



Ministry of Investments  
and Foreign Trade of the  
Republic of Uzbekistan

# INVESTMENT GUIDE **UZBEKISTAN**







## Acknowledgment

The Investment Guide Uzbekistan is intended as a useful resource for potential investors interested in Uzbekistan. This publication provides comprehensive insights into the country's key economic and business conditions, investment processes, taxes, as well as accounting, legal and labor issues. It aims to facilitate the discovery of untapped sectoral opportunities to start a business in Uzbekistan.

This publication was prepared by the Ministry of Investments and Foreign Trade of the Republic of Uzbekistan, with the technical and financial assistance of the Japan International Cooperation Agency (JICA). PricewaterhouseCoopers (PwC) was appointed as a technical advisor in developing this publication. A number of governmental and non-governmental organizations contributed to this publication by providing valuable feedback and reviewing the investment guide.

## Disclaimer

All the data included in this publication was obtained from official and publicly available sources and is for information purposes only. Moreover, it may not reflect the most current legal developments and statistics. The views expressed in this publication are those of the author and do not necessarily reflect the views of JICA or PwC. Before making specific investment decisions, it will often be necessary to refer directly to the country's most current laws, regulations and legal decisions, and to seek the appropriate professional advice.

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## **Sardor U. UMURZAKOV**

*Deputy Prime Minister,  
Minister of Investments and Foreign Trade of the Republic of Uzbekistan*

I am pleased to present the Investment Guide Uzbekistan with the launch of the Tashkent International Investment Forum 2022, a new platform conveying the investment potential of the Republic of Uzbekistan to the international investment and business communities. The Guide provides the latest information on ongoing economic reforms, business opportunities in various sectors, and the country's enhanced investment climate and transparency to assist investors in making sound investment decisions.

Despite the pandemic, the economy of Uzbekistan maintained growth in 2020 and rebounded sharply in 2021. To further enhance the economy and to advance ongoing reforms, President Shavkat Mirziyoyev, in January 2022, approved the "Development Strategy for New Uzbekistan for 2022–2026." The strategy calls for Uzbekistan to obtain upper-middle-income status by 2030 through accelerating reforms in all areas of the economy and attracting further domestic and foreign investments.

Uzbekistan is determined to continue improving its investment climate and actively attract foreign direct investments which contribute to the country's sustainable development. The private sector is the driving force of the economy, and Uzbekistan actively invites and stands ready to support investors to explore new business opportunities in various sectors, including oil and gas, energy, manufacturing, agriculture, ICT, finance, education, healthcare and others.

Reforms in Uzbekistan have become irreversible. Uzbekistan continues to implement market principles in the economy and creates a favorable environment for turning business ideas into successful investments.

We are grateful for the technical and financial assistance of the Japan International Cooperation Agency (JICA) in publishing this Investment Guide Uzbekistan.



Japan International Cooperation Agency (JICA) began its cooperation with Uzbekistan in 1993 and opened its first overseas office in the CIS in Uzbekistan in 1999. Since then, our collaboration has expanded across several areas, with a particular focus on infrastructure development, institution-building for the transition to a market economy, and restructuring of the social sector.

To achieve the important goal of institution-building, JICA has long been committed to working with the government to improve the country's investment environment and promote public-private partnerships and private investments conducive to sustainable development in the country. JICA recognizes the importance of partnering with the private sector and selected Uzbekistan as one of its priority countries for the Private Sector Investment Finance scheme in 2021. This allows us to directly finance private-sector-led projects addressing acute socio-economic issues.

It is our aim that the Investment Guide Uzbekistan, released on the 30th anniversary of the establishment of diplomatic

relations between Uzbekistan and Japan, will serve as a useful resource for potential investors, and Uzbekistan's business communities more broadly, in making sound investment decisions. We hope that it will contribute to the government's economic reform efforts and liberalization of the economy, in line with the agenda of the recently adopted Development Strategy of New Uzbekistan 2022–2026.

This publication is the result of a fruitful collaboration among the Ministry of Investments and Foreign Trade of the Republic of Uzbekistan (MIFT), the Strategic Development Agency (SDA), the Investment Promotion Agency under MIFT (UzIPA), the Chamber of Commerce and Industry of Uzbekistan (CCI), PricewaterhouseCoopers (PwC), and JICA. We all hope that this guide will facilitate the mobilization of investments toward contributing to the economic and social development of Uzbekistan, and that every reader will find something useful and enlightening in the guide.

**Dr. Suguru MIYAZAKI**  
Chief Representative,  
JICA Uzbekistan office





# Table of contents

## Introduction

Foreword from the Government of Uzbekistan .....	01
Foreword from JICA .....	02
Government institutions promoting investment .....	04
Abbreviations .....	05

## ● Country snapshot

● Why invest in Uzbekistan .....	08
● Country overview and transport logistics .....	09
● Progress of reforms .....	10
● Macroeconomic growth and stability .....	12
● Human capital .....	13
● International trade .....	14
● Special economic zones and cost of doing business .....	16

## ● Sectors in Uzbekistan

● Agriculture .....	18
● Oil and gas .....	19
● Energy .....	20
● Manufacturing:	
● Food processing .....	21
● Textile, leather and silk .....	22
● Chemicals .....	23
● Pharmaceuticals .....	24
● Construction materials .....	25
● ICT .....	26
● Finance .....	27
● Education .....	28
● Healthcare .....	29

## ● Establishing and running a company

● Establishing a company .....	32
● Public-private partnerships .....	35
● Privatization .....	37

## ● Taxes, customs and accounting

● Tax regime .....	40
● Customs regulations .....	41
● Tax and customs incentives .....	42
● Accounting and auditing requirements .....	44

## ● Legal matters

● Investment-related laws .....	46
● Intellectual property rights .....	47
● Dispute settlement .....	48

## ● Labour and human resources

Labor and human resources .....	50
---------------------------------	----

Appendix .....	52
----------------	----

# Government institutions and organizations promoting investment

The government promotes Uzbekistan as a viable and attractive investment destination and assists investors through collective inter-governmental coordination and partnerships with various stakeholders.

MIFT is the state body authorized to regulate investment and trade nationwide. SDA established in 2021 with its council chaired by the President handles the development of strategies and policies to increase global competitiveness of the country, such as those related to improving the investment climate and global rankings, while UzIPA provides

foreign investors with comprehensive support as a first contact point. Ministries in Uzbekistan assist investors with sector-specific projects and public-private partnerships (PPPs) serving as public-sector partners.

Outside of government, CCI represents the Uzbek private sector in investment and trade, advocating for its members' legitimate rights and interests. More than 60 industry associations are available in the country to help their members through all stages of establishing and running a business.

## Ministry of Investments and Foreign Trade (MIFT)

The MIFT is responsible for the implementation of unified policies, coordination of the activities of state bodies and other organizations, and promotion of Uzbekistan in the field of investment and trade.

## Strategic Development Agency (SDA)

The SDA is responsible for overarching issues with respect to enhancing global competitiveness and investment climate of the country with the council chaired by the President of Uzbekistan.

## Investment Promotion Agency under MIFT (UzIPA)

The UzIPA promotes Uzbekistan as an attractive investment destination, providing information and essential services for investors as a first contact point. For any inquiries, please visit its [website](#).

24 Ministries responsible for different sectoral and policy matters

Uzbek embassies and consulates in foreign countries

## Chamber of Commerce and Industry (CCI)

The CCI assists business entities and its members as a non-profit body, aiming to strengthen links in the community, attract investments, and support interactions with state authorities.

Over 60 industry associations from various sectors



# Abbreviations

Abbreviations	Description
BCU	Basic calculation unit
BIT	Bilateral investment treaty
CBU	Central Bank of the Republic of Uzbekistan
CCI	Chamber of commerce and industry of Uzbekistan
CIS	Commonwealth of Independent States
CIT	Corporate income tax
CPS	Centre of Public Services
EBRD	European Bank for Reconstruction and Development
EIB	European Investment Bank
EPC	Engineering, Procurement and Construction
E-visa	Working (employment) entry visa
FDI	Foreign Direct Investment
FEZ	Free Economic Zones
GATT	General Agreement on Tariffs and Trade
GDP	Gross Domestic Product
GMP	Good Manufacturing Practice
GSP	Generalised Scheme of Preferences
ICSID	International Centre for Settlement of Investment Disputes
ICT	Information and Communication Technologies
IFIs	International Financial Institutions
IFRS	International Financial Reporting Standards
IMF	International Monetary Fund
IP	Intellectual property
IP agency	Intellectual Property Agency under the Ministry of Justice of the Republic of Uzbekistan
IPO	Initial public offering
ICSC	International Civil Service Commission
JSC	Joint stock company
Law on investments	Law of the Republic of Uzbekistan on Investments and Investment Activities
LLC	Limited liability company
MELR	Ministry of Employment and Labour Relations of the Republic of Uzbekistan
MIFT	Ministry of Investments and Foreign Trade of the Republic of Uzbekistan
NAS	National Accounting Standards
PE	Permanent establishment
PPP	Private-Public Partnership
PPFDA	PPP Development Agency under the Ministry of Finance of the Republic of Uzbekistan
PPP law	Law of the Republic of Uzbekistan on Public-Private Partnership
Privatization law	Law of the Republic of Uzbekistan on "Denationalization and Privatization"
PSA	Production Sharing Agreement
SCS	State Committee of the Republic of Uzbekistan on Statistics
SDA	Strategic Development Agency of the Republic of Uzbekistan
SEZ	Special Economic Zone
SoE	State-owned enterprise
SPO	Secondary Public Offering
TIAC	Tashkent International Arbitration Centre
USD	United States Dollar
UzSAMA	State Assets Management Agency of the Republic of Uzbekistan
VAT	Value Added Tax





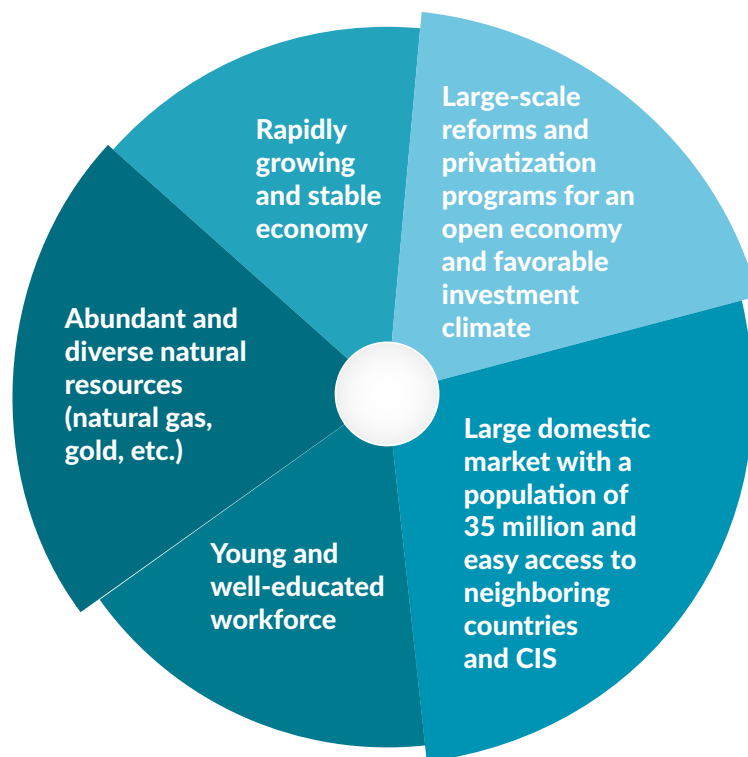


# 1

## Country snapshot

- Why invest in Uzbekistan?
- Country overview and transport logistics
- Progress of reforms
- Macroeconomic growth and stability
- Human capital
- International trade
- Special economic zones and cost of doing business

## 1.1 | Why invest in Uzbekistan?



Uzbekistan sits on the ancient Silk Road, strategically located at the crossroads between Europe and Asia. It is one of the fastest-growing economies in Central Asia: Despite the COVID-19 pandemic, the country's GDP grew by 1.9% in 2020, with a subsequent strong recovery of 7.4% in 2021, according to the State Committee of the Republic of Uzbekistan on Statistics (SCS). The country, whose population totals 35 million, represents a large market for various goods and services, as well as a gateway to the markets of Commonwealth of Independent States (CIS)<sup>1</sup> and neighboring countries.

Large-scale political and economic reforms

have been ongoing in Uzbekistan since President Shavkat Mirziyoyev's election in 2016, which have led to a more open, market-oriented economy and a more favorable investment climate, amid efforts for the privatization of major state-owned enterprises.

Uzbekistan holds abundant reserves of natural gas and of gold, uranium, silver, copper, and many other minerals. This provides multiple viable investment opportunities, and cushions the country's macroeconomic stability. The country possesses a young and qualified labor force and offers a variety of tax and customs incentives and facilities for cost-effective investment and trade.

<sup>1</sup> Commonwealth of Independent States (CIS) is an interstate regional organization that unites 11 independent states following the dissolution of the Soviet Union in 1991, which comprises of 9 member states: Armenia, Azerbaijan, Belarus, Kazakhstan, Kyrgyzstan, Moldova, Russia, Tajikistan and Uzbekistan, as well as 2 associate members: Ukraine and Turkmenistan.



## 1.2 | Country overview and transport logistics

Official name	Religion
Republic of Uzbekistan	Islam - 88% (mostly Sunni), Eastern orthodox - 9%; other - 3%
World region	Geography
Central Asia	Double landlocked country (50% desert, 20% mountain)
Capital	Currency
Tashkent	Uzbek soum (1 USD = 10 837 UZS as of January 1 <sup>st</sup> , 2022)
Population	Ethnicity
35.3 millions (as of January 1 <sup>st</sup> , 2022)	Uzbek - 83,8%, Tajik - 4.8%, Kazakh - 2.5%, Russian - 2.3%, Karakalpak - 2,2%, Tatar - 1,5%, other - 4,4% (2017)
Area	Climate
448.900 km <sup>2</sup>	Continental; annual rainfall: 243 mm; temperature: 42 to 47 °C (high), -11 to -2 °C (low)
Altitude	River system
Lowest point: Saryqamish Kuli - 5 m Highest point: Beshtor peak - 4299 m	Major rivers: Amudarya, Syrdarya, Zarafshan, Surkhandarya and Chirchiq
Literacy rate	Life expectancy at birth
100% (2019)	73,4 years (2020)
Language	Form of government
Uzbek (official language), Russian (widely used), English (increasingly used in large cities)	Uzbekistan is a presidential constitutional republic, in which the president is the head of state. The Cabinet of Ministers is led by the Prime Minister.

Sources: State Committee of the Republic of Uzbekistan on Statistics (SCS) (2022); World Development Indicators (2021)



**Railways and Roads:** According to SCS, the total length of railways in Uzbekistan was 4,732.8 km in 2021. Railways have the highest volume of foreign freight, accounting for 39.1 million tonnes (79% of total foreign freight). High-speed passenger trains, Afrosiyob (Talgo), are operating along the Tashkent, Samarkand, and Bukhara routes, connecting Tashkent and Samarkand in about two hours. The total length of Uzbekistan's automobile road network was 184,000 km in 2021. Road transport of foreign freight accounts for 10.4 million tonnes (21% of total foreign freight).

Uzbekistan is connected with international markets through several land routes. The largest route in terms of cargo volume is the East route, linking Uzbekistan with the seaports of Far East Russia (Vladivostok) and China (Shanghai) via Kazakhstan. Construction of a railway via Kyrgyzstan to China—the Uzbekistan-Kyrgyzstan-China railway—is presently under negotiation, as it would provide a shorter route to China than the

Kazakhstan one. The North and West routes connect Uzbekistan with Russia (Moscow), and Europe via the Caspian Sea and the Caucasus. The South route provides access to seaports in Iran (Chabahar) via Turkmenistan, and in Pakistan (Karachi, Gwadar and Qasim) via Afghanistan by road. A feasibility study is being prepared on the Trans-Afghan railway connecting Uzbekistan with Pakistan's major seaports via Afghanistan.

