

Uzbekistan



Agenda



01

General Information

02

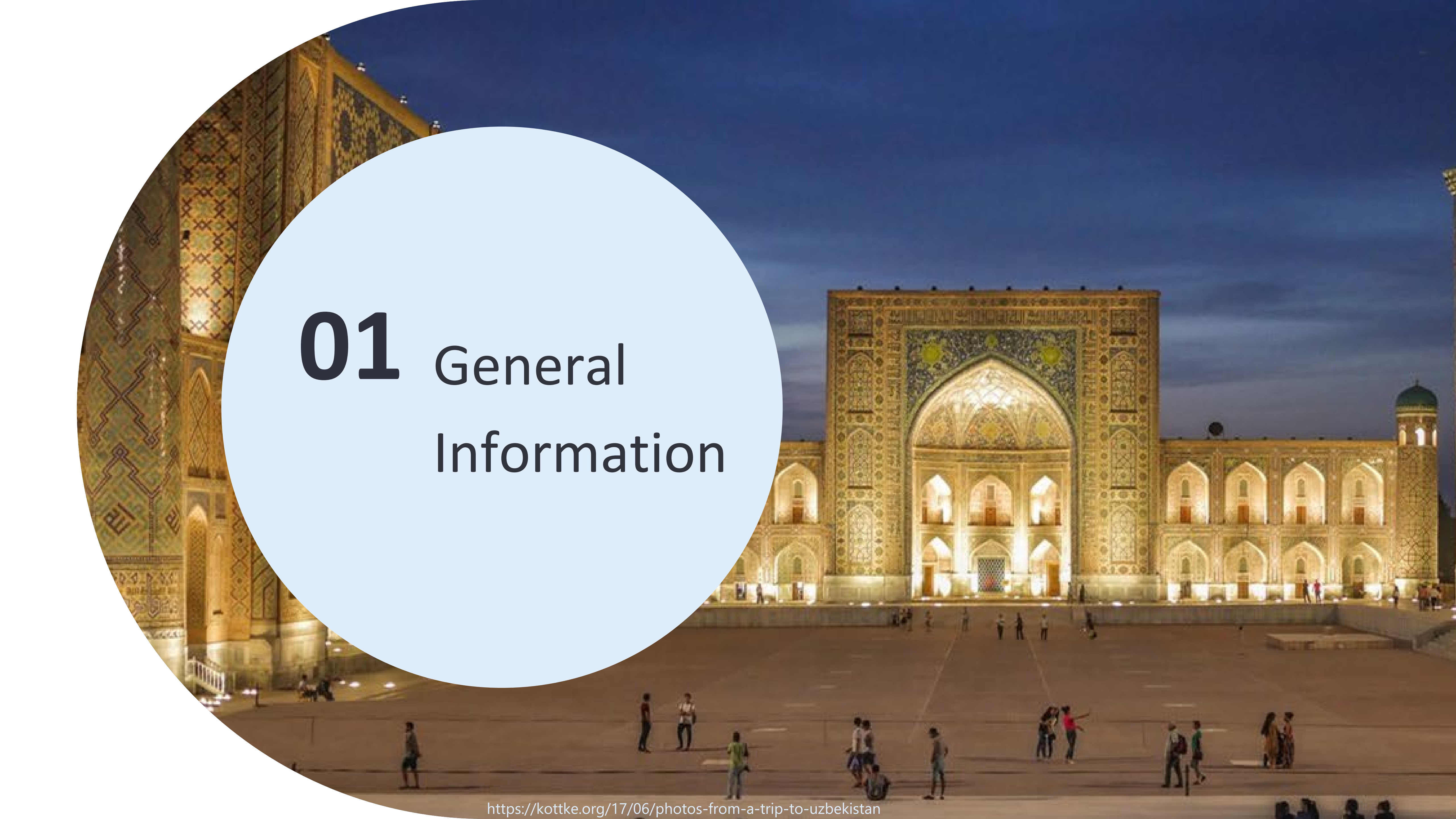
PESTLE analysis

03

Discussion

04

Conclusion



01 General Information

Republic of Uzbekistan

Area 447,000km²

Official Language Uzbek





Location

Population 33,254,100

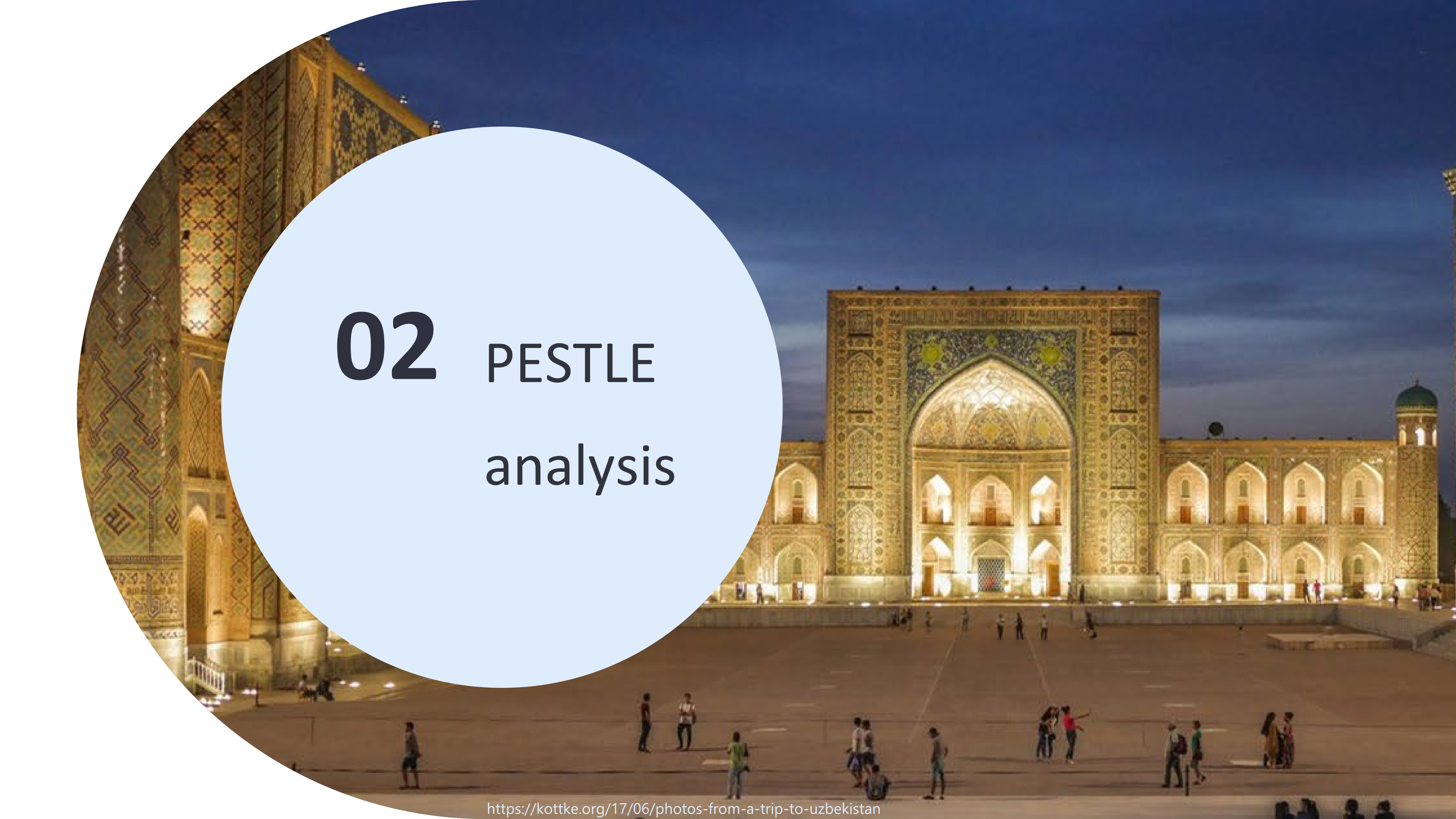
Density 74,1/km²

Capital City Tashkent

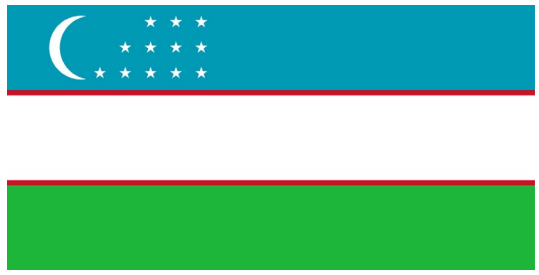
Provinces 12

Bordering countries

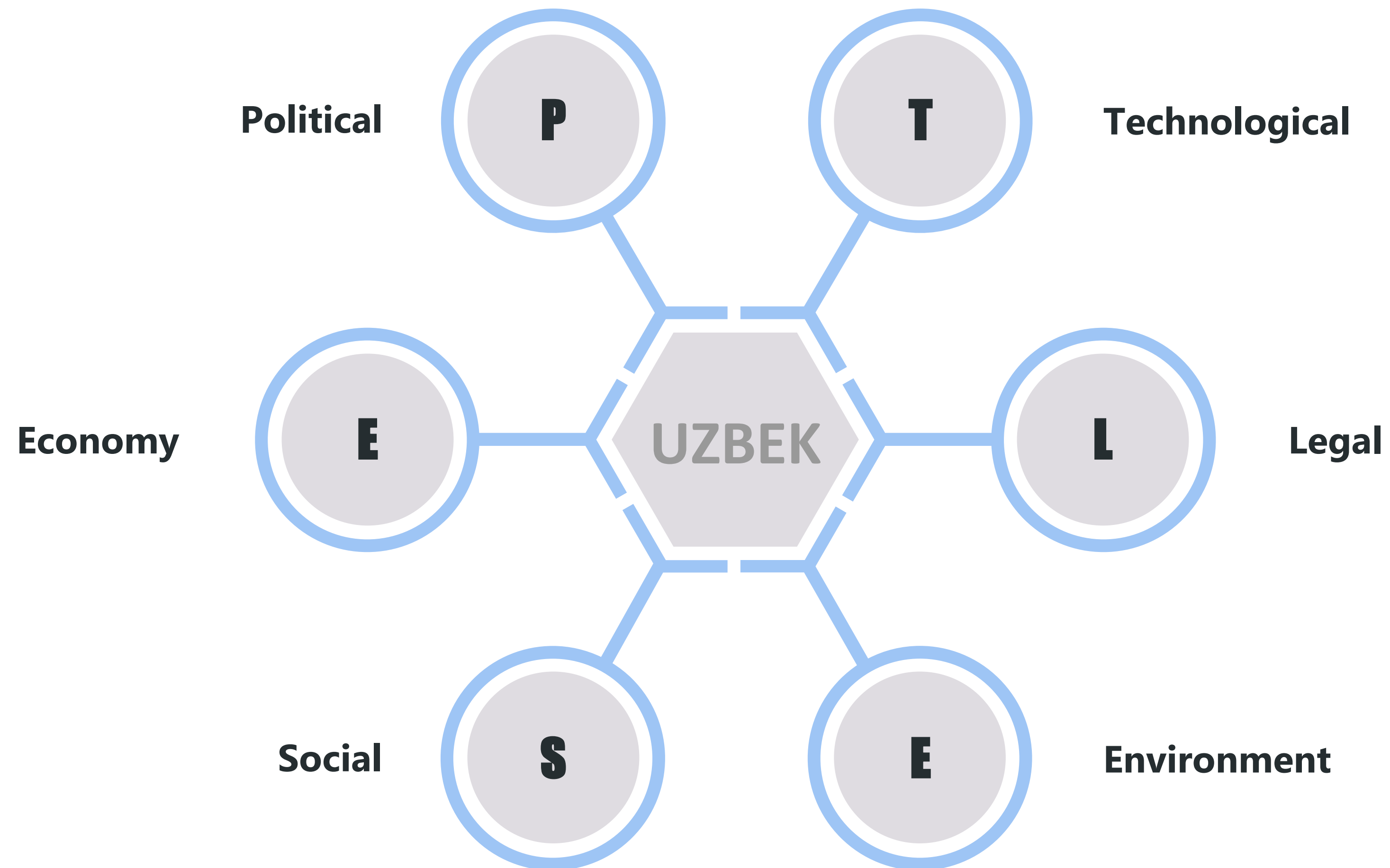
Kazakhstan, Kyrgystan, Tajikistan,
Afghanistan, Turkmenistan



