

UZBEKISTAN: New constitution to extend authoritarian rule, investment openness

The upcoming 30 April referendum will likely approve constitutional changes that give authoritarian President Shavkat Mirziyoyev (Liberal Democratic Party, OZLIDEP) a path to remain in office until 2040. Despite the eroding prospects of political liberalization, Mirziyoyev's administration is expected to continue implementing its economic reform agenda and pursue a multi-vector foreign policy.

The constitutional amendments include the reversion to seven-year presidential terms, which had been introduced but then shortened again under Mirziyoyev's hardline predecessor Islam Karimov, and the so-called nullification of Mirziyoyev's first and current term in office. These changes would allow him to run for two more seven-year terms when the current one expires in 2026.

A vigorous government-directed campaign has largely ignored the changes to presidential terms and is presenting the updated constitution as the embodiment of "New Uzbekistan," a slogan that Mirziyoyev has chosen to describe reforms passed after Karimov's death in 2016. The authorities have instead trumpeted other norms being introduced into the document for the first time, like amendments targeting gender discrimination in the workplace, affirming detainees' rights, and protecting homeowners' rights.

For the constitutional referendum to be deemed valid, a 50% turnout is required. The amendments are approved if more than half of the valid votes cast are in favor of the changes. However, the outcome of the vote is almost certain as any opposition to the proposed changes is heavily restricted. Several bloggers that publicly disputed the rationale for the referendum have been questioned by police and asked to delete their social media posts.

Despite the limited prospects of political liberalization, Mirziyoyev is expected to continue ambitious economic reforms. In his first five-year term, Mirziyoyev ended systemic forced labor in the cotton industry, opened the country to tourism and international credit markets, returned to currency convertibility, and launched large-scale privatization of state-owned assets. The government plans to oversee the full or partial privatization of up to three-quarters of its state-owned companies by 2025. However, concerns about transparency, crony ownership, and investor appetite remain. The president's first foreign trip after the referendum will be to Germany, where trade is expected to top the agenda. Meanwhile, the European Bank of Reconstruction and Development (EBRD), one of the largest investors in 2022, will host its annual meeting and business forum in Samarkand on 16-18 May.

Regarding foreign policy, Mirziyoyev's administration is set to resume a multi-vector approach. Mirziyoyev seeks better ties within Central Asia, regularly engaging with former foes Kyrgyzstan and Tajikistan on the vital water management issue. He is also carefully balancing relations with Russia, China, and the West. Investments from both Russia and China have grown in recent years. However, plans for a Russian-financed nuclear power plant and a railway linking China to Uzbekistan via Kyrgyzstan are unlikely to bear fruit in the medium term due to uncertainty over sanctions and questions over finance and feasibility, respectively. Despite Russia's war in Ukraine, Uzbekistan is expected to maintain constructive ties with Moscow.

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However, Tashkent is unlikely to upgrade its observer status at the Russian-led Eurasian Economic Union (EAEU) to full membership status, which could increase the risk of secondary sanctions.

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