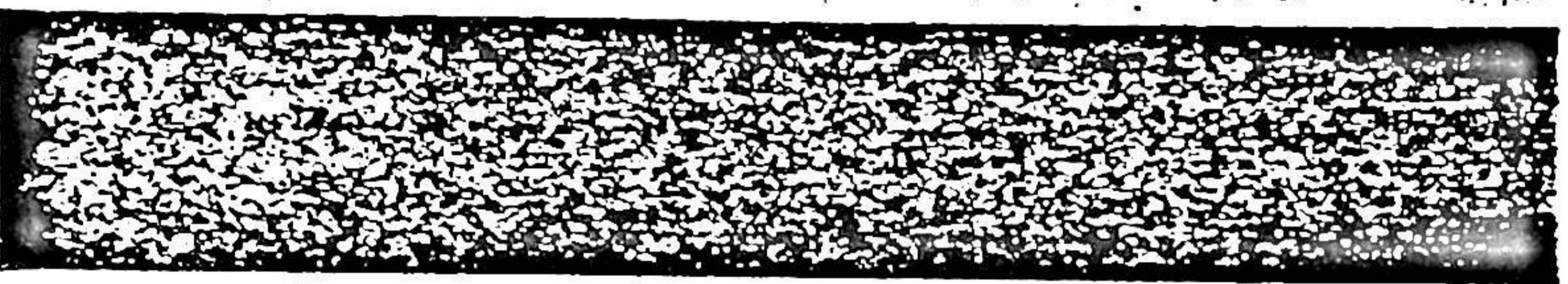
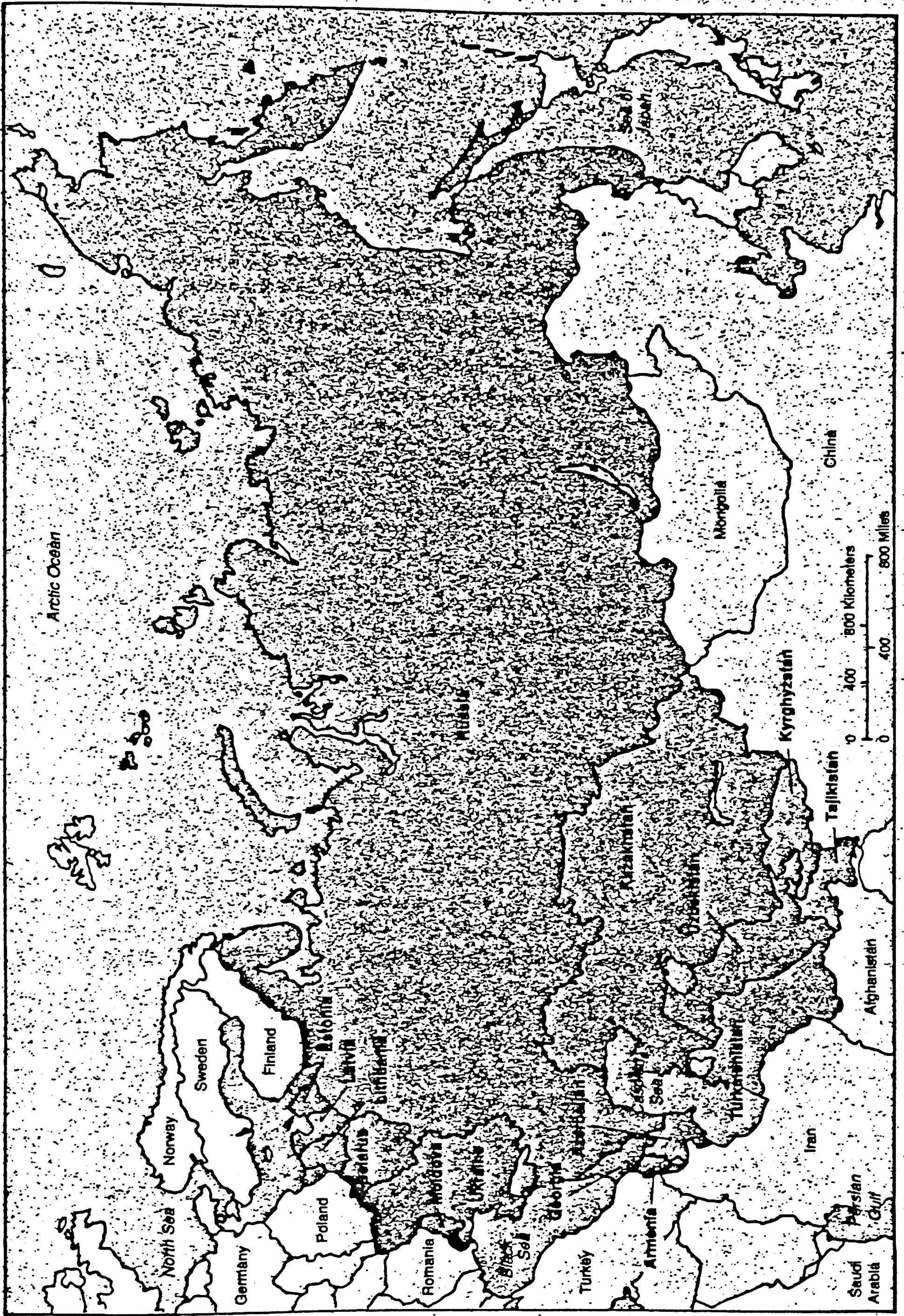


Economic Review

UZBEKISTAN

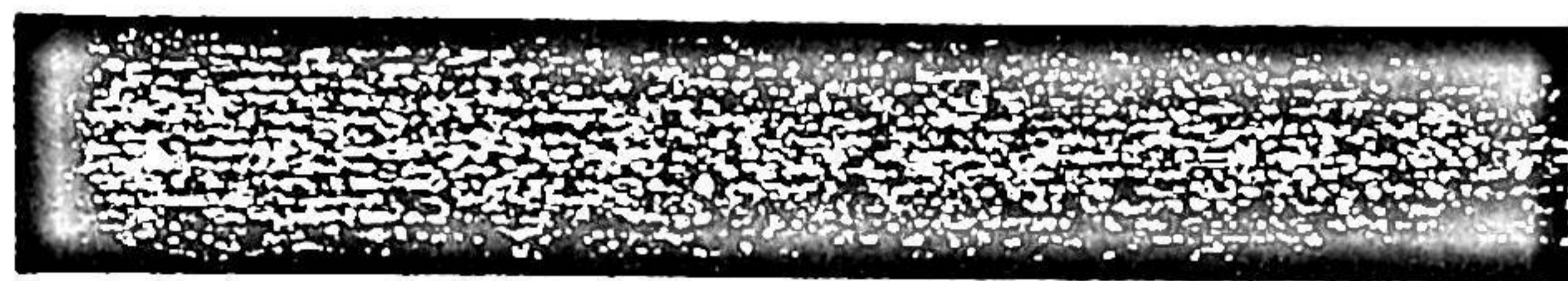


International Monetary Fund
Washington, D.C.



Economic Review

UZBEKISTAN



Prepared under the direction of John Odling-Smee,
Director of the European II Department,
by an IMF staff team comprising
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Preface

Between September 1991 and March 1992 all the states of the former U.S.S.R. applied for membership in the International Monetary Fund. During this period, staff members of the IMF visited each of these countries to hold discussions with the various national authorities, review the domestic procedural and legal steps required for membership, collect economic data to process these applications, and provide policy advice. Following these visits, pre-membership reports were prepared on the countries' economies. Two companion reports were also prepared, the first reviewing the economy of the former U.S.S.R. in 1991 and the second providing an overview of common policy issues and major interrepublican economic relationships. The reports were prepared in the European II Department of the IMF, under the direction of John Odling-Smee. They also draw on the expertise of other IMF departments, as well as the staff of the World Bank.

Because of the importance of and widespread interest in the subject matter, these economic reviews are being published at this time, even though they are of an interim nature and it is still too early to present a comprehensive assessment of most of the economies. The reports are based on information available in early 1992. Although the studies were prepared for the Executive Board of the IMF, the descriptions of developments and policies they contain are those of the IMF staff and should not be attributed to Executive Directors or to the authorities of any of the individual countries.

I. Background and Structure of the Economy

Uzbekistan's application for membership in the International Monetary Fund was received on March 3, 1992; an application was made to the World Bank Group at about the same time. An IMF staff team visited Tashkent during the period March 18-24, 1992, to review economic and financial developments, discuss the Government's macroeconomic policies for 1992, and undertake the preparatory work for membership in the IMF. The mission had been preceded by a brief IMF staff visit as part of a mission to all the eastern states of the former Soviet Union in December 1991.

Uzbekistan is the largest of the Central Asian states of the former Soviet Union, with a land area of 450,000 square kilometers (the size of Sweden) and a population of 21 million (slightly less than Canada). The country is bordered by Kazakhstan in the north, Kyrgyzstan and Tajikistan in the east, and Afghanistan and Turkmenistan in the south and southwest. Almost three fifths of the land area consists of desert landscapes and steppe, largely semi-arid terrain, with the rest comprising fertile valleys around two major rivers at the foothills of high mountain ranges. About 70 percent of the population is Uzbek, with other major ethnic groups including Russians (11 percent), Tatars, Kazakhs and Tajiks (around 4 percent each), and Koreans (1 percent). The birth rate is very high, around 3.5 percent during the 1980s, and although the overall literacy rate is also very high, Uzbekistan lags behind other countries belonging to the Commonwealth of Independent States (CIS) in most indicators of social development. A majority of the population is rural, with about one half under the age of 19; the average family size is 5.5 persons compared to 3.5 in the former U.S.S.R.