02 PESTLE analysis

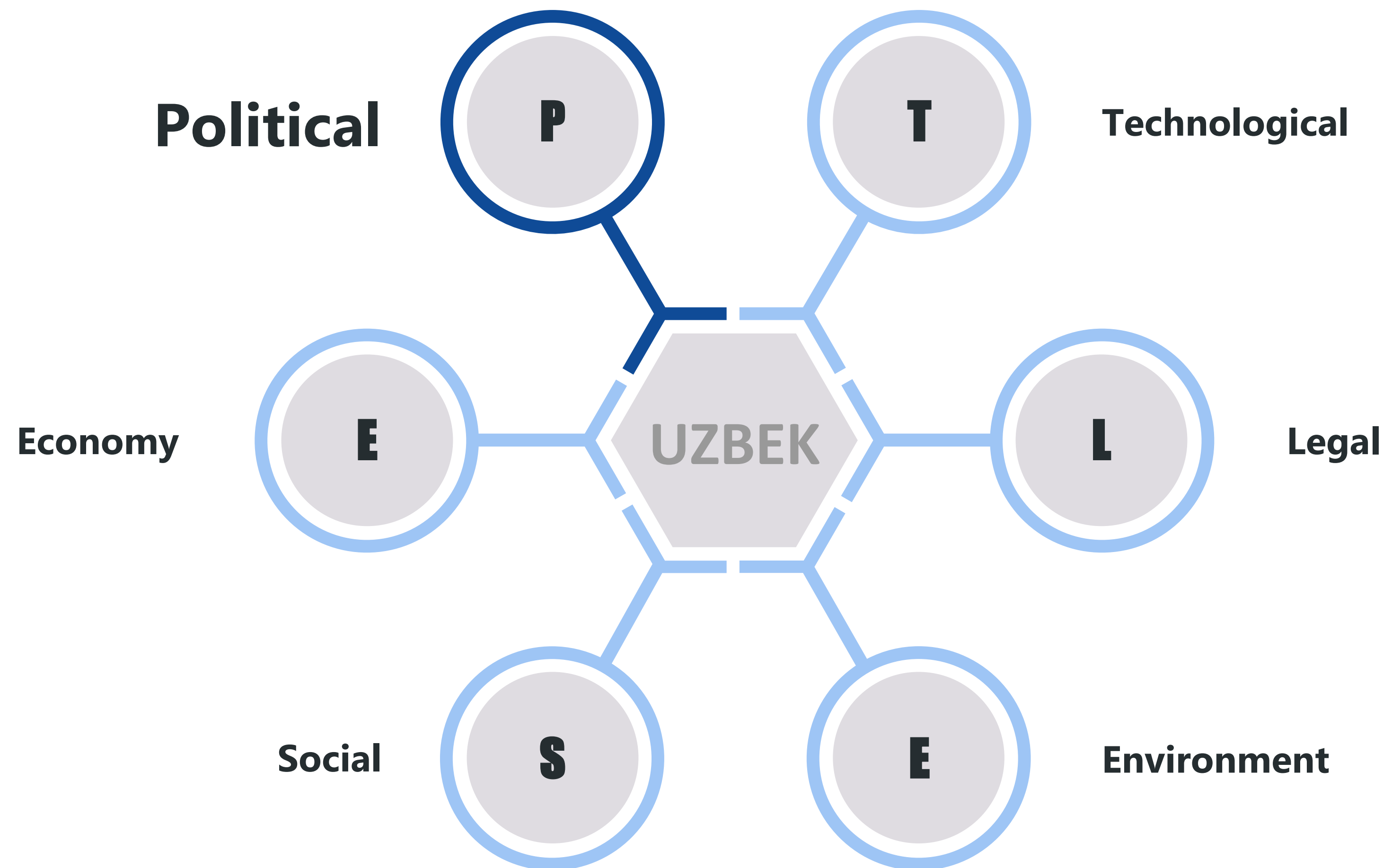


PESTLE analysis





PESTLE analysis



Political Situation in Uzbekistan



<https://www.wikidata.org/wiki/Q57808>



The nature and stability of the government in power

- The Republic of Uzbekistan is a presidential constitutional republic
- Stability and reliability of government
- But some restrictions in freedom of speech

Political Situation in Uzbekistan

Attitudes to taxation

- free economic zones (FEZ)
- exports are zero rated

Attitudes to social welfare

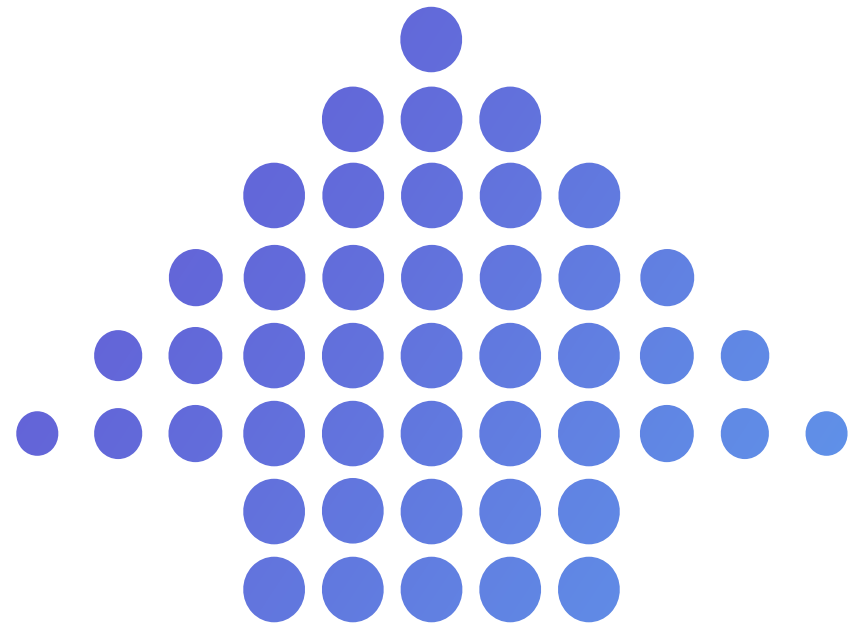
- State salaries and pensions are very low
- Equality of opportunity is largely achieved (exceptions exist)

Attitudes to foreign trade and trading blocks

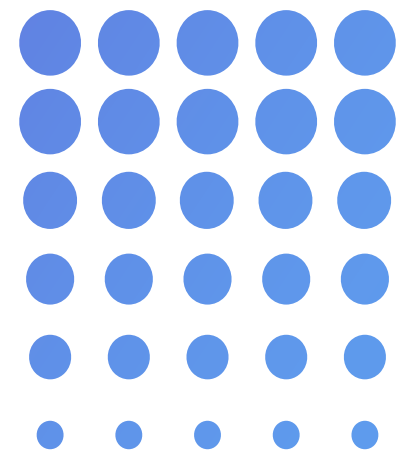
- Foreign trade is largely state- organised
- The economy is largely dissociated from the world market



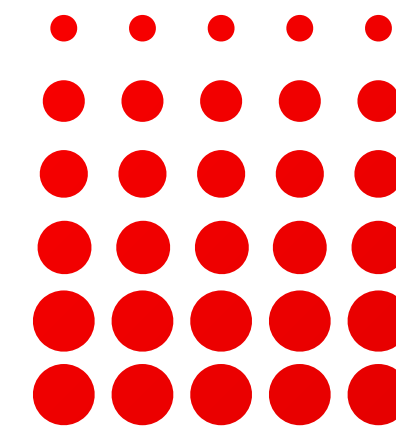
Political Situation: Summary



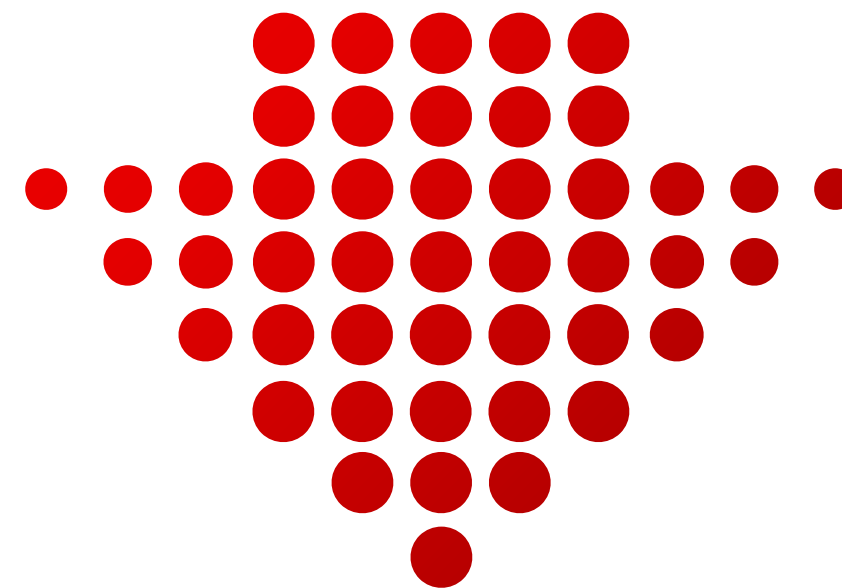
- Exports aren't taxed

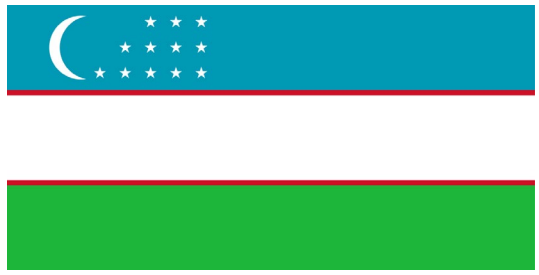


- Free Economic Zones (FEZ)

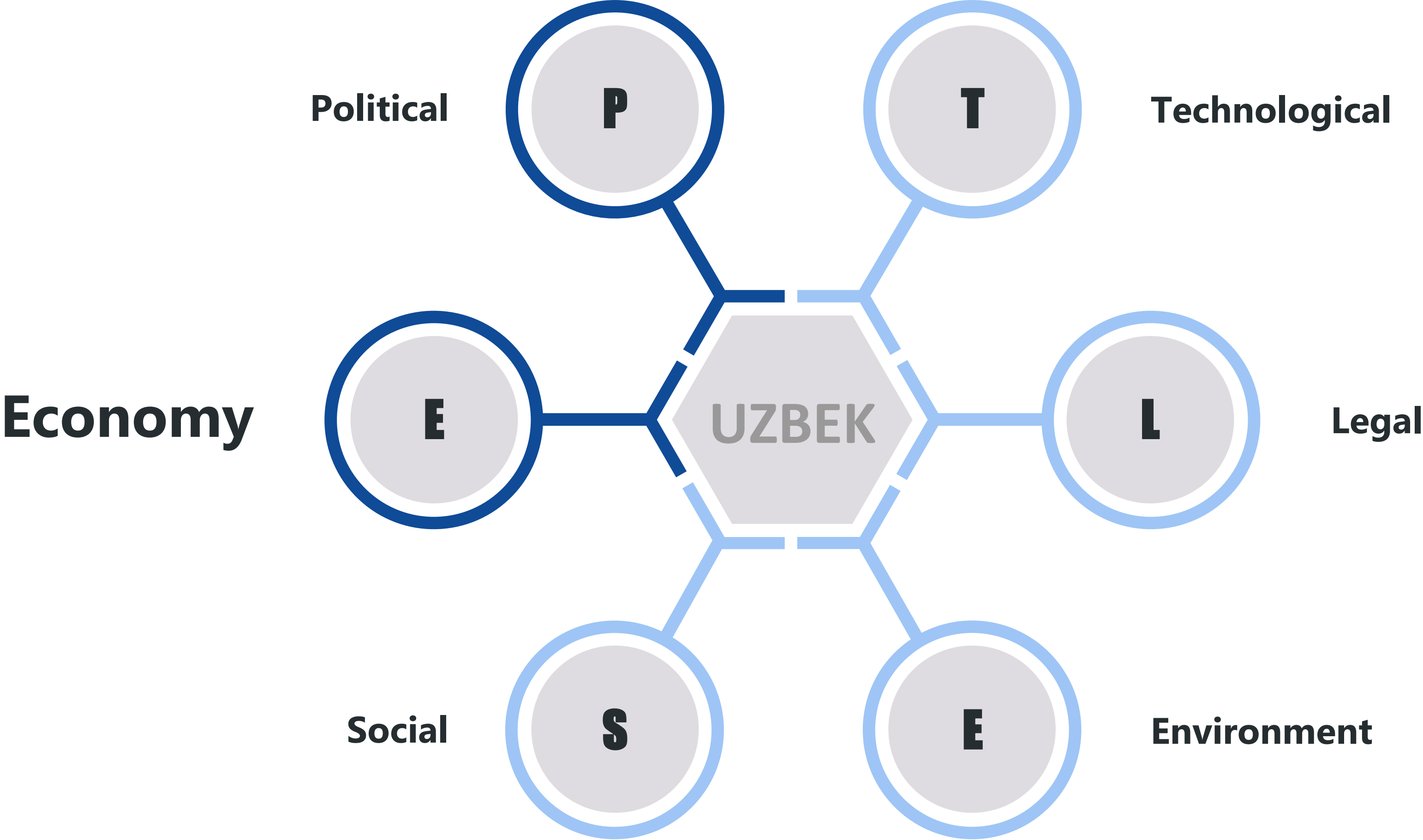


- Foreign trade is largely regime-supervised and the economy is largely dissociated from the world markets
- Stability of state control





