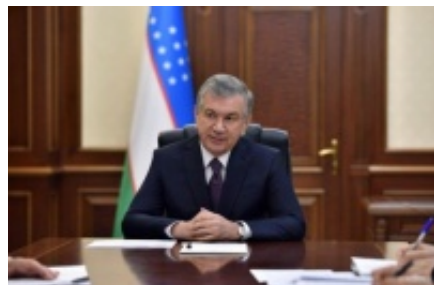


President instructs to increase the production of cars and improve their quality



On July 8, the President of the Republic of Uzbekistan Shavkat Mirziyoyev held a meeting on development of automotive industry.

Over the past twenty-three years, the automotive industry of Uzbekistan has consistently developed and taken its position in the domestic and foreign markets. From October 1 this year, the benefits introduced for the industry will be canceled, and it will fully switch to the principles of a market economy. This, in turn, will require the introduction of modern management mechanisms, increasing the attractiveness and competitiveness of products manufactured by the automotive industry.

In six months of this year, the volume of production in the automotive industry grew by 154 percent compared to the same period of the last year, net profit of 1 trillion soums was received. Products worth almost 73 million USD were exported, the share of domestically produced cars in the domestic market reached 97 percent.

These figures indicate positive developments. However, with regard to the localization level, the numbers are disappointing. This figure in production of cars amounts to 45 percent, trucks and buses – only 24 percent.

Issues of increasing the level of localization, as well as increasing exports by reducing the cost of production were discussed at the meeting.

JSC Uzavtosanoat has been tasked to increase the total production volume from the current 250 thousand to 350 thousand units of cars by 2023, as well as to increase the export volume to at least 100 thousand units per year.

It was noted that for this, first of all, it is necessary to introduce an advanced industry management system, optimize production costs with involvement of specialists from foreign consulting companies.

It was indicated that the cost of logistics for exporting a single car is 8-10 percent of its value, and therefore the tasks were defined for supporting the industry, including in the form of a partial reimbursement by the state of transportation costs for export. Recommendations were given on revising the structure of export costs and entering foreign markets in cooperation with foreign distributors.

Currently, the production of 5 types of cars is carried out on the basis of 5 different platforms, which increases the consumption of resources and time, significantly affects the price of products. In this regard, instructions were given for establishing production of several car brands on the basis of a single platform.

Issues of implementing a project on organizing production of commercial vehicles together with foreign companies, attracting direct investments from Chinese and Japanese partners to development of enterprises MAN Auto and SamAuto, were also considered.

The Ministry of Economy and Industry has been instructed to take measures on increasing the level of localization, in particular, mastering production in the country of 22 types of imported base components.

Instructions were given on introduction of mechanisms for non-tariff import regulation and international standards for the impact of transport on the environment.

The Head of the state noted the importance of strengthening the market positions of domestic products through improving the quality of cars, while maintaining price stability, as well as through production of new budget models and expanding localization.

Responsible persons provided information on the tasks discussed at the meeting.

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