Historically, Uzbekistan was at the center of the trading routes, notably the silk trade, between Europe and the Far East. Following the Mongol invasion of the 13th century, the area became part of the empire of Tamerlane with its capital in the ancient city of Samarkand. In the 15th century, the first Uzbek kingdoms were formed around the cities of Bukhara and Khiva. By the late 19th century, the whole area had been annexed by Russia. In 1924, after a brief civil war, Uzbekistan became a part of the U.S.S.R.

Uzbekistan is endowed with substantial natural resources. There are large reserves of petroleum, natural gas, and coal, and there is considerable potential for hydroelectric power. The country was a leading center of the natural gas industry in the former Soviet Union with an estimated output of 41 billion cubic meters in 1990; a pipeline stretches from Bukhara to the Urals for the export of natural gas, and a high proportion of local industry is based on energy from gas. Petroleum output, estimated at 2.8 million tons in 1990, is likely to increase sharply following recent discoveries of oil in the Namangan and Ferghana regions and could make the country self-sufficient in energy. There are substantial deposits of gold (Uzbekistan was the second largest producer of gold in the former Soviet Union), silver, copper, lead, zinc, wolframite, and tungsten.

The structure of production is dominated by agricultural and industrial output linked to the agriculture sector; agriculture represents about 40 percent of net material product (NMP) and 30 percent of employment. Uzbekistan is the world's fourth largest producer of cotton, which accounts for about 40 percent of the gross value of agricultural production and is grown on both collective and state farms. As almost all cultivated land is irrigated, the rapid increase in agricultural production in recent decades has been attained through an expansion of irrigated areas. This has contributed, however, to massive desiccation of the Aral sea, one of the largest interior seas in the world, and the scale of the resulting ecological problems has been compared to the Chernobyl nuclear accident. At present, 4.2 million hectares are irrigated from 170,000 km of canals. Other

important products are grains, vegetables and fruit, and silk cocoons; locally produced grain, although a major crop, satisfies only about one quarter of consumption needs.

Industrial production is based largely on the processing of agricultural raw materials and accounts for 30 percent of NMP and 18 percent of employment. Local processing accounts for only about 12 percent of raw cotton output, about 20 percent of sheep skins, and about 60 percent of silk cocoons. The industrial sector also includes the manufacturing of machinery directly or indirectly linked to agriculture (cotton harvesters and textile machinery), chemicals (especially fertilizers), metallurgy, and aircraft. State participation in production is pervasive, with about 80 percent of the labor force employed by the public sector.

Trade has been an important feature of the economy of Uzbekistan. In 1991, exports to other states of the former Soviet Union amounted to about 31 percent of gross domestic product (GDP), while foreign exports (i.e., outside the territory of the former U.S.S.R.) amounted to about 4 percent of GDP. Similarly, interrepublican imports were about 30 percent of GDP, while foreign imports were about 6 percent of GDP. As in the case of former Soviet republics, the specialization of output has led to a very high degree of commodity concentration in trade. Cotton exports accounted for more than 30 percent of total interrepublican exports, although exports of machinery, textiles, agricultural and aviation equipment, and fertilizers were also important. In foreign trade, the degree of specialization in cotton is more conspicuous, representing about 84 percent of exports in 1991. Imports have been relatively diversified, although food grains, sugar, and petroleum products have tended to dominate interrepublican trade. As regards foreign imports, foodstuffs and raw materials accounted for about 47 percent and consumer goods 44 percent in 1991.

II. Recent Economic Developments

Output and Prices

As a consequence of the heavy concentration in agriculture and exports of raw materials, the disruptions in trade in 1991 do not seem to have affected Uzbekistan as adversely as most other states. In particular, energy supplies were not interrupted, since most power generation facilities are based on natural gas, in which Uzbekistan is self-sufficient. Preliminary estimates suggest that GDP declined by only 0.5 percent and NMP by 0.9 percent in 1991 (Table 1). However, other indicators suggest that the drop in output may have been significantly greater. Toward the end of 1991 and early 1992, the decline in output accelerated sharply as shortages of inputs increased with further disruptions in interrepublican trade. During the first two months of 1992, the volumes of agricultural and industrial output each fell by about 16 percent compared to a year earlier.¹

Price developments in Uzbekistan were similar to those in other former Soviet republics in 1991. After several years of stability, retail prices rose by 82 percent and wholesale prices by 147 percent during the year, in large part as a result of the partial price liberalization in April.² The increase in prices prompted the Uzbekistan Government to take actions designed to reduce the resulting hardships to large segments of the population. A monthly wage supplement of 60 rubles (rub) was paid to all workers between April 1 and the end of the year. In anticipation of a more comprehensive price liberalization due in early January 1992, wages were doubled for budget-financed organizations, grants to students and pension payments were raised, and restrictions on the wage bills of enterprises were removed at the end of December 1991.

The bulk of prices was liberalized on January 16, 1992. The slight delay in liberalizing prices reflected concerns about the social impact of sharp price increases in a country with a relatively young and poor population. Furthermore, in the aftermath of some civil disturbances, increases in the prices of twelve commodities (including petroleum products) were partly reversed and the prices fixed, entailing a sharp rise in food subsidies.³ The Government also intensified efforts to ensure the availability of supplies in the local markets. A coupon-based rationing system was introduced whereby coupons were distributed monthly in amounts linked to wages and pensions. (Coupons are being used in conjunction with cash for all purchases from state stores.)⁴ As a consequence, the increase in retail prices during January 1992, at 120 percent relative to December 1991, was about only one third of the increase in wholesale prices and significantly lower than the inflation rate in other states in the region. The inflation rate subsided in February 1992, with wholesale and retail prices each increasing by about 60 percent relative to January 1992. Monthly wages averaged rub 603 in January 1992 (the minimum wage was rub 350), compared to rub 326 for 1991.

Government Finances

Modest overall deficits were recorded in Uzbekistan's finances during 1987-1990, ranging from 0.3 percent to 1.4 percent of GDP, as net transfers from the Soviet Union rose significantly from about 7-9 percent of GDP during 1987-89 to 19 percent of GDP in 1990 (Table 2).⁵ Despite a further rise in net Union transfers to the equivalent of 21 percent of GDP the following year, the government deficit rose to 5.5 percent of GDP in 1991.

The underlying deterioration in government finances reflected an increase in expenditures, mainly associated with efforts to maintain the living standards of the population through subsidies. Government expenditures increased from about 35 percent of GDP during 1987–89, to 46 percent of GDP in 1990, and further to 55 percent of GDP in 1991. The rise in expenditures in 1990 mainly reflected sharp increases in producer subsidies for cotton, meat, and milk, which were subsequently eliminated in 1991. However, as the Government sought to soften the impact of the April 1991 price liberalization, other food subsidies and family allowances were raised sharply, leading to a further rise in the ratio of expenditures to GDP. In contrast to the rise in outlays, total tax and nontax revenue were steady at 25–28 percent of GDP during 1987–91.

Money and Credit

As in the case of other former Soviet states, monetary developments until 1991 were determined by Union policies. In February 1991, steps were taken to establish a more independent banking system through the enactment of a banking law, which transformed the Tashkent branch of the Gosbank into a central bank (the State Bank of Uzbekistan) and provided the legal basis for the establishment of commercial banks.⁶ However, there was little change in the operations of the banking system in 1991. Credit policies remained accommodating, and domestic credit increased sharply in the context of rapid monetary growth in the former U.S.S.R. as a whole and the partial liberalization of prices. Although the refinancing rate was increased from 8 percent to 12 percent and reserve requirements were introduced in August 1991,⁷ the State Bank's financing of the government deficit and of the commercial banks was not restrained. Credit to the government, which was interest free, increased by around rub 3 billion, equivalent to 37 percent of the currency issue for the year; at the same time, credit to enterprises increased by 120 percent and was concentrated in the agricultural sector (Table 3). Monetary expansion was strong during the year. Currency emission, measured by the amount of rubles supplied to the State, increased by 78 percent (relative to the stock at the beginning of the year), and deposits by enterprises and households rose by 174 percent, resulting in a growth in broad money of 133 percent, generally in line with the increase in wholesale prices.

External Sector

The disruptions that occurred in interrepublican trade in 1991 resulted in an elimination of Uzbekistan's interrepublican trade deficit and in a shift toward foreign and barter trade. The interrepublican trade balance, which recorded deficits of around rub 3.5 billion annually (11.4 percent of GDP) in 1989 and 1990, shifted into surplus in 1991 as imports fell, because of difficulties in supplies from other states, and exports surged in ruble terms from price adjustments (Table 4). Difficulties experienced by other states, particularly the Russian Federation, in delivering products to Uzbekistan led to a sharp increase in barter; moreover, there was a trend late in the year toward the use of international prices in interrepublican trade agreements, especially for cotton. With the intensification of supply difficulties toward the end of 1991, notably for foodstuffs, the Government decided to increase imports from outside the former U.S.S.R. and sought to barter cotton for foodgrains.⁸ The foreign trade deficit contracted slightly from the equivalent of 4 percent of GDP in 1990 to the equivalent of 3 percent of GDP in 1991.

