

**FOR  
INFORMATION**

FO/DIS/20/123

May 28, 2020

To: Members of the Executive Board

From: The Secretary

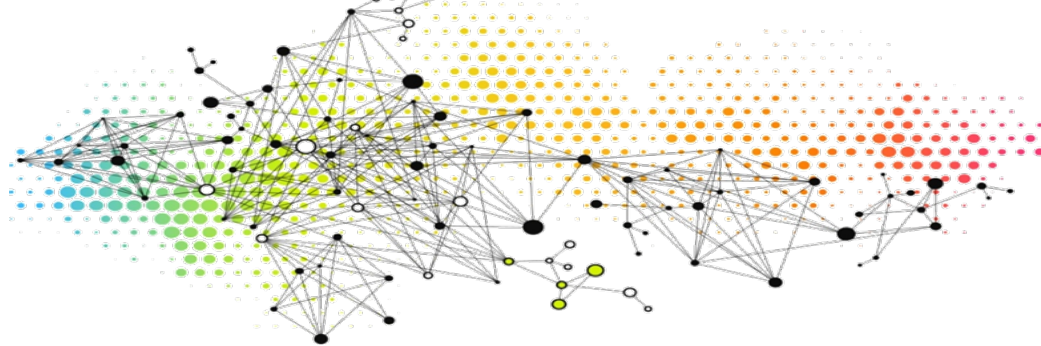
Subject: **Republic of Uzbekistan—Technical Assistance Report—External Sector  
Statistics Mission, October 15–26, 2018**

Board Action: Executive Directors' **information**

Publication: Yes, after Thursday, June 4, 2020

Questions: Ms. Bese Goksu, STA (ext. 36993)





# REPUBLIC OF UZBEKISTAN

APRIL  
2019

## REPORT ON THE EXTERNAL SECTOR STATISTICS MISSION (OCTOBER 15–26, 2018)

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## Glossary

BOPD	Balance of Payments Division
<i>BPM6</i>	<i>Balance of Payments and International Investment Position Manual, sixth edition</i>
CBU	Central Bank of the Republic of Uzbekistan
CSBP	Committee for State Border Protection
DERBP	Department of Exchange Regulation and Balance of Payments
DI	Direct Investments
DMIR	Department for Management of International Reserves
DTC	Deposit-taking corporations excluding the central bank
ESS	External sector statistics
e-GDDS	Enhanced General Data Dissemination System
IIP	International investment position
IMF	International Monetary Fund
IMTS	International merchandise trade statistics
IRAs	International reserve assets
ITRS	International Transactions Reporting System based on bank payments
MCD	Middle East and Central Asia Department, IMF
MEL	Ministry of Employment and Labor
MOE	Ministry of Economy
MOF	Ministry of Finance
NAC	National Air Company
PSA	Production sharing agreement
RUSCC	Republic of Uzbekistan State Customs Committee
SDRs	Special Drawing Rights
SISIMOF	State Insurance Supervision Inspectorate, Ministry of Finance
SSC	State Statistics Committee
SFEANC	Survey of Foreign Economic Activities of Nonfinancial Corporations
STA	Statistics Department, IMF
TA	Technical assistance

## SUMMARY OF MISSION OUTCOMES AND PRIORITY RECOMMENDATIONS

1. **At the request of the Republic of Uzbekistan authorities for technical assistance (TA) on external sector statistics (ESS), and with the support of the Middle East and Central Asia Department (MCD) of the International Monetary Fund (IMF), a mission from the IMF Statistics Department (STA) visited Tashkent during October 15–26, 2018.** This was the first TA mission under the auspices of the Data for Decision Fund and the second since the Republic of Uzbekistan Presidential Order of September 12, 2017, “On Measures to Ensure the Accessibility and Openness of Economic and Financial Data for the Republic of Uzbekistan” was issued.
2. **The main objective of the mission was to assist the Central Bank of the Republic of Uzbekistan (CBU) in improving the collection of statistical data on the balance of payments (BP), including the adoption of an international transactions reporting system (ITRS), and to assess progress in implementing the medium-term program for further development of ESS.** The main objectives of the mission were: (i) assist in compiling consistent historical balance of payments (BOP) time series and addressing structural gaps; (ii) for compilation of 2018 BOP data, ensure application of consistent methodology following international standards; (iii) assess BOP data reliability and facilitate improvements in specific components, including goods, services, remittances, and selected financial account components; (iv) advice on additional data sources, including administrative, and develop statistical methods for gap-filling missing observation; (v) assess feasibility of ITRS implementation; (vi) to follow up on the previous mission’s recommendations, including interagency data exchange and progress in the area of data dissemination; and (vii) conduct hands-on training on BOP compilation.
3. **Over the past year, after the Republic of Uzbekistan authorities set a course toward opening the country, Uzbekistan has made progress in improving the compilation and dissemination of statistical data.** The CBU has started the production of ESS in accordance with the *Balance of Payments and International Investment Position (IIP) Manual, sixth edition (BPM6)*. Tables and analytical materials have been published on the CBU website on the BOP, IIP, international reserve assets (IRA), and external debt. In May 2018, Uzbekistan joined the enhanced general data dissemination system (e-GDDS).
4. **Along with the successes, the mission noted a number of shortages in the BOP compilation system.** A number of errors were made in compiling the BOP for the first half of 2018, primarily related to misclassification of selected BOP components, which would be relatively easy to rectify by reclassifying data from one component to another. A more serious problem is posed by undervalued components and components valued using the wrong methodology. Transactions between residents are also sometimes recorded in the BOP. These departures from accepted methodology are described in detail in Part II of this report.

5. **The transfer of the BOP compilation function from the Ministry of the Economy (ME) to the CBU, and the transition to *BPM6* standards, have led to a data gap between the BOP compiled by two institutions.** To improve the quality of external sector statistics and remove break in historic time-series, the mission has carried out the following work:

- a) the mission assessed the quality of BOP data prepared for the first half of 2018. During their work, a number of errors involving data classification and scope were discovered and removed, and recommendations were made on improving the quality of specific BOP indicators (goods, transportation services, travel, wages, personal transfers, households' holding of cash and deposits, reinvested earnings, reserve assets, and a number of other BOP components);
- b) the mission adjusted a number of data collection forms for ESS, advised on new data sources and, together with the staff of the Balance of Payments Division, developed new reporting forms;
- c) provided assistance in preparations for adopting the ITRS;
- d) the mission analyzed the BOP for 2016–2017, prepared by the MOE. A tentative BOP for 2016–2017 was compiled together with Balance of Payments Division BOPD staff, based on existing data, and the BOP data for the first half of 2018 were validated;
- e) the analytical BOP format used by the MCD mission was integrated into the working file for compiling the various BOP and IIP output tables;
- f) an action plan was prepared and agreed on with the CBU management, setting forth the principal recommendations made based on the mission's work.

6. **To support progress in the above work areas, the mission identified the following priority recommendations carrying particular weight to make headway in improving ESS (Table 1).**

**Table 1. Priority Recommendations**

Target Date	Priority Recommendation	Responsible Institutions
June 2019	Correct data on reinvested earnings of direct investors. Reinvested earnings are to be calculated as the difference between net income of direct investors and the dividends declared.	CBU, SSC
May 2019	Adjust methods used to calculate compensation of employees component and personal transfers per the mission's recommendations.	CBU, SSC
June 2019	Review the list of ITRS codes per the mission's recommendations and implement the updated version.	CBU

7. Further details on the priority recommendations and the related actions/milestones can be found in the action plan under *Detailed Technical Assessment and Recommendations*.

## DETAILED TECHNICAL ASSESSMENT AND RECOMMENDATIONS

### A. Action Plan

8. The Action Plan presented below, which sets forth the key recommendations made upon the conclusion of the mission, was discussed and coordinated with CBU management. The mission believes that the timeframes and workloads will be acceptable to ESS compilers.

Priority level	Action/ Milestone	Target completion date
<b>Outcome: Elimination of errors made in compiling external sector statistics</b>		
H	Adjust data on reinvested earnings of direct investors. Reinvested earnings are to be calculated as the difference between new income of direct investors and the dividends received (declared).	June 2019
H	Calculate imports of passenger transportation services for all modes of transportation and incorporate results in the BOP.	April 2019
H	Adjust the 'business travel' and 'personal travel' components per the mission's recommendations	April 2019
H	Remove CBU deposits in resident banks from the "assets, currency and deposits, central bank" component but add foreign assets in the form of currency and deposits in non-reserve currencies held with non-resident banks.	Implemented during the mission
H	Update the method for calculating the compensation of employees component per the mission's recommendations.	May 2019
H	Update the methodology for calculating the 'personal transfers' component the mission's recommendations.	May 2019
H	Dividends paid out by enterprises to foreign investors under production-sharing agreements (PSA) are to be reclassified from 'income from other investments' to the 'income on equity and investment fund share dividends and withdrawals from income of quasi-corporations' component.	Implemented during the mission
H	Remove payments for use of natural resources by PSA enterprises from 'other primary income' and include them in direct investments.	Implemented during the mission



Priority level	Action/ Milestone	Target completion date
L	Record debt forgiveness under BOP transactions.	Implemented during the mission
M	Include the reserve position in the IMF in reserve assets component.	Implemented during the mission
H	Split data on reserve asset into transactions and exchange-rate changes per the mission's recommendations.	Implemented during the mission
L	Record income from allocated special drawing rights (SDR) and SDR holdings in primary income on a gross basis.	Implemented during the mission
H	Update the methodology for calculating the <i>currency and deposits of households</i> component per the mission's recommendations, taking into account all possible inflows and outflows of foreign currency in cash by individuals.	May 2019
<b>Outcome: Improved information resources for ESS</b>		
H	Review the list of ITRS codes per the mission's recommendations and approve the updated version.	May 2019
M	Prepare a program of regular seminars for commercial banks to explain the purpose of data collection and provide instruction in compiling ITRS reports.	May 2019
H	Prepare a plan for introducing ITRS in the Uzbekistan banking system.	May 2019
H	Introduce a closed ITRS system.	June 2019
M	Continually update the list of nonfinancial enterprises engaged in foreign economic activities for their inclusion in a survey of the foreign economic activities in the nonfinancial sector.	Regularly, Quarterly; Carried forward from previous mission's schedule
M	Prepare proposals for the Cost of Living Statistics Department concerning additions to the questionnaire for the household survey.	Implemented during the mission.
M	Develop reporting forms for the Agency for External Labor Migration of the Ministry of Employment and Labor Relations of the Republic of Uzbekistan on the collection of information on legal labor migrants and their average wages.	Implemented during the mission
M	Make changes to the reporting form for collecting information on government and government-guaranteed debt. In particular, divide government-guaranteed debt serviced by the borrower into two subcategories: debts of commercial banks and nonfinancial corporations.	July 2019 Responsible entities: MOF and CBU

Priority level	Action/ Milestone	Target completion date
<b>Outcome: Improvement in the program for compiling external sector statistics</b>		
H	Update the survey form for enterprises working under PSA, adding a component concerning capital expenditures of foreign investors, incurred prior to commencing mineral production.	May 2019
H	Set up collection with the updated form for enterprises working under PSA for 60 days after the end of the reporting quarter. Use the results to supplement data on direct foreign investments (DFI) in Uzbekistan.	May 2019
H	Develop methods for applying mirror statistics when assessing transactions involving unrecorded imports and exports.	July 2019 Carried forward from previous mission's schedule
H	Analyze the methodology of the State Statistics Committee (SSC) for calculating tourism services. Ensure separation of international transportation services from other tourist spending, for both outbound and inbound tourism.	March 2019 Responsible institutions: SSC and CBU
H	Based on SSC data on tourism services and information from the border service, develop a methodology for calculating the exports and imports of travel component.	October 2019
H	Update calculation methods and the questionnaire for studying shuttle trade.	Implemented during the mission
<b>Outcome: Coordination of historic BOP data with 2018 data; dynamic arrays are generated, beginning with the first quarter of 2016.</b>		
M	Identify a format for the aggregated analytical BOP and integrate it into the BOP/IIP working file.	April 2019
H	Based on existing information and the BOP generated at the Ministry of the Economy, revise the BOP for 2016 and 2017.	May 2019
<b>Outcome: Adequate resources to produce ESS</b>		
H	Finish additional staffing of the balance of payments office according to the staffing schedule, hiring personnel with work experience in banking reporting.	May 2019
O	Refer personnel responsible for compiling BOP statistics, the IIP, and foreign debt to ESS seminars organized by the IMF, other international financial institutions, and central banks of other countries.	Regularly

Priority scale: H – High; M – Medium; O – Other.

