

By Ivan De Stefano

Â What could you say about the path of your country's development over the period of time since it became an independent state?

Since gaining its independence in 1991, Uzbekistan carried out large-scale reforms aimed at building a democratic state with the socially oriented market economy and a strong civil society. We have chosen our own path of transition and development, known as the Uzbek Model, which is based on five key principles outlined by President Islam Karimov right at the outset of our nation's independent development. These are the priority of economy over politics; the state is the main reformer; ensuring the rule of law in all areas of society's life; the implementation of a strong social policy; as well as the gradual nature of political and economic reforms.

The Uzbek government has set a number of major objectives, which include joining the ranks of developed democratic nations, building civil society, modernising and diversifying the country's economy. Over the relatively short period of time our country has managed to score major successes on its path towards these important goals, and these achievements have gained broad international recognition.

Today Uzbekistan is a country with a stable and dynamically developing political system, robust economy with an annual gross domestic product growth rate of 8 per cent, as well as a strong and highly-ranked education system.

Our nation is now going through the third phase of its development. Its priorities were outlined by President Islam Karimov in the Blueprint for the country's development beyond 2010. This document focuses on such areas as the democratization of state power, legal system reforms, developing the electoral legislation, ensuring freedom of speech, boosting the role of civil society institutions, speeding up market reforms and the process of the liberalization of economy.

Based on the priorities outlined in the blueprint, in March 2011 the parliament passed a law introducing constitutional amendments aimed at ensuring a more balanced distribution of

powers between the branches of state authority, as well as boosting the role and influence of political parties in the country's public and political life. Under the new law, some presidential powers were transferred to the Senate, while the powers of the prime minister were also enhanced.

Over the years of independence, Uzbekistan has also made a significant progress in developing its election system on a multiparty basis and ensuring citizens' rights to vote and be elected. The high voter turnout in recent presidential and parliamentary elections bears witness to people's commitment to the democratic and economic reforms being effected in the country and how seriously they take their role in these reforms.

The country has also made a great leap forward in reforming and liberalising its legal system with a major focus on ensuring the independence of the judiciary. For instance, appeals procedures were reformed, the institute of reconciliation was established; legal mechanisms ensuring the equality of parties at all stages of the legal process were strengthened. The courts have been empowered to issue sanctions for arrest (institute of "Habeas Corpus").

As part of the implementation of the articles of the Constitution saying that the right to life is an inalienable natural right of every person, as of 1 January 2008 death penalty was abolished in the country.

Significant progress has been made in ensuring human rights and freedoms. Based on the norms of the Universal Declaration of Human Rights, the system of national institutions was created to promote the rule of law and protect the personal, political, economic, social and cultural rights of citizens. Much focus is being placed on educational programmes on human rights and freedoms at schools, universities and colleges so as to broaden people's knowledge of their fundamental rights and freedoms. Civil society bodies are playing an increasingly important role. There are over 8,240 NGOs operating in various spheres. They enjoy significant state support in the form of subsidies and grants.

Comprehensive work is being carried out in order to develop free and independent media. In the past ten years the number of print media in the country has increased 1.5-fold, while the number of electronic media outlets has increased seven-fold. Today there are more than 1,200 media outlets in Uzbekistan, with non-state media accounting for nearly 80 per cent of all media in the country. Another important thing worth mentioning here is that local broadcast and print media operate in seven languages of ethnic groups living in the country.

Uzbekistan is home to representatives of 130 ethnic groups, and one of the major achievements during the years of independence is that we have succeeded in maintaining peace and stability, interethnic and interfaith accord in the country. It is a direct result of the government's consistent efforts to ensure the strict observance of the constitutional principle of respect for the languages, customs and traditions of ethnic minority groups living in the country.

Could you give us a brief overview of economic reforms effected in Uzbekistan over the past few years?

Since gaining independence, Uzbekistan has made considerable progress in its socio-economic development, and today the country is an integral part of world community and global financial-economic market.Â

As is well-known, prior to independence, under the centrally-planned Soviet economy, Uzbekistan worked as reservoir of raw material and it inherited devastated economic situation from the Soviet Union. Thanks to President Islam Karimov's model of economic development, within a relatively short period of time Uzbekistan has made a successful transformation from centrally commanded economy to the market-driven robust economy with a rapidly growing industrial sector.

As mentioned in the World Bank report, "since the mid-2000s, Uzbekistan has enjoyed robust GDP growth, thanks to favorable trade terms for its key export commodities like copper, gold, natural gas, cotton, the government's macro-economic management, and limited exposure to international financial markets that protected it from the economic downturn."

