

Uzbekistan comes in from the cold

A new era of reforms

SUMMARY

Until recently, Uzbekistan was one of the most repressive countries in the world. Under its long-time leader Islam Karimov, human rights abuses included torture, child and forced adult labour, as well as severe restrictions on religious freedom, the media and civil society.

Following Karimov's death in 2016, his successor Shavkat Mirziyoyev has launched an ambitious reform programme. Some of the worst human rights abuses (such as torture and forced labour) have been phased out, or at least diminished. Judges have become more independent, and the parliament has gained new powers. Steps have been taken to make the country's civil service more accountable to citizens. Media and civil society now have slightly more freedom to operate.

Political reforms have been flanked by economic liberalisation. Barriers to trade and investment are being lifted, including by floating the som, the Uzbek currency, and by cutting red tape for businesses.

On foreign policy, Uzbekistan has repaired ties with all its main international partners, from the US and EU to Russia and China. The most dramatic change has been the shift from Karimov-era confrontation with neighbours, such as Kyrgyzstan and Tajikistan, to regional cooperation.

These are highly positive changes, but Uzbekistan still has a long way to go. The economy remains largely state-controlled and uncompetitive, and liberalising reforms need to continue. On the political front, the system remains fundamentally authoritarian, and transition to genuine multiparty democracy seems unlikely.



The Oliy Majlis (Parliament), Tashkent.

In this Briefing

- Background to Mirziyoyev's presidency
- Political reforms bringing improved human rights
- Liberalising the economy, boosting trade and investment
- Rebuilding relations with the neighbourhood and the world



Source: United Nations.

Background to Mirziyoyev's presidency

Until his death in September 2016 at the age of 78, Islam Karimov was one of only two ex-Soviet heads of state (the second is Kazakhstan's Nursultan Nazarbayev) to have led his country since independence in 1991. During Karimov's nearly three decades in power, Uzbekistan was one of the most repressive countries in the world, with an [atrocious](#) human rights record: thousands of political prisoners, widespread child labour and systematic use of torture. The 2005 Andijon massacre of several hundred protestors by Uzbek security forces drew international condemnation. Political repression went hand-in-hand with economic weakness – despite its natural resource wealth, Uzbekistan is the third-poorest former Soviet republic – and diplomatic isolation: Uzbekistan has no close allies, and relations with neighbouring countries have been particularly difficult.

With no designated heir to Karimov, three candidates seemed most likely to succeed him: the Prime Minister, Shavkat Mirziyoyev, Finance Minister, Rustam Azimov, and Security Services Head, Rustam Inoyatov. Mirziyoyev soon emerged as the frontrunner and was appointed acting president. In the December 2016 presidential election, Mirziyoyev stood as the candidate of the ruling Liberal Democratic Party, and in the [absence](#) of genuine political competition won overwhelmingly.

Initially, there were few expectations of reforms under Mirziyoyev, who as prime minister had loyally implemented Karimov's repressive policies. Indeed, in his first [speech](#) as Uzbek president, Mirziyoyev pledged to continue his predecessor's legacy. However, it soon became clear that Uzbekistan's new leader envisaged a major shake-up. Some of the priorities were set out in the national development [strategy](#) for 2017-2021, adopted in February 2017. Since then, far-ranging reforms have had a major impact on the country's political situation, economy and foreign relations.

Political reforms bringing improved human rights

Shaking up the security services

In the past, the all-powerful National Security Service (known by its Russian acronym, SNB) was the main instrument of repression and its head, Rustam Inoyatov, was seen as a likely successor to Karimov. However, Mirziyoyev has moved to rein in the SNB. In December 2017, he [criticised](#) the security forces for abusive practices and excessive powers. The SNB has now been renamed as the State Security Service, and its powers have been [curtailed](#). Dozens of SNB officers as well as senior law-enforcement officials including prosecutors have been dismissed or arrested. In a symbolic move, the notorious Tashtyurma prison in Tashkent is to be [demolished](#) and replaced by a park.

Mirziyoyev's purge of the security services may well be as much about eliminating potential challenges to his authority as about improving human rights. In January 2018, Inoyatov was [sidelined](#) by his removal from his post as SNB head to a new role as presidential adviser, and several of his followers have since been replaced by Mirziyoyev loyalists.

Releasing political prisoners, ending torture?

According to Human Rights Watch NGO, as of November 2018 [over 35](#) political prisoners had been released since 2016 under Mirziyoyev, compared to just one or two per year previously. However, released prisoners remain under [surveillance](#) and have not been officially pardoned. Moreover, Human Rights Watch [claims](#) that thousands are still being held on politically motivated charges. There have also been several [new cases](#); for example, in June 2018, journalist Bobomurod Abdullaev was sentenced to one and a half years of community service, after nine months in detention; in December 2017 academic Andrei Kubatin was sentenced to 11 years in jail for treason after sharing historical manuscripts with Turkish scholars.

Uzbekistan's constitution prohibits torture, which however is frequently used on prisoners and detainees. In November 2017, Mirziyoyev issued a [decree](#) stating that evidence obtained through torture or inhumane methods could not be used in court. However, in 2018 the above-mentioned journalist Abdullaev claimed to have been beaten, deprived of food and sleep, and held naked in a freezing cell for several days. Some efforts are being made to stamp out such practices: there are [plans](#) to introduce video surveillance in detention centres; in one [case](#), six security officers received lengthy jail sentences for torture. That said, impunity is apparently still [widespread](#), and trials of alleged torturers are held behind closed doors.

Ending child labour and forced adult labour in the cotton harvest

Cotton is one of Uzbekistan's biggest exports, and one which traditionally relied on child and forced adult labour. Under Western pressure, steps were already taken under Karimov to end child labour, and by 2013 International Labour Organization (ILO) monitors were able to [report](#) that the problem was no longer widespread. However, forced adult labour has proved harder to eradicate. In the past, the forced mobilisation of over two million adults to pick cotton, including doctors, teachers, and students disrupted schools, universities and hospitals. In summer 2017, the government issued a [decree](#) banning the practice, and by November 2018 ILO inspectors were able to [announce](#) that all but 180 000 (7 %) of cotton pickers were volunteers (however, [criticisms](#) of ILO methodology suggest that this figure may be an under-estimate). Now that forced labour has mostly ended, Uzbekistan is counting on higher wages and mechanisation to get the cotton harvest in.

Taking small steps towards more media freedom

Uzbekistan's ranking in Reporters Without Borders' [Press Freedom Index](#) has improved only slightly, from 166th out of 180 countries in 2016, to 165th in 2018. Journalists such as Bobomurod Abdullaev continue to face harassment and politically motivated criminal charges. However, there are signs of modest change, with some journalists tackling more [sensitive](#) subjects, such as the dangers of

Karimov-era economic protectionism, low-level corruption, or annoyances caused by local power cuts. Given the lack of clear rules on what is allowed, [self-censorship](#) is still widespread, and journalists follow presidential statements for guidance on which problems can be discussed. For the time being, direct attacks on the authorities (except those already criticised by Mirziyoyev) remain taboo.

Most international online media are blocked. However, despite censorship and the fact that it does not have any reporters on the ground, Ozodlik, the US-funded RFE/RL Uzbek news portal, is one of the most [widely followed](#) in the country. In November 2017, the BBC was given [permission](#) to report from Uzbekistan, 12 years after it was forced out of the country for critical coverage of the 2005 Andijon massacre.

Lifting restrictions on civil society

New [legislation](#) has lifted some restrictions on civil society. For example, NGOs no longer need prior approval to hold meetings, although they must still notify the authorities in advance. Civil society is regularly consulted on new laws, and also plays a role in implementing the government's social policies, for example those on youth and the disabled. Government funding for civil society has nearly [tripled](#) since 2013. International human rights observers are now being invited to visit the country – for example, in 2017 the country was visited by the UN [Human Rights Commissioner](#) as well as the UN [special rapporteur on freedom of religion or belief](#). Human Rights Watch and [Amnesty International](#), both banned since 2010, have also been allowed to visit and meet various representatives of Uzbek civil society, although neither has yet been authorised to open offices there.

However, such changes do not go nearly far enough. NGO registration and financial reporting requirements remain [cumbersome](#). Organisations dealing with politically charged issues, such as human rights, have not been allowed to register at all. Some activists experience continued harassment; for example, Elena Urlaeva was repeatedly [detained](#) in 2017, even though her campaign to monitor forced labour in the cotton harvest ties in with official government policy. For some [observers](#), the fact that only a handful of local NGOs were allowed to participate in a November 2018 international human rights conference held in Samarkand, is symptomatic of the authorities' deep-seated suspicion of civil society activism.

Expanding religious freedoms

Since 2006, Uzbekistan has been on the US State Department's [list](#) of countries of particular concern, which includes the states with the harshest restrictions on religious freedom. Such [restrictions](#) apply not only to minorities such as Orthodox Christians, but also to the Sunni Muslim majority. Among other things, membership of non-official religious groups, unauthorised religious meetings and missionary work are punished by heavy fines and jail sentences. Exceptionally for a Muslim-majority country, until recently mosques were not allowed to call worshippers to prayer by loudspeaker, children could not worship in mosques, and there were no public prayer rooms. Until August 2017, 17 000 persons were blacklisted as extremists, some for nothing more than wearing religious clothing or beards; those on the list are [barred](#) from various jobs and travel.

For the authorities, repression is justified by the risk of extremism. Restrictions on religion have helped to keep terrorism out of the country, even though jihadist groups such as the ISIL/Da'esh-affiliated [Islamic Movement of Uzbekistan](#) have followers throughout Central Asia, and Uzbek terrorists living abroad have carried out deadly [attacks](#) in Stockholm and New York.

Despite this, under Mirziyoyev some restrictions have been eased. In August 2017, 16 000 persons were [taken off](#) the blacklist of extremists, and 763 religious prisoners were among the 2 700 [pardoned](#) by a presidential decree in December of the same year (however, hundreds remain behind bars). Restrictions on Muslim worship have been lifted, and [new mosques](#) are planned. According to official [statements](#), the government now hopes to combat extremism through education rather than repression, and new, less restrictive legislation is in the pipeline.

Despite these encouraging developments, many restrictions still remain in place. In August 2018, a government decree barred hijabs (headscarves) from schools. The following month, four conservative Muslim bloggers who had called for greater religious freedom were [arrested](#), and an imam was [dismissed](#) after arguing that personal religious symbols should be allowed.

Making courts more efficient and independent

In the past, courts almost invariably delivered guilty verdicts, with an acquittal rate close to [zero](#) in 2016. This had less to do with political pressure than an [overburdened](#) judicial system, which left judges with no time to properly review the evidence. To ease the burden on courts, a new category of administrative courts has been created, and more judges are being recruited. As a sign of progress, in the first half of 2018 the number of acquittals rose to [375](#), representing 1.4 % of the people heard; this is still very low compared to Western countries, but [better](#) than in most other post-Soviet states. Meanwhile, in an effort to make judges more independent of the government, they are now appointed by a Supreme Judicial Council instead of the president. Furthermore, since 2016 judges have a more secure [tenure](#) (lifelong tenure after two initial terms of five and 10 years), protecting them from politically motivated dismissal.

Holding government administration to account

Acting on a campaign [promise](#) to make government serve the people rather than vice-versa, one of Mirziyoyev's first measures as president was to declare 2017 the 'Year of Dialogue with the People and Human Interests'. In line with this move, 208 people's reception centres and a virtual presidential reception office have been set up; between them, these have processed over 3 million requests and claims from ordinary citizens since 2017.¹ Although not designed to tackle more deep-rooted problems, these [new channels](#) of communication have at least obliged the authorities to respond to more specific grievances, such as a lack of street lighting in some neighbourhoods.

In their dealings with the authorities, citizens can also turn to the country's [ombudsman](#). An August 2017 law [gives](#) the latter more independence through dedicated funding and additional powers to intervene on behalf of the public.

Mirziyoyev himself has been highly [critical](#) of the country's public administration, accusing police, prosecutors, as well as tax and healthcare administrators of incompetence and corruption. There have been personnel changes not only in the security forces but also in other government departments, for example the Finance Ministry, which sacked [nearly 600](#) officials in December 2017.

These changes also affect local and regional government. Mirziyoyev has replaced several provincial governors and mayors, and – in a further step towards greater accountability – [suggested](#) that in future they might be directly elected by citizens, instead of presidentially appointed as at present.

Although Mirziyoyev's criticisms of government officials are undoubtedly justified, personnel changes may have as much to do with consolidating his power. In the same way that security forces were purged as a prelude to sidelining Rustam Inoyatov, dismissals of Finance Ministry officials may have been intended to curtail the influence of Mirziyoyev's second main contender for Karimov's succession, former Finance Minister, Rustam Azimov. Now that the goal of putting Mirziyoyev

Stamping out corruption

Uzbekistan is one of the most corrupt countries in the world (157th out of 180 countries in Transparency International's [Corruption Perceptions Index](#)). Under Mirziyoyev, some small steps have been taken to improve the situation. Since January 2017, a new [anti-corruption law](#) has brought in tougher penalties and established an inter-departmental commission to coordinate anti-corruption efforts, although the legislative framework remains very [weak](#). With the few exceptions, such as the case of [Gulnara Karimova](#), daughter of the former president, in detention since 2015 over corruption charges relating to around US\$1 billion in assets, impunity seems to remain the general rule. On the positive side, Uzbekistan's September 2017 foreign exchange liberalisation (which ended the black market for currency) and the planned abolition of exit visas should eliminate some of the opportunities for bribe-taking.

loyalists in charge has apparently been achieved, it remains to be seen whether efforts to more fundamentally change the way that government institutions operate will continue.

Strengthening the Parliament

Constitutional changes giving the Oliy Majlis (Parliament) greater powers, at least on paper, began under Karimov. Parliament, rather than the president, now nominates the prime minister, and has the power to dismiss the government by a vote of no confidence. Mirziyoyev has made a stronger role for the parliament one of his priorities, and under him, its powers have continued to grow. A 2016 [law](#) established various mechanisms for parliamentary oversight: the prime minister presents an annual report on social and economic policies, the state budget is also debated in parliament, ministers and senior officials are heard by parliament. Such hearings have become more regular since May 2018, when the parliament held its first ever [government hour](#), the equivalent of question time in Westminster, a regular slot in which government ministers are obliged to answer questions from parliamentarians. At the same time, parliamentarians are doing more to [connect](#) with constituents, meeting them more actively and appearing in the media.

Despite these positive changes, in January 2018 Mirziyoyev himself [criticised](#) the parliament for its passivity, pointing out that the vast majority of legislative initiatives still come from the executive. This is hardly surprising, given Uzbekistan's top-down presidential governance system in which Mirziyoyev, like his predecessor, takes all the important decisions, and the fact that pro-regime parties are the only ones allowed.

Keeping tight control of political parties

In its [report](#) on the country's previous parliamentary elections in December 2014, the OSCE's Office for Democratic Institutions and Human Rights (ODIHR) was highly critical, noting that elections did not meet international standards. Among other things, the report criticised the quota of 15 seats (out of 150 in the lower house) reserved for non-elected members from the Ecological Movement, the bar on independent candidates, a 'tepid' election campaign, and a legal framework which discourages the registration of new parties.

In January 2018, Mirziyoyev [called](#) for a new electoral code meeting international standards and allowing elections to be held in a 'more open spirit'; a [draft](#) is currently under discussion. Compared to the previous code, the main improvements that the draft legislation proposes is the creation of a single electronic voter register and an end to the Ecological Movement's quota, both changes recommended by the OSCE/ODIHR. However, candidates can only be nominated by registered political parties, and there are no indications that new parties will be allowed to register, which means that the country's next elections in December 2019 are unlikely to be much more competitive than the previous ones.

Overall impact of political reforms

Mirziyoyev's reforms have ended or curtailed some of the more extreme human rights abuses in Uzbekistan. Torture is becoming less widespread, some political prisoners have been released, forced labour in the cotton harvest is on the way out. The environment for Uzbek media and civil society has become slightly less repressive. Courts no longer automatically condemn defendants. Citizens now have more options for holding public administration to account. Reflecting such changes, Uzbekistan's score in Freedom House's [Freedom in the World Index](#) improved in 2018 from 4 to a still dismal 7 out of 100 – on a par with Saudi Arabia and just below Sudan.

Despite improvements, Uzbekistan remains a repressive country, even compared to its mostly authoritarian Central Asian neighbours. Reforms have left presidential powers intact. Mirziyoyev tolerates criticisms of the country's authorities insofar as they are similar to the criticisms he himself expresses, but so far he has shown no sign of allowing any challenges to his own authority.

Two years into Mirziyoyev's presidency, it is still too early to predict the long-term impact of reforms. Potentially, increased political freedoms could eventually create an unstoppable momentum towards more radical changes, bringing Uzbekistan closer to real democracy. However, developments to date suggest that the reform process will remain tightly controlled, and will be pursued only to the extent needed to boost Mirziyoyev's domestic popularity and improve relations with foreign partners such as the EU and the US (see below).

Liberalising the economy, boosting trade and investment

A closed and state-controlled economy under Karimov

Under Karimov, state control of the [economy](#) (166th out of 178 countries in the 2016 [Index of Economic Freedom](#)) went hand-in-hand with political repression. Uzbekistan [never completed](#) its transition to a market economy; features inherited from the Soviet command economy include large and inefficient state-owned companies, subsidised energy supplies, restricted access to foreign currency and artificially pegged exchange rates. Foreign trade and investment were heavily restricted, with an emphasis on import substitution and self-sufficiency. Such measures have created a stable but relatively uncompetitive and backward economy (at [US\\$1 504](#) in 2017, per capita GDP is the third lowest of the ex-Soviet countries, ahead only of Kyrgyzstan and Tajikistan).

With the population growing at nearly [2%](#) a year, the economy fails to provide enough jobs for the [600 000](#) Uzbeks who enter the labour force every year. In 2017, unemployment was [over 9%](#) (16% youth unemployment). Joblessness and poverty fuel mass labour emigration, mostly to Russia; unemployed young Uzbeks are also more vulnerable to radicalisation.

The floating of the Uzbek currency

Under Mirziyoyev, political reforms have been flanked by economic liberalisation. As in the political area, the fundamentals of the system remain unchanged, but there have been some significant developments. Of these, currency liberalisation has attracted the most attention. Until September 2017, the official exchange rate had been tightly pegged, [benefiting](#) state-owned and other well-connected enterprises able to buy artificially cheap foreign currency, as well as criminal gangs controlling a flourishing black market and officials [bribed](#) by them to turn a blind eye. On the other hand, the system penalised ordinary Uzbeks who were forced to change money illegally on the black market, and deterred foreign investment by making it difficult to take currency out of the country.