**Airports:** Uzbekistan has 11 airports, having served 5.4 million passengers and 82 thousand tonnes of cargo in 2021 (0.1% of the total foreign freight). Tashkent Islam Karimov International Airport is the largest airport in the country, serving approximately 4.5 million passengers with a terminal capacity of 1,200 passengers per hour. Samarkand International Airport, a tourist hub, is the second largest airport, with a terminal capacity of 400 passengers per hour. A new terminal opened in March 2022, which is expected to increase the airport's capacity to 1,000 passengers per hour.



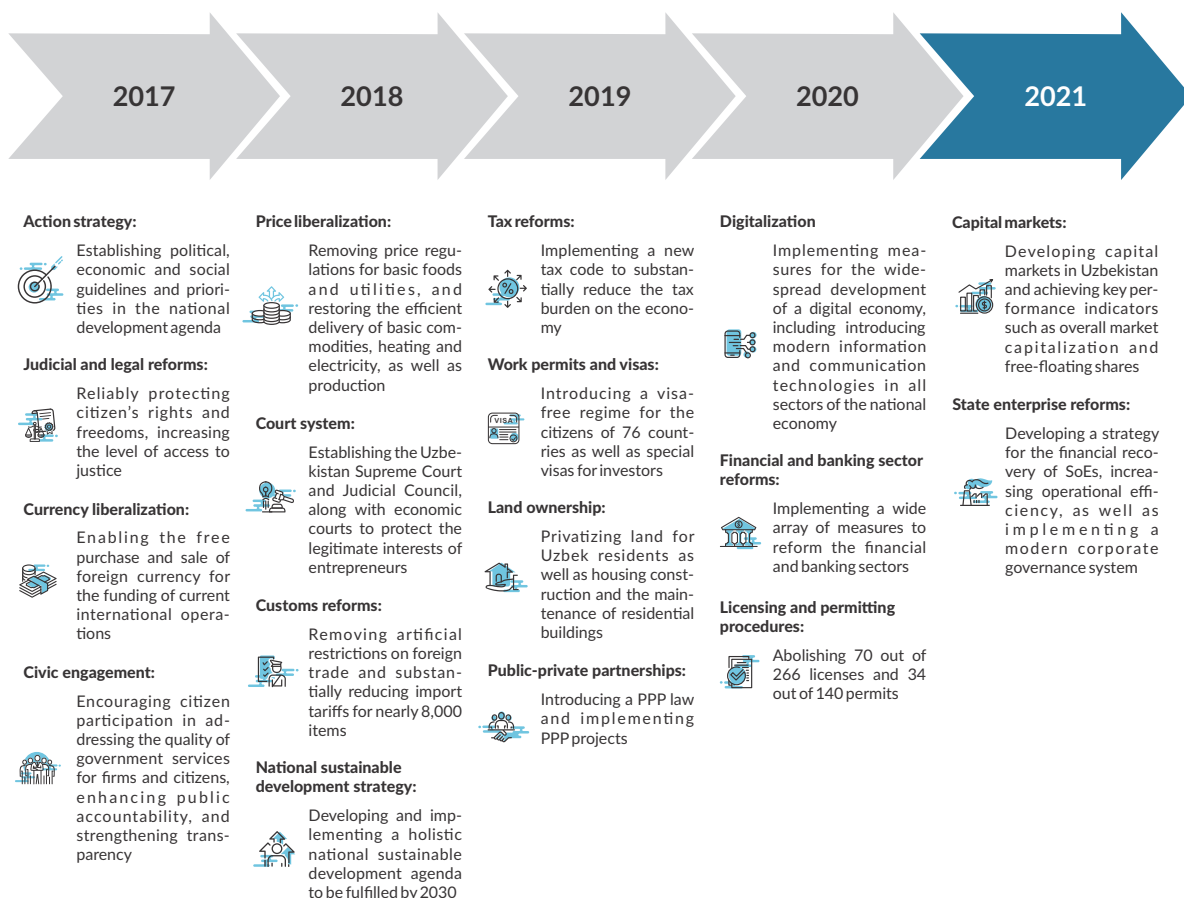
## 1.3 | Progress of reforms

Economic reforms in Uzbekistan have accelerated since 2017, when the government adopted a five-year development plan: the Action Strategy for 2017–21. The strategy aimed to liberalize the Uzbek economy. It designated the private sector as a key driver for the country's economic growth and target to become an upper-middle-income country by 2030.

The government initiated several key reforms in implementing the Action Strategy, including:

- Liberalization of the foreign exchange market and unification of multiple exchange rates;
- Changes to the tax and customs system;
- Development of public-private partnerships;
- Reforms in the financial and banking sectors and privatization of state-owned enterprises (SoEs);
- Establishment of a more competitive environment in various sectors of the economy;
- Enhancement of mutually beneficial cooperation with neighboring countries.

### Key reforms initiated (2017–2021)



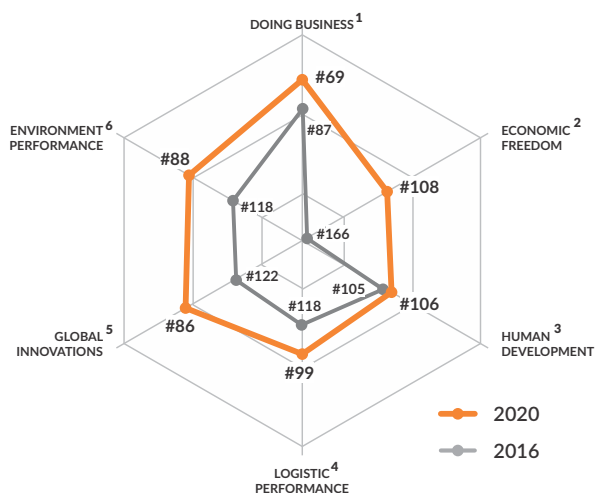
The country achieved notable progress in structural transformations, improving investment climate, and ensuring more free, transparent and level playing field for the entrepreneurs. Due to the strong political will and determination for economic liberalization over the last five years, Uzbekistan is improving its position in international rankings on investment climate and doing business, despite the negative consequences of the COVID-19 pandemic.

In 2022, the government adopted a new national development strategy - "Development Strategy of New Uzbekistan for 2022-2026". The strategy envisages to attract \$120 billion investments in the next five years, including foreign investments of \$70 billion with a focus on the power, transportation, healthcare, education, green economy, utilities and water management.

Other initiatives related to investments and businesses in the strategy include:

- Reforms in the agriculture sector and land use.
- Reforms in the education and healthcare sectors.
- Digitalization of the economy.

#### Performance of Uzbekistan in various international rankings in 2016 and 2020



Source:

1. World Bank (2016/2020)
2. The Heritage Foundation (2016/2021)
3. UNDP (2016/2020)
4. World Bank (2018/2020)
5. WIPO (2016/2020)
6. Yale University (2016/2020)

- Liberalization of trade regime and possible accession to regional customs unions and WTO.
- Implementation of far-reaching privatization programs and reforms on state-owned enterprises.

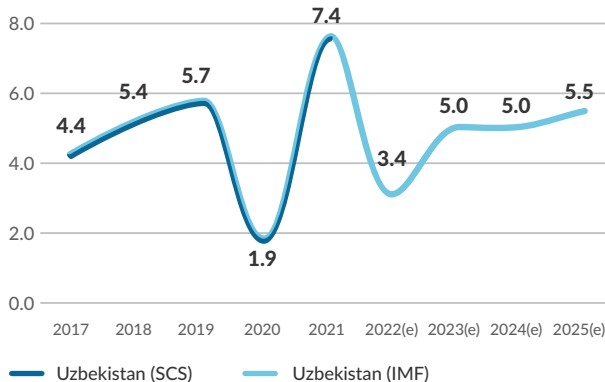
## 1.4 | Macroeconomic growth and stability

Uzbekistan has effectively addressed the COVID-19 crisis, becoming one of the few countries in the world to achieve positive economic growth in 2020. The government has implemented strong policy measures to mitigate the economic impact of the pandemic, including increased spending in healthcare and social assistance and financial support to the private sector.

Uzbekistan's outlook for economic development remains stable, as the government continues to move the country towards a market-oriented economy, greater resource efficiency, and a more competitive and transparent business environment driven by private-sector growth.

The Uzbek economy has maintained solid fiscal and external buffers, with a state debt of less than 40% of GDP and 35 billion USD in foreign reserves in 2021.

**GDP growth rate, %**



Source: SCS (2022), IMF (2022)

### Sovereign Credit Rating/Outlook (2022)

**S&P Global**

BB- / Stable

**Moody's**

B1 / Positive

**FitchRatings**

BB- / Stable

Source: respective rating agencies' websites

Inflation fell from 15.2% in 2019 to 10% in 2021, due to the government's commitment to bringing annual inflation down to 5% by 2023.

### Key macroeconomic indicators

Indicators	2018	2019	2020	2021
GDP per capita (current USD)	1 611.2	1 801.4	1 767.4	1 901.5
GDP, bln USD	52.62	59.91	59.93	65.50
Agriculture, %	30.0	26.9	27.1	26.9
Industry, %	25.3	28.1	27.5	27.8
Construction, %	5.8	6.3	6.7	6.7
Services, %	38.9	38.7	38.7	38.5
Inflation (annual average consumer prices), %	14.3	15.2	11.1	10.0
Central Bank policy rate, %	16	16	14	14 <sup>2</sup>
International reserves (including gold), bin USD	26.5	27.7	33.0	34.8
Government debt, % of GDP	19.7	28.4	37.6	36.8
Current Account Balance, % of GDP	-6.8	-5.6	-5.0	-7.0
FDI inflow, bin USD	625	2 316	1 726	N/A
Unemployment rate, %	9.3	9.0	10.5	9.6

Source: CBU (2021), SCS (2021), MELF (2021), IMF (2021), UNCTAD (2021) and WB (2021)

<sup>2</sup> CBU increased the policy rate to 17% as of 18.03.2022.

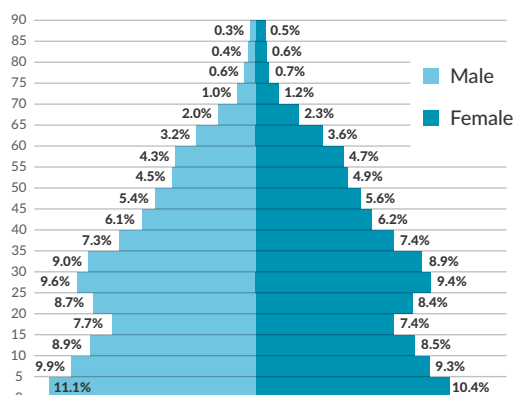


## 1.5 | Human capital

Uzbekistan is the most populous country in Central Asia. Its population, currently at 35 million, grows by nearly 2% each year. It is evenly distributed by gender, mostly of working age or younger, and has high graduation and literacy rates.

Due to the government's sweeping education reforms, between 2017 and 2020, nationwide attendance rose from 26% to nearly 60% in preschools and from 9% to 25% in higher-education institutions. The enrollment rate in primary and secondary schools in Uzbekistan is now almost 100%. The number of undergraduate and postgraduate education providers in the country has meanwhile reached 126, with 93 state institutions, 11 private domestic

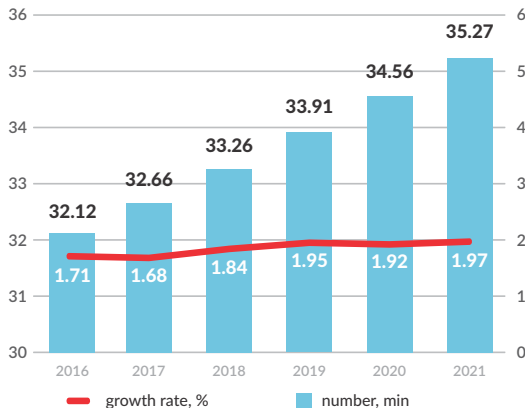
Population pyramid



Source: SCS (2021)

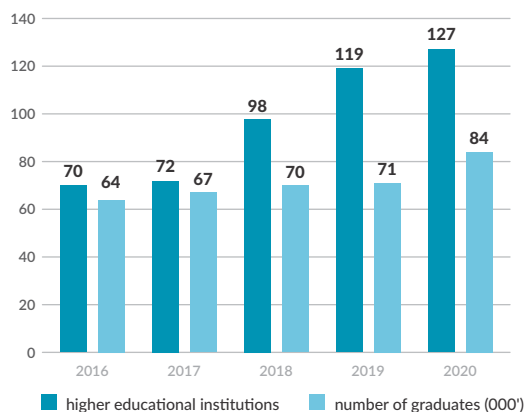
institutions, and 22 foreign universities and branches.

Population and its growth rate



Source: SCS (2021)

Number of higher educational institutions and graduates



Source: SCS (2021)

## 1.6 | International trade

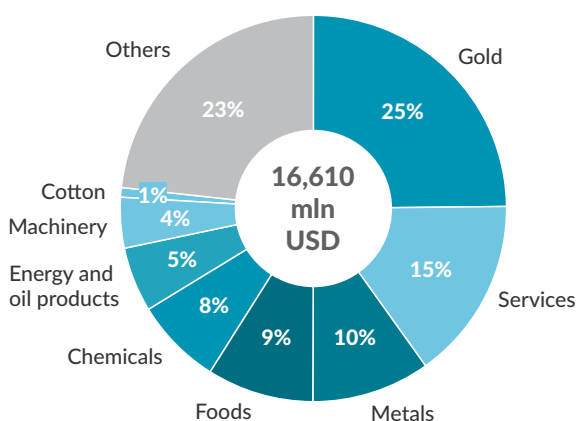
Uzbekistan has made significant strides towards liberalizing its trade regime and reducing trade barriers and administrative bottlenecks for importers and exporters since 2017. It has opened up to global trade by embracing multifaceted international relations, having concluded most-favored-nation clauses with 47 countries and bilateral investment treaties with 48.

In July 2020, Uzbekistan has resumed negotiations to join the WTO, the accession to which would enable the country to become an integral part of the global economy and multilateral trade system. In April 2021, Uzbekistan joined the European Union's

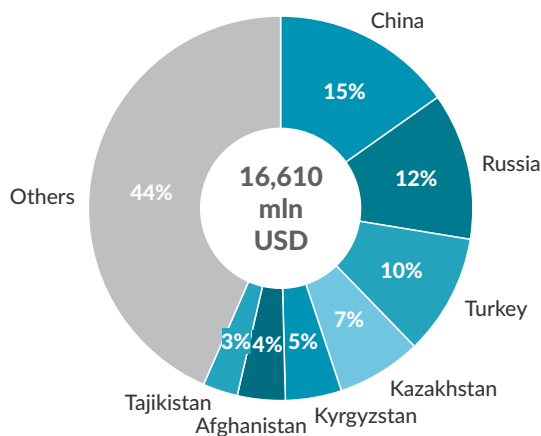
Generalized Scheme of Preferences Plus (GSP+), which removes tariffs from more than 6,200 commodity items exported to EU member countries.

Uzbekistan's key export destinations are China, Russia, Turkey, and Kazakhstan. The main Uzbek export is gold, accounting for 25% of the share, followed by services (15%), metals (10%), and foods (9%). Uzbekistan primarily imports machinery (37%), chemical products (17%), and foods (11%). China and Russia continue to lead in terms of imports in the Uzbek market, followed by Kazakhstan and South Korea.