PESTLE analysis



Economic Situation in Uzbekistan



Main industries textiles, food processing, machine building, metallurgy, mining, chemicals

Labour force 17.24 million

Unemployment 4.9% officially



Economic Situation in Uzbekistan



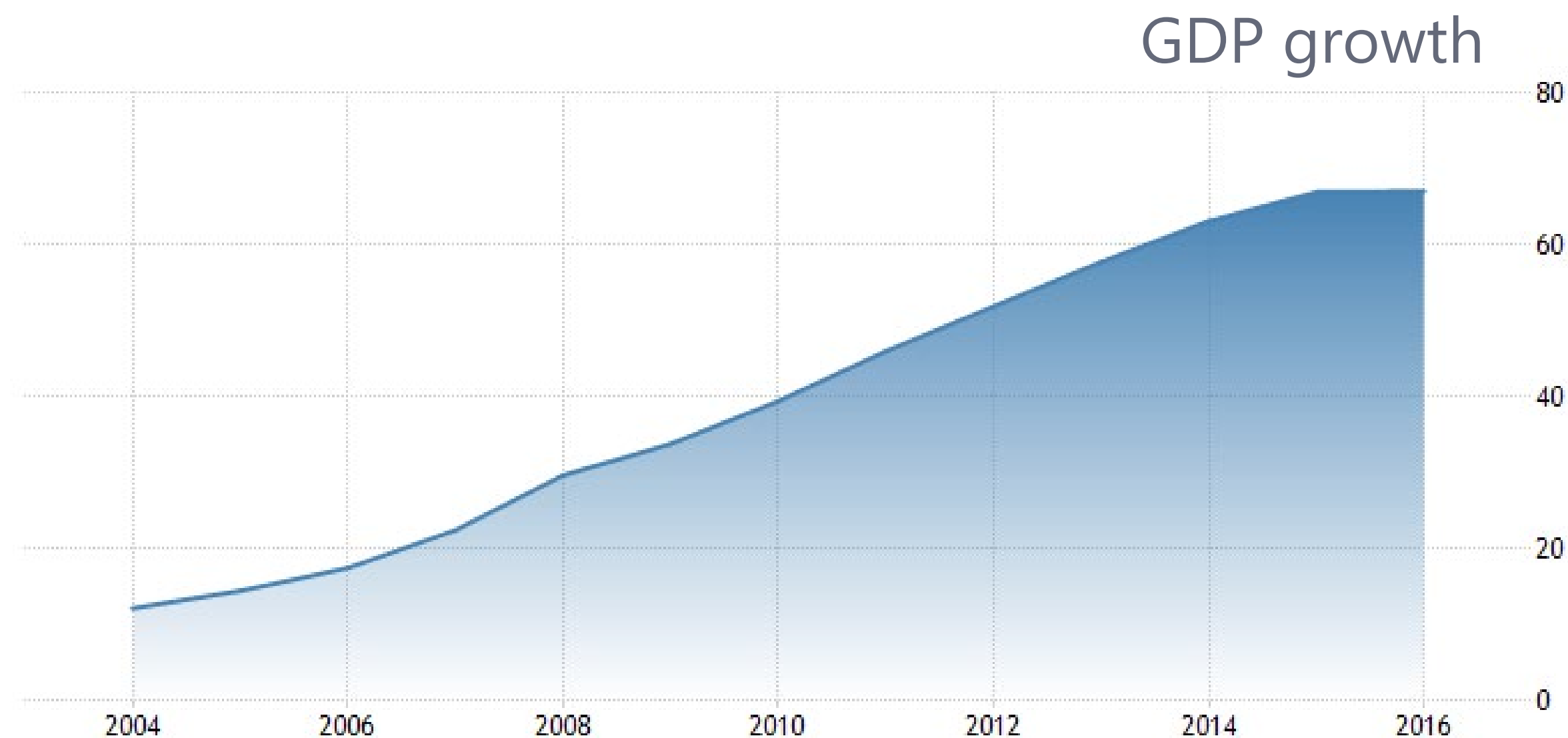
GDP \$48,72 billion USD (2017)

GDP growth 7.9% (2015),
7.8% (2016),
5.3% (2017),

GDP per capita \$6,900 (2017 est.)

GDP by sector agriculture 17.9%,
industry 33.7%,
services 48.5%

Inflation (CPI) 12.5%



SOURCE: TRADINGECONOMICS.COM | WORLD BANK



SOURCE: TRADINGECONOMICS.COM | CENTRAL BANK OF UZBEKISTAN

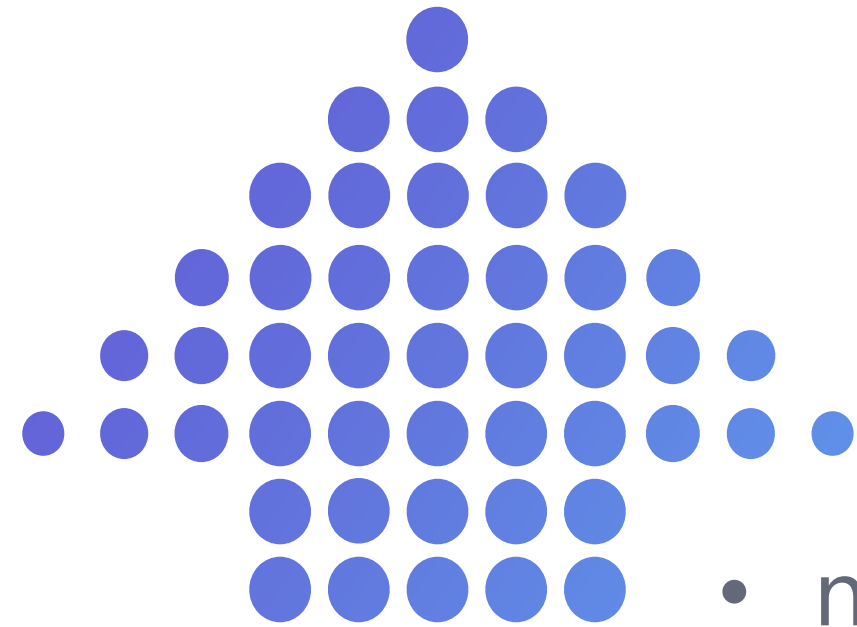
Economic Situation in Uzbekistan



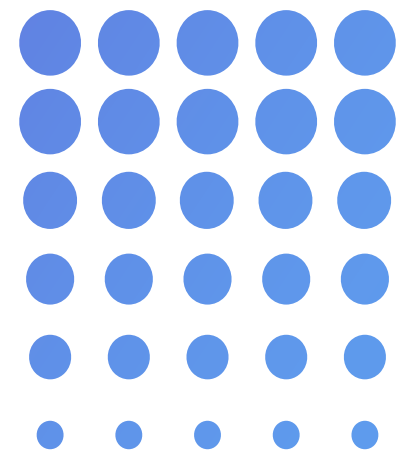
Exports	\$11.48 billion (2017)
Export goods	energy products, cotton, gold, mineral fertilizers, ferrous and nonferrous metals, food products, machinery, automobiles
Imports	\$11.42 billion (2017)
Import goods	machinery and equipment, foodstuffs, chemicals



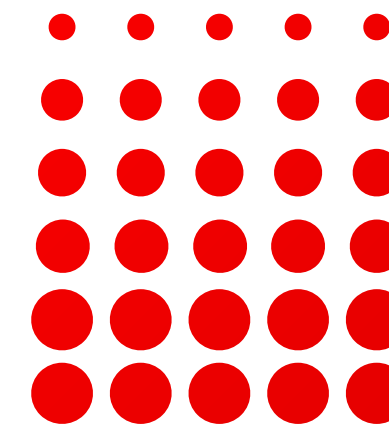
Economic Situation: Summary



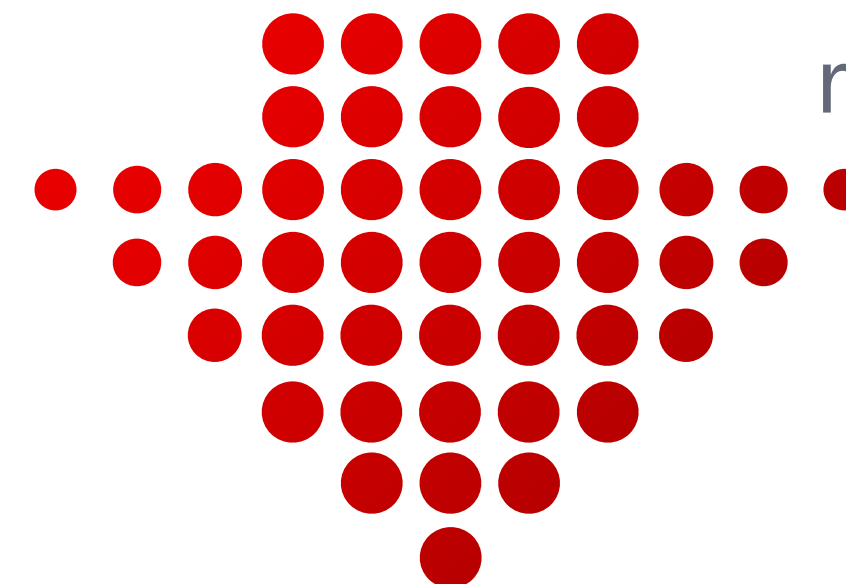
- natural resources
(gas, gold, cotton)



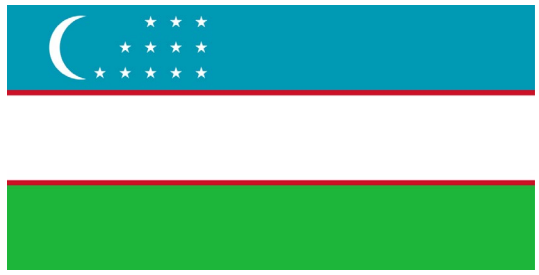
- strategic position between China
and Europe ("New Silk Road")
- large resources of free labour



