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ANALYSIS OF THE PARTICIPATION OF UZBEKISTAN IN THE EUROBOND MARKET AND THE EFFICIENCY OF USING THE FUNDS INVOLVED

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ABSTRACT

The concept of this Eurobond and the participation of Uzbekistan in the Eurobond market, the effectiveness of the use of the funds involved and the impact on the economy of Uzbekistan are explained.

KEYWORDS

Eurobond, bond, debt guarantee, market, banking system, modernization.

INTRODUCTION

Eurobonds are international debt documents issued by borrowers (international organizations, governments, local authorities, large corporations interested in receiving money for a long period of time - from 1 to 40 years (mainly from 3 to 30 years)) in any euro currency on the European financial market. credit.

Eurobonds are securities sold on the international stock market. In fact, these are the same bonds denominated in the currency of another country where the issuer is a resident. That is, these are bonds issued in a currency other than the currency of the country where the borrower is located. Contrary to popular belief, these do not have to be securities of foreign

companies, and they do not have to be denominated in euros (besides, they have nothing to do with the euro currency). For example, Gazprom, Sberbank, or Lukoil are Russian corporations that can issue long-term euro bonds in dollars or pounds. They do this constantly, of course, taking into account the norms of Russian law.

Unlike ordinary bonds, Eurobonds are traded on all stock markets. Like any other bonds, bonds can be short-term (term up to 1 year), medium-term (1-10 years) and long-term (from 10 years). Also, like other debt securities, Eurobonds can have different forms of issuance: fixed with a zero coupon or with a variable interest rate, convertible (with the right to exchange for shares or other bonds of the issuer) and not.

Еврооблигации – это международные долговые документы, выпускаемые заемщиками (международными организациями, правительствами, органами местного самоуправления, крупными корпорациями, заинтересованными в получении денег на длительный срок – от 1 до 40 лет (преимущественно от 3 до 30 лет)) долгосрочный кредит в любой валюте евро на европейском финансовом рынке.

Еврооблигации представляют собой ценные бумаги, обращающиеся на международном фондовом рынке. По сути, это те же облигации, номинированные в валюте другой страны,

резидентом которой является эмитент. То есть это облигации, выпущенные в валюте, отличной от валюты страны, где находится заемщик. Вопреки распространенному мнению, это не обязательно должны быть ценные бумаги иностранных компаний, и они не обязательно должны быть номинированы в евро (к тому же они не имеют никакого отношения к евровалюте). Например, «Газпром», «Сбербанк» или «Лукойл» - российские корпорации, которые могут выпускать долгосрочные еврооблигации в долларах или фунтах стерлингов.

В отличие от обычных облигаций, еврооблигации торгуются на всех фондовых рынках. Как и любые другие облигации, еврооблигации могут быть краткосрочными (до 1 года), среднесрочными (1-10 лет) и долгосрочными (от 10 лет). Также, как и другие долговые ценные бумаги, еврооблигации могут иметь разные формы выпуска: бескупонные, с фиксированной или переменной процентной ставкой, конвертируемые (с правом обмена на акции или иные облигации эмитента) и бескупонные.

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Currently, our country is developing economically. The Ministry of Finance of Uzbekistan placed on the London Stock Exchange bilateral sovereign Eurobonds with a total value of 870 million US dollars and Uzbek soums.

Initially, the organizers aimed for 4.25-4.375% for the US dollar tranche and about 14.5% for the soum tranche, but it was reduced during the orders. After the

opening of the order, the demand for eurobonds in US dollars exceeded 2.25 billion US dollars, and in the sum of 350 million dollars. Eurobonds worth 635 million dollars have a 3.9 percent interest rate and a 10-year maturity, while Uzbek soum bonds worth 235 million dollars will be paid in 3 years and will yield 14.00 percent, the ministry added.

Dollar bonds are distributed among investors from the USA (56%), Great Britain (23%), soum denominated in Great Britain (43%) and several other European countries (24%), most of these investors are investment funds. (92%).

"We don't know the value of the tranches yet, last year we issued a tranche worth 2 trillion soums in Uzbek soums. If the demand is good, we will increase the size of the tranche in soums and lower it to dollars. But the total amount of the tranches will exceed 870 million US dollars," said the deputy minister of finance.

Odilbek Isakov reminded that in the State Budget Law of 2021, the maximum amount for newly signed loan contracts is set at 5 billion US dollars, and for attracting debt in the domestic market, it is set at 500 million US dollars. He said that Eurobonds will be within this limit.

"US\$ 3.3 billion (out of US\$ 5 billion) is being allocated for investment projects, and US\$ 1.7 billion is being allocated to cover the budget deficit. We will attract 870 million dollars out of 1.7 billion dollars. Eurobonds, and the remaining 830 million US dollars from

international financial institutions to support the budget," he said.

The Deputy Minister stated that the proceeds from the issuance of international bonds in the national currency will be directed to the financing of the Sustainable Development Goals (SDGs) of Uzbekistan within the framework of the SDG program, that is, the construction of schools, hospitals, water supply, gender promotion. he emphasized.

According to the Ministry, within the framework of the online exhibition "Furahand", which will be held on July 8-9, one-on-one meetings will be held with investors from the USA, Great Britain, Germany, France, Denmark and Switzerland before the placement of Eurobonds.

Regarding the SDG bonds, the Sustainable Development Agenda until 2030 produced by the United Nations includes 17 goals aimed at increasing the socio-economic level of the population.

Investments in the amount of 4.6-6 billion US dollars per year are needed to achieve the country's national SDG. Therefore, in order to attract the necessary funds, the Ministry of Finance launched the thematic practice of issuing bonds, which will allow to attract international investors and achieve the national SDG.

For the first time in its HISTORY, "Uzbekneftgaz" placed Eurobonds worth 700 million dollars on the

London Stock Exchange, the press service of the AK reported.

The demand for Eurobonds of the company was 1.9 billion dollars. As a result, it was decided to lower the interest rate from 5% to 4.75%. More than 120 investors from Great Britain, USA, Germany and Eurasian countries bought international bonds. Bonds are paid for seven years.

The issuance of Eurobonds was authorized by the government's decision on November 3, after Fitch Ratings first assigned a BB-stable outlook credit rating to Uzbekneftgaz in September.

Funds from the placement of Eurobonds were transferred to the treasury account of the joint-stock company "Uzbekneftgaz" in agreement with the Ministry of Finance of the Republic.

It is planned to direct the funds attracted by the bank to the financing of large investment projects of strategic importance in the economy and the development of entrepreneurship. For information: Eurobond is a debt certificate issued for the Issuer in foreign currency and placed among foreign investors through an international syndicate of underwriters.

In short, the Eurobond is a hedge against the depreciation of the national currency. The more respectable the reason for issuing Eurobonds, the higher the confidence in the issuer and the more

favorable the terms of their sale. Eurobonds are one of the most reliable financial instruments, so their buyers are usually financial institutions such as investment companies, pension funds and insurance companies. Eurobonds are placed through specially created syndicates and regulated by national bodies. Rating agencies are of great importance in the Eurobond market, they determine the reliability of financial instruments of a particular country.

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