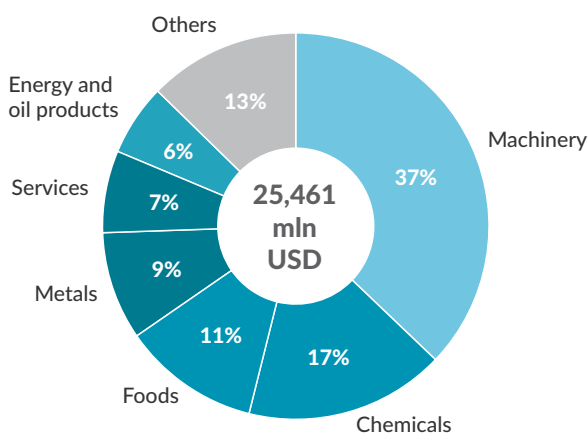
**Main exports**



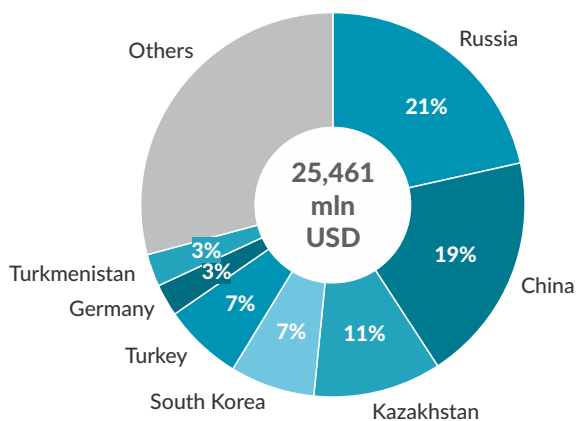
**Main export partners**



**Main imports**



**Main import partners**



Source: SCS (2021)

## 1.7 | Special economic zones and cost of doing business

As of January 1st, 2022, Uzbekistan had 22 free economic zones (FEZs) offering export-oriented enterprises special benefits and infrastructure. Between 2008 and 2021, 539 investment projects were implemented in FEZs, which created 42,800 jobs and attracted 973.5 million USD in foreign investments.

Between 2017 and 2021, the government expanded the FEZ zones to “Bukhara-agro,” “Gijduvan” and “Urgut.” It will also plan to expand an agricultural FEZ in the Republic of Karakalpakstan (“Karakalpak-agro”) and two FEZs for the textile industry in the Ferghana Valley (“Andijon-textile” and “Namangan-textile”).

Besides FEZs, the government created 417 small industrial zones (SIZs), with 3,924 investment projects worth 21.5 trillion UZS (approximately 2 billion USD) in 2008–21. The enterprises located in FEZs and SIZs enjoy a range of tax and customs incentives, which are explained in detail in the [4.3. Tax and Customs incentives](#) section.

FEZ locations across Uzbekistan (2022)



Tax exemptions for FEZ enterprises	
Types	Duration
• Property tax	3 years - investment of 300,000 to 3 million USD
• Land tax and	5 years - investment of 3 million to 5 million USD
• Water usage tax	7 years - investment of 5 million to 10 million USD
	10 years - investment above 10 million USD

Uzbekistan provides businesses with competitive, low-cost utility tariffs and corporate income tax (CIT) and value-added tax (VAT) rates. The country's physical infrastructure is meanwhile undergoing a large-scale modernization and expansion process. Moreover, Uzbekistan has a well-educated workforce at relatively attractive wages and labor costs.

### Cost of doing business.

Indicator	Uzbekistan	CIS average
Electricity, \$ per 1 kWt	0.03	0.049
Water, \$ per m <sup>3</sup>	0.04	0.07
Natural gas, \$ per m <sup>3</sup>	0.04	0.198
Average monthly wage, USD	266	428
Corporate income tax, %	15	17.5
Value added tax, %	15	17
Personal income tax, %	12	12

Source: SCS (2021), CEIC Data (2021)





# 2

## Sectors in Uzbekistan

- Agriculture
- Oil and gas
- Energy
- Manufacturing
  - Food processing
  - Textile, leather and silk
  - Chemicals
  - Pharmaceuticals
  - Construction materials
- ICT
- Finance
- Education
- Healthcare

## 2.1 | Agriculture

### Why invest in Uzbekistan's agricultural sector?

- Favorable climate for agricultural products and available arable land
- Growing domestic demand and opportunities for exports
- Sector-specific tax incentives and agricultural FEZs

### The agricultural sector at a glance

• **Agriculture plays an important role in the Uzbek economy.** As of 2020, 49% of the country's population lived in rural areas, where agriculture has been central for the economy and food security. The sector accounted for 26% of GDP, 10% of export revenues, and 25% of total employment.

• **Uzbekistan possesses significant agricultural land resources.** The country's total harvested area in 2020 exceeded 4 million hectares. Its main agricultural yields have been wheat (34.4%), cotton (29.9%), fruits (8.9%), forage crops (7.1%), vegetables (5.9%), grapevines (3.2%), potatoes (2.4%), and watermelons (1.4%), with other crops accounting for 8.3% of production according to SCS.

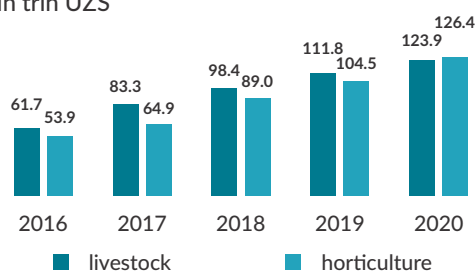
• **Uzbekistan is one of the major agricultural suppliers in Central Asia and the CIS, with a growing export presence in China.** The total

volume of agricultural exports from Uzbekistan amounted to 1.5 billion USD in 2020. The country's major exports in the sector have been wheat flour (14.3%); beans (12.8%); apricots, peaches, cherries, and plums (12.4%); and grapes (12.4%).

• **The government has adopted the Strategy for Agricultural Development in Uzbekistan for 2020–30.** The strategy's chief objectives are to liberalize the agricultural sector for the domestic and export markets and to implement a sustainable agricultural ecosystem.

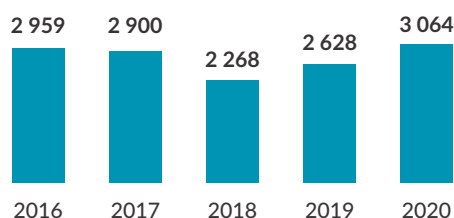
• **The sector enjoys a variety of tax incentives.** This includes 0% CIT on profits from selling crops which constitute at least 90% of the enterprise's total income, alongside incentives related to property, land, water, and excise taxes. Currently, two agricultural FEZs are available in Bukhara and Balik.

**Horticulture and livestock production,**  
in trln UZS



Source: SCS (2021)

**Cotton production, in thous. tons**



Source: SCS (2021)

### Major foreign investors in the sector

• **Indorama Corporation (Singapore)** in 2018 founded Indorama Agro, LLC, a wholly-owned subsidiary of Indorama Corporation, which is one of the largest cotton farms in Uzbekistan. The enterprise produces cotton, wheat and other crops. It has invested around 200 million USD in the sector so far.

• **Silverleaf International (USA)** formed the Uzbek-American joint venture Silverleaf, LLC, in 2018. The company has invested 344 million USD in establishing a modern agricultural cluster in the Jizzakh region. It specializes in raw cotton cultivation, deep processing of agricultural raw materials, among other activities.

## 2.2 | Oil and gas

### Why invest in Uzbekistan's oil and gas sector?

- Large proven gas reserves
- Increasing demand for gas and oil products both domestically and regionally
- Significant government incentives to transition to oil and gas processing

### The oil and gas sector at a glance

• The oil and gas sector continues to be one of Uzbekistan's leading industries. The sector provides considerable budget revenues, export earnings and employment for Uzbekistan, while boosting other industries. The state-owned Uzbekneftegaz is responsible for the domestic production of oil and gas. Most international oil and gas companies operating in the country have signed production sharing agreements with the state company.

• Uzbekistan has abundant hydrocarbon reserves. As of January 1st, 2021, Uzbekistan's proven natural gas reserves totaled an estimated 1.866.9 billion cubic meters, the 19th largest in the world (accounting for approximately 1% of global gas reserves). Uzbekneftegaz owns more than half of these domestic reserves, and Lukoil (Russia) nearly a

quarter. According to BP, Uzbekistan had 600 million barrels' worth of oil reserves as of 2021, the 46th largest globally.

• Uzbekistan intends to shift from being a gas exporter to a major exporter of processed gas products. The government plans to gradually cease natural gas exports and instead increase the processing of gas into higher-value-added products. Uzbekistan launched its first gas-to-liquids (GTL) plant in 2021, to process domestically-extracted gas into liquid-based products and hence reduce its dependency on the latter imports. The GTL plant cost 3.6 billion USD to build and aims to produce annually 1.5 million tons of synthetic liquid fuels such as kerosene, diesel, liquefied petroleum gas, and naphtha.

Natural gas reserves by region (bln m<sup>3</sup>)



Source: Uzbekneftegaz (2020)

Natural gas reserves and production volume by company

Company	Reserve volumes (bln m <sup>3</sup> (%))	Production volumes (bln m <sup>3</sup> (%))
Uzbekneftegaz	934 (50%)	34.1 (64.3%)
Lukoil (Russia)	413.1 (22.1%)	13.8 (25.7%)
Uz-Kor Gas Chemical (Korea)	109.6 (5.9%)	2.1 (3.9%)
Shurtan Gas Chemical	108.6 (5.8%)	n/a
Epsilon Development Company (USA)	50.2 (2.7%)	1.4 (2.5%)

Source: Uzbekneftegaz (2020)

### Major foreign companies in the sector

- **Lukoil (Russia)** entered the Uzbek market in 2004 by signing gas production sharing agreements (PSA) with Uzbekneftegaz, and it has since become the largest foreign investor in the country. Lukoil has so far invested USD 8 billion in PSA implementation. The company is engaged in the exploration, production as well as processing of natural gas and gas products in Uzbekistan.
- **Epsilon Development Company (USA)** obtained licenses in 2019 for the prospection and development of five investment blocks of oil and gas fields in Uzbekistan.



## 2.3 | Energy

### Why invest in Uzbekistan's energy sector?

- Growing demand for electricity
- Ongoing power generation mix transformation towards renewables (solar and wind)
- Ongoing modernization of generation, transmission and distribution facilities and networks

### The energy sector at a glance

• **Power production is set to increase 1.5 times between 2020 and 2025 in Uzbekistan.** To meet the growing demand for electricity, the government has embarked on comprehensive programs to boost power generation capacity and modernize transmission and distribution lines. It is estimated that domestic power production will increase from 66.5 trillion Wh in 2020 to 91.8 trillion Wh by 2025.

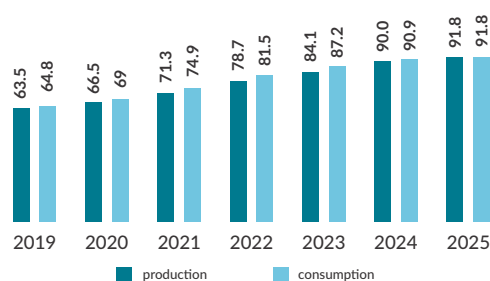
• **Gas-fired energy continues to be the back-bone of the country's power generation mix.** Given Uzbekistan's large gas reserves, thermal power plants accounted for 86% of total energy generation in 2021, while hydropower stood at around 13%.

• **Uzbekistan plans to transition to a cleaner energy mix.** The Ministry of Energy of Uzbekis-

tan has issued a concept note on ensuring electricity supply for 2020–30, calling for significant changes in the domestic power generation mix. The share of natural gas and coal in it is expected to decrease from 86% to 68%, whereas that of renewable energy (solar and wind) is expected to rise to 25% by 2025

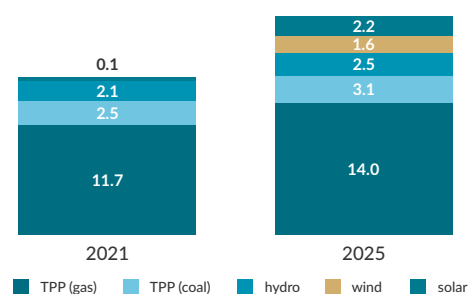
• **Investment opportunities abound in energy generation, transmission and distribution.** The Ministry of Energy has signed 16 power purchase agreements (PPAs) with various private energy producers in recent years, to renovate and build solar, wind and thermal power plants. The government intends to increase solar plant capacity from virtually zero in 2020 to 2.5 GW, and wind turbine capacity to 2 GW, by 2025.

Electricity production and consumption in Uzbekistan, in TWh



Source: SCS (2022)

Future power generation capacity mix, GW



Source: Ministry of energy (2022)

### Major foreign investors in the sector

- **ACWA Power (Saudi Arabia)** is currently implementing three projects in Uzbekistan: two in renewable energy (wind power) with a capacity of 1,100 MW, and one project involving a thermal power plant with a capacity of 1,500 MW. Their total estimated cost is 2.6 billion USD.
- **Total Eren (France)** runs a project involving a 100 MW solar power plant in the Samarkand region. The company secured debt financing from EIB, EBRD and Proparco for this project, totaling around 90 million EUR.

## 2.4.1 | Food processing

### Why invest in Uzbekistan's food-processing sector?

- ◆Vibrant sector for agro-food products
- ◆Ample and growing domestic market and access to neighboring markets
- ◆Increasing preference for quality and branded products among consumers

### The food-processing sector at a glance

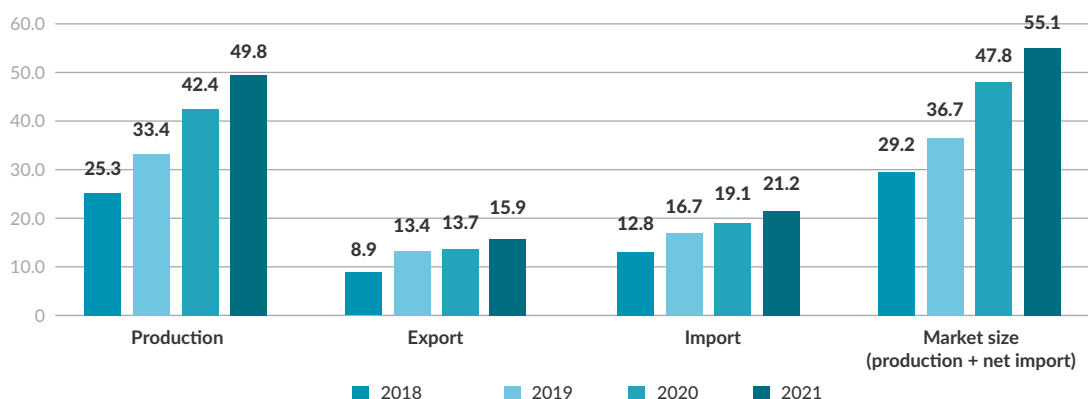
◆Food processing is expected to be one of the fastest-growing sectors in Uzbekistan. This sector is growing rapidly thanks to abundant agricultural outputs (fruits, vegetables, livestock) to be used for processed food products. It benefits from a growing domestic market with changing consumer preferences in terms of quality and branded products, as well as from its proximity and access to large export markets such as Russia and China.

◆The government seeks to increase the manufacture and export of higher-value-added food products. According to SCS, Uzbekistan domestically processes only 15% of fruits and vegetables and 16% of meat and milk from local farmers each year. Moreover, 30% of such

domestic raw fruits and vegetables production is lost due to insufficient storage and processing capacity. Investments in the production and export of higher-value-added food products in the country are therefore highly encouraged.

◆Uzbekistan has a comparative advantage in food production in the region, especially in fruits and vegetables. Various opportunities lie in the production of soft beverages and fruit juice and canned and frozen foods; in the processing of fruits, vegetables, meat, and milk; and in the establishment of trade logistics and storage centers. Demand is also on the rise for packaging materials such as cardboard, paper, aluminum foil, and stretch film.

Market size, in trln UZS, SCS (2021)



### Major foreign investors in the sector

- ◆Lactalis (France) purchased Nestlé Uzbekistan's dairy and water operations in 2019, which included two factories in the Namangan region.
- ◆Samfruit LLC, is one of Uzbekistan's largest wholesale producers of dried fruits, vegetables, and herbs, was established in 2002 as an Uzbek-Swiss joint-venture with New Product International (Switzerland) as the majority owner.

