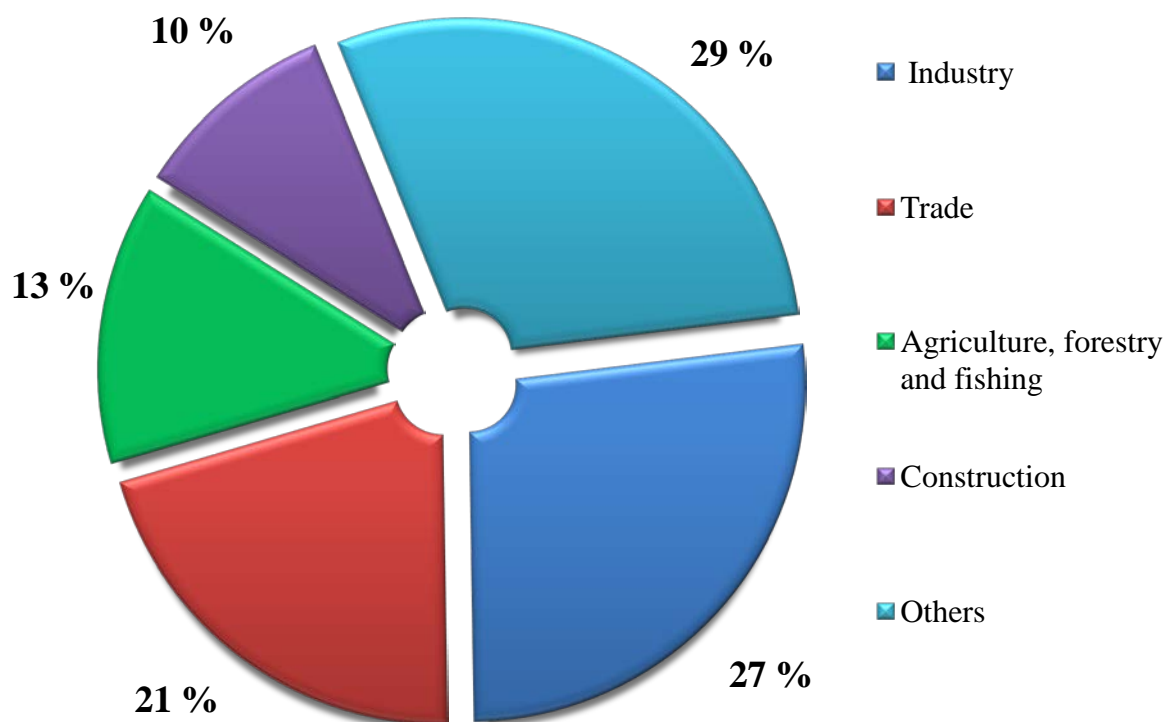


VIII. SMALL BUSINESS AND PRIVATE ENTREPRENEURSHIP

As a result of the measures taken to create a business environment, comprehensive support and further stimulation of the development of small business and private entrepreneurship in January-December 2017, 38,2 thousand new small business entities and micro-firms were created (excluding dekhkan farms and farm enterprises, 122 percent versus the same period in 2016). The largest number of small businesses was created in industries (27 percent), trade (21 percent), agriculture, forestry and fishing (13 percent) and construction (10 percent).

