

## Event Report

# Uzbekistan at 26: New Ambitions, Promising Future

EIAS Briefing Seminar

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Under the presidency of Shavkat Mirziyoyev, Uzbekistan has pursued an ambitious reform and modernization agenda to join the group of upper-middle-income countries by 2030. Domestically, an improved business climate conducive to private investment and SMEs development has been fostered, in order to create high-quality jobs and increase exports, while ensuring environmental sustainability and inclusive growth. To this end, four new free economic zones were set up in November 2016. In August 2017, important steps towards the full convertibility of the national currency followed as well as decisions to invest in a modern IT infrastructure and a national "Silicon Valley." Abroad, Uzbekistan has pursued an active and pragmatic policy that takes advantage of Uzbekistan's geographical location at the crossroads of Central Asia.

A national program on the implementation of Strategy of Actions on Five Priority Areas of the Development of Republic of Uzbekistan for 2017-2021 in the *Year of Dialogue with the People and Human Interests* has been approved. The roadmap of the country's development for the next five years envisages a package of large-scale measures to streamline **(1) the state and public construction**, aimed at strengthening the role of the Parliament in deepening democratic reforms and modernization of Uzbekistan; **(2) ensure the rule of law and further reform the judicial system**; **(3) the development and liberalization of the economy** aimed at raising its competitiveness and openness, ensuring freedom of economic activity, strengthening macroeconomic stability and drawing foreign investments; **(4) the development of the social sphere and well-being of Uzbeks** by means of increases in wages, pensions and benefits, the creation of jobs, modern and affordable housing, and investments in education, science and research and development. **(5) Lastly, the provision of security, inter-ethnic harmony and religious tolerance, and the implementation of a balanced, mutually beneficial and constructive foreign policy.**

### **Mr Axel GOETHALS, CEO, European Institute for Asian Studies (EIAS)**

Mr Axel Goethals stressed that in recent years Europe has placed greater emphasis on Central Asia – and Uzbekistan in particular. The reason for this is due to positive economic and political evolutions” in Uzbekistan in recent years. As a result of this evolution, Mr Goethals underlined the growing potential for increased future collaboration between the government of Uzbekistan and the EU.

### **Mr Frederic CARLIER, Senior Associate, European Institute for Asian Studies (EIAS)**

Mr Frederic Carlier started his speech by calling Uzbekistan a “dynamic country”, which is currently undergoing a rapid reform and modernisation process. On a general level, these reforms are aimed at liberalising and opening up Uzbekistan’s economy. Mr Carlier underlined that the country has the ambitious long-term goal of becoming one of the 30 most developed countries in the world; and these reforms are an essential step in achieving that goal.

Uzbekistan’s current National Development Strategy, covering the years 2017-2021, has already identified priority areas for further development. Mr Carlier emphasised that the most important goals are to ensure that the benefits of the country’s modernisation are distributed evenly amongst the Uzbek people. Subsequently, 2017 was declared to be the “Year of Dialogue with the People and the Year of Human Interests”. Fundamentally, Mr Carlier explained, this demonstrated that Uzbekistan understands that “development should be people-centred”.

Uzbekistan has made admirable progress in its human development. Its solid and sustained economic growth has resulted in increased living standards: with declining poverty, increasing wages, and improved access to public services for the general population, Uzbekistan’s growth has proven to be inclusive. Moreover, the government’s investments into the public sector have increased substantially: currently, 60 per cent of all state expenditures are directed towards social development and protection; and approximately 34 per cent thereof is reserved for education.

With regards to business, the government has taken active steps to foster a business-friendly environment, particularly for Small and Medium Enterprises (SMEs). Additionally, in August 2017, the Uzbek government took measures to ensure the full convertibility of the national currency and to increase investments into modern IT infrastructure. The reason for this is to lay the foundations for a national Silicon Valley, but also to attract more FDI. These business reforms are designed to move Uzbekistan into a top 50 ranking for ‘Ease of Doing Business’ by 2020.

Mr Carlier then discussed two key elements to economic growth and regional integration: transport and communication infrastructure. He explained that there are already numerous large-scale infrastructure projects that will facilitate greater interregional trade. To this end, Uzbekistan has partnered with both the European Bank for Reconstruction and Development (EBRD) and the European Investment Bank (EIB), in order to gain access to increased funding.

