O'ZBEKISTON RESPUBLIKASI MARKAZIY BANKI

BALANCE OF PAYMENTS, INTERNATIONAL INVESTMENT POSITION AND EXTERNAL DEBT OF THE REPUBLIC OF UZBEKISTAN

2024

9 MONTHS

THE CENTRAL BANK
OF THE REPUBLIC OF UZBEKISTAN

- 2024 -

Publication Overview

This publication presents data on the Balance of Payments and International Investment Position for 9 months of 2024. It has been compiled in accordance with the IMF's sixth edition of the Balance of Payments and International Investment Position Manual (BPM6, IMF, 2009) and External Debt Statistics Manual (IMF, 2013).

Data Relevance

The data, presented in the publication, are relevant as of December 24, 2024.

Data Accessibility

The statistical tables, which offer both standard and analytical presentations of the Balance of Payments and International Investment Position, can be accesed on the following websites:

Central Bank of Uzbekistan: *http://www.cbu.uz/*
International Monetary Fund: *http://data.imf.org/*.

Contact Information

For questions or proposals concerning this publication, please contact

O. Tojiddinov
Director of Currency Regulation and Balance of Payments Department

(+998) 71 212-60-38 o.tojiddinov@cbu.uz

Sh. Khayitboev
Deputy Head of Balance of Payments Division

(+998) 71 212-60-42 sh.khayitboev@cbu.uz

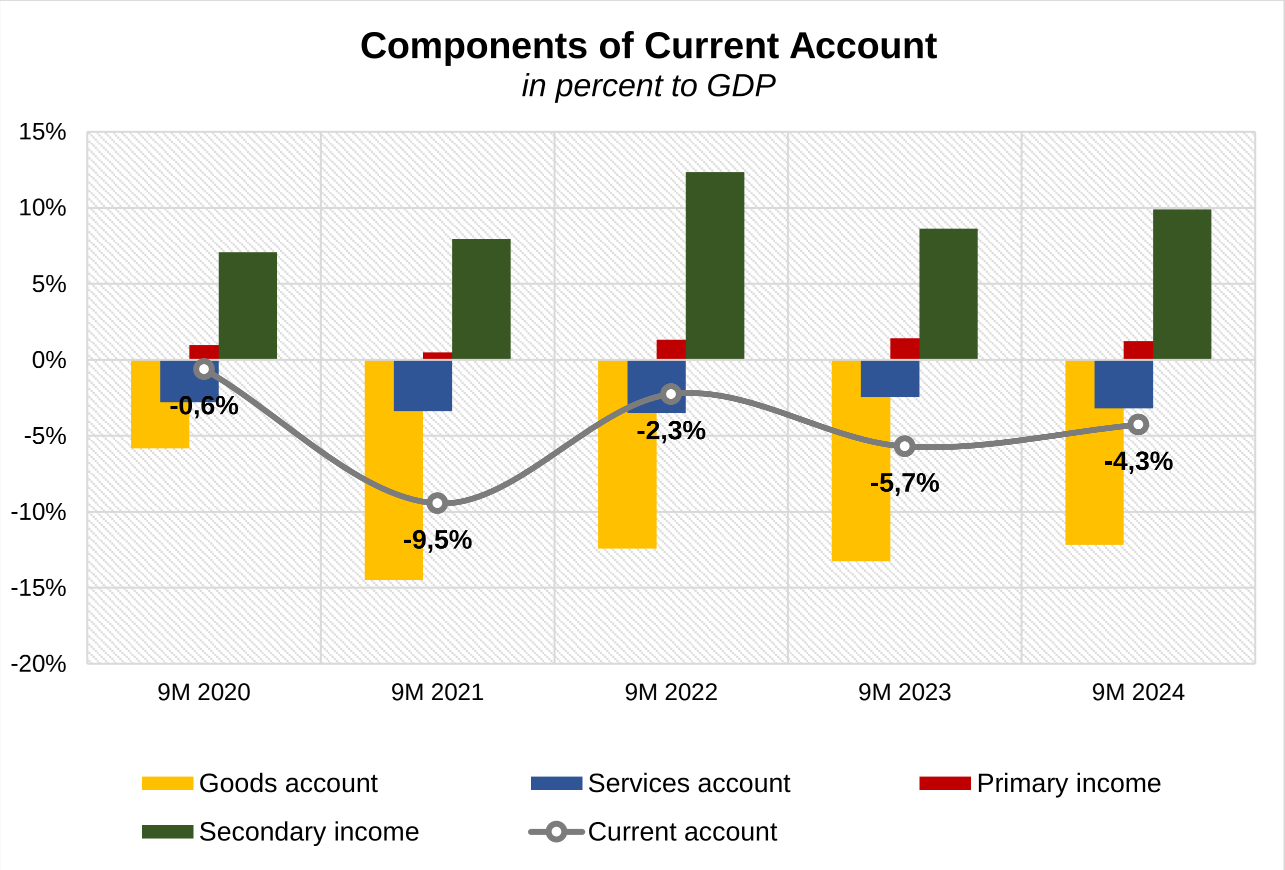
Additional inquiries and suggestions can be directed to val@cbu.uz