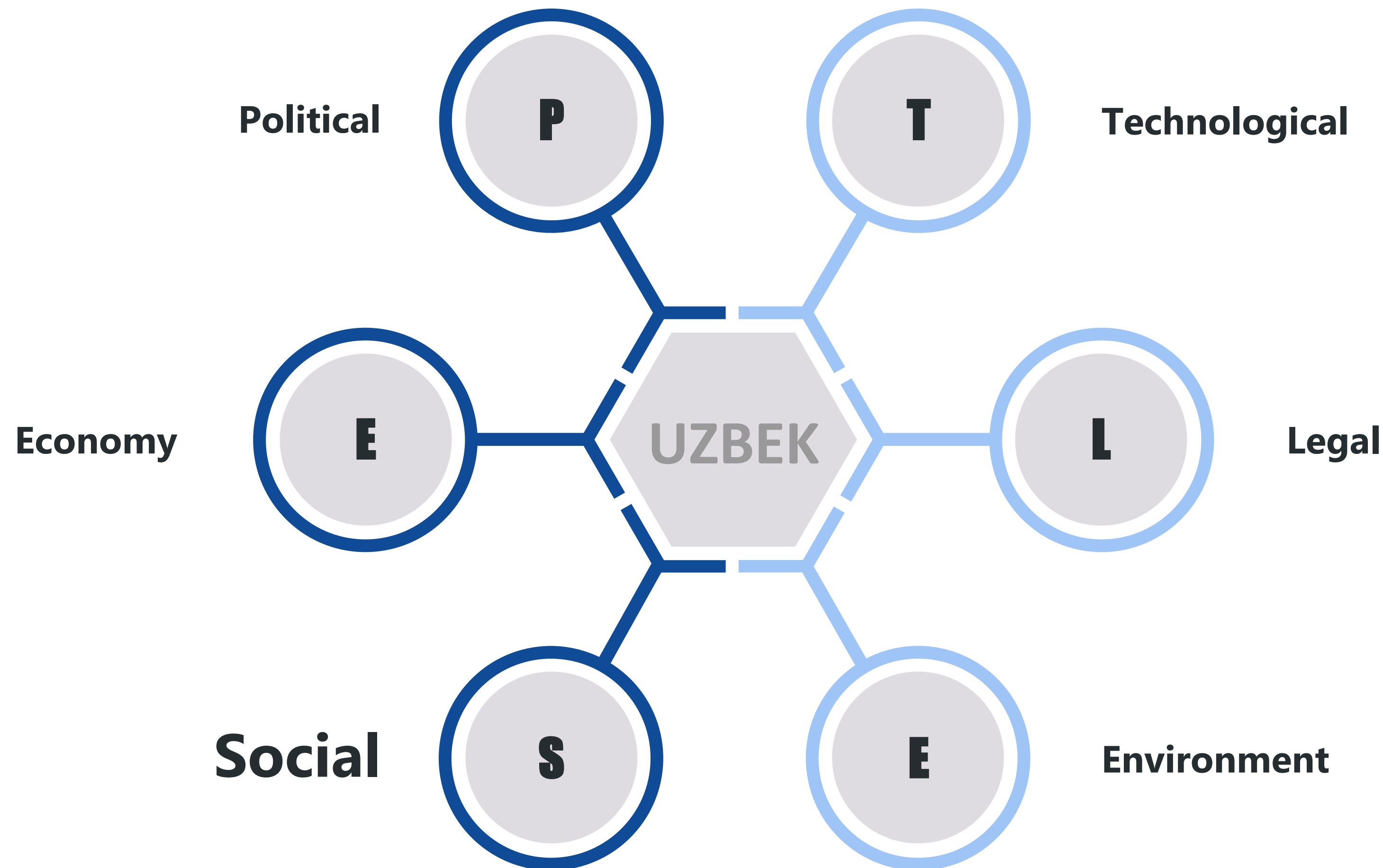
- dominant export of raw materials and
semi-finished goods is dependent on
price fluctuations



- lack of success in company
restructuring and privatisation



PESTLE analysis



Social Situation



Population and Demography

- 34,1% younger than 14
- Life expectancy: Men 70, Women 75

Income and spending power

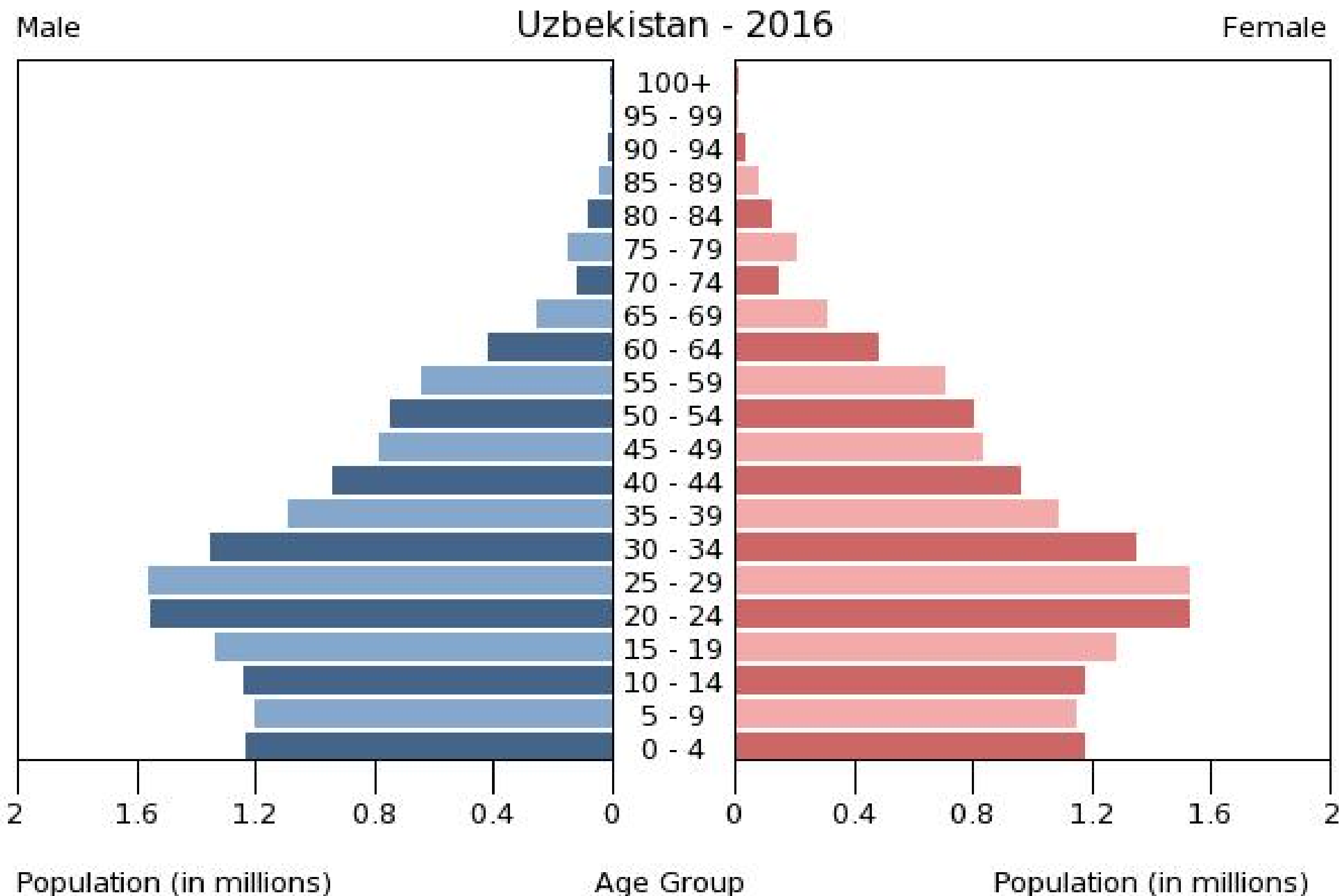
- 12,8% live below national poverty line
- 75% of whom in rural areas

Education

- Literacy rate among adults: 99,3%

<https://en.wikipedia.org/wiki/Uzbekistan>

<http://www.uz.undp.org/content/uzbekistan/en/home/countryinfo.html>



Cultural Aspects



Religion

- 88% Muslims
- 9% Eastern Orthodox

Internet censorship

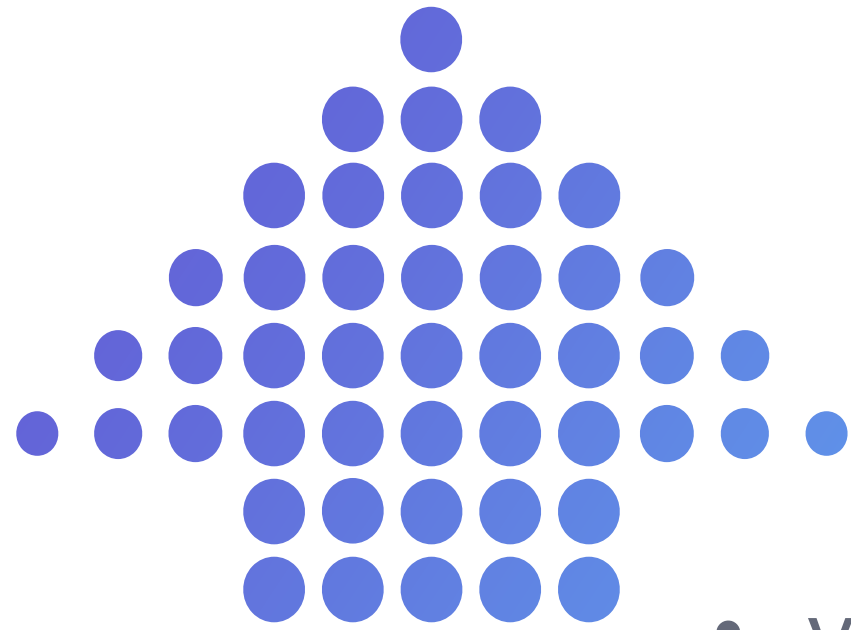
Human Development Index (HDI)

- measures longevity, knowledge + education, economic standard of living
- 168 countries: Uzbekistan 102nd place

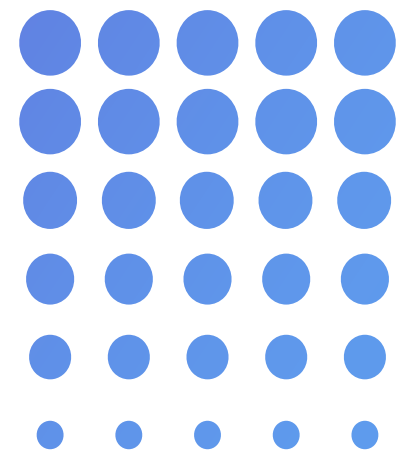
Cultural Dimensions (Geert Hofstede)

- Individualism vs. **Collectivism**
- Power distance: **high**
- Uncertainty avoidance: **high**
- **Long** vs. short term orientation
- **Masculinity vs. Femininity**

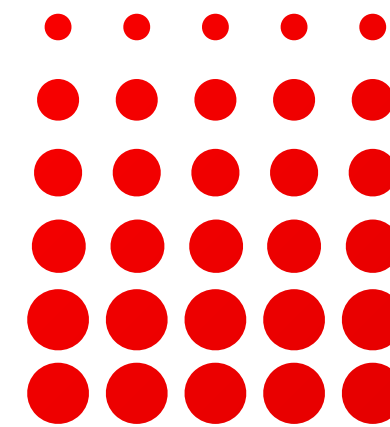
Social Situation: Summary



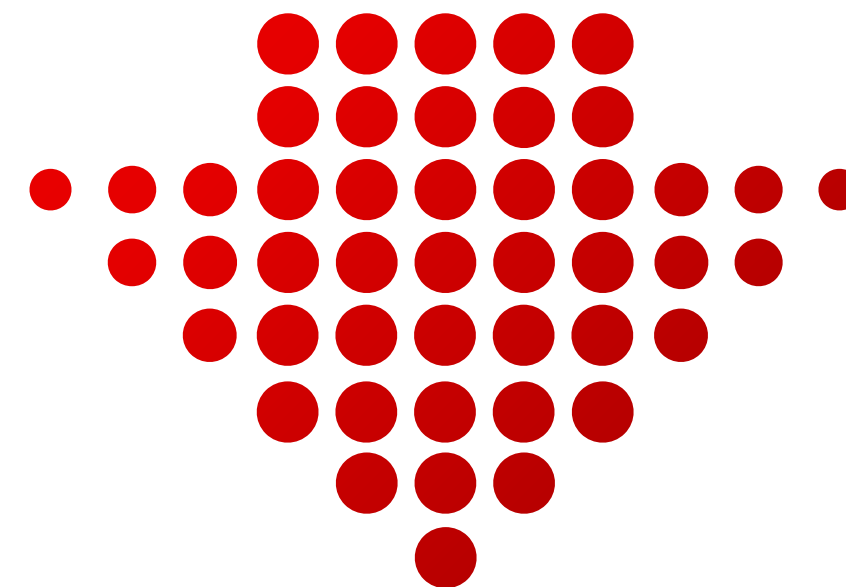
- young population as potential workforce

