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# Areas of Economic Cooperation Between Uzbekistan and Germany

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**Abstract**— Since 2017, the Uzbek economy has undergone a radical change. All sectors of the economy have been radically reformed. In addition, in order to increase the participation of our products in the world market, foreign trade policy is being developed and implemented. The article describes the current state of socio-economic, trade, pharmaceutical and investment cooperation between the Republic of Uzbekistan and Germany. The dynamics of mutually beneficial trade relations between the two countries in recent years are presented.

**Keywords:** diplomatic relations, economic cooperation, trade turnover, exports, imports, investment, textiles, agriculture, food industry, pharmaceuticals.

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## INTRODUCTION

On December 31, 1991, the Federal Republic of Germany was one of the first EU countries to recognize the independence of the Republic of Uzbekistan, and on March 6, 1992, diplomatic relations were established between the two countries.

After an 18-year hiatus since the beginning of President Shavkat Mirziyoyev's policy of open and rapid reforms, the President of Uzbekistan paid an official visit to Germany in 2019. A few months later, German President Frank-Walter Steinmeier arrived in Uzbekistan. On March 12, 2021, President of Uzbekistan Shavkat Mirziyoyev and German Chancellor Angela Merkel held online talks.

Germany, one of the world's leading countries with huge economic, scientific and technological potential, plays an important role among Uzbekistan's main trade and economic partners.

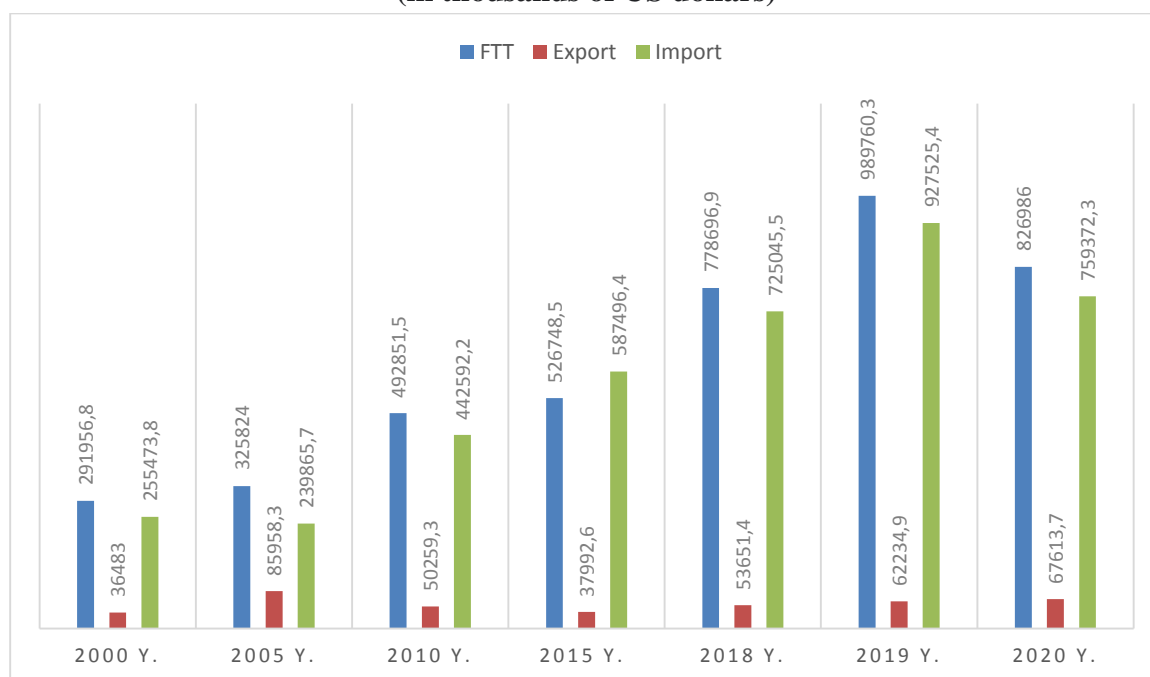
## The main part

In recent years, the volume of exports of domestic products to Germany has also grown significantly. In 2019, the trade turnover between the two countries will reach 900 million more than a euro. By the end of 2020,

this figure exceeded 30% despite quarantine restrictions. The republic exports textile, agricultural, chemical and metallurgical products to Germany. Uzbekistan to provide 6.8 million US dollars to Germany in 2019 3,000 tons, and in 2020, 6.7 million tons. It exported 3,300 tons of agricultural products worth 1 billion US dollars. The main products are dried fruits and vegetables, almonds, raisins, sweet and hot peppers. In the past, Uzbek textiles mainly exported semi-finished products to Germany, but now our enterprises sew finished products to order from world-famous German brands such as Hugo Boss, Tommy Hilfiger, and then sell them throughout Europe. The basis of imports from Germany is traditionally the advanced innovative technologies and equipment needed to re-equip local industry and modernize Uzbek enterprises.

Table 1

**Uzbekistan's foreign trade relations with Germany  
(in thousands of US dollars)**



**Source:** Compiled by the author on the basis of data of the State Statistics Committee of the Republic of Uzbekistan.

Central Asia has always attracted the attention of Europe. At present, 193 enterprises with the participation of German investors operate in Uzbekistan, including 67 enterprises with 100% foreign capital and representative offices of 31 companies.

The volume of German investments disbursed as a result of the implementation of 110 investment projects in 2020, despite the pandemic period, increased by 25% compared to 2019 and amounted to 710 million more than US dollars. By the end of 2020, Germany became one of the leading investors in the Uzbek economy after Russia and China - its share was about 14% of total foreign investment. In 2021, it is expected to allocate 879.1 million US dollars for joint projects aimed at the textile, food industry, pharmaceuticals, agriculture and construction materials.

In the field of investment, production of modern trucks with MAN, agricultural machinery with CLAAS and LEMKEN, construction materials with

KNAUF, cable and wire products with Deutsche Cable are successful areas of cooperation.

In 2020, Tashkent will open a representative office of KfW - the German Development Bank, the Association of German Chambers of Commerce and Industry and the Federal Association of Small and Medium Business. This shows that Germany is interested in investment cooperation with Uzbekistan.

According to the new Strategy 2030 adopted by the German Federal Ministry for Economic Cooperation and Development, Uzbekistan is the only partner country in Central Asia.

Today, Germany is one of the main trade and economic partners of Uzbekistan among the EU countries. Between 2016 and 2019, bilateral trade reached its peak and grew by about 87% to 990 million US dollars. By the end of 2020, the trade turnover will decrease slightly due to the coronavirus pandemic, but in 2021, taking into account the projected economic growth in both

countries, the trade turnover will reach 1 billion US dollars. It is expected to exceed US dollar.

Well-known German companies such as MAN, CLAAS, KNAUF and Papenburg operate in Uzbekistan. Volkswagen and Viessmann entered our market for the first time, and Siemens and Bosch returned after a long break.

In support of socio-economic reforms in the country, Germany is increasing the volume of financial and technical assistance in such areas as agriculture and water management, development of the legal system, education, health, trade. In particular, in 2019-2020, the German government will provide Uzbekistan with 202 million allocated grants and soft loans in the amount of euros.

Import Promotion Desk German importers portal is a project funded by the German Federal Ministry for Economic Cooperation and Development, which aims to form a group of reliable suppliers from partner countries. During the project, Uzbek manufacturers will be selected to participate in European professional exhibitions of food and natural ingredients. At the end of the project, contracts for the supply of products are expected to be signed between local producers and German consumers. The project will help increase the volume of exports of national products to European markets.

Promising areas of Uzbek-German economic cooperation are the production of construction materials, textiles, chemicals and pharmaceuticals. New directions for deepening mutually beneficial cooperation in these areas were discussed on March 9, 2021 in a virtual roundtable with the participation of government officials of the two countries.

In recent years, significant work is being done to accelerate the development of the medical and pharmaceutical industries, to modernize the material and technical base of the industry. This, in turn, does not leave foreign investors indifferent. For example, in 2016, there were about 120 pharmaceutical companies in Uzbekistan, and by 2021 there will be more than 200. These enterprises

localize and produce 3129 types of medicines, 310 types of medical devices and 93 types of medical equipment available to 33 pharmacotherapeutic groups.

Using the experience of Germany, one of the most advanced pharmaceutical companies in the world, production is growing on the basis of equal partnership with investors from this country. At present, a joint venture UZGERMED PHARM LLC has been established in our country together with AXXO GmbH, one of the most prestigious German pharmaceutical companies, which produces ampoule injection solutions, medicines and medical devices. This company is a large domestic manufacturer with 20 years of experience in the Uzbek market.

At present, 280 types of medicines, 114 types of medical devices and 301 types of medical equipment have been registered by German pharmaceutical companies in Uzbekistan. These include Berlin-Chemie AG, Menarini International Operations Luxembourg S.A., WORWAG Pharma GmbH & Co. KG, Siemens Healthcare GmbH, "TRAUTWEIN GmbH" is active.

### Conclusion

Germany is the most reliable and strategic partner of Uzbekistan in the European Union. Therefore, there is a future of trade and economic, pharmaceutical, machinery and investment cooperation between the two countries. In addition, Germany will act as a bridge for Uzbekistan to enter the European market. German technology has a place in the world market in terms of quality. Therefore, Uzbekistan is interested in using modern German technological equipment to develop production, as well as increase exports. Fruits and vegetables grown in our country are loved and eaten by the Germans. It is possible to increase production in rural areas on the basis of German investments.

Among Central Asian countries, Uzbekistan also has the largest number of German language learners. In the near future, we must also establish

cooperation on migration issues. It is known that there are many labor migrants in Germany. We need to increase cooperation between the two countries on migration issues, taking into account the mutual interests. In this way, we will be able to solve the problem of unemployment in our country, at least in part.

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