Uzbekistan

Chinese Development Finance, 2000-2023

Country Profile

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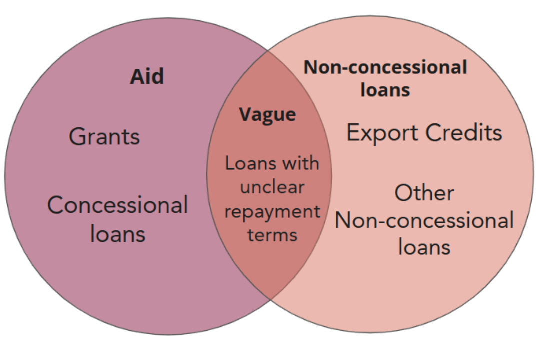
Key concepts: aid, non-concessional loans, and vague flows

In this profile, China's official development finance portfolio is represented across three main categories: aid, non-concessional loans, and vague. Loans from Chinese state-owned entities can either qualify as aid or non-concessional loans, based on how their borrowing terms compare to regular market terms (i.e., the level of financial concessionality) and whether or not they have development intent (i.e., if the primary purpose of the financed project/activity is to improve economic development and welfare in the recipient country). Aid from Chinese state-owned entities includes grants, in-kind donations, and concessional loans with development intent. The "non-concessional loans" category captures loans from Chinese state-owned entities that are provided at or near market rates and those that primarily seek to promote the commercial interests of the country from which the financial transfer originated. An export credit is a specific type of loan issued by a Chinese state-owned bank or company that requires an overseas borrower to use the proceeds of a loan to acquire goods or services from a Chinese supplier. Export credits are not considered aid since they have a commercial rather than a development purpose. See Appendix B for more details.



Key concept: What is concessionality?

Concessionality is a measure of the generosity of a loan or the extent to which it is priced below-market rates. It varies from 0% to 100%, with higher values representing more concessional loans. Non-concessional loans are those provided at or near market rates. The Organisation for Economic Co-operation and Development (OECD) determines which official sector financial flows constitute "aid" based on a grant element threshold for concessionality. Given that China does not report its loans or lending terms to the OECD, some of its official sector financial flows cannot be classified as "aid" or "non-concessional." In this report, such loans are assigned to the "vague" category.

Executive Summary

- Between 2000 and 2023, official sector lenders and donors from China committed $18.9 billion across 204 projects, making Uzbekistan the second largest recipient of Chinese aid and credit in Central Asia.

- China's financial relationship with Uzbekistan is built on natural gas. A single transaction anchors the portfolio: the $4.9 billion loan from China Development Bank and Bank of China in 2008 for the Uzbek sections of the Central Asia-China Gas Pipeline. Subsequent pipeline expansions and petrochemical investments have reinforced the dominance of the gas investments ever since.

- Loans account for 99% of the portfolio, with grants nearly invisible at just $221 million. Four Chinese institutions provide 93% of all financing: China Development Bank leads with $8.4 billion across 40 loans, followed by China Eximbank at $4.8 billion and Bank of China at $3.2 billion.

- Uzbekistan carries an unusually large share of potential public debt from Chinese creditors. Potential public sector debt accounts for 37% of total Chinese lending, nearly ten times the 4% lower-middle-income average. This exposure is concentrated in a single project: 96% of it traces to the Central Asia-China Gas Pipeline, where the government of Uzbekistan holds a minority stake in the operating joint venture. Public debt stands at 57%, below the 70% average, and private debt at just 5%.

- Rising interest rates have sharply increased the cost of servicing Uzbekistan's Chinese PPG debt. Annual debt service more than doubled between 2020 and 2022, when principal and interest payments combined exceeded $1 billion. Several of Uzbekistan's largest PPG loans carry floating rates with margins ranging from 3.5% to 7.1%. As benchmark rates rose sharply from 2022 onward, effective annual rates on some loans approached 10%.

- By the end of 2024, Uzbekistan owed an estimated $3.5 billion in outstanding PPG debt to Chinese creditors, equivalent to about 9.1% of total external public debt and 3.1% of GDP.

- Financial distress in the portfolio is limited but concentrated in the oil and gas sector. Only 11.2% of cumulative Chinese loan commitments show signs of distress, well below the 29% average across low- and middle-income countries.

- Uzbekistan's controlled media environment makes it difficult to assess whether Chinese-financed projects have faced unreported implementation challenges. No significant environmental, social, or governance problems have been documented for Chinese infrastructure in the country. Given that comparable gas pipeline projects in neighboring Kazakhstan have produced emissions and groundwater contamination discovered only through independent investigative reporting, the absence of similar findings in Uzbekistan may reflect limited press freedom rather than an absence of risk.

Uzbekistan and China's Belt and Road

Uzbekistan is located along the Silk Road Economic Belt—the land component of the Belt and Road Initiative (BRI). In 2015, Uzbekistan signed the "Memorandum of Understanding on Jointly Formulating a Plan for Cooperation to Promote the Construction of the Belt and Road," officially marking Uzbekistan's entry into the BRI.

Historic relationship

The Republic of Uzbekistan and the People's Republic of China have maintained a diplomatic bilateral relationship since 1992, a year after Uzbekistan declared independence from the Soviet Union. Uzbekistan and China's bilateral relationship has improved significantly over their 33-year partnership. In 2001, Uzbekistan became the first new member to join the Shanghai Five, with the organization turning into the Shanghai Cooperation Organization in June 2001. In 2005, both countries signed the China-Uzbek Treaty of Friendship and Cooperation, which established further collaboration on trade, counterterrorism, and more.[1]

Present-day relationship

China and Uzbekistan enjoy a close political and economic relationship, marked by increasing cooperation in areas such as mining and minerals as well as railway development and trade. After the death of President Islam Karimov in 2016, China-Uzbekistan relations were upgraded to a comprehensive strategic partnership. As of 2024, the two countries have elevated their relationship to an "all-weather comprehensive strategic partnership," which means their partnership encompasses collaboration on politics, economics and trade, security, and more. The "all-weather" aspect implies that China and Uzbekistan expect the relationship to remain strong regardless of any changes in international politics.[2]

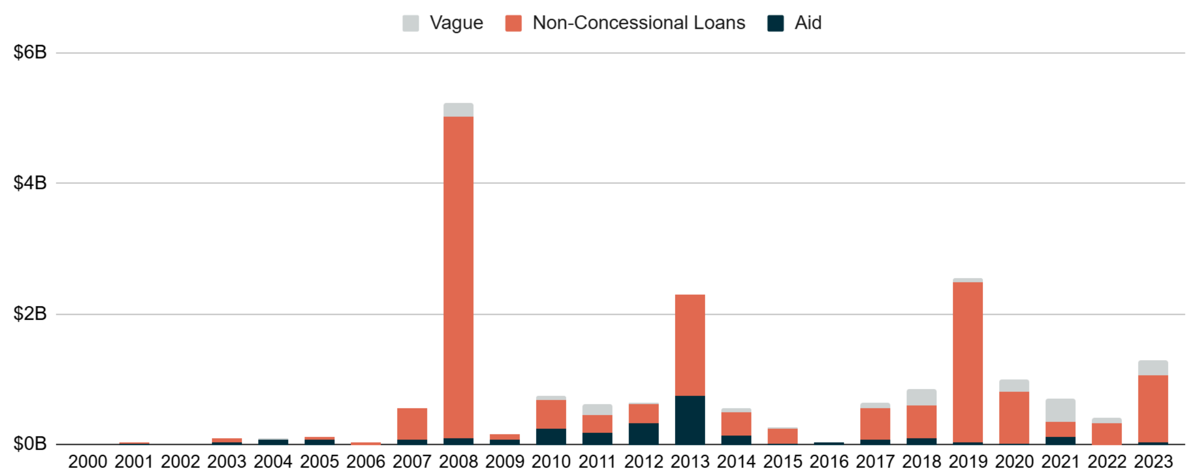
The most important project for China's development portfolio in Uzbekistan is the 2008 Central Asia-China gas pipeline. This gas pipeline helps China meet its ever-growing energy needs while also providing Uzbekistan the opportunity to generate revenue. China is Uzbekistan's largest trading partner for gas and all other exports. China is also Uzbekistan's largest bilateral donor. As one of only two doubly landlocked countries and a former Soviet Union country now implementing free market reforms, Uzbekistan benefits greatly from China's development support and trade.