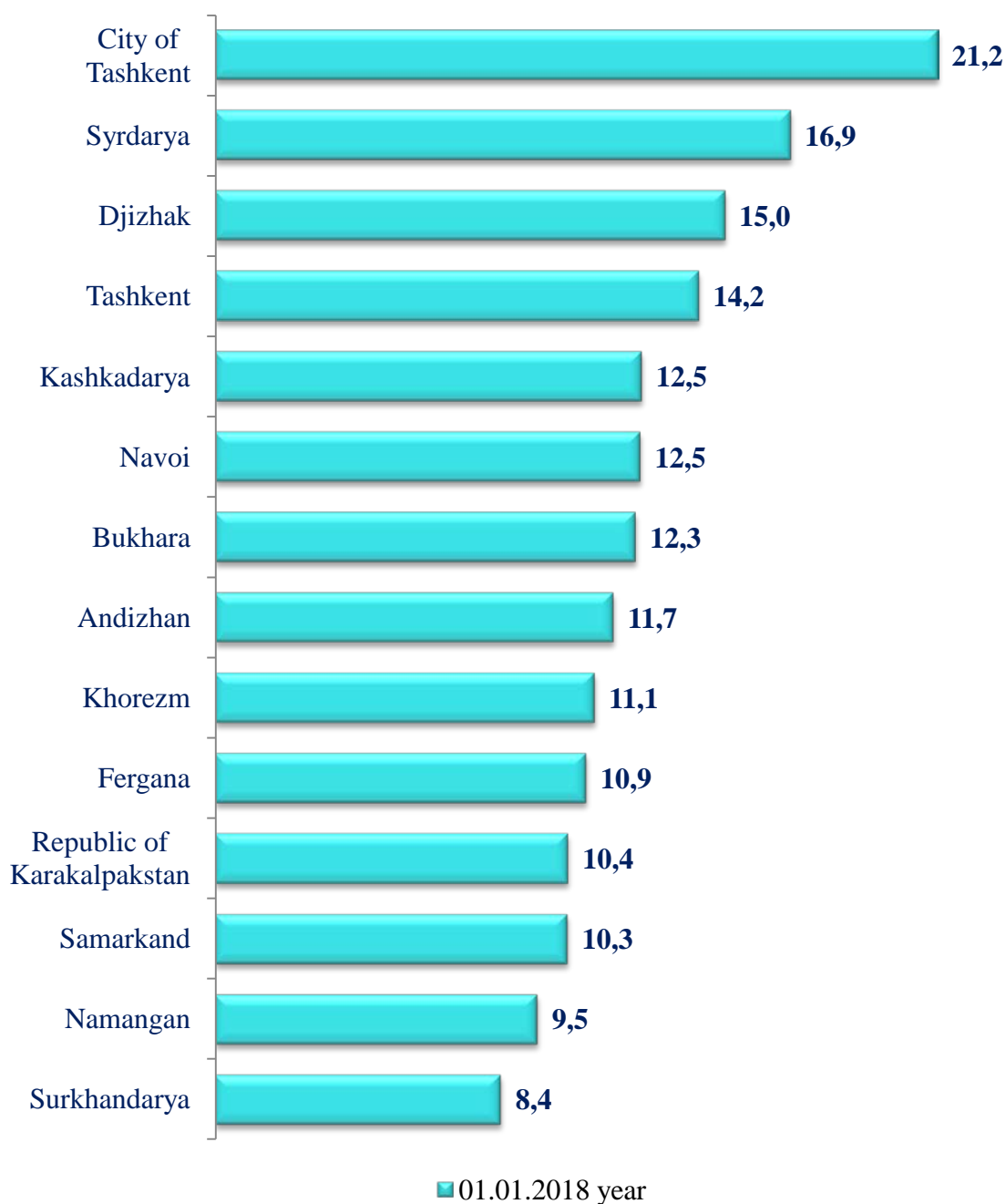
Share of newly created small enterprises and micro-firms by types of economic activity (for January-December 2017)



As of 1 January 2018, the number of operating small business entities (excluding dekhkan farms and farm enterprises) was 229 666 units.

Number of small businesses and microfirms

(per 1000 population, units)



On a per 1000 population basis, in the average, there are 12,2 units of small business in Republic of Uzbekistan or 107,0 % to the level of 01.01.2017.

Regionally, the highest rates are in Tashkent city (21,2 units), Syrdarya (16,9 units), Dzhizak (15,0 units) and Tashkent (14,2 units) regions.