## B. Goods and Services

9. **The SSC is the official producer of international merchandise trade statistics (IMTS) in Uzbekistan.** The SSC receives a database of customs declarations (DBCD) from the Republic of Uzbekistan State Customs Committee (RUSCC). The database is generated on the basis of freight customs declarations (FCD) and aggregated data are published without any adjustments, broken down by country and commodity group. IMTS recommends using a general trade system, but the SSC adheres to a special trade system that requires additional adjustments on the part of BOP compilers (see BPM6, component 10.25). In order to make the adjustments described in the previous TA mission's report the decision was made to rely on the DBCD, which the CBU receives each month from the RUSCC, in calculating the *Goods* component.

10. **The DBCD contains information about all goods crossing the border of Uzbekistan.** Various customs regimes are assigned to them, allowing one to make a selection of the appropriate *Goods* component. In particular, excluded from the overall flow are the flows of goods associated with the repair or processing of goods, diplomatic goods, imports/exports of goods on a temporary basis (up to one year), and flows of goods from customs warehouses and temporary storage locations into free circulation are, while imports of goods to customs warehouses and temporary storage locations are added. Goods reexported from customs warehouses and temporary storage locations are also added. The MOE has made similar adjustments. The CBU sets apart imports/exports of nonmonetary gold, as required by the standard presentation on the *BPM6*.

11. **Further adjustments consist of the following: (i) goods purchased by carriers in airports; (ii) estimated data on shuttle trade; (iii) conversion of CIF prices to FOB prices.** Information on goods purchased by carriers (primarily aircraft fueling) is provided by the national aviation company (NAC). Shuttle trade is assessed following special studies at border posts. The conversion from CIF prices to FOB takes into account the goods' weight, average cost to transport one ton of freight, depending on the mode of transport and the region of the trading country. Goods imports from neighboring countries by ground transport are not included in the calculation. The goods adjustments lack an assessment of unrecorded import/export transactions, which may occur with understated prices or volumes in customs declarations. This phenomenon can be detected and assessed using the mirror comparison method. This recommendation of the previous mission has not been implemented. Estimated data on import/export of migrants should also be removed from the goods component (*BPM6*, para. 10.22(b)); this recommendation of the previous mission has also not been implemented.

12. **Some types of services were not properly evaluated. Among them, one may note debit for passenger transportation, which are estimated at a virtually zero value.** The CBU used SSC data when estimating a transportation service by passengers, while the SSC for its part does not survey the offices of nonresident airlines that are represented in Uzbekistan, nor other nonresident carriers. As a result, the SSC data for credit entries are adequate, but zero values

were obtained for debit entries on passenger transportation by air and rail transport. A rough estimate of this component yields about USD 100 million per quarter. To assess passenger transport, one could use border crossing data of the Committee for State Border Protection (CSBP) and the estimated cost of one trip by mode of transport. The CSBP furnishes data to the CBU on border crossings by residents and by mode of transport, including: air, rail, motor vehicle, inland water, and animal-drawn transport, as well as pedestrian movement. Each type of transportation must be assessed separately. The largest share of transportation costs falls to air transport; therefore, its assessment must be handled more rigorously.

13. **In order to precisely determine the number of residents serviced by foreign airlines, a question must be added to the questionnaire for the NAC regarding the number of residents who have used the NAC's services.** For rail transport, assume that passenger transportation within Uzbekistan is performed by a resident (Uzbek Railways), and outside Uzbekistan by a nonresident. For passengers departing for Russia, assume that 90 percent of transportation services are provided by a nonresident and only 10 percent by the national railway. For Kazakhstan, use 80 percent as the nonresident share, and 50 percent for the remaining countries. In addition, one must estimate the number of residents by the principal destinations. This information may be obtained from the CSBP, by requesting information on border crossings by individuals along with a breakdown by countries and modes of transportation. At this time, the CSBP provides a separate breakdown by countries and by modes of transport. Detailed information can also be obtained by sending an inquiry to the Uzbek Railways for information on passenger flows (number and cost) by the principal destinations with a breakdown by residency. An expert assessment may be used until specific results are obtained.

14. **For the remaining modes of transport (road transport and inland water transport – passengers), one may use an expert assessment until studies are conducted: 50 percent of residents use transportation services of nonresidents.** A very large share of individuals cross the border by animal-drawn transport or on foot, with a subsequent transfer to a bus or other mode of motor vehicle transport. To include this phenomenon, the mission recommends that the approximately 20–25 percent of residents who have crossed the border on foot be included in the calculation of road passenger transportation (and, in specific cases, recognizing them under the “travel” component).

15. **Another major services component in need of adjustment by the CBU is travel, primarily import.** Travel services are assessed based on the results of a tourism survey conducted by the SSC. In that study, the SSC adheres strictly to the definition of tourism; thus, the result for tourism services needs to be adjusted when compiling the BOP component “travel”. Spending by excursionists (persons not overnighing in the host country), transit passengers, and short-term workers is not included in tourism services for either inbound or outbound tourists. On the other hand, tourism services do include transportation expenditures for round-trip travel from one’s own country to the visited country—that is, international transportation services. Besides spending on goods for personal use, tourism services also include spending to purchase valuables, which are included in goods in the BOP (*BPM6*, component 10.20).

16. **In order to use SSC tourism data in compiling the BOP “travel” component, the CBU must make adjustments, which are described below in the recommendations.** For purposes of correcting the SSC data on tourism imports, the CBU performs an assessment of spending by short-term workers abroad, but the CBU has overvalued this component. The main reason for the overvaluation is that the CBU considers all who cite work as their purpose of travel to be short-term workers who live and work abroad 90 days each quarter. The CBU has prepared a model for calculating the number of short-term workers located abroad. According to this model, of those departing to earn money during the current quarter 20 percent return in the next quarter, another 20 percent in the second quarter, and so on. This approach has yielded overstated data for both the number of short-term workers and their spending abroad, which amounted to about USD 1.3 billion for the first half of 2018. As a result, it appears that some of the short-term workers remain abroad more than a year.

17. **The following short-term worker return diagram is more suitable (Table 2).** In addition, the estimated spending abroad of short-term workers should be reclassified from personal to business travel.

**Table 2. Short-term Worker Return Ratios**

Return in same quarter	Return in following quarter	Return two quarters later	Return three quarters later	Return four quarters later
15	20	25	25	15

18. **The remaining services are not of such substantial proportions, and their assessment does not evoke serious doubts, and thus the mission did not review them at this stage.** Going forward, compilers should study the methodology used by the SSC in assessing imports and exports of services, especially in such complex types of services as construction and insurance services, as well as pipeline transportation services.

***Recommended Actions:***

- apply the mirror comparison method to estimate unrecorded transactions involving imports and exports of goods, and add the data obtained to the Goods component;
- remove estimated data on imports/exports carried out by migrants from ‘goods’;
- estimate debit of passenger transportation services for each mode of transport, and incorporate in the BOP;
- prepare appropriate questionnaires and forward them to the NAC and Uzbekistan Railways in order to identify the number of residents who received passenger transport services from nonresident transportation companies;

- correct the methodology for assessing the number of short-term workers located abroad and their spending, per the mission's recommendations;
- request information from the Ministry of Foreign Affairs concerning support for Uzbekistan extraterritorial bodies and estimate debit side of the government services component. Include estimated data in the CBU database from the MOE BOP until the relevant information is received.

## C. Primary and Secondary Income

19. **The credit of compensation of employees component in the CBU balance sheet for the first half of 2018 is greatly overestimated at over USD 3.6 billion.** The CBU assesses the number of short-term workers for the major countries hosting labor migrants from Uzbekistan (primarily Russia and Kazakhstan) and multiplies by the average wage in those countries. Information on average wages is received from the Ministry of Employment and Labor Relations (MZT). As noted above, the main reason for the wage overestimation lies in the overestimation of the number of short-term workers and their employment level. All those who cite work as their purpose of travel are assumed to be short-term workers and that they work 90 days each quarter. In reality, a fairly large proportion of labor migrants are long-term workers, and the average employment level of a short-term worker per quarter is generally no more than 2.0–2.5 months. The problem of dividing labor migrants into long-term and short-term was raised during the first mission as well. At that time, during a meeting at the SSC with representatives who were conducting a household budget survey, a proposal was made to include additional questions in the questionnaire for that survey. However, that recommendation has not yet been implemented. During the mission, this issue was again raised during a meeting with SSC staff, and firm promises were obtained as to its positive resolution. The proposed questions make it possible to divide the number of labor migrants into short-term (up to one year) and long-term (one year or more), and also to divide the funds incoming from short-term and long-term workers.

20. **The mission visited the MZT's Agency on External Labor Migration in order to address the above issue.** During this meeting, a format was agreed on for the data on which this agency will report to the CBU. A reporting form was developed, and an official letter sent to the Agency during the mission. At this time a small number of workers are using the Agency's services, but an increase in this number is anticipated, as Uzbekistan has introduced a system of benefits for labor migrants. Until usable results are obtained based on data from the above-mentioned surveys, the mission recommends the following expert estimates: define the share of short-term workers at 50–60 percent of all those citing work as their purpose of travel, take 2–2.5 months per quarter to be the average employment level, and use the diagram of return to Uzbekistan described in Table 2. Workers' compensation calculated using this method will be 2–3 time less than in the current BOP. The CBU also estimates the workers' compensations of Uzbekistan residents working in embassies and consulates of foreign states and international

organizations located within Uzbekistan, adding the result to the compensation of employees component.

21. **In parallel with the** estimates of the compensation of employees component, the CBU also estimates so-called “net wages”—compensation of employees **minus the worker’s expenses in the host country (‘travel’ component) and taxes paid (secondary income)**. The methodology used to calculate workers’ expenses in the host country is described above, while taxes paid are calculated as follows: (i) the CBU estimates the number of workers and their wages by country, and an official income tax rate is identified for each country; and (ii) the amount of withheld tax is computed by multiplying wages by the income tax rate. The amount of net wages is used to calculate personal transfers as follows: money transfers made through electronic money transfer systems and imports of foreign currency in cash by residents are combined. The short-term workers’ net wages are then deducted from that amount, and the resulting value is considered a personal transfer. The mission believes that part of the inflow of foreign currency into Uzbekistan (either through electronic transfer systems or by importing cash) is not associated with either wages or personal transfers. It is very likely that a certain portion of the transferred currency is payment for exported goods or services. Part of the monetary flows into Uzbekistan are carried out among nonresidents. After publication of the ESS for the second quarter of 2018, the BOPD analyzed data sources among the electronic money transfer systems. It was discovered that it is possible to separate data according to the residency status of the Uzbekistan participant in a transaction. Going forward, when calculating wages, the BOPD will take into account money transfers to residents through electronic money transfer systems and the import/export of foreign currency in cash by residents and will revise data for previous periods.

***Recommended Actions:***

- until suitable amounts are obtained identifying the proportion of short-term and long-term workers, use the following contingency estimate: define the share of short-term workers at 50–60 percent of the number of individuals who have left Uzbekistan for employment opportunities;
- for countries that are located at a substantial distance or have complex procedures for obtaining a visa (such as the USA, Western European countries, Japan, and Australia)—consider all labor migrants to be long-term and exclude from COE;
- define the average employment level per quarter at 2–2.5 months;
- exclude 10–20 percent from the overall flow of foreign currency (money transfers to residents and imports of foreign currency in cash by residents), considering these flows unrelated to wages or personal transfers;
- in countries where the income tax rate is 20 percent or more, adjust the income tax to 60–80 percent of the official amount.

