicorn", a start-up valued at more than \$1 billion. Uzum is an e-commerce business focused on fintech, on-line shopping and food deliveries

## Twin trends: Liberalisation and modernisation

Later in this report, we shall look at the green economy in more detail; for now, suffice it to say that there is a certain irony in Uzbekistan's emergence as a leader in this field, considering that undoubted economic progress during its more than 60-year membership of the USSR came with an environmental price tag. Understandably, intensive production of cotton and grain led to the heavy use of agrochemicals and the depletion of water supplies.

In its Country Strategy 2024-2029, the EBRD commented: "Uzbekistan has benefited from opening the economy and embarking on ambitious market reforms in the past five years reporting strong growth that was largely uninterrupted by the global pandemic and Russia's war with Ukraine... These reforms facilitated the fast expansion of agriculture and manufacturing, as well as robust infrastructure investments."

It added: "The share of the private sector in the economy has increased, and considerable progress has been achieved on the green agenda, including a remarkable expansion of renewable power production."

The emerging pattern of the new Uzbek economy can be judged, in part, from the

destination of foreign direct investment (FDI). GlobalData's recent figures, listing the number of large scale FDI projects in each sector, tell an interesting story.

A clear leader with 11 such projects was "business and professional services", followed by tourism and healthcare (eight projects each), "renewable and alternative power" (five projects), education (five projects) and software and IT services (four projects).

Textiles, financial services and logistics came next, with three projects apiece, followed by pharmaceuticals and communications and media, two projects for each of the two categories.

Finally, with one FDI project each, are automotive, chemicals, food, construction and real estate, metals and minerals, and consumer goods.

IT is a burgeoning sector of the Uzbek economy, coming from practically a standing start. Already, Uzbekistan has its first technology "unicorn", a start-up valued at more than \$1 billion. Uzum is an e-commerce business focused on fintech, on-line shopping and food deliveries. With a market value of \$1.16 billion, Uzum more than qualifies for unicorn status, but with more than 1,000 other start-ups in the country there are plenty of candidates likely to join it.



*Uzbekistan's government has built a solid track record with international bond investors.*

**- London Stock Exchange**



*Uzbekistan's economy has demonstrated remarkable resilience to recent global challenges.*

**- International Monetary Fund**

Elsewhere, in its March 2024 edition, Modern Diplomacy magazine reported: "Uzbekistan is planning to become the world's IT outsourcing hub, displacing traditional locations India and China."

Reporting on an Uzbek outsourcing conference in New York on March 7, Modern Diplomacy added that the country intends to increase IT export earnings from \$344 million in 2023 to \$5 billion by 2030.

External factors provide a useful tailwind to this ambition, it added: "In India, escalating labour costs and high levels of employee churn

are eroding its competitive edge while China's outsourcing landscape is fraught with regulatory complexities and intellectual property concerns, casting a shadow of uncertainty over foreign investments."

By contrast, it noted, Uzbekistan provided a welcoming environment with a supportive government and a well-educated IT workforce, along with attractive financial incentives. Already, 400 foreign firms have a presence in the country's special economic zone, the IT Park in Tashkent, and by the end of this year it is expected to cover nearly seven hectares.

### Building a financial centre

Across town from the IT Park, another project is taking shape: Tashkent International Financial Centre (TIFC). This builds on an existing financial cluster that formed spontaneously in the capital. When fully up and running, TIFC is expected to add one percentage point annually to GDP and to generate between 15,000 and 20,000 new jobs.

The Centre will enjoy a bespoke legal and taxation regime, and the incentives to come to TIFC include a fast-track single window for obtaining permissions, full protection of property rights and the services of the Tashkent International Commercial Court. These safeguards will complement the existing legal dispute mechanisms available at the Tashkent International Arbitration Centre, an institution with a strong record of protecting investor rights.

The official languages of TIFC will be Uzbek, Russian and English, and there will be a preferential migration system.