The floating of the Uzbek currency, the som, had an immediate and dramatic effect. Almost overnight, the currency devalued by almost half, and the black market disappeared. At the same time, inflation shot up into double figures, reaching nearly [20%](#) in early 2018. In the longer term, currency liberalisation should help to attract more investment while making the economy more open and competitive.

Improving the investment environment

To modernise its economy and boost employment, Uzbekistan is in dire need of foreign investment, which until recently had been on a [declining trend](#) for several years. Currency liberalisation was probably the biggest single step towards making Uzbekistan more attractive for investors, but other measures are also being taken to simplify some of the onerous bureaucratic procedures faced by entrepreneurs. Efforts to cut red tape in areas, such as starting a business, construction permits, tax and access to electricity, were already begun under Karimov; improvements are reflected in Uzbekistan's ranking in the World Bank's [Ease of Doing Business](#) index, which jumped from 141st out of 190 countries in 2015, to 74th in 2018. The country hopes to continue its progress up the league table, and has a [target](#) of getting into the top 20 by 2022.

Foreign investment has also benefited from Uzbekistan's improved relations with foreign partners under Mirziyoyev (see next chapter); according to government figures, as of September 2018 the country had signed investment and trade deals worth a massive US\$60 billion² with countries such

as China, Russia and Kazakhstan. Since 2016, 11 new [free economic zones](#) have been created, in addition to three pre-existing ones. In 2017, if Uzbek government figures are to be believed, foreign direct investment increased by 40 %, ³ ending a long period of decline.

Despite all these developments, there are still many factors holding back foreign investment in Uzbekistan. Transport, telecommunications, media and finance are some of the many [sectors](#) in which foreign investment is barred or heavily restricted. Even where there are no legal restrictions, in practice the business environment still remains [difficult](#) due to problems such as corruption and the dominance of state-owned companies. Due to uncertainty over the future direction of reforms, many investors are waiting to see what happens before committing themselves.

On trade, Uzbekistan has cut tariffs substantially and adopted a [roadmap](#) for accession to the WTO. The country already benefits from reduced tariffs on some exports to the EU under the latter's Generalised Scheme of Preferences and [hopes](#) for additional tariff reductions under the GSP+. To become eligible for the latter scheme, Uzbekistan still has to ratify two (out of 27) international conventions. In 2017, trade liberalisation helped to boost the country's foreign trade by [18 %](#); Uzbek exports to the EU grew by a massive 26 %.

Economic liberalisation still has a long way to go

Other significant [economic reforms](#) already undertaken include raising energy prices to more realistic levels and strengthening the central bank's independence. To level the playing field between private and state-owned enterprises, banks have been [instructed](#) to end the practice of giving preferential loans to the latter. Reflecting the country's efforts to loosen state control, from 2016 to 2018 Uzbekistan's ranking in the Index of Economic Freedom climbed 14 places to 152nd out of 180 economies. Meanwhile, to help tackle the problem of unemployment, the government is overhauling the country's [education system](#), vocational education in particular, to bring it more in line with employers' needs.

Despite all this, the Uzbek economy remains fundamentally protected and state-controlled. The IMF [recommends](#) lifting price controls, for example, on energy prices, which are still heavily subsidised. At the same time, the government needs to do more to encourage competition, by ending the dominance of state-owned and other politically well-connected companies. However, such reforms will be difficult, as state-owned enterprises employ nearly [one-fifth](#) of the labour force and restructuring them will inevitably cause job losses.

Overall impact of economic reforms

According to Uzbek government figures, economic performance has improved in several areas; as mentioned above, foreign direct investment increased by 40 % in 2017, and 700 000 new jobs¹ were created (the figures do not specify over which period). Economic growth, on the other hand, has slowed, from an average 8 % during the previous ten years (7.8 % in 2016), to a still impressive 5.3 % in 2017. However, most of these figures are [questionable](#), particularly growth figures over the past four years: it seems unlikely that after 2014, growth was unaffected by sharp declines in commodity exports and in the value of remittances sent by Uzbeks working in Russia (from [12 % of GDP](#) in 2013 to just 3.6 % in 2016). The lack of reliable data makes it impossible to draw any meaningful conclusions. In future, the quantity and quality of economic data are likely to improve, as the government has [committed](#) to greater transparency and methodological changes.

Rebuilding relations with the neighbourhood and the world

International partners

Under Karimov, distant relations with both the West and Russia

After economic and domestic political reforms, foreign policy is the third area where Mirziyoyev's presidency has brought major changes. Under Karimov, relations with Western countries were

strained by human rights issues. The 2005 Andijon massacre drew particularly harsh criticism as well as sanctions from the **EU**. From this low point, EU-Uzbekistan relations improved slightly in Karimov's later years; in 2011 the EU opened a delegation in Tashkent, and the phasing out of child labour in the cotton harvest unblocked progress towards ratifying an EU-Uzbekistan [textiles protocol](#) facilitating Uzbek cotton exports to Europe. Relations with the **US** followed a similar trajectory; in view of Uzbekistan's [strategic importance](#) for Washington's operations in Afghanistan, the US [reinstated](#) military aid to the country in 2011. However, human rights organisations in both the EU and the US vigorously opposed even such limited re-engagement with Uzbekistan.