BRIEF REVIEW

In 9 months of 2024, the **current account deficit** declined by 17% relative to the same period in the previous year, reaching **USD 3.4 billion** or 4.3% of GDP. This improvement was primarily driven by a significant increase in remittances, coupled with a slower growth rate of the trade deficit relative to last year.

Specifically, during 9 months of 2024 fluctuations in international commodity prices[1] and expansion of international services provided to non-residents led to a 4% increase in **export** volume compared to the same period in the previous year, amounting to **USD 19.1 billion**.

Over this period, the volume of **imports** increased at a slower rate compared to previous years *(5.5%)*, amounting to **USD 31.4 billion**. This can be explained by the fact that, although there was significant investment activity and robust domestic consumer demand driving imports of energy resources, machinery, equipment, and food products, 2023 was characterized by a high base due to a one-off large-scale import of specific goods.



[1] *According to World Bank and IMF data on commodity prices, during January-September 2024, the average price of gold rose by 19%, silver by 16%, copper by 6% and uranium by 62% compared to the average prices in the same period of the previous year.*

As a result, during 9 months of 2024, **trade balance deficit** grew by 8% compared to the corresponding period last year, equaling to **USD 12.4 billion**.

However, positive balances in the **primary and secondary income** components – **USD 973 million** and **USD 8 billion**, respectively – partially offset the trade balance deficit.

Expansion of high-income countries in the labor migration landscape, along with wage growth in traditional host countries, played a significant role in enhancing revenues within the primary and secondary income components. Conversely, the rise in investment income of non-residents was a key factor contributing to increased expenditures in the primary income accounts.

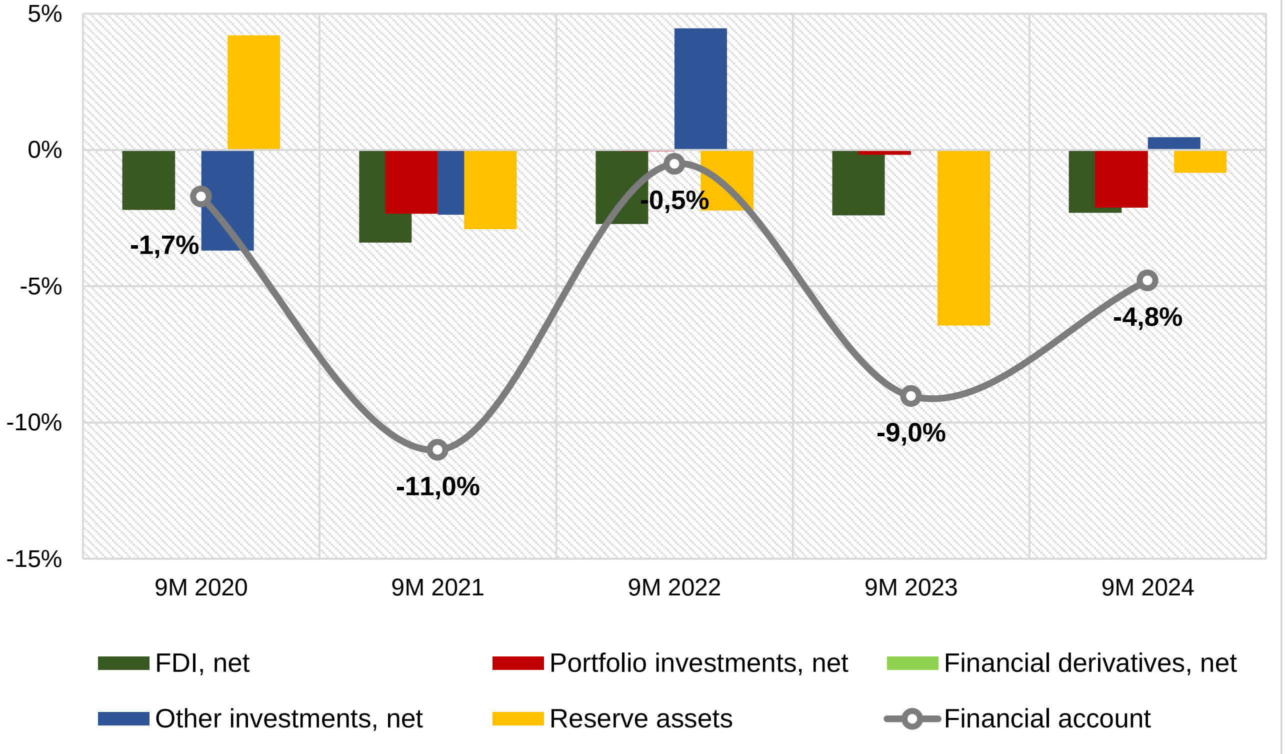
Current account deficit was financed by capital inflows in the financial account, primarily stemming from direct and portfolio investments, along with contributions from other sources.

