



Market Opportunities 2017

UZBEKISTAN



Major Economic and Social Developments in Uzbekistan

Uzbek government intensifies restructuring of the state apparatus by adding modern-thinking specialists to the management, alongside with radical improvements in legislation, directed to full-scale liberalisation, increasing trade turnover and development of local industry, attracting foreign investors, full transfer to market economy and overcoming such obstacles as corruption, restrictions for payment on current international transactions, tariff and non-tariff barriers.

01

Reforming government bodies



Former Ministry of Foreign Economic Relations, Investments and Trade of the Republic of Uzbekistan is reorganised into the Ministry of Foreign Trade of the Republic of Uzbekistan.

Moreover, President Shavkat Mirziyoyev signed a Decree setting up the State Investment Committee with offices in Karakalpakstan, the regions and Tashkent, which will shape domestic investment policy and attract foreign investment.

The heads and deputies of Central bank, Ministry of Finance, State Customs Committee, Ministry of Internal Affairs, Ministry of Defense, Ministry for Development of Information Technologies and Communications, Committee for Management of State Reserves, Ministry of Emergency Situations, Ministry of Health, Ministry of Employment, State Committee on Geology were substituted with young, promising high-level specialists.

02

Reforms in financial system



- Currency liberalisation

Starting from 5 September 2017, the Central Bank of the Republic of Uzbekistan set the official rate of 8.1 thousand Uzbek soums per US dollar, thus devaluing the value of the national currency by almost half. At the same time, Russian ruble went up to 139.91 soums (+1.97 times), Euro increased to 9645.48 soums (+1.94 times), British pound - to 19495.17 soums (+1.93 times).

According to the Decree of the President, from 5 September, legal entities of Uzbekistan will be able to purchase foreign currency in commercial banks without restrictions for payment on current international transactions (import of goods, works and services, repatriation of profits, repayment of loans, payment of travel expenses and other transfers of non-trade nature). Moreover, the Decree abolished the requirement for mandatory sales of earnings in foreign currency by exporters, regardless of their form of ownership.

- Decrease of duties to some imported goods

The amount of excises for import of commercial vehicles, wheat flour, sunflower oil, canned vegetable products, vegetable and fruit juices, flavor additives and others was reduced.

Starting from 4 September 2017 42 types of goods were freed from import customs duties.

- Measures to improve tax system approves

President Shavkat Mirziyoev signed a Decree "On measures for radical improvement of tax administration, increase tax collection and other obligatory payments". Objectives defined in the Action Strategy for 2017-2021 provide for the gradual simplification of the tax system, reducing the tax burden by expanding the tax base, the introduction of modern methods of tax administration, increasing the collection of tax and other obligatory payments.

03

Reforms in legal system



- Anticorruption measures

The Law of the Republic of Uzbekistan "On combating corruption" No. ZRU-419 was established on 3 January 2017. The Law provides the basic principles and directions of the state policy on combating corruption, system of authorised bodies, and participation of self-government bodies, civil society institutions, mass media and citizens, as well as international cooperation in this field. The Republican interdepartmental commission on counteracting corruption has been established.

- Business registration

According to the Government resolution dated 9 February 2017 №66, aimed at improving the system of state registration of business entities, a conceptually new system of state registration of businesses, both legal entities and individual entrepreneurs is established.

Business registration procedure is carried out in a real-time mode within 30 minutes of submission of the electronic application.

- An application for state registration and re-registration of the business can be submitted either through the automated registration system functioning 24/7 or in person through "single-window" centers, available in all districts and cities of the country and open from Monday to Friday from 9:00 to 18:00 without a break for lunch.

- Amendments to Constitution

On 6 April 2017, the President of the Republic of Uzbekistan Shavkat Mirziyoev signed the Law "On introducing amendments and additions to the Constitution of the Republic of Uzbekistan".

In accordance with these amendments, the Supreme economic court and the Supreme court are merged into a single Supreme judicial body in civil, criminal, administrative and economic justice - the Supreme court of the Republic of Uzbekistan.

In addition, in accordance with the amendments to the Basic law, a new institution - Supreme Judicial Council is introduced into the judicial system.

- Uzbek government to submit 30 draft laws to parliament in 2017

The Cabinet of Ministers of Uzbekistan has approved a program to prepare and submit draft laws to the Legislative Chamber of the Parliament in 2017.

The program includes 30 draft laws - 22 stipulated by the Uzbek presidential orders and decrees and eight initiated by the bodies of state administration.

The documents to be prepared include a draft law on public-private partnership, on public service, on local state authority, on state customs service, on reconciliation (mediation), on non-governmental organisations promoting employment, on labor migration, on spreading legal information and ensuring access to it, new editions of laws on tourism, on public procurement, and on administrative procedures.

04

Uzbekistan Increases foreign trade turnover



Uzbekistan exported products worth \$11.1b in 2016 and was 84th among 224 exporters in the rating, with small business making up 28.6% of all exports.

Trade turnover between Uzbekistan and the European Union constituted 1.8 billion euros.

In 2016, Uzbekistan found new markets in Europe, Asia, and Africa, setting up in total 877 new enterprises.

There are 50 agreements worth a total of \$16b reached by President Shavkat Mirziyoyev during his 4-5 April visit to Russia.

Chinese investments to Uzbekistan exceeded 7.6 billion dollars. Uzbekistan and China intend to bring the volume of bilateral trade to 10 billion dollars by 2020.

05

Industrial development in Uzbekistan



- Almalyk Mining and Metallurgical Combine has started implementation of the second phase of the "Development of the Dalneye deposit" project. Total cost of facilities with processing capacity of 23 million tons of ore per year with the continuation of overburden and mining operations is about \$1.7 billion.