Uzbekistan did not sign the Memorandum of Understanding on External Debt with the Group of Seven industrial countries (October 1991) regarding the responsibility to service the outstanding

debt of the former Soviet Union. In the interrepublican agreement, Uzbekistan was assigned a share of 3.27 percent of the total debt of the Soviet Union. However, it has not accepted this obligation on the grounds that the substantial convertible currency proceeds from the re-export of Uzbekistan's cotton by the Soviet Union in the past implied that Uzbekistan was effectively a creditor rather than a debtor. It has, nevertheless, signed the communique agreed on February 24-25, 1992, at the intergovernmental consultative conference in Kiev on Aspects of Creating the Necessary Conditions for the Prompt Satisfaction of the Debt Obligations of the former U.S.S.R.

III. Economic Policies for 1992

Economic prospects for 1992 will be influenced by the loss of sizable transfers from the Union, the need to continue importing large amounts of foodgrains—perhaps from foreign sources in light of continuing difficulties in interrepublican trade—and the rise in energy import prices that will be necessary if additional massive domestic subsidies are to be avoided. The Uzbekistan Government is committed to implementing economic reform policies with a view to transforming the economy into a market-based system. In this regard, some early steps have been taken in the areas of price liberalization, privatization of state assets, financial system reform, and tax reforms; new laws on private property, leasehold, privatization, and foreign investment have been passed recently. The Government believes, however, that the social and economic circumstances of Uzbekistan warrant a more gradual, measured pace of adjustment—and systemic change—than that followed in Russia or in most other former Soviet states in the region. In particular, the Government cites three factors that underlie its approach to reform: first, the need to move away from the past heavy dependence of the economy on the production and export of raw cotton and to exploit the considerable potential in mineral and energy resources as well as in key industrial sectors; second, the need to ensure adequate food supplies and social benefits (health and education), particularly given the very high proportion of children; and third, the serious risk of social instability if adjustment measures are perceived as excessively harsh for the vast majority of the population with relatively low income levels. The Government also feels that the relatively greater reliance of the economy on the production of important raw materials, and its strong mineral resource base, tend to provide a degree of protection against the economic disruptions experienced in some more industrialized former Soviet states.

Structural Reforms

The process of privatization was started in 1989 and 1990 with the free distribution of parcels of irrigated land used for cotton cultivation. These efforts occurred somewhat earlier than in other former Soviet republics and were prompted by concerns about the social implications of the high birth rate. In 1990 and 1991, about one-half million hectares of arable land were distributed to families for use as private farms or as personal plots to construct housing; within a short space of time this led to sharp increases in food production and employment, even though it was accompanied by a reduction in cotton output. Decisions on the total amount of land to be distributed to individuals were made by the Uzbekistan Government, following which local councils subdivided the allocated areas on the basis of population and resources.⁹ Beginning in the fall of 1991, measures were also taken to distribute all the loss-making state farms or to transform them into cooperatives. While plans are being formulated to privatize all the remaining collective farms by the end of 1993, measures may be needed to ensure the continued cultivation of cotton, since private farmers have tended to shift into food production. At present, farmers are paid a fixed price for cotton—around rub 9,000 per ton—while the state monopoly exports the cotton at around rub 40,000 per ton, and the difference is used by the Government to implicitly subsidize the import of foodgrains. A related issue is that of water rights, stemming from the need to halt and reverse the contraction of the Aral sea. At present, there are no charges for water use, and a comprehensive plan to conserve water resources has not yet been defined.

While major strides were made in the privatization of agriculture, slower progress appears to have been made in other areas. The efforts so far have consisted mainly of leasing, and eventually selling, enterprises with 6–8 employees in trade, catering, and some other areas in 1990 and 1991.¹⁰ In 1992, a law on privatization was passed and a Committee on Privatization set up. As a result, increased emphasis is to be placed on the privatization of agro-industrial enterprises, particularly companies involved in food processing, transport, communications, and construction. Even though some housing has been privatized, additional efforts are being constrained by equity considerations; most public housing is in urban areas, and the free distribution or sale of such housing at low prices awaits the formulation of a scheme to simultaneously distribute benefits to the rural population, which has had very little access to public housing or infrastructure. Thus, efforts to privatize housing, mostly through free distribution, have so far focused on selected groups of the population, namely veterans, teachers, and medical workers.¹¹

The Government has set itself a target to privatize in 1992 and 1993 about 15 percent of all state-owned fixed assets, estimated at rub 10–12 billion at 1991 prices. However, the envisioned privatization process is not likely to lead to a rapid dissolution of state control over the economy. Sectors to remain under state control include cotton cultivation, energy, metallurgy, mining, rail and air transport, pharmaceuticals, and other technology intensive industries. Moreover, Government ministries would be allowed to use the proceeds from the sale of enterprises to acquire equity in other private enterprises, including the privatized enterprises of other ministries. As to the question of conversion of military production to civilian uses, the Government believes that the task is easier for Uzbekistan than for other former Soviet states. Most of the defense-related enterprises are in the ancillary sectors, such as computers, defense research, and some consumer goods, making their redirection to civilian purposes relatively smooth. The modalities of privatization will consist primarily of leasing state enterprises and creating joint stock companies for smaller businesses, rather than conducting open auctions of state assets.

In order to attract foreign investment, a new foreign investment code was enacted in June 1991, encouraging foreign firms to establish joint ventures.¹² The new code defines the property rights of the firms established under the code, allows them to export their products and import inputs without licenses, and permits them to retain their foreign exchange earnings. In addition, a Presidential announcement in February 1992 stipulated that the repatriation of profits from investment projects would be guaranteed by placing gold deposits in international banks abroad. In view of Uzbekistan's natural resource endowment, particularly the recently discovered oil deposits, and the prospects for local processing of raw materials, increasing interest has been expressed by foreign investors.

Government Finances

A sizable widening of the Government deficit has been officially projected for 1992. As approved, the budget forecasts a deficit of rub 11.5 billion. Total revenues and grants will fall as a ratio of GDP, owing to the loss of substantial former Soviet Union assistance. Like other former Soviet states, Uzbekistan abolished the turnover and sales taxes and introduced a value-added tax (VAT) and excise taxes in 1992; about 39 percent of total revenue is expected to be received from these new taxes. The VAT in Uzbekistan differs from that in most other former Soviet states in its rate, which is 30 percent as opposed to 28 percent, and in the fact that its coverage does not include retail trade and services. On the expenditure side, increased pressures on outlays will result from the Government's gradual approach to a market economy, which necessitates the maintenance of large subsidies. Certain categories of expenditures are expected to be sharply cut, however, and to result in a lowering of the overall level of outlays relative to GDP. The budget foresees outlays related to explicit subsidies equivalent to about one fourth of total expenditures; however, it does not include

allocations for military or other common CIS expenditures, or for interest payments on domestic and external debt.

Without modifications to present policies, there are indications, however, that a more realistic budget outcome would show a larger deficit relative to GDP. Expenditure estimates may be exceeded and revenues fall short of projections, in view of the expected increase in energy prices and the policy of general subsidization of several goods and services. The budget also contains sizable implicit revenues and expenditures, arising mostly from the maintenance of the previous official exchange rate and from the implicit prices in barter trade. Commodities received through barter arrangements, in particular, food products, are sold domestically at prices well below implicit import costs; if appropriate adjustments were made, explicit subsidies could be higher than the present level.¹³ The Government intends to reverse most of the rollback in retail prices for selected consumer goods (that was undertaken in January 1992) with a view to limiting the subsidies to only bread and related products by the end of this year.

There are indications that the availability of domestic bank financing will be far below the projected range of fiscal deficits for 1992. It has been suggested that proceeds from the export of gold and from the foreign trade credits accorded to Uzbekistan to import goods for sale on the domestic market could be used to finance the fiscal deficit.

Money and Credit

The Government is formulating its monetary policies on the basis of continued participation in the ruble area. The State Bank expects that the Government will take some measures to reduce the deficit or find alternative sources of finance, such as bond issues or gold sales. In the first two months of 1992, the State Bank has already received rub 4 billion from the Central Bank of Russia, although difficulties are apparently being encountered in obtaining additional amounts. The State Bank plans to raise its refinance rate from 15 to 19 percent in 1992, which would still be lower than the refinance rate of the Central Bank of Russia, following an increase from 12 percent early in the year.

The new banking law, adopted in October 1991, assigned a wide range of responsibilities to the State Bank of Uzbekistan. This was followed, in March 1992, by the adoption of the statutes of the State Bank and the definition of its functions as the central bank of the country. In addition to other responsibilities, the statutes empower the State Bank to issue currency, act as fiscal agent of the Government, and undertake operations in gold and foreign currencies.