The small businesses and private enterprises in January-December 2017:

- manufactured industrial products for 57 095,6 billion soums (39,6 percent of total industrial production) or 102,1 percent to the level of January-December 2016;

- utilized 19 407,1 billion soums of investments (32,0 percent of the total volume of investments of the Republic) or 95,5 percent to the level of January-December 2016;

- construction works worth 22 173,8 billion soums were completed (65,1 percent of the total volume of construction work) or 103,2 percent to the level of January-December 2016;

- provided services worth 68161,9 billion soums (58,4 percent of total services) or 99,9 percent to the level of January-December 2016;

- 88,4 percent of the total retail turnover was formed, which amounted to 93508,0 billion soums (an increase of 1,1 percent);

- the freight turnover of road transport has been increased by 5,3 percent (77,9 percent of the total freight turnover);

- growth in passenger turnover by 3,1 percent (94,8 percent of the total volume of passenger turnover);

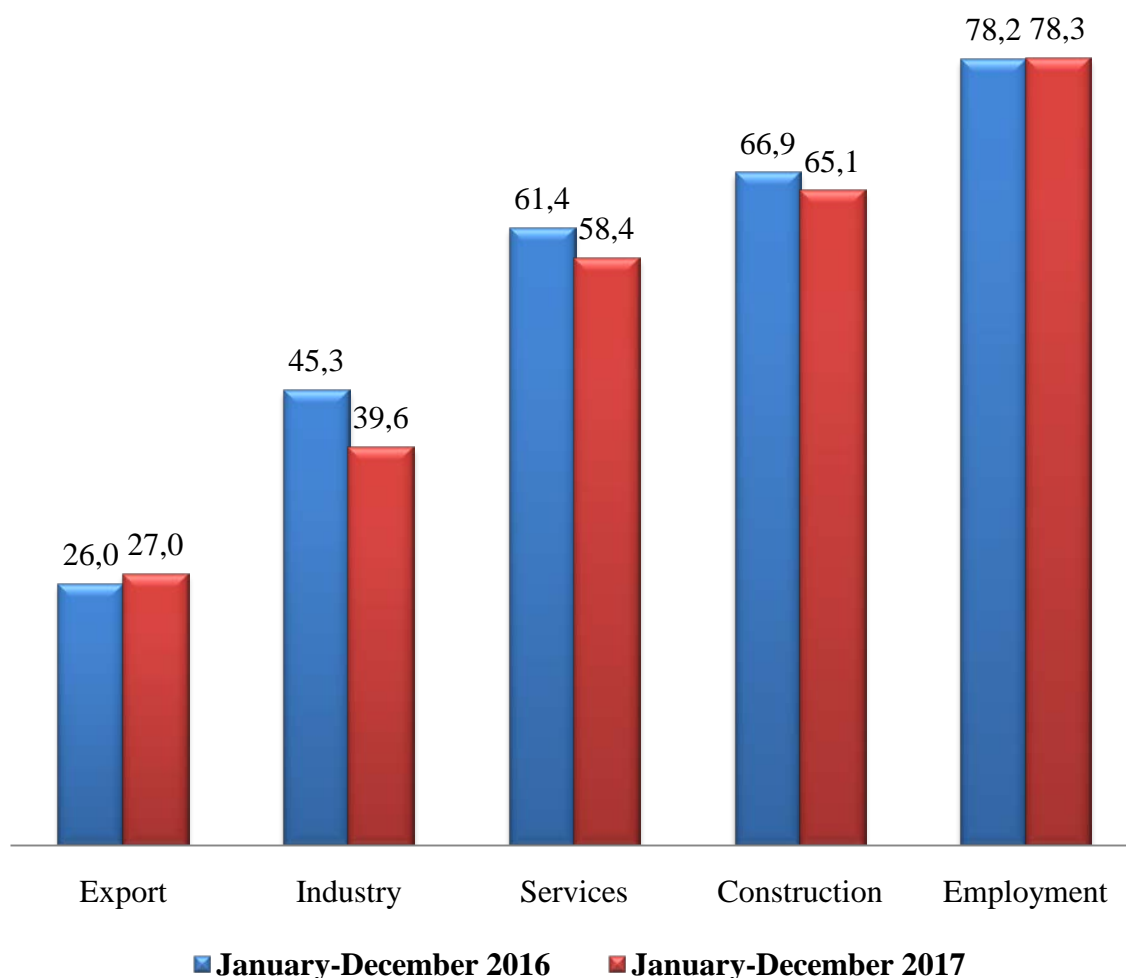
- 10 587,7 thousand people were employed or 78,3 percent of all employed in the economy (an increase of 1,8 percent).