22. **Direct investments reinvested earnings are to be adjusted.** Reclassify dividends paid out by PSA enterprises (about USD 452 million over the first half of 2018) from 'income from other investments' to income from direct investments. Some PSA enterprises engaged in mineral production and sales pay rent to the state for use of natural resources; these payments amounted to about USD 152 million over the first half of the year. The CBU records these payments in income, as other primary income. Since PSA enterprises are residents of Uzbekistan, the rental payment is a payment between residents and should not be recorded in Uzbekistan's BOP under the 'primary income' component, but rather in direct investments. There are certain problems in the calculations of reinvested earnings of direct investors (meaning investments into Uzbekistan). In the CBU balance of payments, reinvested earnings are calculated for the following economic entities:

- a) Nonfinancial corporations, other than PSA enterprises; source of data—a SSC Survey of the Foreign Economic Activities of Nonfinancial Corporations (SFEANC).
- b) Enterprises with PSA. Source of data—specialized statements of these enterprises.
- c) Commercial banks; source of data—banking supervision information about a bank's foreign shareholders and reports from banks.
- d) Nonbanking financial corporations; source of data—accounting balance sheets of these enterprises and information about foreign shareholders.

23. **The methodology used to calculate reinvested earnings is the same for all economic entities.** For reinvested earnings, the CBU took an enterprise's net profit for the reporting year without deducting declared dividends. The problem was compounded by the fact that some economic entities would declare their current year profit using their net income for the reporting quarter including dividends, while others would deduct dividends. The mission studied the chart of accounts for both enterprises and for commercial banks. Retained earnings in both cases are presented in two lines:

- Prior years' retained earnings
- Current year retained earnings

24. **Therefore, the mission proposed that the SSC amend the survey form for the SFEANC, in particular, by adding a line for current year retained earnings and, for the 'current period net profits' line, creating fields for data as of the beginning of the reporting quarter and the end of the reporting quarter.** To complete these lines properly, the amount of retained earnings and declared dividends for the reporting quarter must be equal to the enterprise's net profit. For financial corporations (bank and non-bank), additional information will be collected on net profits in the reporting quarter, making it possible to perform similar checks. The total value of transactions in the reporting quarter involving changes to prior year



retained earnings and current year retained earnings will be reinvested earnings. In the case of PSA, the specialized survey provides for calculating reinvested earnings.

25. **Income from other investments are calculated adequately.** The bulk of these income are made up of interest on loans. Changes to the report form, made following the previous mission's recommendations, allowed the CBU to produce a calculation of income on loans using the accrual method. For private debt, data are compiled through the banking system on each individual debt, in the original currency with allowance for all the requisite parameters and for both the principal and accrued interest.

26. **Income on reserve assets is reported Department for Management of International Reserves (DMIR), which conveys prepared data to the BOPSO.** During the meeting with DMIR representatives it became clear that they do not perform calculations of income from SDR allocations or SDR holdings. Together with BOPD staff, the mission generated a file for calculating income from SDR holdings and allocations. The latter will be included in interest income from other investments as a debit.

***Recommended Actions:***

- Dividends paid out by enterprises to foreign investors under production-sharing agreements (PSA) are to be reclassified from 'income from other investments' to the 'income on equity and investment fund share dividends and withdrawals from income of quasi-corporations' component;
- add rental payments from PSA to direct foreign investments. Remove existing data under the other primary income, rent' component;
- calculate reinvested earnings according to the mission's updated recommendations; and
- use the file developed by the mission to calculate income on SDR allocations and SDR holdings.

## **D. Direct and Portfolio Investments**

27. **The CBU made definite progress in improving the system for collecting data and compiling direct investments (DI).** The SSC completed work on the transition to a comprehensive reporting form for foreign economic activities of enterprises and has already obtained the first results. Information has been gathered from the private sector for the first and second quarters of 2018. Using the new reporting forms, the CBU has collected information on direct investments from deposit corporations other than the central bank (DTC) and from nonbank financial corporations (microfinance organizations, insurance companies, and leasing companies). In addition, the CBU is using the existing form to compile data on PSA, which is used to calculate DI in Uzbekistan. Investments abroad (assets) are also compiled, but their volume is

negligible. The format of the collected data allows for statistics to be compiled on both positions and transactions.

28. **The mission also noted a number of shortcomings in the data collection system for DI and the calculations for several components.** The existing form for collecting data from PSA fails to provide for data collection the expenditure of such enterprises before mineral extraction begins. These are generally borne by the parent company and they are direct investments in the form of equity. Instead of direct investments/ debt instruments, the PSA's debt obligations to foreign investors are recorded as other accounts payable/receivable in other investments component. The preferred (non-voting) shares of a DTC are recorded in share capital instead of debt instruments. There were problems in data collection and in the method used to calculate reinvested earnings. The SSC data on direct investments are not reconciled; change in stocks are not reconciled with transactions during the reporting period. Trade credits between direct investment enterprises and direct investors were recorded along with trade credits in other investments, instead of direct investments/ debt instruments.

29. **The mission made a recommendation to remove the above shortcomings.** In the PSA survey form, questions were added to collect information on the parent company's costs before commencing mineral extraction and production. It is recommended that preferred shares in a DTC be withdrawn from share capital and included in either portfolio investments long-term debt securities if their owner is a financial corporation or added to debt instruments in the form of direct investments if the owner of these preferred shares is a nonfinancial corporation. The mission visited the SSC and studied the process of collecting and processing data pursuant to the SFEANC. The meeting included a discussion of inconsistencies between transactions and positions during the reporting period; promises were obtained that these inconsistencies would be eliminated. The issues related to the calculation of reinvested earnings are described above.

30. **The CBU performs estimates investment in real estate.** Information about real estate purchases and sales by residents of Uzbekistan abroad, and about real estate purchases by nonresidents in Uzbekistan, is collected in the context of exchange regulation reports, which is quite sufficient for recording real estate transactions. Information about real estate purchases/sales can also be obtained using the ITRS, whose introduction is planned in the second half of 2019.

31. **To estimate other capital in the form of direct investments, the CBU uses data from the SFEANC survey and the banking system for collecting data on foreign loans.** Per a recommendation of the previous mission, the CBU updated the information collection form for foreign loans through the banking system. The new system makes it possible to separate inter-company lending and ordinary loans. Information is collected both on principal and accrued interest. For banking system loans, the data collection system furnishes more suitable data, upon which the CBU fully relies. For trade credits between related enterprises, the mission

recommends using information from the SFEANC survey conducted by the SSC. The mission also recommends recording PSA debts to foreign investors in 'direct investments/debt instruments'.

**32. Portfolio investments in Uzbekistan are negligible for both assets and liabilities.**

There are virtually no debt securities; the one component that exists in negligible amounts is capital participation instruments. At this stage, no financial derivatives have been discovered, either.

***The mission recommends:***

- updating the DI reporting forms and the methodology for calculating reinvested earnings per the mission's recommendations;
- adding questions to the PSA reporting form about the foreign investor's costs before beginning mineral production and sales, recording the data obtained in equity;
- updating the 'direct investments/debt instruments' component per the mission's recommendations;
- withdrawing preferred shares in a DTC from equity and recording them in either portfolio investments, long-term debt securities or adding them to debt instruments in the form of direct investments, depending on the type of owner.

## **E. Other Investments and Reserve Assets**

**33. Despite certain successes in the collection and methods of processing data for the 'other investments' component, the mission discovered a number of deficiencies and deviations from accepted standards.** Some of them were rectified during the mission. The most problematic component is 'assets, other sectors, currency and deposits'. The CBU recorded central bank deposits placed in commercial banks of Uzbekistan in the 'central bank, currency and deposits' component, assets. At the mission's recommendation these data were removed from that component but added the external assets in the form of cash and deposits denominated in non-reserve currencies or currencies not meeting other criteria for reserve assets.

**34. Currency and deposits of DTC are calculated based on banking information; these are balances of commercial banks and information collected by the CBU in the context of exchange regulation.** When calculating transactions under the 'currency and deposits' components for both liabilities and assets, all net changes are counted regardless of whether a commercial bank performed a transaction with a resident or nonresident. This approach yields adequate estimates of asset and liability positions, but partially distorts transaction volume.

**35. The greatest problem with the 'currency and deposits' component concerns the estimation of households' position and transactions'.** It is brought about by the lack of direct

data, and by the complexity inherent in conducting proper sampling surveys for volume of cash kept at home or deposits placed in overseas banks. The CBU methodology for calculating foreign currency cash holding and households' deposits fails to encompass all possible flows for this instrument.

36. **The existing system for classifying transactions involving currency and deposits in BOP transactions includes some transactions among residents; this does not alter the overall transaction for all institutional sectors but distorts the transactions of specific institutional sectors.** According to CBU methodology, households' currency and deposits consist of the following components:

- net transfer of foreign currency into Uzbekistan (inflow/outflow, through electronic money transfer systems);
- net import of foreign currency in cash into Uzbekistan (import/export of foreign currency in cash);
- sales of foreign currency by individuals through exchange offices;
- wages received by residents working in foreign embassies and international organizations in Uzbekistan;
- shuttle imports/exports;

37. **Both residents and nonresidents participate in most of these components:** (i) not all money transfer recipients are residents of Uzbekistan; (ii) not all senders of foreign currency are residents of Uzbekistan; (iii) both residents and nonresidents carry foreign cash across the border; and (iv) exchange office services are used by nonresidents as well as residents. The CBU analyzed the data sources. It emerged that it is possible to separate the above components by residency. The CBU intends to recalculate data for previous periods on currency and deposits, factoring in the residency of the recipient of funds. The mission recommends identifying households' currency and deposits based on the following components:

- Net transfers of foreign currency to Uzbekistan by a recipient/sender who is a resident;
- Net imports of foreign cash into Uzbekistan by residents;
- Purchase/sale of foreign cash by resident individuals through exchange offices;
- Wages received by residents working in foreign embassies and international organizations within Uzbekistan (residents receive wages in a foreign currency);

- Other flows of foreign cash between banks and individual residents. This category includes: flows related to a deposit placement, withdrawal from a deposit account, obtaining/repaying a bank loan, down payment in foreign cash to exercise non-cash payment from the bank account, etc.
- Other flows of foreign cash from individuals (illegal export of foreign cash by individuals, other potential expenses of individuals with nonresidents). It is impossible to estimate this component with any precision, but an estimate of 5 to 15 percent of the net inflow of money transfers would not be an exaggeration.

38. **The mission does not recommend including expenditures on shuttle imports/exports when calculating the households' currency and deposits component, since these transactions are carried out either by exported cash or by remitting funds through money transfer systems. Part of these costs are considered in the components listed above.** The CBU's current method and the method proposed by the mission make allowance for some inter-sectoral transactions (primarily between banks and individuals), but this will not affect the overall transaction or the balances of the respective institutional sectors.

39. **The principal sources for calculating the loans component are: reporting by the Ministry of Finance (MOF) on government and government-guaranteed debt, the SFEANC conducted by the SSC, and CBU reporting in the context of exchange regulation.** CBU reporting provides for data collection on each individual loan, collection of general information on such loan positions at the end of the reporting period, and actual payments. Asset side for the loans component is negligible. Loan liabilities in the government sector are calculated on the basis of MOF reports. These reports offer data presented in the original currency, separately for principal and for accrued interest. In addition, the MOF presents data separately for direct government debt and for government-guaranteed debt that is serviced by the creditor itself. This allows the CBU to delineate government-sector debt and debt of other institutional sectors. However, despite the separate presentation of data, the CBU aggregate them and records in the BOP under the government sector.

40. **Liabilities on private-sector loans are estimated on the basis of information collected through the banking system.** Following the previous mission's recommendation, the CBU updated the format of collected information, making it possible to prepare statistics for both the BOP and the IIP. Within the framework of these reports, information was collected on 759 borrowings as of June 30. In particular, the CBU calculates transactions and balances by principal, accrued interest, past-due principal, and past-due interest. Interest income is calculated separately for the primary income component. The only shortcoming is that debt forgiveness was recorded in the BOP sheet only in capital transfers and, instead of a BOP transaction reducing the loan obligation, the loan was reduced in the IIP by other changes. This was corrected during the mission.

