
UZBEKISTAN-GM VENTURE ABANDONS DOLLARS FOR DOMESTIC CAR SALES

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GM Uzbekistan, a joint venture between General Motors and Uzbek state firm UzAvtosanoat, has begun selling all its cars in the Central Asian nation in local currency terms, but using an exchange rate far weaker than the official one.

The move, ordered by the government, puts an end to a decade-long practice under which locally produced cars were sold for dollars, forcing ordinary Uzbeks to buy foreign currency on the black market.

The former Soviet republic's sum currency trades for less than half its official value on the informal market due to severe foreign exchange restrictions which businessmen say are the main obstacle to foreign investment.

The switch to local currency car sales follows the death of strongman ruler Islam Karimov last year after 27 years in power. His successor, former prime minister Shavkat Mirziyoyev has taken some steps to reform the economy which is largely run along old Soviet lines.

GM Uzbekistan, which produces more than 200,000 cars a year, had previously sold only a few select models, mostly the most expensive ones in their lines, for sums.

The prices announced on Thursday and published by Uzbek news websites such as Kun.uz imply an exchange rate of about 10,000 sums per dollar against the central bank exchange rate of 3,846.

Mirziyoyev has said his government would liberalize the foreign exchange market, but the timeframe and the scale of the planned reform remain unclear.

The GM Uzbekistan venture, in which General Motors has a 25 percent stake, is the only carmaker in the nation of 32 million whose market is strongly protected by high import duties. The company imports many of the components for its cars.

Kaynak/Source: