

# CENTRAL ASIA OBSERVATORY



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May 2010



UZBEKISTAN



MARCH-APRIL 2010

Bimonthly article

Prof. Farkhod Tolipov\*

## Highlights

Uzbekistan's ambitious political agenda, launched at the very beginning of the year, has really come into its own in the period March-April. The newly elected parliament looks stable and the new proactive foreign policy continues to be implemented.

## Internal affairs

An anti-oligarch campaign has been launched in Uzbekistan geared to investigating some big and famous businessmen. Last December, President Islam Karimov stated that the country would not accommodate any oligarchs. As a result, some of them fled the country for fear of being arrested. The owner of the Alp Jamol Bank, Muhiddin Asomiddinov, fled along with several others and the boss of Uzbektourism, Zahid Hakimov, was arrested. Those who fled include a number of rich people who built big wedding palaces/restaurants; according to allegations, these people were deprived of such properties.

## Foreign and International Policy

On 16-17 March, the President of Kazakhstan Nursultan Nazarbaev made an official visit to Tashkent at the invitation of President Karimov. The two sides discussed the most important aspects of Uzbek-Kazakh relations, the situation in the Central Asia region and international issues. They stated in their joint statement that they will create favourable conditions for bilateral trade by stimulating mutual investments and interbank ties, as well as in the sphere of transit and transit communications.

The two heads of states expressed their readiness to strengthen cooperation in fighting terrorism, political, religious extremism, drug traffic, transnational organized crime and illegal migration on a bilateral basis and within international and regional organizations.

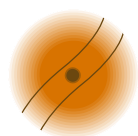
The two presidents discussed issues related to water energy, especially the construction of hydropower installations, and emphasized the importance of solving these issues on the basis of international law. Experts evaluated this visit as a new sign of rapprochement between Kazakhstan and Uzbekistan.

On 5 April the UN General Secretary Ban Ki-moon visited Uzbekistan. He made a statement that Uzbekistan had advanced in the field of guaranteeing human rights, noting that Uzbekistan had done away with capital punishment and signed more than 60 international agreements in the sphere of human rights. At the same time Ban Ki-moon urged the government of Uzbekistan to abide by its obligations stemming from its international commitments to develop civil society and to follow the recommendations of the UN Council on human rights. He also called on Uzbekistan to allow independent human rights experts to visit the country.

Interestingly, during this visit of the UN General Secretary, the agreements on cooperation were signed between the United Nations and the Shanghai Cooperation Organization (SCO). It is symptomatic that the agreement was signed on the eve of the upcoming summit of the SCO in Tashkent in June this year. The summit is expected to symbolize the start of cooperation between the UN and SCO.

From 5 to 6 April, Tashkent received a visit from the Chief of the US Central Command General Petraeus,

\*Department of Political Science, the National University of Uzbekistan.



who visits Uzbekistan on a regular basis. He met with President Karimov.

On 19-20 April, President Karimov made an official visit to Russia where he met with the Russian President Dmitry Medvedev. The two leaders adopted the programme of bilateral cooperation in cultural humanitarian areas for the period 2010-2012, and the MoU on implementation of measures in the sphere of military-technical cooperation. The two countries also adopted various other documents on bilateral cooperation.

### **Economy and business enterprise**

On 24 March an Uzbek-German business forum took place in Tashkent, bringing with it the announcement that trade exchanges between Uzbekistan and the EU amounted to \$470 million, seven times less than between Uzbekistan and Russia and twice as less as trade exchanges with Kazakhstan. German businessmen expressed a deep interest in doing business in Uzbekistan and noted that this hinges on the creation of the necessary legal base. The Germans familiarized themselves with the investment potential of Uzbekistan, especially with the Navoi Free Industrial-Economic Zone. Perspectives for cooperation were discussed in such spheres as mining, oil industry, geology, IT, logistics, banking, and small and private business.

It should be noted that according to the 1996 agreement on partnership and cooperation between Uzbekistan and the EU, these two countries established the regime of most favourite state in mutual trade. In 2009, for instance, mutual trade reached \$469.4 million.

On 30 March the Uzbek-French Business Forum was held in Tashkent. The French delegation was headed by the President of the Agency on Economic and Cultural Development "North-South", Gilbert Salinas. The French delegation was informed of Uzbekistan's

investment potential including the possibilities of investment cooperation in the framework of the Navoi Free Industrial-Economic Zone. It should also be noted that Uzbek-French bilateral economic cooperation has enjoyed a strong legal base since 1996 when the Treaty on Friendship and Cooperation between Uzbekistan and France was signed. According to the 1996 agreement on partnership and cooperation between Uzbekistan and the EU, these two countries established the regime of most favourite state in mutual trade. In 2009, for instance, mutual trade reached \$189.6 million.

In April the government of Uzbekistan announced that MAXAM Corp.S.A.U of Spain will launch production of nitrate ammonium (porous saltpetre) on the base of the joint company MAXAM-Chirchik. The cost of the project is \$15.4 million. The project implies the creation of a production line with capacity of 60,000 tons of porous saltpetre a year, of which 55,000 tons are due to be exported.

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