## 2.4.2 | Textile, leather and silk

### Why invest in Uzbekistan's textile sector?

- Abundance of raw materials for production (cotton fiber, leather, silk)
- Expanding market for the manufacture of value-added textile exports

### The textile sector at a glance

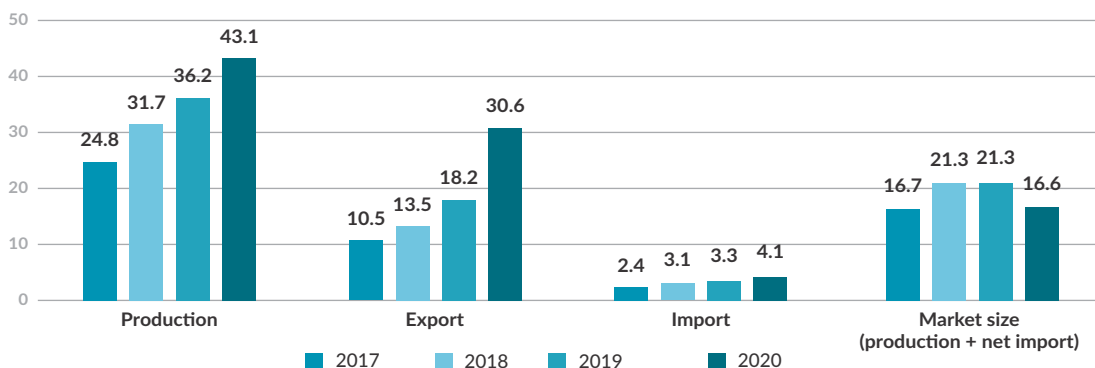
Uzbekistan is shifting towards higher-value-added production in the textile industry. This sector of the Uzbek economy primarily consists of the processing of cotton fiber, leather and silk into semi-finished and finished products. The country has increased the proportion of value-added finished products such as knitwear, readymade garments and footwear to about half of all its textile exports.

**Cotton products:** More than 7,000 enterprises in Uzbekistan are engaged in processing cotton into raw materials such as yarn and further into fabric and clothing. Value-added products such as fabrics, knitwear and garments have come to replace raw materials as Uzbekistan's major textile exports. Russia, China and Turkey are the main importers of Uzbek textiles. Foreign investors have brought advanced experience and technology into the manufacture of textiles and clothing in Uzbekistan.

**Leather products:** Uzbekistan possesses a significant volume of quality leather, alongside a relatively inexpensive workforce. It includes the manufacture of raw leather, leather goods and footwear. According to Uzcharmsanoat association, production increased considerably in 2019–21 (leather by 32% and footwear fivefold), as well as exports, especially to the major markets of China, Turkey, Russia, Kazakhstan, and Kyrgyzstan.

**Silk products:** According to International Sericultural Commission, Uzbekistan is the world's third-largest producer of raw silk and exports, after China and India. In 2021, Uzbekistan exported \$87.5 million in silk and silk products to 17 countries. Its main export destinations are China, Tajikistan, Iran, Vietnam, India, Korea, and UAE.

Market size, in trln UZS, SCS (2021)



### Major foreign investors in the sector

- **Indorama Corporation (Singapore)** launched the joint venture Indorama Kokand Textile in 2011 through its Indonesian subsidiary. The company specializes in the production of cotton yarn.
- **Tarmak Group (Turkey)** opened a cotton mill in Tashkent through Osborn Textile, LLC, in 2011. The company specializes in the manufacture of yarn and cotton fabric, as well as knitted fabrics and terry cloth.



## 2.4.3 | Chemicals

### Why invest in Uzbekistan's chemical sector?

- Growing market for agrochemical products
- Abundant raw materials for chemical products (natural gas, limestone, phosphates, etc.)
- Ample opportunities for exports to neighboring countries

### The chemical sector at a glance

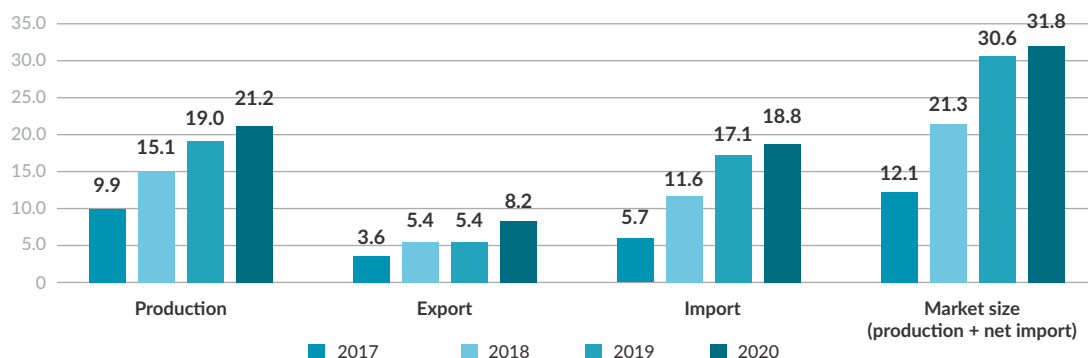
• **Production of chemicals in Uzbekistan experienced significant growth.** The Uzbek chemical sector primarily supplies farmers with fertilizers and other chemicals. It produces all three types of fertilizers (N-nitrogen, P-phosphorus and K-potassium), as well as methanol and caustic soda. The sector doubled production output in the local currency terms between 2017 and 2020

• **Uzbekistan possesses abundant raw materials for chemical industry.** The government plans to attract investments to build up capacity to process raw materials available in Uzbekistan into higher-value-added goods. One of the most promising fields is in the petrochemical industry with the deep processing of natural gas. The government plans to attract 9 billion USD and 50

projects in this area by 2025, consisting of 15 projects in inorganic chemistry, 23 in organic chemistry, and 12 in polymer production.

• **Investment opportunities abound to produce both fertilizer and non-fertilizer chemicals.** The production of fertilizer (nitrogen, phosphorus, potash) and non-fertilizer chemicals (plastic, rubber, detergents), can be transitioned into the manufacture of inorganic products such as polyacrylonitrile (PAN), acrylonitrile-butadiene-styrene (ABS) plastic, and miscellaneous chemical products such as polystyrene, reagents, catalysts, and additives for the metallurgical, oil and gas, and textile industries.

Market size, in trln UZS, SCS (2021)



### Major foreign investors in the sector

- **Maxam Corp S.A.U (Spain)** acquired a 49% stake in a state-owned company - Elektrikimiyosanoat for 22 million USD in 2007, renaming the company JSC Maxam-Chirchiq. Maxam-Chirchiq specializes in the production of more than 40 types of mineral fertilizers and chemical products
- **NCV International (UAE)** acquired 51% of shares in the JV LLC "Kungrad Soda Plant" in 2020 for 25 million USD. Kungrad Soda Plant is the only soda ash producer in Central Asia.

## 2.4.4 | Pharmaceuticals

### Why invest in Uzbekistan's pharmaceutical sector?

- Ample domestic market and opportunities for pharmaceutical import substitution
- Significant incentives for pharmaceutical FEZ tenants

### The pharmaceutical sector at a glance

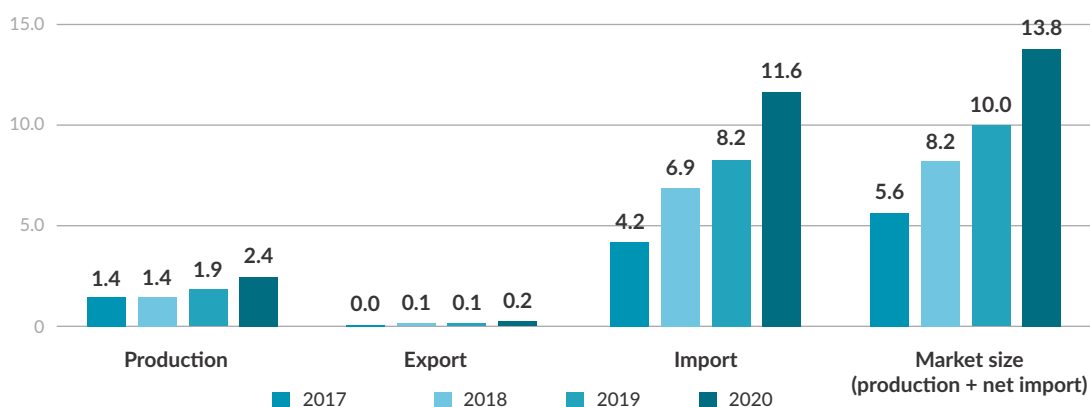
• **The Uzbek pharmaceutical sector is one of the largest and fastest-growing markets in CIS.** The sector consists of the development, production, and marketing of pharmaceutical products for medications. It was worth around 1.3 billion USD in 2020, making Uzbekistan the third-largest pharmaceutical market in the CIS (after Russia and Ukraine), and one of the region's fastest-growing markets.

• **Uzbekistan heavily relies on imported medicines.** Local manufacturing currently covers less than 20% of domestic pharmaceutical needs. To address this deficit, the government adopted the “Development Concept of the Pharmaceutical Industry for 2020–24.” The concept calls for the implementation of good

manufacturing practices (GMP) and good vigilance practices (GVP), among other measures, to increase the quality of pharmaceutical products. These objectives require drawing from international expertise and partnering with foreign investors.

• **Six pharmaceutical free economic zones have been established.** Besides the regular FEZ tax and customs incentives, pharmaceutical FEZ tenants benefit from using land plots to cultivate medicinal herbs and from lower fees for the removal of wild plants employed in pharmaceutical production (for locations of pharmaceutical FEZs, please refer to [Section 1.7](#)).

Market size, in trln UZS, SCS (2021)



### Major foreign investors in the sector

- **Nobel Pharmaceuticals (Turkey)** has been operating in Uzbekistan since 2002 and has one of the three major pharmaceutical production facilities of the company in the world in Uzbekistan.
- **Samarkand England Eco-Medical**, a joint venture between Helbron System (UK) and Vostorg Elita Lux (Uzbekistan) was established in 2015. The British-Uzbek venture has produced infusion solutions, tablets, and capsules in Samarkand.

## 2.4.5 | Construction materials

### Why invest in Uzbekistan's construction-material sector?

- Domestic and regional construction boom in recent years
- Abundant natural resources for construction materials such as limestone

### The construction-material sector at a glance

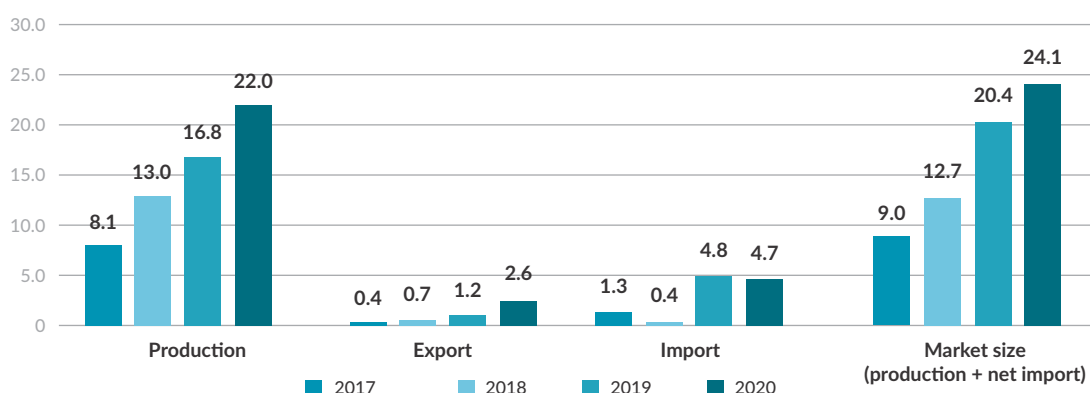
• **Cement production constitutes the largest portion of the sector due to the abundance of limestone.** Production in this sector can be broken down as follows, according to Uzbuildingmaterials Association: cement (86.3%), special building materials (12.0%), non-ore materials (0.8%), wall materials (0.5%), and other materials (0.4%). Uzbekistan houses 19 cement plants, with a total capacity of 11 million tons per year.

• **This domestic sector and related exports to neighboring countries have been growing.** The sector is expanding rapidly, with production increasing around threefold in the local currency terms between 2017 and 2020. Uzbekistan has experienced a construction boom in recent years, alongside a boom in building materials for domestic consumption as well as for export to

neighboring countries. Its main export markets are Kazakhstan (e.g., ceramic tiles, quicklime, drywall, heat-insulating glass wool/fiberglass); Kyrgyzstan (e.g., ceramic tiles, decorative glass, quicklime); Turkmenistan (e.g., drywall, gypsum, linoleum, varnish); and Afghanistan (e.g., drywall, plaster, cans, bottles, paper products).

• **More diversified construction material production will bring new business opportunities for investors.** Local manufacturing does not cover all domestic needs (e.g., 74.8% of cement production, 50.6% of glass, and 33% of sanitary products, with the rest being covered by imports). Major investment opportunities in the sector include manufacturing of limestone-based paper, porcelain stoneware, linoleum, and foam sealants.

Market size, in trln UZS, Uzbuildingmaterials Association (2021)



### Major foreign investors in the sector

- **KNAUF (Germany)**, a leading gypsum products manufacturer in Uzbekistan, accounting for 70% of the local gypsum wallboard market.
- **Anhui Conch Cement (China)** established Qarshi Conch Cement in Kashkadarya region, with an annual production capacity of 1.2 million tons of portland cement.

## 2.5 | ICT

### Why invest in Uzbekistan's ICT sector?

- Rapidly growing sector and mobile and internet user base
- Strong government support for IT Park tenants
- Increasing number of graduates specializing in computer programming

### The ICT sector at a glance

• The Uzbek ICT (Information and Communication Technologies) sector has been rapidly evolving and transforming. Between 2016 and 2020, the sector's output grew rapidly, with computer programming and IT services exhibiting the highest growth rate.

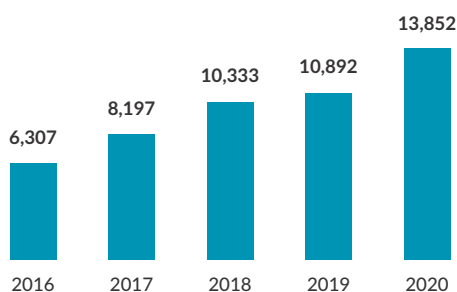
• Six mobile network providers shared the Uzbek telecommunications market in 2020. These were Ucell (32%), partly owned by Russia's USM Telecom; Beeline (28%), owned by the Netherlands' VEON Group; Uzmobil (23%); Mobiu (15%), Perfectum Mobile (1%); and Humans (0.5%).

• The "Digital Uzbekistan 2030 Strategy" has been adopted to further digitalize the economy. The strategy, approved in October 2020, envisions transformation into a digital economy through development and innovations in the country's digital infrastructure, e-government, human capital, and security systems.

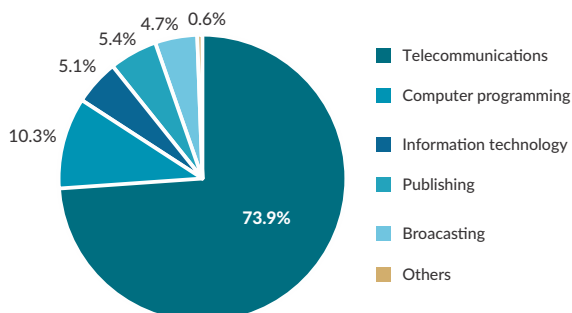
• The IT Park provides enabling environment and incentives for IT companies. The IT Park was created in Tashkent in 2019 to primarily assist IT startups in gaining market access. The IT Park offers a complex of facilities and buildings with investment incentives for tenants. Six branches are currently open in the Andijan, Ferghana, Navoi, Bukhara, Samarkand, Jizzakh, and Sirdaryo regions, and another six will be launched in the Nukus, Bukhara, Namangan, Samarkand, Gulistan, and Urgench regions. As of January 1st, 2022, 523 companies, including 18 foreign investors, joined the IT Park. The following are key incentives available for its tenants (until 2028):

- 0% corporate income tax
- 7.5% personal income tax
- 0% unified social payments
- Import customs exemptions

Market size of ICT, in trln UZS.



ICT markets by type of services



Source: SCS (2021)

### Major foreign investors in the sector

- **VEON (Netherlands)** has provided mobile communication services under the Beeline brand since 2006. VEON has invested more than 1.2 billion USD in the Uzbek telecom industry since its entry.
- **ZTE (China)** has produced DSLAM equipment and ADSL modems in the Navoi FEZ, in partnership with Uzbektelecom, since 2011.



## 2.6 | Finance

### Why invest in Uzbekistan's finance sector?

- Ongoing privatization of state-owned banks
- Strong growth of banking assets
- Large untapped demand for new financial services and fintech solutions

### The financial sector at a glance

• **Financial sector assets are rapidly increasing in Uzbekistan.** The total assets of financial institutions in the country (i.e., commercial banks, insurance companies, leasing companies, microfinance institutions (MFIs), and pawnshops) amounted to 429 trillion UZS (around 39.6 billion USD) as of January 1st, 2022, having increased more than twofold since 2018.