[1] Zhou, Q. (2024, November 13). *Navigating China-Uzbekistan Investment and Trade Opportunities*. China Briefing News. https://www.china-briefing.com/news/navigating-china-uzbekistan-investment-and-trade-opportunities/
[2] Xiang, H. (2023). What "partnerships" does China have?

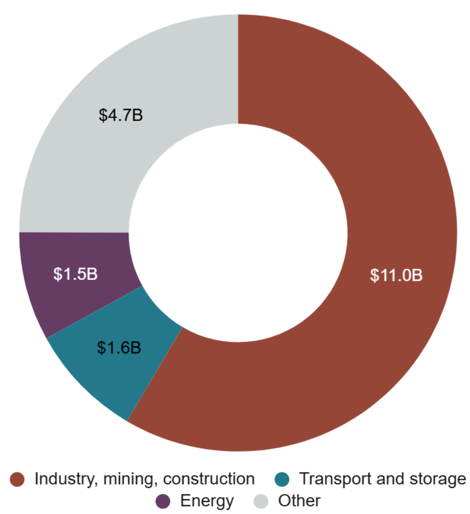
Overview: Chinese development finance in Uzbekistan from 2000-2023

$18.9 billion	99%	61	2nd
in loans and grants provided by official sector donors from China.	of Chinese development finance is provided via loans.	grants, technical assistance, and training activities offered.	largest recipient of Chinese aid and credit in Central Asia.

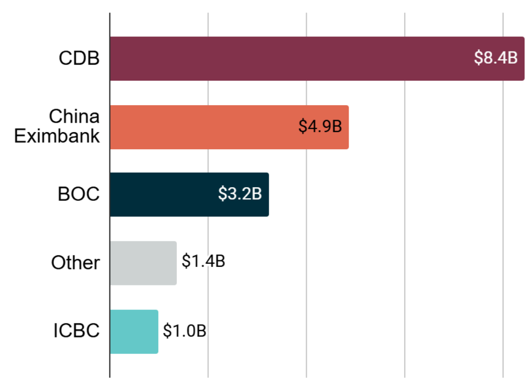
Official sector financial commitments from China to Uzbekistan, 2000-2023[3]



Portfolio by sector



Portfolio by funder



CDB: China Development Bank; China Eximbank: Export-Import Bank of China; BOC: Bank of China; ICBC: Industrial and Commercial Bank of China

[3] For definitions of the categories of *aid*, *non-concessional loans*, and *vague*, please see Key Concepts on page 2 or Appendix B.

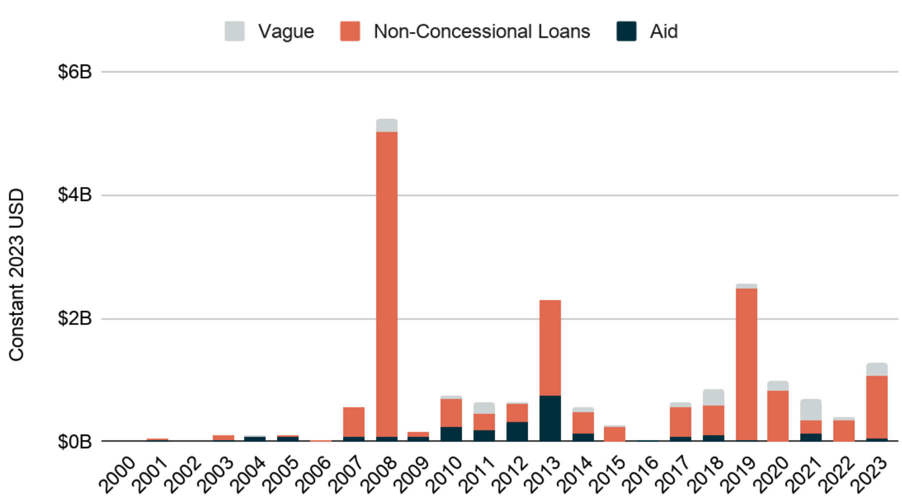
How much development finance has China provided Uzbekistan since 2000?

Uzbekistan joined China's BRI in 2015. However, even before the agreement was signed, China had established itself as a major lender to Uzbekistan (see Figure 1.1). For more details on China and Uzbekistan's relationship, as well as a list of bilateral diplomatic visits between China and Uzbekistan in the BRI era, see Appendix A.

Between 2000 and 2023, official sector lenders and donors from China provided grant and loan commitments worth $18.9 billion for 204 projects and activities in Uzbekistan. That makes Uzbekistan—a country with a relatively large economy (GDP: $102.6 billion) and population (36 million residents)—the second largest recipient of Chinese aid and credit in Central Asia and the 32nd largest recipient in the world.[4] In 2008, China Development Bank and Bank of China issued a $4.9 billion loan for the Uzbekistan segments of Line A and B of the Central Asia–China Gas Pipeline—marking a pivotal moment in China's relationship with Uzbekistan. This deal triggered a sharp increase in non-concessional loan commitments.

Annual grant and loan commitments saw two additional peaks in Uzbekistan in 2013 and 2019, both of which also represent loans to support energy development and transportation. In 2013, China Development Bank (CDB) and Bank of China committed an additional $1.4 billion for the Uzbek Line C of the Central Asia-China Gas Pipeline, increasing the overall delivery capacity of the Central Asia-China Gas Pipeline by 25 billion cubic meters per annum. The peak in 2019 also involved CDB, which committed $1.2 billion for the design, construction, and operation of a gas-to-liquids ('GTL') Oltin Yo'l GTL Processing Plant at the Shurtan petrochemical complex in Guzar district, Qashgadaryo (Kashkadarya) Region of Uzbekistan.

Figure 1.1: Official sector financial commitments from China to Uzbekistan



Types of funding:[5]

Aid: any grants, concessional loans, or in-kind donations.

Non-concessional loans: commercial lending, export credits, and non-concessional loans.

Vague: funding that cannot be easily classified—usually loans with unknown borrowing terms.

[4]The global ranking includes high income countries.
[5]For more information on these categories, please see Appendix B.

How does China compare to other development partners?

China is Uzbekistan's largest development partner (see Figure 1.2), providing over twice as much funding as any other bilateral or multilateral source. In terms of aid provision only, the World Bank Group and Japan outrank China, providing $3 billion and $2.6 billion in aid compared to China's $2.4 billion during the same time period. Most aid and non-concessional loans from the Asian Development Bank, the World Bank Group, and Japan focus on assisting Uzbekistan in creating a sustainable, inclusive market economy—a goal set forth in Uzbekistan's 2030 strategy. One priority area in the 2030 strategy that Japan provides significant assistance for is education.[6] Japan provides various scholarships, training, and other educational support to Uzbekistan. Oil and gas initiatives are notably absent from Uzbekistan's 2030 strategy, but are areas where China and Japan have committed billions for projects like the Oltin Yo'l GTL Processing Plant and the 370MW Tashkent Combined Cycle Power Plant.

Figure 1.2: Top bilateral and multilateral development partners, 2000-2023

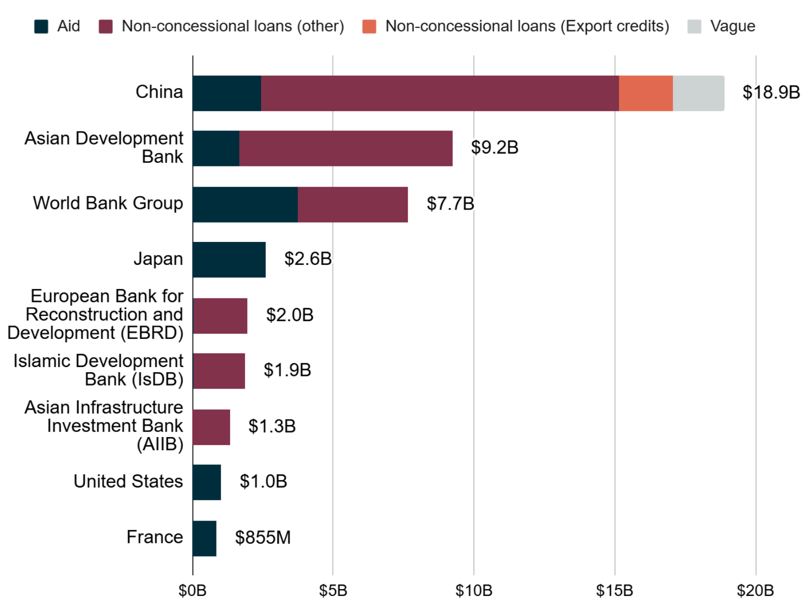


Figure 1.2 contains the top nine development partners providing aid and other financing to Uzbekistan. However, only China has detailed bilateral export credit flows to Uzbekistan. This level of granularity is not available for other development partners as the OECD does not provide export credit data for bilateral relationships; it only provides data on total export credit flows by two aggregate donor groupings, G7 and DAC member countries.

