

V. INVESTMENT AND CONSTRUCTION

In January-September 2018, for the development of the economy and social sphere of the Republic of Uzbekistan, 71068.1 billion soums were invested in fixed capital (in dollar equivalent of 8.9 billion USD), or 130.9 % to the corresponding period of 2017.

During the years of independence of the Republic of Uzbekistan, during the reporting period, the highest level of investment activity was observed - 71.1 trillion soums, or an increase of 30.9 %. Accordingly, investments in fixed assets in 2005 amounted to 2.0 trillion soums or increased by 6.9 %, in 2010 - 10.8 trillion soums, or by 8.1 %, in 2015. - 28.5 trillion soums, or 9.9 %

The main factor in achieving high growth rates of investments in fixed assets during the first 9 months of this year are the largest projects included in the State Development Program in accordance with the Decree of the President of the Republic of Uzbekistan dated 03. 02. 2018 № PP-3507 «On approval of lists of investment and infrastructure projects for 2018 »:

construction of the Shurtan Gas Chemical Complex for the production of synthetic liquid fuels based on purified methane;

development of the Kandym group fields with the construction of a modern gas processing plant, as well as the Khauzak and Shady fields in the Bukhara region;

the development of deposits and the extraction of hydrocarbons in the territories of the Gissar Investment Block and the Ustyurt region in the Kashkadarya region;

construction of a new thermal power plant with a total capacity of 900 MW as part of two blocks of combined-cycle plants with a capacity of 450 MW each in the Turakurgan district of the Namangan region;

construction of two combined-cycle plants with a capacity of 230-280 MW in the Takhiatash TPP;

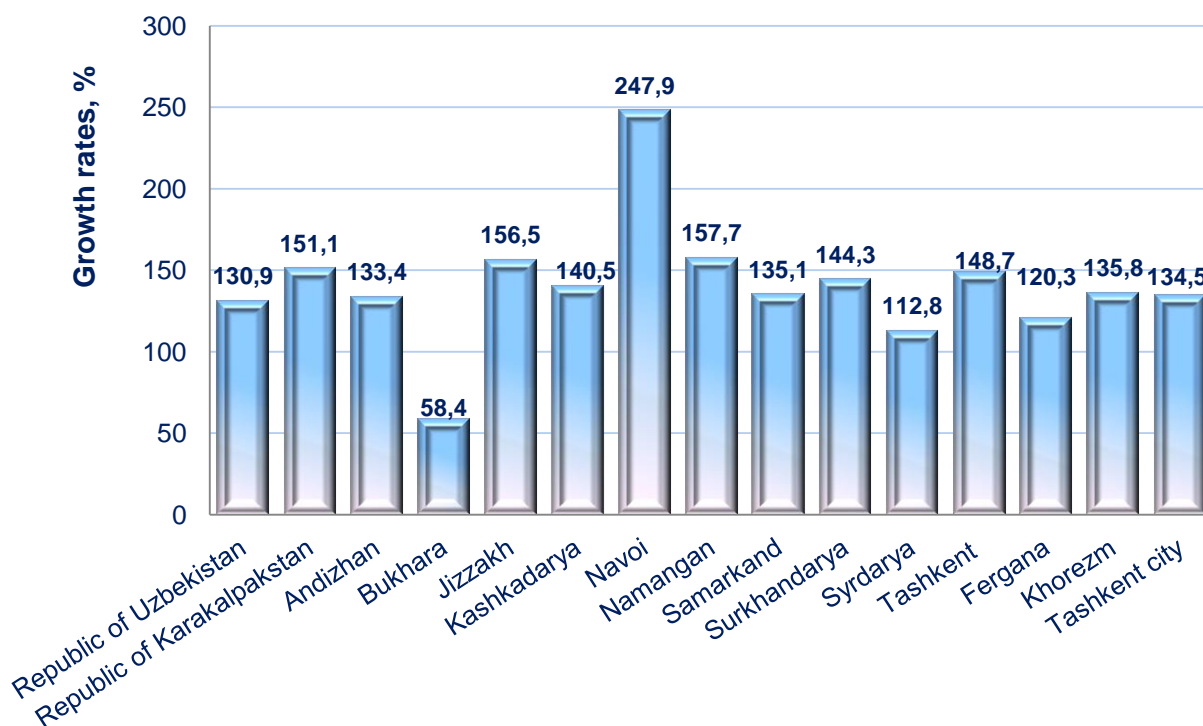
Expansion with the construction of a second combined-cycle gas turbine unit with a capacity of 450 MW in Navoi TPP;

construction of a complex for the production of polyvinyl chloride (PVC), caustic soda and methanol in «Navoiazot» JSC.

The ratio of investment in fixed assets to GDP was 29.1 %, which is 6.7 % p.p. more than in relation to the same period of 2017.

Also in January - September 2018, the highest share of investments in GDP was noted - 29.1 %, respectively, this figure in 2010 was 25.2 %, 2012 - 23.1 %, 2014 - 23.7 % 2016 - 24.6 %, 2017 - 22.4 %.