According to the government, TIFC will contribute to "solving urgent problems of developing the national financial market to form a capacious capital market", while also helping to develop "foreign economic relations and strengthening of the international brand of the Republic of Uzbekistan".

### A future driven by renewables

As mentioned earlier, the country's emergence as a major player in renewable energy stands in stark contrast to the environmentally-unfriendly agricultural practices of yesteryear. But a report from the International Energy Agency (IEA) co-funded by the European Union sets out the overall energy picture in Uzbekistan and the increasingly vital role played in it by renewables.

Currently, natural gas production in Uzbekistan accounts for 90.5 per cent of total energy production. Oil accounts for 5.8 per cent, coal 2.5 per cent, hydroelectric one per cent and "a negligible amount of biofuels", according to the report. But these figures do not exactly suggest an emerging power on the green-generation scene.

However, beneath the surface, trends are shifting. The IEA-EU report notes that the country has substantial renewable-energy potential, much of it linked to solar power. "Uzbekistan benefits from high solar irradiation", in effect a "free" energy

source that is also clean.

Of course, harnessing this source is far from free, thus the government has unveiled a number of strategies to push the country along the road to much more widespread adoption of green-friendly energy generation. By next year, the official target is for renewables to take a 20 per cent share of the energy market, rising to 25 per cent by 2030.

In 2023, The Diplomat magazine noted: "Uzbekistan is not the first country that comes to mind when talking about renewable energy. But the gas-dependent nation with extensive fossil fuel reserves... is making strides towards unlocking its potential for wind and solar power and outpacing its neighbours in the process."

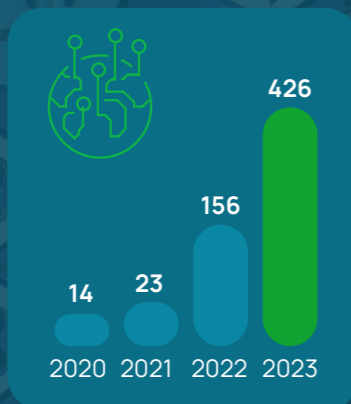
It added that the country has the greatest potential wind and solar energy supplies in Central Asia.