Total export credits from G7: $5.7 billion.

Total export credits from DAC member countries (including G7): $9 billion.

How does China use export credits?

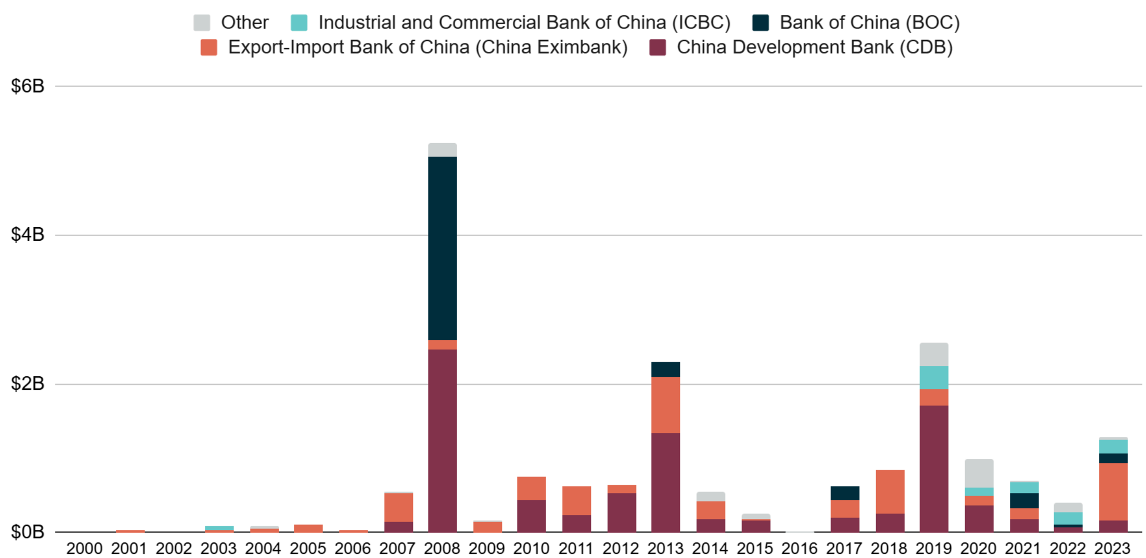
The central role that export credits play in China's overseas lending portfolio sets it apart from other official sector creditors: Under a so-called "Gentlemen's Agreement" on Officially Supported Export Credits, OECD member countries agreed in 1978 to "tie their own hands" and voluntarily abide by a set of international rules that limit the provision of *subsidized* export credits to domestic companies with overseas operations. However, China never agreed to participate in the "Gentlemen's Agreement" and it has consistently used concessional export credit to help its firms gain a competitive edge in overseas markets.

[6] For more information on Uzbekistan's 2030 strategy goals and progress, see https://strategy.uz/

Which donors and lenders from China are active in Uzbekistan?

Between 2000 and 2023, 21 official sector donors and lenders from China provided aid and non-concessional loans to Uzbekistan. 93% of China's development finance portfolio is provided through four main donors and lenders (see Figure 1.3). The other 7% is provided by a diverse array of government agencies (including central, regional, or municipal government agencies), state-owned commercial banks, and state-owned companies.

Figure 1.3: Top Chinese donors and lenders



China Development Bank (CDB) is Uzbekistan's top Chinese creditor with $8.4 billion committed across 40 loans between 2007 and 2023. CDB's largest financial contribution was for the Central Asia-China gas pipeline–the bank has provided over $3.7 billion to syndicated loans for the pipeline in 2008 and 2013. Uzbekistan has seen a small rebound in lending post-COVID-19 with loans from CDB, China Eximbank, ICBC, and BOC. In 2023, CDB signed a $167 million loan agreement with National Bank for Foreign Economic Activity of the Republic of Uzbekistan for the acquisition of 1,000 electric and natural gas Chinese buses and improving public transportation operations in Tashkent and other cities.

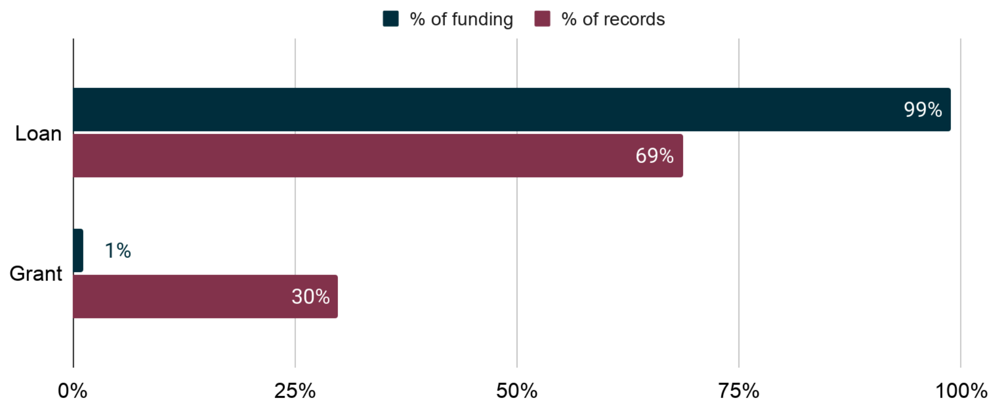
The Export-Import Bank of China (China Eximbank) was one of the first Chinese state-owned banks to engage with Uzbekistan in the 2000s. This first loan was $28 million provided in 2001 to Pakhtabank OJSC–a commercial agricultural bank– for the purchase of 2,500 Chinese-made tractors. Overall, China Eximbank provided over $4.8 billion across 67 loans and grants between 2001 and 2023. Its largest financial contributions were two loans: one to Uzbekistan's National Bank for Foreign Economic Affairs for various investment projects and one for the Navoiazot PVC Chemical Complex Construction Project.

The Bank of China (BOC) extended ten loans worth $3.2 billion. Over half of the total lending from BOC went towards the $4.9 billion syndicated loan for Uzbek Sections of Lines A and B of the Central Asia-China Gas Pipeline. The Industrial and Commercial Bank of China (ICBC) has played a comparatively minor role in Uzbekistan, providing only nine loans worth $984 million between 2003 and 2023. Most of this bank's lending has occurred during and after the COVID-19 pandemic, an unusual time for new lending to occur as China's overall development finance portfolio slowed during this time. ICBC's latest contributions were to syndicated loans committed in 2023 for various wind farms and substations.

What kinds of financial and in-kind support does China offer Uzbekistan?

AidData captures each instance of a grant or in-kind donation as one record, so analyzing the record counts can help provide a better picture of China's activities in a given country. However, Uzbekistan is an outlier with only 30% of all activity records (representing 61 records) classified as grants and 70% (140 records) are loans.

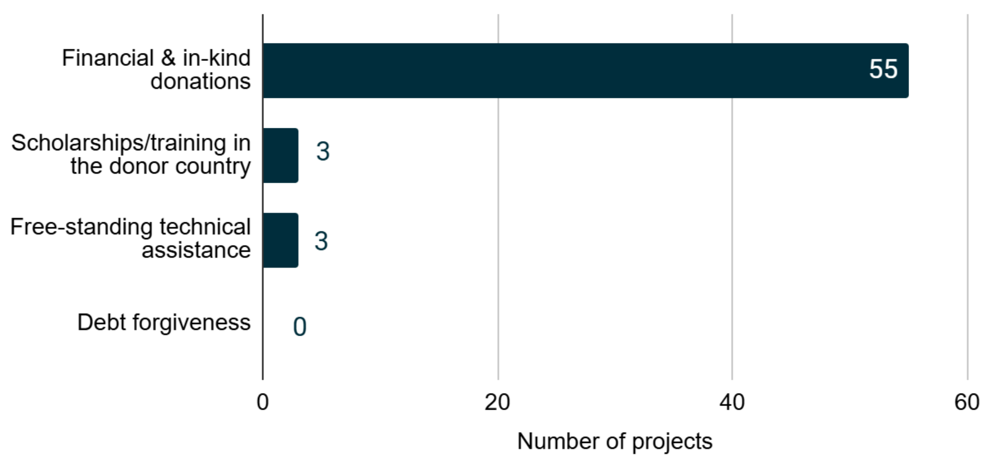
Figure 1.4: Top financial instruments used by China in Uzbekistan



Note: Debt rescheduling and Vague records (1%) are excluded from this visual.

