



## AN IMPACT OF PRECIOUS METALS PRICE RISE ON THE COMPANIES IN UZBEKISTAN

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### Abstract

Uzbekistan is one of the countries with a highly developed metallurgical industry. The formation of this industry sector was promoted by rich mineral resources, modern enterprises for their processing and highly qualified engineering and technical personnel. The gap in economic ties caused by the collapse of the former union, the global financial and economic crisis, of course, posed great problems for the republic's metallurgical industry.

**Keywords:** modern metallurgy, technology, gold, zinc, copper, rare metals

### Introduction

The resolution of Cabinet of Ministers of Uzbekistan states that manufacturers of precious metals and other participants in exchange trades may be sellers of precious metals. Manufacturers of industrial products with processing facilities, as well as manufacturers of jewelry and other products can be buyers. The starting price for precious metals will be determined on the basis of the last morning fixing of the London Association of the Precious Metals Market in the national currency of Uzbekistan. The size of the deposit made by sellers and buyers to the Clearing House of the Exchange for participation in exchange trading is percent of the estimated amount of the exchange transaction.

Exchange trades in precious metals will be carried out in accordance with the legislation, the rules of exchange trades and settlement and clearing services. Acquired at exchange trading precious metals are not subject to sale for export. In addition to the Almalyk and Navoi MMC, legal and physical persons will be able to mine precious metals starting from March 1, 2019. Moreover, those without a legal entity will be able to carry out prospecting activities for the extraction of precious metals on the basis of a license for the right to use subsurface resources. They will be issued by the State Committee on Geology and Mineral Resources for a period of 3 years following the results of the electronic auction. The total period for holding auction and issuing a license, including all procedures, cannot exceed 10 days. It does not require obtaining a separate license for the right to mine precious and rare-earth metals, precious stones. Miners will be provided with subsoil plots, including alluvial gold deposits, the size of which does not exceed 1 hectare. The starting price for the right to use subsoil will be 7.5 million soums. The extracted precious metals can be sold to the Navoi and Almalyk mining and metallurgical enterprises, as well as legal entities and individual entrepreneurs licensed to manufacture jewelry. The miners are exempt from paying all types of taxes and other obligatory payments in terms of carrying out activities for the extraction of precious metals. Uzbek Commodity Exchange was established in 1994 and, currently, is the largest trading platform in Central Asia. Its structure includes 134 branches and 200 trading platforms in which 800 brokerage houses provide services to clients.



Uzbekistan annually produces more than 80 tons of gold. Despite the global financial and economic crisis, gold prices are constantly increasing. Currently, the price of an ounce of gold is more than 1714 US dollars. In the future, this price will only increase. This is due to the fact that the American dollar, as a world currency, is losing its position and more and more operations are carried out in gold equivalent. In such an environment, an increase in gold production would be highly desirable. However, the current level is likely to remain in the republic. The main gold producers in the republic are Navoi (NMMC) and Almalyk mining and metallurgical plants (AMMC). The main gold producer - NMMC is unlikely to be able to increase production, as reserves of the main supplier of gold-bearing ores, the Muruntau mine, are continuously decreasing. To maintain the current volume of production, it is necessary to introduce new capacities that are significantly inferior to a career. The republic has all the necessary conditions for this, as Several hundred gold-bearing ores and ore occurrences have been discovered. AMMC is also unlikely to be able to increase gold production, as it is a passing element in copper production. An increase in the proportion of gold-containing quartz fluxes can lead to difficulties in the copper industry. Therefore, the main direction of modernization and technical re-equipment of plants will be the localization of production and the reduction in the cost of redistribution. Zinc is produced at the AMMC Zinc Plant. The plant capacity is 110 thousand tons per year. Due to the lack of raw materials, the plant is currently operating at 15% capacity. Currently, the tolling plant processes imported zinc concentrates from the CIS countries and other foreign countries. Previously, ore from three mines was supplied to the plant: 1) Kurgashikan mine (Almalyk); 2) Altyn-Topkan mine (Republic of Tajikistan) 3) Uch-Kulach mine (Jizzakh region). The Kurgashinkan field is currently developed and closed. The Altyn-Topkan deposit is located in another republic and no ores are supplied to Uzbekistan. This field is closed and is not being developed. The Uch-Kulach mine is closed because ore with a total lead and zinc content of 4-5% was transported from this mine to Almalyk, which causes high transportation costs. In order to localize production and partially provide raw materials for the AMMC zinc plant, the Khondiza deposit is being developed in the republic and a lead-zinc concentration plant is being built in Surkhandarya region.

Uzbekistan is experiencing great difficulties in meeting the country's demand for lead. There is no lead plant in the republic. The Ministry of Defense needs lead in the electric cable industry and in the production of batteries. Earlier, until 1992, the Republic received metal from the Shymkent plant, sending lead concentrate obtained in Uzbekistan there for processing. Now this relationship is broken. Tungsten and molybdenum in Uzbekistan were produced in the Uzbek refractory and refractory metals plant (One of filial of AMMC, UzRRMP) located in Chirchik. Currently, the plant operates only in the production of molybdenum, with a capacity of only 10-15% of the design. The main reason for the lack of raw materials. Previously, 85% of raw materials came from Russia and only 15% from Almalyk in the form of copper-molybdenum industrial product. The tungsten production line is completely closed, although the Republic is experiencing an acute shortage of this metal. The main reason for the lack of raw materials. The Ingichka mine, which is on the balance sheet of UzRRMP, is closed for economic reasons. This is due to the fact that ore was brought to Chirchik, and the plant had large expenses for its transportation. The city of Bekabad operates the only steel plant in Central Asia for the production



of steel. Production capacity of 2 million tons per year. Now the plant produces 500 - 650 thousand tons of steel per year. The republic's demand for steel is 2 million tons, and taking into account exports to Afghanistan and Iran, the demand increases to 3 million tons per year. The main difficulty is the lack of raw materials. The plant operates entirely on recycled materials - scrap metal. At the same time, Uzbekistan has large reserves of iron that are not used. These are sources such as: 1) wastes of AMMC and NMMC from which 150-200 thousand tons of iron per year can be extracted by simple technological methods; 2) the Tebinbulak ore deposit in the Republic of Karakalpakistan; 3) Temirkan field in the Jizzakh region; 4) Surenata field in the Tashkent region. By mastering these deposits, it is possible to organize the production of steel at 2-3 million tons per year, thereby meeting the demand of the domestic and foreign markets and localizing production, which will accordingly lead to a reduction in the cost of production. The development of copper metallurgy in recent years is characterized by an increase in the complexity of the use of raw materials, the increasing use of oxygen in pyrometallurgical and hydrometallurgical processes, and the creation of mechanized and automated continuous production.

## References

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