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SAVDO-SANOAT  
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# Prospective of attraction of direct foreign investments in the sphere of small business and private entrepreneurship in Uzbekistan

Chamber of Commerce and Industry  
of the Republic of Uzbekistan

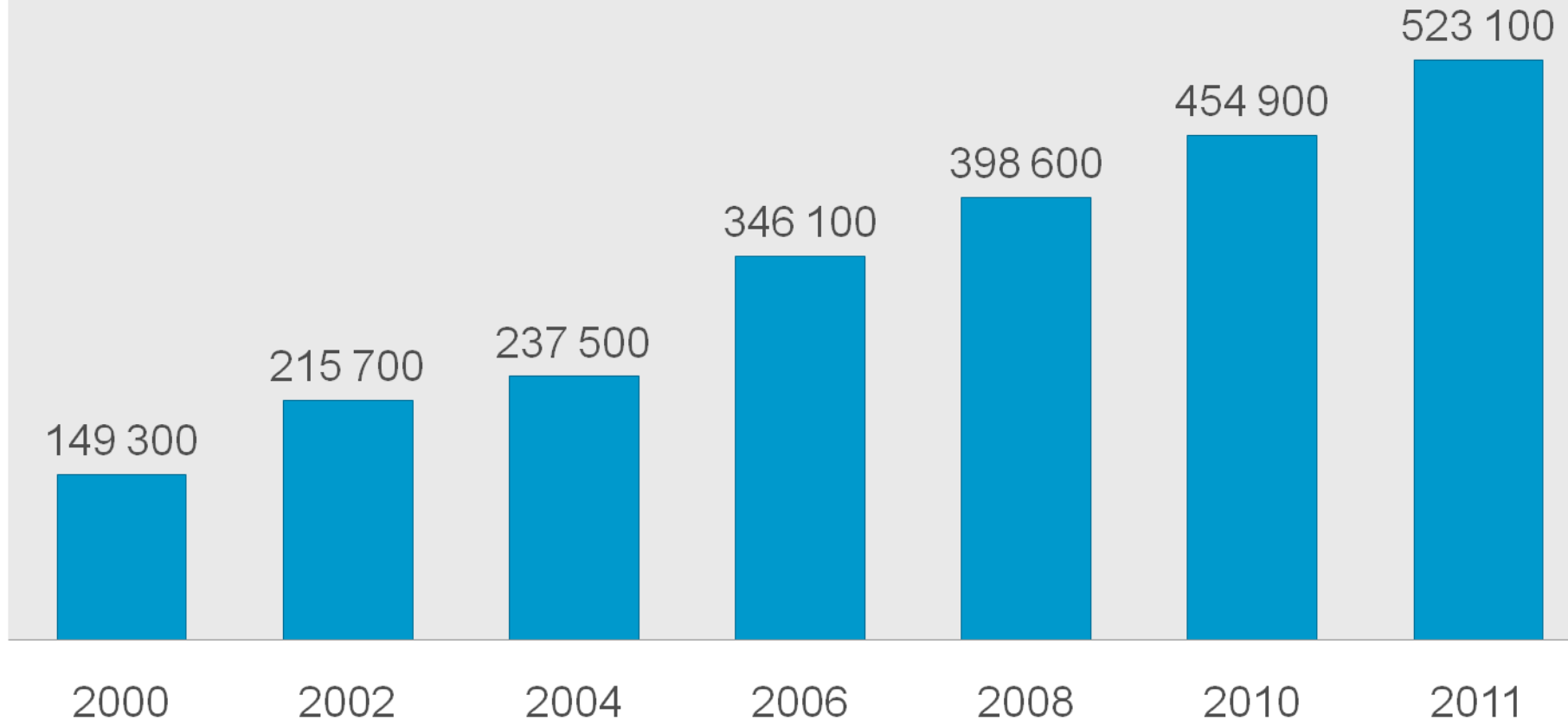


