



KCCI - Country Wrap: Uzbekistan (August 2017)

Uzbekistan- Overview

Republic of Uzbekistan is a doubly-landlocked country in Central Asia, formerly part of the Soviet Union and among one of the six independent Turkic states. It is a dry, landlocked country with 11% of its land is intensely cultivated, in irrigated river valleys. More than 60% population lives in densely populated rural communities. It shares borders with Kazakhstan to the west and to the north, Kyrgyzstan and Tajikistan to the east, and Afghanistan and Turkmenistan to the south.

Economy of Uzbekistan

Uzbekistan is a rapidly-expanding economy and is the tourism hub of Central Asia. Its economy relies on commodity production, including cotton, gold, uranium, potassium, and natural gas. Export of hydrocarbons, primarily natural gas, provides good chunk of foreign exchange earnings. Other major export earners include gold and cotton. Despite ongoing efforts to diversify crops, agriculture sector remains largely centered around cotton production. The country is now the world's fifth largest cotton exporter and sixth largest producer.

Key Industries of Uzbekistan

The key industries of Uzbekistan includes food processing, hydrocarbon extraction, machine building, chemicals, textiles, mining and metallurgy.

Uzbekistan's major trading partners

The main export partners of Uzbekistan include Switzerland (25.9%), China (17.6%), Kazakhstan (14.2%), Turkey (9.9%), Russia (8.4%) and Bangladesh (6.9%). It major import partners are China (20.8%), Russia (20.8%), South Korea (11.9%), Kazakhstan (10.8%), Turkey (4.6%) and Germany (4.4%).

Economic Relations between Pakistan and Uzbekistan

Relations between the two states were established when the Republic of Uzbekistan became independent following the collapse of the USSR. Both countries enjoy wonderful political as well as business relations. Uzbekistan has proposed a Pakistan-Afghanistan-Uzbekistan Trilateral Transit Trade Agreement. An agreement like this involving all the three countries would help remove problems in trade promotion and all the parties would benefit. Various other initiatives, including Uzbekistan's quest to use Pakistani ports like Gwadar for reaching out to international markets, are also under discussion. Pakistan would very much like that the products of a brotherly country find their way to sea via its ports, which indeed offers the shortest route to the high seas from Central Asia. Uzbekistan and Pakistan are strongly linked by air as there are regular flights from Lahore to Tashkent and a new route from Islamabad to Tashkent has been started from October 31, 2012 operated by Uzbek Air. The two countries pledged to move forward in all spheres, with a particular focus on cooperation in energy sector, bilateral investments and increased connectivity to boost trade. Pakistan was prepared to buy surplus electricity from the neighbouring Central Asian countries including Uzbekistan. The two countries have urged the need to explore possibilities to the mutual benefit of the two states and their peoples. Pakistan's Gwadar and Karachi seaports could facilitate trade between Central Asian Republics, Middle East, Africa and beyond. A trilateral trade agreement between Afghanistan, Uzbekistan and Pakistan can be reached in this regard.

Bilateral Trade Relations between Pakistan and Uzbekistan

During Fiscal Year 2017, Pakistan and Uzbekistan had a trade volume of roughly \$ 6Mn where Pakistan exports to Uzbekistan stood at \$ 4.12Mn as against exports of \$ 2.33Mn in the previous year showing 77% increase in the exports volume. On the other hand, Pakistan's import of goods from Uzbekistan has increased 96% during FY17 to \$ 1.46Mn from \$ 0.75Mn in FY16. The trade balance is in favour of Pakistan for the past four years.

Bilateral Agreements between Pakistan and Uzbekistan

Pakistan and Uzbekistan have signed almost 56 bilateral agreements and MOUs since 1991 to provide an institutional framework for an expanding relationship. These documents encompass areas such as economic trade, culture, healthcare, science and technology, customs, agricultural collaboration, tourism, sports, mass media, ports and telecommunications, banking, transit and transportation, avoidance of double taxation, anti-terrorism, extradition, legal assistance, academic and educational fields, and the military-technical sphere, etc.

Potentials for increasing Bilateral Trade

- Agreements on establishing banking channels and liberal visa regimes are imperative to improve bilateral trade and investment and to increase business-to-business contact through the Joint Business Council.

