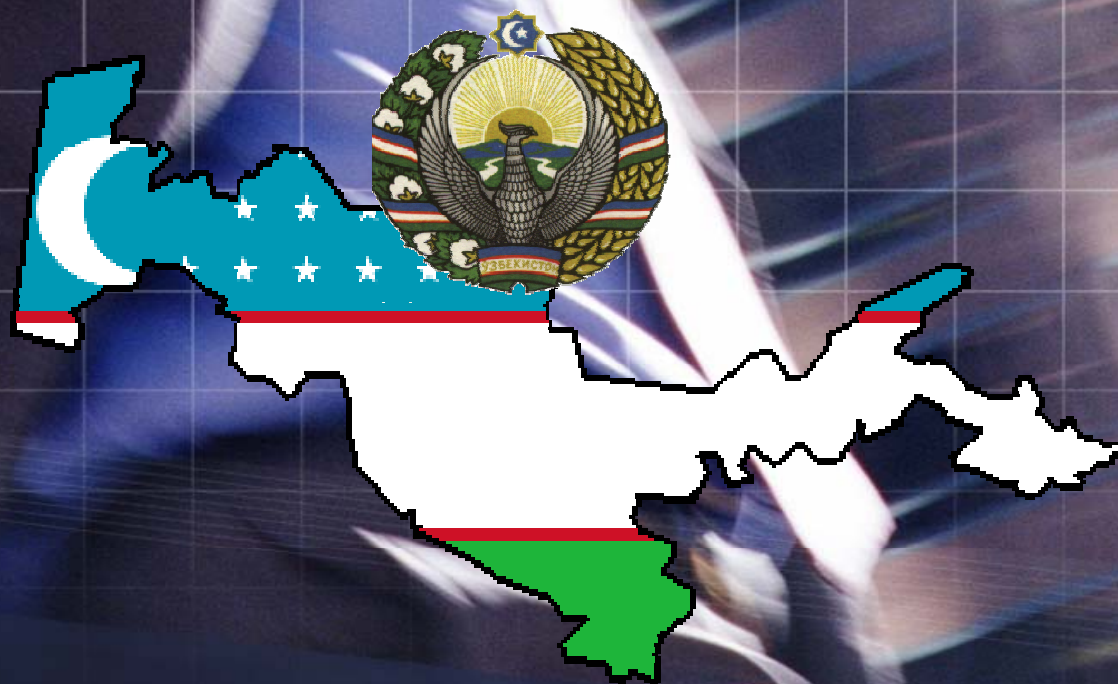


01.10.2009



# INVESTMENT CLIMATE OF THE REPUBLIC OF UZBEKISTAN

Tashkent - 2009



Uzbekistan is in the heart of Central Asia, which connects all basic transport routes of the region

[2]





# Why invest in Uzbekistan?

[3]

- **Political stability**  
Uzbekistan is, first of all, political stability, it is confidence in tomorrow and consistency of reforms in all spheres of public and political life. This is a country, where representatives of more than hundred nationalities and dozens of religious views live in peace and agreement
- **Rapidly developing economy and infrastructure**  
Uzbekistan is a leading industrial state in Central Asia, where volume of economy for the last six years has grown by 45 per cent, industrial manufacture - 1,6 times, agricultural manufacture - 1,5 times, foreign trade - 1,7 times, gold reserves - 3,7 times, the rates of growth of GDP for the last two years are kept at the level of 9 per cent.
- **It is a transport infrastructure** consisting of rail roads, total length of 6,5 thousand kilometers, 43,5 thousand kilometers of highways and advanced system of air communications, ensuring connection of the most remote regions of the country with the major centers, access to the basic mineral and raw resources and international transport systems.
- **This is a country, where 48 billion kWt per hour of the electric power** is developed annually and more than 10 million Hcal of a thermal energy, that not only completely satisfies demand of economy and population of the country, but also allows to direct a part of developed power resources on export.



## Why invest in Uzbekistan?

[4]

- **The favorable tax politics of Uzbekistan** - it is the 10 per cent rate of the tax on the incomes of the legal persons; privileges given for the foreign investors including tax exemption on property, incomes and customs duties.
- **The convenient geographical location**  
Uzbekistan is an intersection of Central Asia, that creates favorable conditions for development of regional cooperation, participation in regional projects of development of transport corridors. It is a zone of free trade with the countries of CIS
- **The rich mineral and raw resource base**  
Uzbekistan is one of the leading countries of the world on reserves of gold, uranium, silver, zinc, rare metals, natural gas, coal and other minerals.