• **The government's privatization efforts have prioritized the finance sector.** Large state-owned banks (SoBs) - Uz sanoatqurilishbank (SQB) and Ipotekabank are currently going through the privatization process. The government aims to bring private banks' asset shares from the 15% recorded in 2020 to 60%, and their deposit shares from 28% to 70% by 2025.

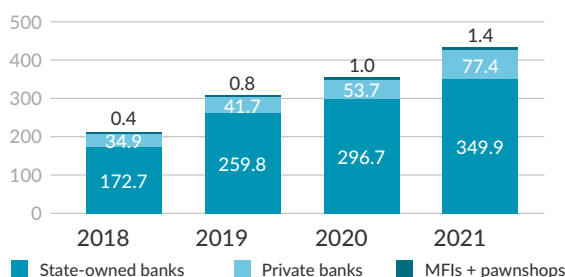
• **In banking,** among all financial service providers, commercial banks account for 99% of all assets. Out of 33 commercial banks, 12 banks are either fully or partially owned by the state. SoBs hold 82% of assets and 67% of deposits. Private

banks account for approximately 18% of total assets while holding 33% of deposits in the Uzbek banking system. MFIs and pawnshops are generally small, holding less than 1% of the sector's assets nationwide.

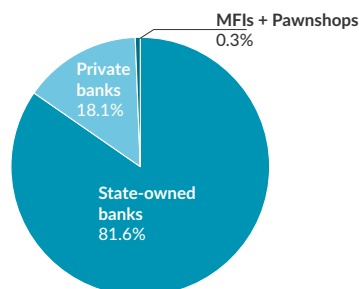
• **In terms of insurance,** the Uzbek market remains relatively small, with gross written premiums totaling 2.6 trillion UZS (240 million USD). As of January 1st, 2022, 41 insurance companies operated in the market, with 33 in general insurance and 8 in life insurance. Foreign companies can participate in this sector by engaging in joint ventures with local companies.

• **In the leasing market,** 47 leasing companies operated in Uzbekistan as of January 1st, 2022. The primary drivers are the agricultural and construction sectors, due to their machine and vehicle imports. The lessors are mainly commercial banks and other commercial institutions involved in importing machinery and technological equipment.

Banking asset volume, in trln UZS



Shares of banking assets



Source: CBU (2022)

### Major foreign investors in the sector

- **Korea Development Bank (South Korea)** is the largest foreign investor in the Uzbek banking sector, owning 86.32% of shares in the JSC KDB Bank Uzbekistan.
- **TBC Bank (Georgia)** in April 2019 acquired Payme, a leading electronic payment service provider, for 5.5 million USD, and opened its Tashkent branch a year later as the first digital bank in Uzbekistan.

## 2.7 | Education

### Why invest in Uzbekistan's education sector?

- Increasing enrollment rates for preschools and higher-education institutions
- Growing demand for foreign universities
- Strong government support with incentives and PPP

### The education sector at a glance

• **The Uzbek government has prioritized this sector's development.** Uzbekistan has historically allocated the largest share of the state budget to the education sector. It accounted for 4.9% of the country's GDP in 2020, being recognized as the key driver for long-term economic development.

• **Preschool and higher-education enrollment has increased significantly.** The government has been modernizing all levels of the education system by improving its capacity and infrastructure, especially at the preschool and higher-education levels. It plans to increase the enrollment rate in the former from the current 45% to 75% by 2025, and in the latter from 16% to 50%.

• **Key investment opportunities include:**

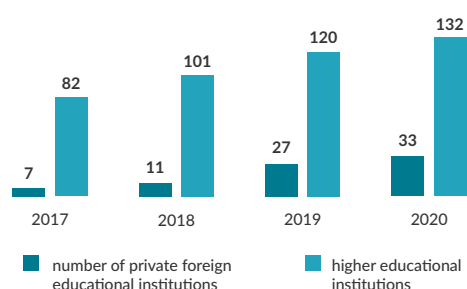
• **Preschool education:** construction and management of preschools, including through PPPs

• **Secondary education:** implementation of new energy-efficient schools and modern equipment in all secondary schools via PPPs

• **Higher education:** establishment of the 30 additional universities foreseen as needed to achieve the target 50% enrollment by 2025, with high demand for foreign technical and engineering universities

• **International investors can enjoy comprehensive incentives in this sector.** The government offers a number of tax incentives, as well as land and pre-existing facilities for international investors, including concessions through PPP agreements.

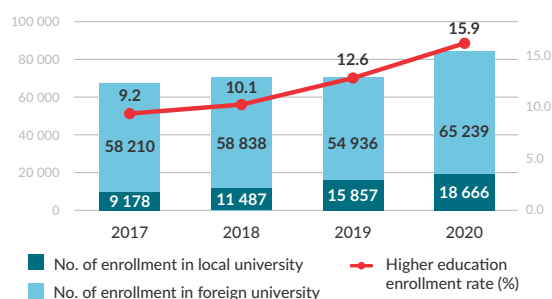
Number of higher educational institutions and private foreign educational institutions



### Major foreign investors in the sector

Foreign investors can participate in the establishment of local universities in a variety of ways including franchising, establishing fully functional branches, or establishing universities through a joint venture. The following are the largest and best-known foreign universities established in Uzbekistan:

Enrollment in higher education



Source: SCS (2021)

- Westminster International University (UK);
- Turin Polytechnic University (Italy);
- Management Development Institute of Singapore;
- Inha University (South Korea)
- Webster University (US)
- Japan Digital University

## 2.8 | Healthcare

### Why invest in Uzbekistan's healthcare sector?

- Evolving demand for private healthcare services
- Strong government support and sector-related incentives and PPPs
- Improving life expectancy and rising demand for quality diagnostics

### The healthcare sector at a glance

• **The Uzbek government has been focusing on reforming and modernizing the sector.** Government healthcare spending reached 3.6% of the country's GDP in 2020. Rapid economic development and population growth—along with rising urbanization, per capita incomes and overall regional development—have been driving demand for quality healthcare services.

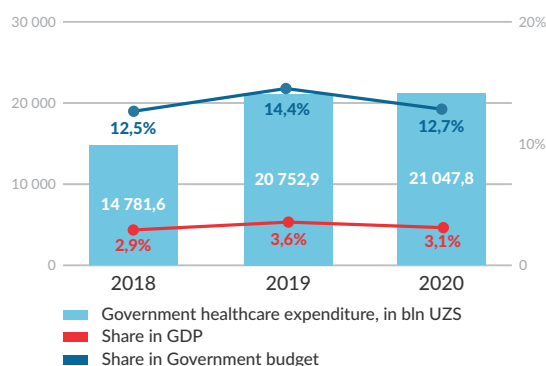
• **Demand for private healthcare services has also been on the rise.** The increasing mortality rate from cardiovascular diseases, cancer and diabetes, already the leading causes of death in Uzbekistan, is of major concern. Private healthcare providers hold a small share of the market vis-à-vis the government, although this proportion has been changing in recent years. The former tends to be more active in providing medical diagnostics, testing, pharmaceuticals,

and outpatient care services.

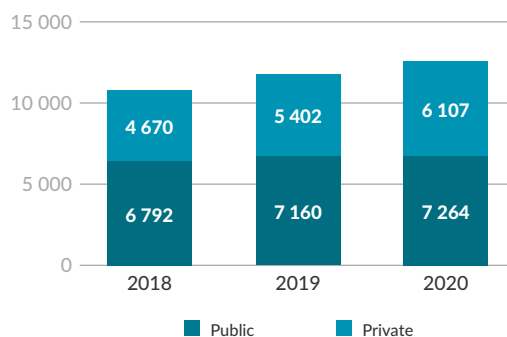
• **PPPs are being encouraged to attract foreign investors to the sector.** The government welcomes private-sector engagement and PPPs, especially in the early detection and treatment of oncological diseases and in the construction and management of multifunctional hospitals.

• **Various incentives are available for medical institutions.** Incentives for institutions entering the Uzbek healthcare sector include 0% CIT on medical service profits (except for cosmetology and stomatology) comprising at least 90% of their total income; and exemptions from VAT, property taxes, as well as customs duties for medical services and equipment.

Government spending in healthcare



Number of medical institutions



### Major foreign investors in the sector

- **NephroPlus (India)**, the largest dialysis and kidney care company in India, signed the first major PPP agreement for the delivery of dialysis services in Uzbekistan in 2019.
- **Himchan Hospital (South Korea)**, a well-known institution for joint and spinal treatments, opened a private medical institution in Bukhara in 2019.









# 3

## Establishing and running a company

- Establishing a company
- Public-private partnerships
- Privatization

## 3.1 | Establishing a company

### Laws and regulations

The main legislation governing companies' establishment and operations in Uzbekistan includes the following:

- Law on Joint Stock Companies and Protection of Shareholder Rights
- Law on Limited and Additional Liability Companies
- Resolution of the Cabinet of Ministers on State Registration of Business Entities
- Resolution of the Cabinet of Ministers on Procedures for the Accreditation and Operation of the Representative Offices of Foreign Commercial Organizations in Uzbekistan

### Overview on the forms of corporate presence

Foreign companies can carry out entrepreneurial activities in Uzbekistan by establishing an Uzbek legal entity or through other forms of presence, such as permanent establishment (PE) and representative office (RepOffice).

Foreign investors in Uzbekistan most commonly form joint stock companies (JSCs) or limited liability companies (LLCs).

#### JSCs

The JSC is a commercial legal entity whose capital is divided into a certain number of shares, and in which shareholders' ownership rights are certified. These shares may be listed on the Uzbek stock exchange and freely traded. JSCs are mostly entities such as financial institutions (banks, insurance companies), major manufacturers, and state-owned enterprises. They are characterized by more complex governance and administrative procedures as well as by heavier regulation from capital market authorities than other forms of legal entities.

#### LLCs

The LLC is one of the most popular and convenient forms of incorporation in Uzbekistan. Most enterprises with foreign investments in the country have been established as LLCs. Liability is limited to the extent of a company's assets, and members' voting rights are proportional to their participatory interests in the LLC's charter fund.

Accordingly, in contrast to a JSC, shares in an LLC are not securities and rather represent such participatory interests (defined as percentages). The LLC legal entity is a more practical option administratively than a JSC, being subject to less stringent requirements in relation to corporate management and company activities. As of July 2020, LLCs can issue corporate bonds in the stock exchange in Uzbekistan, but far fewer LLCs than JSCs have done so to date.

#### PE

PE is not considered a separate legal entity, only representing the tax status of the foreign legal entity (i.e., tax registration in Uzbekistan). The PE structure is usually employed for one-off projects of a service nature (e.g., oil industry services, EPC projects, consulting). One of the disadvantages of a PE is that it cannot apply for a license if one is required for a specific activity. To register a PE, the company submits the required document packet to the relevant district tax authority.

#### RepOffice

The RepOffice is a subdivision of a foreign company which represents and defends the interests of a legal entity in the home country. It is not a legal entity itself and cannot carry out commercial activities. Companies must apply for RepOffice incorporation with the Ministry of Investments and Foreign Trade of Uzbekistan.

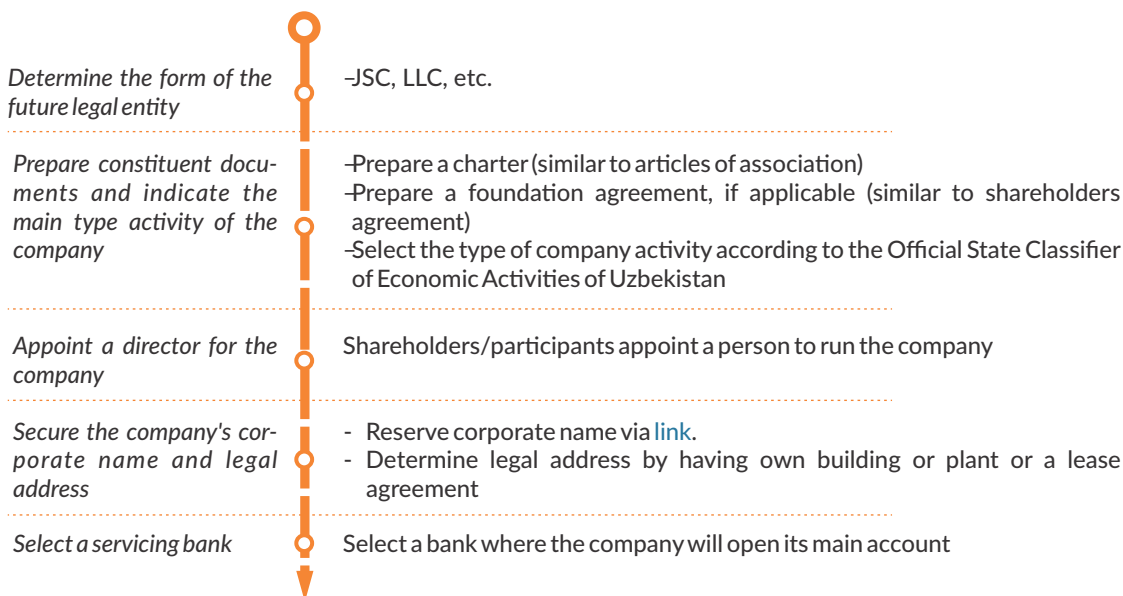
## Registration of the company in Uzbekistan

A new business entity, except for banks and credit institutions, can be registered, regardless of its organizational form, via the Agency of Public Services under the Ministry of Justice of Uzbekistan. This can be done either offline through a local Center of Public Services (CPS) or online through the [Single Portal of Public Services](#). Since online registration requires an electronic signature (e-signature) from the applicant, issued in Uzbekistan, those without one should apply offline (in person or via a representative).

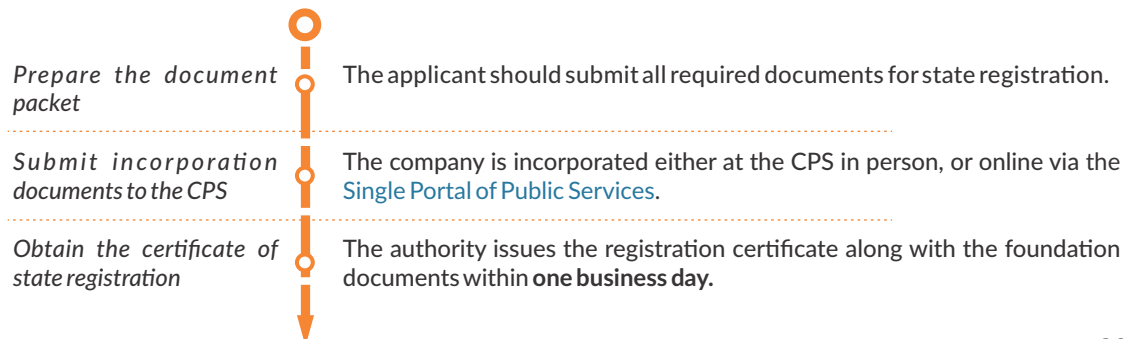
The procedure for establishing a company consists of the following steps:

- **Pre-registration:** preparation of the constituent documents for the future company, identification of founders, legalization of the power of attorney etc. This generally takes **between one and two months**.
- **State registration:** submission of the constituent documents and registration of the company with the relevant state authorities. This process can be completed within **one business day**.
- **Post-registration:** registration with tax authorities, opening a bank account, etc. These administrative steps usually take **one week**. If the company's activities require further licenses or approvals from the state authorities, the post-registration period may take longer, from two to six months, depending on the documents and permissions required.