41. **The CBU calculates trade credits of other investments using its own system for tracking accounts payable/receivable related to foreign trade transactions.** This system uses

banking and customs statistics to identify transactions involving trade credits, but it cannot determine whether a specific trade credit falls under direct or other investments. For this reason, the CBU includes everything furnished by this system in trade credits of other investments. The mission recommends deducting the amount of trade credits recorded under direct investments from trade credits received using the banking system and recording only the remaining amount under the 'trade credits – other investments' component.

42. **The mission met with representatives of the Department for Management of International Reserves (DMIR) and discussed the methods used to calculate data on IRAs and to complete the forms agreed on with the previous mission.** IRA calculations are done first in the original currency in accordance with the *BPM6*, then converted into USD, and exchange-rate changes are calculated. When converting to USD, the respective exchange rates are applied to balances as of the beginning and the end of the reporting period, while the rate as of the end of the reporting period is also applied for the transaction. For the transaction, the mission recommended either applying the rate as of the transaction date or the average rate for the reporting period. After consulting with management, the DMIR made the decision to apply average rates to the conversion of reserve asset transactions from the original currency to US dollars. Before the mission's conclusion, the DMIR provided updated data on IRAs starting with December 31, 2015, which were used in compiling the 2016–2017 BOP.

***The mission recommends that:***

- initial data from the MOF be processed using the methodology proposed by the mission, using the working files developed with the mission;
- guaranteed debts on which the government has assumed repayment obligations be recorded among government-sector debts, and that debts serviced by the debtor itself be recorded in the appropriate sector depending on the borrower; memorandum items should clearly state the amount of government guaranteed debt and debt service;
- a list of enterprises that had foreign economic transactions during the reporting period be provided to the SSC, for inclusion in the list of respondents for the new survey;
- data on trade credits of other investments component be adjusted per the mission's recommendations.

## **F. Program to Develop and Introduce an ITRS**

43. **One of the actions recommended by the November 2017 mission was to study the possibility of adopting an ITRS for the external sector of the economy of Uzbekistan.** The information collected in the course of exchange regulation partially overlaps with the scope of ITRS but does not record receipts and payments by type of transaction or by receipt of funds. For this reason, it provides the ability to calculate only certain BOP components. The CBU expressed

interest in the ITRS, studied the experiences of several countries including Kazakhstan and Georgia, and made the decision to create a system using the Georgian ITRS as a prototype.

**44. Even before the current mission began, the CBU had taken the following first steps toward introducing an ITRS:**

- developing a draft ITRS reporting form for banks and instructions for completing it;
- developing a specialized system of ITRS codes for banks;
- holding consultations with commercial banks, familiarizing them with the ITRS system itself, and coordinating the form and code system with them;
- defining a report presentation format that does not allow for consolidated BOP transactions to be performed;
- developing a program for processing, analyzing, and assessing the intermediate data base.

**45. After the above work was completed, the CBU launched pilot data collection in commercial banks at the beginning of October 2018.** The Uzbekistan ITRS system has a number of its own special features, in particular: (i) banks report on all transactions, in both internal and external correspondent accounts; for internal transactions a different code system is used; (ii) only those transactions that pass through external correspondent accounts are sent to the BOPSO; (iii) banks do not report cash transactions; and (iv) threshold values are not used, all transactions are coded, and a resident transaction participant is identified for all transactions. The file sent to the CBU includes the name of the client/transaction initiator and their fiscal code.

**46. The due dates for submitting reports to the CBU are fairly tight.** Express information is submitted immediately following the closing of the business day. A special software program was developed to ensure timely submission of data. To ensure such rapid data submission, the ITRS codes are identified by the commercial bank operators. The final and revised data are forwarded to the CBU one month later. Commercial banks must send revised data to the CBU for the reporting month.

**47. The mission familiarized themselves with the code system and reporting form and provided recommendations on their further improvement.** The ITRS form does not contain a field for the institutional sector; the absence of such a field restricts the ability to apply the collected information. The mission prepared codes for the institutional sectors cited in Table 3.

**Table 3. Codes for Institutional Sectors**

Sector	Sector Code
Central Bank	1
Deposit organizations, other than central bank	2
General government sector	3
Non-banking financial institutions	4
Nonfinancial enterprises	5

48. **The ITRS code system is in need of revision. The existing system was created in accordance with the criteria of the fifth edition of the *BPM5* and does not take into account the changes occurring with the transition to the *BPM6*.** The updated code system is cited in Appendix I. On the one hand, the adoption of ITRS codes by operators makes it possible to provide timely data to the CBU, but on the other it increases the risk of erroneous identification of transaction codes. It is difficult to train a large number of operators on the nuances of the BOP and the finer points of identifying a BOP transaction code.

49. **To further improve the quality of bank reporting under the ITRS, the mission met with representatives of commercial banks.** The meeting included discussions of matters concerning training bank specialists (back office personnel) to determine transaction codes and institutional sector codes and establishing communications between commercial banks and the BOPD in order to hold prompt consultations on determining the transaction code and institutional sector code. The mission proposed that the CBU arrange for regular seminars on issues of ITRS reporting. The commercial banks expressed their readiness to collaborate in the area of introducing the ITRS and promised to implement the CBU's requirements.

50. **Analysis of the first results from data received from commercial banks revealed a high number of errors in the identification of transaction codes and the unsuitability of accumulated data for subsequent use.** Prior to the official (full-fledged) introduction of the ITRS, the CBU must develop procedures to ensure that the accumulated data are of suitable quality. A program of regular seminars for commercial banks must be prepared, to explain the goals of data collection and provide training in compiling reports under the ITRS system; develop procedures for detecting indicators that are outliers from the general series and other atypical deviations in banks' regular reports (logical checks); develop methods and procedures for regular reconciliation of individual ITRS indicators with banks' balance sheets (reconciliation of balance-sheet positions and flows, broken down by certain financial instruments).

51. **The priority order for introducing the 4 major ITRS segments must also be determined:** (i) CBU segment; (ii) commercial bank segment (transactions in cash and non-cash); and (iii) non-banking financial institution segment; and (iv) segment of nonfinancial corporations with current accounts abroad.



**Recommended Actions:**

- insert an additional field for the institutional sector in the reporting form;
- update the system of transaction codes and the instruction on their application per the mission's recommendations;
- identify a date for the official introduction of the ITRS and provide legal support;
- provide for regular seminars for commercial banks, to explain the goals of data collection and train staff in compiling reports under the system;
- improve data collection for the CBU under the ITRS and study the advisability of extending the ITRS to the remaining segments.

**G. Compilation of Balance of Payments, 2016–2017**

52. **One of the current mission's objectives was to assist the CBU in analyzing the causes of the gap between the new BOP data and historic time-series, which emerged when the production of ESS data was moved from the MOE to the CBU, and to assist in eliminating this gap.** There are both objective and subjective reasons for the appearance of a gap between historical data and the new data. These two BOP datasets are constructed using different formats and data were estimated based on different assumptions that were sometimes not entirely suitable. There were deviations from accepted standards, some indicators were estimated on different source data, and there were also errors, which all together resulted in a rather serious data gap. The lack of a harmonized data series diminishes the ability to make forecasts and to provide proper support for decision-making regarding the development of the external sector of Uzbekistan's economy.

53. **The mission studied the MOE and CBU balances, analyzed the causes of the discrepancies between the data in those balances, and assisted the CBU in generating the BOP for 2016–2017.** When generating historical data, all available historical data were used in the new (*BPM6*) format, including data from the BOP prepared by the MOE. The CBU sent requests to various ministries, departments, and private corporations (MOF, RUSCC, SSC, commercial banks, and others) to provide data for 2016–2017. Prior to receiving these data, the mission and the CBU performed a rough estimate of the missing data. Upon receipt of the requested data, the estimated data will be replaced by revised estimates, thus the BOP for 2016–2017 prepared during the mission should be viewed as a trial version that could change significantly after real data are obtained from the various sources. The mission also assisted the CBU in integrating the analytical BOP format into the working file. This means that when generating new balances or reviewing time series, the analytical presentation of the BOP will be updated automatically, which in turn will facilitate cooperation between the BOPD and the MCD IMF mission. A comparative analysis of historical time-series produced by the MOE and the CBU's for 2016–2017 is given below.

54. **Goods. For goods, the difference between the balances of the MOE and the CBU is minimal; both use the general trade system but arrive at those results differently.** The MOE takes SSC data and requests data from the RUSCC on flows to and from customs warehouses in free circulation. They then remove from imports goods leaving customs warehouses, and add goods entering warehouses. The MOE then removes from goods those flows that are associated with processing of goods. Similar approach is applied at the CBU but based entirely on RUSCC data. The CBU requests data from the RUSCC on trading systems and selects those that conform to the general trade system, excluding goods for processing and repair. Since the RUSCC does not perform any data adjustments, the result of these two methods should in principle be identical. The difference in goods is caused by subsequent adjustments. The MOE adds to goods component the unrecorded import/export transactions conducted by individuals. These goods are estimated at 20 percent of money transfers.

55. **The CBU estimates shuttle trade based on surveys at border crossing points. These estimates are more modest for exports—about 40 percent of the MOE’s estimation.** The CBU additionally asks the National Air Company (NAC) about goods purchased by carriers in ports and airports and adds them to goods. These goods are recorded by the SSC, and accordingly in the BOP of the MOE, among services. There is a difference in the conversion from the CIF price to the FOB price. The MOE assumes the cost of freight and insurance at 10 percent of the CIF price but does not take energy imports into account, which lowers the cost of freight and insurance to 9.5 percent. The CBU estimates freight based on geography and the physical volume (weight) of the goods. Calculations are performed using the average transportation cost of one ton of cargo; imports from neighboring countries with shared border are not taken into account, resulting in higher figures—up to 13–14 percent. In the trial BOP for 2016–2017, data for goods were taken from the MOE balance. They are presented in two lines—nonmonetary gold and other goods.

56. **Services. In the CBU estimates there was no debit on passenger transportation services for any mode of transport.** These services were estimated based on information about border crossings by individuals for all modes of transport. Data for the years 2016–2017 were taken from the BOP of the MOE; the overall figure for all modes of transport was distributed among the individual modes of transport according to passenger flows. During the last days of the mission, the CBU obtained data on international trade in services from the SSC for 2016–2017. The MOE did not adjust services exports, and a decision was made to derive services exports for the trial BOP from the newly obtained data. In imports of services, a portion of insignificant components that are not adjusted in the BOP of the MOE are calculated based on SSC information.

57. **The debit entry on the government services component, which is absent from the SSC data, was taken from the MOE balance.** Freight is estimated using the CBU methodology as the more suitable method, compared to 10 percent from imports. The results turned out to be slightly greater than in the MOE’s BOP. As for the travel component, the MOE’s BOP lacked the travel services incurred by short-term workers. This component is also absent from compensation

of employees estimates. In the 2016–2018 trial balance, unlike the MOE balance, expenses of short-term workers have been added to business travel. All the remaining minor service components are recorded in a single component—"other business services"—and the data have been harmonized with data from the MOE BOP.

58. **Primary and secondary income. Compensation of employees was overestimated in the CBU BOP and was adjusted during the mission.** However, in the MOE balance this component was underestimated. The MOE data reflect only net funds transfers, not all compensation of employees, some of which are spent within the host country (primarily on housing and taxes). In the CBU BOP for 2016–2017, compensation of employees component is estimated according to the *BPM6* criteria (it includes total earnings, not only the portion that was transferred to Uzbekistan). Data for the first half of 2018 were adjusted. The new data provide an adequate time-series and are comparable with the MOE's BOP data, with the provision that the latter do not reflect all earnings but only the portion transferred to Uzbekistan.

59. **The MOE lacks reinvested earnings within direct investment income component.** They are in the working files, but the data are rather understated. In the final line where all direct investment income is calculated, existing reinvested earnings are multiplied by zero—that is, they are excluded. Reinvested earnings obtained using the new reporting forms are fairly large, amounting to USD 400 million over the first half of the year. In the trial balance, dividends and interest income were taken from the MOE balance, while reinvested earnings were calculated as follows: an estimated position was taken as of the beginning of 2016, the average corporate yield was defined at 5 percent, and the enterprise's profit was calculated on this basis, deducting paid-out dividends from it. The data obtained were recorded both in DI reinvested and under DI. For interest income from other investments, only data on interest payments were available, and they were recorded in the experimental balance. As soon as relevant data are available (from the MOF and from commercial banks), paid interest will be replaced by accrued interest. Updated DIMR data were reflected in income from reserve assets. Personal transfers were identified at 54 percent of money transfers; this component will be reviewed later.