The International Monetary Fund stresses that "despite the deterioration in the global environment, the economy of Uzbekistan continued to grow rapidly. Strong fiscal and external positions, a stable banking system, and low public debt continue contributing to robust macroeconomic performance".

I would like to cite here some figures to provide you with a better picture of the scale of the economic achievements scored by our nation over the years of independent development. Over

the past 24 years Uzbekistan's economy has grown five-fold, and in per capita terms it multiplied at least threefold. We should also bear in mind that over the same period of time the country's populace increased by nearly 12 million, reaching the current population of 31.5 million people.

The country has established and developed its own car manufacturing, home appliances production, hydrocarbon-chemical production, pharmaceuticals industries, while food and consumer goods production industries, chemical industry, construction materials manufacturing and other sectors have undergone complete modernization and reorientation to ensure the production of competitive goods with a higher added value.

The country has achieved substantial changes in the dynamics and structure of economy, development of production and export capacity, social sector, the level and quality of life. For instance, between 1990 and 2015 the country's GDP at purchasing power parity has surged over six-fold – from 27.1 billion to 171.416 billion US dollars, and its growth rates over the past 11 years remain at around 8%.

The proportion of industries and services has consistently increased in the structure of GDP. These indicators stood at 17.6% and 33.8% respectively in 1990, and reached 33.5% and 54.5% in 2015. Through the optimization of the structure of sown areas and increase in their productivity, the efficient use of modern equipment and technology in agriculture, the share of the agricultural sector gradually decreased from 33.4% in 1991 to 16.6% in 2015. At the same time, the country has achieved enormous progress in the area of food security. Today, the republic's agriculture not only covers domestic demand for food products, but also provides significant expansion of export capacity.

In 2016, Uzbekistan is planning to channel more than \$17.3 billion - 23.5% of which are foreign investment - in the development of its economy. Moreover, plans are afoot to put into operation 164 big production facilities worth \$5.5 billion. As a result, the economy is expected to grow by 7.8%, real income per capita - by 9.5%, wages, pensions, stipends and allowances from all sources – by 15% by the end of the current year.

At a recent government meeting President Karimov stressed the importance of changing the approaches to corporate governance in Uzbekistan in order to establish a truly market-based system in determining corporate policies. Could you please elaborate on the main priorities of these reforms?

At present Uzbekistan is implementing the program on the structural transformation and diversification of economy in 2015-2019. Its priorities include ensuring the reliable protection of interests of private entrepreneurship and small businesses, increasing the role of private property while reducing the presence of the state in the economy. In this context, it is of paramount importance to ensure the introduction of modern methods of corporate management (Corporate Governance, CG) to help improve the efficiency of joint-stock companies and speed up the privatization processes.

With a view to speeding up reforms in this area, the government adopted special resolutions on measures to be taken to introduce modern methods of corporate governance in joint-stock companies and to attract foreign investors in these companies.

Following a complete inventory of the activities of all JSCs working in the country in 2015, their new standard structure has been developed and approved. The main goal of these reforms is to boost the role of foreign investors in economic entities, create more favorable conditions for their active participation in corporate governance, modernize production by replacing or upgrading production equipment and technology.

The government has approved a list of 68 joint-stock companies, at least 15% of state stakes in which are being sold to foreign investors. There are also plans to put on sale shares of five Uzbek banks. At present, over 4,500 enterprises with foreign investments, including from world famous trans-national companies operate on Uzbek market. Among them are General Motors, MAN, Isuzu Motors, CNPC, LG, Lukoil, Nestle, Coca-Cola, British-American Tobacco and many others.

What are the main factors which make the Uzbek economy attractive to Italian investors and entrepreneurs?

This is a very important question. The formation of a favourable investment climate and business environment has always been among the Uzbek government's major priorities.

Based on the experience of developed countries as well as entrepreneurship and handicrafts

traditions inherent in our people, the government is focusing on the development of small businesses and private entrepreneurship. This rapidly developing sector, which in 2015 ensured the production of 56.7% of GDP, is playing a leading role in the dynamic development of Uzbekistan.

In 2015 the amount of investments from all financing sources added up to 15.8 billion US dollars, which is an increase of 9.5% against 2014. At the same time more than 3.3 billion US dollars, or over 21% of all investments – were foreign investments, of which foreign direct investments amounted to 73%.

Uzbekistan has very favourable conditions for foreign investments. I would like to list below some of them.