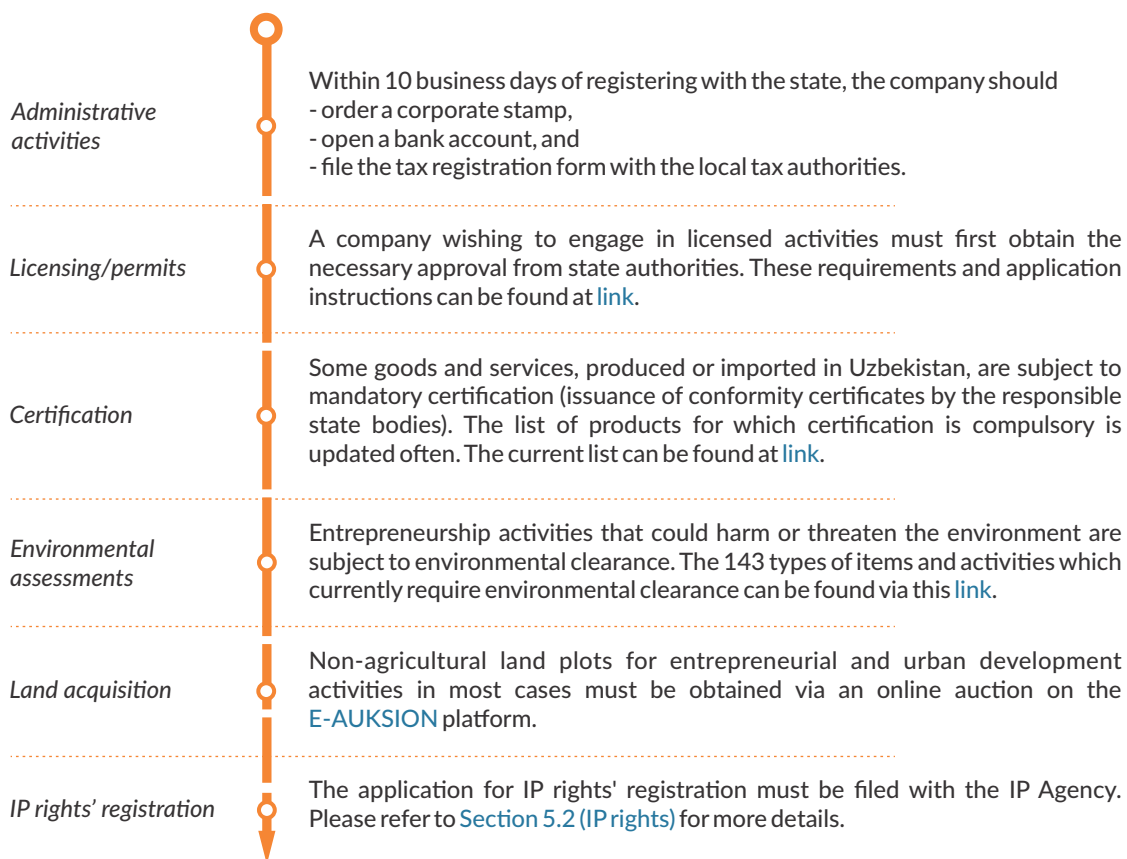
### I. Preliminary actions



### II. State registration



### III. Post-registration procedure





## 3.2 | Public-private partnership

### Overview

The Government of Uzbekistan has actively implemented public-private partnership (PPP) projects in many sectors of the economy since it enacted the Law on Public-Private Partnerships in 2019, with the goal of mobilizing FDI through streamlined and transparent tender processes and documentation. The government promotes PPPs for many reasons, including access to foreign financing and world-class technologies and the possibility to draw from internationally-acclaimed practices and expertise to address pressing social problems. PPP projects benefit both the private and public entities involved by generating long-term profits, allowing for risk-sharing among partners, and ensuring the efficient operation of public facilities.

The PPP Development Agency (PPFDA) maintains a detailed public register of all PPP projects implemented in Uzbekistan, which can be found at <https://pppda.uz/en/projects-custom>.

### Laws and regulations

The PPP field in Uzbekistan is primarily governed by the following laws and regulations:

- [Law on Public-Private Partnerships](#)
- [Resolution of the Cabinet of Ministries on Improving the Procedures for Implementing PPP Projects](#)

### PPP project cycle

Under Article 15 of the PPP Law, a PPP project may be initiated by:

- Public Partner (i.e., solicited project), or
- Private Partner (i.e., unsolicited project)

The basic procedures for the implementation of both solicited and unsolicited PPP projects can be found below.

### Government institutions in charge

#### *Public-Private Partnership Development Agency (PPFDA) under the Ministry of Finance*

The PPPDA was established in October 2018. It is responsible for determining unified PPP policies; reviewing projects; approving tender documents and PPP agreements; and assisting ministries, agencies, and local public authorities in implementing PPP programs. The agency also works with investors, international financial and donor organizations, scientific and expert communities, and other market stakeholders on PPP development issues, while protecting the rights and legal interests of PPP project partners.

#### *Ministry of Investments and Foreign Trade of Uzbekistan (MIFT)*

The MIFT implements unified state investment policies and promotes investment. Some of its major functions with respect to PPPs include initiating, procuring and promoting projects, as well as establishing agreements among the government, investors and International Financial Institutions (IFIs).

#### *Cabinet of Ministers of Uzbekistan (CM)*

The CM is the state body which ensures the implementation of unified state policies in the PPP field and approves concepts for PPP projects worth more than 10 million USD.

#### *Ministries, agencies and legal entities*

The CM may authorize a specific government entity (e.g., Ministry of Energy, Ministry of Public Health) or another organization to act as a public partner in a PPP project on behalf of the Republic of Uzbekistan.

## STEP I PPP Project initiation

A private or public partner first develops a concept paper on the PPP project as well as a feasibility document packet, then approaches the responsible state authority for approval. Depending on its value, the PPP project may go through several stages of approval, starting from simple adoption by the public partner up to final approval by the Cabinet of Ministers. Depending on the project value, the following approval gradation is applicable:

- < 1 million USD: approval by the public partner
- 1–10 million USD: approval by both the public partner and PPPDA
- > 10 million USD: the public partner and PPPDA acknowledge the PPP project for approval by the Cabinet of Ministers

## STEP II Selection

The public partner selects the private partner on tender. The tender is done in one or two stages.

### *(Criteria for a single stage tender)*

- The project value amounts to USD 1 mln or below, and/or
- The private partner acts as an initiator (unsolicited project). If the public partner approves the concept paper the private partner submitted, the project proposal is put out for tender. Request for expression of interest should be posted on the website of the public partner and PPPDA for 45 days (see <https://pppda.uz/en/>). If no one declares interest during the specified period, the public partner may enter into a direct agreement with the private partner.

### *(Criteria for a two-stage tender)*

- The project value exceeds USD 1 mln, and/or
- The public partner acts as the initiator (solicited project). The tender commission, comprised of representatives from state authorities (e.g., public partner, Ministry of Finance, Antimonopoly Committee, PPPDA) determines the winning bid.

## STEP III Conclusion of the PPP agreement

The PPP agreement between the public partner and private partner is finalized.

## Recent project development with foreign investors

Various major PPP projects were recently implemented in Uzbekistan, focusing on renewable energy facilities, healthcare system improvements, rural area development, etc. The following are among the most notable:

- **The Abu Dhabi Future Energy Company PJSC – Masdar (UAE)** was selected during the first open tender in 2019 to build a 100 MW photovoltaic (solar) power plant in the Navoi region. The investment totals around 100 million USD. The World Bank Group's International Finance Corporation assisted in the tender process, under its Scaling Solar program.
- **NephroPlus (India)** was chosen during a tender in 2021 to build four new clinics, investing 9.7 million USD. The facilities will follow the best international standards in providing dialysis services in Tashkent, Karakalpakstan and Khorezm.
- **A consortium among EDF (France), Nebras Power (Qatar) and Sojitz Corporation (Japan)** was the winning bidder in a tender in 2021 to build a 1,600 MW combined cycle gas turbine power plant (CCGT) in the Syrdarya region. The project is expected to attract 1.2 billion USD in investments.

## 3.3 | Privatization

### General overview

The government's privatization efforts were revitalized with the establishment of the State Asset Management Agency of Uzbekistan (UzSAMA) in 2019. The agency oversees state-owned enterprises (SoEs) and manages their transformation process.

In 2020, Uzbekistan unveiled a program calling for the full or partial privatization of 627 SoEs. This included 32 large SoEs such as the gold and uranium mining company Navoi MMC, oil and gas company Uzbekneftegaz, Uzbekistan Airways, Uzbekistan Railways, and major state-owned banks.

The government aims to reduce the number of SoEs by 75% by 2025, envisioning the stock listing of at least 20 SoEs. It also intends to liquidate 477 inactive and unprofitable enterprises with state participation. The transformation process continues with the planned adoption of international standards and practices of corporate governance in SoEs, in partnership with international financial institutions and foreign experts.

Information on the list of SoEs to be potentially privatized can be found below:

- UzSAMA updates the list of SoEs and public properties which are up for privatization annually. Its website provides useful details such as the sizes of shares/participatory interests to be sold, and locations (<https://davaktiv.uz/en/privatization>).
- The list of SoEs to be publicly traded in a stock exchange from 2021 to 2023 can be found in the [Appendix 1](#). (UzSAMA may change the SoEs included on this list upon consultation with the State Tender Commission when selling state assets.)

### Laws and regulations

The following are among the main laws and regulations governing the privatization process in Uzbekistan. Also, the Law on Privatization, which determines the protection and provision of the rights and legitimate interests of the privatization of

state assets and other public property objects will be adopted this year:

- [Law on Denationalization and Privatization](#)
- [Presidential Decree on Measures to Accelerate the Reformation of Enterprises with State Participation and the Privatization of State Assets](#)
- [Presidential Decree on Measures to Further Accelerate the Privatization of State Assets](#)
- [Strategy for the Management and Reform of State-Owned Enterprises for 2021-2025](#)
- [Strategy for the Reform of the Banking System of Uzbekistan for 2020-2025](#)

### Government institution in charge

#### UzSAMA

UzSAMA is the primary state body responsible for implementing a single state policy in the field of effective management of state assets. Among other tasks, UzSAMA is authorized to exercise the rights of state shares of SoEs as a shareholder; introduce modern methods and forms of corporate governance in SoEs; organize measures for privatization to attract investment through auction, competition or initial or secondary public offerings ("IPO/SPO") on domestic and foreign stock exchanges; ensure an open and transparent mechanism for the privatization of state assets; and monitor investors' compliance with investment obligations and social commitments.

#### *Capital Market Development Department of the Ministry of Finance of Uzbekistan*

The Ministry of Finance's Capital Market Development Department performs a number of functions in the area of regulating the activities of securities market participants; and establishing requirements for the issuance and registration of securities and reporting, as well as the maintenance of securities owner and transaction registers.

## Privatization process

The privatization process of SoEs in Uzbekistan consists of two stages:

**1. SoE institutional transformation:** This stage envisages SoEs' transformation into LLCs or JSCs, transition towards international financial reporting standards (IFRS), obtainment of international credit ratings, development of an appropriate privatization strategy which covers financial projections and operational reorganization, etc.

**2. SoE sale:** Upon transformation, the sale of SoE assets is carried out through one of the following:

- **An auction or competition** is managed and organized by UzSAMA or jointly with a specialized private organization.

- **An initial public offer (IPO) or secondary public offer (SPO)** is placed in the stock exchange.

### *Auction and competition procedures*

UzSAMA, as the state assets' seller, determines the type of privatization procedure (i.e., auction or competition) based on the nature of the asset to be privatized. For example, while state-owned shares in JSCs can only be sold through competition with specific selection criteria of bidders, shares in the LLC's charter capital and real estate objects can be sold through either auction or competition. More detailed information on the types of bids and requirements for participants are published on the [UzSAMA website](#), [E-AUKSION](#) platform, [RSE Tashkent website](#), the newspaper Birja, periodicals of the Council of Ministers of the Republic of Karakalpakstan, the regional authorities (khokimiyats) and Tashkent.

Both auction and competition may be held online through the [E-AUKSION](#) platform. A sale and purchase agreement is then conducted with the winner of the auction or competition.

### *Public offering*

The sale of state shares through IPO/SPO is a relatively recent development as part of the privatization program. The public offering of state shares can be posted via the following:

- **The local Republican Stock Exchange (RSE) Tashkent:** The local listing is conducted in accordance with national legislation. The roadmap for each company's IPO/SPO process must be approved by the Cabinet of Ministers.

- **International foreign exchanges:** This is regulated according to foreign stock exchange rules and applicable foreign laws. From January 1st, 2023, domestic issuers will be able to offer their shares in foreign stock markets only after a preliminary listing in the national stock exchange.

To make capital market information more accessible to all investors, and to integrate with international financial markets, the Capital Market Development Program for 2021–23 calls for the development of an electronic database on the official [RSE Tashkent website](#). It is to provide public information on share issuer names, types of shares, dividends, etc.

## Recent project development with foreign investors

- **Coca-Cola İçecek (Turkey)** acquired 57.118% of state shares in Coca-Cola Bottlers Uzbekistan for 252.3 million USD.

- **OTP Bank (Hungary)** signed an agreement to purchase 75% of state shares in the Ipoteka Bank in October 2021. The transaction is to be finalized in 2022.

- **UzSAMA** published a notice on the sale of state-owned shares in the Fargonaazot JSC, one of the major fertilizer producers in the country. The shares to be sold correspond to 99.02% of the charter capital. The International Finance Corporation of the World Bank Group acts as a strategic advisor to UzSAMA, assisting in the sale of its shares.





# 4

## Tax, customs and accounting

- Tax regime
- Custom regulations
- Tax and customs incentives
- Accounting and audit requirements

## 4.1 | Tax regime

The government began overhauling the taxation system in 2018 to improve the country's investment climate. The reforms aim to modernize tax legislation, reduce overall tax burdens, and enhance tax administration. A new edition of the Tax Code came into effect on January 1<sup>st</sup>, 2020, following a nearly two-year effort from regulatory authorities in cooperation with business and expert communities.

Below is an overview of the taxes payable under the standard tax regime.

Type of tax payment	Taxpayers	Taxable base	Rate
Corporate income tax	Uzbek legal entities operating under the standard tax regime and PEs of foreign legal entities	Taxable profit calculated as a difference between gross revenue and deductible expenses	<ul style="list-style-type: none"> <li>General rate: 15%</li> <li>Profit from the sale of goods and services for export: 0% (provided that the share of exports is more than 15%)</li> </ul>
Value added tax	<ul style="list-style-type: none"> <li>Uzbek legal entities</li> <li>PEs of foreign legal entities in Uzbekistan</li> <li>Foreign legal entities providing e-services (if place of supply is determined to be in Uzbekistan)</li> </ul>	Turnover from supply of goods and services, import of goods and services	<ul style="list-style-type: none"> <li>General rate – 15% (reduction to 12% is expected in 2023)</li> <li>Export of goods -0%</li> </ul>
Excise tax	Legal entities producing, selling or importing excisable goods	Either volume of excisable goods in kind or value of excisable goods sold	Rates variable depending on type of goods and services
Personal income tax (withheld by tax agents (e.g. employers))	Individuals earning taxable income: <ol style="list-style-type: none"> <li>Residents of Uzbekistan earning within the country and abroad</li> <li>Non-residents of Uzbekistan earning within the country</li> </ol>	Employment income of individuals, as well as dividends, interest, royalty incomes, and capital gains	<ul style="list-style-type: none"> <li>General: 12% (residents) 20% (non-residents)</li> <li>Dividend and interest income: 5% (residents) 10%(non-residents)</li> </ul>
Social tax	Uzbek legal entities, PEs of foreign legal entities	Employment income paid to employees	General rate – 12%
Property tax	Uzbek and foreign legal entities with taxable immovable property in Uzbekistan	Average annual net book value of immovable property	General rate: 1.5%
Land tax	Legal entities, including non-residents, owning, or renting land plots	Total area of a land plot	Rates variable, depending on location, type and quality of land, etc.
Water use tax	Uzbek legal entities, PEs of foreign legal entities	Volume of consumed water	<ul style="list-style-type: none"> <li>General: 240 UZS - for 1 cubic meter from surface sources, 290 UZS - for 1 cubic meter from underground sources</li> <li>Rates vary depending on type of activity and type of water source.</li> </ul>
Withholding tax (for tax non-residents)	Foreign legal entities receiving income from Uzbekistan without creating a PE in Uzbekistan	Gross amount of Uzbek-sourced income paid to non-residents, including dividends, interest, royalties, capital gains, and business income	<ul style="list-style-type: none"> <li>Dividends, interest: 10%</li> <li>Insurance premiums: 10%</li> <li>Telecommunications, transportation: 6%</li> <li>Other (royalties, rent, etc.): 20%</li> </ul>

## 4.2 | Custom regulations

Customs regulations are based on the general principles and rules established by Article VII of the General Agreement on Tariffs and Trade 1994 (GATT 1994), the Agreement on the Application of Article VII of GATT 1994, and customs regimes from the Kyoto Agreement on the Facilitation and Harmonization of Customs Procedures 2008.