- exports of goods (goods and services) by 3 763,5 million dollars (27,0 percent of total exports), which is 624,4 million dollars, or 19,9 percent more than it was in 2016;

An increase in the number of small enterprises and microfirms exporting goods and services contributed to the growth in the volume of exports. In comparison with 2016, their number increased by 1 310 units, in particular, industrial (733), trade (329), agricultural (162).

Currently, small business and private entrepreneurship play a key role in modernizing the country's national economy, as illustrated by the following data.

Share of small business and private entrepreneurship
(in% of total volume)

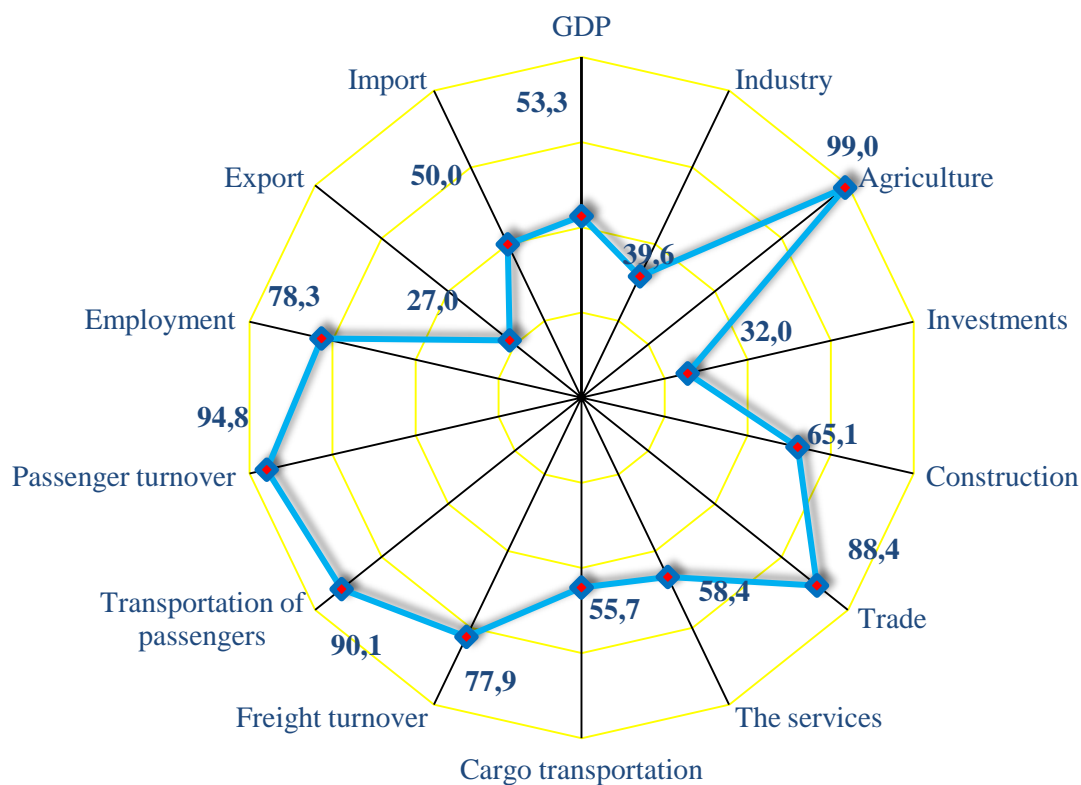


Share of small business and private entrepreneurship in exports – 27,0 percent (26,0 percent - for January-December 2016), industry – 39,6 percent (45,3 percent), services – 58,4 percent (61,4 percent), construction – 65,1 percent (66,9 percent) and employment - 78,3 percent (78,2 percent).

