



OECD Policy Component of the Central Asia Invest Programme

Monitoring competitiveness reforms in Uzbekistan: Better Export Promotion Policies to foster internationalization of SMES

OECD Eurasia Competitiveness Roundtable
Virtual Webinar, 15 November 2021



COVID-19 has hit firms and trade, but the government has developed a comprehensive support package to weather the effects

Uzbekistan's policy response to COVID-19 has been comprehensive, timely, and targeted

- During January-July 2020, **exports fell 21.3%** year on year, and **imports 17.7%**
- In 2020, **SMEs** accounted for **53.9% of GDP**, and **largest number of new SMEs in trade (38%)** (State Statistics Committee)
- The government has responded with **timely and targeted support** to the private sector:
 - Creation of an **Special Anti-crisis Fund**
 - **Streamlining** and digitalising procedures
 - **Liquidity support**
 - **Tax reliefs**

Targeted measures were designed to support exporting businesses and SMEs

- Dedicated institutions have been created in October 2020: an **Export Support Fund (USD 100m)** – exporter's "one-stop-shop" – and the **Government Commission for the Development of Export and Investment**
- IFIs have provided **trade finance facilities** to Uzbek banks to support exporting firms
- Over 2000 exporting firms benefitted from additional **subsidies to cover transportation** costs financed from the State budget
- **Temporary suspension** of excise taxes and customs duties on specific consumer goods

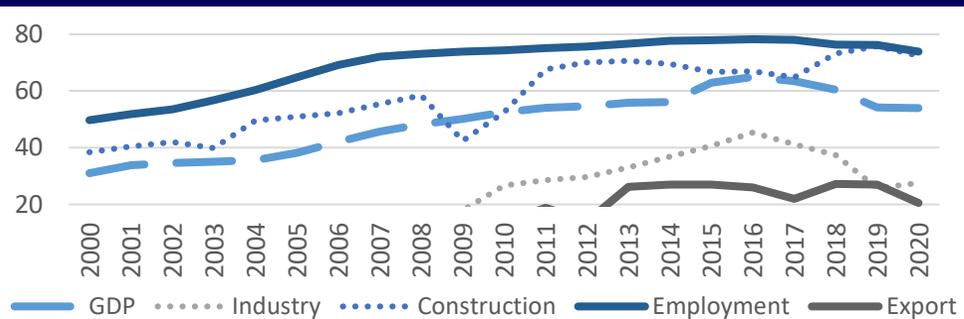
In addition to the COVID-19 context, a significant number of reforms and institutional changes have taken place since the peer review in 2017

- The **institutional framework** for export promotion has visibly strengthened
- Several institutions, public and private, are active in supporting businesses with a **clear mandate** for each (the Export promotion agency (EPA), the State Fund for Entrepreneurship Development, the Chamber of Commerce (CCIU), Uzstandardt, etc.)



Uzbekistan's trade profile is positive with fairly diversified trade partners and export basket, however SMEs still struggle to grow in the sector

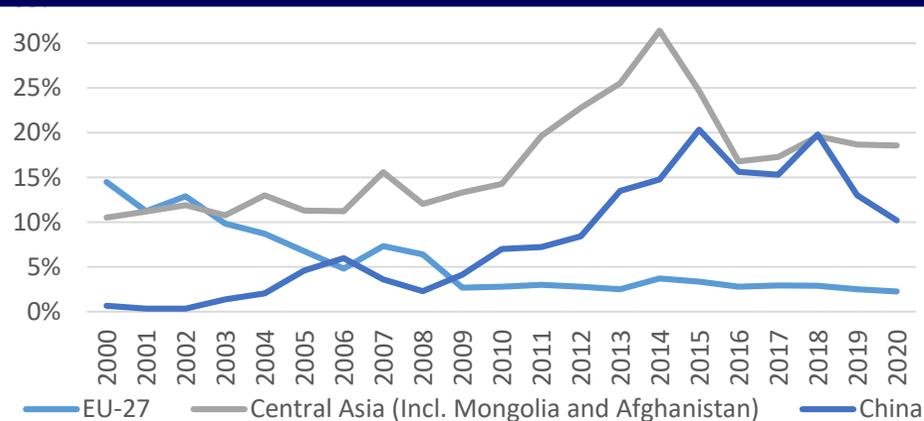
SMEs are key contributors to growth and employment, but their share is declining since 2015, and they represent a lower share in exports than in other sectors



