



## ONE YEAR OF THE MIRZIYOYEV PRESIDENCY: WHAT HAS CHANGED IN UZBEKISTAN?

It has been more than a year since Shavkat Mirziyoyev came to power in Uzbekistan following the death of its long-standing leader Islam Karimov who ruled the country for nearly 25 years. Mirziyoyev was initially appointed as an interim president, and then, on December 4, 2016, he was elected as the president following a snap presidential election securing 88.6% of votes. Many experts had been right to predict the smooth transition of power in the country. However, they did not expect from the new Uzbek leader, who had served as the prime minister under Karimov for 13 years, to undertake drastic reforms in the economic sector, as well as in domestic and foreign policy that so far are viewed by many as positive developments. Among them are reforms aimed at liberalizing the economy, improvements in ties with Uzbekistan's neighbors, and democratization of all spheres of social life. If implemented appropriately, these changes may have positive implications for Uzbekistan and across the wider region.

On February 2, 2017, President Mirziyoyev signed a decree approving Uzbekistan's Development Strategy for 2017-2021 that outlines large scale reforms covering a wide range of areas. The economic sphere is, perhaps, the area where the most comprehensive and far-reaching structural changes have so far occurred. Recent statistics show that in just one year the new president initiated and signed into law almost 40 regulations aimed at liberalizing the economy that previously suffered from state domination and overregulation. In this myriad of laws introduced by the new Uzbek government currency reform particularly stands out. The devaluation made Uzbekistan's national currency, the som, more convertible. The full convertibility is expected to be in place by 2019. This reform has inspired foreign investors, who had previously faced difficulties in repatriating their profits, and put an end to the multiple-tier system for currency exchange, in which the black market dominated the formal economy. These economic reforms are already bearing fruits. To illustrate, Azim Akhmedkhodjaev, Head of the State Committee for Investments, has recently reported that the country attracted \$4.2 billion of foreign capital this year, including \$3.7 billion of foreign direct investment (FDI), compared with \$1.9 billion of FDI in 2016. Moreover, the World Bank's latest Doing Business Report named Uzbekistan among the top 10 global improvers this year. As a result, the country

moves up from the 87th to the 74th place in this year's ease of doing business global rankings. Changes have been no less dramatic in the foreign policy of Uzbekistan. Under Karimov's rule the country's foreign policy was largely based on self-reliance that prioritized national sovereignty over regional cooperation, thus making concessions and compromises with the neighboring states a difficult task. Unresolved issues related to the land disputes and use of water in Uzbekistan's relations with Tajikistan and Kyrgyzstan often led to border closures, economic blockades such as halting gas and electricity supplies, and even occasional skirmishing along the borders. Mirziyoyev, on the other hand, seems willing to departure from the isolationist policy of his predecessor and improve ties with the regional partners. In fact, establishing good and stable relations with the surrounding states occupies a central place in Uzbekistan's above-mentioned development strategy. The fact that the newly elected president visited Turkmenistan (March 6-7, 2017) as a destination of his first foreign visit illustrated the importance he attaches to enhancing regional ties. Over the last 14 months his schedule was mainly filled with meetings with the leaders of the Central Asian states: he met with the Kazakh president six times and with the Turkmen and Kyrgyz presidents three times each, while less frequently travelling abroad, namely, twice to Russia and once to the United States, China, Saudi Arabia, Turkey, and South Korea. As a result of these intense interactions with the neighboring states, significant breakthroughs were achieved in Tashkent's relations with Bishkek and Dushanbe. To illustrate, 85% of the 1,280-kilometer long border between Uzbekistan and Kyrgyzstan were finally demarcated in 2017 with the remaining 15% expected to be finally resolved in the nearest future. Mirziyoyev is also actively approaching Tajikistan's leadership. This is evident from the increase in the bilateral trade turnover that exceeded \$110 million in 2017, which is almost a twofold increase compared to \$70 million in 2016 and a tenfold increase compared to \$10 million in 2015. Greater political trust between the countries also led to the resumption of direct flights between the capital cities of Tashkent and Dushanbe, which had been suspended since 1992, and the simplification of visa requirements.