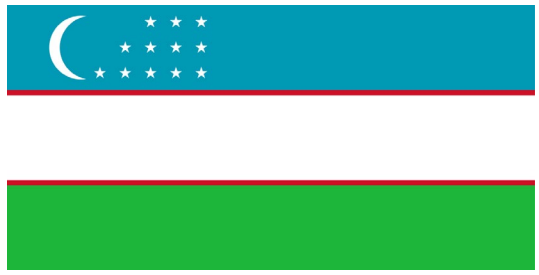


- literacy rate quite high

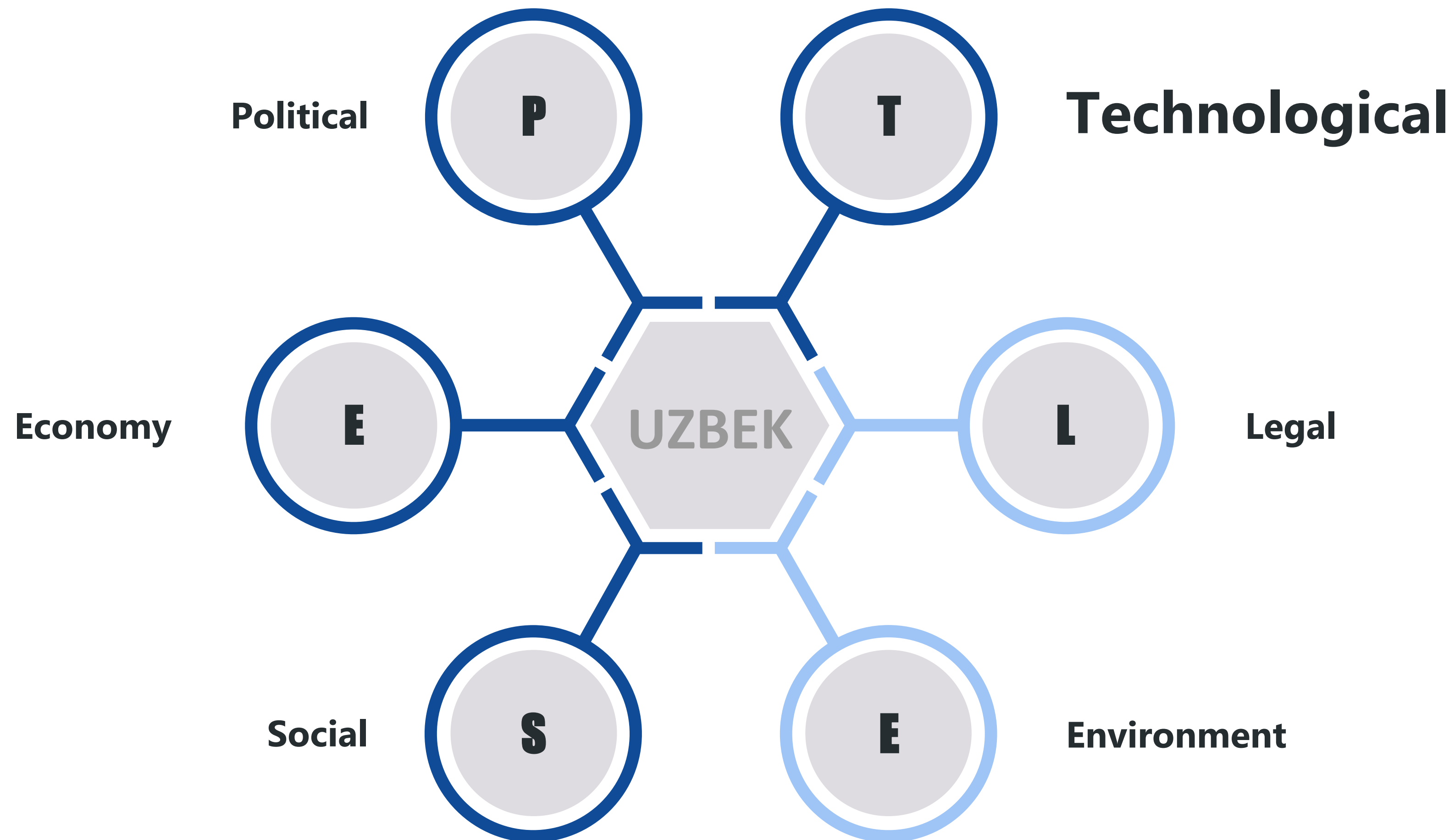


- Internet censorship and surveillance
- spending power low





PESTLE analysis



Technology of Uzbekistan



- Industry has had an important role in the technological development of Uzbekistan
- The industrial sector has shifted to manufacturing that produces goods at a higher technological level.





Technology of Uzbekistan



machinery

- investment projects for the creation of new agricultural machinery enterprises,

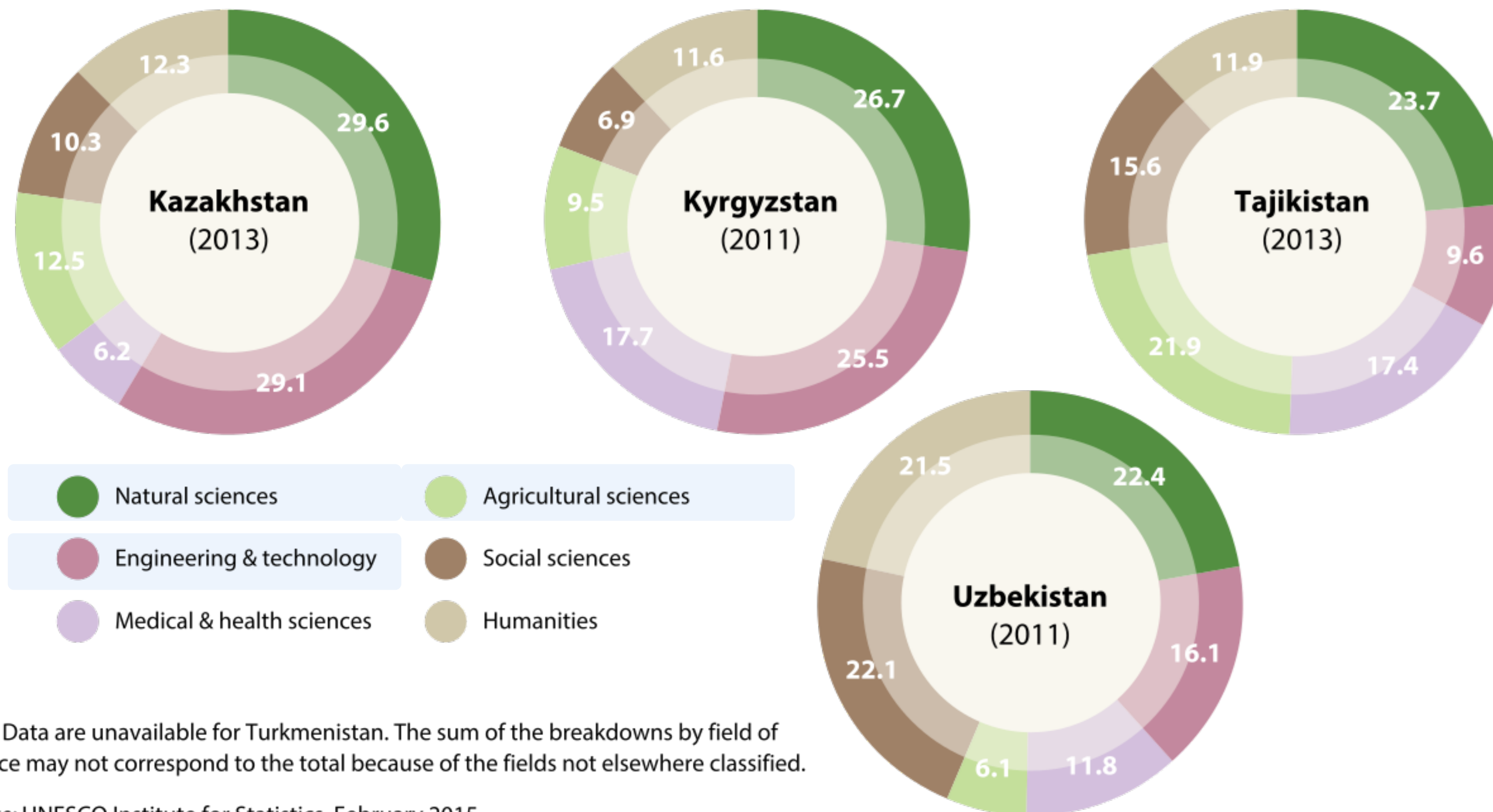
automotive

- General Motors opened a new state-of-the-art engine plant in Tashkent. GM's most significant powertrain investment in Central Asia.

Science and Technology



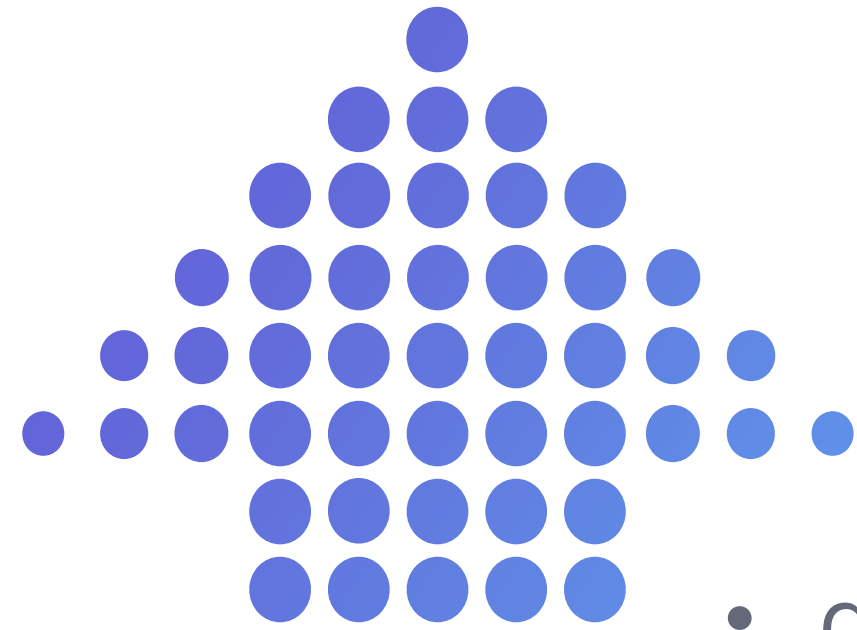
Central Asian researchers by field of science, 2013 (%)



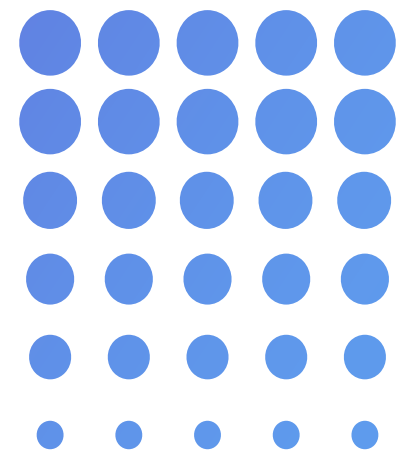
Note: Data are unavailable for Turkmenistan. The sum of the breakdowns by field of science may not correspond to the total because of the fields not elsewhere classified.