At the same time, Uzbekistan avoided becoming dependent on regional power **Russia**. It belongs to the Commonwealth of Independent States and the Shanghai Cooperation Organisation, both loose regional groupings in which Russia is a dominant or leading member. However, in 2012 it withdrew from the Collective Security Treaty Organisation (CSTO), a Russia-led military alliance, and also resisted Moscow's encouragement to join the Eurasian Economic Union.

Chinese support – especially after Beijing [refused](#) to join international condemnation of Andijon – has helped Tashkent to weather Western human rights criticisms. At the same time, increasing Chinese trade and investment have greatly reduced the country's economic dependence on Moscow. The construction of a new pipeline and the start of gas [exports](#) to China in 2012 meant that Uzbekistan no longer needed to sell the bulk of its gas to Russia; since then, China has become by far the largest purchaser of Uzbek gas (in 2017, [82 %](#)), and replaced (from 2013 until 2017) Russia as its largest trading partner. With its [Belt and Road Initiative](#), including major infrastructure projects such as the strategically vital [Angren-Pap railway line](#), China has become Uzbekistan's main investor.

Mirziyoyev steps up ties with Western partners

While maintaining Karimov's non-alignment policy, Mirziyoyev has made efforts to improve ties with all Uzbekistan's major partners. In contrast to his predecessor, who only rarely travelled, during the first two years of his presidency Mirziyoyev has already visited the [US](#) (in May 2017) and [France](#) (October 2018); a trip to Germany is planned for January 2019. Mirziyoyev used his first two visits to the West to project an image of a liberal reformer, and also to secure a total of nearly US\$10 billion⁴ in investment deals. Improving ties are encouraging Western public-sector financial institutions to engage in Uzbekistan, bringing further investment: the European Bank for Reconstruction and Development (EBRD), which had left the country in the mid-2000s over human rights concerns, returned in 2017 and since then has committed [€333 million](#) in loans; it was [followed](#) in 2018 by the Overseas Private Investment Corporation (OPIC), a US government agency that supports private-sector foreign investment. The European Investment Bank (EIB), which is new to Uzbekistan, [launched](#) its operations there in October 2017.

Meanwhile, people-to-people contacts are likely to benefit from visa liberalisation. Uzbekistan has [announced](#) that, as of January 2019, its nationals will no longer need to apply for an exit visa to visit non-CIS countries. Since February 2018, citizens of the US and several EU countries [benefit](#) from simplified visa application procedures. As a result, the number of tourists in Uzbekistan, which had already grown by [24 %](#) in 2017, will probably continue rising.

Uzbekistan already has a [partnership and cooperation agreement](#) with the EU, signed in 1996. Following the example of Kazakhstan, which signed an enhanced partnership and cooperation agreement in 2015, Uzbekistan hopes to upgrade its relations with the EU through a [similar agreement](#). Negotiations were [launched](#) on 23 November 2018. Entry into force of the 1996 agreement was delayed for three years, as the European Parliament withheld its consent due to human rights concerns; the improved situation in Uzbekistan may help the process go more smoothly this time.

For the EU, Uzbekistan is not only an important partner in its own right but also – as Central Asia's most populous nation – vital for cooperation with the region as a whole. Improved EU-Uzbek ties are likely to be reflected in the EU's new strategy on Central Asia, expected in early 2019.

Relations with Russia are also improving

Mirziyoyev's visit to Russia in April 2017 was his first presidential trip outside Central Asia. As in France and the US, the visit led to major investment deals totalling [US\\$12 billion](#). In October 2018, Putin [repaid](#) the visit, the scale both of the accompanying delegation (around 1 200 members) and of economic agreements on the table (US\$27 billion) underscoring Russian aspirations to become Tashkent's leading partner. Among other things, Russia is investing in the Uzbek gas sector; it has also agreed to build Uzbekistan's – and Central Asia's – first nuclear power plant.

Commerce between the two countries is booming, partly due to a '[green corridor](#)' of simplified customs and phyto-sanitary procedures that have made it easier for Uzbekistan to export fruit and vegetables to Russia. In 2017, trade grew by 33 % and in the first nine months of 2018 by another [30 %](#), restoring Moscow's status as Tashkent's top trading partner lost to Beijing five years earlier.

