

Uzbekistan: Traders Protest Over Tax

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Market stallholders say that a large increase in duty on imported goods will drive them to ruin.

The main markets in Uzbekistan's capital shut up shop on July 25 in protest at large increase in customs duties on imported goods, which they claim will put them out of business.

Similar demonstrations were staged in a number of other regional centres. In one protest in the city of Urgench, more than a thousand merchants took to the streets.

The traders are furious over a May 6 decree that requires them to pay a tax equivalent to 90 per cent of the cost of imported goods. "This will simply liquidate us. We can't meet these demands - it leaves us in a hopeless situation," one of the traders told IWPR.

The authorities argue that they are seeking to crackdown on the smuggling of substandard products into the country.

The Independent Organisation for Human Rights of Uzbekistan, IOHRU, has said that the protests - which are unusual in the republic - are a symptom of worsening social and economic problems and show that citizens are reaching the limits of their patience.

Speaking at a cabinet ministers' meeting, President Islam Karimov said, "It is becoming increasingly common for poor quality goods to be smuggled into Uzbekistan using criminal channels and then sold at markets, above all in Tashkent."

Traders at the Otchopar Buyum Bozori market in Tashkent, better known as the Ippodrom, say they are in an impossible situation given Uzbeks' very low purchasing power and the collapse of domestic industry following independence.

Ippodrom trader Olga K told IWPR, "We import what our clients can buy and they cannot afford expensive, high-quality goods. Before we put limits on importing, we need to sort out our own production. People shouldn't have to go naked until our factories start working again."

They insist that they are not seeking to avoid taxes and instead want any government levies to be "realistic and fair".

Traders say they are already paying a monthly sales tax of 90,000 sum - around 72 US dollars - while the rent for their market pitches comes to 28,000 sum for the same period.

After previous increases in duty, such as those imposed in 1998, traders have been able to pass the increases onto shoppers, but they claim that the current economic climate now makes this impossible. Mavjuda Kambarova, a trader who has been working at the Ippodrom market for 10 years, said, "Raising costs by 90 per cent is out of the question."

IOHRU chairman Mikhail Ardzinov believes that the government could not have properly assessed traders' ability to pay the tax when the decree was passed. "Today in Uzbekistan, there is an obvious decrease in the amount of goods traders sell," he said. "This is primarily connected with the downturn in living standards over the last few years. In these conditions, it is inadvisable to raise duties."

He argues that the government is seeking to raise tax to replenish the state budget, solving its own problems at the traders' expense.

Mukhitdin Atashikov, president of the Otchopar Buyum Bozori Public Corporation, the organisation that administers the market, sees nothing wrong with this. "Why shouldn't they, if traders are importing goods illegally. In a normal country they should have to pay for doing so. I don't see anything inhumane in this decree," he said.

Atashikov believes that the strikes were organised by around 50 businesspeople with vested interests and believes things will now settle down.

Kambarova appeared to break ranks with the strikers by setting out her range of bright men's shirts amid almost deserted rows of stalls, but she was surrounded by police and alleges they forced her to do so. "All the people who came to work today did not do so by their own free will," she said.

Kambarova claims that after she made a speech on July 22 in the Tashkent khokimiyat - the municipal assembly - criticising the decree, a policeman visited her home and told her that her behaviour would be discussed at the next meeting of the makhalli - local neighbourhood committee. The trader then received a summons on the eve of the strike from Zakir Ibragimov, prosecutor of the Chilanzar district of Tashkent.

"Ibragimov used foul language and threatened me, 'you better behave yourself', 'you're a stupid woman'," Kambarova writes in a complaint to the minister for internal affairs.

She believes that it will be impossible to both comply with the decree and make her business viable - and no amount of threats will change that.

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