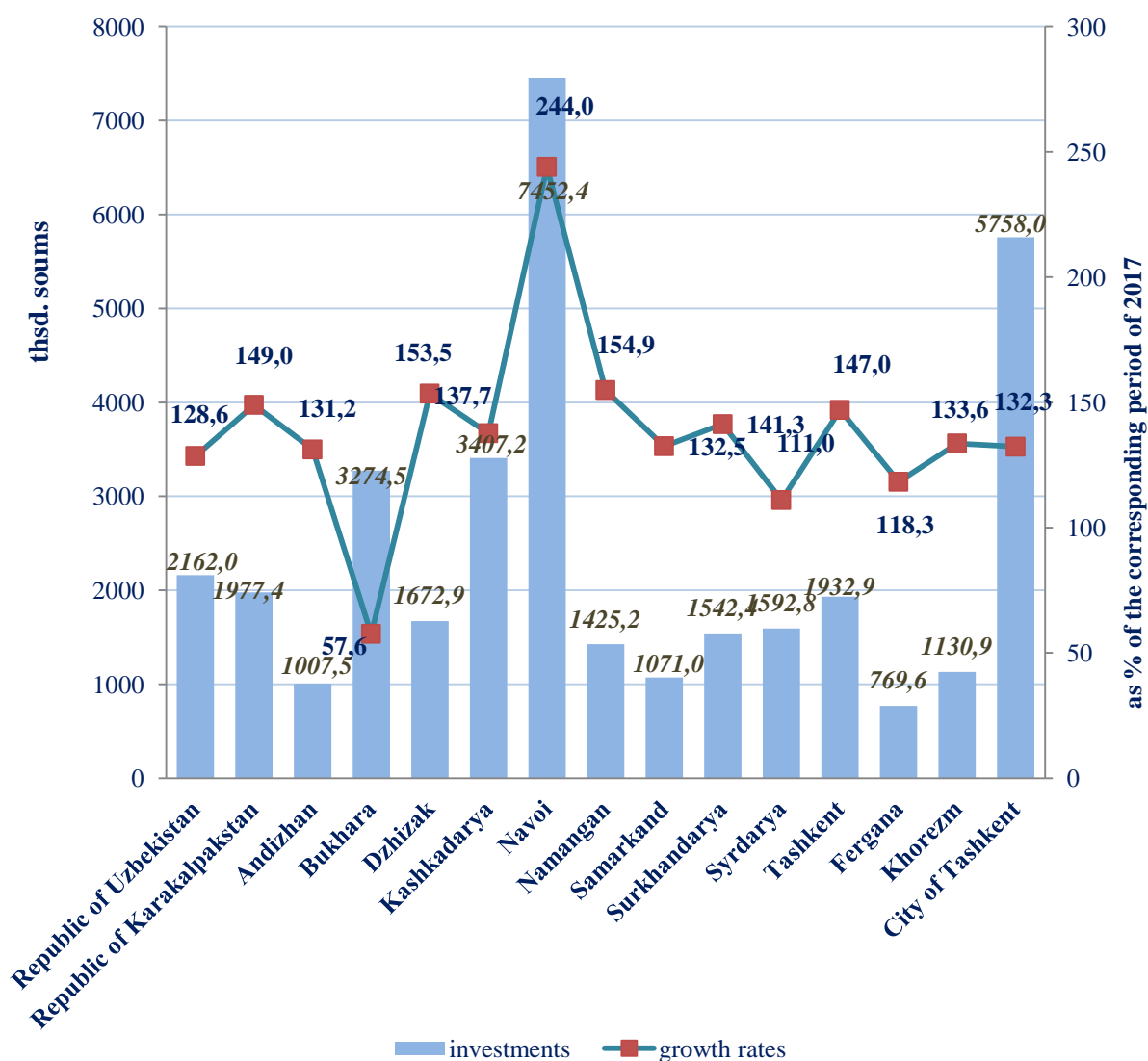
Growth rates of investments in fixed capital in January-March 2018



In January-September 2018, the majority - 62.0 % of all investments in fixed assets were mastered in five regions of the republic, in particular, the Tashkent city - 20.1 %, Kashkadarya - 15.2 %, Navoi - 10.1 % , Bukhara region - 8.7 % and Tashkent - 7.8%.

High growth rates of utilized investments in fixed assets were observed in the following regions: in the Navoi region — 2.5 times (the volume of investments in fixed capital — 7183.4 billion soums), Namangan region — 157.7 % (3874.8 billion soums) , Jizzakh region - 156.5 % (2233.1 billion soums), the Republic of Karakalpakstan - 151.1 % (3661.6 billion soums), Tashkent region - 148.7 % (5556.5 billion soums), Surkhandarya region - 144.3 % (3908.9 billion soums), Kashkadarya region - 140.5 % (10806.9 billion soums) and the Tashkent city - 134.5 % (14287.8 billion soums).

Capital investment per capita (% January-September 2017)

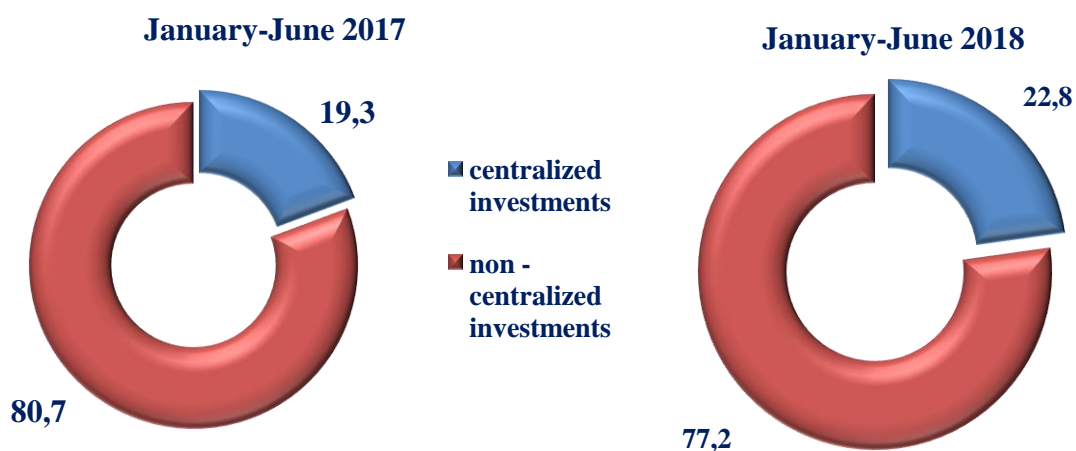


The first position in terms of investments in fixed capital per capita in January-September 2018 is occupied by Navoi region - 7452.4 thousand soums (or 2.4 times to the corresponding period of the previous year), respectively, the Tashkent city – 5758.0 thousand soums (or 132.3 %), Kashkadarya region - 3407.2 thousand soums (or 137.7 %), Bukhara region - 3274.5 thousand soums (or 57.6 %), the Republic of Karakalpakstan – 1977.4 thousand soums (or 149.0 %), Tashkent region - 1932.9 thousand soums (or 147.0 %) and Jizzakh region - 1672.9 thousand soums (or 153.5 %).

Distribution of investments in fixed capital by sources of financing
(January-September 2018)