60. **Transfers of migrants are recorded in capital transfers in the BOP of the MOE, which is not allowed according to the *BPM6*.** Naturally, these transfers were removed in the experimental balance; in addition, debt forgiveness appeared in debt of other sectors in the first half of 2018 and is recorded as a capital transfer. It is not inconceivable that, when data are obtained on 2016–2017 debt, instances of debt forgiveness will turn up there too, but for now there is no record in capital transfer components.

61. **The mission performed an adjustment of DI.** To calculate DI into Uzbekistan, the MOE uses only data on equity capital and debt capital. Even though there are data on reinvested earnings in the MOE working file, they are not used in the calculation of DI (see above). The CBU receives its data on equity capital and debt capital for 2016–2017 from the MOE balance, except for debt capital for the fourth quarter of 2017. Compiling the BOP for the fourth quarter of 2017 at the request of the MCD IMF mission, the MOE experienced a shortage of data. In particular, it

lacked information about loans attracted from direct investors and in the fourth quarter of 2017, the CBU repeated data from the fourth quarter of 2016, in the amount of USD+326 million. As of the time the CBU trial BOP was compiled, the real size of DI debt capital was known; it comprised USD -175 million. As for reinvested earnings, the methods used to calculate them are described above. Direct investments abroad are negligible. For the trial BOP for 2016–2017, these data were taken from the MOE working file.

62. **As has already been noted, portfolio investments and financial derivatives in Uzbekistan are quite negligible.** They are not set apart in the MOE balance, and they did not bother to make any estimates. Other investments are presented in the MOE balance in a rather limited form. Loans are represented only in liabilities and are broken down into government and government-guaranteed on one side and unsecured loans on the other. The mission and the CBU jointly decided to record data from the MOE balance in public sector borrowing, despite the fact that they differ slightly from the MOF data. Loans of DTC and other sectors must be taken from commercial bank reports.

63. **Data on currency and deposits in the MOE balance have little credibility; imports/exports of Uzbek Sum are recorded in liabilities for this instrument.** First, it is doubtful that nonresidents are holding Uzbekistan Sum in such considerable amount and, if this is so, it is a CBU liability. In assets, rather sizable amounts are in the central bank sector in all quarters of 2016–2017. But, on the other hand, DMIR representatives have asserted that the CBU has no external assets in non-reserve currencies. All deposits in non-reserve currencies are in resident banks; based on the above, deposits of the DTC sector were estimated based on bank statements. For deposits of other sectors where the large share falls to households, expert assessments were done based on imports/exports of foreign currency into Uzbekistan. Additionally, estimates of inflows and outflows of foreign currency by households were accounted for.

64. **To compile the 2016–2017 BOP, the mission obtained data on reserve assets and external assets in non-reserve currencies from the DIMR.** Major transactions are performed under the currency and deposits subcomponent. Transactions involving monetary gold are not carried out; all changes in monetary gold are assigned to other changes, and these data were recorded in the trial BOP.

65. **A table for the trial BOP beginning with 2016 is provided below in Appendix II.** Many components are roughly estimated for lack of reliable source data. The BOPD will continue efforts to collect additional data for 2016–2017 in order to update the 2016–2017 trial balance, for which reason the latter could change greatly.

## H. Other Issues (Human Resources and Training)

66. **At the beginning of 2018, a BOPD was created within the Department of Foreign Exchange Regulation and Control. This Department is responsible for generating the ESS**

**of Uzbekistan.** Following the reorganization, the department's name was changed—it became the Department of Foreign Exchange Regulation and the Balance of Payments (DERBP). At present the BOPD staff consists of 8 employees; in reality only 4 have been hired, including the head of the office. At this time the CBU is selecting candidates and plans to fill the remaining open positions in the very near future. As of October 2018, only 2 staff members of the 4 had completed special training courses. One BOPD staff member was transferred to another CBU unit. Three employees were nominated for a seminar on ESS, to take place in the Joint Vienna Institute in February of 2019. The mission recommends referring personnel responsible for compiling BOP and IIP for training in ESS organized by the IMF and other international organizations or central banks of other countries.

**The mission recommends:**

- bringing the BOPD to full strength within the shortest possible time;
- provide one position within the new office's staff for a programmer, or assign one programmer to the BOPSO;
- nominate personnel for relevant IMF seminars to further study the *BPM6* and external debt statistics.

## I. Officials with Whom the Mission Met

First and last name	Organization
<b>CENTRAL BANK OF THE REPUBLIC OF UZBEKISTAN</b>	
Timur Ishmetov	First Deputy Chair, Central Bank
Bobir Abubakirov	Director, Department of Exchange Regulation and Control
Ilkhom Umrzakov	Deputy Director, Department for Management of International Reserves
Bobur Salokhiddinov	Deputy Head of Office, Department for Management of International Reserves
Rashid Mirzaakhmedov	Head of the Balance of Payments Office, Department of Exchange Regulation and Control
Zhakhongir Isakov	Deputy Head of the Balance of Payments Office, Department of Exchange Regulation and Control
<b>STATE STATISTICS COMMITTEE</b>	
Akmal Umarov	Deputy Head of the Office of Service Sector Statistics
Zhavlon Saipov	Head of the Office of Investment and Construction Statistics
Botir Samarovich Irgashev	Head of the Office of External Economic Activity and Trade Statistics
Zhavlon Khakimov	Head of the Office of Cost of Living Statistics and Public Surveys
Inna Vladimirovna Tishchenko	Head of the Office of Macroeconomic Indicators and National Accounts
Abrorali Mamadjanov	Head of the Section for Capital Accounts and Service Accounts
<b>COMMERCIAL BANKS</b>	
Jaloliddin Makhmudov	Head of the Exchange Control Department, KVR <i>[expansion unknown]</i> of Uzbekistan
Ulugbek Nurjanov	Programmer, KDB <i>[Budget Revenue Classifier]</i> , Information Technology Department, Uzbekistan
M. M. Abdulaev	Deputy Chief Accountant, Ipak Yuli Bank
A. A. Ibragimov	Uzpromstroybank, Chief of the Information Technologies Section
Sh. F. Rahimov	Uzpromstroybank, Chief of the Section for Accounting and Reporting on Exchange Transactions

<b>MINISTRY OF THE ECONOMY</b>	
Bakhtiyor Makhmudov	Ministry of the Economy, Head of Section
Aziz Salihov	Ministry of the Economy, Deputy Head of Section
<b>AGENCY ON EXTERNAL LABOR MIGRATION OF THE MINISTRY OF EMPLOYMENT AND LABOR RELATIONS</b>	
Azim Akhmatov	Head of the consolidated information and analytical section of the Agency for External Labor Migration of the Ministry of Employment and Labor Relations of the Republic of Uzbekistan
Utkir Kamolov	Head of the Department for the Organized Recruitment and Placement of Citizens Abroad of the Agency for External Labor Migration of the Ministry of Employment and Labor Relations of the Republic of Uzbekistan
Nodira Bakirova	Chief specialist for Organized Recruitment and Placement of Citizens Abroad of the Agency for External Labor Migration of the Ministry of Employment and Labor Relations of the Republic of Uzbekistan
Ravshan Ibragimov	Head of the Agency for External Labor Migration of the Ministry of Employment and Labor Relations of the Republic of Uzbekistan
Sardor Abduazimov	Chief specialist of the Office of International Cooperation and Collaboration with the MOT of the Ministry of Employment and Labor Relations of the Republic of Uzbekistan

## Appendix I. Transaction Codes for the Standard Balance of Payments Classification and Their Use

No.	Name of code (INFLOW)	Transaction code (INFLOW)	Transaction code (OUTFLOW)	Name of code (OUTFLOW)	Application of code
	<b>Current account</b>				
<b>I</b>	<b>GOODS</b>				
1.1	Revenues from goods exports	41011	51011	Payment for goods imports	Receipt of funds for goods exports, except exports of the goods cited in components 1.2 – 1.4.  Payments for imports of goods, other than those cited in components 1.2 – 1.4.
1.2.	Nonmonetary gold	41021	51021	Nonmonetary gold	Marketable gold (other than components made from it)
1.3.	Revenues received under production sharing agreements (PSA)	41031	51031	Funds transfer under a production sharing agreement (PSA)	Receipt and transfer of funds to beneficiaries for goods (natural gas, etc.) sold under production sharing agreements
1.4.	Revenues on purchased goods in ports of Uzbekistan by nonresident transportation organizations	41041	51041	Payment for purchased goods in foreign ports by resident transportation organizations	Fuel, food products, and ancillary materials purchased in ports by transportation organizations. This component does not include ancillary services (technical servicing of vehicles, pilotage services, etc.).
<b>II</b>	<b>SERVICES</b>				
<b>2.1.</b>	<b>Services involving processing or repair of goods</b>				



No.	Name of code (INFLOW)	Transaction code (INFLOW)	Transaction code (OUTFLOW)	Name of code (OUTFLOW)	Application of code
2.1.1.	Processing of goods within Uzbekistan	42011	52011	Processing of goods abroad	Payment for processing of goods within the Republic of Uzbekistan with subsequent return to the customer's country. Payment for processing of goods abroad with subsequent return to the Republic of Uzbekistan
2.1.2.	Repair of goods within Uzbekistan	42012	52012	Repair of goods abroad	Costs for repairs of portable equipment and other goods, performed by or for a nonresident. This component does not include such types of repair as: repair of buildings and structures (construction services), repair of computer equipment (computer and information services), or maintenance of vehicles in seaports and airports (other transportation services)
<b>2.2.</b>	<b>Maritime transport</b>				
2.2.1.	Passenger	42021	52021	Passenger	Passenger travel; wet-lease of vessels for passenger travel
2.2.2.	Freight	42022	52022	Freight	Freight transport; wet-lease of vessels for freight transport
2.2.3.	Ancillary services for maritime transport	42023	52023	Ancillary services for maritime transport	Ancillary services, including storage, loading/unloading, ship maintenance, pilotage services, fees, and agency services related to maritime passenger and freight carriage.
<b>2.3.</b>	<b>Air transportation</b>				
2.3.1.	Passenger	42031	52031	Passenger	Passenger travel; wet-lease of aircraft for passenger travel.