External Sector

The external outlook for 1992 is subject to a high degree of uncertainty. With regard to foreign (convertible currency) trade, Uzbekistan anticipates exports to increase to US\$1.2–1.5 billion, excluding gold and other precious metals, with about 90 percent exported through government channels. It also expects a shift in the export of cotton from interrepublican trade to foreign trade to be an important development.¹⁴ On the other hand, foreign imports (mainly foodstuffs, including 5 million tons of wheat) are expected to decline somewhat. With regard to interrepublican trade, it is apparent that some of the bilateral trade agreements that were signed earlier are not working and are contributing to supply problems. In the circumstances, considerable efforts are being made to increase trade with countries outside the CIS. It is probable that interrepublican trade in 1992 will be dominated by barter arrangements, which are now being based on world prices for most products; thus, the quantification of interrepublican trade flows for 1992 is particularly difficult. The expected sharp increase in the price of energy imported from Russia will result in a relatively small

terms of trade loss for Uzbekistan in 1992, but the effect is not likely to be as important as in most other former Soviet states since Uzbekistan has only a small energy deficit.

The foreign exchange surrender requirements were lowered from an average of 70 percent in December 1991 to 60 percent in 1992. The present regulations require 15 percent to be surrendered to the local governments, 15 percent to the State Government, and 30 percent to an "emergency fund" administered by the Council of Ministers.¹⁵ These amounts, so far, are being converted at the 1991 commercial rate of rub 1.8 per U.S. dollar, rather than at the more depreciated commercial exchange rate, in force in Russia and some other former Soviet states, since the budget lacks sufficient funds to acquire the amounts of foreign currencies that would be surrendered. Moreover, a revision of the surrender requirements is contemplated in the near future, with a view to replacing all surrender requirements with a direct tax to the Government (to be paid in convertible currencies) at an average rate of 20-30 percent of export proceeds, with the remainder being left to the exporter.

Uzbekistan has stated its commitment to remaining in the ruble area. However, uncertainties regarding developments in other former Soviet republics, the severe disruptions in interrepublican trade, and the lack of room for maneuver in financial and budgetary policy have made the Government apprehensive about the future of the ruble area. It therefore intends to monitor developments closely, and should a number of other former Soviet republics decide to leave the ruble area, the matter of a separate currency would be considered seriously.

IV. Technical Assistance

Although technical assistance is needed in almost every area, the immediate priority appears to be the strengthening of the State Bank and the State Committee for Statistics (Goskomstat) and assistance to the Ministry of Finance and the Ministry of Social Security in developing an appropriate social safety net. In the State Bank, priority needs to be given to accounting procedures, monetary control, bank supervision, and foreign currency operations and reserve management. The State Committee on Statistics needs particular assistance in the areas of national accounts and the preparation of a balance of payments. In the fiscal area, the importance of social expenditures and subsidies for the budgetary position, as well as the Government's concern for social considerations, indicate that technical assistance in the area of the design and administration of the social safety net would be of paramount importance.

Notes

1. Economic and financial data in this report should be considered indicative and subject to higher-than-normal margins of error.
2. Wholesale and retail price indices are not directly comparable. The retail price index is weighted heavily with food products and consumer goods, whereas the wholesale price index mainly reflects changes in the prices of industrial goods.
3. Table A4 presents the retail prices of goods whose prices remained controlled in 1992.
4. Coupons are distributed as follows: rub 500 of coupons for the first rub 500 of monthly income, and coupons for 80 percent of incomes between rub 501 and 1,500 per month; no coupons were given for incomes exceeding rub 1,500 per month. In addition, selected essential goods are subject to quantity rationing.
5. The coverage of the Government's finances includes both the state and local government budgets.
6. Over the last two years, there has been an increase in the number of commercial banks in Uzbekistan to a total of 21 by the end of 1991; four banks have been licensed to conduct foreign currency transactions.
7. The reserve requirements ratio depends on the maturity of deposits: 15 percent on deposits of up to a year and 12 percent on deposits under 3 years; longer term deposits are not subject to the reserve requirement.
8. Licenses are required for exports to countries outside the CIS and for goods considered to be of strategic importance to the country's economy, such as gold, cotton, mineral fertilizers, and silk. Licenses are not required for exports of machinery, fruits and vegetables, and all finished products.
9. The law, which is based on the leasehold concept, does not grant the right to sell land; however, it does provide for inheritance rights.
10. By early 1992, there were about 17,000 enterprises in trade and public catering which were operating on a leasehold basis.
11. Of 45,600 privately owned apartments, 32,900 units were given to their occupants. In addition, housing in rural areas (comprising 70 percent of the housing stock) has been privately built and owned.
12. In 1991, 158 joint ventures were registered, and 58 of these (with an annual turnover of rub 450 million) started operations.
13. While a return to normal trade settlement procedures would raise budgetary revenues from cotton, this is likely to be less than the increase in the magnitude of explicit subsidies because of the likelihood that the entire increase in cotton receipts could not be taxed.
14. The level of state orders for cotton has been reduced from 95 percent in 1991 to 85 percent in 1992.
15. The surrendered amounts, including the hard currency fund which contains the "emergency" contributions, are being held at the National Bank for Foreign Economic Activity rather than at the State Bank of Uzbekistan, the central bank. The National Bank, which is a commercial bank, is the successor to the state branch of the Vneshekonombank and handles foreign exchange transactions for the Government as well as for private clients.

Table 1. Output and Prices

	1981	1983	1987	1990	1991
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(in billions of dollars)

Domestic output	27.3	32.2	41.7	37.6	36.3
Government consumption	2.4	2.7	2.4	2.4	2.2

Tables

(growth rates)

Domestic output	17.8	18.0	28.2	10.9	10.7
Government consumption	12.5	11.5	14.0	7.1	-8.8
Private consumption	22.0	23.8	26.7	1.0	21.5
Investment	10.7	11.3	14.0	1.7	-0.4
Exports	12.5	11.2	10.8	5.7	10.1
Imports	11.0	11.2	11.2	1.8	4.8

(in % of GDP)

Government consumption	8.8	8.4	5.8	6.4	6.1
Private consumption	18.5	20.6	21.9	21.6	21.2
Investment	9.1	8.4	14.0	7.0	6.7
Exports	9.1	8.4	5.8	1.7	5.8
Imports	8.8	8.4	12.4	1.4	5.7

(in % of GDP)

Government consumption	32.2	32.2	32.2	32.2	32.2
Private consumption	27.3	27.3	27.3	27.3	27.3
Investment	27.3	27.3	27.3	27.3	27.3
Exports	27.3	27.3	27.3	27.3	27.3
Imports	27.3	27.3	27.3	27.3	27.3

Source: Carbovine and International Labour Office (1991)

Table 1. Output and Prices

	1987	1988	1989	1990	1991
(In billions of rubles)					
Gross domestic product (GDP)	27.3	29.4	30.7	32.4	56.3
Net material product (NMP)	19.4	20.7	21.6	23.4	46.0
(Growth rates)					
GDP	...	...	...	...	-0.5
NMP	0.5	9.7	3.1	4.3	-0.9
Agriculture	1.0	10.6	-3.0	7.1	-5.3
Industry	1.7	9.2	12.7	3.6	11.5
Construction	-4.1	12.2	-4.4	3.2	-0.9
Transport and communications	-2.1	5.8	0.9	5.7	-0.3
Other	1.6	7.1	8.8	-2.6	-9.9
(Percent share)					
Agriculture	33.7	37.7	42.3	44.3	43.2
Industry	36.0	31.4	26.0	23.8	33.2
Construction	14.2	14.7	14.2	14.9	10.7
Transport and communications	5.1	5.0	5.1	5.7	4.2
Other	11.0	11.2	12.4	11.4	8.7
(In percentage change)					
Wholesale prices		--	2.1	7.3	147.4
Retail prices		0.5	0.7	3.1	82.2
Wages (rubles per month)	169.7	182.1	193.8	215.5	325.7

Sources: Goskomstat; and Uzbekistan State Committee for Projections.

Table 2. General Government Summary of Fiscal Operations

	1987	1988	1989	1990	1991	1992 Budg.
<i>(In billions of rubles)</i>						
Total revenue and grants	9.1	9.7	10.8	14.6	28.0	74.7
Corporate income tax	1.9	1.7	1.5	1.9	3.5	9.5
Individual income tax	1.0	1.1	1.3	0.9	1.6	4.1
Turnover tax ¹	3.1	3.3	3.7	4.0	5.8	--
Value-added tax (VAT)	--	--	--	--	--	19.6
Excise tax	--	--	--	--	--	9.5
Social security tax	0.8	0.8	0.9	1.1	--	--
Price differential tax	--	--	--	--	--	27.0
Revenue from privatization	--	--	--	--	--	3.3
Other tax and nontax revenue	1.8	1.1	0.9	0.9	5.1	1.7
Union grants (net)	1.9	2.3	2.9	6.3	12.0	--
Total expenditure	9.2	10.1	11.0	14.9	31.1	86.2
National economy	4.3	4.6	5.0	8.1	11.1	8.4
Social and cultural	4.6	5.2	5.5	6.2	11.0	23.5
Subsidies	--	--	--	--	5.3	21.3
Other current	0.2	0.2	0.5	0.6	3.7	12.2
Capital expenditure	--	--	--	--	--	7.9
Overall balance	-0.1	-0.4	-0.3	-0.4	-3.1	-11.5
<i>(In percent of GDP)</i>						
Total revenue and grants	33.4	32.9	35.0	44.9	49.7	
Corporate income tax	7.0	5.7	5.0	5.9	6.2	
Individual income tax	3.8	3.8	4.3	2.7	2.8	
Turnover tax ¹	11.3	11.3	12.2	12.3	10.3	
VAT	--	--	--	--	--	
Excise tax	--	--	--	--	--	
Social security tax	2.8	2.8	3.0	3.3	--	
Price differential tax	--	--	--	--	--	
Revenue from privatization	--	--	--	--	--	
Other tax and nontax revenue	2.9	3.6	3.0	2.6	9.1	
Union grants (net)	7.0	8.0	9.4	19.4	21.3	
Total expenditure	33.7	34.2	35.9	46.1	55.2	
National economy	15.9	15.7	16.4	25.0	19.7	
Social and cultural	17.00	17.7	17.8	19.2	19.5	
Subsidies	--	--	--	--	9.4	
Other current	0.8	0.8	1.8	1.9	6.6	
Capital expenditure	--	--	--	--	--	
Overall balance	-0.3	-1.4	-0.9	-1.1	-5.5	

Sources: Uzbekistan Ministry of Finance; and IMF staff estimates.