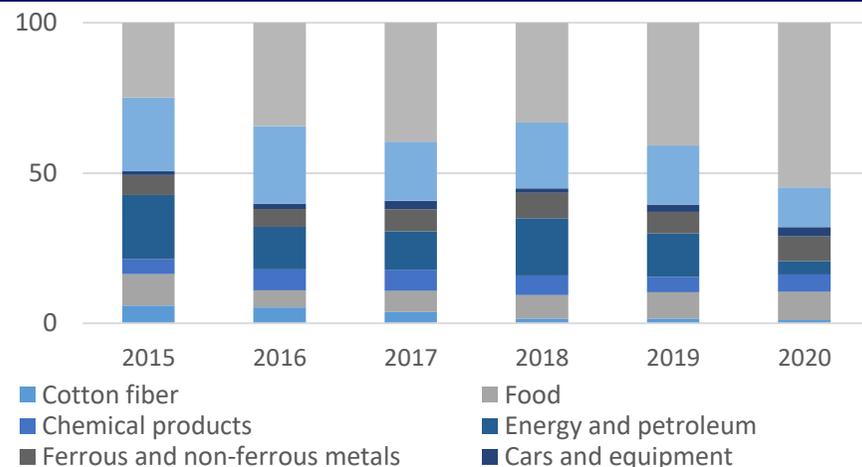
Uzbekistan has resumed WTO accession talks and strengthened trade ties with the EU

- Since 2018, **accelerating the country's accession to the WTO** has been a top priority of the government
- In July 2020, the **fourth Working Party met**, 15 years after the third
- Uzbekistan and the EU concluded an EPCA in February 2021
- Uzbekistan obtained **the EU GSP+ status** in April 2021

Trade with the EU has declined, while trade with Central Asia and China has increased



The export basket is fairly diversified



Source: State Statistics Committee of Uzbekistan (2021).



Overview of the 2021 monitoring assessment (1/2)

The institutional framework for export promotion has greatly improved but knowledge of and connection to export markets remain key issues for SMEs

2016 recommendation	Main Highlights	Progress	Way Forward
Develop consulting activities to improve SMEs' knowledge of foreign markets			
Identify target markets and sectors through public-private dialogue	<ul style="list-style-type: none"> Lack of an integrated approach to target export markets more targeted market studies Export market analyses remain insufficiently targeted on business needs and expectations Lack of accurate market data and information 		<ul style="list-style-type: none"> Reinforce public-private dialogue between actors involved in export promotion (EPA, CCIU, embassies, trade houses) Coordinate all activities under the supervision of the Export Promotion Agency (EPA)
Expand advisory and training capacities and support preferential access	<ul style="list-style-type: none"> Export market analysis offer has expanded but Access of individual SMEs to market analyses remains limited 		<ul style="list-style-type: none"> Enhance export-market analysis distribution to SMEs through the EPA Expand trainings offered by the EPA and the CCIU
Attract more certification companies to the country	<ul style="list-style-type: none"> Certification services offer has expanded but certification of Uzbek products remains low SMEs lack "know-how" on certification requirements Certification remains expensive, especially for SMEs 	 Well advanced	<ul style="list-style-type: none"> Expand trainings with international certification companies Set up a one-stop-shop for all SME-related issues Expand cost-sharing options for certification expenses

Overview of the 2021 monitoring assessment (2/2)

The institutional framework for export promotion has greatly improved but knowledge of and connection to export markets remain key issues for SMEs

2016 recommendation	Main Highlights	Progress	Way Forward
Expand the export-promotion network abroad and provide a clear value proposition in target markets			
<p>Expand the number of representation offices abroad with local staff</p>	<p>Two-distinct pillars of export-promotion abroad: embassies and private sector (trade houses)</p> <p>Absence of a network of EPA offices abroad is a missing link in the institutional support to SMEs in finding export opportunities and distribution channels</p>		<ul style="list-style-type: none"> • Better co-ordinate activities between Embassies, trade houses and the EPA • Develop a network of EPA offices abroad • Increase the private sector profile of EPA staff
<p>Work on a clear value proposition in co-operation with the business community</p>	<ul style="list-style-type: none"> • The government has developed a national branding strategy "<i>Made in Uzbekistan</i>" implemented by the EPA • It lacks objective quality standards and a unified image 		<ul style="list-style-type: none"> • Develop a strong quality-standard supporting the "Made in Uzbekistan" brand • Develop niche specialisations in relation to certification
Monitor the work and impact of export institutions			
<p>Develop and implement a set of actionable KPIs and surveys</p>	<ul style="list-style-type: none"> • Monitoring processes still mainly focus on the measure of inputs provided 	 <p>Being implemented</p>	<ul style="list-style-type: none"> • Develop indicators measuring the outcomes of the activities of export promotion institutions • Introduce regular surveys of exporting businesses