No.	Name of code (INFLOW)	Transaction code (INFLOW)	Transaction code (OUTFLOW)	Name of code (OUTFLOW)	Application of code
2.3.2.	Freight	42032	52032	Freight	Freight carriage; wet-lease of aircraft for freight carriage.
2.3.3.	Ancillary services for air transport	42033	52033	Ancillary services for air transport	Ancillary services, including storage, loading/unloading, aircraft maintenance, navigational support for carriers, fees, and agency services related to passenger and freight transport by air.
<b>2.4.</b>	<b>Motor vehicle transport</b>				
2.4.1.	Passenger	42041	52041	Passenger	Passenger travel: lease of vehicles with crew for passenger travel
2.4.2.	Freight	42042	52042	Freight	Freight carriage; lease of vehicles with crew for freight carriage
2.4.3.	Ancillary services for motor vehicle transport	42043	52043	Ancillary services for motor vehicle transport	Ancillary services, including storage, loading/unloading, vehicle maintenance, fees, and agency services related to motor vehicle passenger and freight carriage.
<b>2.5.</b>	<b>Rail transport</b>				
2.5.1.	Passenger	42051	52051	Passenger	Passenger travel: lease of vehicles with crew for passenger travel
2.5.2.	Freight	42052	52052	Freight	Freight carriage; lease of vehicles with crew for freight carriage
2.5.3.	Ancillary services for motor rail transport	42053	52053	Ancillary services for motor rail transport	Ancillary services, including storage, loading/unloading, vehicle maintenance, fees, and agency services related to passenger and freight transport by rail.
<b>2.6.</b>	<b>Pipeline transport and electric power</b>				

No.	Name of code (INFLOW)	Transaction code (INFLOW)	Transaction code (OUTFLOW)	Name of code (OUTFLOW)	Application of code
	<b>transmission lines</b>				
2.6.1.	Services entailed in transport by pipelines and electric power transmission lines	42061	52061	Services involved in transport by pipelines and electric power transmission lines	Services entailed in pipeline transport of natural gas, crude oil, and petroleum products, servicing of pipelines, and electric power transmission.
<b>2.8.</b>	<b>Postal and courier services</b>				
2.8.1.	Postal and courier communications services	42063	52063	postal and courier communications services	"Collection, transportation, and deliver of letters, newspapers, periodical publications, brochures, other printed materials, packages and parcels, and services of post offices and leasing of post office boxes, sales of postage stamps, preparation of money transfers, telegraph services, etc.
<b>2.7.</b>	<b>Travel</b>		All types of goods and services purchased by guests in a host country		
2.7.1.	Payments and clearing transactions performed using MPK [ <i>international payment cards</i> ]	42071	52071	Payments and clearing transactions performed using MPK	Coverage using payment cards of international payment systems (Visa International, American Express, Mastercard, etc.)
2.7.2.	For training	42072	52072	For training	Payments to cover costs of training
2.7.3.	For medical treatment	42073	52073	For medical treatment	Payments to cover costs of medical treatment

No.	Name of code (INFLOW)	Transaction code (INFLOW)	Transaction code (OUTFLOW)	Name of code (OUTFLOW)	Application of code
2.7.4.	Tourism services provided by nonresidents within Uzbekistan—other	42074	52074	Tourism services	
<b>2.9.</b>	<b>Insurance services</b>				
2.9.1.	Payments of insurance contributions for various types of insurance and reinsurance	42091	52091	Payments of insurance contributions for various types of insurance and reinsurance	Payments of insurance contributions (insurance premiums) for various types of insurance and reinsurance (for example, cargo insurance in overseas trade).
2.9.2.	Compensation under insurance policies	42092	52092	Compensation under insurance policies	Compensation paid out by insurance companies under insurance policies—e.g., due to losses or damage to goods during transport.
<b>2.10.</b>	<b>Financial services</b>				
2.10.1.	Services of financial intermediaries	42101	52101	Services of financial intermediaries	Services of financial intermediaries (for example, those involving lines of credit); fees on transactions involving letters of credit, banker's acceptances, bank fees, and financial leasing; fees for performing transactions with foreign currency or securities, asset management, servicing of correspondent accounts, transfers of funds on money orders, and similar services.
<b>2.10.2.</b>	<b>Telecommunications, computer, and information services</b>				

No.	Name of code (INFLOW)	Transaction code (INFLOW)	Transaction code (OUTFLOW)	Name of code (OUTFLOW)	Application of code
2.10.21	Telecommunications services	42081	52081	Telecommunications services	Broadcast or transmission of sounds, images, data, or other information by telephone, telex, telegraph, radio or television cable, or simulcast transmission, by electronic mail, telefax, etc. Also, business network and teleconferencing services and support services.
2.10.22	Computer services	42082	52082	Computer services	creation and introduction of software, including development and programming of a client's specific systems; management of computing systems; consulting services for computerization issues; technical support, operation and maintenance of computing technology;
2.10.23	Information services	42083	52083	Information services	Services of information agencies (presentation of news, photographs, and articles in the mass information media). Database processing/ creation of database concepts, comparison and dissemination of data and databases. Also, internet search sites; direct individual subscriptions to newspapers and magazines with postal delivery or electronic or other means of transmission; other services involving the provision of content in an interactive mode and library and archive services.
2.10.3.	Royalties and licensing fees	42103	52103	Royalties and licensing fees	Payments for use of nonfinancial, intangible assets and ownership rights (such as patents, copyright, trademarks, etc.), and for use

No.	Name of code (INFLOW)	Transaction code (INFLOW)	Transaction code (OUTFLOW)	Name of code (OUTFLOW)	Application of code
					based on licensing agreements of reproduced originals (such as manuscripts and films).
2.10.4.	Operational leasing	42104	52104	Operational leasing	Operational leasing of equipment without personnel.
<b>2.11.</b>	<b>Other Services</b>				
2.11.1.	Government services	42111	52111	Government services	All types of goods purchased or services provided to embassies, consulates, official trade, military, and other missions (including international organizations) within the territory of the country in which they are located; payments related to support for multilateral resolutions of armed conflicts or to the stationing of peacekeeping units within the respective country, e.g., UN troops.
2.11.2.	Construction services, more than 1 year in duration	42112	52112	Construction services, more than 1 year in duration	Funds received for project construction, installation of equipment, repair of buildings and structures outside the Republic of Uzbekistan (credit) of more than 1 year; payment for construction work, including installation of equipment and repair of buildings and structures by nonresident construction companies within the Republic of Uzbekistan (debit) of more than 1 year. A more detailed definition of residency is provided in an appendix.
2.11.3.	Construction services,	42113	52113	Construction services,	Funds received for project construction,

No.	Name of code (INFLOW)	Transaction code (INFLOW)	Transaction code (OUTFLOW)	Name of code (OUTFLOW)	Application of code
	less than 1 year			less than 1 year	installation of equipment, and repair of buildings and structures outside the Republic of Uzbekistan (credit), lasting less than 1 year; payment for construction work, including installation of equipment and repair of buildings and structures by nonresident construction companies within the Republic of Uzbekistan (debit), lasting less than 1 year. A more detailed definition of residency is provided in an appendix.
2.11.4.	Other business services	42114	52114	Other business services	Legal, consulting, and auditing services, advertising, marketing, scientific research and design development, architectural, engineering, and other technical services, agricultural services and on-site processing of product, services provided to private parties, and cultural and recreation services.
<b>III</b>	<b>PRIMARY INCOME</b>				
3.1.	Compensation of employees	43010	53011	Compensation of employees	Transfers of wages and other payments to individuals, received by workers outside the country of which they are residents (including transfers to Uzbekistan of wages of seasonal workers and other categories of workers working abroad less than one year).
<b>3.2.</b>	<b>Income from direct investments</b>				
3.2.1.	Dividends received and withdrawals from	43021	53021	Paid dividends and withdrawals from	Income from share participation in corporate capital (stock dividends and distributed

No.	Name of code (INFLOW)	Transaction code (INFLOW)	Transaction code (OUTFLOW)	Name of code (OUTFLOW)	Application of code
	income of quasi-corporations			income of quasi-corporations	profits of overseas divisions).
3.2.3.	Interest received on loans issued to overseas branches and direct investment (subsidiary) enterprises	43023	53023	Interest received on loans issued to overseas branches and direct investment (subsidiary) enterprises	Interest on debt obligations between a direct investor and direct investment enterprise, including interest on subordinated loans and reimbursable financial assistance from the direct investor.
<b>3.3.</b>	<b>Income from portfolio investments</b>				
3.3.1.	Income from equity (Dividends received)	43031	53031	Income from equity (Paid dividends)	Securities income granting eligibility for capital participation (shares; certificates of participation, equity securities; all types of capital investments in fiduciary companies and investment funds)
3.3.2.	Interest received on long-term debt securities	43032	53032	Interest paid on long-term debt securities	Interest received on long-term debt securities Interest paid on long-term debt securities
3.3.3.	Interest received on short-term debt securities	43033	53033	Interest paid on short-term debt securities	Interest received on short-term debt securities Interest paid on short-term debt securities
<b>3.4.</b>	<b>Income from other investments</b>				
3.4.1.	Interest on inter-bank deposits	43041	53041	Interest on inter-bank deposits	Interest on inter-bank deposits; interest on use of remaining balances in correspondent account, etc.
3.4.2.	Receipt of accrued interest on residents'	43042	53042	Payment of accrued interest on	



No.	Name of code (INFLOW)	Transaction code (INFLOW)	Transaction code (OUTFLOW)	Name of code (OUTFLOW)	Application of code
	deposits in nonresident banks			nonresidents' deposits in Uzbekistan banks	
3.4.3.	Receipt of accrued interest on interbank deposits in nonresident banks	43043	53043	Transfer of accrued interest on interbank deposits to nonresident banks	
3.4.4.	Interest received on loans landed by the Government of Uzbekistan	43044	53044	Payment of interest—on loans guaranteed by the Government of Uzbekistan	Interest on debt obligations between a direct investor and direct investment enterprise, including interest on subordinated loans and reimbursable financial assistance from the direct investor.
3.4.5.	Interest received on loans issued by private creditors without guarantees of the Government of Uzbekistan	43045	53045	Payment of interest on loans issued by private creditors without guarantees of the Government of Uzbekistan	Interest on debt obligations between a direct investor and direct investment enterprise, including interest on subordinated loans and reimbursable financial assistance from the direct investor.
3.4.6.	Interest received on other external assets	43046	53046	Interest received on other external obligations	Interest on other external assets and obligations
<b>IV</b>	<b>Secondary income</b>				
4.1.1.	Transfers in the form of humanitarian aid and grants received by government agencies of Uzbekistan	44011	54011	Transfers in the form of humanitarian aid and grants provided by government agencies of Uzbekistan	Humanitarian aid and grants received (provided) by government agencies of Uzbekistan; contributions of government agencies of Uzbekistan to funds of international organizations; taxes and penalties paid by nonresidents to government agencies of Uzbekistan or by

No.	Name of code (INFLOW)	Transaction code (INFLOW)	Transaction code (OUTFLOW)	Name of code (OUTFLOW)	Application of code
					government agencies of Uzbekistan to nonresidents.
4.1.2.	Transfers received by individuals and non-governmental organizations of Uzbekistan	44012	54012	Transfers provided by individuals and non-governmental organizations of Uzbekistan	A donation, inheritance, or humanitarian aid received by individuals and non-governmental organizations of Uzbekistan (provided by individuals and non-governmental organizations of Uzbekistan); child support and other payments for children's welfare; pensions, stipends, and other payments within the framework of social welfare programs, paid out by government agencies and non-governmental organizations; private transfers received by residents from nonresidents or by nonresidents from residents; periodic contributions (including membership dues) to charitable, religious, scientific, and cultural organizations; payment of duty and fines if they are made by non-governmental organizations of Uzbekistan to the benefit of government agencies or non-governmental organizations of other countries, or by nonresidents to the benefit of non-governmental organizations of Uzbekistan;
4.1.3.	Money transfers received	44013	54013	Money transfers sent	Money transfers of individuals and clearing transactions on money transfers
4.1.6.	Receipts incoming to bank accounts of	44016	54016	Outbound transfer sent from bank	Free money transfers

No.	Name of code (INFLOW)	Transaction code (INFLOW)	Transaction code (OUTFLOW)	Name of code (OUTFLOW)	Application of code
	nonresident individuals			accounts of nonresident individuals	
<b>4.2.</b>	<b>Capital transfers</b>				
4.2.1.	Capital transfers to the general sector of Uzbekistan	44021	54021	Capital transfers by the general sector of Uzbekistan to nonresidents	<p>Capital transfers made by nonresidents to government bodies of Uzbekistan, intended to fully or partially cover the costs of fixed capital formation (for example, financing of large-scale construction projects).</p> <p>Capital transfers made by nonresidents to government bodies of Uzbekistan, as well as debt forgiveness by a creditor and capital transfers provided by government bodies of Uzbekistan to nonresidents.</p>
4.2.2.	Capital transfers in other sectors	44021	54022	Capital transfers in other sectors	Capital transfers, free transfer of ownership of fixed capital; investment subsidies, including free financial assistance to economic entities and grants for reconstruction and production growth; departure transfers.
4.2.3.	Sale of non-produced nonfinancial assets	44023	54023	Purchase of non-produced nonfinancial assets	Purchase (sale) of industrial and intellectual property and other similar rights: inventions, industrial samples, brand marks, trademarks, patents, licenses, know-how, and so on. Purchase/sale of land lots by foreign embassies.
	<b>Financial account</b>				