According to the customs code, the following customs payments may be levied on the import of goods into Uzbekistan:

Type of payment	Rate
Customs duty	5% - 70% (depending on the type of goods), unless eligible for exemption
Excise tax	Rates variable depending on the type of goods imported
Other fees, including customs clearance fees	1 - 75 BCU, depending on the customs value of goods
VAT	15%, unless eligible for exemption

The export of goods is not generally subject to customs duties or to VAT.

### Trade benefits under international agreements

#### ***CIS Free Trade Zone Agreement (FTZA) and free trade regime countries***

Goods imported from the CIS FTZA countries (Armenia, Belarus, Kazakhstan, Kyrgyzstan, Moldova, Russia, Tajikistan, and Ukraine) and countries that have a free trade regime with Uzbekistan (Azerbaijan and Georgia) are not subject to customs duties.

#### ***Most-favored-nation (MFN) regime***

•The import of goods from countries that have an MFN regime with Uzbekistan (please refer to [Appendix 2](#) for a list of countries) is subject to

customs duties at a standard rate, regardless of the country of departure or the exporter.

•The import of goods that do not fall under the above criterion is subject to customs duties at a doubled rate (unless eligible for customs duty exemptions).

#### ***EU GSP+***

Uzbekistan was accepted as a beneficiary of the special incentive arrangement under GSP+ in 2021. Under this incentives scheme, Uzbekistan is entitled to exemption from customs duty on export of over 6,200 commodity items to EU countries.

## 4.3 | Tax and customs incentives

The provision of tax incentives is generally regulated in the new Tax Code.

Below is an overview of the tax and customs incentives outlined in the new Tax Code:

Object of incentives	Nature of incentives	Eligibility requirements	Duration/expiration date
Enterprises attracting FDI	Exempt from <ul style="list-style-type: none"> <li>•Property tax</li> <li>•Land tax and</li> <li>•Water usage tax</li> </ul>	<ul style="list-style-type: none"> <li>Operation in the following manufacturing sectors: computer components; electronics; light industries; silk; construction materials; food and food processing; chemicals and pharmaceuticals</li> <li>Location outside the city of Tashkent or Tashkent region</li> <li>Minimum share of foreign capital at least 33% (15% for joint-stock companies)</li> <li>Investment not subject to a sovereign guarantee</li> <li>At least 50% of tax savings spent on reinvestment for further development</li> </ul>	<ul style="list-style-type: none"> <li><b>4 years:</b> investment of 300,000 to 3 million USD</li> <li><b>6 years:</b> investment of 3 million to 10 million USD</li> <li><b>7 years:</b> investment of more than 10 million USD</li> </ul>
	Exempt from <ul style="list-style-type: none"> <li>Customs duties</li> </ul>	Goods imported by enterprises with foreign shareholdings exceeding 33%	2 years from the date of state registration
		Goods imported by enterprises with FDI exceeding \$50 million, provided that these goods are produced by the foreign entity	Unlimited
FEZ tenants	Exempt from <ul style="list-style-type: none"> <li>•Property tax</li> <li>•Land tax</li> <li>•Water usage tax</li> </ul>	<ul style="list-style-type: none"> <li>Provision of export-oriented production</li> <li>Alignment of projects with technical and environmental regulations and energy-efficiency requirements</li> <li>Alignment with the functional and industrial specialization of the FEZ</li> <li>Ensuring that 90% of staff are local workers</li> </ul>	<ul style="list-style-type: none"> <li><b>4 years:</b> investment of 300,000 to 3 million USD</li> <li><b>6 years:</b> investment of 3 million to 5 million USD</li> <li><b>7 years:</b> investment of 5 million to 10 million USD</li> <li><b>10 years:</b> investment of more than 10 million USD</li> </ul>
	Exempt from <ul style="list-style-type: none"> <li>Customs duties (except for VAT and customs processing fees)</li> </ul>	<ul style="list-style-type: none"> <li>Materials not produced in Uzbekistan and used in a project's construction phase</li> <li>Technological equipment not produced in Uzbekistan as per the approved list</li> <li>Raw materials and components used to produce export-oriented goods</li> </ul>	Unlimited



Object of incentives	Nature of incentives	Eligibility requirements	Duration/expiration date
Investment agreement parties	When not specified in legislation, the nature of incentives may vary, depending on the project's <ul style="list-style-type: none"> <li>• volume of investment,</li> <li>• location,</li> <li>• industry,</li> <li>• and socioeconomic impact and job creation.</li> </ul>	Specified upon conclusion of the investment agreement	Specified in the investment agreement
Production sharing agreement ("PSA") participants	Should be determined by the PSA terms	Specified upon conclusion of the PSA	Specified in the investment agreement
Specific territories in the Fergana region (the Sokh district; the Chungar mahalla in the Rishtan district; the Shakhimardan mahalla; and the Yordan, Tashtepa, and Khosilot mahallas)	1% CIT rate	Registering and carrying out activities in a specific territory	Unlimited
	1% rate turnover tax		
	1% social tax rate on payroll of employees working in a specific territory	Engagement of employees in activities in a specific territory	
	Applications of 0.1 coefficient on property tax and land tax rates, respectively	Location in a specific territory	
	Applications of 0.1 coefficient on water usage tax rate	Usage of water resources in a specific territories	
	1% PIT rate	Individuals engaged in employment activities in a specific territory	
Temporary tax benefits for newly established business entities in the Republic of Karakalpakstan	Exempt from: <ul style="list-style-type: none"> <li>• property tax</li> <li>• land tax</li> <li>• turnover tax</li> </ul>	Newly established entities designated as "points of growth" for all districts and cities of the Republic of Karakalpakstan by decree of the President of Uzbekistan	For a period until 1 January 2024
	Exempt from: <ul style="list-style-type: none"> <li>• property tax</li> <li>• land tax</li> <li>• turnover tax</li> </ul> 50% reduction of tax rate <ul style="list-style-type: none"> <li>• CIT</li> <li>• water tax</li> </ul>	Newly established entities in the manufacturing sector and located in the Takhtakupyr, Bozatau and Shumanai districts of the Republic of Karakalpakstan	
	Exempt from <ul style="list-style-type: none"> <li>• CIT</li> <li>• property tax</li> <li>• land tax</li> <li>• turnover tax</li> </ul>	Newly established entities in the service sector and located in 45 mahallas and auls with difficult conditions, corresponding to the list drawn up by the Jokargy Kenes of the Republic of Karakalpakstan	

## 4.4 | Accounting and audit requirements

### Accounting standards

Uzbekistan is in the process of transitioning towards international financial reporting standards (IFRS). As legislation allowed enterprises to use either IFRS or the national accounting standard (NAS) as a statutory accounting framework, some may have already opted for bookkeeping and preparing financial statements in accordance with the former instead of the latter.

Certain types of enterprises—such as joint stock companies, banks, insurance companies, and legal entities categorized as large taxpayers—must apply the IFRS on a mandatory basis as of January 1st, 2021. Large taxpayers are considered to be enterprises

- whose total annual turnover exceeds 100 billion UZS (approximately 9.4 million USD);
- which produce excisable goods or provide excisable services;
- which are engaged in the extraction, processing, transportation, and sale of hydrocarbons/mineral resources (except petroleum stations);
- which produce or distribute electricity;
- which use Uzbek airspace for passenger transport or air traffic services.

RepOffices and PEs are not required to maintain fully-fledged accounting or file financial statements in accordance with Uzbek accounting regulations. Such entities keep an operational record of the results of their activities, including for tax purposes.

### Financial year and reporting

- The financial year is set as a calendar year, starting **on January 1st and ending on December 31st**.
- Uzbek legal entities should provide financial statements to the tax authorities on **either a quarterly or annual basis**, depending on their legal classification.

### Audit requirements

Auditing requirements are stipulated in the Law on Audit Activity, adopted in 1992 and amended in 2018. According to the law, financial statements must be audited once a year for

- banks and other institutions licensed by the CBU;
- insurance companies;
- all joint-stock companies;
- entities administering public funds at large;
- charities and non-governmental organizations;
- entities where at least one of the shareholders is a public entity;
- and stock exchanges.

In addition, any entity may choose to have its financial statements audited. The Ministry of Finance sets and enforces the Uzbek National Standards on Auditing, based on the International Standards on Auditing (ISA).



# 5

## Legal matters

- Investment related laws
- Intellectual property rights
- Dispute Settlement

## 5.1 | Investment related laws

### Law on Investments

The Law of the Republic of Uzbekistan on [Investments and Investment Activities](#) (or “Law on Investments” for short) governs both domestic and foreign investments in the country. It establishes the fundamental principles for investment activities in Uzbekistan, such as legitimacy, transparency, freedom, fairness, equality, non-discrimination, and good faith.

The Law on Investments defines as an “enterprise with foreign investments” a legal entity whose charter capital amounts to at least 400 million UZS (approximately 38,000 USD) and in which at least 15% of shares correspond to foreign investment. Moreover, the law stipulates the following guarantees for investors:

- General rights
- Use of funds
- Free transfer of funds
- Return of foreign investment in connection with the termination of investment activities
- Protection from unfavorable changes in national legislation
- Publicity and transparency
- Investment protection, including the possibility to obtain additional guarantees and measures for this purpose
- Protection against conflicting provisions

The bilateral investment treaties (BITs) signed by Uzbekistan serve as additional sources to regulate investment activities. It has signed BITs with 52 states so far, 48 of which are in force. The list of BITs currently in force can be found at [link](#).

### Other legislation

Other laws regulate specific areas of investment activity in Uzbekistan. The following are the most important:

- [Civil Code](#) of the Republic of Uzbekistan, which provides the general framework for the majority of transactions between entities or individuals (including property acquisition by foreign investors)
- [Law on Special Economic Zones](#), which provides investors with additional incentives and benefits in relation to projects established in SEZs
- [Law on Public-Private Partnerships](#), which stipulates the rights, responsibilities and state support incentives for foreign investors as private partners
- [Law on Investment and Mutual Funds](#), which provides mechanisms for diversified investment activities
- [Law on Production Sharing Agreements](#), which delimits foreign mining investment activities domestically
- [Law on Licensing, Permitting and Notification Procedures](#), which supplies information on licensing regulations and a list of activities to be conducted exclusively based on licenses, permits or notification
- [Law on Nature Conservation](#), which lays out provisions for environmental and natural resource use clearance.



## 5.2 | Intellectual property rights

### Overview

The sphere of intellectual property (IP) is currently under reconsideration by state authorities. The amendments made in recent years aimed at filling legislative gaps to increase protection for right-holders, especially foreign ones.

Moreover, recent developments have enabled applicants to submit their applications online to reduce administrative burden and paperwork.

### Laws and regulations

The IP sphere is primarily regulated by the [Civil Code](#). Statutory acts regulating certain types of IP rights more specifically include the [Law on Copyright and Related Rights](#); [Law on Trade-marks, Service Marks and Names of Origin of Goods](#); [Law on Breeding Achievements](#); and [Law on Inventions, Utility Models and Industrial Designs](#).

IP regulations also apply to licensing and franchising, according to general Civil Code provisions, since no specific statutory acts govern these activities; and are subject to several international conventions, treaties and agreements. Uzbekistan is a member of the World Intellectual Property Organization (WIPO), which broadens the scope of international cooperation and IP rights protection.

### Government institutions in charge

The Intellectual Property Agency (IP Agency), under the Ministry of Justice of Uzbekistan, is the main regulatory state authority in the field of IP.

The IP Agency is responsible for the development of unified state IP policies, legal protection of IP objects, establishment and

strengthening of international legal cooperation on IP matters, registration of IP rights (including licensing agreements under franchising), etc.

### Types of IP

#### Copyright

Copyright covers works of science, literature, art as well as computer programs and databases, and arises upon creation of an IP object with indication of author's name. No registration procedures are required.

The sign of copyright consists of: “[©] [copyright holder's name] [year of first publication]”.

#### *Industrial property (inventions, utility models, industrial designs)*

The right to industrial property belongs to the authors and is certified by a patent. The registration of industrial property under the IP Agency is evidenced through issued patents. Patent duration ranges from 5 to 20 years, depending on the industrial property type.

#### Trademark

Trademarks are also subject to registration with the state. Uzbekistan is a party to the Madrid Agreement Concerning the International Registration of Marks (1891) and the Protocol Relating to that Agreement (1989), Geneva Convention for the Protection of Producers of Phonograms Against Unauthorized Duplication of their Phonograms (1971) and Paris Convention for the Protection of Industrial Property (1883). Entities which have duly registered their trademarks in other member states may expand their validity and protection to Uzbekistan through secondary registration, by applying either to the WIPO or the IP Agency.

A trademark gains lawful protection after its registration and is valid for up to 10 years.

## 5.3 | Dispute settlement

### Overview

The main sources of law in Uzbekistan are codified sets of legal and regulatory acts. Local and foreign companies may resort to traditional means (state courts) or alternative methods (arbitration and mediation) of dispute resolution.

### Laws and regulations

The Uzbek judicial system is regulated by the Constitution, the Law on Courts, Law on Enforcement of Judicial Decisions and Decisions of Other Authorities, among others. The Plenum of the Supreme Court issues binding resolutions on various aspects of law and dispute resolution, to ensure a single and correct interpretation of legislation.

Moreover, the procedural requirements of dispute resolution / litigation processes are established by the respective procedural codes which vary by the type of the case to Economic Procedural Code, Code on Administrative Court Proceedings, Civil Procedural Code, and Criminal Procedural Code.

### Government institutions in charge

#### State courts

Uzbek judicial system consists of Constitutional Court, Supreme Court, Military Courts as well as Administrative, Civil, Criminal and Economic Courts of different levels.

#### Judicial Assembly for Investment Disputes and Competition Cases ("Judicial Assembly")

The Judicial Assembly was established in 2020 and is empowered to resolve the investment disputes between major investors (natural or legal persons, whose investments exceed USD 20 mln.) and state authorities, as well as

competition cases. Upon the request of major investors the Judicial Assembly shall resolve the investment disputes and competition cases as the court of the first instance.

### Alternative dispute resolution methods

#### Domestic arbitration

Domestic arbitration courts are non-governmental bodies which resolve disputes arising from civil legal relations between business entities in accordance with Uzbek law. Such courts are divided into two categories: temporary and permanent.

#### International commercial arbitration

International commercial arbitration in Uzbekistan is governed by the Law on International Commercial Arbitration, dated February 16th, 2021. It sets forth a regulatory framework for the incorporation and operation of international arbitration courts<sup>3</sup>.

Because Uzbekistan is a signatory party to the New York Convention, the decisions of foreign arbitration tribunals can be enforced in the country. Uzbekistan is a party to other international multilateral and regional treaties governing international commercial and investment arbitration, including the ICSID Convention.

#### Tashkent International Arbitration Centre ("TIAC")

The TIAC has competences to resolve disputes through arbitration and mediation. It provides consulting services to domestic and foreign business entities and investors, aimed at preventing investment-related disputes (including investor-state disputes).

#### Mediation

Uzbekistan adopted the Law on Mediation on July 3rd, 2018, as its regulatory framework for mediation proceedings<sup>4</sup>.

<sup>3</sup> The law became effective only on August 18th, 2021. So far, no enforcement mechanisms have been implemented in local legislation (e.g., injunctive relief, restrictive order).

<sup>4</sup> The mediation practice has not been resorted to on a regular basis so far, since the domestic legislation provides no instrument to enforce mediation settlement agreements.

# 6

## Labor and human resources



## 6 | Labor and human resources

### Laws and regulations

Labor relations are regulated mainly by the [Labor Code](#) of the Republic of Uzbekistan, by laws stipulating general procedures, and by employers' collective agreements.

