

Responding to the Coronavirus Crisis

Update on Uzbekistan (10/11/20)



EBRD Policy Comparator

Financial Sector			Direct support to firms					Payment holidays			Temporary controls		Support to individuals				Increased social benefits			Health	External Assistance
Policy rate reduced	Liquidity increased	Prudential req. loosened	Wage subsidies	Tax/ social sec. contr. deferred	Loan subsidies	Guarantees	Inspections/ audits suspended	Loans	Rent	Utilities	Prices	Exports	Universal transfers	Self-employed	Pensioners	Low income households	Enhanced sick leave	Enhanced unemp. benefits	Public works	Additional spending	(available or negotiated)
*	*		*	*	*	*	*	*	*	*	*		*	*	*	*		*	*	*	*

Economic channels of disruption

External demand (mining, tourism), remittances

- Moderate lockdown conditions impact domestic business activities, consumption, international trade and tourism.
- Remittances, constituting 11% of GDP in 2019, declined by 5.4% y/y in Jan-Aug 2020 due to travel restrictions and slower economic activity in Russia.
- Energy exports contracted by 78% y/y in Jan-Sep 2020 but gold exports increased by 46% y/y
- Tourism (about 6% of GDP) is decimated by travel disruptions.

Selected crisis impact indicators

EBRD GDP growth outlook (September 2020)	2020: -2.0% 2021: 4.5%
GDP growth (January - September 2020)	0.4%
Export (January - September 2020)	down 9% y/y
Exchange rate (1 January - 10 November 2020)	down 8%
Sovereign bond spread to benchmark (06 November 2020)	268 bps (down from 643 bps on 20 March 2020)

Crisis response measures to date

Support for healthcare, workers and businesses

- Anti-Crisis Fund of UZ\$ 10 trillion (US\$ 1 billion) to strengthen the healthcare system and support vulnerable workers and affected businesses.
- The fund covers government expenditures on provision of liquidity, interest subsidies and guarantees to businesses as well as public works to improve regional infrastructure and support employment.
- Several sectors, such as aviation (Uzbekistan Airways) and transport (Tashkent Metro), received financial support during lockdown
- State-owned banks extending maturity of loan repayments for the affected sectors.

Selected crisis response indicators

Direct support to firms	Tourism sector: exemption from taxes on land, property till end 2020; social contribution slashed from 12 to 1% Exemption from income tax for affected entrepreneurs
Support to individuals	Exemption of staples, hygiene products from excise tax, customs; extension of expiring child benefits by 1 year; delivery of a food basket to persons with disabilities, elderly
Committed external assistance	WB: US\$ 95 million emergency financing to combat COVID-19; ADB: US\$ 500 million loan to mitigate health and economic impacts of COVID-19; IMF: US\$375 million (Rapid Credit Facility and Rapid Financing Instrument)

Key short-term priorities

Assist vulnerable households, workers, provide targeted support for SMEs and export-oriented sectors