99% of China's official sector financing to Uzbekistan takes the form of loans (totaling $18.6 billion), while 1% ($221 million) comes in the form of grants and in-kind donations. In-kind donations are difficult to monetize, so the monetary values of these activities are likely underrepresented.

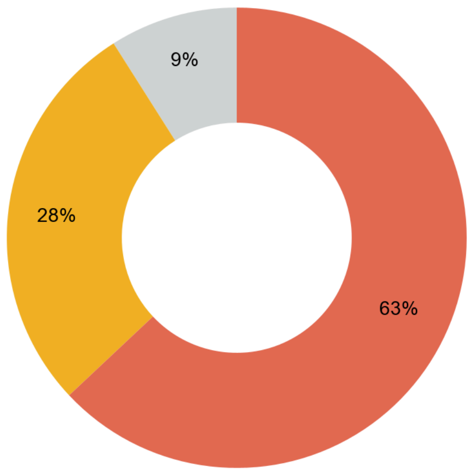
Figure 1.5: Breakdown of grants by project count



From 2000 to 2023, Uzbekistan received $221 million across 61 grants from official sector Chinese entities. Nearly half ($104 million) of all financial and in-kind donations were cash grants provided to the Uzbekistan Ministry of Public Education for the acquisition of various educational equipment including computers, projectors, white boards, optical mice, and other multimedia equipment. The purpose of these grants was to improve primary and secondary education. Other common types of in-kind donations include medical equipment and equipment for police and customs agencies. All of China's free-standing technical assistance to

Uzbekistan was medical exchanges between Chinese and local doctors. In terms of scholarships and training in the donor country, China provided 145 scholarships to Uzbek students learning Chinese to further their education. There was also one training in 2019 for over 65 civil servants from the National Project Management Agency of Uzbekistan to travel to China and learn about bilateral practical cooperation and economic development.

Figure 1.6: Breakdown of lending by purpose



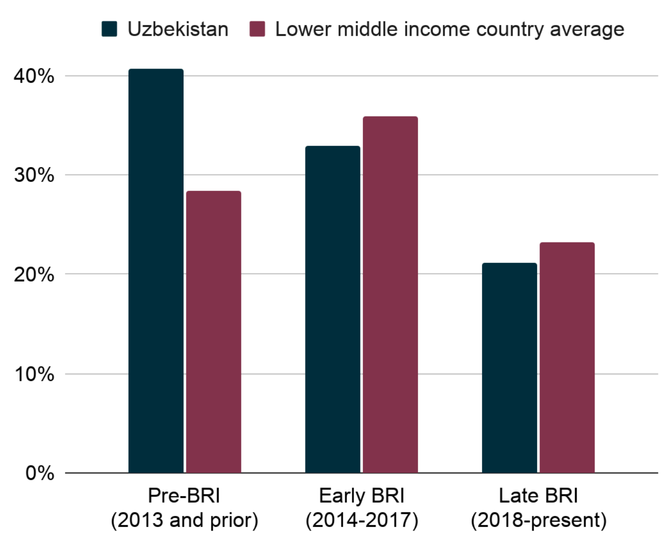
Infrastructure: loans to support the construction, rehabilitation, or maintenance of a physical structure.

Inter-Bank Loans: loans from a Chinese bank to a recipient country bank that can support on-lending or other bank needs.

Other: loans for equipment acquisition, unspecified purposes, and loans for refinancing existing debt.

63% of China's $18.6 billion in official sector lending to Uzbekistan supports infrastructure projects. Nearly 69% of all infrastructure projects in Uzbekistan are implemented by at least one Chinese entity, such as a Chinese state-owned or private sector company. Inter-bank loans account for 28% of China's lending to Uzbekistan. These include 65 loans worth $5.2 billion between Chinese state-owned lenders—mainly China Eximbank and CDB—and Uzbekistan's state-owned banks, such as the NBU. The funds are then on-lent, or re-loaned, to local firms to finance equipment purchases and other projects. 9% of lending falls into a residual other category including loans for equipment acquisitions and unspecified purposes.

Figure 1.7: Grant element over time



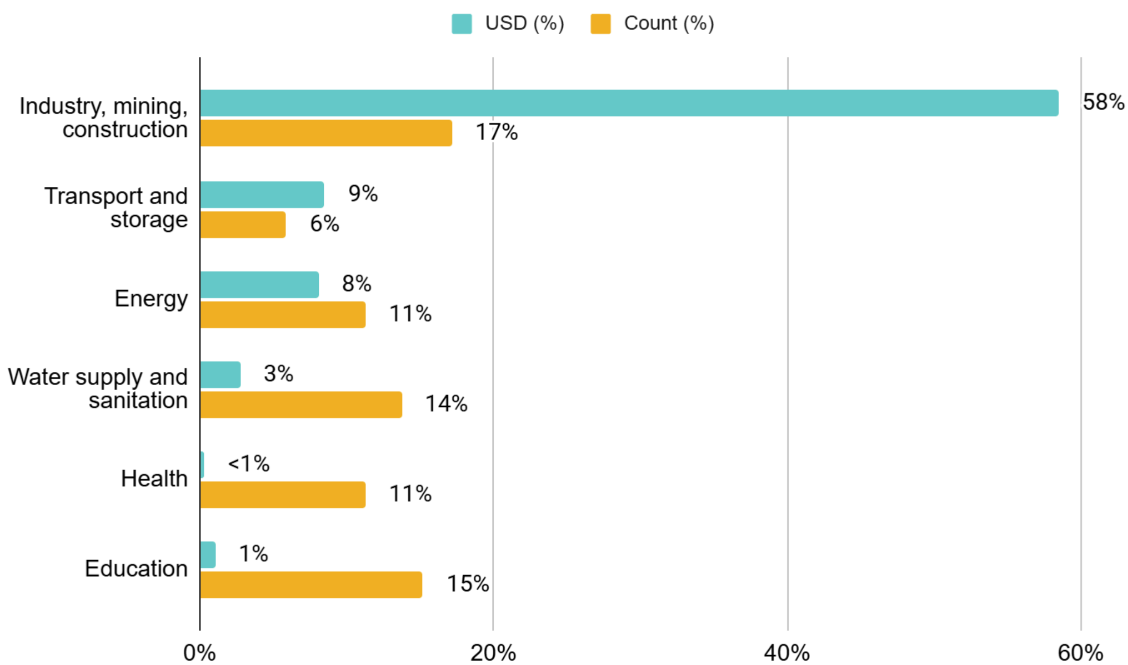
A loan's grant element is a measure of how concessional (i.e. favorable) its terms are relative to market rates. It ranges from 0% (not concessional) to 100% (fully concessional). The grant element of China's lower middle income lending portfolio fluctuated between 23% and 36% from 2000 to 2023. In Uzbekistan, pre-BRI lending was more concessional due to the higher volume of China Eximbank lending in these years whereas CDB, ICBC, and state-owned companies like ZTE provided more, less concessional lending between 2014 and 2023.

In which sectors is China most active?

Top sectors for China's aid and credit in Uzbekistan differ greatly when comparing monetary value and record count. Certain sectors, such as health and education, often represent a large percentage of records but offer small or no transaction amounts. In Figure 1.8, we have provided the top sectors by both monetary value and record count to demonstrate this dichotomy.

Figure 1.8: Selected top sectors

Sectors by monetary value and record count



In terms of monetary value, 78% of China's grant and loan commitments to Uzbekistan supported four different sectors: industry, mining, construction; energy; transport and storage; and water supply and sanitation between 2000 and 2023.