In particular, during 9 months of 2024, **net inflows of foreign direct investments**[2] into the country increased by 7% compared to the same period last year, amounting to USD 1.9 billion.

Net inflow of portfolio investments totaled USD 1.7 billion, predominantly driven by transactions in international bonds.

Components of Financial Account

in percent to GDP



[2] *Data on foreign direct investment are reflected in net volumes (investment inflow minus repatriation) based on BPM6 of International Monetary Fund (2009).*

Due to above-mentioned structural factors, during 9 months of 2024, negative balance of **financial account** recorded **USD 3.9 billion**.

Moreover, during this period, the foreign currency component of **international reserve assets** declined by USD 678 million. Nevertheless, due to a substantial rise in global gold prices, total stock of international reserves rose by approximately USD 6.6 billion since the beginning of the year, reaching **USD 41.1 billion** as of October 1, 2024.

The **net international investment position** of Uzbekistan *(including operation and non-operations changes)* strengthened by **29%** compared to the beginning of the current year and accounted for **USD 16.3 billion** as of October 1 of 2024.

By the end of 9 months of the current year, **net international investment position** exhibited a **29%** improvement relative to the beginning of the year, reflecting the combined impact of financial account transactions and non-operational adjustments. As of October 1, 2024, the net international investment position stood at **USD 16.3 billion**.

In this instance, foreign currency assets held by residents increased by USD 10.8 billion, reflecting a 13% rise compared to the beginning of the current year, while foreign liabilities grew by USD 7.1 billion, representing a 10% increase.

At the end of reporting period, **total external debt** reached **USD 60.2 billion**, with public external debt comprising approximately USD 32.5 billion[3] and corporate external debt accounting for USD 27.7 billion.

The Central bank extends its gratitude to relevant ministries, agencies and other organizations for their collaboration in compiling the balance of payments, international investment position, and external debt indicators for the Republic of Uzbekistan. We look forward to continued effective cooperation.

[3] *Public external debt also includes accrued but unpaid interests based on BPM6 of International Monetary Fund (2009).*

PROJECTIONS FOR 2025

Preliminary projected indicators for the Republic of Uzbekistan's balance of payments in 2025 have been formulated under both the **baseline** and **alternative** scenarios. These projections incorporate expert assessments and expectations regarding economic activity levels within Uzbekistan and its primary trading partners in the current and forthcoming years, as well as the prevailing conditions in international financial and commodity markets, labor and capital migration patterns, and the evolving dynamics in foreign trade and logistics sectors[4].

I. Baseline scenario

In the upcoming year, a slight slowdown in the economic growth rates of Uzbekistan's main trading partners is anticipated[5]. Specifically, according to the International Monetary Fund, in 2025, China's economy is expected to expand by 4.5% *(4.8% in 2024)*, Russia's economy by 1.3% *(3.6% in 2024)*, Turkey's economy by 2.7% *(3.6% in 2024)* and Kazakhstan's economy by 4.6% *(3.5% in 2024)*.