- *Political and macroeconomic stability.* Despite the grave repercussions of the ongoing global financial and economic downturn, the annual growth of GDP has exceeded 8 per cent in 2008-2015. A very few countries around the world have been able to boast similar economic growth rates in the past years. The real aggregate per capita incomes have grown nine-fold since the republic became an independent country. The public external debt does not exceed 16 percent of GDP, while the internal debt amounts to zero, amid the mounting volumes of exports and gold and currency reserves.

- *Rich resources of raw materials.* The country has access to a wide range of raw materials which makes it possible to reduce production prices, provides opportunities to produce high value added products which are in high demand on external markets. Uzbekistan is among the top ten countries with the largest reserves of gold, natural gas, uranium, silver, copper, molybdenum and other rare metals. There are more than 1,644 deposits and 100 types of mineral resources;

- *Energy self-sufficiency.* One of the most important advantages of Uzbekistan is that its economy is energy independent. Uzbekistan's total natural energy resources are sufficient to meet the demands of the economy for more than 100 years. Uzbekistan not only fully covers the domestic needs for electricity, but also exports electricity to neighbouring countries.

The cost of electricity in Uzbekistan is 4 times lower than the average price paid by the

industrial consumers in developed countries. The cost of 1 kilowatt of electricity is about 4 cents, 1 ton of coal is about US\$20 and 1,000 m³ of natural gas is US\$55.

- *Advantageous geographical location* in the centre of the largest regional markets, proximity to biggest markets and the developed transport infrastructure of Uzbekistan. Foreign companies investing in Uzbekistan get access to major growing markets of CIS countries, Asia and Europe. Agreements on Most Favoured Nations Treatment with 45 countries, including the USA, Japan, China, Korea, EU countries, and the Free trade agreement between CIS countries, allow enhancing the competitiveness of goods produced in Uzbekistan on external markets;

- *Diversified industrial base*. Uzbekistan has the most diversified economy in the region. We produce a wide range of automobiles and trucks, high-quality agricultural machinery, chemical, textile, pharmaceutical, food products and building materials;

- *Scientific and intellectual capacity of the country*. Almost 100 per cent literacy, significant human and intellectual potential, the educational system meeting latest international standards. Branches of a number of leading European, Asian and Russian universities operate in Uzbekistan, such as Politecnico di Torino, Westminster International University, Singapore Institute of Management Development, Moscow State University and others;

- *Legislative framework and system of benefits for foreign investors*. The investment legislation of Uzbekistan is one of the most advanced among CIS countries, and it incorporated major provisions of international investment laws, in particular, regulations on guarantees of the rights of foreign investors, certain preferences for investors and others. Importantly, foreign investments in Uzbekistan enjoy the national treatment which provides foreign investors with conditions no less favourable than the corresponding conditions for investments made by legal entities and private individuals of the Republic of Uzbekistan. The government continues taking steps by developing new laws to improve the investment climate as well as support and encourage foreign investors. The existing investment laws provide for fundamental guarantees and measures to protect foreign investors and their rights on the territory of Uzbekistan.

- The *Navoi Free Industrial Economic Zone, the Angren and Jizzak Special Industrial Zones* aimed at establishing high-tech joint ventures connected to modern transport and logistics infrastructure which enable direct exports to the markets of the CIS, South and Southeast Asia, Middle East countries. The creation of these economic zones testify to the high priority role of foreign investments in the Uzbek government's economic policy.

The important aspect of the functioning of the Navoi, Angren and Jizzakh economic zones is that they offer a system of preferences and privileges to foreign investors. These include the exemption from almost all types of taxes and customs duties imposed in Uzbekistan.

Since the launch of the Navoi industrial zone, enterprises worth over 121 million dollars have been put into operation on its territory as part of 22 investment projects. These companies specialize in manufacturing modems, TV set-top boxes, electronic energy meters, power cables, heating and hot water boilers, mobile and landline phones, pharmaceutical products etc.

A good example of Italian investments in the Navoi industrial zone is the Landi-Renzo company, which produces gas-cylinder equipment working on compressed gas. Recently GM Uzbekistan started a serial production of Lacetti cars, and Landi-Renzo jointly with GM Korea carried out necessary tests to ensure the optimum performance of the engine adapted to two-fuel system.

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Companies working in the Angren and Jizzakh industrial zones enjoy equally favourable conditions.

Businesses working in the Angren and Jizzakh industrial zones include a sugar plant and 29 manufacturing facilities, worth approximately 500 million dollars which specialize in producing power-efficient LED lamps, copper pipes, leather goods, mobile phones, PC tablets and other high value-added products.