## Why invest in Uzbekistan?

[5]

- **Highly qualified labor**  
Uzbekistan is a highly skilled personnel, 99.8 % literacy of the population for 4 generations, where every fourth has advanced or special education - that level with the most developed countries in the world.
- **The best place for residing**  
Uzbekistan has excellent climate, natural landscape, hospitality, infrastructure for tourism (hotels, international airports).  
This is a country, in which the high quality of life is provided with minimal living costs.



## Indicators of investment activity

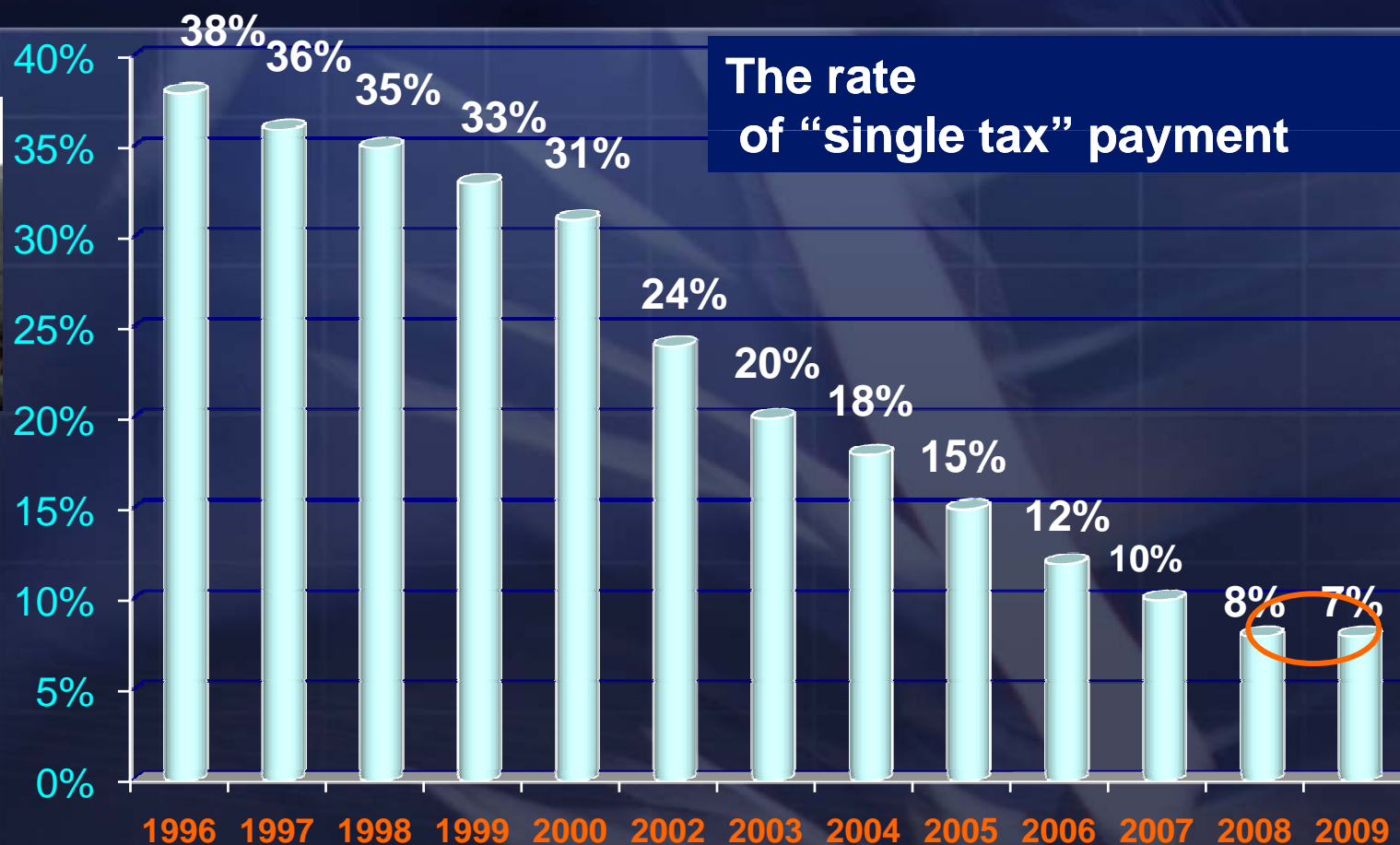
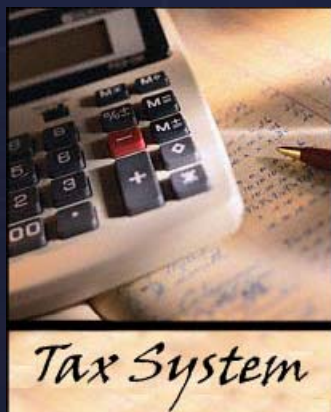
[6]