Along with this, positive outlooks persist regarding global prices for Uzbekistan's principal export commodities. In particular, in the context of ongoing global geopolitical tensions and economic uncertainty, it is projected that prices for select precious and base metals—such as gold, silver, copper, and uranium will remain at relatively elevated levels without significant fluctuations over the next year. Additionally, a slight recovery in cotton prices *(a primary raw material for the textile industry)* is forecasted, following a decline in 2024, driven by a contraction in global supply[6].

Driven by the aforementioned factors, as well as the continued reforms in the tourism and information technology (IT) sectors, **total export volumes** are projected to grow by 9-11% in 2025 relative to 2024.

[4] *Based on the development of internal and external factors and changes in economic expectations during 2025, forecast indicators will be revised.*
[5] *World Economic Outlook, IMF, October 2024*
[6] *Commodity Markets Outlook, World Bank, October 2024*

In the next year, economic activity and consumer demand in Uzbekistan are expected to remain robust, with a forecasted real GDP growth of 5.5-6% in 2025[7], which may result in import growth of machinery and equipment, vehicles, fuel and energy products, food and raw materials. Additionally, considering the government's plans for reducing fiscal deficit *(fiscal consolidation)*, **total import volume** in 2025 is projected to rise by 8-10% compared to 2024.

It is expected that favorable trends in labor migration observed this year, such as the expansion of economic activity and wage growth in migrant-receiving countries, alongside the increasing share of high-income countries in migration destinations, will persist into the forthcoming year and contribute to a 10-12% growth in the volume of international money transfers to Uzbekistan.

Gradual easing of global financial conditions, coupled with the decline in interest rates *(as evidenced by a 0.7% average decrease in the SOFR rate since the beginning of the year)*, is anticipated to result in a reduction in costs associated with servicing loans and borrowings obtained from non-residents at floating interest rates.

In 2025, the positive balance of **primary** and **secondary income** components that will serve to offset trade balance deficit is estimated to increase by 8-10 percent compared to 2024.

According to preliminary analysis, the **current account deficit** of the balance of payments is projected to approximate 5-6.5% of GDP by the end of 2025, driven by the factors previously outlined.

In 2025, the current account deficit is forecasted to be primarily financed through net inflows of **foreign direct investment**, which are anticipated to remain at the levels observed in 2022-2024, driven by investments in sectors such as energy, mining, mechanical engineering, chemicals, textiles, banking and finance, among others. Additional financing is expected from **portfolio investments**, including the issuance of new Eurobonds in international financial markets, as well as **external debt**.

[7] *Monetary Policy Guidelines for 2025 and 2026-2027, publication of the Central Bank of the Republic of Uzbekistan, 2024.*

II. Alternative scenario

In contrast to the baseline scenario, the alternative scenario anticipates a **negative current account balance** in the balance of payments, ranging from 6.5% to 8% of GDP by the end of 2025.

In the alternative scenario, the formation of balance of payments indicators may be influenced by the following **key factors**:

1. Escalation of geopolitical tensions and fragmentation processes in international trade, which may result in a slowdown of economic activity in Uzbekistan's key trading partners and a reduction in external demand.

2. A decline in global prices for Uzbekistan’s major export commodities, including precious and base metals, cotton raw materials, and food products.

3. An increase in global inflation coupled with the continuation of tight monetary policy, which will result in higher costs for servicing external debt and a reduction in foreign investment inflows.

4. Intensification of international sanctions, leading to heightened volatility in exchange rates in traditional countries hosting labor migrants, as well as disruptions in payment systems, which could adversely affect the volume of cross-border money transfers.

5. A rise in consumer spending and investment activity in Uzbekistan, leading to increased overall demand and higher imports of machinery and equipment, vehicles, energy resources, and other raw materials.