¹Includes sales tax in 1991.

Table 3. Monetary Survey¹
(End-of-period, in millions of rubles)

	1990	1991
Net foreign assets	10,716.4	29,634.5
Net domestic assets	14,108.1	28,110.4
Claims on general government (net)	654.9	3,742.0
Credit to enterprises	14,458.3	32,007.6
Other items net	-1,005.1	-7,639.2
Broad money	24,824.5	57,744.9
Currency ^{2/}	10,716.4	19,074.5
Deposits	14,108.1	38,670.4

Sources: State Bank of Uzbekistan; and IMF staff estimates.

¹These data are subject to revision as new information becomes available.

²Assumed to be equal to the stock of currency issued to the State Bank of Uzbekistan by the former U.S.S.R. Gosbank.

Table 4. External Trade

	1987	1988	1989	1990	1991
<i>(In billions of rubles)¹</i>					
Interrepublican trade					
Exports	7.5	9.0	8.5	8.2	17.4
Imports	11.4	10.6	12.0	11.9	16.6
Balance	-3.9	-1.7	-3.5	-3.7	0.8
Foreign trade					
Exports			1.6	1.1	2.2
Imports			2.0	2.3	3.6
Balance			-0.4	-1.2	-1.4
<i>(In percent of GDP)</i>					
Interrepublican trade					
Exports	27.4	30.5	27.8	25.2	30.9
Imports	41.7	36.2	39.2	36.6	29.5
Balance	-14.4	-5.7	-11.4	-11.4	1.4
Foreign trade					
Exports			5.2	3.5	3.9
Imports			6.4	7.1	6.4
Balance			-1.2	-3.6	-2.5

Sources: Uzbekistan Ministry of Foreign Economic Relations; Goskomstat; State Committee for Projections; and IMF staff estimates.

¹At domestic prices.

Annex 1. Extrabudgetary Funds for Social Protection

Extrabudgetary funds for social protection in Uzbekistan started operation in 1991. They did not exist at the state level prior to 1990. Up until then, Uzbekistan had collected a social security (payroll) tax and transferred the entire amount to the Union Pension Fund of the former Soviet Union. The system was a pay-as-you-go scheme financed mainly by the payroll tax and partly by the general revenue of the Union budget. In 1991, Uzbekistan started a Pension Fund to operate old-age and disability pensions and family cash allowances. In addition, a State Insurance Fund was established to provide a range of additional benefits at the enterprise level, such as sickness and maternity leaves. These funds are presently financed by a social security fee on employers, at a rate of 37 percent of the wage bill, and on employees at a rate of 1 percent. At present, 82.5 percent of these fees are designated for the Pension Fund and the remainder for the State Insurance Fund. In addition, the Pension Fund received grants from the former Soviet Union budget earmarked for certain family allowances.

As part of the ongoing reforms, an Employment Fund was also introduced at the beginning of 1992, which is funded by an additional tax on the employer of 3 percent of the wage bill. Starting July 1, 1992, it will provide unemployment benefits, retraining, and job placement facilities.

The Pension Fund

The Pension Fund created in January 1991 provided in the first year a minimum monthly pension of rub 70, which about 75 percent of all pensioners received. In 1992 the minimum monthly pension was increased to rub 350—equivalent to the minimum wage, with about 78 percent of all pensioners receiving the minimum pension. The maximum monthly pension amount in 1992 is set at rub 1,200 and is paid to invalids from World War II and some other special categories. Until 1992, pensions were paid only to persons who had been employed. However, starting in 1992, social pensions are provided to eligible nonworkers at a rate of 50 percent of the minimum pensions provided to workers (rub 175 per month).

Pension benefits are not linked to contributions and provide retirement income for about 2.0 million people. Benefits are paid at 60 percent of the highest average pay over a three year period of consecutive employment. This percentage is increased by one percentage point for each full year worked in excess of 25 years, up to a maximum of 15 additional years. Although the official retirement age is 60 years for men and 55 years for women, early retirement has been prevalent. As a result of the low average retirement age, the low level of pension benefits, and the legal allowance to work without a reduction in pension benefits, many pensioners stay in the labor force to complement their pension income.

The Pension Fund administers a cash transfer program for children and single mothers. Monthly cash allowances are paid for all children up to the age of 16, and an additional cash allowance is paid to single mothers. A subsidy of 50 percent of the retail price of purchased children's clothing is also provided, up to a specified ruble limit per quarter. Budgetary transfers to the Pension Fund are expected to finance most of these allowances, but with budget stringency some of the cost may have to be borne by the Pension Fund, which is expected to be somewhat overfunded on the basis of present benefit levels.

The State Insurance Fund

The purpose of the State Insurance Fund is to provide a number of social security and welfare benefits at the enterprise level. It has been financed since 1991 from part of the proceeds of the social security fund, which obtains its revenue from fees on employers and employees. (Previously the State Insurance Fund was funded by contributions varying between 5 and 14 percent of the wage bill according to the sector.)

The State Insurance Fund is controlled at the enterprise level by trade unions. Most of its benefits are regulated by law and include sick leave, maternity leave, lump-sum grants for newly born children, burial benefits, and sanatorium care. In addition to these regulated benefits, the trade unions have discretionary power to spend the remaining resources on other benefits, such as sports facilities, medical facilities, and summer camps for children.

The Employment Fund

A presidential decree issued in March 1991 provided for payment of unemployment benefits of rub 60 per month starting in April 1991, with funding coming from the general budget. This level of payments is scheduled to continue through June 1992. In January 1992 the Employment Fund was introduced to provide job placement, retraining, and unemployment benefits. The Fund is to be financed by a 3 percent fee on the wage bill of enterprises and, to the extent necessary, by transfers from the state and local governments. About 242,000 people were recognized as unemployed as of the end of February 1991. However, the number is expected to increase considerably by the end of 1992.

The emphasis of the Employment Fund is on job placement. In order to be eligible for unemployment benefits, a person must be registered at the labor exchange as looking for work. If the labor exchange has not been able to offer the person two jobs, the person will be certified as unemployed. The law provides for payment of unemployment benefits for a maximum of six months. The level of the unemployment benefit is set at 75 percent of the wage received in the last job for the first two months of benefits, 60 percent for the next two months, and 50 percent for the final two months. Since financing of the Employment Fund is being provided for all of 1992 with the level of benefits maintained at a low level during the first six months, it is anticipated that the Fund's resources will be sufficient for the payments and services expected over the year.

Annex 2. Structure of the Financial System

In February 1991 the Supreme Soviet of the Republic of Uzbekistan passed the Banking Law, which transformed the state branch of the Gosbank into a central bank, the State Bank of Uzbekistan; the statute of the State Bank was approved on March 6, 1992. The Banking Law also provided the legal basis for the formation of commercial banks. The National Bank for Foreign Economic Activity was established by taking over the operations of Vneshekonombank, and its statute was approved in October 1991.

The State Bank

The State Bank began to operate independently in February 1991. The banking law empowers it to perform the main functions of an independent central bank, namely, issuing currency, holding foreign currency and gold, controlling money and credit, supervising the financial system, and acting as financial agent of the government. However, the State Bank so far has lacked the administrative capacity to perform some of these functions: international reserves are held by the Government of Uzbekistan in a Hard Currency Fund at the National Bank for Foreign Economic Activity; gold is held at the Precious Metal Depository Institution, which is subordinated to the Chairman of the State Bank and to the President of Uzbekistan; and gold transactions are administered by the Ministry of Finance. The State Bank grants credits of up to one year to commercial banks. The discount rate of the State Bank was increased from 8 percent to 12 percent in August 1991 and further increased to 15 percent in February 1992. Reserve requirements were introduced in August 1991, following instructions from Gosbank U.S.S.R. The rate depends on the maturity of deposits: 15 percent applies to deposits of up to one-year maturity, 12 percent for deposits under three years, and no reserves are required for longer-term deposits.