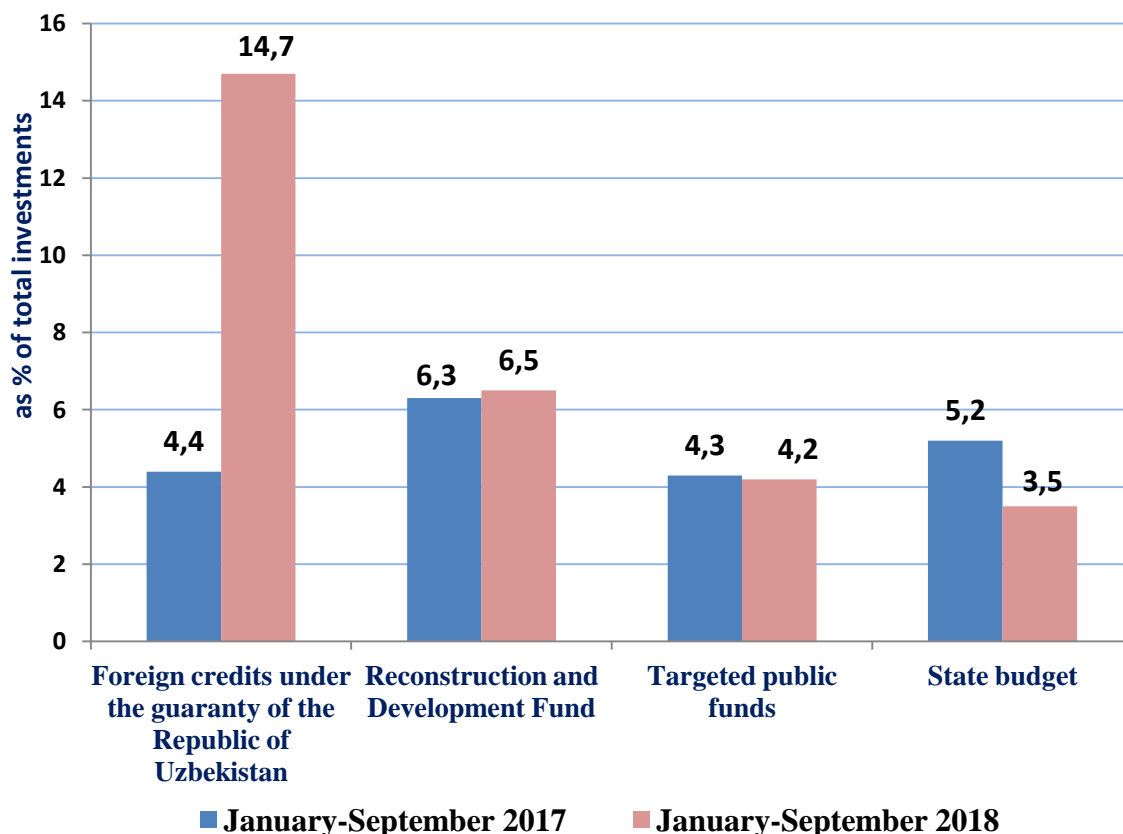
	<i>Billion soums</i>	<i>Growth rate, %</i>	<i>% to the total</i>
Fixed investment	71068.1	130.9	100.0
<i>including:</i>			
Centralized investment:	20656.3	184.1	29.1
budget resources	2500.5	87.5	3.5
government trust funds	3001.0	128.8	4.2
funds of the Children's Sport Development Fund	122.7	103.0	0.2
funds of the Fund for Reconstruction and Development	4598.1	131.9	6.5
foreign investments and loans guaranteed by the government	10434.0	4.3 t	14.7
Non-centralized investment:	50411.8	117.3	70.9
funds of enterprises	22119.2	133.6	31.1
public funds	8956.2	104.4	12.6
foreign direct investment and loans	7336.6	67.1	10.3
loans from commercial banks and other borrowed funds	11999.8	176.9	16.9

The share of centralized and decentralized investments in the total investment in fixed assets



20656.3 billion soums, or 184.1 % of the corresponding period of 2017 (29.1 % of the total investment, which is 8.7 p.p more than in the same period last year), were spent at the expense of centralized sources, respectively due to decentralized sources - 50411.8 billion soums, or 117.3 % (70.9 %).

Centralized sources of financing investment in fixed assets



Compared to the same period in 2017, the share of foreign investments and loans under the state guarantee of the Republic of Uzbekistan increased by 10.3 percentage points;

The main factors for achieving high growth rates of foreign investments and loans under the state guarantee of the Republic of Uzbekistan during the first 9 months of this year were the following projects:

construction of the Shurtan Gas Chemical Complex for the production of synthetic liquid fuels based on purified methane;

expansion with the construction of a second combined-cycle gas turbine unit with a capacity of 450 MW in Navoi TPP;

construction of a new thermal power plant with a total capacity of 900 MW as part of two blocks of combined-cycle plants with a capacity of 450 MW each in the Turakurgan district of the Namangan region;

construction of a production complex of polyvinyl chloride (PVC), caustic soda and methanol in «Navoiazot» JSC;

organization of production of conveyor belts, agricultural and automobile tires, FIZ «Angren» stage II;

electrification of railway sections: Pop-Namangan-Andijan, Karshi-Termez;

construction of the electrified Angren-Pap railway line with electrification of the Pap-Kokand-Andijan section;

modernization with bringing the design capacity to 900 thousand tons of coal per year by «Shargunkumir» JSC;

reconstruction of sewage treatment plants and sewage systems in the cities of Bukhara and Samarkand;

improvement of water supply to district centers and rural settlements of Bayaut, Khavast, Mirzaabad, Sardoba and Akaltyn districts of the Syrdarya region;

improvement of drinking water supply in the Alat and Karakul districts of the Bukhara region;

rehabilitation of the main irrigation canals of the Tashasaki system in the Khorezm region, etc.

At the expense of the Fund for Reconstruction and Development in strategic sectors of the economy, investments in the amount of 4598.1 billion soums (in dollar equivalent - 574.4 million USD) were used with an increase of 31.9 % over the same period last year.

During the reporting period, the following major projects were implemented at the expense of the Fund for Reconstruction and Development:

Takhiatash TPP - construction of two combined-cycle plants with a capacity of 230-280 MW;

improvement of the technology of gold extraction from refractory ores from the Kokpatas and Daugyztau deposits.

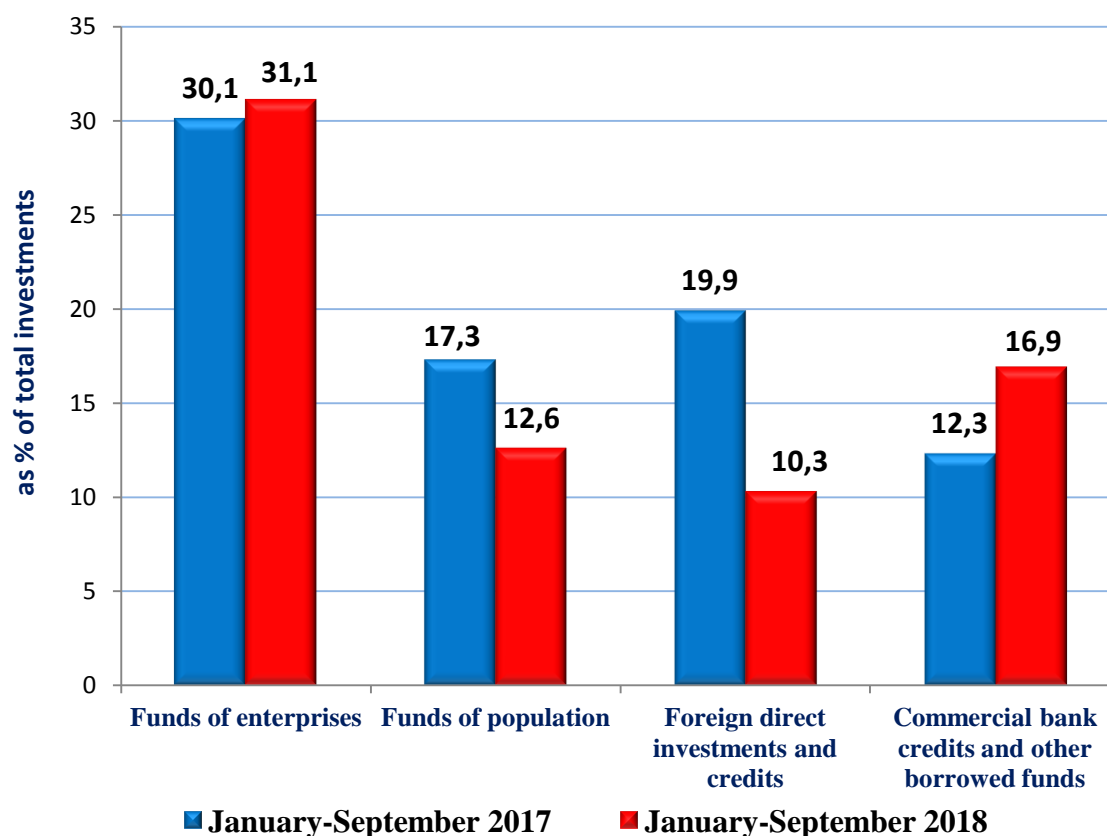
construction of a mine for the extraction and processing of gold-bearing ores from the fields of the Auminzo-Amantoyskoye ore field (GMZ-5) (stages I-II);