Addenda 1. Balance of Payments for 9 months of 2022-2024

(analytic presentation)

(mln. USD)

Indicators	9 months of 2022	9 months of 2023	9 months of 2024
A. Current account balance	**-1 454,0**	**-4 159,1**	**-3 448,4**
Goods, credit (exports)	12 111,2	14 270,0	14 269,3
Goods, debit (imports)	20 093,9	23 938,1	24 073,3
Services, credit (exports)	3 058,2	4 046,2	4 780,8
Services, debit (imports)	5 324,1	5 852,2	7 361,0
Total export	*15 169,5*	*18 316,2*	*19 050,1*
Total import	*25 418,0*	*29 790,3*	*31 434,3*
Balance on goods and services	*-10 248,6*	*-11 474,1*	*-12 384,3*
Primary income, credit	3 193,5	4 061,0	4 409,2
Primary income, debit	2 344,7	3 034,3	3 436,3
Balance on goods, services, and primary income	*-9 399,7*	*-10 447,5*	*-11 411,3*
Secondary income, credit	8 595,0	6 957,2	8 765,7
Secondary income, debit	649,3	668,8	802,7
B. Capital account (excluding reserve assets)	**11,6**	**7,9**	**6,0**
Capital account, credit	11,6	7,9	6,0
Capital account, debit	0,0	0,0	0,0
Balance on capital account and current account	*-1 442,5*	*-4 151,1*	*-3 442,4*
C. Financial account	**1 100,2**	**-1 923,1**	**-3 277,2**
Direct investment: assets	3,3	11,1	13,9
Direct investment: liabilities	1 753,1	1 757,7	1 876,5
Portfolio investment: assets	0,0	0,2	0,3
Equity and investment fund shares	0,0	0,2	0,3
Debt securities	0,0	0,0	0,0
Portfolio investment: liabilities	29,6	131,1	1 703,7
Equity and investment fund shares	17,2	16,0	-7,0
Debt securities	12,3	115,1	1 710,7
Financial derivatives (other than reserves)	8,7	1,6	0,0
Financial derivatives: assets	0,0	0,0	0,0
Financial derivatives: liabilities	-8,7	-1,6	0,0

Indicators	9 months of 2022	9 months of 2023	9 months of 2024
Other investment: assets	9 857,2	3 785,2	4 597,1
Other equity instruments	0,4	0,4	5,0
Debt instruments	9 856,8	3 784,8	4 592,1
Central bank	0,0	0,0	0,0
Deposit-taking corporations (except the central bank)	3 391,3	-781,9	857,8
General government	-15,3	-13,9	-9,8
Other sectors	6 480,8	4 580,6	3 744,0
Other financial corporations	0,0	0,0	0,0
Nonfinancial corporations, households, and NPISHs	6 480,8	4 580,6	3 744,0
Other investment: liabilities	6 986,5	3 832,3	4 308,3
Other equity	0,0	0,0	0,0
SDR allocation	2,8	2,2	-0,7
Debt instruments	6 983,7	3 830,1	4 308,9
Central bank	0,0	0,0	0,0
Deposit-taking corporations (except the entral bank)	3 730,0	874,4	197,0
General government	671,4	1 113,0	2 377,5
Other sectors	2 582,3	1 842,7	1 734,5
Other financial corporations	21,3	21,1	6,3
Nonfinancial corporations, households, and PISHs	2 561,1	1 821,6	1 728,2
D. Net errors and omissions	**1 115,8**	**-2 434,2**	**-420,1**
E. Overall balance	**1 426,9**	**4 662,3**	**585,3**
F. Reserves and related items	**-1 426,9**	**-4 662,3**	**-585,3**
Reserve assets	-1 426,2	-4 692,6	-677,5
Net credits from the IMF (other than reserves)	0,6	-30,4	-92,3
Exceptional financing	0,0	0,0	0,0

This statistic report uses analytic presentation, described in the 6th edition of the Balance of Payments Manual (BPM6).

