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# **UZBEKISTAN ECONOMIC TRENDS**

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# 1 MACROECONOMICS

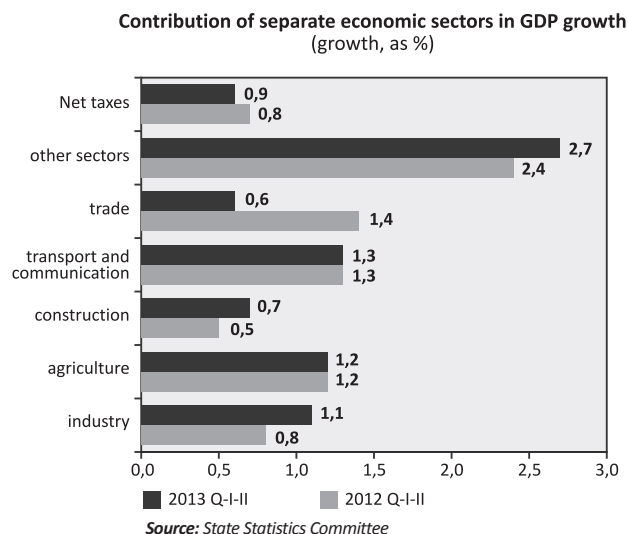
## 1.1. ECONOMIC GROWTH

**Factors of economic growth.** In the first half of 2013 key macroeconomic indicators preserved positive trends. GDP growth accounted for 108.0%. Industrial output grew by 8.2%, including consumer goods production – by 14.4%, testifying efficiency of measures aimed at further diversification of industrial sectors, promotion of production expansion and broader range of competitive goods.

Implementation of measures aimed at strengthening material and technical resources of agrarian producers, support provided to processing enterprises and development of agrarian infrastructure ensured growth in gross agrarian output by 7.3%. Accelerated implementation of key production and infrastructure projects resulted in high growth of investment (by 10.5%) and contract construction works (by 16.1%).

The growth in output of goods and services, creation of new production capacities and new jobs along with promotion of domestic consumer demand resulted in the 14.6% growth in retail trade turnover and 12.1% growth of services.

The following factors were key factors for preserving high and stable social and economic growth:



- **More profound structural transformations in industrial sectors.** Comprehensive measures implemented in frame of the economic program for 2013 aimed at further technical and technological renovation and diversification of industrial production, as well as raising competitiveness of industries ensured further deepening in structural transformation of the industrial sector.

There was achieved dynamic development in such sectors as machine building and

metal working (123%), light (115.1%), production of construction materials (111.9%), chemical and petrochemical (105.3%), and food (107.1%). The share of these sectors in total industrial output grew from 53% in the first half of 2012 to 56.1%. Due to launching over 1,200 new production entities, as well as expanded modernization in the industrial sector the level of diversification accounted for 38.6%, including due to the rise in labor productivity by 6.5%.

Some innovative technologies were put into mass production in frame of contracts concluded at the Republican Fair of Innovative Ideas, Technologies and Projects. As a result, in the first half of 2013 the output of innovative goods was worth of over UZS 43 billion.

- **active investment policy and attraction of foreign investment** focused at accelerated modernization, technical and technological renovation of existing enterprises and establishment of new modern high-tech productions. In the period under review the volume of investment totaled UZS 12,1 trillion, growing by 10.5% in comparable prices. The share of investment absorbed by production sector represented 62.6% of total investment.

Compared to the corresponding period of 2012, capital investment from off-budget funds increased by 43.9%, from funds of the public – by 26.1%, loans extended by commercial banks grew by 10.1%. The funds of the public represented 25.3% of total investment, demonstrating high investment activity of the population.

- **support to enterprises-exporters and expanded export of goods**, including by broader localization in production of spare parts, expanded product mix, increased export of goods and services. In the period under review enterprises were encouraged to expand export of competitive goods and services. As a result, the volume of goods and services grew by 1.4% compared to the corresponding 2012 level.

The measures aimed at further expansion of export potential of sectors and regions of the republic ensured a significant growth in export of ammonium sulphate, liquefied gas, recyclable aluminum, trucks, wheat, knitted fabric, fruits and vegetables and other goods.

- **accelerated development of small business and service sector.** In the first half of 2013, due to further improvement of business environment there were established 15,800 new small business entities (excluding farms). The biggest number of small business entities was established in industry (28.2% of total), trade and public catering (26.8%), agriculture and forestry (15.1%) and construction (9.6%). The total number of small business entities grew by 4.6% compared to the corresponding 2012 level.

Small businesses were leased 19,100 idle government facilities. Besides, commercial banks extended loans valued at UZS 3,7 trillion, which is by 1.3 times more than in the corresponding period of 2012. The volume of microcredits grew by 1.4-fold with total value of UZS 775,2 billion.

As a result, the share of small business rose to 43.2% of GDP (42.6% in the 1st half of 2012), to 22.9% of industrial production (21.8%), to 19.2% of exports (12.4%), and to 75.5% of employment (75.1%).

In the first half of 2013 in line with the Program of Service Sector Development the government allocated over UZS 13 billion for creation and development of service