Mr Carlier stated that Uzbekistan's "active and pragmatic" foreign policy reflects its domestic policy. Mr Carlier referred to a recent border demarcation treaty with Kyrgyzstan as an example hereof. In the future, Uzbekistan is well positioned to become a new Silk Road powerhouse, which will benefit Uzbekistan, the region, and by extension, the entire world.

### **Mr Peter BURIAN, EU Special Representative to Central Asia**

Mr Peter Burian listed two important anniversaries taking place in 2017: the 26<sup>th</sup> anniversary of Uzbekistan's independence, and the 10<sup>th</sup> anniversary of the EU-Central Asian Strategy. Mr Burian explained that the EU-Central Asian strategy was due to be updated during the EU-Central Asia ministerial meeting, which is due to be hosted in Uzbekistan in November of this year.

Uzbekistan faces a multitude of challenges, ranging from ageing infrastructure, to excessive pollution. In spite of Uzbekistan having to build up its institutions from scratch, the country has progressed remarkably in a relatively short period of time. The complexity of building a country under these constraints was only amplified by the protracted conflict in Afghanistan, which undermined regional stability in Central Asia. Regardless, Uzbekistan stayed on its charted course.

Following this, Mr Burian turned his attention to Uzbekistan's recent reform agenda, which he described as "reinvigorated". The National Development Strategy has already implemented significant economic and political reforms in Uzbekistan. The Uzbek Central Bank has taken the first necessary measures to make the national currency convertible; reforms have started to be introduced concerning the judiciary, labour conditions, and administrative accountability; additionally, the government of Uzbekistan has engaged in dialogue with international bodies for Human Rights.

The EU and Uzbekistan have embarked on a new, dynamic relationship, which is reflected in the growing number of high level state visits to Uzbekistan. In November, High Representative Frederica Mogherini will visit Uzbekistan and the EU has been working alongside Uzbekistan in implementing its reform agenda. Specifically, the EU has focused on rural development, with the EU Multi-Annual Indicative Programme providing EUR 168 million to Uzbekistan for the period 2014-2020. At a regional level, the EU provides assistance with water management, strengthening the rule of law, improving education, and environmental protection.

Mr Burian depicted Uzbekistan's foreign policy as a multi vectorial foreign policy, thereby echoing what the previous speakers also said. He referred to a number of examples to underpin his point: increased bilateral cooperation with Kazakhstan, and deepening ties with Afghanistan – both of which can help maintain regional stability. Moreover, Uzbekistan wants to coordinate its neighbours' efforts to help get Afghanistan back on its feet by increasing regional connectivity.

Mr Burian closed his speech by stressing that the EU and Uzbekistan have a reciprocal vested interest in deepening their ties and that he hopes the coming November EU-Central Asia ministerial meeting will help develop the relationship further.

**Mr Golibjon ABDUKARIMOV, Director of the Independent Institute for Monitoring the Formation of Civil Society**

Mr Golibjon Abdukarimov represents the Independent Institute for Monitoring the Formation of Civil Society, which regularly analyses the relationship between the state and civil society. Mr Abdukarimov emphasised that Uzbekistan is interested in working with the EU, especially when it comes to building a strong civil society.

Echoing Mr Burian, Mr Abdukarimov highlighted the dynamic relationship between the EU and Uzbekistan, which has potential for further collaboration. Uzbekistan is currently following an ambitious path of modernisation, especially with the construction of its state and civil society. Any help the EU can provide therewith would be essential to Uzbekistan's reforms.

Mr Abdukarimov also drew attention to a unique institution that the government of Uzbekistan established late last year. This institution is known as the Public Receptions and Virtual Receptions of the President of the Republic of Uzbekistan. These reception offices – both online and offline – directly link the government to the people and no other institution like it exists in the world.

**Ms Robakhon MAKHMUDOVA, Head of the Presidential online cabinet, Ferghana province**

Mrs Robakhon Makhmudova introduced the key strategic areas that the National Development Strategy has to tackle in the coming years. These include: modernising the public administration and organisation of civil society; ensuring the rule of law; the social protection of society; developing an active foreign policy; and liberalising the economy.