Addenda 2. International Investment Position for 2022-2023 and 9 months of 2024

(mln. USD)

Indicators	01.01.2023	01.01.2024	01.10.2024
Assets	**82 293,7**	**84 883,5**	**95 653,3**
Direct investments	**202,0**	**209,9**	**223,4**
Equity instruments and investment fund shares	31,6	37,1	48,7
Investments of direct investor in direct investment enterprises	31,6	37,1	48,7
Investments of direct investment enterprises in direct investor (reverse investment)	0,0	0,0	0,0
Investments between fellow enterprises	0,0	0,0	0,0
Debt instruments	170,3	172,8	174,7
Investments of direct investor in direct investment enterprises	2,5	2,5	2,5
Investments of direct investment enterprises in direct investor (reverse investment)	0,0	0,0	0,0
Investments between fellow enterprises	167,9	170,4	172,2
Portfolio investments	**2,5**	**2,9**	**3,2**
Equity instruments and investment fund shares	2,5	2,9	3,2
Central Bank	0,0	0,0	0,0
Deposit enterprises, excluding the Central Bank	1,1	1,1	1,1
General government	0,0	0,0	0,0
Other sectors	1,4	1,8	2,1
Other financial institutions	0,0	0,0	0,0
Debt securities	0,0	0,0	0,0
Central Bank	0,0	0,0	0,0
Deposit enterprises, excluding the Central Bank	0,0	0,0	0,0
General government	0,0	0,0	0,0
Other sectors	0,0	0,0	0,0
Other financial institutions	0,0	0,0	0,0

Indicators	01.01.2023	01.01.2024	01.10.2024
Financial derivatives (other than reserves) and employee stock options	**0,0**	**0,0**	**0,0**
Other investments	**46 321,6**	**50 106,0**	**54 287,7**
Other equity instruments	1,6	2,0	7,0
Debt instruments	46 320,0	50 104,0	54 280,6
Central Bank	0,0	0,0	0,0
Deposit enterprises, excluding the Central Bank	4 556,9	3 242,7	4 104,6
General government	3,7	4,8	5,3
Other sectors	41 759,4	46 856,4	50 170,7
Other financial institutions	0,0	0,0	0,0
Reserve assets	**35 767,5**	**34 564,6**	**41 139,1**
Monetary gold	23 064,8	24 632,2	31 860,3
Special drawing rights	1 057,3	563,0	569,2
Reserve position in IMF	0,0	0,0	0,0
Other reserve assets	11 645,4	9 369,5	8 709,6
Liabilities	**63 337,5**	**72 278,5**	**79 334,6**
Direct investments	**13 844,7**	**14 866,9**	**15 856,7**
Equity instruments and investment fund shares	11 363,5	11 356,8	11 670,8
Investments of direct investor in direct investment enterprises	11 363,5	11 356,8	11 670,8
Investments of direct investment enterprises in direct investor (reverse investment)	0,0	0,0	0,0
Investments between fellow enterprises	0,0	0,0	0,0
Debt instruments	2 481,2	3 510,1	4 185,9
Investments of direct investor in direct investment enterprises	2 250,3	3 217,4	3 845,2
Investments of direct investment enterprises in direct investor (reverse investment)	0,0	0,0	0,0
Investments between fellow enterprises	230,9	292,7	340,7

Indicators	01.01.2023	01.01.2024	01.10.2024
Portfolio investments	**4 192,3**	**5 295,5**	**7 139,6**
Equity instruments and investment fund shares	105,8	123,7	113,8
Central Bank	0,0	0,0	0,0
Deposit enterprises, excluding the Central Bank	48,4	57,5	72,1
General government	0,0	0,0	0,0
Other sectors	57,4	66,3	41,7
Other financial institutions	1,3	1,7	1,3
Debt securities	4 086,5	5 171,8	7 025,8
Central Bank	0,0	0,0	0,0
Deposit enterprises, excluding the Central Bank	893,9	1 027,7	1 927,3
General government	2 375,2	3 284,9	4 175,0
Other sectors	817,3	859,2	923,6
Other financial institutions	0,0	0,0	0,0
Financial derivatives (other than reserves) and employee stock options	**2,0**	**0,0**	**0,0**
Other investments	**45 298,6**	**52 116,1**	**56 338,3**
Other equity instruments	0,0	0,0	0,0
Special drawing rights (net incurrence of liabilities)	1 057,6	1 068,8	1 079,8
Other debt instruments	44 241,0	51 047,3	55 258,5
Central Bank	0,0	0,0	0,0
Deposit enterprises, excluding the Central Bank	10 439,6	11 316,6	11 493,4
General government	18 007,8	21 353,4	23 623,3
Other sectors	15 793,6	18 377,4	20 141,8
Other financial institutions	105,1	114,1	119,5
Net international investment position	**18 956,1**	**12 605,0**	**16 318,7**