- The construction of the 5th hydrometallurgical plant of the Navoi Mining and Metallurgical Combine started on the basis of the Auminza-Amantai gold deposit. This project, with a total value of \$ 396 million, will create an opportunity to process 5 million tons of ore per year, organizing about 5,300 jobs.

- Gazprombank and Asaka Bank signed a co-financing agreement to fund important investment projects, including a metallurgical plant worth €280m. The plant will produce cold-rolled sheets with and without coating, an estimated 500,000 tons of steel, a bit short of what Uzbekistan buys from abroad, to edge out imports.

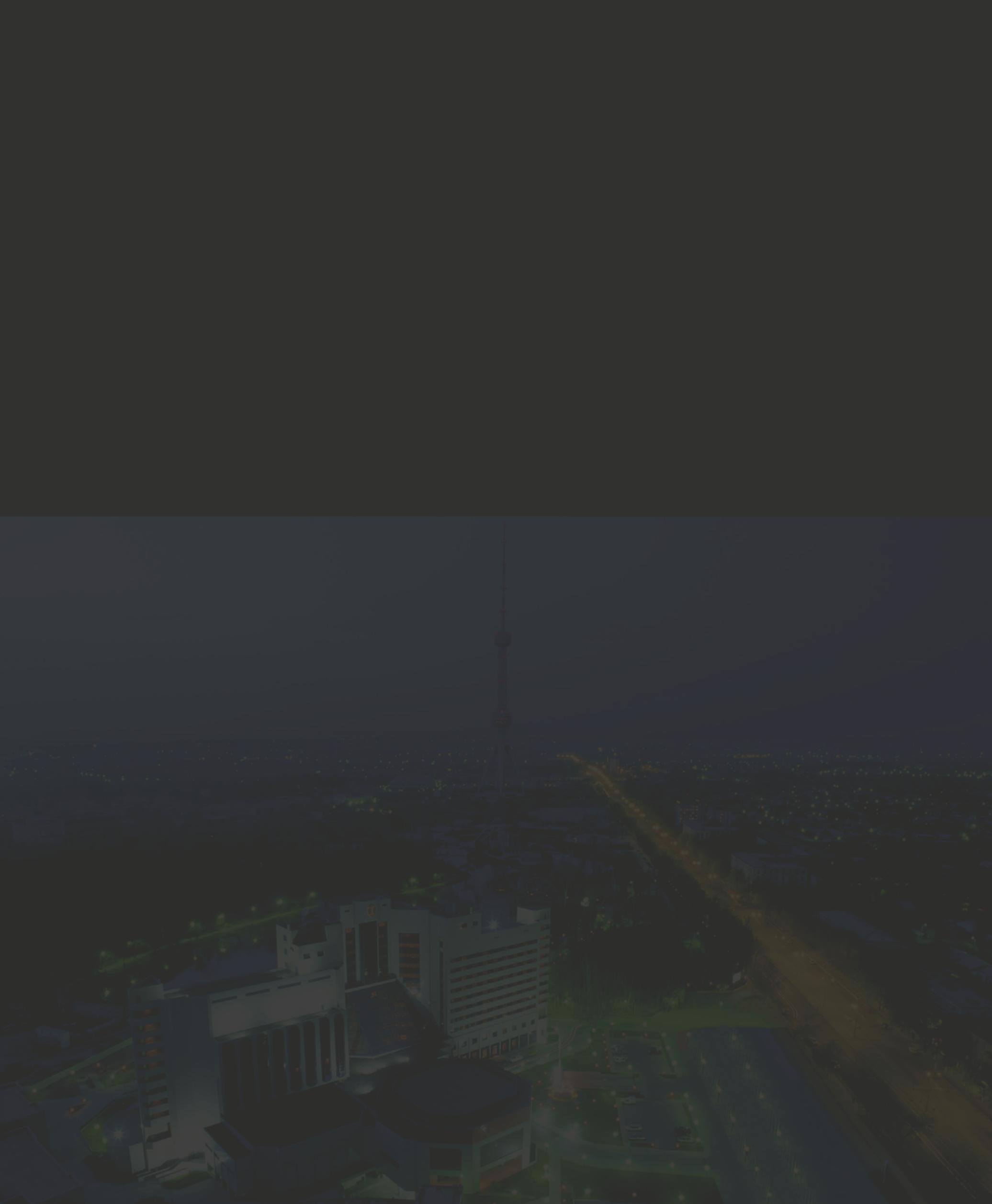
- Uzbekneftegaz is implementing a program to increase production of finished export-oriented products based on deep processing of hydrocarbon raw materials for 2016-2020. The total cost of projects is US\$30.4 billion.

- The Uzbek and Russian governments and ministries signed an agreement on supply of 500,000 tons of oil through oil pipeline "Omsk-Pavlodar-Chimkent".

- Uzbekistan started construction of a new refinery in Zafarobod district of the country's Jizzakh region, which is expected to operate using the crude imported from Kazakhstan and Russia. The refinery has design capacity of processing of five million tons of oil per year, production of 3.7 million tons of car fuel, over 700,000 tons of aviation fuel and 300,000 tons of associated oil products. The cost of the project is \$2.2 billion.

- Four new free economic zones (FEZ) have been created: FEZ "Urgut" in Samarkand, FEZ "Gijduvan" in Bukhara, FEZ "Kokand" in Fergana and FEZ "Khazarasp" in Khorezm regions.

In addition, seven free economic zones, specializing in production of pharmaceutical products, will be created in Uzbekistan.



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