- Pakistan and Uzbekistan can enjoy close collaboration in the oil and gas sector.

- Uzbekistan is already building a rail link up to Mazar-e-Sharif and it could be further extended to Gwadar to promote trade.

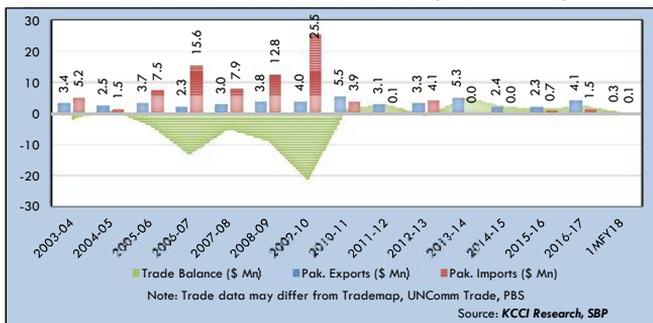
- The officials of Uzbekistan have ensured that it would extend full cooperation to Pakistan in the agricultural and energy sectors.

Economic Indicators

Indicators	Unit	2015	2016	Change
GDP (PPP)	\$ Bn	190.80	202.30	6.03%
GDP per Capita	\$	6,200	6,500	4.84%
GDP growth	%	8	6	-2.00%
Forex Reserves	\$ Bn	15.00	14.50	-3.33%
External Debt	\$ Bn	13.92	15.75	13.15%
Exports of Goods	\$ Bn	11.35	11.11	-2.11%
Imports of Goods	\$ Bn	11.81	11.61	-1.69%
Trade Balance	\$ Bn	-0.46	-0.50	-8.70%
Current Account	\$ Bn	0.09	0.06	-31.18%
FDI - at Home	\$ Bn	N/A	N/A	N/A
FDI - at Abroad	\$ Bn	N/A	N/A	N/A
CPI	%	10.00	11.50	1.50%
Prime Lending Rate	%	N/A	N/A	1.50%
Population	Mn	N/A	29.47	N/A
Unemployment	%	5.00	4.90	-0.10%
Literacy Rate	%	N/A	99.60	N/A

Sources: KCCI Research, CIA Factbook

Trade between Pakistan & Uzbekistan (FY04-1MFY18)



Uzbekistan's Trade - Commodity Wise (2016)

Top 10 Exports Items (\$ Mn)	Top 10 Imports Items (\$ Mn)
Pearls, precious stones, metals	Machinery, mech. Appliances
2900.39	1,635
Mineral fuels, oils, products	Vehicles other than railway
813.68	843
Cotton	Electric machinery, equip., parts
719.28	710
Copper, articles thereof	Iron & steel
456.35	531
Plastics, articles thereof	Pharmaceuticals
394.41	521
Edible fruit, nuts	Mineral fuels, oils, products
390.59	475
Inorganic chemicals; precious metals	Plastics, articles thereof
323.11	371
Knit Apparel Artcls, clothing	Iron/Steel Articles
187.90	320
Edible veg., certain roots, tubers	Aircraft, spacecraft, parts thereof
127.01	307
Zinc, articles thereof	Wood, articles; wood charcoal
114.84	304

Sources: KCCI Research, Trademap

Pakistan - Uzbekistan Top 10 Trade Items (2016)

Pakistan Export Items (\$ Mn)	Pakistan Imports Items (\$ Mn)
Other veg. tex. fibres; paper yarn	Cotton
2.03	1.31
Pharmaceuticals	Plastics, articles thereof
0.56	0.93
Tools, implements, cutlery, spoons, fork	Salt; sulphur; earths, stone;
0.34	0.44
Other made-up textile articles	Edible veg., roots, tubers
0.19	0.41
Optical, photographic, measures	Machinery, mech. Appliances
0.09	0.10
Machinery, mech. appliances	Edible fruit, nuts
0.07	0.03
Inorganic chemicals; organic or inorganic	Coffee, tea, maté and spices
0.06	0.00
Plastics, articles thereof	Cereals
0.03	0.00
Cereals	Malt; starches; inulin; wheat gluten
0.01	0.00
Malt; starches; inulin; wheat gluten	Oil seeds, oleaginous fruits;
0.00	0.00

Sources: KCCI Research, Trademap