- Industry, mining, construction: This sector, largest by financial commitment, captures projects related to the development, management, and refinement of critical resources such as chemicals or minerals. Projects in this sector account for $11 billion in funding (or 58% of China's development finance portfolio). Over half of the financing in this sector ($6.3 billion) is from China Development Bank and Bank of China for the Uzbek sections of Lines A, B, and C of the Central Asia-China Gas Pipeline project. In 2023, the Hubei Branch of China Eximbank provided an RMB-denominated loan worth $230 million to a Chinese company for the Samarkand Cement Plant construction in Uzbekistan.
- Transport and storage: This sector refers to the construction and maintenance of road, rail, air, and water transit infrastructure and is characterized by high-value infrastructure projects. 9% of China's development finance portfolio in Uzbekistan is specifically dedicated to this hardware sector, representing $1.6 billion in aid and non-concessional loans. Noteworthy activities in this transportation and storage sector include a $362

million loan by China Eximbank for the construction of the Kamchiq Tunnel as part of the Angren-Pap Railway and a $321 million loan by CDB for the acquisition of three Boeing 787-8 aircraft for Uzbekistan Airways. In 2023, CDB provided a $167 million loan to finance the purchase of 1,000 environmentally-friendly passenger buses and electric buses.

➔ Energy: This sector is the third largest sector by financial value, with $1.5 billion in funding (or 8% of China's entire portfolio). It encompasses the generation and distribution of renewable and non-renewable sources, as well as hybrid and nuclear power plants. Activities in the energy sector include a $238 million loan from CDB for the 370MW Tashkent Combined Cycle Power Plant Modernization Project and a $188 million loan from China Eximbank for the 150MW Angren Thermal Power Plant Project. In 2023, all financial commitments in this sector supported wind power projects, including loans from ICBC and BOC totaling $321 million and a grant from MOFCOM.

➔ Water supply and sanitation: This sector consists of the maintenance of local water reservoirs and their hygiene. The 28 records in this sector account for $519 million. Examples of activities with a high frequency but low or no financial commitments include loans for pumping stations projects by China Eximbank, and Chinese government grants for the improvement of wastewater treatment systems in locations like Karakalpakstan. The rehabilitation and creation of wastewater treatment systems, water pipes, and pumping stations is vital to addressing the effects of unsustainable irrigation practices and an aging water infrastructure in the country.

China is also heavily engaged in the "software" sectors, such as health and education. China's footprint in these sectors is difficult to represent, however, because the activities in these sectors usually attract smaller grant and loan commitments, or represent some form of in-kind donation, technical assistance, etc.

➔ Health: This sector includes medical care, infrastructure, equipment, and control activities. In total, activities in the health sector represent 23 records in China's portfolio in Uzbekistan (or 11% of records). Notable activities include MOFCOM grants for the supply of medical equipment and electricity to hospitals, as well as the dispatch of Chinese medical professionals to Uzbekistan. China provided $703,000 in COVID-19 response and recovery aid, including anti-epidemic equipment.

➔ Education: This sector encompasses schooling at the primary, secondary, and post-secondary levels, as well as technical and advanced training activities. Education activities represent $194 million in funding and 15% of China's total record count, with 31 records. In 2023, activities in this sector included the provision of scholarships, the establishment of a China Center at Samarkand State University, and a $12 million grant from MOFCOM for the supply of computers to secondary schools.

At a glance: last 5 years (2019-2023)

➔ The industry, mining, construction sector remained the top sector during the past five years, receiving 44% of all financial commitments, or $2.6 billion in financing. The majority of this financing (over $2 billion) supported natural gas and oil production projects.

➔ Although low in financial value, the education sector had the largest number of activities during the past five years, including the provision of scholarships, school supplies, trainings, and the establishment of China and innovation centers.

What are the characteristics of Uzbekistan's debt to China?

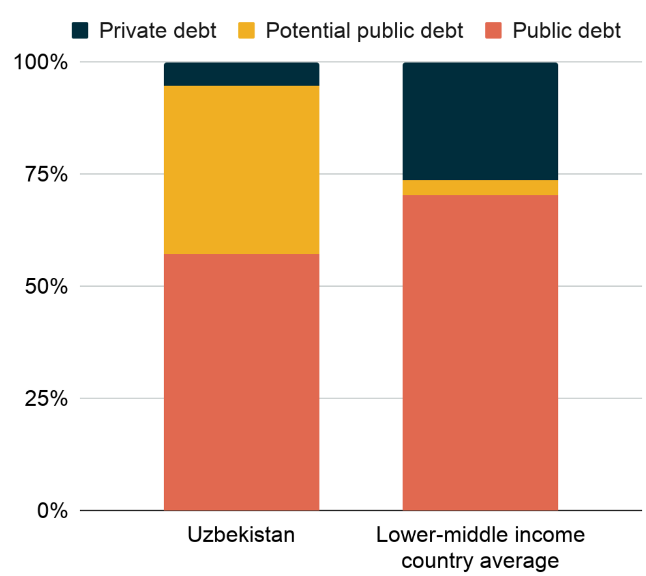
140	$18.6 billion	57%	11.2%	$3.5 billion
loans issued	total loan commitments	of total loan commitments are public debt	of total loan commitments show signs of financial distress	total public debt outstanding as of 2024

What is "public debt"?

Public debt (PPG debt)	Potential public debt	Private or opaque debt
Loans issued directly to public institutions, loans that have sovereign repayment guarantees, or loans extended to special purpose vehicles or joint ventures that are majority-owned by one or more public sector institutions. Often referred to as public and publicly-guaranteed (PPG) debt.	Loans to special purpose vehicles or joint ventures in which recipient governments hold minority equity stakes.	Loans to private sector borrowers and entities with opaque ownership structures.

Figure 1.9: Composition of debt from China by level of public liability

Total debt, 2000-2023— Uzbekistan: $18.6 billion. Lower-middle income country average: $5.2 billion.



Compared to the lower-middle income country average, Uzbekistan's debt composition is atypical, with potential public sector debt accounting for 37% of total debt (well above the 4% average).

This unusually large share of potential public sector debt reduces the relative weight of other categories: public debt represents only 57% of total debt (14 percentage points below the 70% average), while private debt makes up just 5% (21 percentage points below the 26% average).

Potential public sector debt represents 'hidden debt'—it is not a formal liability of the host government, but it may benefit from an implicit public sector repayment guarantee and could become a host government liability in the event of default by the original borrowing SPV or JV entity. The majority of Uzbekistan's hidden debt (96%) is tied to the Uzbek Sections of the Central Asia-China Gas Pipeline. The Uzbekistan government is not the direct borrower, and the project does not have a formal repayment guarantee from the government of Uzbekistan.

However, the joint venture set up to run the project (Asia Gas Pipeline LLP) is partially owned by the Uzbekistan government. As such, it is a contingent liability for the Government of Uzbekistan because it is potentially "too big to fail".

Examining China's cumulative loan commitments to Uzbekistan, only eight loans display evidence of financial distress at the loan level, accounting for 11.2% of all Chinese lending in the country. Financial distress can include borrowers accruing principal or interest arrears, defaulting on repayment obligations, filing for bankruptcy, or renegotiating loan terms (including suspensions of principal or interest payments).

Two cases are notable. First, the borrower for the $1.2 billion CDB loan for the Oltin Yo'l GTL Processing Plant—a special purpose vehicle wholly owned by JSC Uzbekneftegaz, Uzbekistan's state-owned oil and gas company—experienced difficulty servicing its loans to Russian creditors beginning in 2022, following the imposition of U.S. sanctions on Russia after its invasion of Ukraine. Second, there are indicators that JSC Uzbekneftegaz defaulted on repayment obligations for $615 million in loans from Blue Amber Investment Limited and ICBC for the Natural Gas and Oil Production project.

Uzbekistan's loan-level financial distress is still lower than the average 29% of financial distress in China's portfolio across all low- and middle-income countries. In a joint report from the World Bank and IMF on Debt Sustainability Analysis, Uzbekistan is classified as low risk for external debt distress, having strong debt carrying capacity.[7]

[7] *Uzbekistan - Joint World Bank-IMF Debt Sustainability Analysis (English).* Debt Sustainability Analysis (DSA) Washington, D.C. : World Bank Group. http://documents.worldbank.org/curated/en/099073024143015659

What does Uzbekistan's current public debt exposure to China look like—and what payments are due?

