

## Keep reform momentum going, IMF urges Uzbekistan

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Welcoming Uzbekistan's foreign exchange liberalisation, the International Monetary Fund urged the Central Asian nation on Wednesday to press ahead with further reforms such as restructuring large state companies.

Uzbek President Shavkat Mirziyoyev, who came to power last December, scrapped most of the former Soviet republic's foreign exchange restrictions in September, opening way for more active trade and investment.

Mirziyoyev has also sought to improve previously strained ties with neighbours such as Kazakhstan.

"What is important is to keep the momentum going."

One important next task will be tackling large state-owned enterprises, he said. "It is also important to attract foreign investment and encourage small and medium-sized enterprises."

Uzbekistan, a major cotton exporter with rich mineral reserves, had largely preserved a Soviet-style centralised economic system under its first president, Islam Karimov, who died last year after 27 years in power.

Kahkonen said an IMF team would visit Tashkent next week, although lending was not on the table.

"Uzbekistan does not need IMF financing," he said.

Instead, the Fund will provide technical assistance and advice on matters such as statistics and financial sector and central bank issues.

Building up "capacity and machinery" for future reforms is crucial, he said. "One needs persistence. It's a marathon, not a sprint."

## **KAZAKHSTAN, TAJIKISTAN**

On Kazakhstan, Kahkonen praised the central bank for stepping into the foreign exchange market with limited interventions last month which he said helped align the exchange rate with fundamentals.

The tenge had hit a 14-month low against the dollar and a 19-year low against the Russian rouble in October before the central bank said it would sell over \$1 billion from the assets of state funds that it manages on the domestic market.

The challenge for Kazakhstan in the nearest future will be ensuring that local banks "upgrade [corporate governance](#) and risk assessment" after the state had to provide assistance or completely bail out most of the big lenders, Kahkonen said.

In Tajikistan, financial sector problems are the most difficult in Central Asia and the Dushanbe government continues talks with the fund on a lending programme despite raising \$500 million through a Eurobond issue in September, he said.

"I think there has been progress all along in the discussions," Kahkonen said, adding that a programme could potentially be agreed within months.