With [1.1 million](#) officially registered labour migrants and [many more](#) who are unregistered, Russia is by far the biggest destination for Uzbek emigration. Though remittances from Uzbeks working in Russia have declined, they were still worth [US\\$2.8 billion](#) in 2017 – a vital lifeline for the Uzbek economy.

On the defence front, a [cooperation treaty](#) in November 2016 was followed one year later by the two countries' first joint military exercise in 12 years. In September 2018, Uzbekistan [joined](#) the six CSTO countries for an air defence drill. Whereas in previous years Uzbekistan had sourced most of its weapons from Western countries, in March 2018 it [purchased](#) 12 Mi-35 helicopters, paying discounted prices normally reserved for Russia's own armed forces and CSTO allies. However, in July 2017 Uzbek Foreign Minister Kamilov [ruled out](#) the idea of considering re-joining the CSTO.

Other partners: new cooperation on investment, trade, transport, migration

Close ties continue with **China**, with which Uzbekistan shares [concerns](#) such as Islamic extremism; however, the relationship is above all about economics. In 2017, trade grew substantially ([+17 %](#)), and the two countries concluded investment deals worth [US\\$20 billion](#). They are also [discussing](#) a railway line, which if built is expected to cost around US\$5 billion and will connect Uzbekistan to China via Kyrgyzstan. Mirziyoyev is also reaching out to other partners. Relations with **Turkey** were [strained](#) under Karimov due to Uzbek fears of Turkish dominance and accusations that Ankara was funding Islamic extremists; however, a state [visit](#) to Tashkent by Turkish President, Recep Tayyip Erdogan, led to more investment deals and an agreement strengthening the rights of Uzbek migrant workers in Turkey. For their part, Turkish nationals now benefit from visa-free travel to Uzbekistan. Investment was the main focus of a November 2017 state [visit](#) to **South Korea**, while on a September 2018 [trip](#) to **India**, defence cooperation was also discussed. There are ongoing talks with **Iran** on sales of Iranian oil and a possible new transport route connecting landlocked Uzbekistan to the Persian Gulf via Turkmenistan.

Central Asian partners

Regional rivalry under Karimov

Under Karimov, Uzbekistan's relations with regional neighbours were particularly difficult. With **Kyrgyzstan** and **Tajikistan**, conflicting needs for scarce [shared water resources](#) were the main bone of contention. Uzbek farmers are critically dependent on the water that arrives downstream from Kyrgyz and Tajik mountain ranges for irrigation. However, Kyrgyzstan and Tajikistan rely on hydropower to generate nearly all their electricity; they both have an economic interest in releasing more water from their dams during the winter, when cold weather creates more demand for electricity. This in turn means that less water is available for Uzbekistan's vital agricultural sector when it is most needed in the spring and the summer. Tensions over water intensified over Tajikistan's massive Roghun Dam, construction of which finally began in 2016, and Kyrgyzstan's Kambat-Ata, which is still on the drawing board. After work began on Roghun, Uzbekistan did its

best to obstruct the project by [blocking](#) deliveries of construction materials and [interrupting](#) or raising the price of its gas supplies to Tajikistan. So sensitive an issue was water that in 2012, Karimov [warned](#) that neighbouring countries' hydropower projects could even lead to war.

Relations between the three countries were further complicated by the fact that long stretches of border had never been properly defined after the break-up of the Soviet Union. Repeated [clashes](#) between border guards and local residents in disputed areas have caused numerous deaths and injuries. Dozens were also killed by [land mines](#) that Uzbekistan planted on its side of the border.

Though relations with **Kazakhstan** are less tense, the two countries have long [competed](#) for regional influence. Uzbekistan is by far the largest Central Asian country in terms of population (over 30 million, nearly twice that of Kazakhstan). It also used to have the region's largest economy, but was [overtaken](#) by Astana in the 1990s, and since then has steadily fallen further behind. With **Turkmenistan**, relations since the mid-2000s were fairly [straightforward](#), but not particularly close.

As Uzbekistan is Central Asia's most populous country and also the only one that shares borders with all other countries of the region, Karimov's isolationism was a severe impediment to regional interaction. Estimates suggest that [less than 10 %](#) of the five ex-Soviet Central Asian countries' total foreign trade is with one another (by contrast, the figure for EU countries is around [70 %](#)). Transport links are also very poor – until recently, it was not possible to fly directly between most of the Central Asian capitals.

A dramatic turnaround in regional relations under Mirziyoyev

Nowhere has the change of foreign policy course under Mirziyoyev been more dramatic than in Uzbekistan's immediate neighbourhood, where Karimov-era confrontation has given way to regional cooperation. Not only has Uzbekistan lifted its objections to [Tajik](#) and [Kyrgyz](#) dam projects, it has even offered to participate in them. A string of measures have eased tensions between Uzbekistan and its two eastern neighbours: state visits by Mirziyoyev (in the case of Kyrgyzstan, the first visit by an Uzbek head of state in [17 years](#)); agreements defining most of the disputed stretches of border; the opening of new [border crossing points](#); visa-free travel; and – for the first time in [25 years](#) – direct flights between Uzbekistan and Tajikistan. After several years of interruption, Uzbekistan has [resumed](#) supplies of cheap gas to Kyrgyzstan and Tajikistan; in exchange, it buys surplus hydroelectricity from the two upstream countries, which also ensure that enough water flows downstream during the growing season to meet Uzbekistan's irrigation needs. Work has also begun on demining border areas.