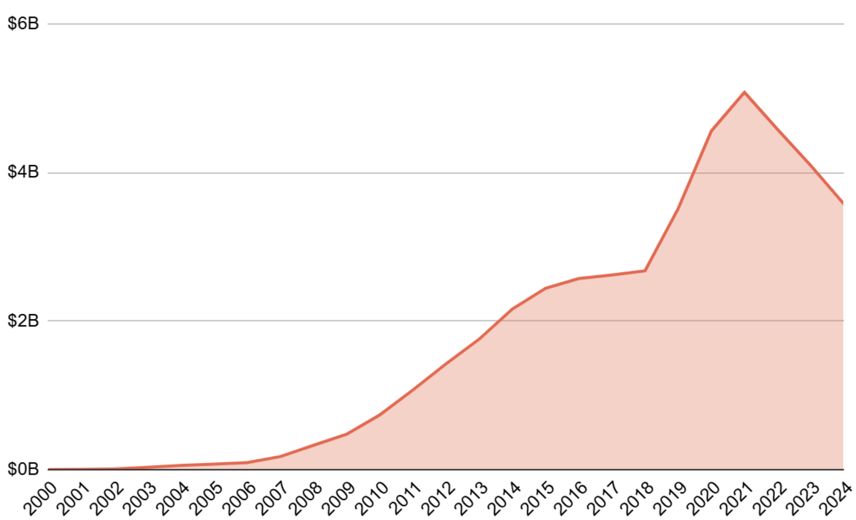
What is "public debt exposure"?

After a loan agreement is signed, financial outflows and reflows take place over many years through a sequence of disbursements (from the creditor to the borrower) and repayments (from the borrower to the creditor).

To understand the timing and magnitude of these financial flows, the 2.0 version of AidData's Chinese PPG Loan Performance Dataset (LP 2.0) tracks PPG loan disbursements, repayments, arrears, and restructuring events—and how much debt is owed—over time.

Unlike loan commitment totals—that measure what was initially promised—LP 2.0 measures what is still owed at specific points in time and how repayment pressures evolve over time. A country's level of "public debt exposure" refers to its outstanding PPG repayment obligations. All financial amounts in this section are reported in nominal USD.

Figure 1.10: Outstanding Chinese PPG Debt Stock (nominal USD)



Note: This data is drawn from AidData's Chinese PPG Loan Performance Dataset, Version 2.0. For more information, please see the methodology.

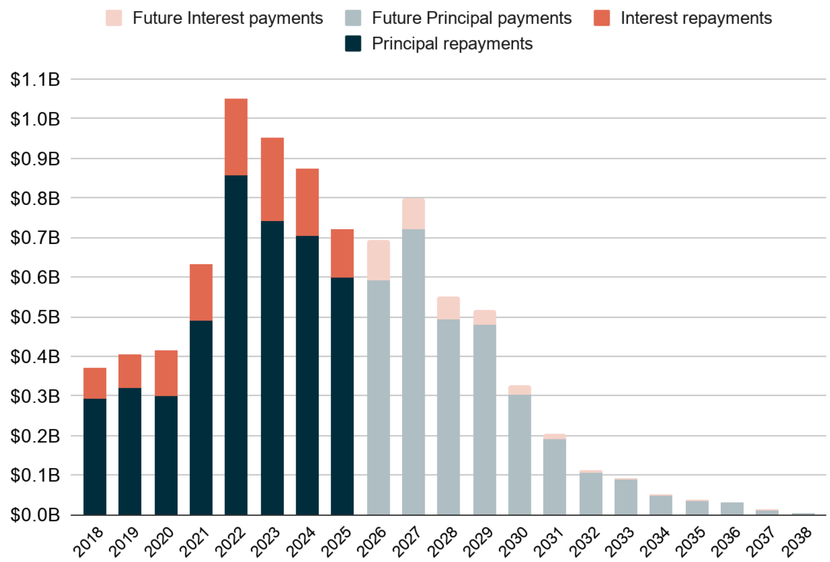
Figure 1.10 shows Uzbekistan's outstanding PPG debt stock, which is the total amount of principal that has been disbursed and remains unpaid at the end of each year as well as any unpaid interest or fees. These estimates are based on loan-level data on disbursements and repayments, which are used to track how outstanding balances evolve over time.

By the end of 2024, Uzbekistan owed an estimated $3.5 billion in outstanding PPG debt to official sector creditors in China. This was equivalent to about 9.1% of Uzbekistan's total PPG external debt stock to all external creditors, indicating China holds a relatively small share of Uzbekistan's sovereign debt liabilities.[8] The total PPG debt stock owed to China represented 3.1% of GDP in 2024.

Uzbekistan's outstanding debt to China is tied to 63 loans: 57 loans are in their original repayment period while six loans are still in their grace period. By contrast, 44 loans have been fully repaid. Based on existing loan commitments through 2023, Uzbekistan is expected to continue paying down its debt to Chinese creditors until 2039.

[8] World Bank, International Debt Statistics.

Figure 1.11: Uzbekistan's principal and interest payments to Chinese creditors under PPG loans (2018-2038)



Note: This data is drawn from AidData's Chinese PPG Loan Performance Dataset, Version 2.0. For more information, please see the methodology.

Figure 1.11 shows Uzbekistan's principal and interest payments due to Chinese creditors. Specifically, it displays principal and interest payments 2018-2025 and future principal and interest payments from 2026-2038.

The estimated principal payments are calculated by adding all principal payments due each year. Future interest and principal payments are projected from loan terms.

Between 2018 and 2020, Uzbekistan's annual principal payments on its PPG debt to Chinese official sector creditors remained below $400 million. Debt service obligations more than doubled by 2022, when principal and interest payments combined exceeded $1 billion in a single year. This increase was driven primarily by the $1.2 billion CDB loan to Uzbekistan GTL LLC for the Oltin Yo'l GTL Processing Plant, which was committed in 2019 and entered its repayment period during this time.

Elevated interest costs compounded this pressure between 2022 and 2024. Several of Uzbekistan's largest PPG loans carry floating interest rates, structured as a fixed margin added to a benchmark reference rate, with margins on Uzbekistan's loans ranging from 3.5% to 7.1%. As LIBOR rose sharply beginning in 2022 — and continued to do so under its successor rate, SOFR, following LIBOR's discontinuation in mid-2023 — the all-in interest rates on these loans increased significantly, with effective annual rates approaching 10% between 2022 and 2024. The Oltin Yo'l GTL Processing Plant loan was among the most affected, given its size and the high margin on its floating-rate structure.

Based on existing loan commitments through 2023, Uzbekistan is expected to continue servicing its debt to Chinese creditors through 2039.

What kind of project implementation challenges has China faced in Uzbekistan?

Chinese-financed infrastructure projects in Uzbekistan:
68 infrastructure projects supported by grants and loans from China
$11.8 billion in loan and grant commitments supporting infrastructure projects

Examples of infrastructure implementation risks:

Environmental: increase in air or water pollution, biodiversity loss, deforestation, increased carbon footprint, or natural resource depletion.

Social: poor labor law compliance, human rights abuses, displacement of local residents, or archaeological or cultural heritage site degradation.

Governance: corruption, money laundering, lack of transparency, and non-competitive bidding processes.

From 2000 to 2023, infrastructure projects accounted for 64.5% of China's development finance portfolio in low- and middle-income countries. These infrastructure projects often face project implementation delays caused by environmental, social, and governance (ESG) risks, episodes of debt distress, or political instability in the recipient country. In Uzbekistan, there are limited cases of documented ESG risks or in-country political instability that have caused large-scale implementation challenges, though there are scattered reports of debt distress and potential environmental risks.

For example, potential debt distress occurred when, in July 2019, Uzbekneftegaz, Uzbekistan's state-owned oil and gas company, signed a loan agreement with Blue Amber Investment Limited and ICBC, two Chinese state-owned lenders, for the construction and development of oil and gas fields. This loan was extended as a part of a cooperation agreement signed between Uzbekneftegaz and Silk Road Fund Co., Ltd.—which owns Blue Amber Investment Limited—to increase hydrocarbon production in the country. Then, in 2021, Uzbekneftegaz disclosed that it had broken stipulations of the loan agreement with Blue Amber Investment and ICBC, including a failure to comply with International Financial Reporting Standards (IFRS). The use of IFRS is an important indicator of transparency for all stakeholders in a transaction. In the case of the Uzbekneftegaz, failure to comply with IFRS as required by the loan contract with Blue Amber Investment Limited and ICBC was not only a breach of contract, but also a signal that the organization lacked transparency.[9] Within two months of this breach, Uzbekistan signed Resolution No. 4611 'On Additional Measures to Transition to International Financial Reporting Standards,' requiring all state-owned companies to comply with IFRS. This breach was waived by the lenders, but not before it triggered cross-default provisions in some of Uzbekneftegaz's other active debt facilities.