## The path to IT excellence

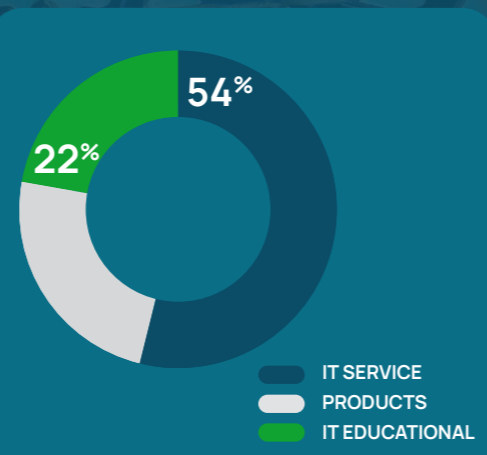
IT COMPANIES



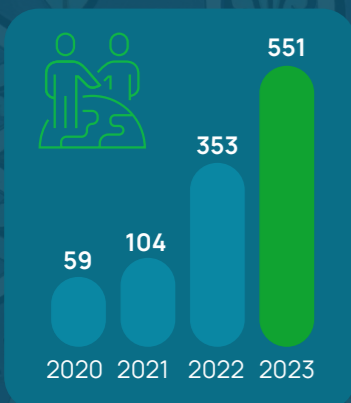
FOREIGN IT COMPANIES



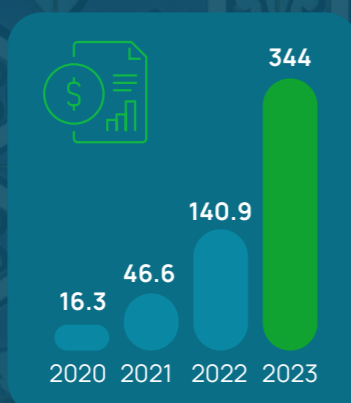
TYPES OF IT COMPANIES



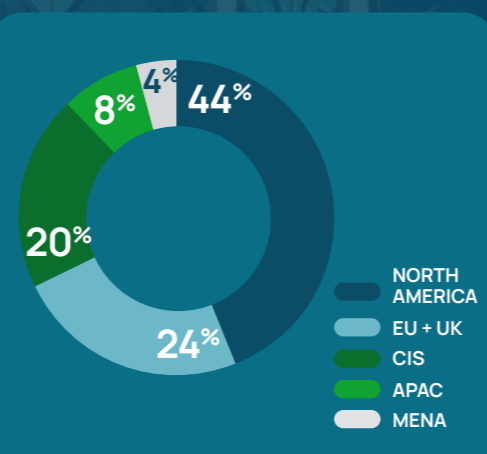
EXPORTERS



VOLUME (MILLION DOLLARS)



EXPORTS BY COUNTRY



\* IT Park Uzbekistan - IT Park Statistics

### Uzbekistan has the most prospective wind and solar capacity in Central Asia

Country capacity by status and type in megawatts



\* The Diplomat - "In Uzbekistan, a nascent push for green energy"

ALL CHANGE:

# Reform and modernisation in Uzbekistan

The pace of reform since 2017 is rapidly transforming economic conditions in the country. From banking to agriculture, key sectors have been shaken up vigorously, with beneficial effects across the country.

Perhaps the best place to start is in the cotton industry. During the last years of the Soviet Union it was mired in a corruption scandal, but the bigger cloud over the sector comprised abusive employment practices. As Human Rights Watch put it: "For decades, millions of people in Uzbekistan were forced to pick cotton, a national crop, under one of the world's largest, most exploitable State-run forced labour programs."

But no longer. The International Labour Organisation recently reported that: "Almost two million people are recruited every year for the annual cotton harvest in Uzbekistan. The country has succeeded in eradicating systemic forced labour and systemic child labour during the 2021 cotton production cycle."

This has taken about two million children and half a million adults out of forced labour and has restored commercial relations with overseas customers who had boycotted Uzbek cotton because of this issue.

Other reforms related to less egregious economic problems, but are nonetheless key to modernisation of what remains an economy with a large public sector. The government is committed to phasing out State-subsidised or State-directed bank lending, replacing it with market-based credit allocation. It is planning an extensive privatisation program, and proposes to reduce subsidies to

energy bills from 1.8 per cent of GDP to 0.8 per cent by the end of this year. The ultimate goal is to end all such subsidies.

## Driving Investment Reform

On March 6 2024, the European Union, the Organisation for Economic Co-operation and Development and the Asian Development Bank joined forces with the government to turn their attention to investment reform. A project was established to "provide a comprehensive assessment of the investment framework currently in place in Uzbekistan".

The communique continued: "It will allow Uzbekistan to benefit from evidence-based and up-to-date analysis and tailored recommendations to improve the investment climate, support reform implementation, and maximise the development impact of foreign direct investment in the longer run".

## Upgraded infrastructure

Meanwhile, the modernisation of Uzbek infrastructure continues apace. A showcase railway project will link Uzbekistan, Kyrgyzstan and China, in the face of daunting construction challenges, not least in mountainous regions.

Roads, meanwhile, are in line for a significant

upgrade, with a capacity increase of 486 per cent by 2030. Other critical infrastructure should also be overhauled and modernised, not least in the area of water and sanitation: about one third of the population lacks access to good quality drinking water.

Elsewhere, work began last year on a major expansion of Tashkent International Airport, due to be completed by the end of next year. It will nearly double the airport's capacity from seven million passengers a year to 13 million.

