

Responding to the Coronavirus Crisis

Update on Uzbekistan (13/05/20)



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)
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Economic channels of disruption

External demand (mining, tourism), remittances

- Severe lockdown conditions impact domestic business activities, consumption, international trade and tourism.
- Remittances, constituting 11% of GDP, will decline due to travel restrictions and slower economic activity in Russia.
- Commodity exports (50% of total exports) may slow down but gold (more than half of commodity exports) serves as a natural hedge.
- Tourism (about 6% of GDP) is extremely vulnerable to travel disruptions.

Selected crisis impact indicators

EBRD GDP growth outlook (May 2020)	2020: 1.5%
	2021: 6.5%
GDP growth (January - March 2020)	4.1%
Export (January - March 2020)	down 11% y/y
Exchange rate (1 January - 13 May 2020)	down 6%
Sovereign bond spread to benchmark (7 May 2020)	402 bps (up from 136 bps on 1 January 2020)

Crisis response measures to date

Support for healthcare, workers and businesses

- Anti-Crisis Fund of UZS 10 trillion (US\$ 1 billion) to strengthen the healthcare system and support vulnerable workers and affected businesses.
- Public works to improve regional infrastructure and support employment.
- Reduced social contributions for individual entrepreneurs.
- Moratorium on tax audits, delay of income tax declarations until August 2020, local taxes reduced by 30%, a 6-month grace period on paying property tax.
- 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: discussions on US\$ 1 billion budget support loan

Key short-term priorities

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