- In 2008 investments in the amount of 4,6 billion U.S. dollars were implemented, an increase of 46 % from 2007, 74.0 percent of which were direct investments.
- Despite the ongoing global crisis, in 2009 the volume of foreign investment in the economy increased to 1 billion 800 million dollars, of which over three quarters are direct investments.
- 54 % of all the investments consist of the funds of businesses and people, which once again confirms the correctness of the country tax policies aimed at reducing the tax burden and stimulating the investment activity of business entities.



# I. Liberal tax system

[7]





## The major taxes concerning activity of the foreign investors, are the following

[8]

1. The tax to the income (profit) of the legal persons
2. VAT
3. The tax to the incomes of individuals and others deductions from the income
4. The customs duties
5. Other taxes and collections (in particular, tax for usage, excise tax, tax on property, ground tax, tax for usage of water resources and other local taxes and collections).



## The major taxes and the collections in the Republic of Uzbekistan

[9]

No	The name of the tax	Taxed object	The rate of the tax, per cent
1	THE TAX ON THE INCOME	Legal person	10,0
		For the exporting enterprises, at which the share of export of goods, jobs, services, own manufacture for the hard currency makes:	
		From 15 up to 30 % in total amount of realization the established rate is reduced on 30 %	
		From 30 % and more than percents (interests) in total amount of realization the established rate is reduced in 2 times	
2	THE TAX TO PROPERTY	The legal person	3,5
		For the enterprises - exporters, at which the share of export of goods of jobs, services of own manufacture for the hard currency makes:	
		From 15 up to 30 % in total amount of realization the established rate is reduced on 30 %	
		From 30 % and more than percents (interests) in total amount of realization the established rate decreases 2 times	
3	THE TAX TO an ACCOMPLISHMENT And DEVELOPMENT of a SOCIAL INFRASTRUCTURE	The legal person	The limiting rate of the tax - 8 % from the pure (clean) profit of the enterprise
4	UNIFORM TAX PAYMENT	Microfirms and small enterprises	8,0
5	VALUE ADDED TAX (VAT)	The legal person	20,0



## II. Inexhaustible labor resources

[10]

- The population of the Republic - 27 million people
- 100 per cent literacy of the population
- Every fourth person has advanced or higher-special education
- About 70 per cent of the population is in the age of 16 to 35 years old