In fact, Uzbekistan's efforts to improve relations with the neighboring states provide a new direction and fresh momentum for regional co-

operation. On November 10-11, 2017, an international conference on security and sustainable development in Central Asia under the auspices of the United Nations was held in Samarkand, Uzbekistan's second-largest city. During the two-day meeting, the parties agreed to hold a summit of the leaders of the five Central Asian nations in Astana in 2018, on the eve of the Nowruz festival. In fact, this expanding cooperation among the regional states could help create the conditions necessary for building a common Central Asian agenda without the influence of Russia and China. It seems that Tashkent's current willingness to cooperate is mostly driven by economic considerations. Given its location at the center of the region bordering all four other Central Asian states, Uzbekistan can benefit from becoming the regional trade hub.

In domestic politics, Shavkat Mirziyoyev has initiated a number of steps towards liberalization and protection of human rights. This is noted by Human Rights Watch and Freedom House, which in their reports have mentioned some positive steps taken during Mirziyoyev's first year in the improvement of the country's human rights record. Among the positive changes are the opening up of the media space, concrete steps at eliminating forced labor in agriculture, and the decision to abolish exit visas that prevent Uzbek nationals from traveling abroad without the government permission starting January 1, 2019. The most recent initiative was announced on December 23, 2017, in an end-of-the-year address to the Uzbek parliament. In his speech, Mirziyoyev announced his plan of curbing the powers of the National Security Service that for over a quarter of century had controlled many aspects of life in Uzbekistan, including economy, political and public spheres, thus violating the principle of checks and balances. Experts see this as an attempt to increase the power of the executive branch of the government vis-a-vis the strong security apparatus in order to allow for a more efficient implementation of the reform agenda.

To sum up, Uzbekistan under the rule of Mirziyoyev has definitely changed, with reforms earning mainly positive feedback from within and outside the country. Although it is still too early to predict where these changes would eventually lead the country to, President Mirziyoyev's recent efforts of overhauling counter-productive practices already look promising.

## Politics, Foreign Affairs and Security

- During his official visit to Baku, Minister of Economic Development of Russia Maxim Oreshkin met with President of Azerbaijan Ilham Aliyev to discuss the current state and prospects of improving bilateral economic relations, focusing on a trade turnover increase. The parties exchanged views on expanding areas of cooperation, including investments, tourism and transportation.
- According to Foreign Minister of Kyrgyzstan Erlan Abdylidayev, the country will bid for the UN Security Council non-permanent membership in 2028-2029. It is noted that the Philippines is so far the main competitor of Kyrgyzstan.
- During the informal meeting of the Council of the Heads of the Commonwealth of Independent States (CIS) held in Moscow, the presidents of Armenia, Azerbaijan, Belarus, Kazakhstan, Kyrgyzstan, Moldova, Russia, Tajikistan, and Uzbekistan summed up the results of Russia's CIS presidency in 2017 and exchanged views on the further development of cooperation in various areas.
- During his official visit to Astana, Deputy Chairman of the Legislative Chamber of the Parliament of Uzbekistan Boriy Alikhonov met with Chairman of the Senate of the Parliament of Kazakhstan Kassym-Zhomart Tokayev to discuss the further strengthening of bilateral ties across the entire spectrum of interstate cooperation. The parties agreed that successful economic development, stability and security of the whole Central Asian region would largely depend on close cooperation between and concerted actions of Kazakhstan and Uzbekistan.
- According to the Central Election Commission of Turkmenistan, the formation of election commissions started in the country as part of the preparation for the March 2018 elections for the Parliament and local governing bodies. As many as 240 electoral districts were created in the country for the parliamentary elections, while a total of 1,260 electoral districts were created for the election of members of the district and city councils.
- According to the Foreign Ministry of Uzbekistan, an intergovernmental agreement with Kyrgyzstan on the activities of border officials has entered into force. The document regulates activities of border representatives of the two countries aimed at settling incidents at their border.