As a result of reforms in the country, the share of small business and private entrepreneurship is growing; the private sector is becoming increasingly important in the state's economy.

In the context of the main types of economic activity, the largest share of small business and private entrepreneurship in 2017 was observed in agriculture – 99,0 percent, passenger turnover – 94,8 percent, trade – 88,4 percent, employment – 78,3 percent, freight turnover – 77,9 percent.

**Share of small business and private entrepreneurship
by the main types of economic activity
(in percentage terms)**



Regionally, the largest share of small business and private entrepreneurship in industry is in Tashkent (71,3 percent), Namangan (68,4 %) and Dzhizak (61,3 percent) regions.

Share of small business and private entrepreneurship
(January-December 2017)
(in %)

	<i>Industry</i>	<i>Services</i>	<i>Construction</i>	<i>Employment</i>
Republic of Uzbekistan	39,6	58,4	65,1	78,3
Republic of Karakalpakstan	18,0	61,3	79,2	75,2
<i>regions:</i>				
Andizhan	34,4	73,7	94,3	84,5
Bukhara	43,4	74,9	67,8	78,5
Dzhizak	61,3	74,2	91,3	82,0
Kashkadarya	23,1	71,9	76,8	80,0
Navoi	18,8	67,3	75,4	60,3
Namangan	68,4	73,7	93,9	83,4
Samarkand	55,5	76,5	92,3	84,5
Surkhandarya	45,8	76,3	79,4	81,1
Syrdarya	44,9	66,4	91,4	79,5
Tashkent	29,6	76,2	79,2	77,0
Fergana	41,4	75,9	89,0	80,5
Khorezm	40,6	71,4	87,2	82,9
Tashkent city	71,3	51,1	66,8	56,8

