Export Control Compliance:

The imperative for banks and financial services providers

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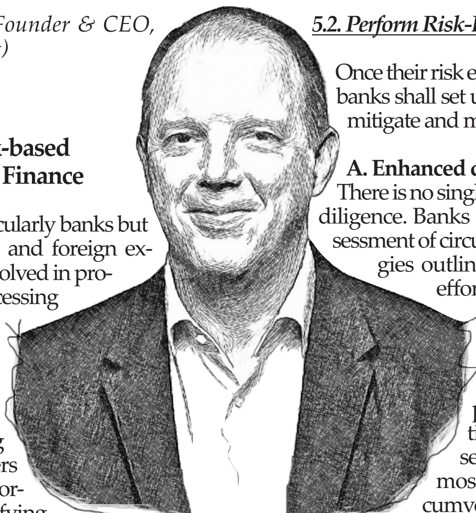

Part 2[2]

5. Applying a risk-based approach to Trade Finance

Financial institutions, particularly banks but also credit card operators and foreign exchange dealers, may be involved in providing financing, processing payments, or performing other services associated with international trade.

Financial institutions directly involved in providing trade finance for exporters also may have access to information relevant to identifying potentially suspicious activity. This may include their customers' end-use certificates, export documents, or other more extensive documentation associated with letters of credit-based trade financing. Or it may include information about the other parties to the transactions that may be contained in payment transmittal orders they receive or handle as an intermediary institution, such as SWIFT messages, which are increasingly associated with open account trade transactions.

Financial institutions with customers in maritime or export/import industries should rely on their internal risk assessments to employ appropriate risk mitigation measures. This may include appropriate due diligence policies and beneficial ownership requirements[3], but also verification of HS codes of the exported goods (which may be found on trade documents including commercial invoices, packing slips, airway bills, sea bills, or other supporting trade documentation), identification of possible third-party intermediaries and attempts at evasion of export controls[4].

5.1. Elaborate a strategic risk assessment

To mitigate to the maximum extent possible their exposure to sanctions circumvention schemes, banks should conduct a strategic risk assessment, following these successive steps:

A. dentification of threats and vulnerabilities
Financial institutions should stay alert to the main techniques used by Russian actors to circumvent sanctions, as well as to emerging patterns. They should also map out the types of products, transactions and economic activities within their range of services that are at risk of being involved in Russia sanctions circumvention techniques.

B. Risk analysis
Banks should assess the nature of the risks to which their customer's sector, products and economic activities are exposed to, and understand how those risks can materialise. To this end, they may use risk indicators, typologies and any other relevant information that is publicly available or forms part of their specialised knowledge.

C. Design of mitigating measures
How can the risks be prevented? What are the measures to implement in order to mitigate these risks? Which are the relevant national authorities to raise operators' awareness of the risk and provide guidance?

D. Implementation of mitigating measures
To mitigate the risk of circumvention, banks that identify higher risk areas in their business may proactively incorporate, as appropriate, the results of steps B) and C) into their internal risk management practices and procedures, and have controls in place to test the effective functioning of those procedures.

E. Regular updating
The evolution of circumvention techniques and the use of increasingly complex methods of circumvention require that the mapping of threats and vulnerabilities is updated whenever necessary, for instance when sanctions are amended or new sanctions are adopted, and in any case on a regular basis. This requires that the bank has satisfactory procedures in place for following and maintaining the necessary information (for example, sanctions legislation, circumvention techniques, circumvention trade flows) up-to-date. The training of the staff on these issues is of critical importance as well. Moreover, it is recommended that the senior management is personally involved and informed regularly by compliance officers on risks identified and measures taken.

By adopting a risk assessment and risk management approach to circumvention, banks will help ensure that measures taken to prevent or mitigate circumvention are commensurate with the risks identified. The implementation of risk assessment and risk management should also enable them to concentrate their efforts on the most sensitive cases and thus allocate their resources in the most effective way.

5.2. Perform Risk-Based Due Diligence

Once their risk exposure has been identified, banks shall set up processes and controls to mitigate and manage the identified risks.