Every year the Uzbek government adopts special programs in order to address specific social and economic objectives. 2016 was declared by the President of Uzbekistan as “The Year of a Healthy Mother and Child”. Could you please brief us on the main highlights of the government programme in this respect?

The State Program “The year of a healthy mother and child” addresses a wide range of important issues related to the healthcare and education sectors. A total of 194 million dollars have been earmarked for the implementation of the state programme, which provides for the

protection of women's rights, ensuring better access to comprehensive healthcare services for women, especially those living in rural areas, building new modern houses and social infrastructure facilities in rural areas, provision of better quality drinking water, as well as improving the overall quality of services provided for rural population.

Priority attention is being paid to the modernisation of perinatal and screening centers, providing them with latest, state-of-the-art facilities, raising awareness of health issues, arranging regular training for health workers to improve their practical knowledge and keep them up-to-date with the latest developments in their areas of specialization, promoting healthy lifestyle among young people, building sports centres in rural areas.

The programme also provides for the development of a network of pre-school educational establishments, as well as the introduction of the latest teaching methods and information and communication technology at primary schools.

Measures are being taken to increase employment opportunities for college graduates, promote gender equality in the workplace, raise the volumes of loans allocated to young people starting their own businesses, as well as mortgage and consumer loans for young families.

How would you assess the current level of the Italian-Uzbek bilateral relations in the political, economic, trade and cultural spheres?

Italy is an important and reliable partner of Uzbekistan. We have long-term, traditionally strong and close ties.

Diplomatic relations between our countries were established in March 1992 and the Italian embassy in Tashkent started working in September the same year. Uzbekistan opened its embassy in Rome in 1998.

Uzbek President Islam Karimov's visits to Italy in June 1996 and November 2000, Italian President Oscar Luigi's visit to Uzbekistan in May 1997 marked watershed moments in the development of bilateral ties between our countries. The two countries maintain a regular

dialogue at the foreign ministries level. The fifth round of political consultations was held in Tashkent in November 2015 during the visit of the former Secretary General of the Italian Ministry of Foreign Affairs and International Cooperation Mr. Michele Valensise. Uzbek and Italian Foreign Ministers Abdulaziz Kamilov and Paolo Gentiloni held bilateral talks during the Summit on Sustainable Development in New York in September 2015.

The inter-parliamentary ties are developing consistently. The Uzbekistan-Italy Inter-Parliamentary Cooperation Group has been working within the Uzbek parliament since 2011. The Italy-Uzbekistan Association of Friendship and Cooperation was established at the initiative of the Italian Parliament in 2005. In 2014, The Italy-Uzbekistan All Party Group of Friendship was set up.

The Memorandum on Cooperation between the Legislative Chamber of the Uzbek parliament and the Chamber of Deputies of the Italian Parliament was signed during an Italian parliamentary delegation's visit to Uzbekistan in June 2012.

Uzbekistan attaches great importance to the development and boosting of mutually beneficial cooperation with Italy in the trade, economic, investment, financial and technical spheres.

The Italian Republic is among Uzbekistan's five largest trade partners in the EU. The volume of bilateral trade in 2014 increased and reached 188 million dollars. In January-October 2015 the trade turnover between the two countries amounted to 136.6 million US dollars.

A total of 29 enterprises with Italian investments operate successfully in Uzbekistan. We continue implementing important joint projects in the energy sector, chemical industry, transport, financial and technical cooperation, tourism and education.

In June 2015, at the invitation of the Italian Government, Uzbek Minister of Agriculture and Water Resources Shukhrat Teshayev took part in the Forum "From Expo Milano 2015 to the future agriculture to feed the world".

The Italian-Uzbek cultural cooperation programme for 2012-2016 is aimed at boosting

INTERVIEW with HE Mr Ravshan Usmanov, Ambassador of Uzbekistan to Italy

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cooperation in the areas of higher and school education, culture, art, tourism, etc.

An Uzbek delegation led by the Chairman of the Association of Fashion Designers of Uzbekistan "Osiyo Ramzi" Khalida Kamilova visited Italy in April and September 2015 in an effort to attract leading Italian designers and clothing companies to create clothing lines in Uzbekistan.

In January 2013 the Samarkand city administration and the Administration of Florence signed an Agreement on Friendship and Cooperation.

For the first time in Central Asia, one of the largest music competitions in the world - Competizione dell'Opera was held in Tashkent in November 2014.

The founding of Italy's National Kurash Association in December 2014 has been a very important event in sports.

The Turin Polytechnic University in Tashkent, founded in 2009, is one of the country's top ranked universities thanks to its academic prestige and scholarly excellence.