

WTO ACCESSION AS THE SUPPORT OF MARKET REFORMS

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*Your Excellencies Saida Shavkatovna,
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Distinguished Guests, Ladies and Gentlemen,*

Let me express sincere gratitude to all the participants of today's High-Level Round Table.

This roundtable provides a crucial opportunity to discuss Uzbekistan's cooperation with the World Trade Organization (WTO) which is one of the main policy priorities of our President Sh.M. Mirziyoyev.

As our President emphasized, New Uzbekistan's goal is to transform our country into a vibrant and competitive member of the global community.

One of the key principles of reforms is openness.

The results of the reforms carried out in Uzbekistan during the last 7 years, with the support of our international partners, can be seen in a few simple numbers.

- the country's economy has nearly doubled (*from \$52 billion to \$90 billion*), and the GDP per capita has risen from 16 hundred to 25 hundred US dollars.
- as a result of the open policy, the number of enterprises with foreign investments has surged from 5 thousand to 14 thousand.
- the share of investments in the GDP increased from 20% to 33%.
- the exports have doubled. Sustaining this growth will require Uzbekistan's even deeper integration into the global economy. In this regard, the country's joining the WTO is a vital part of New Uzbekistan policy.

Despite the slowdown in global trade, we believe in the promising future of WTO.

At the same time, we are privileged to continue the legacy of our predecessors, who positioned our country at the crossroads of global trade for 15 centuries.

I'm sure that if the WTO existed ten centuries ago, it would set up its headquarters in Samarkand.

Dear colleagues,

In the "Uzbekistan - 2030" Strategy, adopted by our President last year, the main targets for economic development are to achieve a GDP of \$160 billion, per capita income of \$4 thousand, and entry into the upper-middle-income economies.

Let me briefly highlight the main directions of reforms.

First. THE LIBERALIZATION OF THE ECONOMY and DEVELOPMENT OF THE PRIVATE SECTOR.

In the early stage of reforms, significant tax reforms were initiated with the cooperation of the IMF and the World Bank. The number of taxes reduced from 16 to 9, the VAT rate reduced from 20% to 15%, and further - to 12%.

Over 140 licenses and permits for business were canceled or transformed into a notification form.

Over 6 thousand enterprises and state assets were handed over to the private sector.

Consequently, in 7 years, the number of enterprises has increased from 270 thousand to almost half a million.

Industries that were previously state monopolies, like electric power, utilities, chemistry, metallurgy, air transport, and education, now open for private sector.

13 new private commercial banks have recently established.

In the upcoming years, the private sector will undoubtedly remain the key "driver" of economic growth.

The number of SOEs is expected to decrease significantly (by 6 times), and the non-state sector's share in the economy is targeted to reach 85% (*now - about 70%*).

We will continue to simplify the regulatory framework. Over the next 3 years, 40% of public services will be outsourced to the private sector.

Except for certain areas related to public administration and security, the private sector will be actively involved in all other spheres, including on a PPP basis.

According to our estimates, these measures will attract \$30 billion to PPP projects in roads, water supply, heating, sewage systems, airport modernization, electricity generation and distribution.

Second. ACTIVE POLICY TO REDUCE POVERTY.

Over the last years, Uzbekistan has made substantial progress in poverty reduction, through the promotion of entrepreneurship and microbusiness, the facilitation of employment and increasing household income in local communities. In this process, the exceptional Uzbek institution Mahalla played a key role.

In a recent statement, Nobel Prize winner, Dr Banerjee highlighted Mahalla's personalized assistance programs uniquely address the needs of poor households.

Thanks to this system, over the last 2 years, we have lifted around 2 million people out of poverty, leading to a decrease in the poverty rate from 17% to 11%.

This also resulted in a four-fold increase in the share of business income of the population, rising from 0.7% in 2021 to 2.9% in 2023.

The new Constitution adopted last year, legally integrated the fundamental principle of a social state.

This principle underscores the commitment to fostering socially inclusive growth and extending support to the people during periods of challenging reforms. Over the past 7 years, the coverage of allowances for low-income families has tripled. In this regard, the National Agency for Social Protection was established, and social service centers started their operations in every district and city.

By 2030 we are determined to significantly reduce the poverty rate to 7%.

One important direction of poverty alleviation is training. In the coming years, more than 2 million people will be supported to obtain professional training and business skills.

Taking this opportunity, I would like to thank the World Bank, UNDP, all our multilateral and bilateral partners for their active participation and assistance in implementing poverty reduction programs in Uzbekistan.