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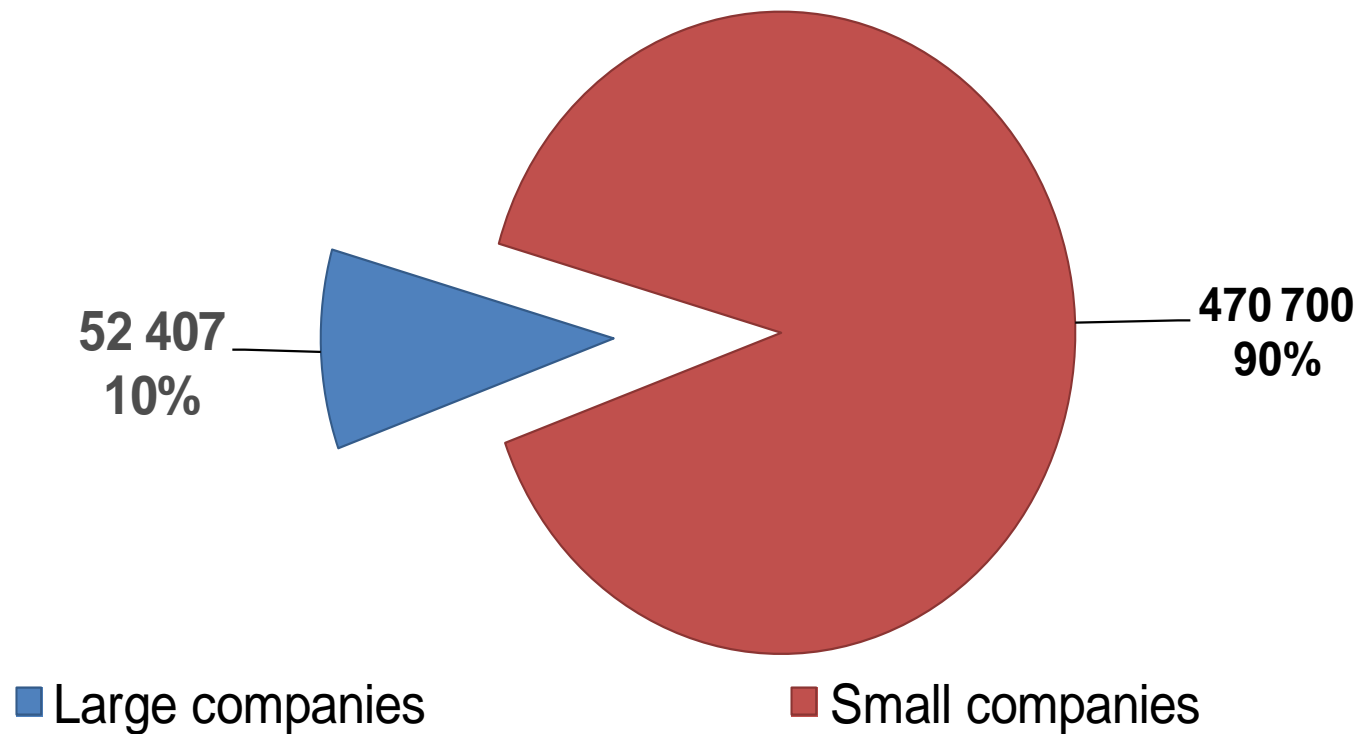
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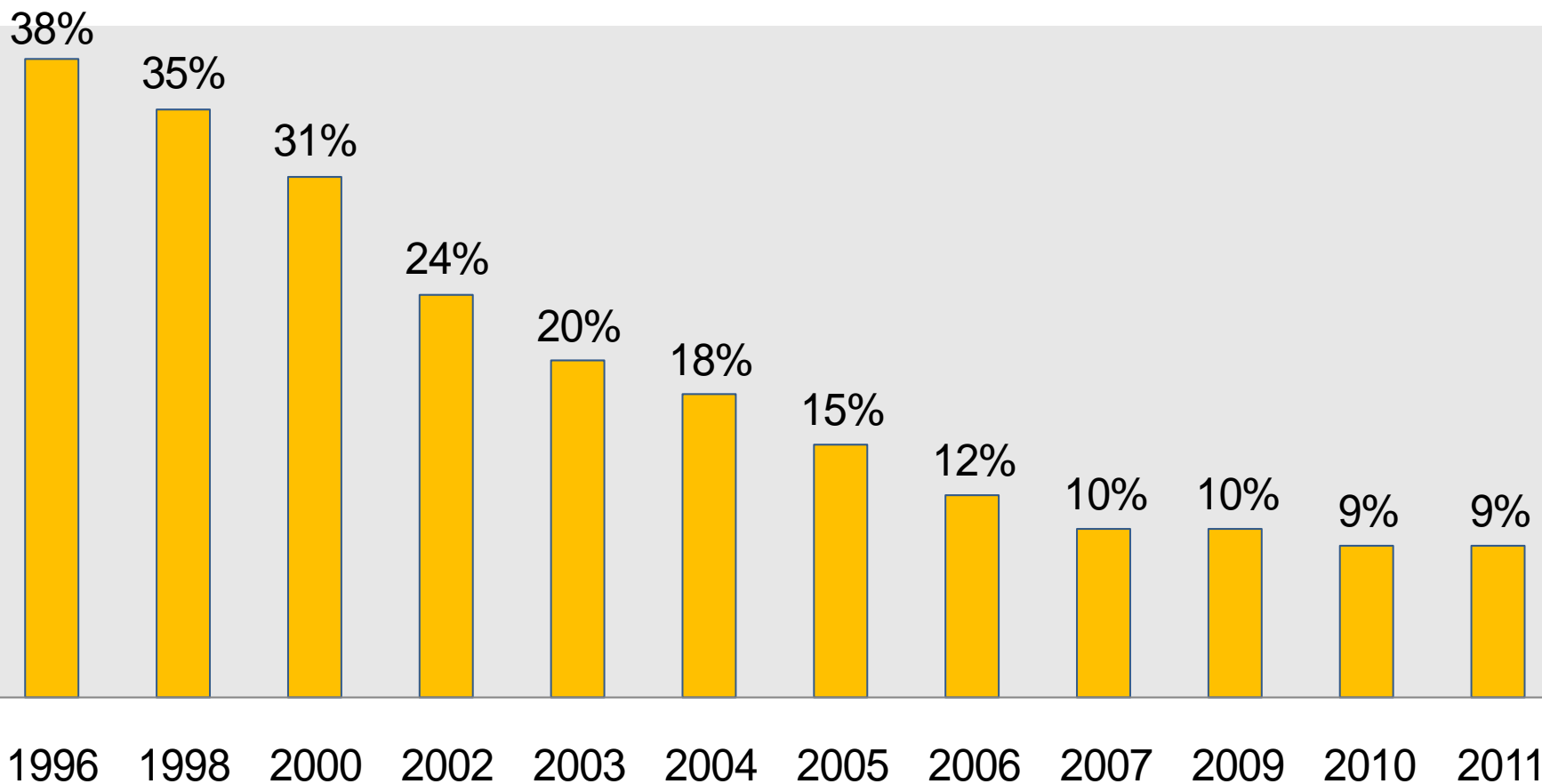
# NUMBER OF BUSINESS Co