A. Enhanced due diligence
There is no single model for conducting due diligence. Banks should, following their assessment of circumvention risks and typologies outlined here before, align their efforts to comply with the risks identified. This risk assessment and risk management approach should lead them to adopt a proportionate approach, in particular by focusing on those sectors that are deemed to be most critically exposed to circumvention risks, and to accordingly put in place adequate commensurate systems to prevent those risks from occurring (enhanced due diligence).

Internal trade compliance program. As there is no one-size-fits-all model of due diligence, compliance measures may depend – and be calibrated accordingly – on the business specificities and the related risk exposure. It is for each bank to develop, implement, and routinely update a trade sanctions compliance program that reflects their individual business models, geographic and sectoral areas of operations and related risk assessment.

Customer Due Diligence (CDD). Banks are obligated to perform robust CDD procedures to ascertain the identity of their customers, understand the nature of their business activities, and assess the risk associated with their transactions. This entails verifying the legitimacy of the goods or services being traded and screening customers against various watch-lists and sanction lists maintained by regulatory authorities.

Transaction Monitoring. Banks are required to implement sophisticated transaction monitoring systems capable of flagging suspicious activities indicative of potential export control violations. This involves scrutinizing the parties involved in transactions, identifying unusual patterns or deviations from established norms, and promptly reporting any anomalies to the relevant authorities.

Screening of Transactions. Banks are mandated to screen transactions against various sanctions lists and export control regulations to prevent the transfer of funds in support of illicit activities. This entails leveraging advanced screening tools capable of detecting prohibited transactions and entities involved in the proliferation of controlled items.

Red flag transactions. Sanctions compliance programs can assist in detecting red flag transactions that can be indicative of a circumvention pattern[5].

Specific queries on the customer's level. Whenever implementing enhanced due diligence (for example because banking activities create exposure to a particular risk), specific queries should be made on the stakeholders' level. The purpose is to identify and verify customers, business partners, their representatives, their beneficial owners and other possible persons of interest.
- Is there any proven business record?
- Is there any effort from the stakeholder to maintain sanctions internal control systems / ensure sanctions compliance?
- Who are the main stakeholders involved/relevant for our business?
- Are any of the direct stakeholders (customers, distributors, agents, etc.) or indirect stakeholders (end-user, intermediaries, banks etc.) targeted by sanctions? Are all stakeholders known?
- If yes, has the stakeholder undergone changes in their ownership structure upon or after the adoption of sanctions? Was it set up or established after the introduction of the sanctions?
- Are these stakeholders affected by sanctions through ownership or control?
- Who is the end-user? Can the end-user certificate be provided?

Specific queries on the level of the transaction and flows of money, as well as transportation/logistics and route of goods.

- What is the country of origin of the goods?
- What is the country of transit and of destination? Is this country neighboring Russia or Belarus, does it have easy transport / access (i.e. passport/shipping controls) to Russia or Belarus, or is it otherwise known to re-export goods to those jurisdictions? Should the export be subject to enhanced vigilance/end-use controls?
- Are complex/unusual transportation routes being used?
- Has the value of goods changed since the imposition of sanctions? Has the method of trading/transacting changed, for example the contract conditions imposed?
- What is the business rationale for the transaction? Does the transaction or shipment seem in line with expectations regarding the (prospective) customer from a business perspective? Or does the transaction or shipment seem unjustified from a business perspective?
- Does the transaction use complex financial schemes which are not justified by its purpose?
- Has the method of transport/shipping changed since the imposition of sanctions?
- Are there unusual or abnormal elements in the documentation that do not match (for example between financial documents and the contract)?

Specific queries on the goods level:
- Are the goods subject to any sanctions or export/import control rules?
- Are the goods included in the Common High Priority items list or the economically critical goods list?
- Do the goods contain components that are more likely to be disassembled and diverted for non-intended purposes?
- Are the goods similar to sanctioned ones?
- If the goods are shipped through Russia or Belarus, is the route standard and economically viable? Particular attention should be paid for exports to countries which do not apply restrictions on exports of sensitive goods to Russia and Belarus.