Currently, Mrs Makhmudova emphasised, the priority lies in establishing trust between the public and government institutions. Subsequently, 2017 has been proclaimed to be the "Year of Dialogue with the People and the Year of Human Interest".

To this end, the government has established Public and Virtual Reception offices in each district and region of Uzbekistan (the same offices that Mr Abdukarimov referred to), which provides online and offline assistance to the public and acts as a direct representative of the President himself. Mrs Makhmudova stated that this institution was organised into cabinets that directly represented President Shavkat Mirziyoyev.

Fundamentally, these cabinets' tasks are fivefold: one, establishing direct dialogue with the people; two, ensure that people can make use of their constitutional right to make a request; three, to conduct the representatives of citizens and legal entities; four, the timely reception and consideration of citizens' requests; five, system monitoring using modern IT communication technologies.

Fundamentally, Mrs Makhmudova stressed that these cabinets ensured that the state would serve the people and not the other way around. Subsequently, high-ranking officials and heads of agencies are now directly accountable to the public and problems that the public face are identified and dealt with systematically.

Mrs Makhmudova explained that these cabinets also have an extensive online presence, in order to process citizens' complaints more efficiently. Each of these online centres is open 24/7. According to Mrs Makhmudova, in the nine months since these reception offices were established, 1,250,000 people have made requests and suggestions, and one million people have been able to solve their problems.

Moreover, in furthering their commitment to improving living conditions and human rights in Uzbekistan, the government has implemented strong social protection initiatives – particularly for low-income families and disabled people. Affordable social housing has been constructed and 1,500 disabled people have been provided with money to buy such a house. Additionally, 2,000 disabled people have been provided with medical treatment by the state.

All in all, Mrs Makhmudova highlighted that the national offices for public dialogue are still young and that they have the potential to improve state transparency in Uzbekistan.

**Mr Nodir SAIDKHANOV, Deputy Director, Independent Institute for Monitoring the Formation of Civil Society**

Like the other speakers, Mr Nodir Saidkhanov drew attention to the massive socio-political transformation that Uzbekistan was undergoing.

Mr Saidkhanov then drew attention to some specific priority areas that President Shavkat Mirziyoyev had identified. To list a few: public control over adoptive legislative acts, the formation of an effective e-government, the independence of the judiciary, and the improvement of education.

Following this, Mr Saidkhanov discussed numerous legislative acts that had been passed since the start of the year. On 21 February 2017, the Supreme Court and the Supreme Economic Court were merged into one, thereby ensuring the complete independence of the judiciary. On 12 July 2017, a rule was passed to ensure greater parliamentary control over the implementation of policy and the necessity to engage in direct dialogue with the public.

More generally, Uzbekistan has been working hard to develop its e-governance capabilities and infrastructure. Part of this initiative is the virtual reception offices and cabinet about which Mrs Makhmudova spoke at length. However, it also includes other initiatives like the "one window", which is a single centre that provides all state services to businesses and the public. Thanks to these initiatives, the UN rating on e-governance development has placed Uzbekistan in the top ten countries that have "significantly improved" their e governance.

Mr Saidkhanov ended his speech by stating the government of Uzbekistan was committed to providing its citizens with a dignified standard of living. Fundamentally, Mr Saidkhanov hopes that the year of dialogue will become a year of peace, prosperity, and tranquillity.

## **Dr Pierre-Emmanuel THOMANN, President, Eurocontinent**

Dr Pierre Emmanuel Thomann posed a fundamental question to the audience: why is it important for Europe that Uzbekistan, and by extension Central Asia, succeed in reforming and integrating?

Following this, Dr Thomann displayed a map wherein the Eurasian continent was divided into two major alliances: NATO and the Shanghai Cooperation Organisation (SCO). Alongside these alliances, the map featured numerous "instability zones". Fundamentally, both Uzbekistan and Central Asia are both geo-strategically positioned to ensure stability on the Eurasian continent. For Dr Thomann this is vitally important, as "Eurasia, in geopolitics, [...] is the most important continent for world domination".