Source: UNESCO Institute for Statistics, February 2015

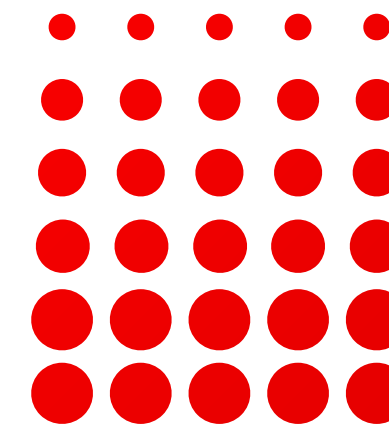
Technological Situation: Summary



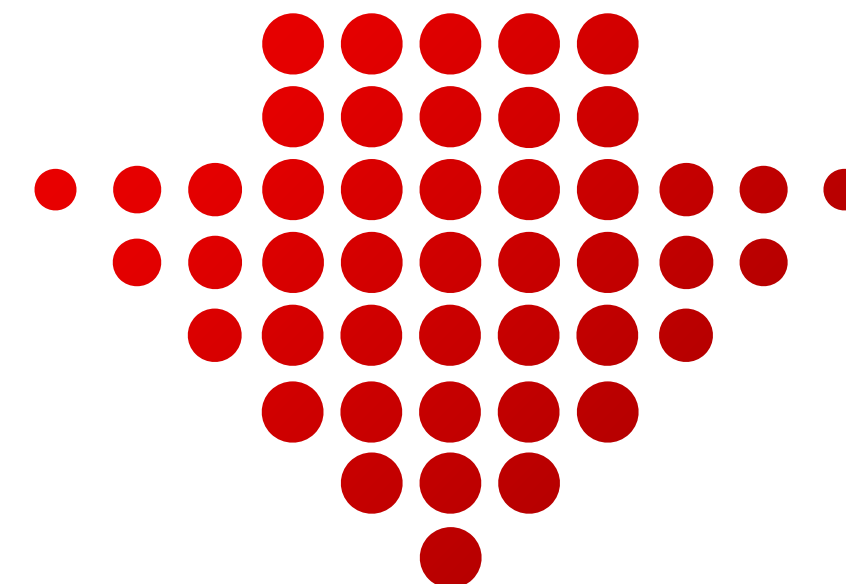
- growing market for environmental technology

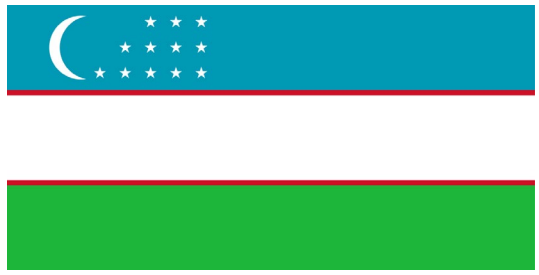


- great technological backlog demand in all economic sectors

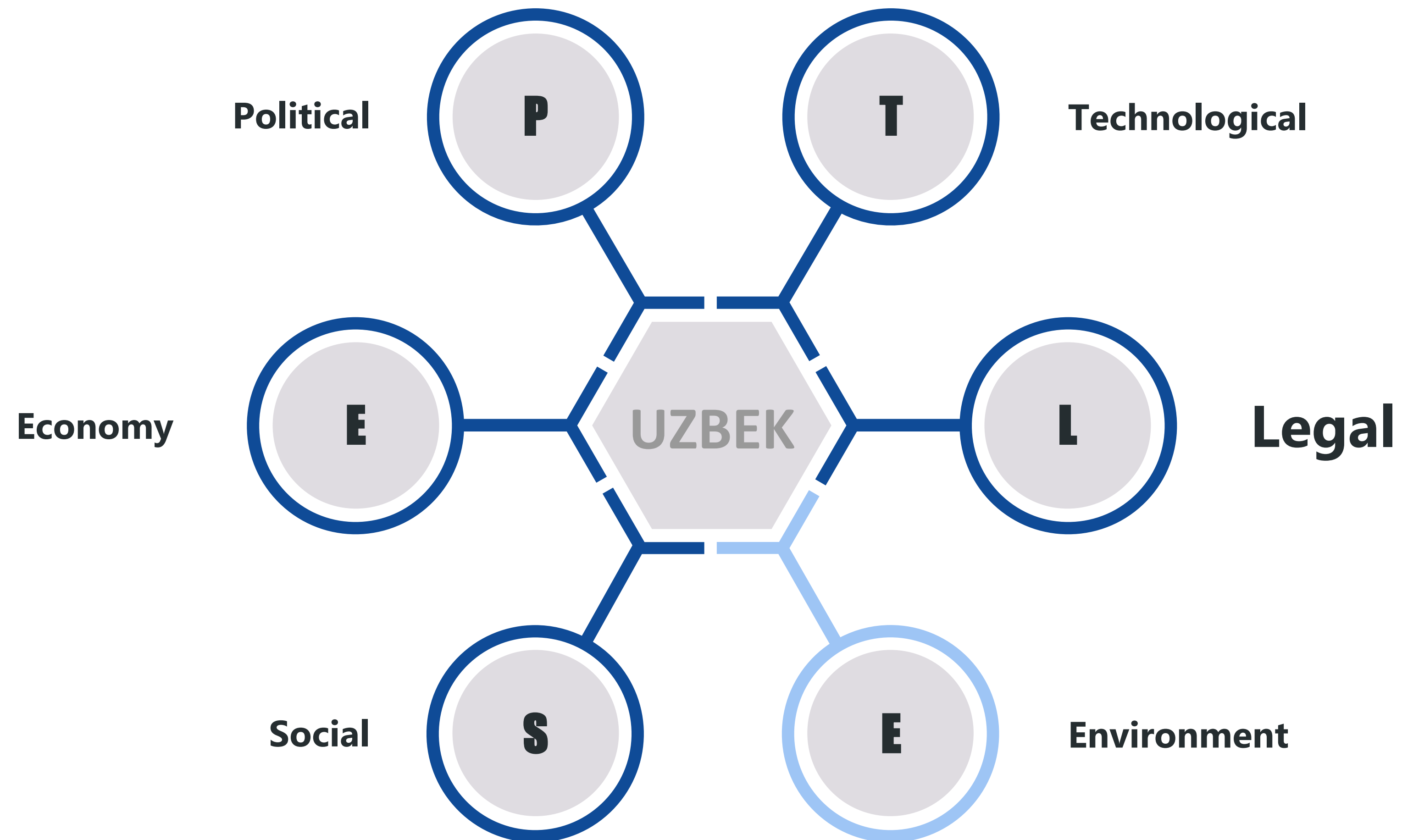


- low competitiveness, less innovative
- weak economic diversification





PESTLE analysis



Legal Situation



Democratic structure, but:

- President can influence, veto and influence every other institution
- Judiciary system is not independent from executive (National Security Forces)
- Government is in a strong position
sometimes special juridical cases are “predecided”



<https://www.selbststaendig.de/sites/default/files/artikelbilder/recht-haftung.jpg>

Legal Situation



Freedom of Movement, but:

- Strict border control: Foreigners need an entry and an exit visa
- Exit visas should be granted within 15 days
- Delays and refusals of visas are common



Unpredictable delays in business schedules can occur



Violation is punishable with 5-10 years in prison



<https://www.selbststaendig.de/sites/default/files/artikelbilder/recht-haftung.jpg>

Legal Situation



01

Individual Labour Law

- lowest **monthly** income must be \$29 for full-time workers
- paid vacation, overtime compensation, health and safety regulations

02

Collective Labor Law

- workers can form independent unions, but
- no such union exists due to fear of losing the job

03

Tax

- Corporate tax level at 14 % (Germany ~30%)

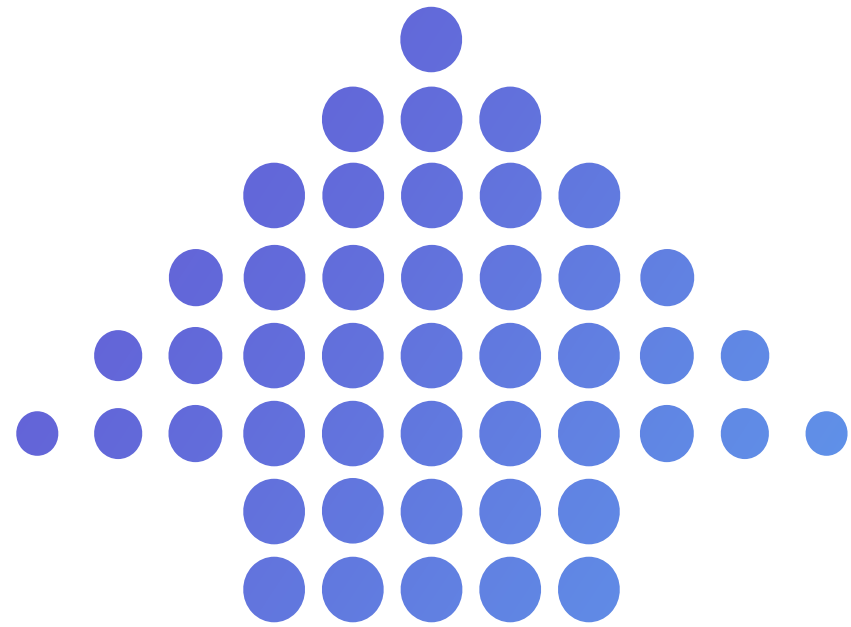


worker's rights can only be enforced when having a contract

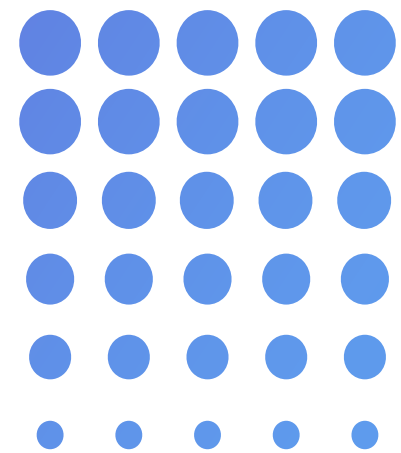


no independent collective bargaining on worker's rights and payments

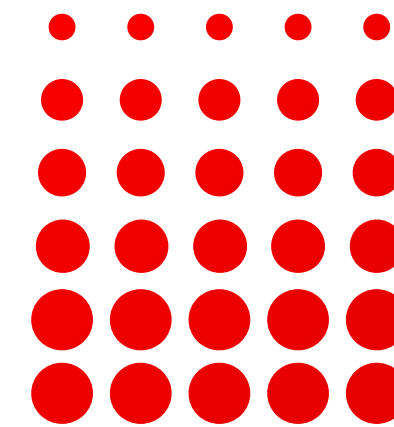
Legal Situation: Summary



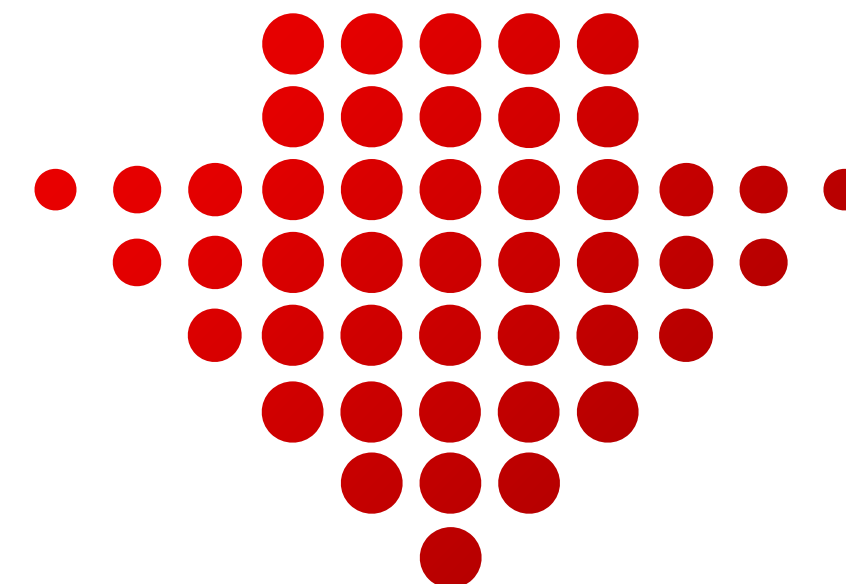
- Low personnel expenses



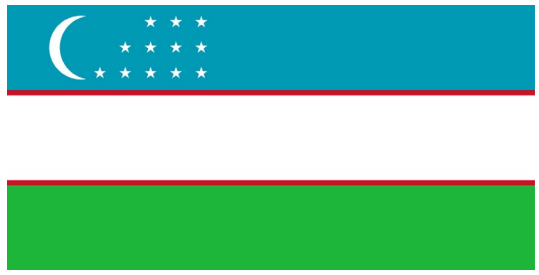
- Uncomplicated "hire and fire"