Commercial Banks

The largest commercial banks are the Agro-Industrial Bank and the Commercial-Industrial-Building Bank, which were created on the basis of the former state specialized banks and converted into joint-stock commercial banks. Lending by these two banks accounted for 96 percent of total credit to enterprises as of December 1991. In addition, there are 19 joint-stock commercial banks which were created during 1990 and 1991. Four commercial banks have been granted licenses to conduct foreign exchange transactions.

Lending rates charged by commercial banks range from 19 percent to 25 percent. For loans financed with resources obtained from the State Bank at the refinance rate of 15 percent, banks are allowed to charge a rate not exceeding 19 percent. For loans granted with their own resources, commercial banks are allowed to charge up to 25 percent. The commercial banks are free to determine their deposit rates, which ranged between 9 percent and 16 percent in early 1992; the Agro-Industrial Bank and the Commercial-Industrial-Building Bank offered a deposit rate of 12 percent, while the deposit rates of other commercial banks ranged between 14 percent and 15 percent.

The Savings Bank

The Savings Bank holds almost all household deposits. It was a branch of the Savings Bank of the U.S.S.R. up to January 1991, when it began to function as an independent bank. The Savings Bank has transferred 70 percent of its resources to the State Bank of Uzbekistan since January 1991 and has relented the remaining 30 percent to the commercial banks and to individuals for construction of housing. Deposits with the Savings Bank are guaranteed by the State.

The Savings Bank deposits at the State Bank are remunerated at a rate of 12 percent. The lending rates charged by the Savings Bank on loans to commercial banks range between 14 and 16 percent, and the rate on construction loans to individuals is 3 percent. Deposit rates range between 2 percent and 9 percent, depending on the maturity of the deposit. The Savings Bank is considering increasing its deposit rates to a range of 5–15 percent. Lending rates to the State Bank would be increased from 12 percent to 15 percent, and the lending rate to commercial banks from 14–16 percent to 20 percent. While deposits rates of the commercial banks are set freely within broad limits, Savings Bank deposit rates require Cabinet approval by the Cabinet of the Uzbekistan Government.

Annex 3. Exchange and Trade System

The exchange system of Uzbekistan underwent several changes during 1991. As in other former Soviet republics, a few commercial banks, in addition to the Vneshekonombank (VEB), became participants in foreign exchange transactions. Following independence, the main responsibility for foreign exchange transactions remained with the former branch of the VEB, which was transformed and recreated as the National Bank for Foreign Economic Activity. Although Uzbekistan has remained in the ruble area, the exchange rate policy prevalent in the rest of the area has not been applied, with the Government maintaining the appreciated commercial exchange rate of rub 1.8 per U.S. dollar for most transactions.

Under the foreign currency surrender requirement that was in operation until December 1991, exporters had to surrender an average of 70 percent of their export earnings to the VEB at the commercial exchange rate of rub 1.8 per U.S. dollar; the amounts exchanged were transferred to the former Soviet Union for debt service and to local governments. In 1992, the surrender requirement was lowered to an average of 60 percent. The revised regulations required that 15 percent of export receipts be surrendered to the local governments, 15 percent to the State Government, and 30 percent to an emergency fund administered by the Council of Ministers. Surrendered foreign currency has so far been exchanged at the rate of rub 1.8 per U.S. dollar. The Government is currently considering a revision of the surrender regulations, with a view to replacing all surrender requirements with a direct tax to the Government (paid in convertible currencies) at an average of 20–30 percent; the tax would vary depending on the exported commodity, company, and currency.

Interrepublican trade is administered by the Ministry of Trade, although some border and transportation regulations are within the responsibility of the Ministry of Foreign Economic Relations. Formerly, foreign trade (outside the U.S.S.R.) was under centralized Soviet Union control. The current foreign trade system is administered by the Ministry of Foreign Economic Relations. Under the present economic conditions, priority has been given to importing foodstuffs, especially wheat, meat and dairy products. The portion of foreign exchange not surrendered to the Government (40 percent) can be used by the export firms to import any goods (except drugs and weapons) from abroad at their discretion. No import licenses are required in these cases, and firms are required only to register at the Ministry for Foreign Economic Relations. Other imports would need to be carried out within the Government import program.

While the bulk of foreign exports is handled by the Ministry of Foreign Economic Relations through foreign trade associations, increasing amounts have been exported directly by production firms. Export licenses are required for strategic items, including cotton, mineral products, fertilizers, and silk cocoons. Exports of fruit and vegetables and most finished products do not require specific licenses. For goods produced under the State-directed plan (Goszakaz), such as cotton, 95 percent of the amount produced must be sold to the Government, but the remaining 5 percent and amounts in excess of the planned amount can be sold directly abroad. These percentages differ according to the products, and are changed from time to time. As for cotton, consideration is being given to reducing the amount to be sold to the Government from 95 percent to 85 percent in 1992. Currently, about 10–15 percent of exports is not handled by the Government, and this proportion is expected to increase in the future.

Table A1. Basic Data

Social and demographic indicators (1990)

Area	450,000 sq. km.
Population (1991)	21.3 million
Rural	59.6 percent
Age 0-19	51.0 percent
Rate of population growth	2.8 percent
Life expectancy at birth	69.2 years
Hospital beds per 10,000 population	124.2
Doctors per 10,000 population	36.4

1987 1988 1989 1990 1991

Economic Indicators

(In percentage change)

Real NMP	0.5	9.7	3.1	4.3	-0.9
Real GDP	...	...	...	...	-0.5
Retail prices		0.5	0.7	31	82.2
Wholesale prices		--	2.1	7.3	147.4
Employment		0.3	3.8	2.8	0.4
Broad money					132.6
Currency issue					78.0
Deposits					174.1
Bank credit to the Government					471.4
Bank credit to enterprises					121.4

Origin of NMP

(In percent)

Agriculture	33.7	37.7	42.3	44.3	43.2
Industry	36.0	31.4	26.0	23.8	33.2
Construction	14.2	14.7	14.2	14.9	10.7
Transport and communication	5.1	5.0	5.1	5.7	4.2
Other	11.0	11.2	12.4	11.4	8.7

General Government

(In percent of GDP)

Revenue and grants	33.4	32.9	35.0	44.9	49.7
Net Union transfers	4.8	5.0	4.7	19.4	21.3
Expenditure	33.7	34.2	35.9	46.1	55.2
Overall balance	-0.3	-1.4	-0.9	-1.1	-5.5

Table A1 (concluded)

	1987	1988	1989	1990	1991
Trade	<i>(In percent of GDP)</i>				
Exports					
Interrepublican	27.4	30.5	27.8	25.2	30.9
Foreign			5.2	3.5	3.9
Imports					
Interrepublican	41.7	36.2	39.2	36.6	29.5
Foreign			6.4	7.1	6.4
Trade balance					
Interrepublican	-14.4	-5.7	-11.4	-11.4	1.4
Foreign			-1.2	-3.6	-2.5
General Government	<i>(In billions of rubles)</i>				
Revenues and grants	9.1	9.7	10.8	14.6	28.0
Net Union transfers	1.3	1.5	1.5	6.3	12.0
Expenditures	9.2	10.1	11.0	14.9	31.1
Overall balance	-0.1	-0.4	-0.3	-0.4	-3.1
Trade	<i>(In billions of rubles)</i>				
Exports					
Interrepublican	7.5	9.0	8.5	8.2	17.4
Foreign			1.6	1.1	2.2
Imports					
Interrepublican	11.4	10.6	12.0	11.9	16.6
Foreign			2.0	2.3	3.6
Trade balance					
Interrepublican	-3.9	-1.7	-3.5	-3.7	0.8
Foreign			-0.4	-1.2	-1.4
NMP	19.4	20.7	21.6	23.4	46.0
GDP	27.3	29.4	30.7	32.4	56.3

Sources: Uzbekistan authorities; and IMF staff estimates.

Table A2. GDP and NMP

	1987	1988	1989	1990	1991
<i>(In current prices)</i>					
GDP	27,269.3	29,372.0	30,698.2	32,430.4	56,300.0
NMP	19,353.8	20,743.0	21,558.1	23,402.1	45,963.1
Agriculture	6,513.0	7,814.6	9,119.1	10,361.5	19,879.0
Industry	6,968.7	6,520.9	5,610.0	5,564.7	5,246.2
Construction	2,754.6	3,052.1	3,062.3	3,477.0	4,905.7
Transport and communications	989.8	1,047.6	1,100.4	1,340.1	1,930.5
Other	2,127.7	2,307.8	2,666.3	2,658.8	4,001.7
<i>(Percent share, in current prices)</i>					
Agriculture	33.7	37.7	42.3	44.3	43.2
Industry	36.0	31.4	26.0	23.8	33.2
Construction	14.2	14.7	14.2	14.9	10.7
Transport and communications	5.1	5.0	5.1	5.7	4.2
Other	11.0	11.2	12.4	11.4	8.7

Sources: Goskomstat; and IMF staff estimates.