construction of a cement plant in Sherabad district;

development of the Yoshlik I field in the Tashkent region (Almalyk);

working out the Muruntau quarry (V stage);

Non-centralized sources of financing investments in fixed capital



The main sources of financing of non-centralized investments were funds of enterprises (31.1 % of the total investments), bank loans and other borrowed funds (16.9 %).

The construction of social housing was carried out at the expense of bank loans and other borrowed funds:

under the program for the construction of multi-apartment residential buildings in the cities of IK LTD “Uzshahar Kurilish Invest”.

The following major investment projects were carried out at the expense of direct and other foreign investments and loans:

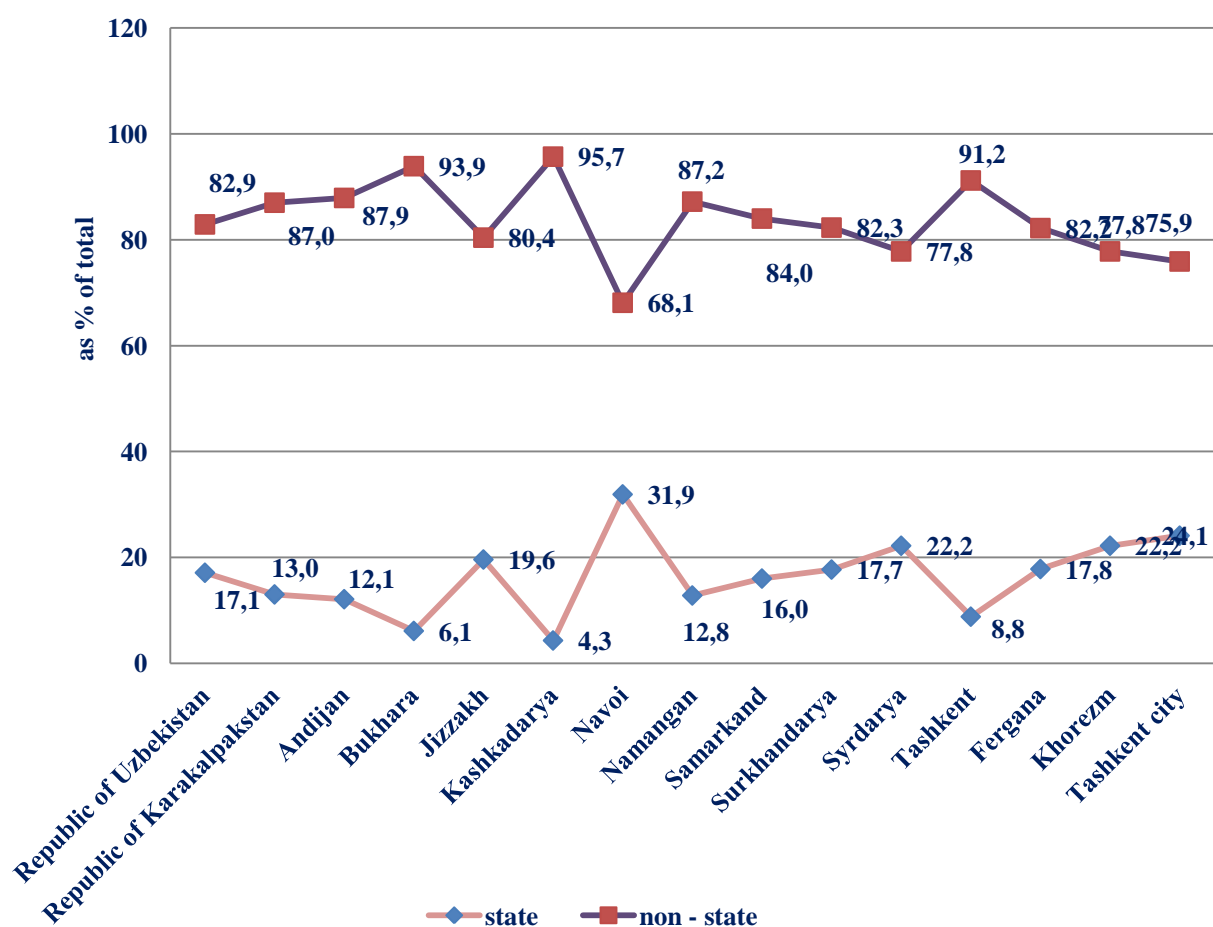
construction of a gas processing plant complex and arrangement of the Kandym group of fields;

the development of the Khauzak and Shady fields, as well as the expansion of the Kuvachi-Alat fields;

the development of deposits and the extraction of hydrocarbons in the territories of the Gissar Investment Block and the Ustyurt region under PSA terms;

arrangement of the Khojisayat area of gas condensate fields (GCF) Dengizkul, Khodzhidavlat and Sharki Alat in the Bukhara region;

The structure of investment in fixed capital by ownership



During the reporting period, the volume of investments in the non-state sector of the economy increased, as compared with the corresponding period of 2017, by 24.5 %. The share in the total volume in the Republic of Uzbekistan was 81.9 %, including in the Kashkadarya region reached 96.4 %, the Republic of Karakalpakstan - 87.0 %, the Tashkent region - 89.9 %, the Bukhara region - 89.4 %, Andijan region - 85.4 %, Namangan region - 85.0 % and the Ferghana region - 82.9 %.