## Economy, Finance and Energy

- The Parliament of Kyrgyzstan adopted the law on the ratification of the Customs Code of the Eurasian Economic Union (EEU), which will come into force on January 1, 2018, thus providing the legal basis for all customs clearance procedures in the member states. Compared to the previous code, the new Customs Code contains less references to the national legislations and regulations of the EEU member states.
- President of Kazakhstan Nursultan Nazarbayev signed a law ratifying the agreement on the restructuring of the debts of Georgia. The law stipulates that the Georgian government will repay a \$37.9 million debt to Kazakhstan in 2017-2025. The debt of Tbilisi to Astana currently amounts to \$27.7 million. After the ratification of the law, Kazakhstan's \$2.3 million debt to Georgia will be deducted from Georgia's debt. The interest rate on the debt is kept at 4%.
- According to Deputy Prime Minister of Russia Dmitry Rogozin, the country will build three next-generation Lider-class nuclear-powered icebreakers in 2023-2025. It is noted that such icebreakers can be built at the Zvezda shipyard in the Primorye region of Russia's Far East. At present, the shipyard constructs a new line of nuclear icebreakers – Arktika, Sibir and Ural – to replace those in operation.
- President of Azerbaijan Ilham Aliyev signed a decree approving the minimum living wage for 2018. According to the decree, it is set at 173 manats (\$101.77). The rates for the working age population, pensioners, and children will amount to 183 manats (\$107.65), 144 manats (\$84.71), and 154 manats (\$90.59), respectively.
- During their meeting in Baku, Konstantin Anisimov, Director General of the Russian state-owned freight and passenger transportation company Moscow River Shipping, and Rauf Valiyev, Chairman of Azerbaijani freight and passenger transportation company Caspian Shipping, signed a memorandum on the organization of sea trips. Under the memorandum, the first visit of tourists to Baku will be organized on the Pyotr Velikiy (Peter the Great) ship, which is currently under construction, until the end of 2019. At the first stage, trips will be organized on the Astrakhan-Baku route, and the route will be expanded until 2020.
- According to Galymzhan Pirmatov, Chairman of the national atomic company Kazatomprom, the company has delayed its delivery of uranium to Iran

as it seeks a permission from the six parties involved in the 2015 Iranian nuclear deal. Kazatomprom extended the contract with Iran until 2020, and its delivery of uranium to Iran has been rescheduled to the 2018-2020 period, if approved by the six parties.

## Society and Culture

- President of Kazakhstan Nursultan Nazarbayev ratified the amendments to the laws on information and communication issues banning anonymous comments on the Kazakh websites. Under the new law, website owners in Kazakhstan are obliged to conclude agreements with users on their identification through the e-government portals or via SMS.
- According to the Foreign Ministry of Azerbaijan, the Azerbaijan International Development Agency (AIDA) established in 2011 delivered humanitarian aid to five countries in 2017. The AIDA provided financial aid via the United Nations for the people in Somalia, Yemen, South Sudan, and north-eastern Nigeria. Moreover, in accordance with the presidential order, Azerbaijan sent humanitarian aid to Rohingya Muslims of Myanmar.
- During the meeting between Deputy Minister of Justice of Uzbekistan Akbar Tashkulov and Head of the Office of the Turkish Agency for International Cooperation and Coordination (TIKA) in Uzbekistan Ali Ihsan Caglar, the parties discussed prospects of further strengthening the strategic partnership and expanding the activities of TIKA in the country. Following the meeting, an agreement was reached to increase the number of projects and programs related to the provision of public services and training of legal professionals.
- According to Russia's space agency Roscosmos, the Zenit-2SB carrier rocket, carrying Angola's telecommunications satellite Angosat, was launched from the Baikonur space center in Kazakhstan. The launch of the Zenit rocket with the Fregat booster and the Angosat satellite was initially scheduled for December 7, but was postponed due to a problem that emerged in one of Fregat's valves when it was being refueled.
- According to Interior Minister of Uzbekistan Pulat Bobojonov, half of the existing posts of the road patrol service (RPS) and patrol-guard stations (PGP) located on the administrative borders of the country's regions will be closed in 2018. It was noted that 66 out of 133 RPS and PGP posts would be liquidated in order to provide free movement of people, which could have a positive impact on trade, as well as internal and external tourism.