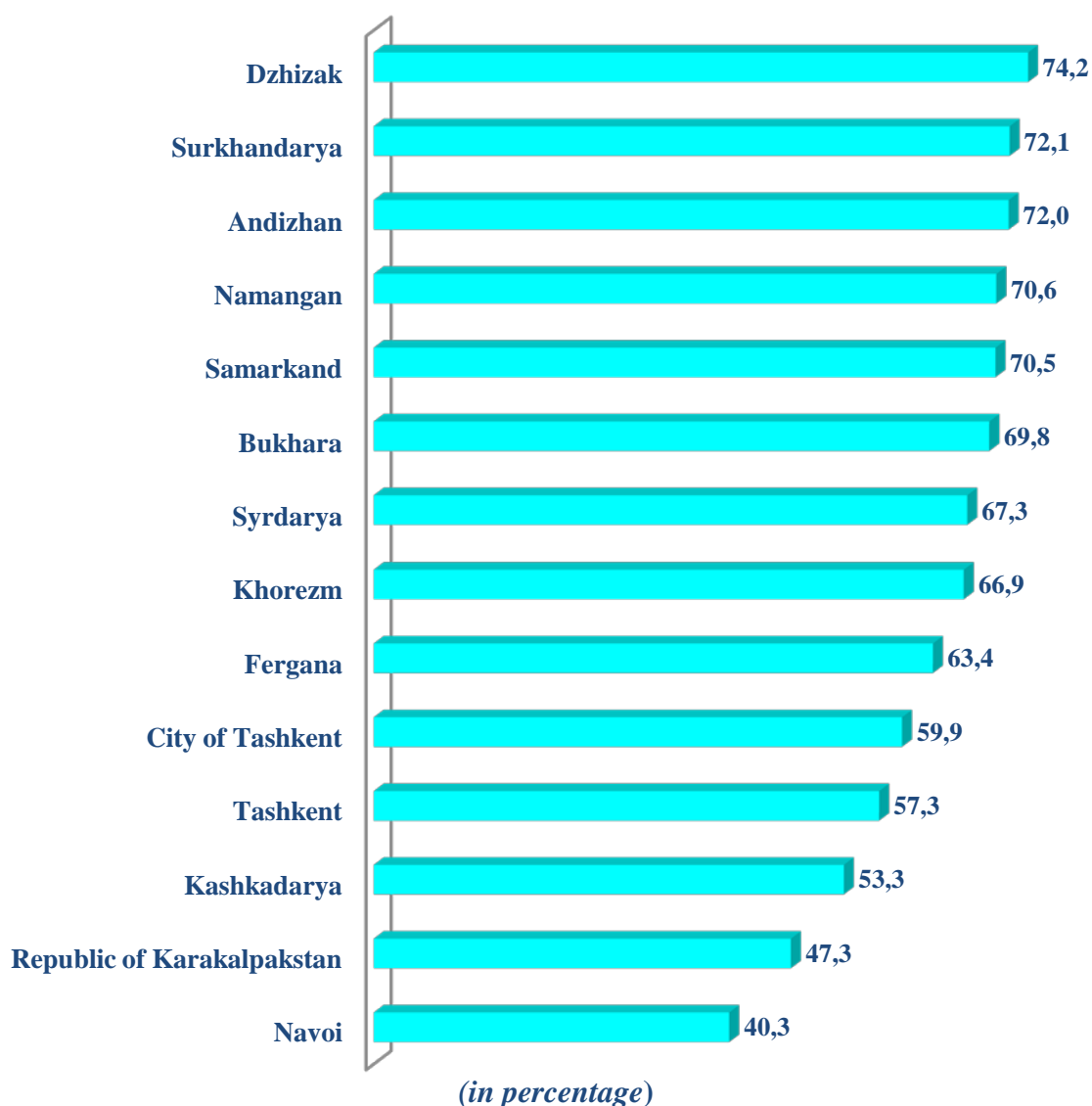
In the sphere of services: in Samarkand (76,5 percent), Surkhandarya (76,3 percent), Tashkent (76,2 percent), Fergana (75,9 percent), Bukhara (74,9 percent), Dzhizak(74,2 percent) and Andizhan (73,7 percent) regions.

In construction: in Andizhan (94,3 percent), Namangan (93,9 percent) and Samarkand (92,3 percent) regions.

In employment: in Andizhan and Samarkand (84,5 percent), Namangan (83,4 percent), Khorezm (82,9 percent) regions.

In January-December 2017, the share of small business and private entrepreneurship in GDP was 53,3 percent (56,2 percent - for January-December 2016).