**Looking at the overall picture, Fitch, the credit ratings agency, declared in December last year: "Reforms to the Uzbek economy and policy framework have been widespread and significant since 2017, and [we] viewed July's re-election of President Shavkat Mirziyoyev as providing a strong mandate for further reform."**

## A quiet revolution: opening up banking, bonds and capital markets

Ambitious plans announced in 2017 involved the eventual privatisation of 100 State-owned banking institutions. In parallel, the country's securities markets, long dominated by government issuance, are being opened to foreign investors and to the trading of innovative forms of debt.

In June 2023, OTP, the largest commercial bank in Hungary, became the first foreign financial institution to participate in an Uzbek bank privatisation when it took a 75 per cent stake in Ipoteka-Bank, the country's fifth-largest financial-services business. The remaining 25 per cent is to be bought by 2026.

Elsewhere, Georgia's leading banking group TBC has established a local presence - opening TBC Bank Uzbekistan. In April 2023, its shareholders, the European Bank for Reconstruction and

Development (EBRD) and the International Finance Corporation (IFC) put in new capital of \$5.6 million each alongside \$28.1 million from TBC.

This followed total joint investment of \$35.1 million in 2022 and \$22.5 million in 2021. A key part of the bank's strategy is to extend banking facilities to previously-underserved sections of Uzbek society

In November 2023, the Asian Development Bank and State-owned Sanoat Qurilish Bank agreed a \$50 million senior convertible loan to help support lending to micro, small and medium-sized enterprises.

## Success on international bond markets

In January 2024, Global Capital commented that, with Russian and Ukrainian issuance blocked by the conflict, Uzbekistan was likely to dominate bond volumes in the former Soviet Union.

And on February 27, BNE Intellinews reported on moves to open the country's debt markets to foreign investors, including allowing foreign intermediaries to act in Uzbek securities markets.

This opening up fitted neatly with the country's emergence as a green-economy leader in the region when, in October 2023, Uzbekistan became the first emerging market issuer to market a local-currency green bond overseas.

As the OECD put it: "After decades of relative inactivity in international financial markets, Uzbekistan has emerged as a dynamic albeit small player that has made green finance a central component of its development strategy." It added that the country's interest in this area springs in large part from the gap between available finance, largely from State sources, and the country's need to invest, particularly in sustainable infrastructure.

This gap is estimated at \$6 billion a year, thus, said the OECD, the government "seeks to mobilise both domestic and foreign private capital for investment in projects that contribute to its environmental and development objectives".

THE WELCOME MAT:

# Foreign companies & investors are very much at home in Uzbekistan

From IT to energy, Uzbekistan's underlying advantages are abundantly clear to an ever-growing list of multinational corporations and sector leaders. While IT businesses from China and India have established a presence in Uzbekistan, other corporations, from a range of other sectors, are following suit.

Turkey's AKSA Enerji is investing \$250 million to build a 400 megawatt gas piston power plant in the Kashkadarya region, while Abu Dhabi's national energy company has signed agreements with the Uzbek government under which it will invest \$3 billion in the country's energy sector, including a new 1.5 gigawatt power station.

Elsewhere, Saudi Arabia's ACWA Power has put \$2.4 billion into a 1.5 gigawatt on-shore wind power scheme – the largest such project in the world, in Karakalpakstan. It has signed a separate deal with Uzkimyosanoat, the national holding company for chemicals in Uzbekistan, to de-carbonise the sector through green hydrogen projects. Uzbekistan aims to have achieved 35 per cent de-carbonisation by 2030.

Other energy investors include EDF, Mitsubishi, Siemens and Sumitomo.

The Tashkent International Investment Forum, on May 2 and 3, will undoubtedly add to the blue-chip list of businesses and investors drawn to Uzbekistan. But as the names above testify, quite a number of them are there already.

## The road ahead: Challenges and new opportunities

The EBRD put it like this in its January 2024 Uzbekistan Country Strategy 2024-2029: "Major reform challenges...remain across all economic sectors. Political economy constraints and limited government capacity hinder the ability to deliver on more complex reforms, including further improvements in strengthening economic governance and business conduct."

