



# ACTIVITIES OF THE AIR TRANSPORT SYSTEM OF THE REPUBLIC OF UZBEKISTAN IN PANDEMY : TENDENCIES AND EXPERIENCES

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## ABSTRACT

*The article analyses the level of negative impact of Covid19 outbreak on the air transportation of Uzbekistan on development of national economy and reviews all activities which have been carried out by government for improvement of the aviation sphere. Recommendations and proposals on further development of the aviation industry are developed as well.*

**KEY WORDS:** *Covid-19, International Air Transport Association (IATA), Uzbekistan Havo Yollari (Uzbekistan Airlines), open skies, air hub, Loukosters, air navigation, duty free.*

In Today's Global time integration processes are deepening in the world economy because of increasing globalization. The abandonment of cheap and unskilled labor in the production process and the transition to new innovative technologies are the basis for strengthening interstate economic ties, including exports and imports.

The Covid-19 pandemic could go down in history as one of the biggest challenges of the 21st century. Its consequences have had a serious negative impact on all areas of our lives. International economic relations were not left out either. Experts say the damage to the economy by the coronavirus is the biggest global crisis since World War II. The damage to the global economy by 2020 is estimated at \$ 3.5 trillion. This is twice as much as during the 2008 crisis [1].

The Organization for Economic Co-operation and Development (OECD) predicts that a coronavirus pandemic could cost the global economy \$ 7 trillion by the end of 2021 and reduce GDP by 4.5%. The decline in these indicators may be the highest during the entire observation period. [2].

"The pandemic is costing the world economy about \$ 400 billion a month," he said. To date, the world has lost 500 million jobs. [3].

According to experts, the global aviation industry is one of the most affected areas of the coronavirus pandemic and is experiencing the worst crisis in its entire historical past. According to the

International Air Transport Association (IATA), \$ 252 billion in passenger revenue in 2020 was lost due to the pandemic..

As a result of the policy pursued in recent years by the Central Asian states, including Uzbekistan, to create a zone of security, stability and good neighborliness, mutual trade and the flow of tourists is growing every year.

The fact that our government pays great attention to the development of tourism also means that the development of the transport sector is one of the urgent tasks. Due to the announcement of quarantine in Uzbekistan, from March 16, 2020, international passenger traffic will be suspended, and from March 22, domestic flights will be suspended.

The coronavirus pandemic has shown that some modes of transport are unprepared for the restrictions imposed and have suffered economic losses. At the same time, the transportation of goods has shown steady growth, but the enterprises providing passenger services have suffered greatly, both in our country and globally.

The pandemic has also had a negative impact on Uzbekistan's air transport sector. In particular, during the period of suspension of commercial flights in 2020, Uzbekistan Airways suffered losses.

Uzbekistan Havo Yollari (Uzbekistan Airlines) currently operates 23 international flights, 21 flights to



CIS countries, 16 flights from regional centers to CIS countries and 10 domestic flights.

The formation of air ticket prices depends mainly on the distance traveled. In particular, 26% of the ticket price is spent on aviation fuel, 16% on aircraft maintenance, 26% on airport staff service, 10% on cocktails, 8% on depreciation, 5% is charged for advertising and management, 5% for commissions and fees, and 4% for air navigation services.

According to the report of Uzbekistan Airways for the first half of 2020, the airline's losses for the first six months amounted to 767.7 billion soums out of 1.77 trillion soums [5].

It should be noted that the President of the Republic of Uzbekistan Sh. Mirziyoyev at a meeting on May 25, 2020 on ensuring sustainable operation and sustainable development of the transport sector gave important instructions to properly reform the sector in this situation.

Timely decisions have also served as a great impetus for the continued operation and financial stability of transport enterprises.

At this meeting, the head of state instructed the Ministry of Transport to take the following measures to ensure the sustainable development of the industry:

1) " Development of a business model for Uzbekistan Airways and Uzbekistan Airports to overcome the effects of the pandemic;

2) attracting new carriers to the civil aviation market to develop competition;

3) transfer of Uzbekistan Airways to a reputable foreign company for management;

4) announcement of a tender for modernization of airports, transfer of Andijan, Bukhara, Urgench and Karshi international airports to public-private partnership, etc.

According to experts, the Uzbek government intends to introduce five or six airlines into the country over the next 2-3 years and turn the state airline into a leading airline, and Uzbekistan into an "air hub". Therefore, new Humo Air and Silk Jet airlines have been established. The state is in no hurry to end its long-standing practice of supporting the national airline and is indeed continuing to invest in it.

In addition, if we take the freight sector, then the spread of Covid-19 did not have the same negative

impact on the network as in passenger traffic. In order to ensure timely delivery of goods and prevent a decline in foreign trade turnover, our government has taken a number of measures to divert part of the volume of international road transport to the railway, as well as the development of multimodal transport. The Ministry of Transport has taken measures to reduce the negative impact of the pandemic on the industry and find additional sources of income, as well as optimize costs. In particular, at the height of the pandemic, four Boeing-767 passenger planes were adapted for cargo transportation in order to increase the export of services and revenues of the airline through the efficient use of the existing fleet of Uzbekistan Airways. As a result, using these 4 passenger planes, it was possible to earn an additional \$ 120 million by transporting more than 60,000 tons of cargo a year.