Share of small business and private entrepreneurship in GRP by regions



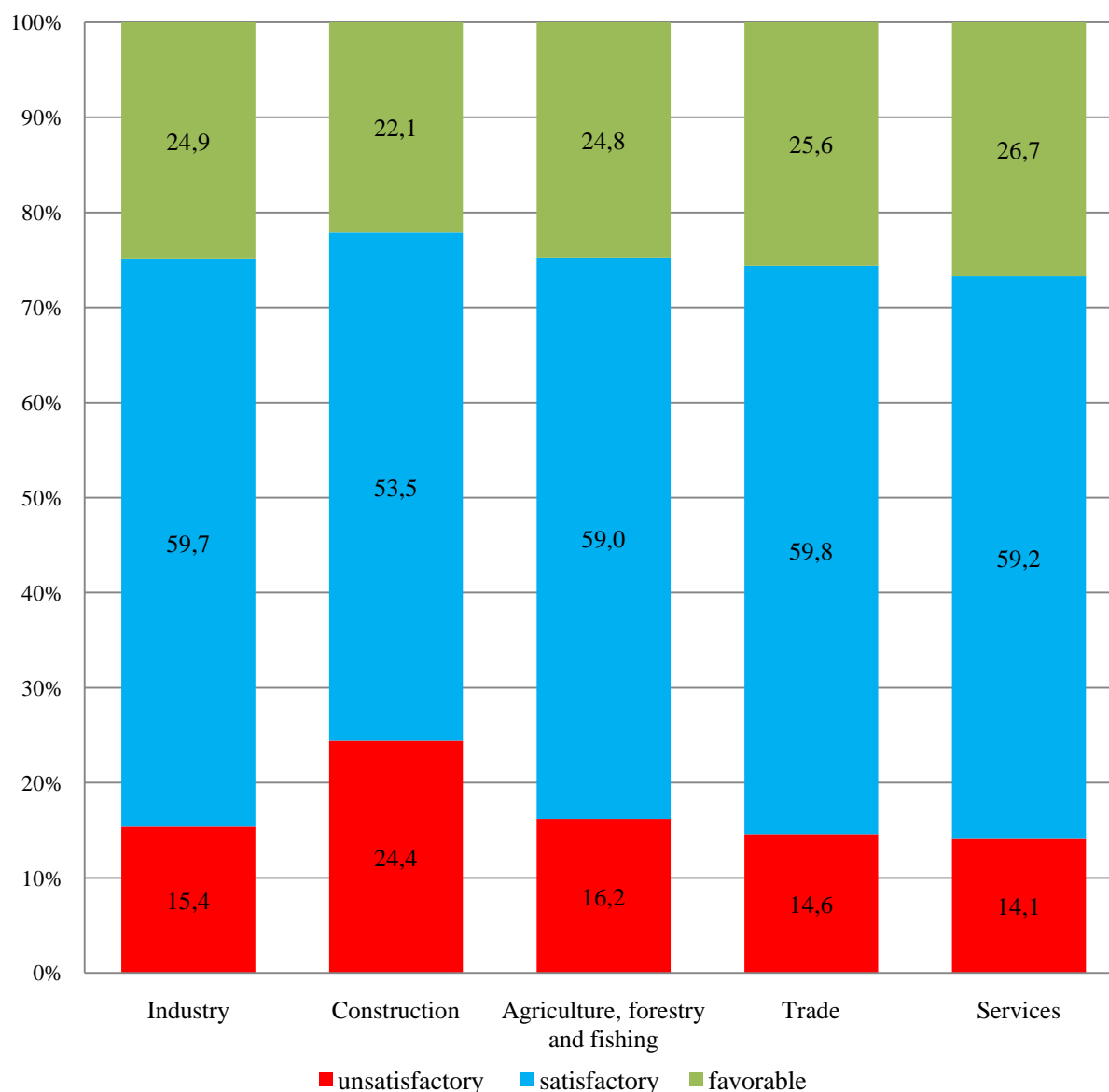
Regionally, Dzhizak (74,2 percent), Surkhondaryo (72,1 percent), Andizhan (72,0 percent), and Namangan (70,6 percent) regions account for the largest share of small business and private entrepreneurship in the GRP. In Navoi region this indicator remains low and is equal to 40,3 percent.

As a result of the fourth quarter of 2017, a sample survey of newly established small enterprises and micro-firms by types of economic activity was conducted. More than 900 respondents participated in it.

According to the survey, the economic situation is considered favorable – 24,9 percent and a satisfactory – 59,7 percent of industrial enterprises, in construction, – 22,1 percent and – 53,5 percent, in the sphere of trade – 25,6 percent and – 59,8 percent, in the service sector – 26,7 percent and – 59,2 percent, in agriculture, forestry and fishing – 24,8 percent and – 59,0 percent respectively.