It added: "The economy continues to be dominated by large State-owned companies and financial institutions, and small and medium sized enterprises (SMEs) development is hindered by inadequate skills, the high cost of finance, and remaining significant administrative constraints."

The slower-than-hoped-for pace of change recurs frequently in commentary about Uzbekistan. The World Bank recently acknowledged; "The transition to a market economy has progressed slowly for most of the past 30 years. Few institutions have changed from those prevailing at the time of the planned economy."



"A high share of economic activity is still managed by centralised State institutions. The structural transformation of the economy is also still at an early stage."

"At 26 per cent of GDP in 2020, the share of agriculture in the economy is the highest in the Europe and Central Asia region."

However, continued problems are often accompanied by unexpected blessings. As the World Bank put it, "the country's late embrace of comprehensive reforms, comes with a silver lining," adding: "Uzbekistan can draw on a wealth of lessons learned from the successes and failures of other transitions around the world. These examples clarify the high level outcomes that have proven necessary for success and for avoiding the pitfalls that have undermined past transitions."

Even the high proportion of the labour force employed on the land may help to enhance economic growth once productivity improves and agricultural workers are able to move to industry. This, after all, is what happened during the post-war years in France and Italy.



*We are honoured that the leadership of Uzbekistan has bestowed their trust in our capabilities to develop the country's first green hydrogen project. This marks a significant milestone in the history of Uzbekistan's energy revolution, and ACWA Power is honoured to be leading the charge.*

**- ACWA Power**



*The fintech and e-commerce sectors hold immense potential to drive the country's economic transformation and establish Uzbekistan as a leading digital hub in the wider Central Asia region.*

**- FinSight Ventures**



## TREASURES UNLIMITED:

# The huge potential of tourism

To visit Uzbekistan is to take a trip through the history of central Asia. It is actually to arrive in cities that one may have thought semi-mythical, The National Uzbekistan Tourist Information Centre declares: "Welcome to the country of magnificent architecture and ancient traditions preserved in a unique heritage."

All quite true, but from an investor's viewpoint the unromantic figures may prove the bigger attraction. On March 24, BNE Intellinews reported: "Uzbekistan's tourism sector has experienced a significant uptick in the initial months of 2024, with visitor numbers soaring to 974,200, a robust 11.9 per cent increase from the previous year,"

It added that the government had invested heavily in both promotion and tourist infrastructure, including a range of hotels spanning all price points.

Neighbouring countries Tajikistan, Kazakhstan, and Kyrgyzstan "contributed significantly to the tourism boom" while currently modest visitor

numbers from China, Belarus and South Korea suggest huge potential for expansion.

That is certainly the official opinion, according to the US International Trade Administration (ITA). It said: "The government views the tourism sector as having high growth potential," adding that it is "also promoting pilgrimage tourism. Uzbekistan ranked 13th out of 137 countries in the Global Muslim Travel Index 2023".

The ITA is clear about the factors behind this growth potential: "its rich cultural and historical heritage, friendly people, delicious cuisine, and beautiful nature".

A treasure chest indeed.

## THE NEXUS OF GLOBAL TRADE:

# Uzbekistan in a changing world

Uzbekistan is at the heart of a region that has captivated imaginations for centuries. The very names of Tashkent and Samarkand conjure up a world at once rich and exotic. Throw in a reference to the fabled Silk Road and time-hallowed trade routes, and the spell is cast.

While highly enjoyable, this sort of romanticism is no basis for business or investment decisions. Nor need it play any role at all, given the hard-headed case for Uzbekistan is more than enough to prove decisive.

Uzbekistan is a fast-growing country whose economic potential is enormous. In April 2022, the World Bank commented: "Looking at the next five years, the government has committed to reducing poverty by half and making Uzbekistan an upper-middle-income country by 2030. These are ambitious plans, requiring real per capita national income to grow by between nine per cent and ten per cent a year, which would rank as among the most rapid growth periods in history."