B. Red Flag indicators of export control evasion
Illicit actors use a variety of methods when trying to acquire items which are export controlled.[6] To evade scrutiny, these actors often attempt to procure low-tech consumer goods not specified on the dual-use lists and therefore not requiring a license for export, re-export, or transfer to most destinations. Illicit actors also will engage complicit shippers (or customs brokers) to obscure either the nature of the goods or their ultimate destinations, similar to efforts with other illicit goods.[7]

Enforcing sanctions and trade controls has required regulators to identify an evolving series of tactics being used to move financial assets and supply controlled goods to Russia or Belarus. To do so, Governments have publicized "red flags," or potential indicators that a party in a transaction is trying to evade government scrutiny. Red flags are warning signals that indicate an increased risk of fraudulent or illicit activity, like a connection to a sanctioned individual or abrupt changes in buying or shipping patterns.

Red flags are not just guidelines – they also have legal implications. Exporters or financial institutions who are ignoring red flags, or worse, are "self-blinding" by discouraging customers from sharing information about the ultimate end use or destination of the transaction, incur liability. Red flags are published by different governmental[8] and academic[9] sources. Red flags can arise in connection with many aspects of an export transaction, including (1) the product to be exported, (2) the customer buying the product, (3) the network or corporate structure of the customer, (4) the export destination, (5) the logistics of the transaction, and (6) the alleged end use.

Product Red Flags

Although the spectrum of goods under export controls is vast, the alerts and guidance issued by authorities have highlighted certain categories as especially important. Military articles and services are strictly prohibited due to their direct relevance to the conflict in Ukraine. Luxury items, including real estate, aircraft, yachts, artwork, and precious metals and stones, are targeted to exert pressure on Russian elites. Additionally, controls on computer chips and microelectronics play a vital role in slowing down Russia's military industry, especially in missile and UAV production.

Several factors contribute to the identification of products at high risk of diversion. These include their potential end use by Russian military producers or within other sanctioned sectors, as outlined in the "products of concern" lists. Products previously used in Russian munitions or military systems, such as integrated circuits, capacitors, and wireless transceivers, are flagged due to their resemblance to components recovered from the battlefield, as noted in the "High Priority Items" list. Furthermore, products essential to the production of Iranian UAVs, utilized by the Russian military, are subject to strict controls. Transactions involving products classified as disruptive technology or included on dual-use lists are closely monitored to prevent potential misuse.

Customer Red Flags

Since February 2022, escalating sanctions have forced Russian and Belarusian entities to both create new illicit supply chains and adapt existing chains to illicit purposes. Increasingly, new entities have been incorporated or adapted to maintain the flow of military or dual-use products to sanctioned entities and to facilitate payment to suppliers. Customers found on sanctions lists are a cause for concern, as are new customers engaging in trades involving products from the "High Priority Items" list HS codes. These new customers, based in non-GECC countries and incorporated after 24 February 2022, warrant close scrutiny. Similarly, transactions involving payments for defense or dual-use products from companies incorporated after the same date, and based in non-GECC countries, raise red flags. Entities with a history of shipping to Russia or Belarus, regardless of the stated destination, are monitored closely. Existing customers who suddenly begin receiving exports associated with "High Priority Items" list HS codes after 24 February 2022 also prompt further investigation. Likewise, if an existing customer, who did not previously receive such items, starts receiving significant increases in exports with these codes after the same date, it warrants scrutiny.

Connections with Russian Federal Security Services (FSB), the military, or state-owned entities raise suspicions. This is especially true if entities display FSB certificates on their websites or have designations such as RAO, FGUP/FSUE, GK, SPRE/NIPP, and NPO/GNPO within their business names. Recent name changes or reincorporations, as well as changes in corporate ownership or ultimate beneficial ownership shortly before or after sanctions imposition, are also causes for concern. Purchases of shipping vessels without a clear business purpose in areas with access to sanctioned countries raise additional suspicions. Furthermore, customers' business nature, services, or products offered, along with their geographical presence, pose additional risks.

Involvement in transactions with vessels or properties under sanctions, limited web presence, inconsistent addresses, or phone numbers also raise suspicions. Complex corporate or trust structures, especially those linked to Russia-friendly countries, are scrutinized. Numerous share transfers from sanctioned to non-sanctioned entities, and potential control by designated persons despite ownership below the 50 percent threshold, are also monitored.

Lastly, difficulty in reaching the CEO/manager directly, with all communications going through a regular employee or representative with a general Power of Attorney (PoA), prompts further investigation.