Table A3. Prices and Wages
(Percent increase, unless indicated otherwise)

	1988	1989	1990	1991
Wholesale prices	--	2.1	7.3	147.4
Food	--	-0.9	8.5	196.3
Light industry	--	1.8	0.6	175.4
Retail prices	0.5	0.7	3.9 ^{1/}	111.1 ^{1/}
Food	1.2	-0.2	3.2	87.7
Nonfood	--	1.4	4.2	132.5
Services	...	0.9	3.8	64.1
NMP deflator	-2.2	4.5	4.0	98.2
Wages (rub per month) ^{2/}	182.0	193.8	215.5	325.7

Source: Goskomstat.

¹Prices at collective farmers' markets.

²Workers and employees.

Table A4. Controlled Prices, February 1992¹
(In rubles per unit, end-of-period)

Commodity	Unit	1990	1991	Feb. 1992
Flour, best quality	kg	0.26	0.26	1.8
Bread, best quality	piece	0.24	0.24	0.9
Nan bread	piece	0.13	0.13	1.3
Beef	kg	1.8	7	30
Butter	kg	3.5	10	60
Eggs	10	1.3	2.5	5
Black tea, best quality	kg	9.6	24	30
Grain and beans	kg	0.72	2.13	4.3
Rice	kg	0.8	2.2	5
Macaroni	kg	0.54	0.54	3
Sugar	kg	0.81	1.97	8
Vegetable oil	kg	1.51	2.9	5
Potatoes	kg	0.3	2.1	3
Russian vodka	liter	8.24	24	70
Matches	book	0.01	0.05	0.5
Salt	kg	0.1	0.24	1
Cotton fabrics	meter	1.38	3.09	16
Gasoline, 93 octane	liter	0.4	1.2	2
Refrigerators	piece	230	1,200	11,800

Source: Uzbekistan State Committee for Projections.

¹Retail prices of goods whose prices remained controlled in 1992.

Table A5. Industrial Production
(1990=100)

	1987	1988	1989	1990	1991
Total	91.8	94.8	98.2	100.0	101.8
Electricity	95.6	90.0	99.4	100.0	100.6
Fuel	90.0	95.3	100.1	100.0	99.9
Metallurgy	102.9	100.8	107.4	100.0	93.1
Chemical	98.1	105.8	105.2	100.0	95.1
Machine building	93.2	100.2	100.3	100.0	99.7
Forest and paper	83.7	88.5	94.3	100.0	106.0
Construction material	95.3	98.3	99.7	100.0	100.3
Light industry	90.5	92.1	96.4	100.0	103.7
Textiles	93.3	93.7	97.4	100.0	102.7
Food processing	88.5	91.8	94.4	100.0	105.9
Other	77.2	80.4	85.0	100.0	114.8

Sources: Goskomstat; and Uzbekistan State Committee for Projections.

Table A6. Agricultural Production
(1983=100)

	1987	1988	1989	1990	1991
Total	99.5	108.3	103.6	110.1	104.3
Crop production	93.8	103.1	103.1	99.6	93.6
Raw cotton	84.9	97.3	90.9	92.4	84.1
Grains	80.9	95.4	75.5	86.5	77.0
Vegetables	104.5	113.0	110.2	117.0	114.6
Fruit	107.1	107.9	81.8	114.5	79.0
Fodder	117.8	117.1	105.7	109.6	101.8
Animal	112.9	120.3	124.4	134.5	129.2
Cattle and poultry	111.1	119.2	129.9	143.7	126.9
Cattle	108.4	117.0	126.4	143.7	124.4
Sheep and goats	84.0	90.0	93.9	109.4	95.2
Poultry	187.7	200.0	254.7	233.8	215.9
Milk	116.9	125.2	129.3	133.9	144.4
Eggs	151.8	159.8	166.3	167.9	164.0

Sources: Goskomstat; and Uzbekistan State Committee for Projections.

Table A7. Volume of Retail Sales
(1980=100)

	1985	1986	1987	1988	1989	1990	1991
Total	128.0	125.0	136.0	148.0	148.6	162.0	150.0
Foodstuffs	115.0	109.0	107.0	115.0	128.6	138.0	127.0
Manufactured goods	131.0	142.0	140.0	153.0	164.1	181.0	174.0

Sources: Goskomstat; and Uzbekistan State Committee for Projections.

Table A8. Employment

	1987	1988	1989	1990	1991
	(In thousands)				
Population	19,101.7	19,664.4	20,006.2	20,420.2	20,894.6
Working age	9,380.2	9,603.6	9,832.1	10,036.7	10,259.2
Labor force	(8,242.5)	(8,368.5)	(8,572.4)	(8,788.1)	(8,976.8)
Inactive and dependents	(1,137.7)	(1,235.1)	(1,259.7)	(1,248.6)	(1,282.4)
Nonworking age	9,721.5	9,960.8	10,174.1	10,383.5	10,635.4
Employment	6,327.9	6,347.4	6,588.4	6,772.5	6,800.0
Of which: state	5,272.0	5,274.4	5,337.9	5,446.8	5,506.9
Unemployed	580.0	600.0	596.0	605.0	...
Other	1,334.6	1,421.1	1,388.0	1,410.6	2,176.8
Employment in:					
Material sphere	4,488.1	4,432.5	4,611.3	4,715.7	4,733.0
Agriculture	(1,942.8)	(1,858.5)	(1,912.1)	(1,961.7)	(1,972.0)
Industry	(1,140.6)	(1,162.2)	(1,183.8)	(1,201.4)	(1,200.0)
Forestry	(5.6)	(5.3)	(5.3)	(4.9)	(5.0)
Trade and catering	(456.8)	(471.3)	(453.6)	(458.6)	(462.0)
Construction	(565.3)	(556.6)	(689.5)	(710.0)	(714.0)
Transport and communications	(289.9)	(292.2)	(242.0)	(250.0)	(251.0)
Other	(87.1)	(86.4)	(125.0)	(129.1)	(129.0)
Nonmaterial sphere	1,839.8	1,914.9	1,977.1	2,056.8	2,067.0
Education	852.5	881.9	948.7	997.8	1,000.0
Health	403.1	422.9	445.8	468.0	469.0
Science and research	108.4	107.6	99.8	103.4	102.0
Housing service and other	475.8	502.5	482.8	487.6	496.0
Women	2,675.5	2,661.8	2,729.0	2967.0	2978.0
	(In percent)				
Share in employment:					
Material sphere	70.9	69.8	70.0	69.6	69.6
Agriculture	30.7	29.3	29.0	29.0	29.0
Industry	18.0	18.3	18.0	17.7	17.6
Trade and catering	7.2	7.4	6.9	6.8	6.8
Construction	8.9	8.8	10.5	10.5	10.5
Transport and communications	4.6	4.6	3.7	3.7	3.7
Nonmaterial sphere	29.1	30.2	30.0	30.4	30.4
Women	42.3	41.9	41.4	43.8	43.8
State	83.3	83.1	81.0	80.4	81.0
Memorandum items:					
Participation rate	87.9	87.1	87.2	87.6	87.5
Unemployment rate	7.0	7.2	7.0	6.9	...
Dependency ratio	56.8	57.4	57.2	57.0	57.0

Sources: Goskomstat; Uzbekistan State Committee for Projections; and IMF staff estimates.

Table A9. Income and Expenditures of the Population

	1987	1988	1989	1990	1991
(In million of rubles)					
Cash income	17,963.6	20,001.4	22,574.7	26,522.5	48,958.4
Wages	10,965.9	11,766.8	12,816.4	14,427.0	23,619.2
Other	2,040.6	2,423.3	3,592.3	4,097.7	5,729.0
Subsidies and grants	2,648.6	2,814.0	3,067.6	3,608.0	23,870.0
Nonwage income	2,308.5	2,997.3	3,098.4	4,389.8	19,610.2
Cash expenditures	16,533.9	18,093.4	19,583.5	22,124.4	35,648.6
Goods	13,403.7	14,561.1	15,710.5	17,836.5	29,339.0
Services	1,490.4	1,751.9	1,899.5	1,946.3	3,311.1
Other					
(contributions)	1,639.8	1,780.4	1,973.5	2,341.6	2,998.5
Taxes	1,093.0	1,184.8	1,369.7	1,603.7	1,926.6
Balance	1,429.7	1,908.0	2,991.2	4,398.1	13,309.8
Saving	852.2	1,066.6	1,599.2	2,159.4	8,929.6
Of which:					
Loan repayment	390.8	384.1	447.0	669.6	1,765.6
Saving deposits	461.4	682.5	1,005.8	1,238.7	6,463.8
(In percent)					
Memorandum items:					
Ratio of subsidies and nonwage income to total cash income	27.6	29.1	27.3	30.2	40.1
Gross personal saving rate	8.0	9.5	13.3	16.6	27.2
Financial saving rate	4.7	5.3	7.1	8.1	18.2
Ratio of taxes to wage income	10.0	10.1	10.7	11.1	8.2
Ratio of taxes to cash income	6.1	5.9	6.1	6.0	3.9

Sources: Uzbekistan State Committee for Projections; and IMF staff estimates.

Table A10. Energy Balance, 1992

	Unit	Output	Consumption	Import	Export
Gas	Billions of m ³	41.6	37.8	--	3.8
Coal	Millions of tons	6.2	10.4	4.7	0.5
Electricity	Billions of kwh	57.4	54.8	9.0	11.6
Oil and condensate	Thousands of tons	2,819.0	8,440.0	5,851.0	230.0

Source: Uzbekistan State Committee for Projections.

