
ISLAM KARIMOV: THE CONSTRUCTION OF 205 MAJOR INVESTMENT ENTITIES COMPLETED IN UZBEKISTAN IN 2012

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BC, Riga, January 23, 2013 President of the Republic of Uzbekistan Islam Karimov chaired January 18 an extended meeting of the Cabinet of Ministers gathered to review the outcomes of socio-economic development in the country in 2012 and outline priority aspects of the economic program for the year 2013. President Karimov delivered a review speech at the session, which was fully given to BC by the Embassy of Uzbekistan in Latvia. Notwithstanding the persistent grave situation in the global economy, Uzbekistan continued, according to the head of our state, to advance its economy in 2012, was able to secure steadfast growth in the living standards of the population, and reinforce our standing in the world market. The gross domestic product grew by 8.2% in 2012. The volume of manufacturing goods increased by 7.7%, and that of agricultural production expanded by 7%, while retail turnover enhanced by 13.9%. The President of Uzbekistan stressed in particular that macroeconomic stability and economic steadiness have been ensured. The volume of exports has grown substantially to reach 11.6%, and the structure and quality of exported goods have been improving. It has resulted in the increased share of non-raw ready goods – at more than 70%. The surplus external trade balance exceeded 1.12 billion US dollars. Inflation rates were kept within projected levels and did not go over 7%. Especially noteworthy is that the national budget revenues growth has been secured amid the decreasing tax burdens. In 2012, the single tax payment rate was reduced for small businesses and micro-firms from 6 to 5%, while the fixed-rate tax from individual entrepreneurs was cut twofold on average. The national budget revenues have been fulfilled on every indicator and sources of returns, and the surplus has been reached at 0.4% of the GDP. The national budget has maintained its socially oriented peculiarity. Around 59.2% of all government expenditures were assigned for funding the social sector and the measures for social protection of the population, including those exceeding 34% that were allocated to the education sphere and the 14.5% to healthcare. Amid the mounting public debt in many countries around the world, Uzbekistans reasonable external borrowing policy has been allowing for the containment of foreign debt in relatively low levels and for sustaining the established prevailing image of our country as that who meets its liabilities to the fullest extent. In particular, as of 1 January 2013, the size of Uzbekistans total external debt does not exceed 16% of the GDP – classified by international standards as – – – – – than moderate A debt. President Islam Karimov said that the financial and banking system functioned steadily and reliably last year and demonstrated high indicators. The aggregated capital of the banking system grew by 24.3% in 2012. It has doubled in the last three years. Today, the capital adequacy ratio is 24%, which is three times as high as the international standards. The liquidity of the banking system for 2012 exceeds 65%, which is more than twice as high as the required minimum. As few as 13 commercial banks of our Republic were designated positive international rating in 2010. This number reached 28 by the end of 2012. As it had been the case in previous years, much significance in the banking activity in 2012 was attached to its investment component. The volume

of loans assigned for the real economy increased 1.3 times in 2012 compared to figures of the previous year. Over 76% of the allocated credits are longer-term loans for the period of more than three years. Evaluating the results of the past year, it is appropriate to cite the head of an International Monetary Fund mission, Mrs. Veronica Bacalu, on the outcomes of the mission to Uzbekistan in November-December 2012. She noted that the economy of Uzbekistan continues to grow with speedy rates. Robust positions in the tax and budget sphere and the external sector, the sustainable banking system, the low level of public debt and a cautious approach to foreign borrowing have safeguarded the country from adverse effects of the global crisis. The most important source of sustained high growth rates of the economy was the growing volume of investments into the fixed capital, which amounted to 22.9 per cent of GDP in 2012. Domestic and foreign investments in the equivalent 11.7 billion US dollars were drawn in Uzbekistan, an increase by 14% over the previous year. In excess of 22% of all investments, or more than 2.5 billion dollars constituted foreign investments, of which over 79% is foreign direct investment. Uzbekistans leader pointed out that about 74% of all investments in the past year were channeled to industrial construction, primarily for the implementation of programs and projects to modernize and upgrade the manufacturing sector. Last year alone, the construction of 205 major investment entities worth more than 1.6 billion US dollars by drawn capital investments was completed. As for the most commanding facilities complete in 2012, the head of our state stressed in particular the commissioning of a combined-cycle plant produced by the Japanese Mitsubishi with a capacity of 478 Megawatt, at the Navoi Thermal Power Station. The project, which was funded entirely by our country, allows for additional production of 2.8 billion kWh of power every year, while reducing the specific consumption of fuel by 1.8 times, to ensure natural gas savings of 400 million cubic meters annually, or more than 110 million dollars. In the automotive industry, in cooperation with Germanys world-famed MAN Corporation, the second phase of a new complex for the production of 3,000 trucks a year has been completed in Samarkand region. Powered by high technologies, outfitted with equipment meeting the highest international standards, the facility produces modern heavy-duty trucks, not only for the needs of our country, but also for export. The first phase of a liquefied gas production unit with a capacity of 258,000 tons of liquefied natural gas and 125 thousand tons of condensate has been commissioned at the Mubarek Gas Processing Plant. Also, propane-butane mixture installation with a capacity of 50 thousand tons of liquefied gas was launched at the Shurtanneftegaz enterprise. Construction of the second phase of Dehkanabad Potash Fertilizer Plant worth more than 250 million dollars is underway to allow the company to increase its capacities to 600,000 tons of potash fertilizers a year, of which more than 350,000 tons are to be exported. The year 2012 became the starting point for the construction of a unique, even by world standards, Ustyurt Gas and Chemical Complex at the Surgil deposit, valued in total at more than 25 billion US dollars. The construction of the facility is to be completed in 2016 to provide for processing of 4.5 billion cubic meters of natural gas with the production of 400,000 tons of polyethylene and 100,000 tons of polypropylene. The project is one of the most technologically advanced in the world and is expected to introduce state-of-the-art gas and chemical technologies. It is going to facilitate the extraction of up to 97% of ethane, propane and other valuable components from natural gas. A consortium of leading international banks is involved in this scheme under projected funding principles without government guarantees. All of us are overfilled with a sense of great satisfaction to note that the prominent journal in the financial world, Project Finance International, of the worlds eminent business intelligence agency, Thomson Reuters, has acknowledged the construction project of Ustyurt Gas and Chemical Complex the best project of the year in the petrochemical industry by stressing its uniqueness and the innovative approach to this venture. In 2012, together with the South African Sasol