The main way of preventing Eurasia from slipping into instability is to build connectivity between and within regions. This is an avenue that Uzbekistan is eagerly exploring in Central Asia, especially with the development of China's New Silk Road initiative. This initiative has the potential to provide many benefits to Central Asia, but due to its sheer size, China has a natural advantage. Therefore, Dr Thomann stressed, an integrated Central Asia could speak with one voice and thus effectively leverage its position, which is also relevant for the EU.

With numerous regional conflicts happening in Eurasia – Syria and Afghanistan, to name a few – Dr Thomann emphasised Uzbekistan's interest in balancing the needs of countries and international organisation in an attempt to foster cooperation. This approach is what Dr Thomann believes should be the framework of a new doctrine on Eurasian stability, or the "Olympic Circus of Eurasian Stability". To this end, the EU needs to promote and help Uzbekistan balance great powers and international organisations.

More fundamentally, the EU needs to accept a multi-polar world, one in which NATO cannot guarantee the stability of the Eurasian continent only by itself. Dr Thomann stressed the importance of NATO and the SCO signing a new treaty with regards to Eurasian stability and that the EU supports Uzbekistan's integration initiatives and helps it build resilience.

## **Mr Fernando Garces DE LOS FAYOS, Senior Parliamentary Policy Analyst, DG EXPO**

Mr Fernando Garces de los Fayos was quick to emphasise that the Eurasian continent is one big landmass, and as a result, we need connectivity between East and West. Currently, Central Asia – including Uzbekistan – is at the centre of the EU's attention, as this region has been a key focus for the New Silk Road initiative. Mr de los Fayos stressed that the New Silk Road initiative would also reflect the EU's interests, not purely those of China.

Mr de los Fayos went on to express his admiration for Uzbekistan, which has reformed in such a short space of time. He highlighted that Uzbekistan is a key country for the EU's cooperation with Central Asia, given the country's borders with other Central Asian countries, its human capacity, its educational capacity, and its energy reserves. Mr de los Fayos underlined that it would be a mistake to consider Uzbekistan purely from the perspective of its energy reserves.

Recently, the European Parliament has been very supportive of Uzbekistan's new efforts to modernise itself and Mr de los Fayos very hopeful of the new EU Central Asia Strategy, which would be discussed in November at the EU Central Asia ministerial meeting.

Mr de los Fayos did confess to some shortcomings in the EU's approach to dealing with Central Asia and that its new Strategy would have to reflect the realities in the region. To illustrate this, Mr de los Fayos explained that in the past the EU worked alongside individual countries; now, it would be more beneficial to promote regional cooperation.

Mr de los Fayos stated that the EU's commitment to Central Asia and Uzbekistan remain firm, which is also reflected in the fact that EU development cooperation from 2014-2020 has doubled.

## Q&A

### **Question 1**

How would you define Eurasia? There are different interpretations of this if you consider it from the perspective of Washington, Moscow, and Brussels. Moreover, how is Eurasia linked to world dominance?

### **Answer**

Dr Thomann replied that his definition of Eurasia was a geopolitical definition. Additionally, he outlined that Eurasia has always been the "main theatre of competition" between world powers; however, now Africa is considered an "emerging theatre" as well. Because of this, Eurasia should also be seen as a laboratory for international organisations to cooperate in order to prevent Eurasian instability. Furthermore, the New Silk Road is a huge initiative that requires an effective response and the EU needs to play a moderating role therein.

Mr Fernando de los Fayos added that the West is not necessarily a united entity, given the divisions between Washington and its European allies on the Iran deal, for example

### **Question 2**

The way in which you have described the EU makes it seem like it is a defensive actor. Do you see the role of EU as a defence one? How can the EU improve and encourage other likeminded integration projects? How can that influence world stability? How can that be translated into the African context?

### **Answer**

Dr Thomann responded by saying that the reason that the EU is operating defensively is because the European project is in danger of fragmentation. To avoid fragmentation the EU needs to reform fundamentally and accept multi-polarity in order to prevent great power politics from creating fractures in the geopolitical world system. This also relates to Africa, as Africa finds itself in a similar situation to Central Asia: prone to great power politics. Thus, the world needs to find a synergy between countries and international organisations and the EU needs to play a fundamental role in finding this synergy.

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