THE MODERNIZATION OF ENERGY INFRASTRUCTURE AND IMPLEMENTATION OF ENERGY-SAVING TECHNOLOGIES AND ALTERNATIVE ENERGY SOURCES: AN IMPORTANT AREA OF COOPERATION BETWEEN THE REPUBLIC OF UZBEKISTAN AND THE ENERGY CHARTER SECRETARIAT

From the first days of independence, Uzbekistan attaches great importance to the development of the country's energy sector, the introduction of alternative energy sources, and further comprehensive development and modernization of energy infrastructure investment projects in this direction.

In order to solve these complex tasks as an independent and full-fledged member of the world community, Uzbekistan actively cooperates with many international organizations and financial institutions.

In particular, in 1995 the Republic of Uzbekistan signed the Energy Charter Treaty (ECT) and on March 13, 1996, following the transfer of the ratification instrument, became a full member of the ECT.

The participation of the Republic of Uzbekistan in the ECT allows the country to systematically obtain information on international practices in addressing strategic fuel and energy issues, as well as the assistance of advanced international experience. Membership allows the utilization of the Energy Charter Secretariat (ECS), which can assist work on the modernization of the country's energy infrastructure, reduction of energy consumption, the introduction of energy saving technologies both in the economic and social spheres, as well as the training of energy specialists of the republic.

The ECS and the Government of the Republic of Uzbekistan organized an International Conference on "Regional Energy Cooperation in Central Asia and the role of the Energy Charter process" on 23-24 September, 2003, in Tashkent.

In 2005 the ECS, in collaboration with the Government of Uzbekistan, prepared a report on the investment climate and market structure in the energy sector of Uzbekistan. The report found a positive response among the delegates and was approved by the 16th Conference of the Energy Charter in December 2005.

On 20-21 May, 2015, delegation of Uzbekistan took part in the Ministerial Conference "Investments in the energy sector", held in The Hague (Netherlands) and signed, on behalf of the Republic, the new International edition of the Energy Charter.

In November 2015, the Secretary General of the Energy Charter Secretariat, Urban Rusnak, visited the Republic of Uzbekistan in order to participate in the International Investment Forum in Tashkent, over the course of which he also held a number of meetings with representatives of the Government.

As noted at the International Investment Forum, Uzbekistan has implemented a comprehensively thought-out program, aimed at ensuring deep structural reforms and reliable protection of private entrepreneurship and small business interests. It is crucial that the legislative, regulatory and practical interests ensure the priority role of private property, while the progressive reduction of state presence in the economy of Uzbekistan is provided in the Constitution of the country.

It is deemed advisable at this stage of the development of Uzbekistan to keep under the direct control of the state only the enterprises engaged in the extraction and processing of hydrocarbon raw materials, precious and base metals, uranium, and strategic infrastructure industries - railways and roads, air transportation, power generation, and electrical and communal utilities.

The aim is to create conditions for mass sale of state assets, especially to foreign investors. In particular, the government of the country offers strategic foreign investors controlling stakes in 10 leading companies: "Uzbekneftegaz", including JSC "Sarbon-Neftegaz", JSC "Buhoroneftegazavtonakl", JSC "Uzparkurilish" and others.

Most serious attention has been paid to attracting investments for the implementation of projects on modernization, technical and technological renewal of industry, and structural change in the economy. To this end, in 2015 $15.8 billion was raised, utilizing investment from all sources of financing, or an increase against 2014 of 9.5 percent. More than $3.3 billion, or over 21 percent of all investments, is foreign investment, of which 73 percent is foreign direct investments.

67.1 percent of all investments has been directed to construction of production capacities. In 2015, this allowed the completion of construction and input for 158 large production facilities with a total value of 7.4 billion dollars.

Among them are the construction of a combined-cycle unit at Tashkent thermal power plant (with a capacity of 370 MW), the modernization of the hydro generators at Charvak HPP, and the Ustyurt Gas Chemical Complex built in cooperation with South Korean investors and specialists on the base Surgil field. This complex is worth more than $4 billion, and is one of the most modern, high-tech and large-scale production projects in the world. Its commissioning will allow the annual production of 83 thousand tons of polypropylene, which had previously been imported into the country. This will increase polyethylene production by 3.1 times, and employ more than one thousand highly qualified specialists.

