

Highlights

The end of the year was without serious changes in both domestic and foreign policy despite rumours about upcoming political changes. The last two months of the year were very calm.

Internal affairs

On 7 December in the Palace of Forums in Tashkent a solemn meeting took place to commemorate the 20th anniversary of the Constitution of Uzbekistan, with President Karimov making his traditional speech and proclaiming 2013 as the “Year of Well-being and Prosperity”. Giving a special designation to each new year is not only a political tradition in Uzbekistan but also an ideological fiction. For instance, 2012 was designated “The Year of Family”, the same title used in 1998; 2005 was a “Year of Health”, whereas 2000 was the “Year of Healthy Generation”.

On 31 December a new event of ideological character marked the social, cultural and political life of the country: national TV began broadcasting two new digital channels – “Culture and Enlightenment” and “Around the World”. It should nonetheless be noted that the seven already existing national channels, albeit with different names, have been saturated with cultural, ideological and enlightenment programmes. Meanwhile, it was officially stated that the main task of “Culture and Enlightenment” is to create highly qualitative

scientific-popular and cultural-educational TV programmes aimed at increasing the population’s cultural and educational levels and increasing the younger generation’s interest in scientific discoveries, knowledge, cultural values and the heritage of the people of Uzbekistan as well as informing viewers of important events in the cultural and scientific life of the country.

“Around the World” channel is designed to increase the population’s knowledge - especially youth- of the history, geography and development of countries of the world, the national traditions and cultures of other peoples, geographical discoveries and nature elsewhere in the world.

Foreign and international policy

On 27-30 November, the EU’s High Representative on foreign policy and security Catherine Ashton visited Central Asian states including Uzbekistan. Many civic and human rights activists expected her to pay special attention to the issue of human rights and democratic reforms. Baroness Ashton and the leadership of the country discussed trade-economic cooperation and the situation in Afghanistan as well as prospective infrastructure projects of regional significance.



In Tashkent, human rights activists and independent journalists appealed to the EU Representative, giving her a letter with a list of 30 political prisoners. However, she did not touch on this issue during her meeting with President Karimov. It should be noted that this visit preceded the “EU-Central Asia” ministerial meeting that took place on 27 November in Bishkek. Overall, Ashton’s visit to Central Asia indicated a visible change of EU strategy in the region, where it has shifted its perspective from pursuing a normative policy to a more pragmatic policy with less emphasis on human rights and democracy issues.

On the 19 December, the Collective Security Treaty Organization summit adopted a decision that led Uzbekistan to withdraw its membership, a decision that would appear to be to the mutual disadvantage of both Uzbekistan and CSTO. Uzbekistan lost one important albeit weak multilateral platform for international engagement; CSTO lost one important albeit stubborn member. It is noticeable that this decision was adopted just as international forces are being withdrawn from Afghanistan and all the Central Asian countries are expressing their serious concern about the possible exacerbation of the situation in Afghanistan by 2014. So Uzbekistan’s option regarding the best regional security arrangement and the international security partner remains a riddle.

On 21 December, the new head of the EU delegation in Uzbekistan, Yuri Sherk, delivered his credentials to the foreign affairs ministry, taking over from Norber Justen who held the post in 2012. Yuri Sherk discussed prospects of EU-Uzbekistan relations in the framework of the EU’s strategy for a new partnership with Central Asia.

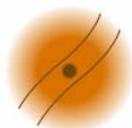
Economy and business enterprise

The European Commission provided Uzbekistan with a grant of \$14.5 million for the development of the agricultural sector. These funds will be earmarked for purchasing modern agricultural technologies as well as for the reconstruction and development of farm infrastructure in some provinces of Uzbekistan.

An important round table took place in December at the Trade and Industrial Palace of Uzbekistan involving the UNDP office in Tashkent and devoted to the prospective development of transport-logistical services in Uzbekistan. It was announced that the government envisages implementing projects in this sphere for a total cost of \$8.5 billion in coming years. These projects involve the construction of new railway segments (150 km), the modernization and rehabilitation of existing lines (1030 km), electrification of railway lines (715 km), and the renovation of the park of rolling stock including the acquisition of locomotives and passenger cars.

This issue indirectly reflects the process of production growth as well as the growth of export goods and services which in turn increases demand for transport and logistical services in the country. According to expert assessments, the growth rate of transit of goods through the territory of Uzbekistan in 2015-2020 could be as much as 1 million tons per year.

The President signed a resolution “On prognosis of basic macro-economic indices and parameters of State budget of the Republic of Uzbekistan for 2013” confirming



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that the minimum tax rate for individuals has been reduced by 1% from 9% to 8%. Maximum and average tax rates were left unchanged – 22% and 16% respectively. It should be noted that in the last 5 years the minimum tax rate was reduced by 5% from 13% in 2008 to 8% at the end of 2012.

In December the famous Nestlé company celebrated its 10-year anniversary of working in Uzbekistan. Nestlé began producing bottled pure drinkable water in Uzbekistan in 2002 in the provincial town Namangan. The company produces bottled sparkling and stilled water in volumes of 0.5, 1, 1.5 and 5 litres. Nestlé accounts for 30% of the domestic market for bottled water in Uzbekistan. Besides water, Nestlé produces baby food and sterilized milk. Nestlé's investments in the Uzbek economy came to \$60 million.

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