

Uzbekistan will strengthen its cooperation with China

On 19-20 April, during Uzbek President Islam Karimov's visit to China, a range of agreements were signed, including a Chinese loan for Uzbekistan of up to US\$1.5 billion, as well as memoranda on investments of US\$5 billion. The high rank of the visit and the large number of agreements demonstrate that Uzbekistan has altered its existing policy towards China, which had previously been characterised by cautiousness about closer economic cooperation with Beijing.

On the basis of the agreements signed, the China Exim Bank and the National Bank of China have opened credit lines for Uzbek banks with a value of US\$1.5 billion. An agreement was also signed on a currency swap valued at US\$106 million over a period of 3 years. Uzbekistan and China have also agreed on the creation of an Uzbek section joining the Central Asia–China gas pipeline; the new section will have a capacity of 25 billion m³ of gas per year, which will allow Uzbekistan to export gas to China. During President Karimov's visit, a range of agreements was also signed to encourage Chinese capital to participate in investments in Uzbekistan (valued at US\$5 billion), mostly in infrastructure and the extractive industry.

In the past Uzbekistan mainly cooperated economically with Japan, South Korea and Malaysia, avoiding cooperation with China (especially in the sphere of energy) because it feared the latter's growing economic influence. The current visit is a clear sign of a change in Uzbekistan's position towards China, in favour of developing economic cooperation more actively. This move may also serve as proof of Uzbekistan's deteriorating financial situation.

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