### III. Advanced transport system

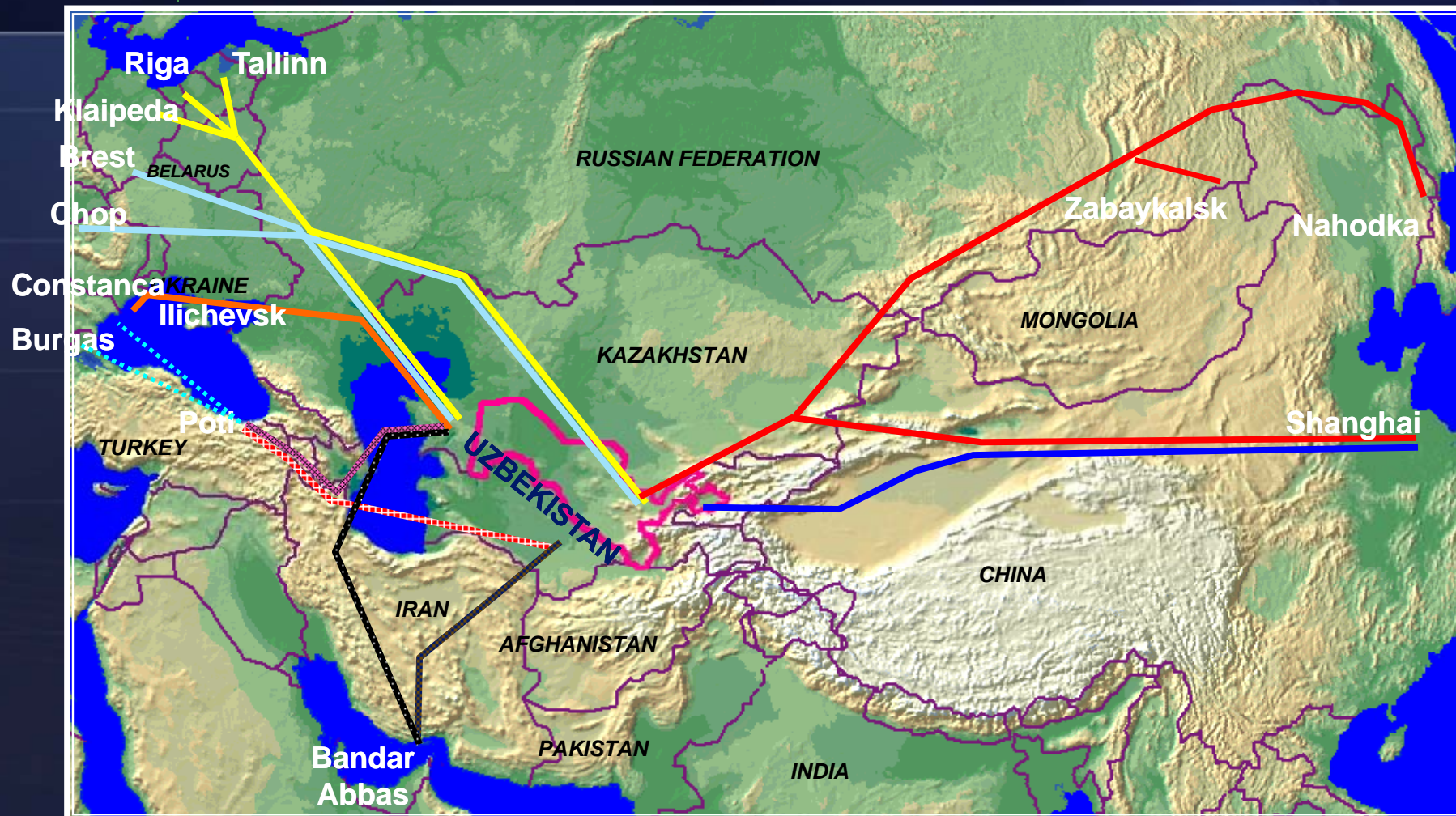
[11]





# THE MAJOR TRANSPORT ROUTES

[12]





## IV. Low cost of energy and public utilities

[13]

Type of Service	Unit	Cost, USD (CURRENCY RATE AS OF 22.09.2009)
Electrical energy	1 kW	0,05
Natural gas	1 cubic metre	0,05
Cold water supply	1 cubic metre	0,4
Type of fuel (average):		
Ai-95 (premium motor fuel)	1 liter	0,8
Ai-80 (medium motor fuel)	1 liter	0,6