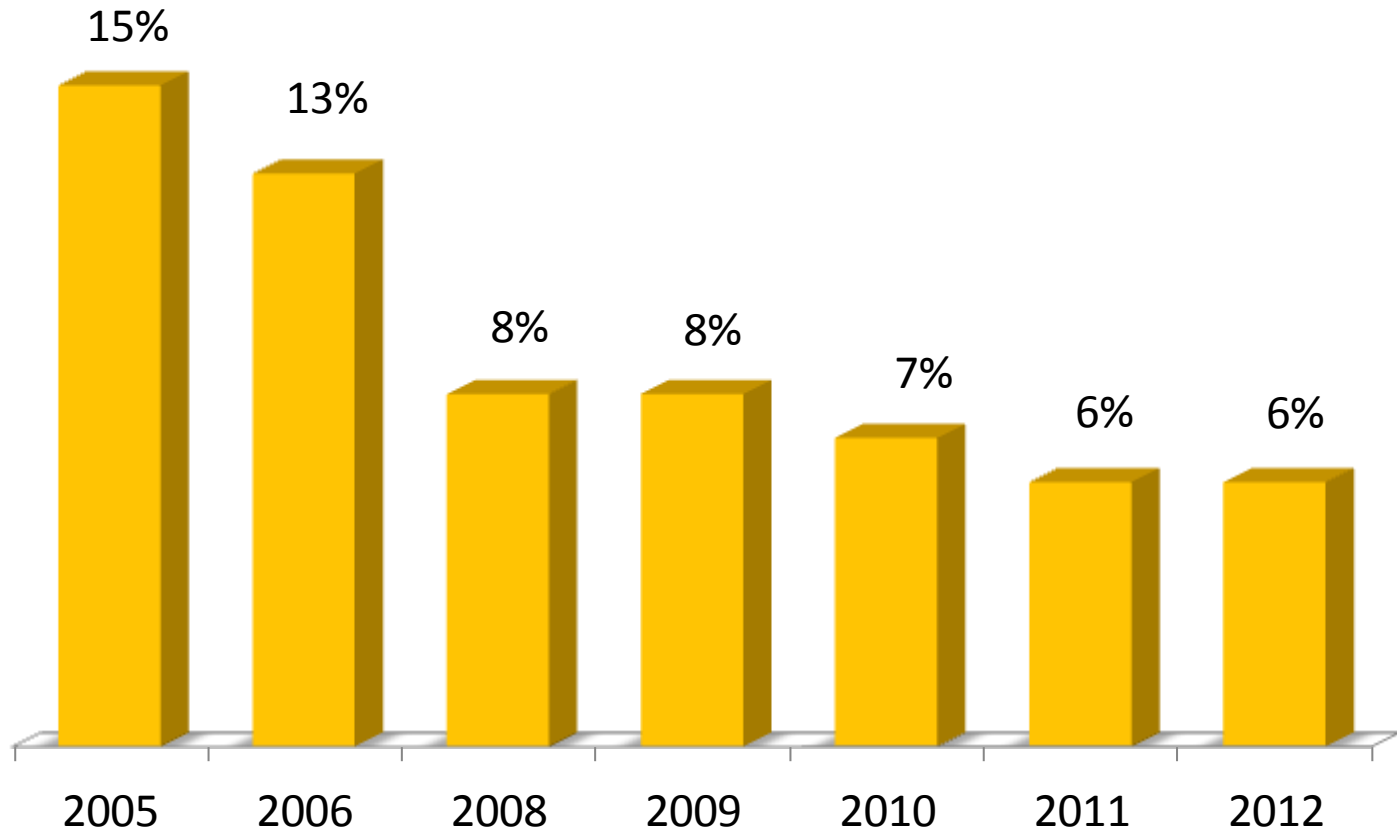
# SHARE OF SMALL BUSINESSES IN TOTAL NUMBER OF BUSINESSES (%) - 2011



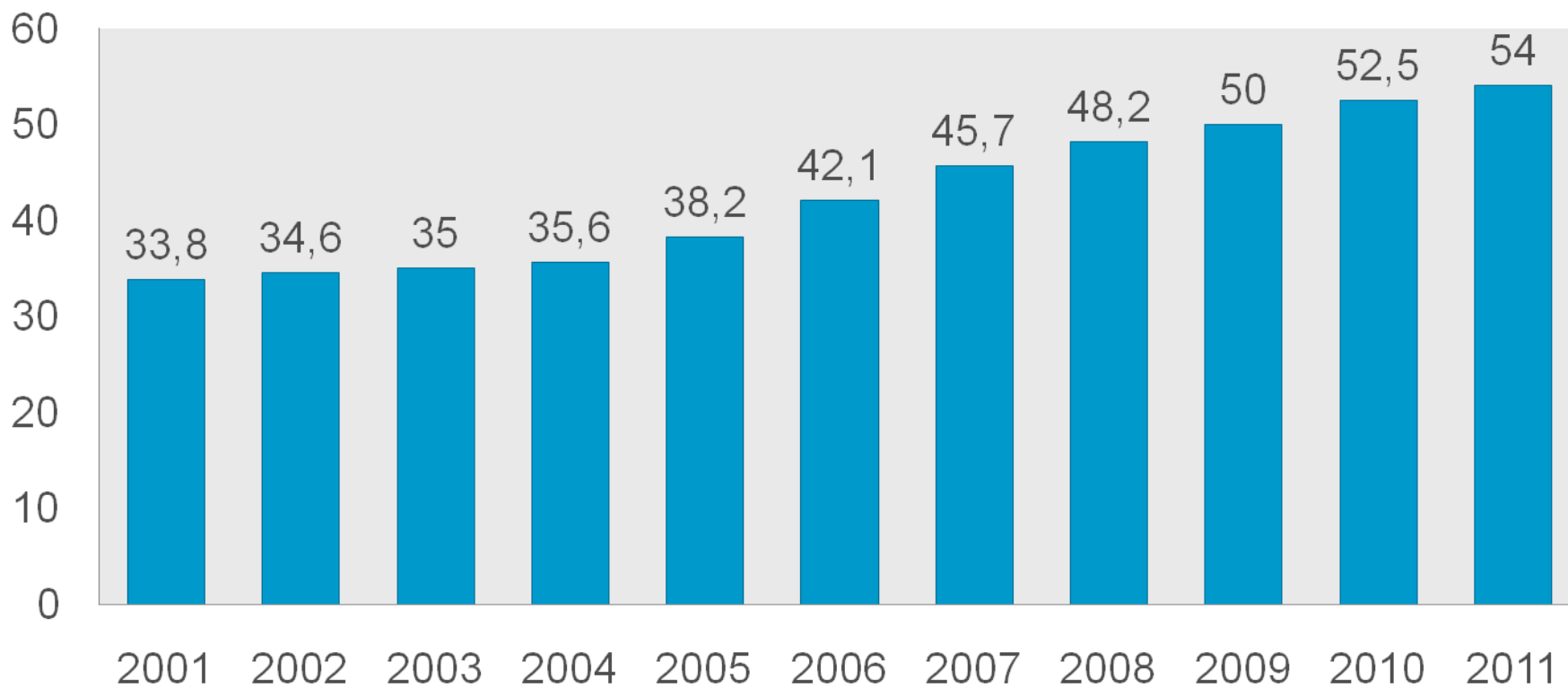
# DYNAMICS OF DECREASE OF PROFIT TAX