No.	Name of code (INFLOW)	Transaction code (INFLOW)	Transaction code (OUTFLOW)	Name of code (OUTFLOW)	Application of code
<b>V</b>	<b>Investments</b>				
<b>5.1.</b>	<b>Direct investments. Assets</b>	<b>INFLOW – decrease in Uzbekistan's overseas assets; OUTFLOW – increase in Uzbekistan's overseas assets;</b>			
5.1.1.	<b>Equity capital</b> (repatriation by a resident investor of funds invested in the authorized capital of a nonresident legal entity, amounting to at least 10 percent of such capital, and repurchase of a portion of authorized capital or a sale of common (voting) shares	45011	55011	<b>Equity capital</b> (contribution by a resident investor of funds in the authorized capital of a nonresident legal entity, amounting to at least 10 percent of such capital, and repurchase of a portion of authorized capital or a purchase of common (voting) shares	Contribution by a resident investor of funds in the authorized capital of a nonresident legal entity, amounting to at least 10 percent of such capital, and the repurchase of a portion of authorized capital; purchase by a resident of a shareholding in a nonresident legal entity (other than preferred non-voting stock), comprising less than 10 percent of equity capital, and repurchase of such shareholding.
5.1.4.	<b>Equity capital</b> <b>Reverse investments</b> repurchase of a portion of authorized capital or equity capital from an overseas direct investor by a direct investment enterprise	45014	55014	<b>Equity capital</b> <b>Reverse investments</b> Sale by a direct investment enterprise of a previously purchased portion of the authorized capital or equity capital of an overseas direct investor	Reverse investment transactions (purchase/sale of foreign securities)
5.1.2.	<b>Other capital in the</b>	45012	55012	<b>Other capital in the</b>	Transactions involving the attraction of

No.	Name of code (INFLOW)	Transaction code (INFLOW)	Transaction code (OUTFLOW)	Name of code (OUTFLOW)	Application of code
	<b>form of direct investments</b> (payments on issued lending resources, occurring between a direct investor and a direct investment enterprise)			<b>form of direct investments</b> (issuance of lending resources, occurring between a direct investor and a direct investment enterprise)	lending resources, occurring between a direct investor and direct investment enterprises; subordinated debt received from a direct investor; repayable financial assistance received from a direct investor
5.1.3.	Real estate sales by a resident	45013	55013	Real estate purchases by a resident	Transactions of residents involving the purchase or sale of real estate located abroad
<b>5.2.</b>	<b>Direct investments. Liabilities</b>		<b>INFLOW – increase in Uzbekistan’s liabilities to foreign countries; OUTFLOW – decrease in Uzbekistan’s liabilities to foreign countries;</b>		
5.2.1.	<b>Equity capital</b> (contribution by a nonresident investor of funds in the authorized capital of a resident legal entity, amounting to at least 10 percent of such capital, or a purchase of ordinary (voting) shares)	45021	55021	<b>Equity capital</b> (repatriation of investment by a nonresident investor of funds in the authorized capital of a resident legal entity, amounting to at least 10 percent of such capital, or sale of common (voting) shares)	Contribution by a nonresident investor of funds in the authorized capital of a resident legal entity, amounting to 10 percent or more of such capital; purchase by a resident of a shareholding in a nonresident legal entity (other than preferred non-voting shares), comprising 10 percent or more of equity.
	<b>Equity capital</b>	45024	55024	<b>Equity capital</b>	Reverse investment transactions

No.	Name of code (INFLOW)	Transaction code (INFLOW)	Transaction code (OUTFLOW)	Name of code (OUTFLOW)	Application of code
	<b>Reverse investments</b> (repurchase of a portion of the authorized capital or common (voting) shares of a resident direct investor by a nonresident direct investment enterprise)			<b>Reverse investments</b> (sale by a resident direct investor of a previously purchased portion of the authorized capital or common (voting) shares in a nonresident direct investment enterprise)	(purchase/sale of domestic securities).
5.2.2.	<b>Other capital in the form of direct investments</b> (earnings from transactions involving the attraction of lending resources, occurring between a direct investor and direct investment enterprises)	45022	55022	<b>Other capital in the form of direct investments</b> (payments on transactions involving the attraction of lending resources, occurring between a direct investor and direct investment enterprises)	Transactions involving the attraction of lending resources, occurring between a direct investor and direct investment enterprises; subordinated debt received from a direct investor; repayable financial assistance received from a direct investor.
5.2.3.	Real estate purchases by a nonresident	45023	55023	Real estate sales by a nonresident	Transactions of nonresidents involving the purchase or sale of real estate located within the territory of the Republic of Uzbekistan.
<b>5.3.</b>	<b>Portfolio investments, Assets (foreign securities)</b>			<b>INFLOW – decrease in assets of residents of Uzbekistan; OUTFLOW – increase in assets of residents of Uzbekistan</b>	

No.	Name of code (INFLOW)	Transaction code (INFLOW)	Transaction code (OUTFLOW)	Name of code (OUTFLOW)	Application of code
2.14.1.	Sales of equities (equity share less than 10 percent)	45031	55031	Purchases of equities (equity share less than 10 percent)	Securities issued by nonresidents that qualify for capital participation (equity share less than 10 percent); shares of various types (other than preferred shares that entitle the holder to an income stipulated in advance and a fixed amount upon redemption); equity securities that certify equity participation in authorized capital.
2.14.2.	Sales of long-term and perpetual debt securities issued by nonresidents	45032	55032	Purchases of long-term and perpetual debt securities issued by nonresidents	Bonds and preferred shares that entitle the holder to an income stipulated in advance and a fixed amount upon redemption; long-term savings (deposit) certificates; outstanding certificates of participation in a loan provided to a nonresident by a resident of Uzbekistan; other long-term and undated debt securities attesting to debt obligations of nonresidents to residents.
2.14.3.	Sales of money market instruments (short-term debt securities) by residents	45033	55033	Purchases of money market instruments (short-term debt securities) by residents	Short-term debt securities issued by nonresidents.  Treasury notes; short-term savings (deposit) certificates; banker's acceptances.
<b>5.4.</b>	<b>Portfolio investments Liabilities (domestic securities)</b>			<b>INFLOW – increase in in liabilities to nonresidents; OUTFLOW – decrease in liabilities to nonresidents</b>	
5.4.1.	Purchases by nonresidents of	45041	55041	Sales by nonresidents of securities issued by	Securities issued by residents that qualify for capital participation (equity share less

No.	Name of code (INFLOW)	Transaction code (INFLOW)	Transaction code (OUTFLOW)	Name of code (OUTFLOW)	Application of code
	securities issued by residents (equity share less than 10 percent)			residents (equity share less than 10 percent)	than 10 percent); shares of various types (other than preferred shares that entitle the holder to receive an income stipulated in advance and a fixed amount upon their redemption); equity securities that certify equity participation in authorized capital.
5.4.2.	Purchases by nonresidents of long-term and undated debt securities	45042	55042	Sales by nonresidents of long-term and undated debt securities	Bonds and preferred shares that entitle the holder to receive an income stipulated in advance and a fixed amount upon redemption; long-term savings (deposit) certificates.
5.4.3.	Purchases by nonresidents of money market instruments issued by residents	45043	55043	Sales by nonresidents of money market instruments issued by residents	Treasury notes issued by residents; short-term savings (deposit) certificates; banker's acceptances.
<b>VI</b>	<b>Other investments</b>				
<b>VI.I.</b>	<b>Other investments – Assets</b>			<b>INFLOW – decrease in overseas assets of residents of Uzbekistan; OUTFLOW – increase in overseas assets of residents of Uzbekistan</b>	
<b>6.1.</b>	<b>C Loans</b>				
6.1.1.	Repayment of long-term loans issued to nonresidents by the government	46011	56011	Long-term loans issued by the government	Long-term credit (loan, lease) issued to nonresidents – by the Government of Uzbekistan for a period of more than 1 year, and its repayment.
6.1.2.	Repayment of short-term loans issued to nonresidents by the government	46012	56012	Short-term loans issued by the government	Short-term credit (loan, lease) issued to nonresidents – by the Government of Uzbekistan for a period of up to 1 year, and its repayment.



No.	Name of code (INFLOW)	Transaction code (INFLOW)	Transaction code (OUTFLOW)	Name of code (OUTFLOW)	Application of code
6.1.3.	Repayment of long-term loans issued to nonresidents by private creditors	46013	56013	Long-term loans issued by private creditors	Long-term credit (loan, lease) issued to nonresidents – by residents of Uzbekistan for a period of more than 1 year, and its repayment.
6.1.4.	Repayment of long-term loans issued to nonresidents by private creditors	46014	56014	Short -term loans issued by private creditors	Short-term credit (loan, lease) issued to nonresidents – by residents of Uzbekistan for a period of up to 1 year, and its repayment.
<b>6.2.</b>	<b>Deposits</b>				
6.2.1.	Return of long-term deposits placed in overseas banks	46021	56021	Long-term deposits placed in overseas banks	Long-term deposits placed by residents in nonresident banks (including deposits placed by banks) and their return.
6.2.2.	Return of short-term deposits placed in overseas banks	46022	56022	Short-term deposits placed in overseas banks	Short-term deposits placed by residents in nonresident banks (including deposits placed by banks) and their return, excepting components 6.2.3 and 6.2.4.
6.2.3.	Return of security deposits placed by banks in overseas banks	46023	56023	Security deposits placed by banks in overseas banks	Security deposits made using money transfer and trade finance systems or other financial services systems that require collateral
6.2.4.	Return of money transfer system operator's deposit	46024	56024	Receipt of deposit from money transfer system operator	Receipt/Return of money transfer system operator's deposit (Western Union, MoneyGram, etc.).
<b>6.3.</b>	<b>Other assets</b>				
6.3.1.	Other assets	46031	56031	Other assets	Other transactions not included in components 6.1-6.2 of the article "Other investments – assets", e.g., funds transfers from Uzbekistan to a nonresident under a

No.	Name of code (INFLOW)	Transaction code (INFLOW)	Transaction code (OUTFLOW)	Name of code (OUTFLOW)	Application of code
					guarantee or surety agreement under which a resident is the guarantor or bondsman for the fulfillment of any payment obligations of one nonresident to another nonresident; commitment of funds during transfers from special accounts; capital subscriptions of international organizations that are not monetary institutions.
<b>VI.II.</b>	<b>Other investments – Liabilities</b>		<b>INFLOW – increase in external obligations of residents of Uzbekistan; OUTFLOW – decrease in external obligations of residents of Uzbekistan</b>		
<b>6.4.</b>	<b>C loans</b>				
6.4.1.	Long-term loans received from nonresidents under guarantee of the Government of Uzbekistan	46041	56041	Repayment of long-term loans received by the government from nonresidents	Long-term credit (loan, lease) received from nonresidents – under guarantee of the Government of Uzbekistan for a period of more than 1 year, and its repayment.
6.4.2.	Short-term loans received from nonresidents under guarantee of the Government of Uzbekistan	46042	56042	Repayment of short-term loans received by the government from nonresidents	Short-term credit (loan, lease) received from nonresidents – under guarantee of the Government of Uzbekistan for a period of up to 1 year, and repayment thereof.
6.4.3.	Long-term loans received by private creditors from nonresidents without guarantees of the	46043	56043	Repayment by private creditors of long-term loans received from nonresidents	Long-term credit (loan, lease) received by private creditors from nonresidents without guarantees of the Government of Uzbekistan for a period of more than 1 year, and repayment thereof.