Network Red Flags

The most common method of sanction evasion is the use of front or shell companies, third-party intermediaries, and/or transshipment points to disguise the involvement of sanctioned entities or Russian end users. The use of networks of intermediaries allows sanctioned individuals or corporations to disguise both the destination of the purchased goods as well as the origin of payment for those goods. Alerts must arise if the entity involved in the transfer has a connection to a previously sanctioned person, company, or address. Some entities in the transfer lack a web presence, and their alleged address does not correspond to a physical office. Transactions involving personal email addresses or home addresses are flagged. Companies sharing ownership or co-located with sanctioned entities must be monitored. Similar orders to previously rejected ones from different parties should raise suspicion.

Accounts linked to individuals with convictions for export control violations must be scrutinized. Common financial institutions, individuals, or addresses linking multiple transactions to sanctioned individuals must be flagged. Involvement of companies or individuals with ties to Russian state-owned corporations should be investigated, as are transactions with law firms in offshore financial locations, particularly those connected to Russian elites.

Destination Red Flags

Since most strategic goods can no longer be shipped directly to Russia or Belarus, illicit transactions are often routed through transshipment points in other, less-scrutinized jurisdictions. Common destinations for transshipment include Armenia, Brazil, China, Georgia, India, Kazakhstan, Kyrgyzstan, Mexico, Nicaragua, Serbia, Singapore, South Africa, Taiwan, Tajikistan, Turkey, United Arab Emirates (UAE), and Uzbekistan. Countries such as Armenia, Brazil, China, India, Nicaragua, Turkey, and Uzbekistan have been particularly reluctant to increase export monitoring and enforcement, making them favorable vectors for sanctions evasion. Many countries proximate to Russia, including Armenia, Kazakhstan, and Turkey have experienced exponential growth in imports and exports of electronics and other sanctioned goods – indicating the increased importance of those countries to the Russian market.

Transaction Red Flags

The cat-and-mouse game between sanctions evasion and sanctions enforcement is constantly evolving, and often requires nefarious actors to abruptly change shipping routes or payment methods. These changes may seem confusing or needlessly complicated to suppliers, or lead to false statements on shipping documentation.

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The entity preferring cash payments over financing is a notable red flag. Large purchases of EAR99 items or wholesale electrical/industrial equipment, especially when coupled with purchases from shipping companies, raise suspicions. Similarly, transactions involving smaller payments from the same foreign bank account to multiple dual-use product suppliers are flagged.

Significantly overpaying for commodities compared to market prices is another suspicious activity. Last-minute changes to shipping instructions that contradict past practices also raise concerns, as do altered invoices aimed at obscuring the ultimate customer. Declining routine maintenance for purchased commodities is seen as a red flag, as is the receipt of payments from third-party countries or businesses.

Purchasing small quantities of dual-use products from multiple similar suppliers, and undervaluing purchase prices on shipping documentation, are both activities that warrant scrutiny. Changes in shipments or payments previously destined for Russia or Belarus, now diverted elsewhere, are flagged as suspicious. Payments originating from third-party countries known as transshipment points for exports to Russia and Belarus raise suspicions. Last-minute changes to transactions with origins or beneficiaries in Russia or Belarus also trigger scrutiny. Consolidated shipments of luxury goods now destined for transshipment countries or unrestricted countries are seen as suspicious, as is the rapid shifting of restricted luxury goods to new purchasers.

Business accounts used for electronic equipment transactions with third-country firms also present in Russia or Belarus are flagged for review. Similarly, transactions linked to Russian petroleum-related firms or firms reselling electronics to Russian firms raise concerns. The use of open accounts or credit lines with known transshipment jurisdictions is seen as suspicious. Payments from potential transshipment points or via atypical shipping routes are flagged as suspicious activities. Indirect transactions lacking economic sense, such as those through intermediaries or shell companies, also trigger scrutiny.

Finally, assets associated with sanctioned persons being moved by family members or on their behalf are considered highly suspicious.

End-use Red Flags

Exporters of controlled goods are generally required to follow due diligence obligations in researching potential customers and how they will use the goods. In many cases, the ultimate consignee is required to sign an "End User Statement" explaining the final purpose of the good and promising to notify the supplier before any re-export. End User Statements are an essential source of red flags for exporters. Alleged end use matching historical evasion patterns raises flags, as does the involvement of parties listed as ultimate consignees or in the "consign to" field who don't engage in consistent business activities. Reluctance or refusal to provide details about the end use to banks, shippers, or third parties is concerning. Incompatibility or sophistication of the item with the stated end use, along with consigning purchases under a letter of credit to the issuing bank instead of the actual end-user, raise suspicions. Additionally, if supporting documents lack end-user information, it's seen as a red flag.