Third. FURTHER INTEGRATION TO THE GLOBAL ECONOMY.

Trade and foreign exchange market liberalization in 2017 became an essential step in economic recovery. Meanwhile, customs duties on 8 thousand items have been substantially decreased, leading to a reduction in customs payments from 50% to 7.9%.

New transport corridors and better infrastructure contributed to the growth of connectivity. For example, the number of international road carriers has increased fivefold, and their truck fleet has grown sevenfold.

A few years ago, Uzbekistan Airways was a single state-owned airline. Now, 10 private airlines operate in the country, and the number of flights has increased 3 times.

The economic growth is also reflected in the export structure. For instance, due to the increase in domestic processing, we have entirely stopped exporting cotton fiber. As a result, the export of textiles has tripled (*more than \$3 billion*).

Increasing the volumes of domestic copper processing has led to a tenfold increase in the export of electrical products.

Our plans include doubling the total exports by 2030 and triple exports of high-value-added products.

Achieving these objectives requires even more investments, transfer of advanced technologies, better access to foreign markets, and, most importantly, the readiness of our enterprises to compete "on an equal footing".

To improve the economy's competitiveness, we plan to attract more than \$100 billion in foreign investments in the coming years.

Our plan in agriculture is to increase the average income per hectare from \$3 thousand to \$5 thousand by 2030 through the implementation of modern agro-technologies and development of infrastructure.

Of course, as has been said, the realization of all these objectives requires active cooperation with the WTO.

Fourth. STRUCTURAL and SOE REFORMS.

Over the past 5 years, the number of SOEs has decreased by 30%. We have launched a comprehensive transformation program for 32 largest SOEs. Our primary aim was to promote transparency and financial autonomy for SOEs, and facilitate their entry into financial markets.

Uzbekistan has successfully launched the sovereign and corporate bonds of the largest enterprises and banks on the international capital markets.

We are currently engaged in transforming the oil & gas and electric power enterprises, aligning with reforms in these sectors. Notably, we have gradually adjusted energy tariffs to market level and start wholesale energy markets in 2026.

An integral part of structural reforms is the establishment of a healthy and competitive business environment.

At the beginning of this year, the President initiated a new stage of transformation and privatization of SOEs. Notably, the shares of the 11 largest SOEs will be made available through public auctions and the international stock markets.

Together with IFC, EBRD, and ADB, the privatization of Asaka Bank and SQB bank is actively underway.

Last year, we started the state railway company's reform by dividing it into 3 separate business units. This business structure will soon allow private carriers to access the railway infrastructure, increase competition, and consequently improve the quality of services.

Fifth. THE "GREEN ECONOMY".

We understand the importance of balancing economic growth with green energy and environmental safety.

In 2018, Uzbekistan ratified the Paris Agreement and pledged to reduce greenhouse gas emissions by 35%. Today we are very close to achieving this goal. At the same time, our vision entails doubling industrial output by 2030, which will require a significant increase in energy consumption.

We want to grow and we want to grow through green pathways. A large-scale program aimed at introducing renewable energy is under implementation. It

works at 3 levels: large PPP solar and wind power plants, industrial and social facilities as well as households.

As part of this program, last year we launched more than 2 GW of renewables. This year, the total installed capacity of REN will reach 7.6 GW, allowing us to achieve a 15% share of renewables in total generation and putting us on track to meet our goal of 40% by 2030.

In addition to increasing REN in electricity generation, our agenda includes measures to reduce the economy's energy and resource intensity. In this context, our goals for 2030 are doubling GDP energy efficiency, halving industrial emissions, and covering more than 2 million hectares of agricultural land with water-saving technologies.

Sixth. HUMAN CAPITAL.

The reforms of New Uzbekistan are embedded in the active involvement of the young generation, to raise highly skilled and proactive professionals in all spheres.

We have initiated significant reforms in education, allowing access of the private sector to all levels of education. This has resulted in an increase penetration rate of higher education from 9% to 42% in 7 years.

Healthcare financing has experienced a six-fold increase, with a special focus on the enhancement of primary healthcare.

Dear participants,

I would like to emphasize that the reforms of New Uzbekistan perfectly align with key objectives of the WTO Agreement - raising living standards, ensuring full employment and steadily growing real income of people.

Uzbekistan's accession to the WTO is not just an opportunity for a new economic "leap" but also a challenge that demands our willingness for further transformation.

I hope that, with our partners, we can discover the "correct formula" to address these challenges.

To conclude, I want to express my appreciation to everyone present and wish you fruitful discussions.