The Uzbek government has announced the Open Skies concept at three airports in the country.

Implementation of this concept, as well as the involvement of transport and passenger traffic at airports, has been hampered by other circumstances not related to the pandemic. Both of these problems prevent foreign Loukosters from operating in Uzbekistan, but negotiations in this area have not yet been suspended. The newly established Ministry of Transport of Uzbekistan plays an important role in modernizing the aviation sector of Uzbekistan. Among the biggest changes was the decision to reorganize Uzbekistan Airways. Two joint-stock companies were established on its basis:

- airport management operator Uzbekistan Airports;

- JSC "Uzbekistan Airways" is responsible for the efficient use of the updated fleet, expanding the geography of flights, improving the quality of service and maintenance of aircraft.

Also, the "Temporary procedure for air and rail services on local routes during the quarantine period" was developed and approved by the Republican Special Commission. Based on this procedure, the requirements and tasks for all participants of air and rail transport, as well as the order of movement of passengers by air and rail were determined to prevent the spread of coronavirus infection during passenger transportation on



domestic routes. Compliance with the quarantine requirements of all (carriers and passengers) in the implementation of these transportations is strictly controlled.

During the pandemic, special attention was paid to the export of domestically grown agricultural products to foreign markets, with the full support of local exporters and the creation of favorable conditions for them. To this end, the Ministry of Transport has established a continuous staff, and during the pandemic measures have been taken to provide practical assistance in the delivery of goods to national exporters and importers, to promptly address emerging problems.

Currently, the expert and the business community are beginning to help discuss the ongoing reforms in our country.

In addition to representatives of the Uzbek aviation market, foreign experts and companies are taking part in the talks. The local airline SilkJet, which plans to become the first low-cost carrier in the country, has submitted its proposals to the Ministry of Transport. The company's initiatives are aimed not only at liberalizing the Uzbek aviation market, but also at developing the real Uzbek aviation industry.:

ensuring equal tariffs and maintenance conditions for national companies;

allowing airlines to use aviation fuel on a sustainable basis, as well as exempting customs duties on aviation fuel imported by resident airlines;

application of a soft and flexible policy of air navigation service fees for resident airlines;

providing the opportunity to sell non-refundable cheap tickets;

reduction of industry fees at airports due to the expansion of non-aviation services (Duty free shops, cafes, bars, restaurants, banking, pharmacy, advertising, paid Wi-Fi, car rental, entertainment industry, etc.).

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At the same time, in order to facilitate the export of products for local businesses, agricultural producers and entrepreneurs engaged in food supply, cargo flights at optimized tariffs on certain routes have been launched. Uzbekistan Airways operates regular cargo flights Tashkent-Navoi-Dubai, Tashkent-Namangan-Moscow, Tashkent-Seoul, Tashkent-Shanghai, Tashkent-Beijing, Tashkent-London. Also, on the basis of received orders, it is possible to operate charter flights on the routes Tashkent-Moscow, Tashkent-Shanghai, Tashkent-Dubai, Namangan-London, Namangan-Seoul, Navoi-Moscow, Tashkent-Novosibirsk, Tashkent-Tianjin. Also, taking into account the epidemiological situation in the world, the Ministry of Transport in cooperation with the World Bank Group is developing action plans and specific implementation mechanisms for the aviation sector in the post-crisis period of the coronavirus pandemic.

One of the important reforms in the transport sector is the liberalization of the transport services market, the gradual reduction of state monopolies and restrictions, the provision of large facilities to foreign investors on favorable terms on the basis of public-private partnership. In particular, from August 1, 2020, the "Open Skies" regime will be introduced, which will provide foreign airlines with the fifth level of "air freedom" at the regional and international airports of the Republic of Karakalpakstan, and the seventh level of "air freedom" for cargo airlines at Navoi and Termez international airports. This creates a basis for potential investors to enter the air transportation market in our country. It is also planned to implement projects to transfer regional airports under the mechanism of public-private partnership in accordance with international requirements.

Measures are being taken to increase aviation revenues through the introduction of car parks, luggage storage rooms, hotels, "Duty Free" and catering services



at the country's airports, as well as to attract cargo flights based on the regional potential of airports.

In order to ensure the implementation of the President's instructions to the Ministry of Transport to accelerate the development of tourism and physical activity of the population, as well as to increase the number of existing flights this year, to open new routes and provide services at airports for foreign airlines. It is planned to increase the number of flights by reducing fares to 50%. In addition, in order to develop domestic routes in our country, relevant work is underway on the launch of flights connecting the cities of the Fergana Valley with cities such as Bukhara and Urgench. Measures have been developed to accelerate international trade operations in the transport sector. A national online portal for export and import operations based on the "single window" principle has been launched.

At the same time, any customer will be able to pay for all types of permits, certificates of origin and phytosanitary certificates by sending an electronic application. With the introduction of these new mechanisms, the total time for processing export documents has been reduced from 174 hours to 96 hours. In short, despite the difficult period of the pandemic in the transport sector, the practical effect of effective reforms and investment programs in this area in the near future will be the provision of quality and competitive logistics and transportation services to all sectors of the economy. we can see that it can make a significant contribution to the dramatic increase in capacity.

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