Structure of investments in fixed capital by sources of financing

	Total investment , billion soums	Including financed by funds (% of total)						
		Республиканского бюджета	government trust funds	enterprises and population	bank loans and other borrowed funds	foreign investment and loans	Fund reconstruction and development	Children's Sports Development Fund
Republic of Uzbekistan¹⁾	71068.1	3.5	4.2	43.7	16.9	25.0	6.5	0.2
Republic of Karakalpakstan	3661.6	2.7	8.0	38.2	11.1	25.9	13.8	0.3
<i>regions:</i>								
Andijan	3053.8	3.8	6.5	50.1	18.7	20.8	-	0.1
Bukhara	6158	2.9	3.1	28.9	9.5	55.4	-	0.2
Jizzakh	2233.1	9.1	6.7	48.4	25.6	9.8	-	0.4
Kashkadarya	10806.9	1.1	2.2	44.7	6.3	39.9	5.6	0.2
Navoi	7183.4	0.6	1.3	38.3	5.7	39.5	14.6	-
Namangan	3874.8	3.0	4.6	34.9	14.7	42.7	-	0.1
Samarkand	4015.2	2.5	8.9	58.0	26.8	3.7	-	0.1
Surkhandarya	3908.9	2.6	8.1	37.6	24.8	18.4	8.4	0.1
Syrdarya	1307.5	9.2	7.9	35.7	36.1	10.6	-	0.5
Tashkent	5556.5	2.7	4.4	43.1	25.4	10.1	14.3	-
Ferghana	2803.7	3.3	6.2	58.5	21.1	10.0	-	0.9
Khorezm	2052.7	5.2	8.7	55.3	14.7	10.6	5.1	0.4
Tashkent city	14287.8	5.5	2.0	48.6	23.7	11.8	8.4	-

¹⁾ Including unallocated data by region

Investments in the modernization, technical and technological re-equipment and expansion of enterprises and organizations during the reporting period increased throughout the country compared to the same period in 2017 by 42.2 %. Accordingly, this indicator, compared with 2010, increased by 5.1 %, 2012 - by 13.7 %, 2014 - by 1.9 %, 2015 - by 1.6 %, in 2016 by 3.3 %.

Technological structure of investment in fixed capital by ownership
(January-September 2018)

	<i>Total</i>	<i>Governmental</i>	<i>Non-governmental</i>
Total, billion soums	71068.1	12835.0	58233.1
<i>including% to total volume:</i>			
construction and installation work	50.5	61.5	48.1
machines, equipment, inventory	38.2	31.6	39.6
other costs	11.3	6.9	12.3

In the technological structure of investments in fixed capital, the share of construction and installation work in the republic was 50.5 %, the share of expenditures on the purchase of machinery and equipment - 38.2 %, and the share of other expenses - 11.3 %.

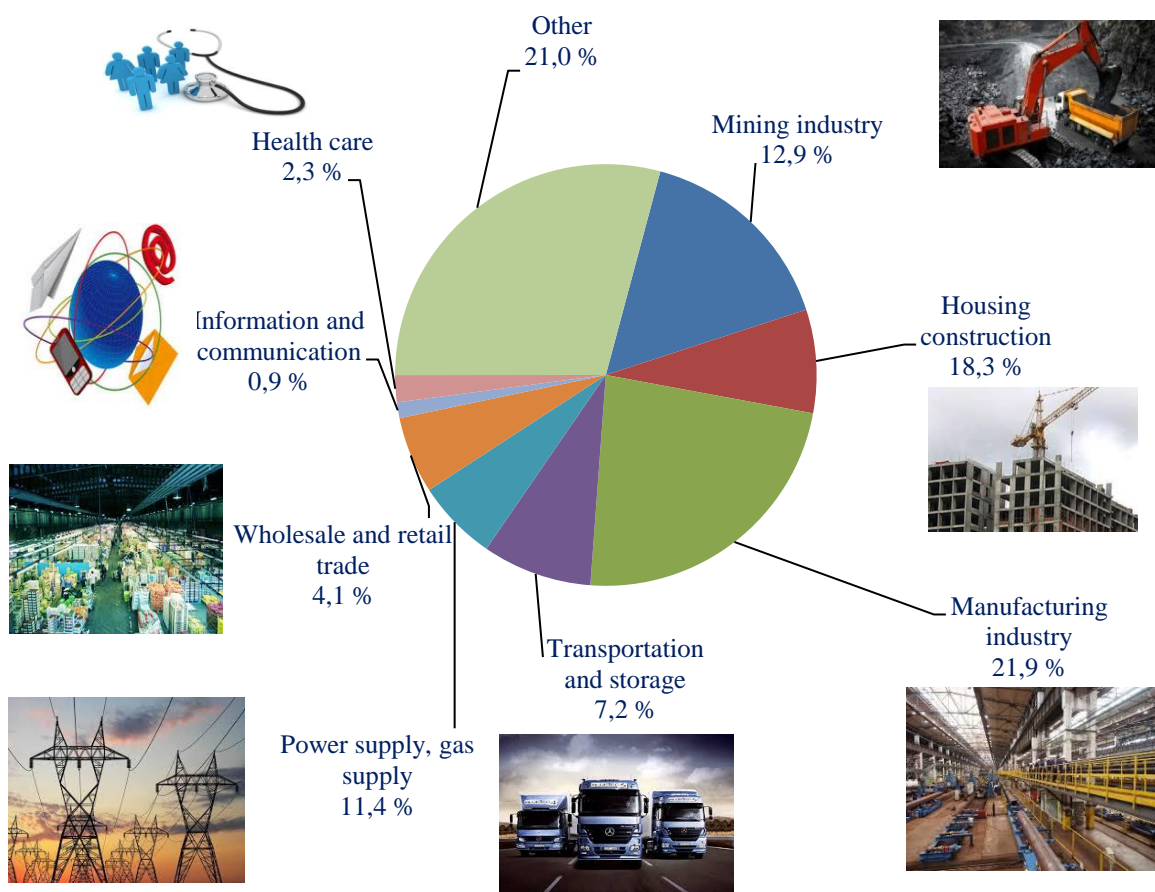
Development of investments in fixed capital by type of economic activity (billion soums)

	<i>Billion soums</i>	<i>% κ umozy</i>	
		<i>January-September 2017</i>	<i>January-September 2017</i>
Investments in fixed assets, total	71068.1	100.0	100.0
<i>including by type of economic activity:</i>			
agriculture, forestry and fisheries	2494.6	3.5	3.5
mining industry	9207.3	20.4	12.9
manufacturing industry	15573.8	14.9	21.9

	<i>Billion soums</i>	<i>% к умогу</i>	
		<i>January-September 2017</i>	<i>January-September 2017</i>
electricity, gas, steam and air conditioning	8081.6	5.6	11.4
water supply, sewerage, collection and disposal	1214.5	1.1	1.7
construction	2759.3	4.3	3.9
wholesale and retail trade, repair of motor vehicles and motorcycles	2921.3	4.8	4.1
transportation and storage	5114.4	8.6	7.2
accommodation and food services	1034.8	1.6	1.5
information and communication	678.1	2.7	0.9
financial and insurance activities	701.9	1.0	1.0
professional, scientific and technical activities	950.9	1.4	1.3
education	1612.2	2.2	2.3
health and social services	1610.8	1.4	2.3
art, entertainment and recreation	701.5	1.0	1.0
except for all types of activities: investment in housing	13012.6	21.3	18.3
other activities	3398.5	4.2	4.8