No.	Name of code (INFLOW)	Transaction code (INFLOW)	Transaction code (OUTFLOW)	Name of code (OUTFLOW)	Application of code
	Government of Uzbekistan				
6.4.4.	Short-term loans received by private creditors from nonresidents without guarantees of the Government of Uzbekistan	46044	56044	Repayment by private creditors of long-term loans received from nonresidents	Short-term credit (loan, lease) received by private creditors from nonresidents without guarantees of the Government of Uzbekistan for a period of up to 1 year, and repayment thereof.
<b>6.5.</b>	<b>Deposits</b>				
6.5.1.	Long-term deposits placed by nonresidents in banks of Uzbekistan	46051	56051	Return to nonresidents of long-term deposits in banks of Uzbekistan	Long-term deposits placed by nonresidents in resident banks (including deposits placed by banks), and the return thereof.
6.5.2.	Short-term deposits placed by nonresidents in banks of Uzbekistan	46052	56052	Return to nonresidents of short-term deposits in banks of Uzbekistan	Short-term deposits placed by nonresidents in resident banks (including deposits placed by banks) and the return thereof, excepting components 6.5.3 and 6.5.4.
6.5.3.	Security deposits placed by nonresidents in banks of Uzbekistan	46053	56053	Return to nonresidents of security deposits placed in banks of Uzbekistan	Security deposits made using money transfer and trade finance systems and other financial services systems requiring collateral
6.5.4.	Receipt of money transfer system operator's deposit	46054	56054	Return of money transfer system operator's deposit	Receipt/Return of deposits of money transfer system operators (Western Union, MoneyGram, etc.)
<b>6.6.</b>	<b>Other liabilities</b>				
6.6.1.	Other liabilities	46061	56061	Other liabilities	Other transactions not included in components 6.4-6.4 of the article "Other investments – liabilities", e.g., funds of a

No.	Name of code (INFLOW)	Transaction code (INFLOW)	Transaction code (OUTFLOW)	Name of code (OUTFLOW)	Application of code
					nonresident entering Uzbekistan under a guarantee or surety agreement under which a nonresident is the guarantor or bondsman for the fulfillment of any payment obligations of one resident to another nonresident; commitment of funds by a nonresident during transfers from special accounts.
<b>Special codes</b>					
<b>VII</b>	<b>Neutral transactions</b>				
7.1.1.	Receipt of transit funds in correspondent accounts	47011	57011	Receipt of transit funds in correspondent accounts	Transactions between two Uzbekistan banks, movement of funds through nostro accounts of resident banks through an overseas bank, settlements between residents. When using this code, one should indicate the name of the bank into whose account funds are to be transferred.
7.1.2.	Movement of funds between two nonresidents through the banking system of Uzbekistan	47012	57012	Movement of funds between two nonresidents through the banking system of Uzbekistan	Receipt of funds from a nonresident into a correspondent account of an Uzbekistan bank, for such funds to be transferred to a nonresident (transaction between two nonresidents through the banking system Uzbekistan). When using this code, one should indicate the name of the bank, into an account in which the funds are to be transferred.
7.1.3.	Foreign currency purchases (sales) by	47013	57013	Foreign currency purchases (sales) by	Purchase (sale) of non-cash funds in foreign currency for non-cash funds in the national

No.	Name of code (INFLOW)	Transaction code (INFLOW)	Transaction code (OUTFLOW)	Name of code (OUTFLOW)	Application of code
	banks			banks	currency of Uzbekistan; debiting of funds from nostro correspondent accounts to purchase foreign currency in cash from a resident legal entity; deposit of funds to a nostro correspondent account for foreign currency in cash that is sold to a resident legal entity; replenishment of a correspondent account, replenishment of cash in hand.
7.2.1.	Receipts in suspense accounts	47021	57021	Debits from suspense accounts	
<b>7.3.</b>	<b>Balances of funds in accounts</b>				
	Balance at beginning of period:				
	Nostro account	81011			
	Loro account	81012			
	Balance at end of period:				
	Nostro account	81013			
	Loro account	81014			

## Appendix II. Trial Balance of Payments of the Republic of Uzbekistan for 2016–2018

<i>USD millions</i>	<b>2016</b>	<b>2017</b>	<b>2018Q1</b>	<b>2018Q2</b>
<b>Current account</b>	1,383.8	1,729.8	-202.6	-1,757.5
<b>Credit</b>	17,403.0	19,209.3	5,106.5	4,993.8
<b>Debit</b>	16,019.2	17,479.5	5,309.2	6,751.3
<b>Goods and services</b>	-2,257.1	-2,472.9	-1,107.7	-2,545.6
Credit	12,385.3	13,520.0	3,610.9	3,108.4
Debit	14,642.4	15,992.9	4,718.6	5,654.0
<b>Goods</b>	-1,160.8	-1,226.7	-620.9	-2,064.4
Export	9,460.5	10,421.8	3,009.3	2,374.1
Import	10,621.3	11,648.5	3,630.2	4,438.5
<b>Services</b>	-1,096.4	-1,246.2	-486.8	-481.2
Export	2,924.8	3,098.2	601.6	734.3
Import	4,021.2	4,344.4	1,088.3	1,215.5
<b>Primary income</b>	1,777.9	2,138.6	391.9	194.1
Credit	2,847.1	3,276.8	821.9	1,087.1
Debit	1,069.2	1,138.2	430.1	893.0
<b>Secondary income</b>	1,863.0	2,064.1	513.2	594.0
Credit	2,170.5	2,412.6	673.7	798.3
Debit	307.5	348.4	160.5	204.3
<b>Capital account</b>	0.0	0.0	28.8	6.0
<b>Credit</b>	0.0	0.0	28.8	6.0
<b>Debit</b>	0.0	0.0	0.0	0.0
<b>Net lending (+) / Net borrowing (-)</b>	1,383.8	1,729.8	-173.8	-1,751.5
<b>Financial account</b>	1,642.4	2,206.1	284.9	-1,214.7
Direct investments	-1,572.4	-1,263.1	-279.0	-159.2
Credit	3.3	3.1	0.1	0.5
Debit	1,575.8	1,266.2	279.2	159.7
Portfolio investments	0.2	0.3	-1.2	-3.1
Credit	0.2	0.3	0.0	0.0
Debit	0.0	0.0	1.2	3.1
Derivative financial instruments and stock options for employees	0.0	0.0	0.0	0.0
Credit	0.0	0.0	0.0	0.0
Debit	0.0	0.0	0.0	0.0
Other investments	2,662.2	3,725.0	180.6	-448.4
Credit	4,086.5	4,632.8	150.6	283.7
Debit	1,424.3	907.8	-30.0	732.1
Reserve assets	552.4	-256.0	384.5	-604.1
<b>Net errors and omissions</b>	258.6	476.4	458.7	536.8

### Appendix III. Implementation of Previous Mission's Recommendations (November 20–December 1, 2017)

Priority level	Measure/stage	Target completion date	Comments
<b>Outcome: Legal/institutional environment predetermines the compilation and dissemination of a full set of external sector statistics</b>			
H	Amend the Law on the Central Bank to assign to the CBU the compilation and dissemination of monetary statistics and external sector statistics (balance of payments, international investment position, gross external debt, official reserve assets, and exchange rates).	October 2018	Implemented. A proposal to amend the law on the Central Bank, as recommended by the mission, has been prepared and submitted to the cabinet of ministers for approval
H	Secure by statute the CBU's right to collect information (including confidential information) from ministries, departments, corporations, and other legal entities.	October 2018	Implemented. The CBU is entitled to obtain information without hindrance (including confidential information) without obstruction from ministries, departments, corporations, and other legal entities.
H	Create a legal framework defining responsibility for the collection, processing, and dissemination of ESS data, as well as interagency data sharing.	October 2018	Implemented, with the adoption of Resolution of the Cabinet of Ministers of the Republic of Uzbekistan "On Measures to Support the External Sector of the Republic of Uzbekistan" (No. 263, dated April 3, 2018).
H	Assess feasibility of introducing a closed-type international transactions reporting system (ITRS) based on bank payments. If a positive conclusion is reached, prepare a plan for introducing an ITRS in the Uzbek banking system.	September 2018	Implemented. The CBU has prepared a plan for introduced an ITRS and has carried out a pilot introduction.

Priority level	Measure/stage	Target completion date	Comments
H	Create a Balance of Payments Office with a staff of at least 8.	September 2018	Implemented.
H	Complete the staffing of the Balance of Payments Office in accordance with the staffing schedule, selecting employees with work experience in bank reporting.	December 2018	Partially implemented. Of the 8 staff positions, 4 remain unfilled.
O	Nominate employees responsible for compiling BOP statistics, IIP, and external debt to ESS training organized by the IMF, other international organizations, and central banks of other countries.	Regularly	Implemented.
<b>Outcome: a program is created for compiling external sector statistics</b>			
H	Measure positions, transactions, and other flows for direct, portfolio, and other investments, in the banking sector based on the CBU's bank supervision information and information collected in the course of exchange regulation.	September 2018	Implemented. Balance sheets of commercial banks were used instead of bank supervision information.
H	Develop a report form for collecting information on government and government-guaranteed debt and share it with the MOF.	October 2018	Implemented.
H	Compile quarterly positions, transactions, and other flows for government and government-guaranteed debt for 2017.	60 <sup>th</sup> day after end of reporting quarter	Partially implemented. CBU collects and disseminates information on government and government-guaranteed debt within the e-GDDS, but the BOP is recorded in summary form.
H	Review and approve the new statistical form proposed by the mission "Report on Foreign Economic Activities of Nonfinancial Corporations" (Appendix XVIII).	December 2018	Implemented.
H	Develop software and a data portal on the SSC server for receiving and monitoring data from the private sector survey on foreign economic activity.	December 2018	Implemented.



Priority level	Measure/stage	Target completion date	Comments
H	Support receipt of data in the framework of the survey of private sector foreign economic activity starting with report for Q1 2018, and transmission of data to the CBU.	September 2018	Implemented.
H	Process data collected through the aforementioned survey and provide to the CBU according to the methodology and format agreed with the mission.	70 <sup>th</sup> day after end of reporting quarter	Implemented. However, the quality of information on debt service obligations leaves something to be desired.
H	Calculate positions and transactions for nonfinancial enterprises' assets and liabilities on the basis of data collected by the SSC using the new report forms developed with the mission's assistance.	September 2018, beginning with the report for the first quarter of 2018.	Implemented. Debt service obligations were calculated based on data received obtained from banks' reports using the updated form.
H	Set up data collection from production sharing agreement (PSA) enterprises using the existing form. Supplement results obtained with data on direct investment in Uzbekistan.	60 <sup>th</sup> day after end of reporting quarter	Implemented.
M	Regularly update the list of nonfinancial enterprises involved in foreign economic activity, in order to include them in a survey of the nonfinancial sector's foreign economic activity.	Regularly	Implemented. As of October 1, 2018, the list was sent to the SSC immediately upon the mission's conclusion.
H	Develop a comprehensive report form for the RUSCC at the level of detail that would allow proper validation of data.	February 2019	Implemented.
H	On the basis of the RUSCC information, adjust SSC data on merchandise imports/ exports in accordance with BPM6 requirements.	April 2019	Implemented.
H	On the basis of data obtained from the RUSCC, create a foreign trade database and update it regularly.	April 2019	Implemented. The Database was created using the BI Oracle software platform.

Priority level	Measure/stage	Target completion date	Comments
H	Develop methods for applying mirror statistics for estimating unrecorded imports and exports.	May 2019	Not implemented.
H	Develop a method for calculating reserve assets (balances and flows) in accordance with the <i>BPM6</i> standard.	September 2018	Implemented.
M	Develop report forms for the SISIMOF [ <i>State Insurance Supervision Inspectorate of the Ministry of Finance</i> ] for data collection on insurance services and the assets and liabilities of insurance companies.	February 2019	Implemented.
M	Develop a form for surveying other nonbank financial corporations (microfinance institutions, pawnshops, etc.).	March 2019	Implemented.
H	Compile positions and transactions for assets and liabilities of insurance companies and other nonbank financial corporations.	June 2019	Implemented.
H	Obtain SSC data on foreign trade in services by type, and on the basis of those data compile the services components in the balance of payments.	June 2019	Implemented.
M	Prepare proposals for the office of living standard statistics regarding additions to the questionnaire for the household survey.	February 2019	Partially implemented. Per a decision of the Board of the State Statistics Committee, only the questions recommended by the mission were added.
H	Prepare a report form for the state border service according to the mission's recommendations.	December 2018	Implemented.

Priority level	Measure/stage	Target completion date	Comments
H	Set up data provision procedures for the quarterly collection of information on crossings of Uzbekistan's border by individuals, broken down by border crossing stations and the citizenship of individuals.	30 <sup>th</sup> day following the end of the reporting quarter	Partially implemented. Information submitted by the Committee for State Border Protection was not broken down by border crossing stations, but there is a breakdown by modes of transportation.
H	Set up an Excel workbook allowing for simultaneous compilation of BOP and IIP data in a format suitable for submission to the IMF through the ICS.	February 2019	Implemented.
M	Compile a trial version of BOP, IIP and GED for all institutional sectors.	June 2018	Implemented.

Priority scale: PR – Priority recommendation, H – High, M – Medium, O – Other