Parties listed as ultimate consignees appearing as mail centers, trading companies, or logistics companies are flagged, as are items not aligning with the purchaser's line of business. Transactions involving a purported civil end-user, but with addresses indicating military facilities, are considered suspicious.

Consideration of these indicators, in conjunction with conducting appropriate risk-based customer and transactional due diligence, will assist in determining whether an identified activity may be connected to export control evasion. As no single financial red flag is necessarily indicative of illicit or suspicious activity, all the surrounding facts and circumstances should be considered before determining whether a specific transaction is suspicious or associated with potential export control evasion.

C. "No Re-Export to Russia" contractual clause

Especially when exporting goods subject to restrictions, exporters need to know their counterparts and how reliable they are. They should include, in particular, contractual clauses with their third-country business partners prohibiting further re-exports of the items to Russia and Belarus. For example, such a clause may oblige the importer in third countries not to export the concerned goods to Russia or Belarus, and not to resell the concerned goods to any third-party business partner unless that partner commits not to export the concerned goods to Russia or Belarus. Banks should verify that their customers are implementing such no re-export clauses in their export business. It is vital that the contractual clause gives rise to liability and can be enforced under the law applicable to the contract. The clause may also entail ex post verifications, and may be identified an essential element of the contract.

5.3. Digitizing internal processes for export control compliance

Digitization can significantly enhance the efficiency and effectiveness of banks' compliance efforts while mitigating the risk of non-compliance. Adopting RegTech solutions specifically designed for export control compliance can help banks automate compliance-related processes, such as screening, monitoring, and reporting. These solutions can streamline regulatory reporting requirements, generate compliance reports, and facilitate regulatory audits, thereby reducing the burden on compliance teams and improving overall efficiency.

5.4 Perform training and awareness-raising activities

Training and awareness raising are indispensable components of effective export control compliance for banks. By investing in comprehensive training programs, banks not only fulfill their regulatory obligations but also strengthen their risk management practices, safeguarding both their interests and the broader national security objectives. Training programs help bank staff comprehend the intricacies of export control regulations, enabling them to make informed decisions in their day-to-day operations. Banks should empower their employees to recognize potential compliance risks and take appropriate measures to mitigate them. This proactive approach not only protects the bank's interests but also contributes to the broader national security objectives.

5.5. Complete performance reviews, audits, reports and corrective actions

To fulfil their responsibility as crucial gatekeepers in international trade, banks must establish robust mechanisms for performance reviews, audits, reports, and corrective actions. Regular performance reviews are essential for evaluating the effectiveness of a bank's export control compliance program. Banks should conduct comprehensive assessments to gauge the adherence of their staff to regulatory requirements and internal policies. These reviews help identify areas of strength and weakness, allowing banks to implement targeted improvements to enhance compliance measures.

Independent audits provide an objective evaluation of a bank's export control compliance processes and procedures. Banks should engage external auditors with specific "export control" related expertise in regulatory compliance to conduct thorough assessments of their compliance programs. Audit findings offer valuable insights into areas requiring attention or improvement, enabling banks to address deficiencies proactively.

When compliance deficiencies are identified through performance reviews, audits, or reports, banks must take prompt corrective actions. This may involve implementing remedial measures to address systemic weaknesses, conducting additional training for staff, or enhancing internal controls to prevent recurrence of compliance lapses. By taking decisive corrective actions, banks demonstrate their commitment to upholding regulatory standards and mitigating compliance risks.

5.6. Reporting

Banks should report any suspicious activity in the field of trade, in line with legal requirements, to the relevant national authority, such as financial intelligence units, customs and border authorities or relevant supervisory authority, if any.

Under U.S. law, EAR General Prohibition Ten (GP 10) bans proceeding with transactions with knowledge that a violation has occurred or is about to occur. "Knowledge" includes not only positive knowledge that the circumstance exists or is substantially certain to occur but also the awareness of a high probability of its existence or future occurrence. Such awareness is inferred from evidence of the conscious disregard of facts known to a person and is also inferred from a person's willful avoidance of facts. Merely having the information at your disposal gives you "reason to know" under the EAR "knowledge" standard, even if you never review the information.

Financial institutions that, for example, finance items "subject to the EAR" that are to be exported or transferred—with knowledge that a violation of the EAR or any other order, license, or other authorization has occurred, is about to occur, or is intended to occur in connection with the item—could be in potential violation of GP 10(10). The EAR also contain causing, aiding, or abetting and conspiracy enforcement provisions that could conceivably be brought against a financial institution under egregious circumstances(11). BIS asserts enforcement authority against non-U.S. individuals and entities, wherever located, for transactions involving Items "subject to the EAR," wherever located.

1) RespectUs is a Luxembourg start-up, graduated from Fit4Start (9th ed., 2020) in the space vertical. It has built a digital one-stop-shop digital platform for export control compliance (www.respectus.eu), in the frame of the Luxembourg national space programme LuxIMPULSE (2021-2023) through an ESA contract. The software has been validated by the European Space Agency in August 2023. Web www.respectus.space
2) Part 1 has been published in the April 2024 edition of AGEFI. The complete eBook "Export Control Compliance: The Imperative for Banks and Financial Services Providers", may be downloaded under the link https://respectus.space/knowledge-hub/
3) See, for example, customer identification program requirements established in 31 CFR § 1010.220 as applicable to specific types of financial institutions in 31 CFR § 1020.220 (banks), § 1023.220 (broker-dealers), § 1024.220 (mutual funds), and § 1026.220 (futures/commodities). See also the beneficial ownership requirements for legal entity customers established in 31 CFR § 1010.230.
4) See "Departments of Commerce, Treasury and Justice Tri-Seal Compliance Note: Cracking Down on Third-Party Intermediaries Used to Evade Russia-Related Sanctions and Export Controls" (2 March 2023), pp. 1-2. 13. See FinCEN June 2022 and May 2023 Alerts
5) See point B. here after
6) See FinCEN "Advisory to Financial Institutions on Filing Suspicious Activity Reports regarding Trade-Based Money Laundering," (18 February 2010).
7) For information on common deceptive shipping practices and general approaches to tailor due diligence and sanctions compliance policies and procedures, see U.S. Department of State, U.S. Department of the Treasury's Office of Foreign Assets Control (OFAC), and the U.S. Coast Guard, "Sanctions Advisory for the Maritime Industry, Energy and Metals Sectors, and Related Communities," (14 May 2020).
8) The Financial Crimes Enforcement Network (FinCEN) and the U.S. Department of Commerce's Bureau of Industry and Security (BIS) have issued red flags lists in their joint alerts. Other countries have also published their own lists of risk indicators of Russia-related sanctions evasion, including Estonia, Latvia, Lithuania, Finland, and Poland, as well as Australia, Canada, the United Kingdom, and the European Union. See e.g. the following:
- "Practical Guidance for Economic Operators to Detect and Prevent Circumvention of Sanctions Has Been Published," Ministry of Foreign Affairs of the Republic of Lithuania, 17 July 2023, available at https://lc.cx/OvPIRv
- "European Commission Guidance for EU Operators: Implementing Enhanced Due Diligence to Shield Against Russia Sanctions Circumvention," European Union, 2023, available at https://lc.cx/iC52EU
- "Red Alert – Financial Sanctions Evasion Typologies: Russian Elites and Enablers," Office of Financial Sanctions Implementation, HM Treasury, July 2022, available at https://lc.cx/ImYETW
- "Special Bulletin on Russia-Linked Money Laundering Activities," Financial Transactions and Reports Analysis Centre of Canada, May 2023, available at https://lc.cx/ZiN_3a
- "Advisory to the Australian Exports Sector on Russian Evasion – Third Country Transhipment Hubs, Shell Companies and End Users," Department of Foreign Affairs and Trade, available at https://lc.cx/4weORm
9) Paul Esau, Red Flags in Real Cases: Enforcement and Evasion of Russia Sanctions, 6 October 2023, https://lc.cx/IadJKm Copyright © 1999 – 2024. Wisconsin Project on Nuclear Arms Control
10) EAR, § 736.2
11) EAR, § 764.2(b) and (d)

$26.6bn of deals signed at third Tashkent International Investment Forum

The third Tashkent International Investment Forum (TIIF) in Uzbekistan concluded on a high note, with $26.6bn worth of agreements.