The development of investments in fixed assets by economic activity: mining industry - 9207.3 billion soums (12.9 % of total investments), including crude oil and natural gas - 6820.6 billion soums (9.6 %), manufacturing industry - 15573.8 billion soums (21.9 %), including the production of food, beverages and tobacco - 1722.1 billion soums (2.4 %), production of textiles and clothing – 2882.2 billion soums (4.0 %), production of chemical products - 3043.0 billion soums (4.3 %), production of other non-metallic non-mineral products - 1677.2 billion soums (2.4 %), metallurgical industry - 2989.1 billion soums (4.2%), electricity, gas, steam and air conditioning - 8081.6 billion soums (11.4 %), water supply, sewerage, collection and recycling –1214.5 billion soums (1.7 %), construction - 2759.3 billion soums (3.9 %), transportation and storage - 5114.4 billion soums (7.2 %), wholesale and retail trade, repair of motor vehicles and motorcycles - 2921.3 billion soums (4.1 %), information and communications 678.1 billion soums (0.9 %), professional, scientific and technical activities - 950.9 billion soums (1.3 %), education - 1612.2 billion soums (2.3%), in addition, all types of activities: investment in housing construction - 13012.6 billion soums (18.3 %).

Investments in fixed capital for certain types of economic activity
(January-September 2018).



Foreign investment and loans in fixed assets

In January-September 2018, the volume of utilized foreign investments and loans to fixed assets amounted to 17770.6 billion soums (in dollars equivalent - 2.2 billion USD), or 132.9 % compared to January-September 2017.

The share of foreign investments and loans to fixed assets in the total volume of investments for the reporting period amounted to 25.0 %.

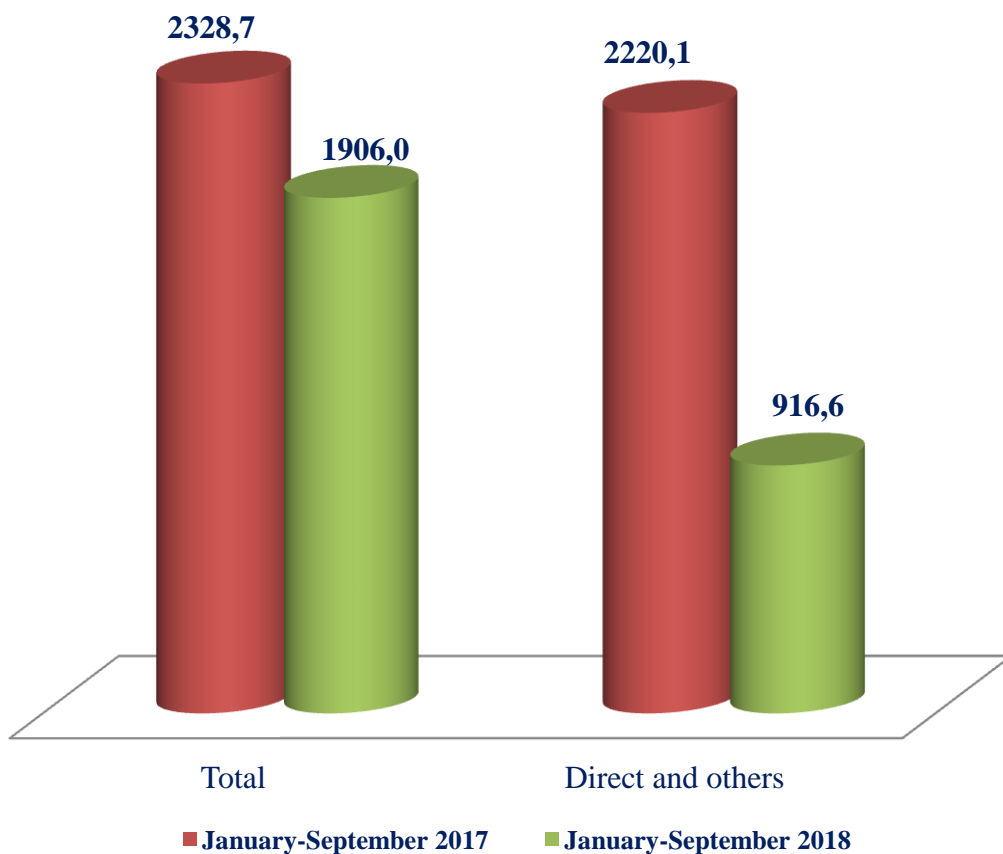
The highest share of foreign investments and loans was observed in the Kashkadarya region - 24.2%, Bukhara region - 19.2 % and Navoi region - 16.0 %.

The development of foreign investment, including loans

	<i>The development of foreign investment, billion soums</i>		<i>Foreign investment, %</i>	
	<i>total</i>	<i>including loans</i>	<i>total</i>	<i>investment in fixed assets</i>
Republic of Uzbekistan	17770.6	11153.5	100.0	25.0
Republic of Karakalpakstan	947.2	562.3	5.3	25.9
<i>regions:</i>				
Andijan	635.0	243.7	3.6	20.8
Bukhara	3410.9	191.9	19.2	55.4
Jizzakh	219.3	22.4	1.2	9.8
Kashkadarya	4308.9	3785.0	24.2	39.9
Navoi	2839.5	2817.6	16.0	39.5
Namangan	1654.3	1455.6	9.3	42.7
Samarkand	149.6	55.3	0.8	3.7
Surkhandarya	719.8	617.0	4.1	18.4
Syrdarya	138.3	94.3	0.8	10.6
Tashkent	562.7	320.1	3.2	10.1
Ferghana	280.8	108.0	1.6	10.0
Khorezm	218.1	187.1	1.2	10.6
Tashkent city	1686.2	693.2	9.5	11.8

The share of foreign investments and loans to fixed assets in GDP in January-September 2018 was 7.3 % and increased, as compared to the same period last year, by 1.9 percentage points

Utilization of foreign investments and credits (USD mln.)