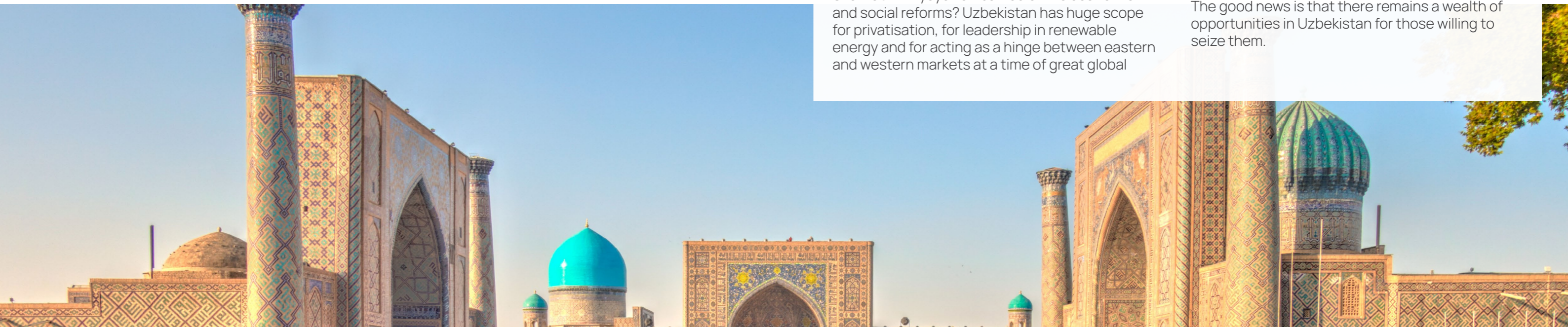
Yet who would be against it, given the huge progress made since late 2016, when President Shavkat Mirziyoyev embarked on his economic and social reforms? Uzbekistan has huge scope for privatisation, for leadership in renewable energy and for acting as a hinge between eastern and western markets at a time of great global

disruption. In creating special zones for IT and for financial services, it have secured positions in the industries of the future.

Meanwhile, its natural resources and the vote of confidence expressed by foreign companies and investors even ahead of the May 2 and 3 investment forum, are priceless assets.

Thirty years ago this year, Wall Street hedge fund manager Jim Rogers – the self-styled "investment biker" – wrote of Tashkent: "A modern, glistening city, it had a major international airport and first-class hotels. Over the previous 20 years, this regional capital had blossomed the way Los Angeles and Atlanta had." Rogers was renowned for making a fortune betting against the conventional wisdom. Here, once again, he seems ahead of the trend.

The good news is that there remains a wealth of opportunities in Uzbekistan for those willing to seize them.



A RISING TIDE OF APPRECIATION:

# Views from the market

“ We are very impressed with the pace of convergence and expansion of the local economy, but we believe that this is just the beginning as Uzbekistan can continue to grow at a more rapid pace than the global GDP growth.

- Franklin Templeton

“ The state, through its policies has significant capacity to attract capital to business leveraging the new energy transition.

- STJ Advisors

“ The emergence of an IT company valued at over \$1 billion is an important signal to investors that there is a large and promising new market that has already been verified by international funds.

- Uzum



“ ADB fully supports the Government of Uzbekistan in its transformation to a vibrant and inclusive market economy and its implementation of banking sector reforms.

- Asian Development Bank

“ Uzbekistan can continue to grow at a more rapid pace than the global GDP growth.

- London Stock Exchange

“ The economy is growing. The regulatory environment is enhancing. The dialogue between the authorities and business is there.

- British American Tobacco

“ Uzbek state-owned banks and other SOEs have had a lot of success in the debt capital markets over the past four years.

- Bluestone Investment Bank

“ We recognise the compelling socio-demographics and growth profile of Uzbekistan and are excited by our investment in the country.

- TBC Bank Plc

# HUDSON SANDLER

Hudson Sandler is a strategic communications and sustainability consultancy, headquartered in London with offices internationally including in Tashkent.

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