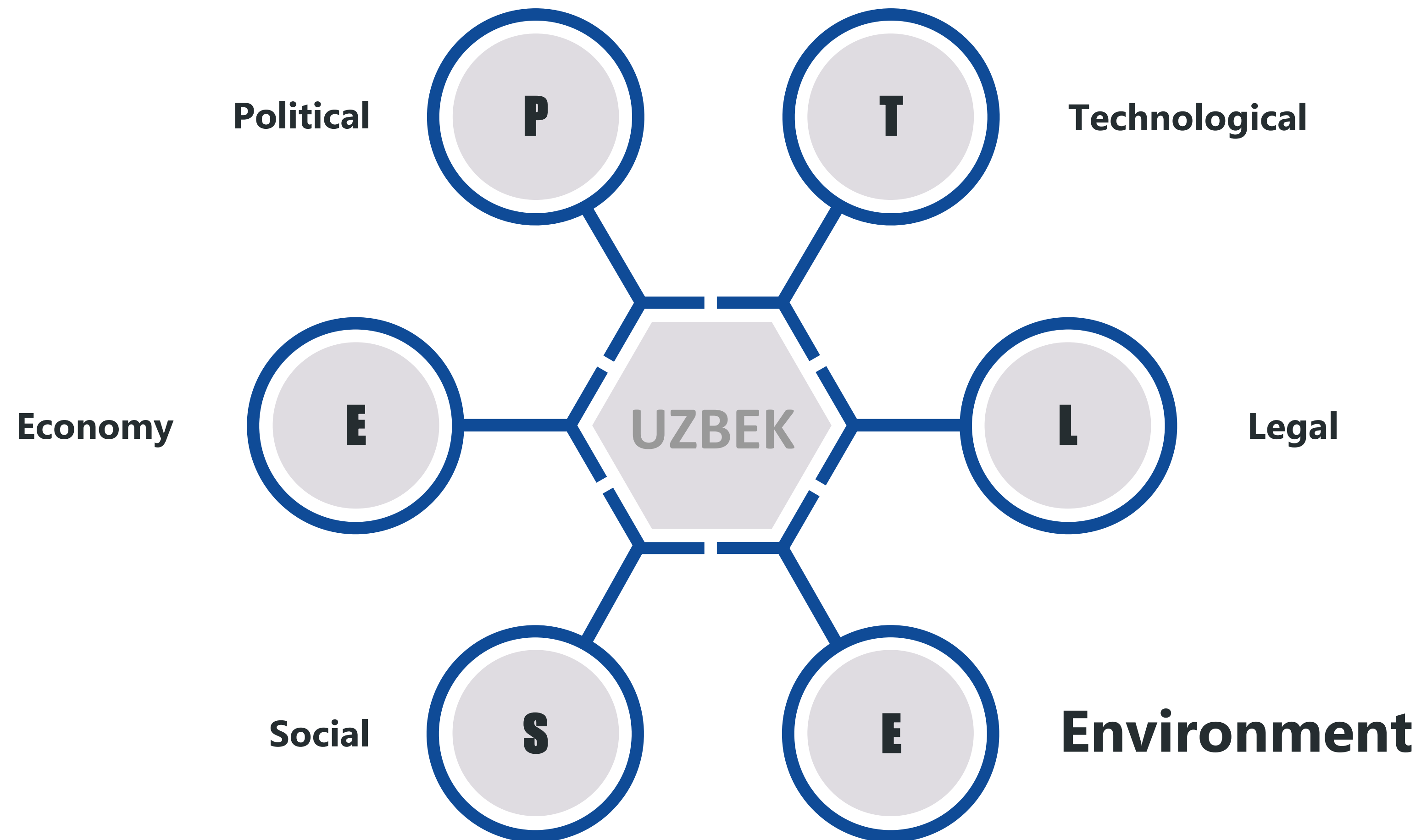
- Bad company image



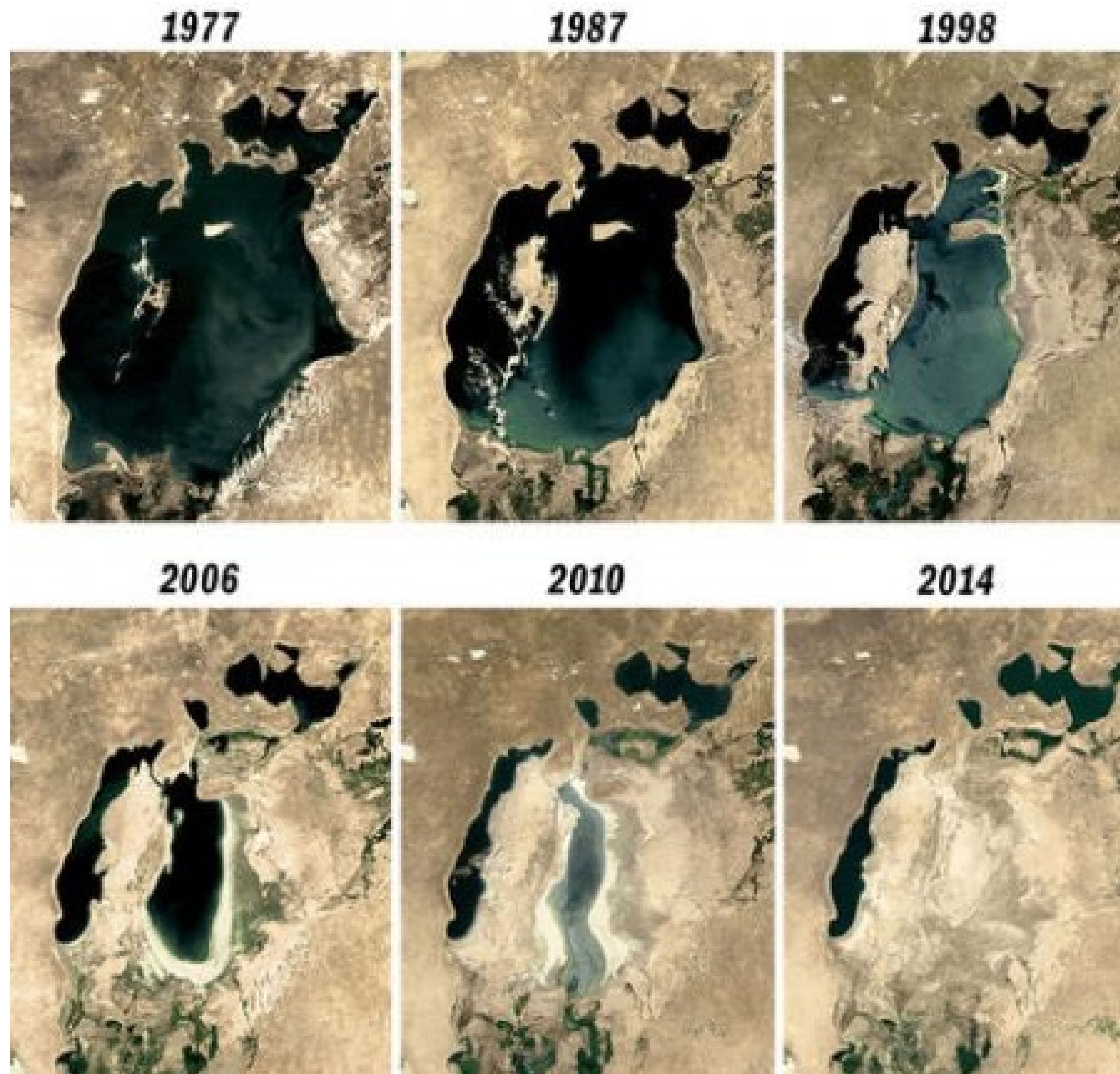
- Unforeseeable judicial decisions



PESTLE analysis



Eco-Environmental Situation in Uzbekistan



Legislation on environmental factors

- State Committee for Environmental Protection and the Ministry of Agriculture and Water Utilization are responsible and take action
- Some International Environmental Accords with topics like Biodiversity, Climate Change and Endangered Species

Eco-Environmental Situation in Uzbekistan

Energy consumption

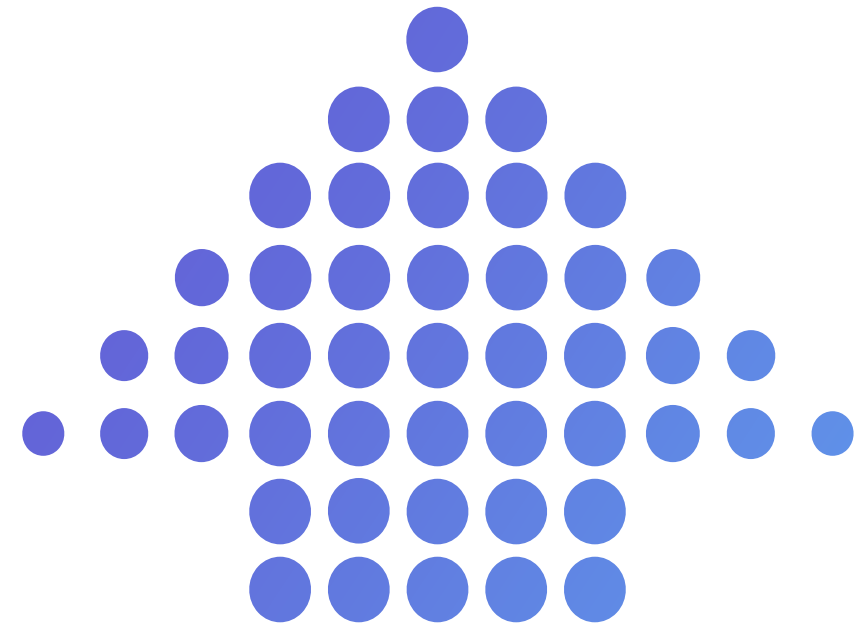
- Petroleum Consumption: 67.303 TBPD
- Natural Gas Consumption: 1,776.46 bcf
- Coal Consumption: 4,841.78 1000s st

Current issues

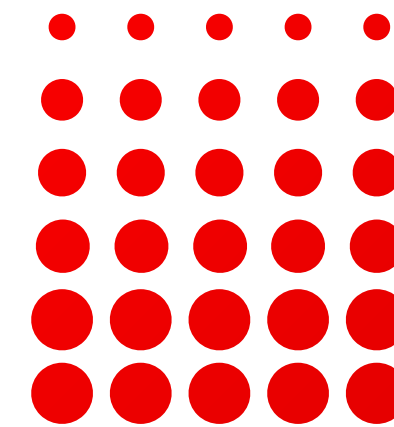
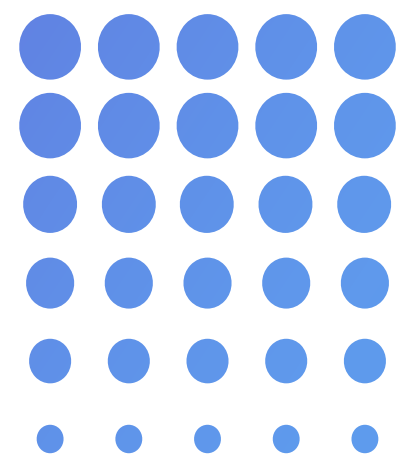
- desertification
- water pollution from industrial wastes
- soil salinization
- soil contamination
- contamination of the Aral Sea by chemicals, fertilizers and other toxins



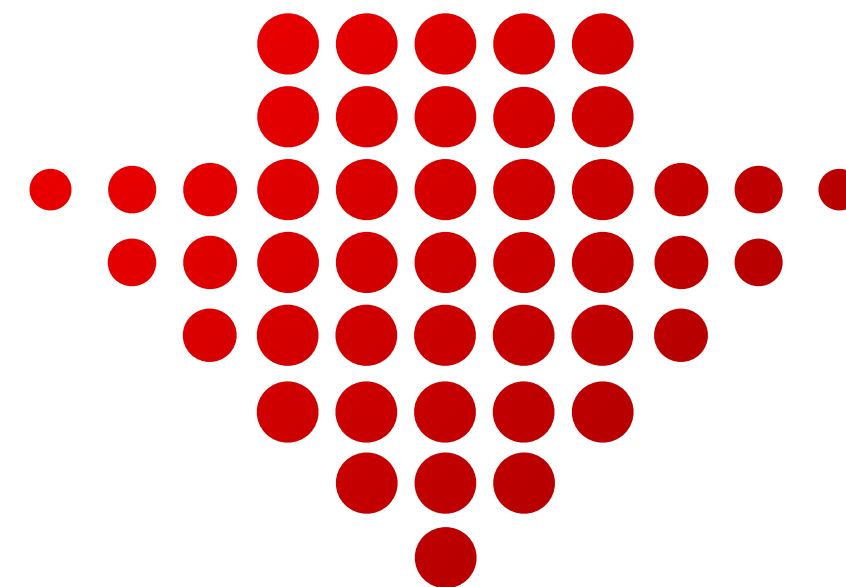
Eco- Environmental Situation: Summary



- International Environmental Accords with topics like Biodiversity, Climate Change and Endangered Species