Corporation and the Malaysian Petronas, we launched a large-scale project with a tremendous long-term significance, worth over 4 billion US dollars, for the production of synthetic liquid fuels based on purified methane. This is going to be one of the few enterprises in the world to produce synthetic liquid fuels – liquefied gas, jet fuel and premium-class diesel fuel. During the past period, about 500 kilometers of modern four-lane highways were laid and reconstructed, of which 163 kilometers of roads were coated with cement and 335 kilometers with asphalt. The automobile road Gulistan-Akhangaran of 116 kilometers length has been commissioned, as has the road bypassing the city of Kokand. Road segments were renovated on the highways that connect the city of Samarkand with Tashkent, Karshi and Alat. The President of Uzbekistan thus expounded on other extensive works and efforts across the wide range of sectors. While we welcome these remarkable indicators and figures with satisfaction, Islam Karimov said, these tasks and objectives nonetheless should be the focus of socio-economic programs for the current and subsequent years. Defining the most important directions and priorities of the economic development program of Uzbekistan for 2013, we ought to build, above all, on the milestones achieved in the economy during the past period, on the longer-term goals for the future, and of the real and projected situation evolving in the world market. Today it is becoming increasingly evident that the underlying processes that gave rise to the global economic crisis can not be addressed merely by repairing old toolkits and guideline principles. Growing demands of the time dictate the need for a new structure of monitoring and regulation mechanisms of the global financial and banking system on the multilateral basis. In Uzbekistan meanwhile, the most critical mobilizing priority for 2013 should be the preservation of sustainable high growth rates, macroeconomic stability and raising the competitiveness of our economy. For the current year we set the task to ensure the growth of the economy by 8%, primarily due to the further growth of the manufacturing industry by 8.4%, agriculture by 6%, the growth of investments into fixed assets by 11%, services by nearly 16% and bringing its share of GDP to 53%. The main source of achieving the goals should be the priority development of high-tech industries that provide for the increased share of products with higher added value, in such sectors as chemical, oil and gas and petrochemical industries, engineering and metalworking, building materials, textiles, food industry, and so forth. In agriculture, with stable volumes of cotton and grain production, there are all necessary conditions and prerequisites for the accelerated development of potato and vegetable cultivation, viticulture and livestock. In 2013 the current optimal tax system that has been created in recent years with a level of tax burden at 21.3% of GDP is to keep functioning. In the meantime, measures have been taken for further improvement and liberalization of tax administering, strengthening the revenues of local budgets, simplifying and increasing the transparency of the entire system of taxation. In 2013, the national budget will continue its social orientation. More than 60% of its expenditure segment will be directed to provide for social needs. This year will see the continuation of the balanced tight monetary and credit policy; inflation rates will amount to 7-9%, the Central Bank refinancing rate will remain at 12%. Central to the implementation of our program for 2013 and the near future should be the priority of accelerating and expanding the scales of modernization, technical and technological renewal of the economy and its leading industries, diversification of production. Critically important in this regard is the unconditional completion of the investment program developed for 2013, which provides for the implementation of more than 370 strategic projects. Of the total amount of 13 billion dollars allocated for these purposes, 75% of the funds come from domestic sources, while the rest is to be shaped by attracting foreign investments. Thus, President Karimov outlined the projected schemes and mechanisms to be at the focus of government efforts in 2013, and the ways of their realization in every other sector. [] have announced the year 2013 as the one of Wellbeing and Prosperity, A Islam Karimov said. [] am convinced that the goals

and objectives of immense scale and depth we have set for ourselves to improve the welfare and wellbeing of the population, sustainable development, to further elevate Uzbekistans prestige and stance in the international arena, consolidate peace and stability in the region, fully meet the aspirations and expectations of our people. [] our most critical and responsible challenge is to mobilize our entire capacities and potential, abilities and means for making sure our policy goals for 2013 and subsequent years are met and realized.”

Kaynak/Source: