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Reforms in Uzbekistan

Background

Following years of economic and foreign policy isolationism, Uzbekistan's government is currently engaged in a wide-ranging reform effort that is transforming regional dynamics in Central Asia and creating new opportunities for U.S. engagement across a range of sectors. From 1991 to 2016, Uzbekistan was led by President Islam Karimov, a former high-level Soviet official. International observers considered his rule authoritarian and highly repressive. Karimov's economic policies emphasized self-sufficiency, and his government pursued a largely isolationist foreign policy. Following Karimov's September 2016 death, he was succeeded as president by then-Prime Minister Shavkat Mirziyoyev. Mirziyoyev had a long career as a government official under Karimov and was widely expected to continue his predecessor's policies. Yet he embarked on an ambitious reform program that aims to transform Uzbekistan by modernizing and liberalizing the economy, streamlining the bureaucracy, easing political repression, addressing human rights concerns, reengaging with the international community, and attracting increased foreign investment. Uzbekistan was once considered one of the world's most isolated and repressive countries, but U.S. officials and other international observers have noted significant improvement since reforms began. Nevertheless, some concerns persist, particularly with regard to human rights and political freedoms.

"President [Mirziyoyev] envisions Uzbekistan transformed into a thriving, modern state—an example for the region—with a government accountable to its citizens and respectful of their rights, with constructive relationships with its neighbors, and with an open economy that welcomes and protects foreign investment. None of these reforms will be easy, but all of them are essential, and the United States strongly supports them."

-Principal Deputy Assistant Secretary of State for South and Central Asian Affairs Alice Wells

U.S.-Uzbekistan Relations

After government forces killed over 100 unarmed civilians during unrest in the eastern city of Andijan in 2005, the government of Uzbekistan responded to foreign criticism by expelling numerous international NGOs and media organizations, as well as ending the Peace Corps program and demanding the withdrawal of U.S. forces stationed at the Karshi-Khanabad Air Base in support of military operations in Afghanistan. U.S. relations with Uzbekistan have improved since 2016, reflecting the country's broader development of international ties, and the Trump Administration has expressed strong support for Uzbekistan's reform efforts. President Mirziyoyev traveled

to Washington, DC, in May 2018, the first official visit by an Uzbek president to the United States since 2002, and lauded the "new era of the strategic partnership" between the two countries. According to Trump Administration officials, Uzbekistan's reengagement with its neighbors has invigorated the U.S.-led C5+1 framework, which provides a high-level forum for discussing regional issues. Uzbekistan has moved to normalize and improve previously strained relations with its Central Asian neighbors, working to resolve border disputes with Tajikistan and the Kyrgyz Republic and increasing regional outreach. Additionally, Uzbekistan is increasingly active in the Afghan peace process, seeking to mediate between the Afghan government and the Taliban and to promote stability by developing trade relations.

U.S. foreign assistance to Uzbekistan aims to support the country's reform efforts, promote the rule of law, and further economic development, especially diversification in agriculture through the utilization of U.S. technology. Aid is also intended to strengthen border controls in order to promote security and regional stability. The State Department requested \$14.4 million in aid for Uzbekistan for FY2020, up from \$10.6 million requested for FY2019. Trade between the United States and Uzbekistan more than doubled between 2017 and 2018, from approximately \$150 million to over \$300 million, and U.S. Secretary of Commerce Wilbur Ross assesses that "significant opportunities exist to strengthen commercial and economic ties." Although Russia and China remain Uzbekistan's largest economic partners, the government is pursuing increased investment from the United States and Europe. The United States supports Uzbekistan's efforts to accede to the World Trade Organization (WTO), and the Trump Administration has criticized the prospect of Uzbekistan joining the Russia-led Eurasian Economic Union as potentially impeding the WTO accession process.

Economic Liberalization

Under President Mirziyoyev, Uzbekistan has implemented economic reforms aimed at decreasing the role of the state in favor of the private sector and attracting large-scale foreign investment. The government has prioritized improving the country's business environment and streamlining public administration, and the World Bank has commended Uzbekistan's "strong progress" on economic reforms. In an important move, in 2017 the government eased long-standing currency controls and liberalized its monetary policy, eliminating a major impediment to foreign investment and privatization. Although economic growth remains driven largely by state-funded projects, and state-owned enterprises (SOEs) dominate key sectors of the economy, some SOEs are slated for privatization. According to the State Department, Uzbekistan's

government has achieved “notable improvement” in fiscal transparency and has increased engagement with international experts. The U.S. Department of Commerce identifies insufficient protection of intellectual property rights, an overregulated banking sector, and the domination of SOEs as among the challenges facing foreign businesses operating in Uzbekistan. However, U.S. authorities note progress in these areas.