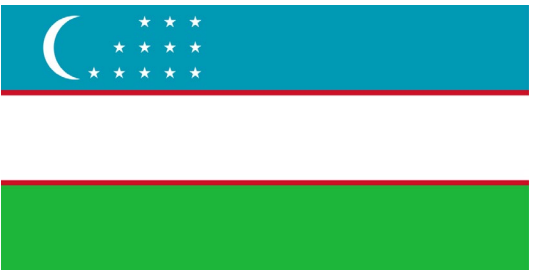


- Current problems with desertification, water pollution and soil contamination





03 Discussion



Discussion

Political

- ✓ Exports aren't taxed
- ✓ Free Economic Zones (FEZ)
- ✗ 4/10 in the Political Risk Index
- ✗ Foreign trade is largely state-supervised

Economy

- ✓ natural resources (gas, gold, cotton)
- ✓ strategic position between China and Europe ("New Silk Road")
- ✗ raw materials dependent on price fluctuations

Social

- ✓ young population as potential workforce
- ✓ literacy rate is high
- ✗ internet censorship and surveillance
- ✗ spending power low

Technological

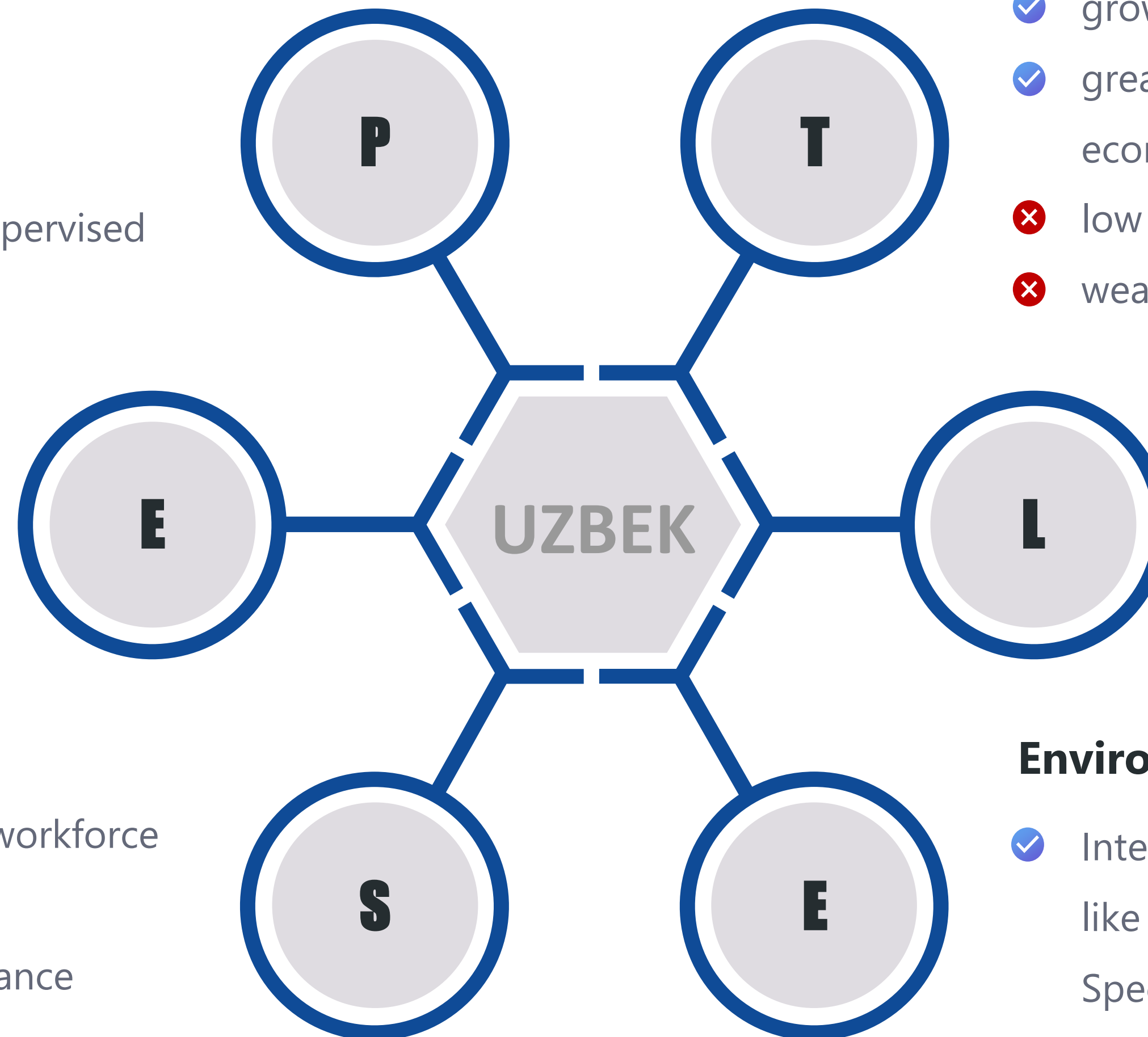
- ✓ growing market for environmental technology
- ✓ great technological backlog demand in all economic sectors
- ✗ low competitiveness, less innovative
- ✗ weak economic diversification

Legal

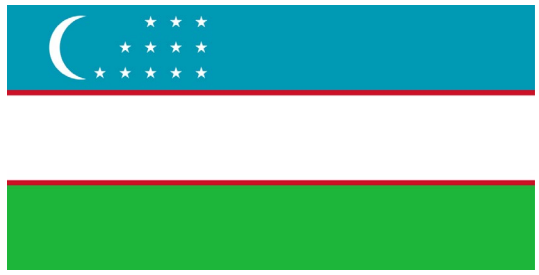
- ✓ Low personnel costs / low tax costs
- ✗ Unpredictable judicial decisions

Environment

- ✓ International Environmental Accords with topics like Biodiversity, Climate Change and Endangered Species
- ✗ Current problems with desertification, water pollution and soil contamination



04 Conclusion



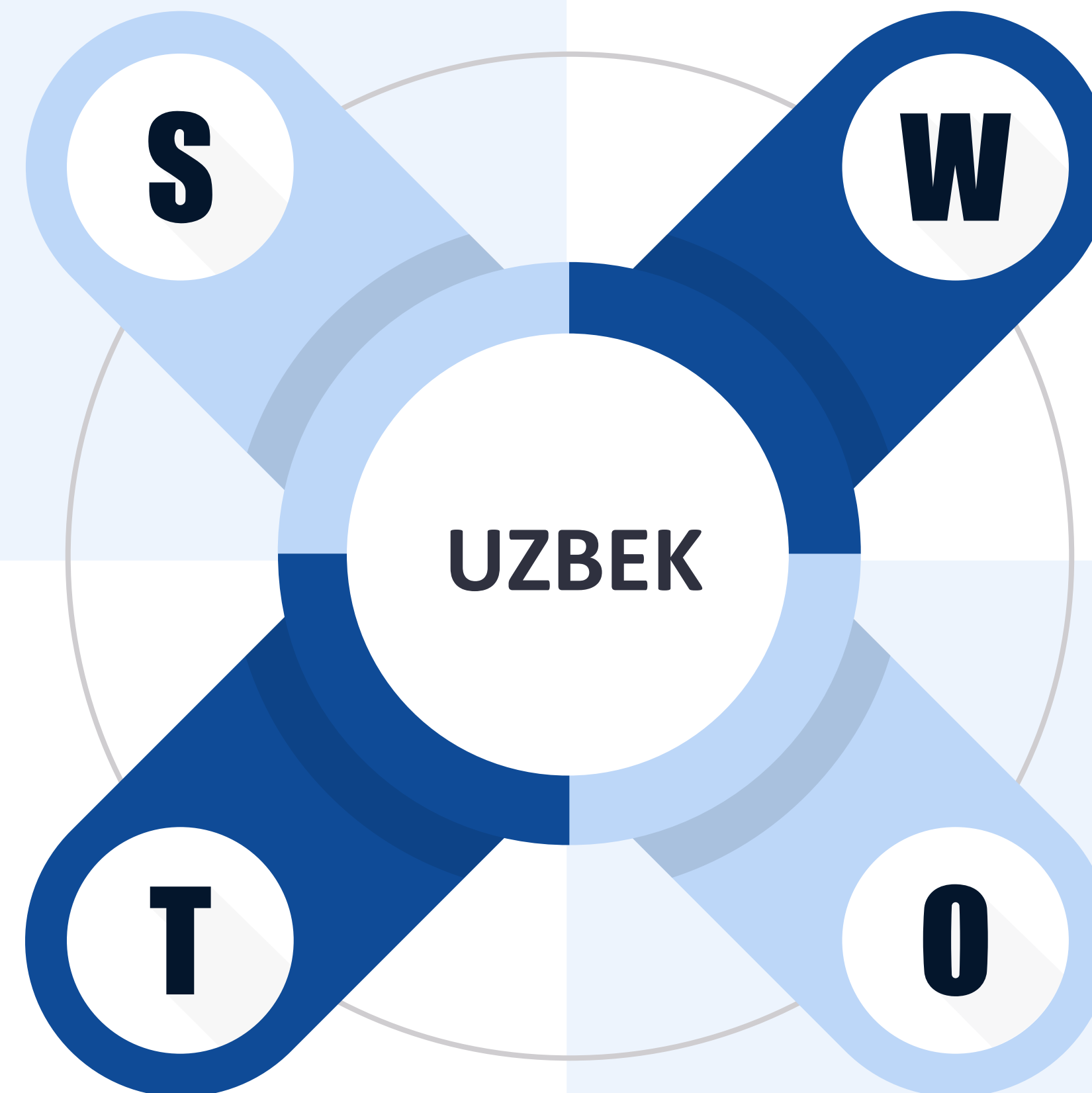
SWOT analysis

STRENGTHS

- most populous, most densely populated Republic of Central Asia, young motivated population
- regional transport hub of central asia
- rich in resources, great potential for agriculture
- large resources of free labour,
- favourable labour costs

THREATS

- slowdown in the pace of implementation of reforms
- lack of success in company restructuring and privatisation
- Insufficient containment of corruption



WEAKNESSES

- economy is state-controlled, middle class weakly developed
- lack of legal certainty, frequent changes in laws, complicated tax returns
- widespread bureaucracy, trade barriers
- Poor infrastructure in all sectors outside Tashkent
- highly ramified shadow economy

OPPORTUNITIES

- great technological backlog demand in all economic sectors
- numerous renewal and expansion projects in industry and infrastructure
- growing market for environmental technology

Sources



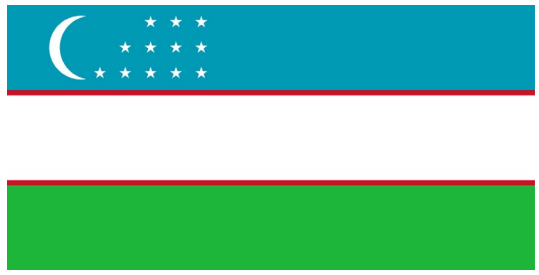
Amnesty International. *"WE WILL FIND YOU, ANYWHERE" The Global Shadow of Uzbekistan Surveillance* © Amnesty International 2017.

Bertelsmann Stiftung, BTI 2018 Country Report — Uzbekistan. Gütersloh: Bertelsmann Stiftung, 2018.

Chiabert, P., Bouras, A., Noël, F., & Ríos, J. (Eds.). (2018). *Product Lifecycle Management to Support Industry 4.0: 15th IFIP WG 5.1 International Conference, PLM 2018, Turin, Italy, July 2-4, 2018, Proceedings* (Vol. 540). Springer.

United States Department of State, Bureau of Democracy, Human Rights and Labor: *Country Reports on Human Rights Practices for 2017, Uzbekistan*, <https://www.state.gov/documents/organization/277543.pdf>, (02.05.19).

Youngblood-Coleman, Denise. (2016). *Country Review: Uzbekistan* (Electronic Version), Retrieved from <http://www.countrywatch.com/Intelligence/CWTopic?Type=text&CountryID=61&Topic=POPCO>



Thank you!