The increase in the volume of attracted investments in the country was reached thanks to the creation, over the years of Uzbekistan’s independence, of the general system of legal guarantees and privileges for foreign investors, and the development of an integrated system of measures to stimulate the activities of enterprises with foreign investments.

In general, the successful implementation of the "Uzbek model" of development, based on five basic principles, has today allowed the country to:

- Achieve and maintain macroeconomic stability, balance the internal and external sectors of the economy, and grow foreign currency savings;
- Create conditions to maintain sustainable high rates of annual economic growth, at an average of 8% a year, mainly due to external factors;
- Decrease the total tax burden, while the state provides additional benefits to exporting enterprises, and small businesses and enterprises making investments and exploring new types of products;
- Create a stable banking and financial system in strict compliance with the Basel principles of banking supervision. In particular, the bank capital adequacy ratio is over 24%, which is almost 3 times higher than international standards;
- Achieve a new high-tech industry through an active investment policy and the technical modernization of industries and industrial infrastructure.

The ongoing work in Uzbekistan to improve the business climate is reflected in its positive business environment ratings given by international economic organizations.

In October last year, the World Bank published the "Doing Business" rating, where Uzbekistan rose by 16 points in just one year and took 87th place. As noted in the World Bank report, Uzbekistan is currently among the top ten countries in the world in their success last year in improving the business environment for entrepreneurs.

Also, according to the rating of the World Economic Forum, Uzbekistan is among the top five countries with the fastest growing economy in the world from the end of 2014-2015 and with forecast growth for 2016-2017.

A similar positive trend is observed in the energy sector. In recent years, Uzbekistan has adopted a number of government programs which provide for the development of the energy sector.

Among these programs, notable ones are the program of measures to reduce energy consumption, introduce energy saving technologies in the fields of economy and social sphere in 2015-2019, and the program on development and modernization of engineering, communication, and road infrastructure in 2015-2019.

Also, the program of development of hydropower in the republic over 2016-2020 provides for the construction of 9 new hydropower plants and the modernization of 15 more with a total preliminary cost of about $900 million.

Some possibilities for further development of the country's energy are the unlimited potential of alternative energy sources: solar, wind and energy derived from the processing of municipal solid waste. Just the annual potential of solar energy in Uzbekistan, where the number of sunny days per year is more than 320, equals more than 51 billion tons of oil equivalent. According to experts, per year the country can produce electricity at 40 times the volume of its annual consumption.

A good example of the work done in this area was noted by the President of the Republic of Uzbekistan, Islam Karimov, in his statement at the expanded meeting of the Cabinet of Ministers of the Republic of Uzbekistan devoted to the outcomes of the country’s social and economic development in 2015 and the top priorities of economic program for 2016: “A solar photoelectric station with capacity of 130 kilowatts has been commissioned in Pap district of Namangan region. At the moment, this project is being tested. By 2020 there are plans to commission another three solar power plants in our country with a capacity of 100 megawatts each”.

Also, the Government has set itself the task of completing, before the end of 2016, the implementation of 164 major investment projects worth more than $5 billion, including the construction of two combined cycle gas turbines at Talimarjan TPP with a capacity of 450 MW each, a power unit of 150 MW at the Angren thermal power station, and three blocks of 6 billion cubic meters desulfurization capacity at the Mubarek Gas Processing Plant.

By 2030, the Government plans to reduce the energy intensity of Uzbekistan's GDP by about 2 times as a result of the widespread introduction of energy saving technologies.

All these measures and tasks show the large scale development of the energy sector in the country, as well as the important role of Uzbekistan, both in the region and the world.

For its part, the Energy Charter Secretariat expresses confidence in deepening its fruitful and mutually beneficial cooperation with Uzbekistan, and will help to attract investment to the energy sector for the use of best practices for the reduction of losses in transmission networks and the use of small hydro power plants and solar plants to supply electricity to remote areas of the country.