New border crossings, a series of bilateral [agreements](#) on joint energy and transport projects, and no fewer than six mutual [visits](#) between the two countries' heads of state since 2016 have cemented improved ties with **Kazakhstan**, which has [declared](#) 2018 as the 'Year of Uzbekistan'. There have also been agreements and joint visits with **Turkmenistan**, which Uzbekistan has [offered](#) to assist with its [TAPI](#) (Turkmenistan-Afghanistan-Pakistan-India) gas pipeline project.

In addition, Uzbekistan has begun to step up cooperation with its fifth neighbour, **Afghanistan**. Although the latter presents security risks, it also offers economic potential as both a transit route for Uzbek exports and a market in its own right ([5 %](#) of Uzbek exports in 2017). Uzbekistan is building a new [power cable](#) that will enable it to increase electricity exports to Afghanistan. [Direct flights](#) between Kabul and Tashkent were launched in November 2017. A [railway link](#) between the two countries is also under construction, and could eventually connect to Iranian ports, facilitating exports from landlocked Uzbekistan. Building on its [position](#) as a neighbouring country enjoying good relations with both the Afghan government and the Taliban, Uzbekistan has also started to play a prominent role in Afghanistan's peace process; the March 2018 Tashkent [conference](#) on Afghanistan was followed in June by an offer to host peace talks between the two sides.

Building Central Asian regional cooperation

Uzbekistan and its neighbours have cultural similarities, a shared history and common interests, and improved relations have opened the door to closer cooperation between them. In November 2017, at the annual EU-Central Asia ministerial meeting held in the Uzbek city of Samarkand, Mirziyoyev [called](#) on the five countries of ex-Soviet Central Asia to work together on a wide range of issues, including trade and investment, transport links, counter-terrorism and arrangements for sharing scarce water resources. In March 2018, the Uzbek, Kazakh, Kyrgyz and Tajik presidents together with the speaker of the Turkmen parliament met in Astana for the first Central Asian summit in nine years. The meeting did not yield any specific initiatives; however, future summits (which from now on are to be held once a year in March) should help to bring the countries of the region closer together.

At the November 2017 ministerial meeting in Samarkand, Mirziyoyev ruled out the idea of 'a new international organization of Central Asia ... with its own charter and supranational bodies'. Rather than this, cooperation is likely to take the form of separate initiatives; a regional economic forum to facilitate trade and investment projects, a transport development programme to improve regional infrastructure, measures to solve the Aral Sea [environmental crisis](#), and educational exchanges to promote people-to-people contacts are some of the measures envisaged by the Uzbek president.

EU position. According to the European External Action Service, the EU [welcomes](#) Mirziyoyev's 'significant reforms of the judiciary, administration and security services and ... strides to improve the business climate'. Uzbekistan's reform process has not been the subject of high-level EU statements or European Parliament resolutions; nevertheless, there has been a general intensification of contacts: as mentioned above, talks on a new enhanced partnership and cooperation agreement, the (re-)engagement of the EIB and EBRD in the country, and a September 2018 [visit](#) by members of the European Parliament's Foreign Affairs Committee.

ENDNOTES

- ¹ According to Uzbek officials speaking at a [roundtable discussion](#) in the European Institute for Asian Studies, September 2018.
- ² Ibid. Uzbek government announcements of investment deals tend to be short on detail and are therefore difficult to verify. Actual investments generated may be considerably less than this.
- ³ See note 1.
- ⁴ Again, this figure should be seen with some caution. In France, the total of agreed individual investments comes to only [€1.5 billion](#), with no explanation on where the remaining €3.5 billion comes from.

DISCLAIMER AND COPYRIGHT

This document is prepared for, and addressed to, the Members and staff of the European Parliament as background material to assist them in their parliamentary work. The content of the document is the sole responsibility of its author(s) and any opinions expressed herein should not be taken to represent an official position of the Parliament.

Reproduction and translation for non-commercial purposes are authorised, provided the source is acknowledged and the European Parliament is given prior notice and sent a copy.

© European Union, 2018.

Photo credits: © Leonid Andronov / Fotolia.

eprs@ep.europa.eu (contact)

www.eprs.ep.parl.union.eu (intranet)

www.europarl.europa.eu/thinktank (internet)

<http://epthinktank.eu> (blog)