The legislation is similarly applicable to all employers and employees operating/working in Uzbek territory. Foreign nationals employed in Uzbekistan thus have the same rights and obligations as Uzbek nationals.

### Government institution in charge

The state authority regulating the labor sector is the Ministry of Employment and Labor Relations (MELF). The Federation of Labor Unions of Uzbekistan exercises supervision and control over compliance with labor legislation at a more local level.

### Key consideration for employing staff

The Uzbek labor system is relatively socially-oriented: Employees are provided with a substantive range of rights and protections. The employment age is 16 (conditional), with full labor capacity being reached at the age of 18. Labor contracts can be open-ended or limited in duration (up to 5 years) or to a particular task.

#### Remuneration policy

- As of January 2022, the **minimum wage was 822,000 UZS (around 80 USD) per month**. Above the minimum wage, employers and employees are free to determine remuneration in their labor agreement in the local currency.
- Remuneration terms and amounts and other payments listed in the labor contract must be made in the local currency.
- In case employees work overtime or on their designated days off or holidays, the employer must pay at least double the rate or provide corresponding time off (compensatory time).
- Employees working in areas of harsh or adverse conditions are entitled to additional wages.

#### Working hours and leave

- The number of full-time working hours per week is **40**.
- Employees have a right to free time during the workday (usually an hour for lunch).
- Employment parties may choose to have a **five- or six-day working week**, with the common day off being Sunday.
- Employees have a right to an annual paid leave of at least **15 working days**.

#### Social insurance of employees and compensations

All employees are subject to state social insurance, funded via the social tax paid by employers. The insured employees (and family members) have a right to receive temporary disability, retirement, survivor, maternity, and childbirth benefits.

#### Probation period

The labor contract may stipulate a probation period of **no longer than three months**. The probation period cannot be applied to pregnant women, mothers with children under three years old, or graduates job-seeking within three years of finishing their studies.

#### Labor contract termination and notification requirements

According to Uzbek labor legislation, labor contracts may be terminated on the following bases:

- Agreement of both parties
- Expiration of the term of the labor contract
- Grounds envisaged in the labor contract
- Events beyond the parties' control
- Failure to be reelected to the representative bodies for a new term or refusal to participate in elections.



An employee may terminate the labor contract on their own initiative at any time, by providing **two-weeks' notice** to the employer.

The labour contract may be terminated at the employer's initiative only in the following cases:

- Decreasing demand in human resources due to operational changes or liquidation of the entity
- Employee unsuitability for the position
- Systematic disciplinary violations in the workplace or a one-time gross violation<sup>5</sup>
- Replacement of a part-time employee with a full-time employee
- Termination of top managers' labor contracts upon entity ownership changes

**Employment of foreign personnel**

The employment of foreign personnel requires additional documents such as work permits and visas. Please note that Uzbekistan has an unlimited visa-free regime with **Azerbaijan, Armenia, Belarus, Georgia, Kazakhstan, Moldova, Russia, and Ukraine**. Citizens of these countries do not need any entry or employment visa, although they still need to obtain work permits.

- Employees' reaching the retirement age

When initiated by the employer, the labor contract termination notice period ranges from three days (for violations) to two months (for change in ownership or liquidation).

**Representative bodies of employees**

Representative bodies such as labor unions protect and negotiate employees' rights and interests. Employees may also elect a special body (committee) within their organization to represent and protect labor rights and interests.

Entry visa	To enter Uzbekistan and start the employment process, a foreign employee must receive a B-2 visa. To obtain a B-2 visa, the local employer must submit an application to the Ministry of Foreign Affairs.
Work permit	<p>A work permit is required of all foreign employees. All employees must undergo an HIV test at a medical institution in Uzbekistan before the employer can initiate the process for obtaining a work permit.</p> <p>Work permits are classified as regular employee, qualified employee, and highly qualified employee permits. The class determines work permit duration and applicable fees.</p>
Employment visa	Employees must obtain an employment visa (e-visa) after receiving the work permit. The local employer submits the e-visa application to the Ministry of Foreign Affairs if the employee is abroad, and to the Ministry of Internal Affairs if the employee is in Uzbekistan.

<sup>5</sup> A one-time gross violation means breaching an important aspect of labor discipline within the internal labor order.

# Appendix 1

The list of enterprises, whose shares are to be publicly traded on a stock exchange from 2021 to 2023

No.	Name of enterprises	Business
1	JSC Uzmetkombinat	Metallurgy
2	JSC Uzbekneftegaz	Oil and gas
3	JSC National Bank of Foreign Economic Activity of the Republic of Uzbekistan	Finance (bank)
4	JSC Halq Bank	Finance (bank)
5	JSC Agrobank	Finance (bank)
6	JSC Microcreditbank	Finance (bank)
7	JSC Qishloq Qurilish Bank	Finance (bank)
8	JSC Uzagrosugurta	Finance (insurance)
9	JSC Kurilishmashlizing	Finance (leasing)
10	JSC Uzbekinvest	Insurance
11	JSC Uzbekistan airways	Airline
12	JSC Uztransgaz	Gas transmission lines
13.	JSC Almalyk MMC	Mining
14	JSC Navoi MMC	Mining
15	JSC UzAutoSanoat	Automobile manufacturing







## Appendix 2

### List of countries with which Uzbekistan has a most-favored-nation status

Austria	Egypt	Lithuania	Turkey
Afghanistan	Israel	Malta	Finland
Bangladesh	India	Luxembourg	France
Belgium	Indonesia	Netherlands	Croatia
Bulgaria	Ireland	Portugal	Czech Republic
Brazil	Spain	Pakistan	Sweden
United Kingdom	Italy	Poland	Switzerland
Hungary	Jordan	Slovenia	Estonia
Vietnam	Cyprus	Romania	Japan
Germany	South Korea	Slovakia	Saudi Arabia
Greece	China	Singapore	Malaysia
Denmark	Latvia	USA	

## Appendix 3

### Leadership of the Ministry of Investments and Foreign Trade of the Republic of Uzbekistan

		Responsibilities
	<b>Sardor Umurzakov</b> Deputy Prime Minister, Minister of Investments and Foreign Trade E-mail: <a href="mailto:s.umurzakov@mift.uz">s.umurzakov@mift.uz</a> Phone: +998 (71) 238-50-00	Investments, trade and foreign economic affairs of the Republic of Uzbekistan
	<b>Laziz Kudratov</b> First Deputy Minister of Investments and Foreign Trade, Director General of the Strategic Development Agency E-mail: <a href="mailto:l.kudratov@mift.uz">l.kudratov@mift.uz</a> Phone: +998 (71) 238-51-51	-coordination of bilateral cooperation with foreign countries -improvement of the global competitiveness and investment climate of Uzbekistan
	<b>Aziz Voitov</b> First Deputy Minister of Investments and Foreign Trade E-mail: <a href="mailto:a.voitov@mift.uz">a.voitov@mift.uz</a> Phone: +998 (71) 238-50-97	-regional development and sectoral management (mining, construction materials, light and electrical industries, agriculture, social sphere, pharmaceuticals, and finance)
	<b>Badriddin Abidov</b> Deputy Minister of Investments and Foreign Trade E-mail: <a href="mailto:b.abidov@mift.uz">b.abidov@mift.uz</a> Phone: +998 (71) 238-50-81	-accession to the WTO -cooperation with the UN Multi-Partner Human Security Trust Fund for the Aral Sea region in Uzbekistan (MPHSTF) -tariff and non-tariff regulation
	<b>Shukhrat Vafaev</b> Deputy Minister of Investments and Foreign Trade, Director of the Uzbekistan Fund for Reconstruction and Development E-mail: <a href="mailto:s.vafaev@mift.uz">s.vafaev@mift.uz</a> Phone: +998 (71) 238-50-48	-coordination with IFIs and bilateral development financial institutions -coordination of ODA loans, grants and technical assistance programs -sectoral management (oil & gas, energy, chemical and infrastructure)
	<b>Bakhtiyor Rakhimov</b> Deputy Minister of Investments and Foreign Trade E-mail: <a href="mailto:b.rahimov@mift.uz">b.rahimov@mift.uz</a> Phone: +998 (71) 238-50-96	-trade capacity development -sectoral management (logistics and transport)



## Responsibilities



### **Olimkhon Rustamov**

Deputy Minister of Investments and Foreign Trade

E-mail: [o.rustamov@mift.uz](mailto:o.rustamov@mift.uz)

Phone: +998 (71) 238-51-10

-formation and monitoring of the state investment program

-coordination of the activities of SEZs

-supervision of the ministry's 14 regional representative offices



### **Khurram Teshabaev**

Deputy Minister of Investments and Foreign Trade,

Director of the Center for Development of Investment Projects

E-mail: [kh.teshabaev@mift.uz](mailto:kh.teshabaev@mift.uz)

Phone: +998 (71) 252-20-98

-development and implementation of new investment projects



### **Otabek Choriev**

Deputy Minister of Investments and Foreign Trade

E-mail: [o.choriev@mift.uz](mailto:o.choriev@mift.uz)

Phone: +998 (71) 238-51-21

-coordination of the activities of "Termez International Trade Center"



### **Ulugbek Muradov**

Director of the Export Promotion Agency

E-mail: [info@epauzb.uz](mailto:info@epauzb.uz)

Phone: +998 (71) 207-05-09

-informational and financial support to exporters

-analysis of export markets

-promotion of Uzbek brands and products abroad



### **Ulugbek Kasimkhodjaev**

Director of the Investment Promotion Agency

E-mail: [uzipa@invest.gov.uz](mailto:uzipa@invest.gov.uz)

Phone: +998 (71) 202-02-10

-informational and legal support for foreign investors

-promotion of the investment opportunities in Uzbekistan

-facilitation of foreign and domestic investors



### **Shakhrukh Rakhimov**

Director of the Agency for International Cooperation and Development

E-mail: [r.rakhimov@asd.uz](mailto:r.rakhimov@asd.uz)

Phone: +998 (71) 202-09-59

-implementation and monitoring of sovereign loan projects

-monitoring of transparent procurement processes

## Appendix 4

### Useful contacts: Governmental Organizations

#### Ministry of Investments and Foreign Trade

Address: 1, Islam Karimov Street,  
Tashkent, 100029  
Phone: +998 (71) 238-50-00,  
Helpline: +998 (71) 238-50-05  
E-mail: [info@mift.uz](mailto:info@mift.uz); [mift@exat.uz](mailto:mift@exat.uz)  
Website: [www.mift.uz](http://www.mift.uz)

#### Strategic Development Agency

Address: 107B, Amir Temur Ave, Tashkent,  
100084  
Phone: +998 (71) 203-03-08  
E-mail: [info@sda.gov.uz](mailto:info@sda.gov.uz), [sda.gov@exat.uz](mailto:sda.gov@exat.uz)  
Website: <https://sda.gov.uz/en/>

#### Investment Promotion Agency of Uzbekistan

Address: 34, Taras Shevchenko Street,  
Tashkent, 100060  
Phone: +998 (71) 202-02-10  
E-mail: [uzipa@invest.gov.uz](mailto:uzipa@invest.gov.uz)  
Website: <https://invest.gov.uz/>

#### Ministry of Finance

Address: 29, Istiklol Street., Tashkent, 100017  
Phone: +998 (71) 239-12-52,  
+998 (71) 239-15-69  
Fax: +998 (71) 244-56-43  
E-mail: [info@mf.uz](mailto:info@mf.uz)  
Website: [www.mf.uz](http://www.mf.uz)

#### Central Bank of Uzbekistan

Address.: 6 Islam Karimov Street, Tashkent,  
100001  
Phone: +998 (71) 212-62-05;  
+998 (71) 200-00-44  
Fax: +998 (71) 233-35-09  
E-mail: [info@cbu.uz](mailto:info@cbu.uz)  
Website: <https://cbu.uz/en/>

#### Ministry of Economic Development and Poverty Reduction

Address: 45A, Islam Karimov Street, Tashkent,  
100003  
Phone: +998 (71) 232-63-20  
Helpline: +998 (71) 207-71-73  
Fax: +998 (71) 232-63-72  
E-mail: [info@mineconomy.uz](mailto:info@mineconomy.uz)  
Website: <https://mineconomy.uz/en>

#### Ministry of Justice

Address: 5, Sayilgoh Street, Tashkent city,  
100047  
Phone: (0371) 207-04-43  
E-mail: [info@adliya.uz](mailto:info@adliya.uz)  
Website: [www.minjust.uz](http://www.minjust.uz)

#### Ministry of Foreign Affairs

Address: 3, Amir Temur Street, Tashkent,  
100000  
Phone: +998 (71) 233-80-98  
Fax: +998 (71) 239-15-17  
E-mail: [info@mfa.uz](mailto:info@mfa.uz)  
Website: [www.mfa.uz](http://www.mfa.uz)

#### Ministry of Agriculture

Address: 2, Universitet Street, Qibray District,  
100140  
Phone: +998 (71) 206-70-30  
E-mail: [info@agro.uz](mailto:info@agro.uz)  
Website: <https://www.agro.uz/>

#### Ministry of Energy

Address: 21, Istikbol Street, Tashkent, 100047  
Phone: +998 (71) 233-80-98  
Fax: +998 (71) 239-15-17  
E-mail: [info@minenergy.uz](mailto:info@minenergy.uz)  
Website: <https://minenergy.uz/en>

## Ministry of Health

Address.: 4 Navoi Street, Shaykhantaur District, Tashkent, 100011  
Phone: +998 (71) 239-47-95  
E-mail: [info@ssv.uz](mailto:info@ssv.uz)  
Website: <https://ssv.uz/en>

## Ministry of Construction

Address.: 6 Abay Street, Tashkent, 100011  
Phone: +998 (71) 210-11-04  
Fax: +998 (71) 210-11-04  
E-mail: [info@mc.uz](mailto:info@mc.uz)  
Website: <https://mc.uz/?lang=ru>

## Ministry for Development of Information Technologies and Communications

Address: 4, Amir Temur Avenue, Tashkent, 100047  
Phone: +998 (71) 238-41-59  
Fax: +998 (71) 239-87-82  
E-mail: [info@mitc.uz](mailto:info@mitc.uz)  
Website: [www.mitc.uz](http://www.mitc.uz)

## Ministry of Pre-School Education

Address: 17 Amir Temur Street, Mirabad District, Tashkent, 100070  
Phone: +998 (71) 207-04-08  
E-mail: [info@mpe.uz](mailto:info@mpe.uz)  
Website: <https://mdo.uz/>

## Ministry of Public Education

Address.: 2a, Navoi Street, Shaykhantaur District, Tashkent, 100187  
Phone: +998 (71) 241-01-86  
E-mail: [info@xtv.uz](mailto:info@xtv.uz)  
Website: <https://www.uzedu.uz/>

## Ministry of Higher and Secondary Specialized Education

Address.: 2, Chimbay Street, Apt 96, Tashkent, 100095  
Phone: +998 (71) 246-10-81  
E-mail: [edu@exat.uz](mailto:edu@exat.uz)  
Website: <https://www.edu.uz/>

## Ministry of Employment and Labor Relations

Address.: 15, Mirobod Street, Tashkent, 100100  
Phone: +998 (71) 239-41-21  
Helpline: +998 (71) 200-06-00  
E-mail: [info@mehnat.uz](mailto:info@mehnat.uz)  
Website: <https://mehnat.uz/en>

## Non-governmental Organizations

### Uzbekistan Banking Association

Address.: 1, A. Xojaev Street, Tashkent, 100027  
Phone: +998 (71) 238-69-61  
Fax: +998 (71) 238-69-62  
E-mail: [office@uba.uz](mailto:office@uba.uz)  
Website: <https://uba.uz/en/>

### Chamber of Commerce and Industry of Uzbekistan

Address: 4, Amir Temur Street, 100047  
Phone: +998 (78) 150-60-06  
E-mail: [info@chamber.uz](mailto:info@chamber.uz)  
Website: [www.chamber.uz](http://www.chamber.uz)

### American Chamber of Commerce in Uzbekistan

Address.: 21A, Taras Shevchenko Street, Office 505, Tashkent, Uzbekistan 100060  
Phone: +998 (78) 140 08 77  
E-mail: [amcham.assistant@amcham.uz](mailto:amcham.assistant@amcham.uz)  
Website: <https://amcham.uz/>