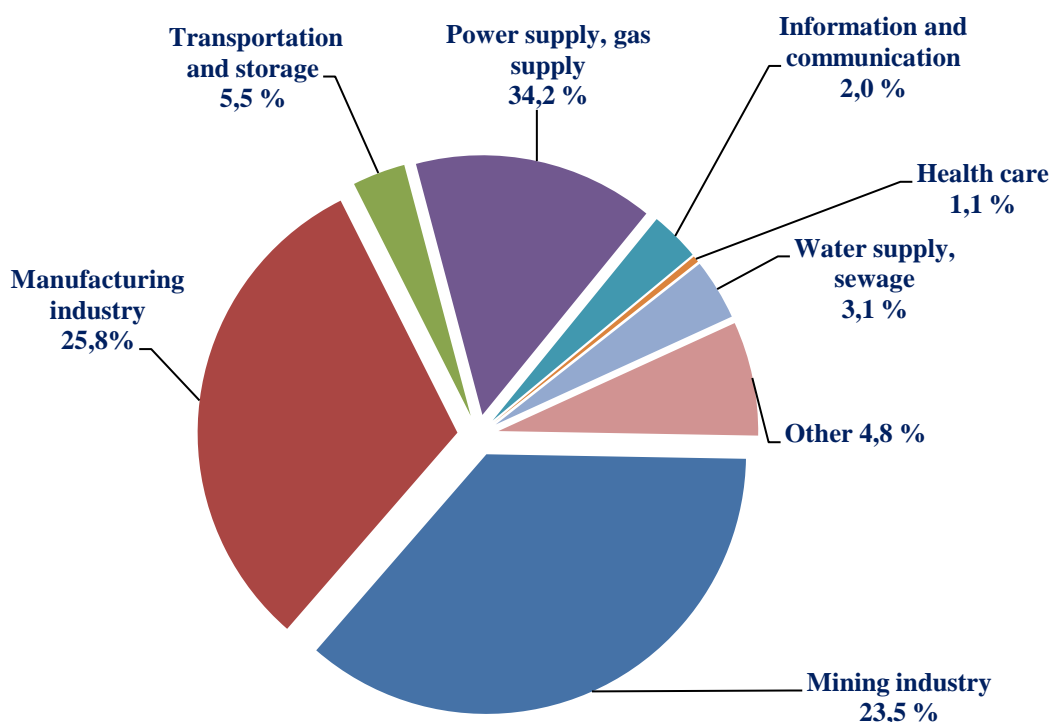


The total volume of foreign investments and loans in dollar equivalent amounted to 2220.1 million USD, of which 916.6 million USD were direct and other foreign investments and loans, or 41.3 % of the total foreign investments and loans.

The volume of direct and other foreign investments and loans in January-September 2018 amounted to 7336.6 billion soums, or 67.1 % compared to the same period last year.

The share of direct and other foreign investments and loans to fixed assets in GDP in January-September 2018 amounted to 3.0 % and decreased, as compared with the corresponding period of the last year, by 1.4 percentage points. The ratio of direct and other investments and loans to GDP in 2010 reached 6.8%, compared to the same period in 2018, this indicator decreased by 3.8 percentage points, respectively, in 2012 - by 0.6 percentage points, in 2014 - by 0.9 % and in 2015 - also by 0.9 percentage points

The structure of foreign investment and loans for certain types of economic activity



Significant volumes of foreign investments and loans are disbursed in the following economic activities: crude oil and natural gas - 22.0 % of total foreign investments and loans having decreased, by January-September 2017, by 39.8 p.p, respectively and storage - 5.5 % (by 2.4 p.p), information and communications - 2.0 % (by 6.5 p.p).

Along with this, the volumes of the following economic activities increased: electricity, gas, steam and air conditioning supply - 34.2 % (by 33.0 p.p), water supply, sewerage, waste collection and disposal - 3.1 % (1.6 pp).

Construction of social facilities

Of the total investment in housing construction, 13012.6 billion soums were used, or 18.3 % of the total investment.

Commissioning of residential buildings and social facilities due to new construction and reconstruction

	<i>At the expense of all sources</i>			
	<i>introduced</i>		<i>% by January-September 2017</i>	
	<i>total</i>	<i>including in rural areas</i>	<i>total</i>	<i>including in rural areas</i>
Residential buildings, <i>thousand square meters</i> of total area	8940.2	6150.0	101.7	97.6
<i>of which:</i>				
individual houses	7973.0	6143.3	101.3	97.3
individual residential buildings according to standard projects in urban and rural areas	944.2	869.0	104.9	98.9
Hospitals, beds	1462	30	212.5	-
Polyclinics (including IS) visits	13060	7075	26.1p	1.4 p.
General and specialized schools, Ouch. places	55034	24198	68.2	54.6
Overhaul of secondary and specialized schools, units	84	x	560	x
Water supply network, km	1979.3	1824.0	113.0	122.2
Gas network, km	128.4	102.8	75.0	102.4

In January-September 2018, 58.6 thousand houses, or 62.1 thousand apartments with a total area of 8940.2 thousand sq. M (or 101.7 % compared to the same period of 2017) were commissioned, including rural area 6150,0 thousand square meters (or 97.6 %).

In municipal construction, 1979.3 km of water supply systems (1824.0 km in rural areas) and 128.4 km of gas (102.8 km in rural areas) networks were commissioned, which respectively amounted to 113.0 and 122.2 % by January. September 2017 Rural areas account for 75.0 % of the installed water supply systems and 102.4 % of gas networks.

Commissioning of residential buildings

(January-September 2018)

	<i>Commissioned, total</i>		<i>Of them: Commissioned individual houses</i>	
	<i>ths.sq.m</i>	<i>% by January-September 2017</i>	<i>ths.sq.m</i>	<i>% by January-September 2017</i>
Republic of Uzbekistan	8940.2	101.7	7973.0	101.3
Republic of Karakalpakstan	568.0	108.1	492.7	108.3
<i>regions:</i>				
Andijan	749.2	115.5	632.7	111.8
Bukhara	973.1	163.2	873.5	157.2
Jizzakh	449.4	97.9	401.2	94.4
Kashkadarya	767.3	99.3	678.3	108.1
Navoi	505.9	98.4	474.8	117.0
Namangan	829.1	94.8	764.9	89.5
Samarkand	742.9	90.0	617.8	86.2
Surkhandarya	827.7	93.2	752.7	92.3
Syrdarya	64.5	81.7	43.7	80.8
Tashkent	616.7	114.8	570	111.0
Ferghana	844.0	94.9	742.3	96.0
Khorezm	561.9	82.8	536.2	87.8
Tashkent city	431.3	86.5	392.2	78.7

Individual developers commissioned residential buildings for 7973.0 thousand square meters of total area, or 101.3 % over the same period last year.

At the same time, the Program for the construction of affordable residential buildings on updated model projects in urban and rural areas in January-September 2018 completed the construction of 10.6 thousand houses with a total area of 944.2 thousand square meters, or 104.9 % to the same period last year.

749.4 billion soums of investments were used for new construction and capital reconstruction of hospitals, outpatient polyclinic institutions, rural medical institutions and other health facilities, which accounted for 46.5 % of the investments made by the type of health care activity.

44.2 billion soums of investments were spent on the construction and reconstruction of vocational colleges, which amounted to 2.7 % of the investments in the form of education activity.