Besides the governance risk outlined above, there is no evidence of other project implementation delays or risks in China's grant- and loan-financed infrastructure projects in Uzbekistan. This lack of known risk or delays in Uzbekistan does not necessarily mean there were no risks or delays associated with Chinese infrastructure in the country. Rather,

[9] *IFRS - Uzbekistan*. (2021, April 21). Who Uses IFRS Accounting Standards? https://www.ifrs.org/use-around-the-world/use-of-ifrs-standards-by-jurisdiction/view-jurisdiction/uzbekistan/

Uzbekistan's highly controlled political environment and limited freedom of press make it difficult to accurately assess.

After gaining independence from the Soviet Union in 1991, authoritarian rule in Uzbekistan continued under President Islam Karimov. Karimov and his party controlled the media immediately after independence—all independent outlets were blocked and the state gained control of all major media outlets. Since then, journalists have faced abuse and prosecution for reporting that contradicts state narratives. Since Karimov's death in 2016, there has been an increase in media freedom under the new president, Shavkat Mirziyoyev. Freedom House reports that independent media outlets have emerged without facing overt censorship, and domestic media discuss some social and political problems, but the media generally still avoid criticizing Mirziyoyev and his government.[10] These conditions are not conducive to the investigation or publication of project implementation challenges and delays.

The single largest project that may have significant unreported challenges is the Uzbek Sections of the Central Asia-China gas pipeline. Gas pipelines and other oil and gas projects in China's global development finance portfolio commonly face environmental risks like pollution due to spills, emissions, and other industrial accidents. For example, Kazakhstan, Uzbekistan's neighbour and fellow participant in the Central Asia-China gas pipeline, has faced issues with emissions and drying of local wells used by locals due to Chinese-funded oil and gas projects.[11] These problems were only discovered because of independent investigative journalism, which Uzbekistan lacks.

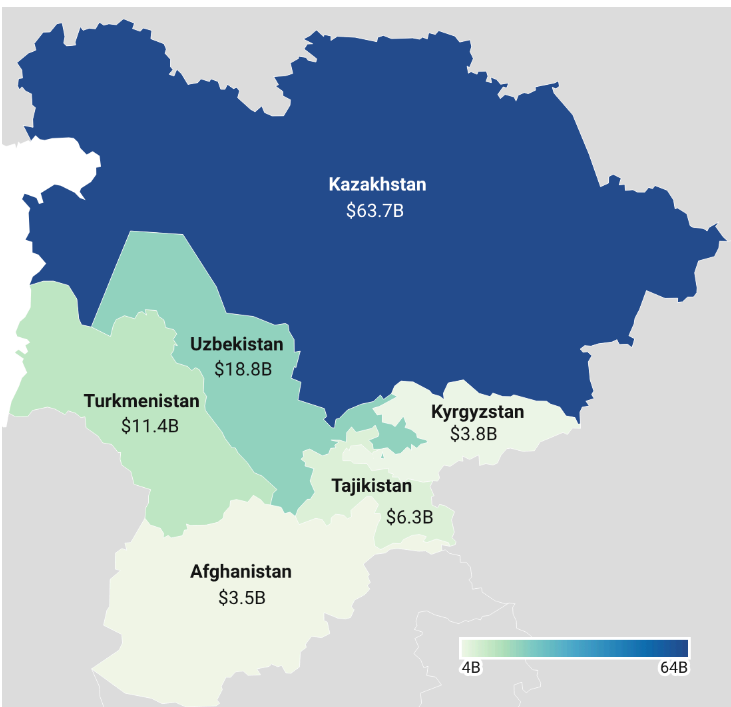
[10] *Uzbekistan: Freedom in the World 2024 Country Report*. (n.d.). Freedom House. From https://freedomhouse.org/country/uzbekistan/freedom-world/2024

[11] Sorokina, E. (2021, October 18). *Clear as Oil: Transparency of Chinese Projects in Kazakhstan* -. https://crudeaccountability.org/clear-as-oil-transparency-of-chinese-projects-in-kazakhstan/

How does Chinese financing to Uzbekistan compare to other countries in Central Asia?

Between 2000 and 2023, Chinese official sector financiers directed 935 loans and grants to Central Asian countries worth $108 billion. Figure 1.12 provides a cumulative view of China's development finance portfolio in the region. 70% ($75.5 billion) of China's financing to the region occurred between 2000 and 2013, the pre-BRI period. The average annual financing committed during these years was $5.4 billion, well above the annual average of $3.2 billion during the early and late BRI periods between 2014 and 2023.

Figure 1.12: Cumulative financial commitments from China to Central Asia, 2000-2023



Uzbekistan received 18% ($18.8 billion) of China's financing to the region between 2000 and 2023, making it the second-largest recipient of the six countries in Central Asia. Kazakhstan is by far the largest recipient in the region, receiving 59% ($63.7 billion) of financing. Turkmenistan is the third-largest recipient, receiving 11% ($11.4 billion) of China's financing to the region, followed by Tajikistan (6% or $6.3 billion), Kyrgyzstan (4% or $3.8 billion), and Afghanistan (3% or $3.5 billion). Virtually all (98%) of China's development finance in Central Asia was provided as loans rather than grants or in-kind donations.

Industry, mining, construction is by far the top sector in Central Asia in terms of financial commitments from China, accounting for 74% of all Chinese financing in the region. Three countries fall above the regional average for this sector: Turkmenistan (95% of China's portfolio in this country), Kazakhstan (81%), and Afghanistan (84%). China's portfolio in Uzbekistan, Tajikistan, and Kyrgyzstan are more diverse. Although the industry, mining, construction sector ranks within the top three in each of these countries, Chinese donors and creditors allocated 17% to the transport and energy sectors in Uzbekistan, 44% to these two sectors in Tajikistan, and 68% in Kyrgyzstan.

Infrastructure projects account for 72% of Chinese financing to Central Asia. China's portfolio in Uzbekistan aligns with this priority, with 63% of financing in this country allocated for infrastructure projects. Big ticket infrastructure projects in the region include, most notably, the Central Asia-China Gas Pipeline Project in Kazakhstan, Uzbekistan, Turkmenistan, and Tajikistan, along with other projects such as the Mes Aynak Copper Mine Project in Afghanistan, and the Bishkek Thermal Power Plant Modernization Project in Kyrgyzstan.

Appendix A: Public opinion and bilateral diplomatic visits between China and Uzbekistan in the BRI era

Uzbekistani citizens have maintained favorable views towards China. Per data captured by Gallup between 2006 and 2024, Uzbekistan's citizens held an average approval rate of 59.7% toward China.[12] This is similar to the global average of 59.5%. Favorability peaked at 76.8% in 2011 and fell to an all-time low of 44.1% in 2022. This drop can likely be explained by the emergence of the COVID-19 pandemic. Overall, though, Uzbekistani citizens have maintained a higher rate of favorability towards China over time.

Figure A.1: Uzbekistan's approval of Chinese leadership, 2006-2024[13]

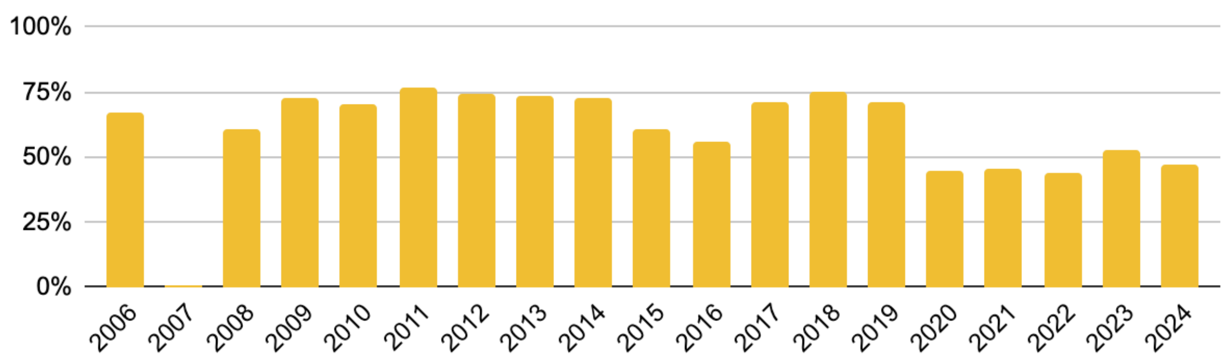


Figure A.2: Bilateral diplomatic visits between China and Uzbekistan

2014 AUG	Uzbekistani President Islam Karimov visited Beijing and met with President Xi Jinping to discuss strengthening their strategic partnership.
2016 JUN	President Xi visited Uzbekistan and met with Prime Minister Shavkat Mirziyoyev ahead of the Meeting of the Shanghai Cooperation Organization (SCO)
2017 MAY	The new President of Uzbekistan, Shavkat Mirziyoyev, visited China and held diplomatic talks with President Xi to deepen Uzbekistan-China ties.
2019 APR	President Mirziyoyev visited China and met with President Xi ahead of the Belt and Road Forum for International Cooperation
2022 SEP	President Xi visited Uzbekistan and met with President Mirziyoyev to discuss deepening their comprehensive strategic partnership
2024 JAN	President Mirziyoyev visited Beijing and met with President Xi to develop a long-term agenda for their bilateral relationship

[12] This data comes from Gallup's World Poll which started in 2005. Gallup conducts the survey in various frequencies on a country-by-country basis; therefore, the years we have data for vary and there are gaps pre-2006 and, in some cases, between 2006-2024. For Uzbekistan, there is no Gallup data for 2007. For more information on the Gallup methodology see https://www.gallup.com/178667/gallup-world-poll-work.aspx

[13] The data for the graph and approval rate is based upon Gallup's Rating World Leaders' report and dataset.