## V. The basis for legal regulation of foreign investments in the Republic of Uzbekistan

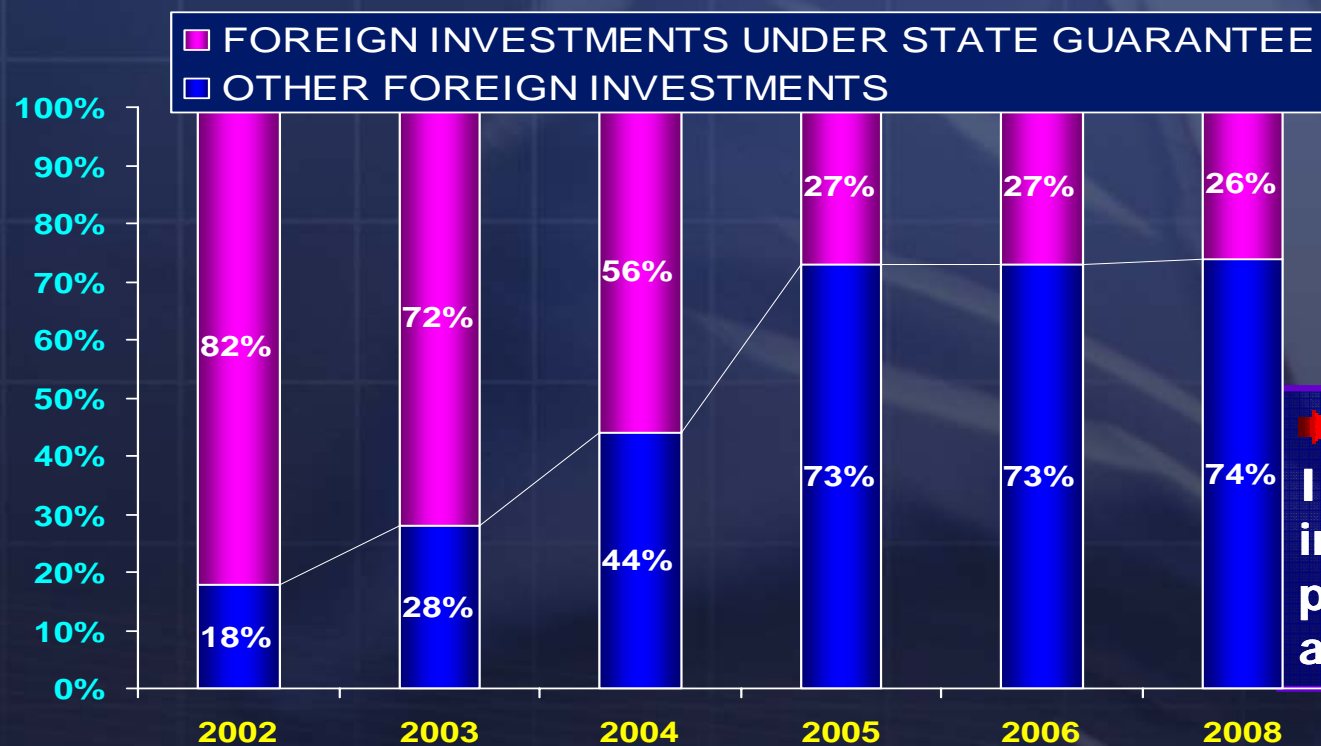
[14]

- Law «On foreign investments»;
- Law «On investment activity»;
- Law «On guarantees and protection measures of the foreign investors' rights»;
- Law «On protection of investors' rights in the stock market»,
- also several regulatory acts, in the form of Presidential Decrees of the Republic of Uzbekistan and governmental regulations



# FOREIGN INVESTMENTS IN UZBEKISTAN

[15]



During the last 6 years Inflow of foreign investments increased practically **10 times** and amounted **USD 2,5 billion**

Today more than **3500** joint ventures and foreign companies work in the Uzbek market, including well-known transnational corporations.



# INVESTMENT LEGISLATURE

[16]



**About foreign investments**



**About investment activity**



**About guarantees and protection measures  
of the foreign investors' rights**



**About protection of investors' rights in the  
stock markets**



# GURANTEES FOR FOREIGN INVESTORS

[17]

- Stability of the legislature within 10 years;

- Foreign investments and other asstes of foreign investors in the Republic of Uzbekistan are not subject to nationalization;

- Free transfer of funds in foreign currency into the Republic of Uzbekistan and from it without any restrictions



# PRIVILEGES FOR FOREIGN INVESTORS

[18]



Revenues of a foreign investor, earned in the Republic of Uzbekistan, can be reinvested in the territory of the Republic of Uzbekistan or used in any other way, at the discretion of the foreign investor;



# GURANTEES FOR FOREIGN INVESTORS

[19]



return of foreign investments in connection with the cessation of investment activities;



Insurance protection and guarantees from political and other risks



# PRIVILEGES FOR FOREIGN INVESTORS

[20]



unprecedented tax privileges, especially reduction of interest rate and total exemption of the investor up to 7 years from payment of income tax depending on the volume of investments



Exemption of the investor from payment of VAT and customs duties on imported technological equipment for realization of the project



# PRIVILEGES FOR FOREIGN INVESTORS

[21]



Exemption for certain period from payment of land-tax



privileges are offered for exporting companies



# PRIVILEGES FOR FOREIGN INVESTORS

[22]

On March 14 of the current year President of the Republic of Uzbekistan issued a special decree in order to stimulate modernization, technological reequipment of the production

➡ to decrease **within 3 years** tax base to the amount equivalent to expenses for modernization, technical and technological reequipment of the production,

➡ exemption for the period of **5 years** from property tax on technological equipment newly introduced into use.



**Thank you for  
your attention!**