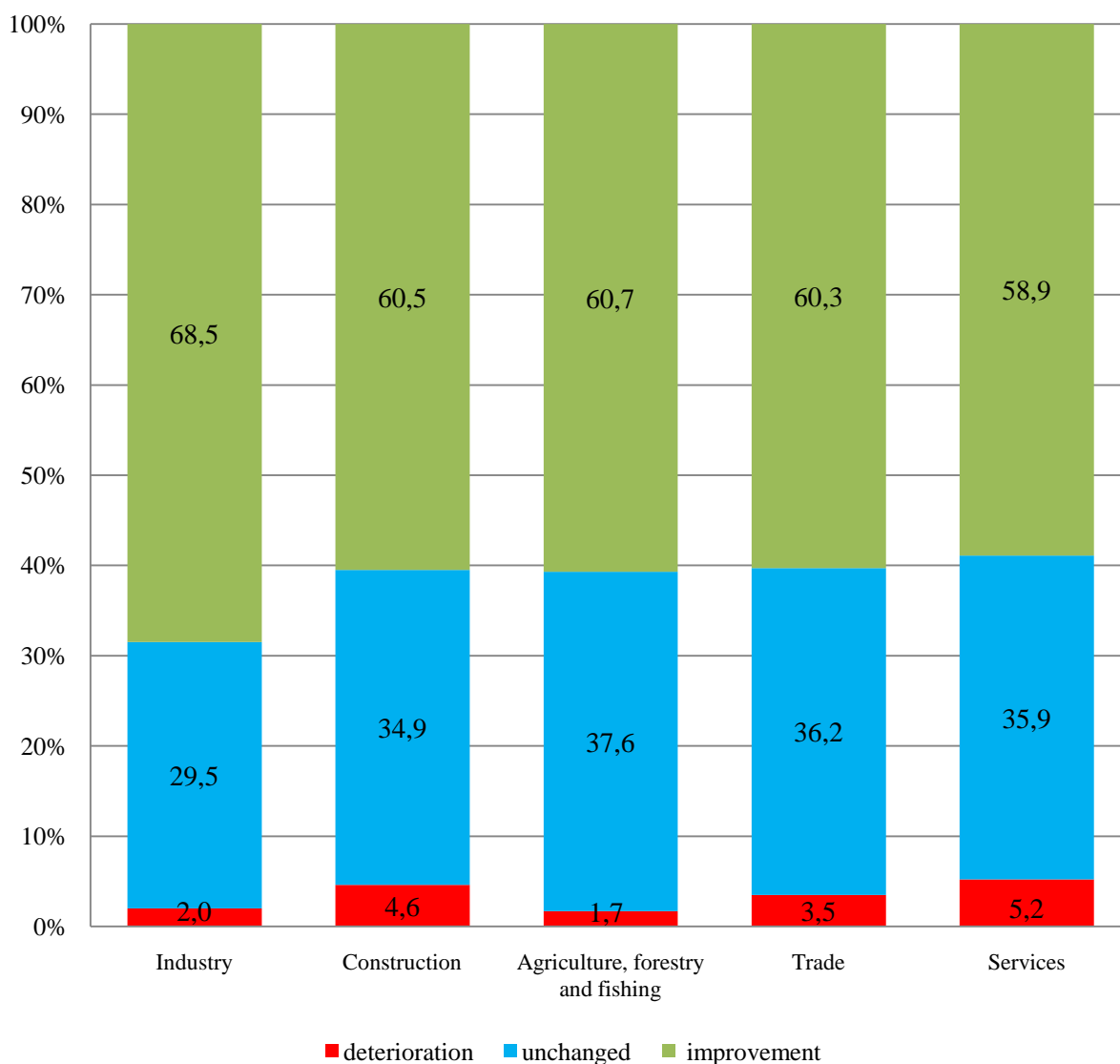
The number of pessimistic respondents regarding the assessment of the current economic situation in industry – 15,4 percent, construction – 24,4 percent, trade – 14,6 percent, agriculture, forestry and fishing – 16,2 percent, services – 14,1 percent.

Assessment of the economic situation in the fourth quarter of 2017



68,5 percent of industrial enterprises, 60,3 percent of trade, 58,9 percent of services, 60,7 percent of agriculture, forestry and fishing and 60,5 percent of construction are expected to **improve the economic situation** in the next 3 months.

Evaluation of the prospects for changing the economic situation for the next 3 months



Thus, the survey results of newly created small enterprises and microfirms allow us to conclude that in the short term, entrepreneurs expect the overall improvement of the economic situation.