Figure 1. Map of Uzbekistan



Source: CRS

Human Rights and Civil Society

Although international organizations have lauded Uzbekistan’s progress on human rights, concerns persist among some observers. Human rights activists have long criticized Uzbekistan for its use of forced labor in harvesting cotton, the country’s primary cash crop. Under Karimov, the government annually forced millions of people to pick cotton, a practice that dated to the Soviet period. In its 2019 Trafficking in Persons report, the State Department assessed that Mirziyoyev’s government has taken “substantive actions” to combat forced labor. Mirziyoyev has received recognition for releasing dozens of political prisoners, including two journalists who had been jailed for almost 20 years. Nevertheless, according to the U.N. Committee Against Torture, there are reports that torture and ill-treatment of prisoners in Uzbekistan’s prisons remain “widespread” and “routine.” Although it has eased some restrictions, the government still regulates religious activities, and the State Department places Uzbekistan on its Special Watch List for countries that have engaged in or tolerated severe violations of religious freedom. Uzbekistan’s media and civil society are now able to operate more freely than under Karimov, but still face constraints. Local media have begun covering previously taboo topics such as forced labor and corruption, but self-censorship persists. Journalists representing international media outlets have received accreditation, and independent news, social media, and human rights-related websites that had long been blocked in the country are now accessible. The Uzbek service of the congressionally-funded Radio Free Europe/Radio Liberty remains blocked, however, and its journalists have been refused accreditation. The Mirziyoyev government has eased barriers to NGO

registration, but both local and international organizations still face bureaucratic obstacles.

Democratization

Some analysts express skepticism as to whether the reform effort will extend to genuine democratization. Uzbekistan’s centralized government structure grants the executive branch extensive powers, with the president exercising a significant degree of control over the legislature and the judiciary. The bicameral legislature (*Oliy Majlis*) has historically provided neither an effective check on the executive nor a venue for substantive political debate. Parliament’s role has expanded somewhat under President Mirziyoyev, who has criticized the legislative branch for failing to exercise oversight over the executive and urged greater initiative and accountability from parliament. Nevertheless, all five parties currently present in the 150-seat lower chamber are considered pro-government, and Uzbekistan has no effective political opposition. The country’s first post-Karimov parliamentary elections were held on December 22, 2019, under the slogan “New Uzbekistan—New Elections,” with runoff votes held in 25 constituencies on January 5, 2020. According to international experts, the elections took place in an atmosphere of unprecedented openness and engagement with voters. Nevertheless, the composition of parliament remains largely unchanged. Although no party has an outright majority, Mirziyoyev’s Liberal Democratic Party received the highest number of seats (53) and thus the right to nominate a candidate for prime minister. More than half of the incoming deputies were elected for the first time, and they are on average younger than their predecessors. The number of women in parliament has doubled to 48.

Outlook and Issues for Congress

Uzbek government officials consistently describe the reform process as “irreversible.” Longtime observers describe the overall changes taking place in Uzbekistan as “remarkable,” particularly with regard to increased openness, improved governance, and decreased repression. Nevertheless, reform remains a top-down, centralized process, leading to skepticism among some analysts as to whether the government will implement true democratization. Freedom House continues to classify Uzbekistan as “not free,” citing the country’s “consolidated authoritarian regime.”

Uzbekistan’s reform program has drawn interest and support from Congress, because the effort improves the country’s human rights situation, opens up new economic opportunities, and positions Uzbekistan as a U.S. partner in furthering regional cooperation and regional security. Uzbekistan’s reengagement with its neighbors is reconfiguring regional dynamics and advancing Central Asian connectivity, a U.S. policy priority. The first U.S. Department of Commerce Certified Trade Mission visited Uzbekistan in June 2019 and included representatives from major U.S. companies such as GE, Procter & Gamble, and John Deere. Tashkent is also conducting outreach at the state level, seeking to attract investment from U.S. companies and to establish cooperation with state-level entities in areas such as higher education and agricultural research.

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