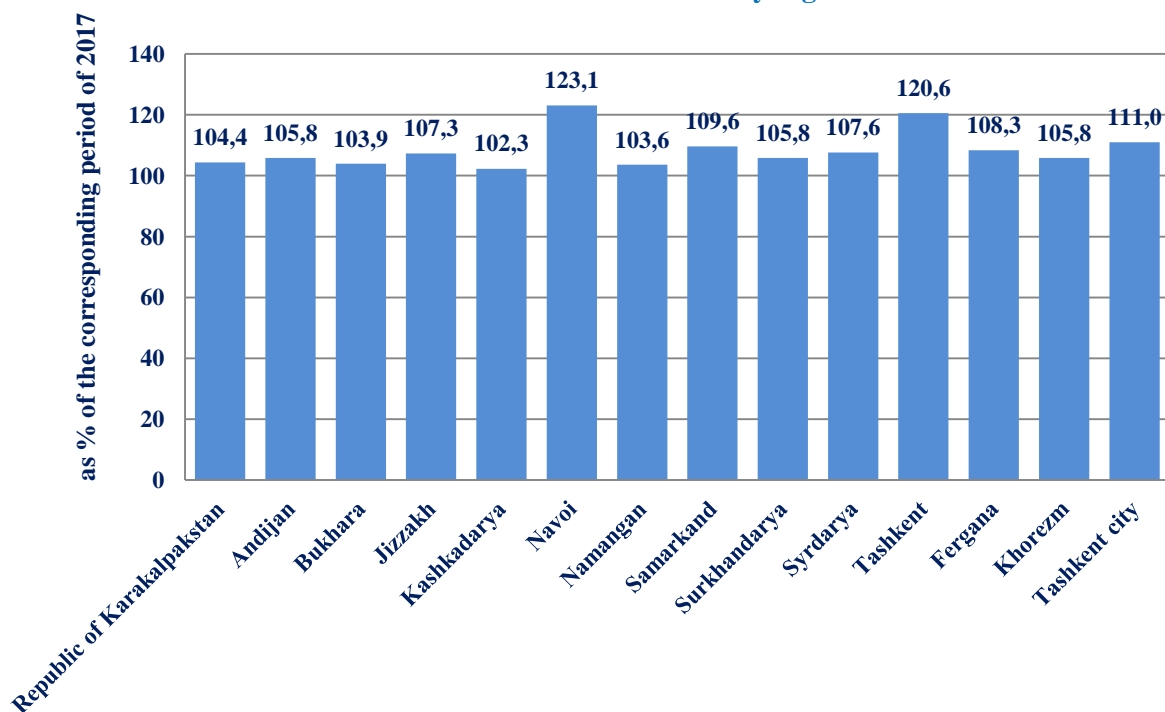
As part of the measures being implemented to further improve the quality of the educational process, 447.6 billion soums of investments were mastered for the construction and reconstruction of general education and specialized schools, or 27.8% of the investments made by the type of education activity.

603.1 billion soums were spent on the construction of water supply networks, and 11.1 billion soums on the construction of gas networks.

Construction activity

In January-September 2018, construction work was carried out at 33652.9 billion soums, which was 107.4 % compared to January-September 2017.

Growth rate of construction work by regions



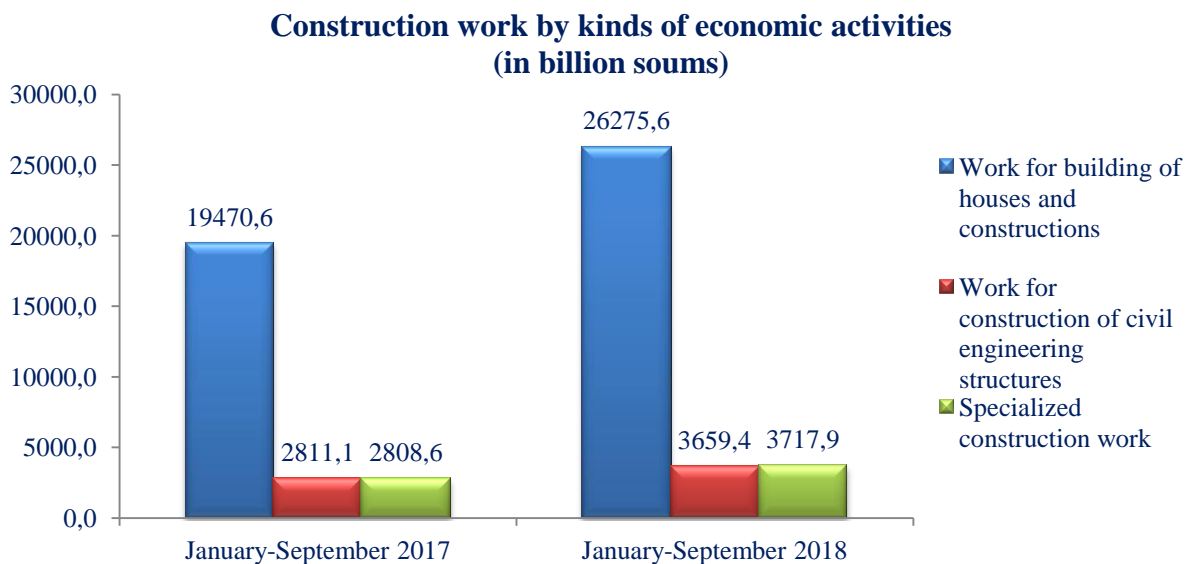
Significant growth rates of construction work were performed in the following regions: Navoi region - 123.1 % and this figure, compared with the corresponding period last year, increased by 19.7 percentage points, respectively, in Tashkent city - 111.0 % (2.9 p.p) and the Tashkent region - 120.6 % (22.5 p.p).

Construction work by region

	<i>Total billion soums</i>	<i>Including by ownership, % to total</i>	
		<i>governmental</i>	<i>non-governmental</i>
Republic of Uzbekistan ¹⁾	33652.9	4.3	95.7
Republic of Karakalpakstan	1325.7	5.4	94.6
<i>regions:</i>			
Andijan	1829.9	2.9	97.1
Bukhara	2411.0	4.6	95.4
Jizzakh	1025.4	6.5	93.5
Kashkadarya	2394.8	2.5	97.5
Navoi	1382.3	29.3	70.7
Namangan	1320.0	6.1	93.9
Samarkand	2142.1	1.3	98.7
Surkhandarya	1761.8	2.5	97.5
Syrdarya	473.5	6.9	93.1
Tashkent	1647.5	5.0	95.0
Ferghana	2015.8	2.2	97.8
Khorezm	1321.7	6.0	94.0
Tashkent city	6500.9	4.4	95.6

¹⁾ Including unallocated data by region.

The volume of construction work of the non-state sector of the economy has increased, as compared with January-September 2017, by 7.2 %. The share in the total volume in the Republic of Uzbekistan was 95.7 %, including 98.7 % in the Samarkand region, 97.8 % in the Ferghana region, 97.5 % in the Surkhandarya region, 97.5 % in the Kashkadarya region and Andijan region - 97.1 %.



Of the total construction work, 79.2 % fall on new construction, reconstruction, expansion and technical re-equipment of enterprises, and 20.8 % on capital, current repairs and other contract works.

During the reporting period, construction work was carried out on the construction of buildings and structures for 26275.6 billion soums, or 78.1 % of the total volume of construction works, respectively, construction works for the construction of civil engineering facilities - by 3659.4 billion soums, or 10.9 %, specialized construction work - by 3717.9 billion soums, or 11.0 %.