More than 2,500 participants from 93 nations attended the May 2-3 event. It also attracted widespread international media coverage. Some 110 foreign media outlets from 30 countries, including CNN, The Associated Press, Euronews and London Post were present.

The President of Uzbekistan Shavkat Mirziyoyev participated in the plenary session of the third Tashkent International Investment Forum, which was held at the Congress Center in Tashkent.

Launched by the President, this forum has evolved into a key platform within the last three years, promoting the expansion of both bilateral and multilateral investment relations, facilitating discussions on pressing global matters, and fostering the development of innovative solutions and strategies.

The President emphasized the imperative of global collaboration in addressing modern challenges and announced Uzbekistan's remarkable economic achievements. The nation's economy has doubled in recent years, boasting a 6% growth rate. Inflation stands at 9%, demonstrating stability, while trade turnover continues to rise. Notably, over $60 bn in foreign investments have been absorbed, with an additional $14 bn secured from international financial institutions for critical social and infrastructure projects. Moreover, President Shavkat Mirziyoyev unveiled significant reforms to enhance Uzbekistan's attractiveness to foreign investors. The term of land lease for foreign investors has been extended from 25 to 49 years, while existing benefits and preferences remain intact.

During the forum, Uzbekistan's prominent financial institution, Asakabank, agreed to undergo privatization in collaboration with the European Bank for Reconstruction and Development (EBRD). Among investment commitments, Data Volt, a Saudi Arabian firm, committed $1bn to the development of urban infrastructure in the New Tashkent city and $3bn to the establishment of a green technology-driven data center.

The tangible outcome of the TIIF was the signing of agreements totaling $26.6bn, signaling a surge in investment interest compared to the previous edition in 2023, where agreements worth $11bn were signed. Among the major investment projects secured are: Acwa Power from Saudi Arabia investing $6.2bn in building a 5 GW wind farm in the Republic of Karakalpakstan and creating 2 GW of electricity storage capacity. UAE-based Amea Power embarking on a $1.1bn project to erect a 1,000 MW wind farm in the Republic of Karakalpakstan. Saudi Tabreed will start modernization of the heat supply system in Nukus, Fergana, and Kuvasay for $750mn. Egypt's Nile Shugar will grow sugar beets and produce sugar in the Jizzak region for $500mn. Chinese company Shanghai Knud International will implement a project on the production of textile and garment products in the Namangan region for the amount of $205mn. Wilmar International Ltd. of Singapore will produce food products and confectionery in the Tashkent region for the amount of $200mn.

In addition to these agreements, partnerships with global giants like Orascom Investment (Egypt), Bonafarm Group (Hungary), and Sayar LLC (USA), among others, were forged for projects totaling $6.6bn.

The forum's agenda was rich and diverse, featuring panel sessions, discussions, business breakfasts, and round-tables. Key topics included the role of government, investors, and entrepreneurs in supporting small and medium-sized enterprises, the fight against corruption, and strategies for sustainable urban development. During the discussion on combating corruption, specialists underscored the pivotal role of effectively addressing corruption and economic crime in fostering a conducive investment climate. They highlighted the significance of establishing a secure and transparent business environment in this endeavor.

Regarding the retail sector, participants outlined key challenges and opportunities, advocating for improvements in tax laws and streamlined import procedures. They also stressed the importance of facilitating the successful integration of new brands into the market.

At the women's entrepreneurship-focused business breakfast, the influential role of female entrepreneurs in society was highlighted, along with strategies for balancing profitability and social responsibility. The discussion also delved into attracting foreign investment through residency programs.

The round-table on supply chains and sustainability addressed the challenges and strategies for ensuring the resilience of global supply chains, with an emphasis on the potential for enhanced cooperation between Türkiye and Uzbekistan. Particular emphasis was placed on the integration of digital technologies into investment strategies, with Uzbekistan aiming to become a regional hub for information technology by 2030.

The forum's success extends beyond mere numbers; it reaffirms Uzbekistan's status as a strategic partner in the international arena, attracting global investors and catalyzing economic growth in the region.

Source: Embassy of Uzbekistan