Appendix B: Methodology & definitions

Capturing Chinese development finance methodology:

The insights in this profile are derived from AidData's China Global Loans and Grants 1.0 dataset. For more details regarding the methodology used to assemble the data, please refer to the Tracking Loans and Grants from China to Low-, Middle-, and High-Income Countries: An Application of AidData's TUFF 4.0 Methodology. All financial values reported in this profile represent USD Constant 2023 prices, unless otherwise stated.

Definitions of finance types:

- Aid: Includes any grant, in-kind donation, or concessional loan (i.e., loans provided at below-market rates and categorized as ODA in CLG 1.0).
- Non-concessional loans: Captures export credits and loans that are priced at or near market rates (i.e., non-concessional and semi-concessional debt categorized as OOF in CLG 1.0).
- Vague: Any official financial flows that could not be reliably categorized as "aid" or "non-concessional loans" because of insufficient information in the underlying source material.

Definitions of instrument types:

- Grant: The donation of money or an in-kind donation of goods from an official sector institution in China (e.g. donations of supplies or equipment, humanitarian aid or disaster relief, or financing for the construction of a government building, school, hospital, or sports stadium).
- Free-standing technical assistance: Skills training, instruction, consulting services, and information sharing by official sector entities and experts from China. Training provided by Chinese entities outside of China is classified as technical assistance.
- Scholarships/training in the donor country: Funding from an official sector institution in China that allows a citizen from the host country to study at a Chinese university or other educational institution. This includes training programs and activities that are sponsored by an official sector institution in China and held for host country citizens in China.
- Debt forgiveness: The total or partial cancellation of debt owed by a borrowing institution in the host country to a Chinese government or state-owned entity.

Development finance to Uzbekistan from other donors

All data on development finance from other donors came from the Organisation for Economic Co-operation and Development's Development Assistance Committee (OECD DAC) Creditor Reporting System (CRS). The CRS is the OECD's aid activity database, which compiles activity-level statistics from all providers who report to the OECD. For the analysis in Figure 1.2, 'Aid' represents Official Development Assistance (ODA) grants and loans. Non-concessional loans represent the Other Official Flows (OOF) measure. However, the flows captured in CRS (which are project-level records) specifically exclude export credit flows (due to their potentially sensitive nature). Data on export credits is available in OECD's DAC2B database in aggregate form. DAC2B provides data on OOF loans and grants and gross export credits. However, consistent and comprehensive data on export credits from one development partner to a specific country are not available. Gross export credits to a specific country are available at an aggregate level, such as G7 or all DAC Members.

Financial Distress:

This profile includes a measure of "financial distress," defined as loans that show evidence of principal or interest arrears, default on repayment obligations, borrower bankruptcy, or the renegotiation of loan terms (including suspensions of principal or interest payments). The inclusion of restructured loans in this definition represents a methodological change; as a result, the share of cumulative loan commitments classified as distressed in this version of the profile may be higher than in previous versions.

Project implementation challenges methodology:

To better understand the implementation challenges within China's overseas infrastructure portfolio, AidData developed a new coding framework to systematically identify and categorize environmental, social, and governance (ESG) problems associated with Chinese-financed infrastructure projects in low- and middle-income countries. Under this framework, AidData flags projects when there is credible evidence of a significant environmental, social, or governance issue arising before, during, or after the implementation of a Chinese-financed infrastructure project.

Common ESG challenges in infrastructure projects:

- ➔ Environmental: Negative effects on the environment due to building, rehabilitating, or maintaining a physical structure. These include an increase in air or water pollution, biodiversity loss, deforestation, increased carbon footprint, or natural resource depletion.
- ➔ Social: Negative effects on different groups of people due to the infrastructure project, such as employees, nearby residents, Indigenous populations, or community members. Such negative effects include poor labor law compliance, human rights abuses, displacement of local residents, or archaeological or cultural heritage site degradation.
- ➔ Governance: Negative effects related to the infrastructure project's financial, legal, and ethical management during the design and implementation of the project. These can include corruption, money laundering, lack of transparency, and non-competitive bidding processes that lead to higher project costs and/or poor project quality.

Loan Performance Methodology

AidData's Chinese PPG Loan Performance Dataset 2.0 is a loan-level dataset that tracks the disbursement, repayment, arrears, restructuring, and outstanding debt trajectories of public and publicly guaranteed (PPG) loans issued by Chinese state-owned creditors to low- and middle-income countries. Building off the detailed loan commitment records captured in the 3.1 version of AidData's Global Chinese Development Finance dataset, the 2.0 version of the Loan Performance dataset tracks 3,100 Chinese PPG loans issued to 124 borrowing countries between 2000-2022. The dataset synthesizes over 11,000 independently-sourced, loan-level performance observations drawn from public debt reports and repositories, stock exchange filings, bond prospectuses, and audited financial statements. These pieces of information are leveraged in conjunction with amortization schedule modeling techniques to create the best approximation of each loan's financial performance over time.

Each loan is represented through three complementary amortization models. The "planned model" constructs an amortization schedule based only on original commitment terms and assumes full and timely repayment without deviations. The "perfect compliance" model incorporates observed disbursements and time-varying interest rate benchmarks (for floating-rate instruments) while still assuming payments occur as scheduled. The "actual performance" model integrates observed disbursement and repayment behavior, time-stamped debt stock values, and credit events including arrears, missed payments, and restructuring agreements (e.g., DSSI-related deferrals) to reconstruct each loan's realized trajectory. Together, these models enable comparisons between the repayment burdens implied at signing and the repayment burdens realized over time, and they support consistent aggregation of debt service and debt stock across loans and countries.

The debt stock statistics in this profile are calculated from "actual performance" model outputs and are aggregated across all PPG loans for a given borrower country and calendar year. Figure 1.10 displays the country's outstanding Chinese PPG debt stock by year. This measure captures the estimated balance of loan amounts outstanding at the end of each calendar year across all Chinese PPG loans to the borrower. The measure combines observed debt stock data with modeled amortization schedules and includes both remaining principal and any unpaid interest charges. Figure 1.11 shows the country's annual debt service payments on Chinese PPG loans, including both principal and interest payments. These variables include normal debt service as well as altered payments associated with debt service suspensions and restructuring agreements.

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The insights in this profile are primarily derived from the 1.0 version of AidData's China's Global Loans and Grants dataset and the 2.0 version of AidData's Chinese PPG Loan Performance Dataset, although it also draws upon ancillary data from other sources. CLG-Global 1.0 is a uniquely comprehensive and granular dataset that captures 33,580 projects across 217 low-, middle-, and high-income countries supported by loans and grants from official sector institutions in China worth $2.2 trillion. It tracks projects over 24 commitment years (2000-2023) and provides details on the timing of project implementation over a 26-year period (2000-2025). An accompanying report, *Chasing China: Learning to Play by Beijing's Global Lending Rules*, analyzes the dataset and provides myth-busting evidence about the changing nature, scale, and scope of China's overseas finance program.

For the subset of grant- and loan-financed projects and activities in the dataset that have physical footprints or involve specific locations, AidData has extracted point, polygon, and line vector data via OpenStreetMap URLs and produced a corresponding set of GeoJSON files and geographic precision codes. The GCDF 3.0 geospatial data and precision codes are provided in AidData's Geospatial Global Chinese Development Finance Dataset, Version 3.0 (Goodman et al, 2024).

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