Table A11. Electricity Balance
(In millions of kilowatt-hours)

	1985	1986	1987	1988	1989	1990	1991
Domestic production	47,938.8	52,171.4	54,754.6	50,589.8	55,873.7	56,324.8	54,176.0
Imports	14,147.2	13,557.1	13,797.6	17,411.8	16,609.4	16,471.6	
Consumption	46,682.2	48,153.8	50,049.4	51,441.5	53,343.4	54,167.6	
Industry	24,126.2	24,589.5	25,525.7	26,029.0	26,996.8	26,845.8	
Construction	877.4	905.5	940.0	903.7	900.0	902.0	
Agriculture	11,435.1	11,963.2	12,666.5	13,368.4	14,043.6	14,882.8	
Transport	1,232.1	1,232.1	1,251.6	1,303.6	1,253.6	1,240.0	
Local government	4,824.8	4,819.3	4,872.3	5,007.7	5,073.8	5,009.5	
Other	4,186.6	4,644.2	4,793.3	4,829.1	5,076.0	5,287.5	
Exports	15,403.8	17,574.7	18,502.8	16,560.1	19,139.7	18,628.8	

Sources: Goskomstat; and Uzbekistan State Committee for Projections.

Table A12. Consumer Price Subsidies
(In billions of rubles)

	1985	1986	1987	1988	1989	1990
Grain	-59.6	-54.0	-18.8	83.4	96.9	664.9
Meat	413.5	392.8	379.9	440.6	497.9	947.0
Cotton	799.1	967.0	800.9	1,152.3	1,437.7	1,796.1
Other	71.6	61.2	71.4	26.2	3.2	--
Chemical fertilizers	142.9	72.5	141.8	51.1	6.3	--
Low-profitability						
agricultural enterprises	165.0	182.2	170.6	233.1	-92.9	106.3
Milk and products	168.9	176.4	175.4	193.9	221.6	-43.4
Difference in increase of						
purchase price of						
agricultural products	--	--	--	37.5	872.9	876.7
Other	42.1	83.1	84.1	244.5	616.8	155.3
Total	1,743.5	1,881.2	1,805.3	2,462.6	3,660.4	4,502.9

Source: Uzbekistan State Committee for Projections.

Table A13. Monetary Survey¹
(In millions of rubles)

	1990	1991
Net foreign assets	10,716.4	29,634.5
Net domestic assets	14,108.1	28,110.4
Claims on general government (net)	654.9	3,742.0
Claims on Government	1,439.7	4,514.8
Credit to state budget	(--)	(3,814.8)
Credit for price subsidies	(1,439.7)	(700.0)
Government deposits	784.8	772.8
State budget deposits	(380.6)	(--)
Local budget deposits	(404.2)	(654.3)
Special funds deposits	(--)	(118.5)
Credit to enterprises	14,458.3	32,007.6
Other items net	-1,005.1	-7,639.2
Broad money	24,824.5	57,744.9
Currency <u>2</u> /	10,716.4	19,074.5
Deposits of enterprises and individuals	5,722.2	20,546.9
Savings Bank deposits	8,385.9	18,123.5

Sources: Uzbekistan State Bank; and IMF staff estimates.

¹The data are subject to revision as new information becomes available.

²Assumed to be equal to the stock of currency issued to the Uzbekistan State Bank by the former U.S.S.R. Gosbank.

Table A14. Balance Sheet of the State Bank
(In millions of rubles)

	1990	1991
Net foreign assets	10,716.4	29,634.5
Net domestic assets	80.3	6,371.5
Claims on general government (net)	-382.8	3,694.6
Claims on state budget	--	3,814.8
Government deposits	382.8	120.2
State budget deposits	(380.6)	(--)
Local budget deposits	(2.2)	(1.7)
Special funds deposits	(--)	(118.5)
Credit to enterprises	11.0	97.3
Credit to banks	108.0	17,096.3
Other items net	344.1	-14,516.7
Liabilities	10,796.7	36,006.0
Currency issue ¹	10,716.4	19,074.5
Bankers reserves	24.2	2,824.6
Liabilities to Savings Bank	--	2,115.7
Other interbank liabilities ²	--	7,930.0
Deposits of enterprises and individuals	23.3	3,916.7
Deposits of organizations	32.8	144.5

Sources: Uzbekistan State Bank; and IMF staff estimates.

¹Assumed to be equal to the stock of currency issued to the Uzbekistan State Bank by the former Gosbank U.S.S.R.

²These balances refer to transfers by former U.S.S.R. banks that were held by specialized banks in 1990 and transferred to the State Bank in 1991.

Table A15. Interrepublican Trade in Goods, by Sector
and by Major Category

(Domestic prices; in millions of rubles)

	Exports				Imports				Balance			
	1987	1988	1989	1990	1987	1988	1989	1990	1987	1988	1989	1990
Industry, including:	6,867.1	7,700.5	7,582.2	7,532.1	10,800.3	10,217.3	11,275.4	10,651.5	-3,933.2	-2,516.8	-3,693.2	-3,119.4
Electric power	201.5	180.3	212.8	207.1	151.8	191.6	186.8	172.1	49.7	-11.3	26.0	35.0
Oil and gas industry	580.8	619.2	624.4	592.5	949.6	968.3	1,029.7	886.0	-368.8	-349.1	-405.3	-293.5
Coal industry	13.8	14.5	8.1	8.1	47.8	37.6	41.9	47.9	-34.0	-23.1	-33.8	-39.8
Other fuel	--	--	--	--	0.2	0.2	0.2	0.2	-0.2	-0.2	-0.2	-0.2
Ferrous metallurgy	111.3	111.4	111.5	98.8	643.5	652.8	655.7	647.4	-532.2	-541.4	-544.2	-548.6
Nonferrous metallurgy	347.3	468.1	464.5	428.7	373.7	364.3	413.5	408.7	-26.4	103.8	51.0	20.0
Chemical and petro-												
chemical industry	696.9	813.5	833.4	792.7	938.6	976.4	973.7	973.1	-241.7	-162.9	-140.3	180.4
Machine building												
and metal working	1,054.3	1,203.2	1,104.2	1,050.7	3,168.0	3,152.2	3,323.7	3,292.2	-2,113.7	-1,949.0	-2,219.5	2,241.5
Forestry, paper,												
and pulp industry	30.5	31.5	35.0	14.9	656.3	514.3	666.6	512.5	-625.8	-482.8	-631.6	-497.6
Construction materials												
industry	82.1	82.6	69.0	71.4	213.3	188.0	216.2	191.6	-131.2	-105.4	-147.2	-120.2
Light industry	2,932.3	3,278.6	3,300.5	3,384.1	1,876.8	1,492.8	1,855.9	1,938.3	1,055.5	1,785.8	1,444.6	1,445.8
Food industry	781.5	832.9	762.3	809.9	1,555.1	1,481.5	1,669.4	1,247.3	-773.6	-648.6	-907.1	-437.4
Other branches												
of industry	34.9	64.7	56.5	73.2	225.6	197.3	242.1	334.2	-190.7	-132.6	-185.6	-261.0
Agriculture	566.8	818.0	703.6	404.6	517.1	348.6	413.7	932.0	49.7	469.4	289.9	-527.4
Other types of activity	24.2	438.7	255.8	232.4	56.1	57.8	356.9	280.3	-31.9	380.9	-101.1	-47.9
Total for branches of												
industrial production	7,458.1	8,957.2	8,541.6	8,169.1	11,373.7	10,623.7	12,046.0	11,863.8	-3,915.6	-1,666.5	-3,504.4	-3,694.7

Source: Uzbekistan State Committee for Projections.

Table A16. Foreign Exports¹

	1989	1990	1991	1991	1992
	<i>(In millions of rubles)</i>			<i>(In millions of U.S. dollars)</i>	
Total	1,609	1,137	2,196	773	1,226
Machinery, equipment, and transport facilities	47	78	28	19	270
Fuel, mineral raw materials, and metals	26	24	32	35	56
Chemical products, fertilizers, and rubber	34	52	70	108	155
Construction materials and parts	--	--	1	14	23
Raw materials and processed industrial products	1,363	821	1,875	495	653
Of which:					
Cotton	1,200	800	1,851		
(In thousands of tons)	595	376	260	260	600
Foodstuffs and raw materials	13	22	18	34	54
Industrial consumer goods	126	68	41	6	11
Other products	--	73	131	63	4

Sources: Uzbekistan Ministry of Foreign Economic Relations; and Goskomstat.

¹Exports at domestic prices outside the former U.S.S.R. territories, not including sales of gold mining products.

Table A17. Foreign Imports¹

	1989	1990	1991	1992
	<i>(In millions of rubles)</i>		<i>(In millions of U.S. dollars)</i>	
Total	1,964	2,318	3,628	967
Machinery, equipment, and transport	195	133	156	104
Raw materials and materials	98	48	178	531
Foodstuffs and raw materials for production	501	888	1,714	232
Consumer goods	1,170	1,249	1,580	100

Source: Uzbekistan Ministry of Foreign Economic Relations.

¹Imports at domestic prices from outside the former U.S.S.R. territories.

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