

Russia Cozies Up to Uzbekistan With \$865 Million Debt Write-Off

By [The Moscow Times](#)

December 10, 2014



Russian President Vladimir Putin (L) speaks with Uzbekistan's President Islam Karimov during a signing ceremony in Tashkent, on Dec. 10, 2014.

Russia on Wednesday wrote off \$865 million of debt owed by Uzbekistan as President Vladimir Putin sought to bolster ties between the former Soviet republics during a one-day visit to the country, news agency TASS reported.

The agreement, which was signed in the presence of Putin and his Uzbek counterpart Islam Karimov, freed Uzbekistan from almost all of its \$890 million debt to Russia. Uzbekistan will have to pay just \$25 million, Russian Finance Minister Anton Siluanov said Wednesday.

Presidential aide Yury Ushakov said Wednesday that settling the debt issue will allow Russia to expand sales of arms and military equipment in the country, TASS reported.

In an indication of what other favors Tashkent may be offering in exchange, Putin said

the two sides had agreed to begin "consultations" on a free-trade zone between Uzbekistan and the Russia-led Eurasian Economic Union, TASS reported.

"I want to emphasize that these are just consultations," Putin added.

Signed in May this year, the Eurasian Economic Union agreement between Russia, Belarus and Kazakhstan will come into force from Jan. 1. Purportedly a plan for gradually integrating the three economies, the union in practice has less economic than political value for Russia, which is striving to maintain its influence over the former Soviet republics.

Although firmly in Russia's economic orbit, Uzbekistan has so far kept its distance from the project.

Moscow and Tashkent also agreed Wednesday that Uzbek agricultural producers will have a long-term presence on the Russian market, Putin said.

Russia in August banned imports of a range of food products from the West in retaliation against U.S. and EU sanctions over Russia's role in the Ukraine crisis, creating an opportunity for nearby agricultural producers such as Uzbekistan and Turkey.

Ties with Russia have been more damaging than helpful this year, however. The International Monetary Fund last month said that economic growth in the Caucasus and Central Asia, which includes Uzbekistan, is expected to weaken as a consequence of Russia's own economic slowdown.

Original url:

<https://www.themoscowtimes.com/2014/12/10/russia-cozies-up-to-uzbekistan-with-865-million-debt-write-off-a42158>