



## Uzbekistan's Efforts for Adaptation of the Economy to the Global Economic Crisis

*Dr. Ulugbek Saydiev, [info@cerr.uz](mailto:info@cerr.uz)*

*Center for Economic Research and Reforms under the  
Administration of the President of the Republic of Uzbekistan*

**Abstract.** The article examines the specific measures taken by the government of Uzbekistan to combat the spread of COVID-19, support affected sectors, protect vulnerable groups, stabilize prices, and ensure the stability of the banking and payment systems. It also addresses the economic challenges faced by various industries and the initiatives undertaken to stimulate economic growth, create jobs, and improve living standards amidst the crisis.

**Keywords:** Uzbekistan, development strategy, pandemic crisis, COVID-19, emergency measures

For the last three years, Uzbekistan is progressively implementing its new development strategy, initiated by President Shavkat Mirziyoyev. The strategy embraces five priority areas: public administration and civil society, rule of law, economy, social issues, and international relations.

The global pandemic crisis led to a situation where the Uzbekistan government had to align the strategic development plan with the emergency measures to mitigate the pandemic effect on the health and well-being of people and the economy as a whole.

The first cases of infections with COVID-19 emerged in the country in mid-March. In response to the challenges associated with the spread of the pandemic, on March 19, the President signed a decree on priority measures to mitigate the negative impact of the pandemic and global economic crisis. A special state commission headed by Prime Minister Abdulla Aripov and the Anti-Crisis Fund of 10 trillion UZS were created by the decree. The first measures included:

- financing the measures to combat the spread of coronavirus infection;
- supporting entrepreneurship and employment;
- expansion of social support for the population;
- ensuring the sustainable functioning of the economy.

To avoid panic among the population, all necessary measures have been undertaken to prevent the dissemination of false and inaccurate information in the media. Since March 16, Uzbekistan closed all its transport connections with foreign countries except cargo transportation. All incoming vehicles are treated with special disinfectants. Charter flights are arranged for citizens who want to return home from abroad. All mass events, including sports, cultural and religious, have been suspended. Wedding events have to be held observing the necessary sanitary measures. Most public organizations and all educational establishments were recommended to transfer their work and external connections to the online mode.

More than 5,5 thousand specially trained healthcare professionals are mobilized to combat the spread of infection. Two national level, 14 regional hospitals, and 216 sanitary



and epidemiological establishments provide health care measures to combat the pandemic. The epidemical situation is being assessed based on hourly and daily data.

Social protection measures have been undertaken by the government to support the groups of the population whose well-being is affected by the pandemic. The people quarantined with infection and suspected of infection, as well as persons with children under the age of 14, are paid temporary disability benefits in the amount of their average salary. A simplified procedure for issuing the document on a temporary disability is set. The allowances to families with children and childcare benefits, which terms ended in March-June, are extended by six months. The number of beneficiaries who receive financial support is increased by 10 percent, up to 60 000. Employees of budgetary organizations who suspended their activity get their salaries in time. The basic foodstuffs and hygiene products (masks, antiseptics, etc.) are delivered to lonely elderly and disabled people. Extraordinary interventions have been undertaken to ensure the stability of prices in the foodstuffs market.

The stability of the banking and payment systems has been provided by means of monetary policy instruments. By October 1, 2020, commercial banks deferred a total sum of 5 trillion UZS loan repayments for tour operators, hotel business entities, transport and logistics firms, and other enterprises, including those who are experiencing difficulties due to restrictions on trade. Also, tax holidays were granted to these business entities. Recently, due to the relaxation of quarantine measures, 17 thousand manufacturing and 10 thousand construction enterprises resumed their activity. In most of them, cash flows decreased by 3 times compared to the period before the quarantine regime. The Government and Central Bank of Uzbekistan make the appropriate measures to provide these enterprises with liquidity.

According to the preliminary estimates, the pandemic affected the level of unemployment in the country and led to a reduction in the income of about 450 thousand families. Appropriate measures are being undertaken to mitigate these challenges on the national and regional levels. An additional 1 trillion UZS was allocated for the implementation of the state family business program. In total, 4 trillion UZS to be allocated for the family business programs this year. To date, 540 thousand families got support from the nationwide charity fund "Generosity and Support" in the amount of 307 billion UZS.

In Uzbekistan, more than 5.5 thousand medical staff were involved to stop the pandemic situation. It was entrusted to provide them with an extra 120 percent of their salary.

The Ministry of Internal Affairs and the National Guard are monitoring the observance of quarantine by citizens.

There were defined special tasks of providing tax holidays and preferences for credit debt, the allocation of budget loans to sectors most exposed to coronavirus.

For example, there are growing risks of non-repayment of loans in the amount of 90 billion UZS in the hotel business, 650 billion UZS in the transport and logistics sector, 180 billion UZS in the catering sector, 3.6 trillion UZS in foreign trade enterprises. Travel agencies and hotels continue to pay a tourist fee of \$ 2-3 per day.

In this regard, an instruction was given to extend the maturity of loans of these enterprises, temporarily suspend the collection of tourist fees.

In the regions, the governors are authorized to provide deferred enterprises with



payment of local taxes for up to 6 months.

Along with this, tax rates on personal income for individual entrepreneurs and tax on the use of water resources for farmers are reduced by 50 percent. In this case, the loss of local budgets will be reimbursed from the republican budget.

A moratorium on tax audits will be announced before the end of the year, accrual of interest on the tax debt of enterprises are suspended.

Given the situation in international trade, it was instructed not to apply fines in connection with overdue debts on export-import operations, to increase the product pass through the “green corridors”, and to promptly solve the problems associated with cargo transportation.

Solving the tasks set in this direction will not only significantly mitigate the social consequences of the global economic crisis but will also help expand the country's economic potential by creating new jobs and increasing output, which in the long run will increase the incomes and living standards of the population.