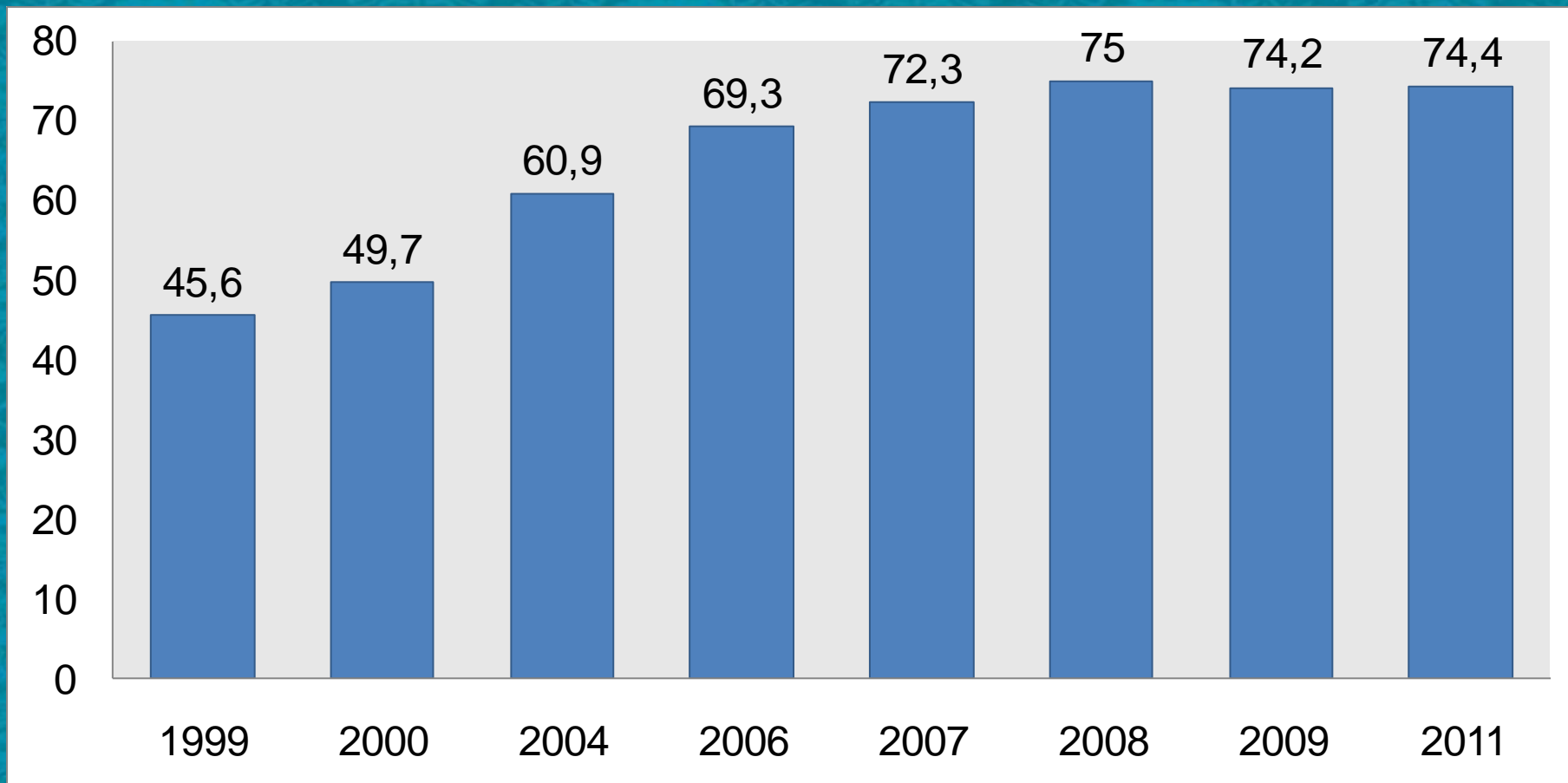
# DECREASE OF SINGLE TAX FOR SMALL ENTERPRISES (%)



# SHARE OF SMALL BUSINESS IN GDP PRODUCTION (%)



# SHARE OF EMPLOYED PEOPLE IN SMALL BUSINES (%)



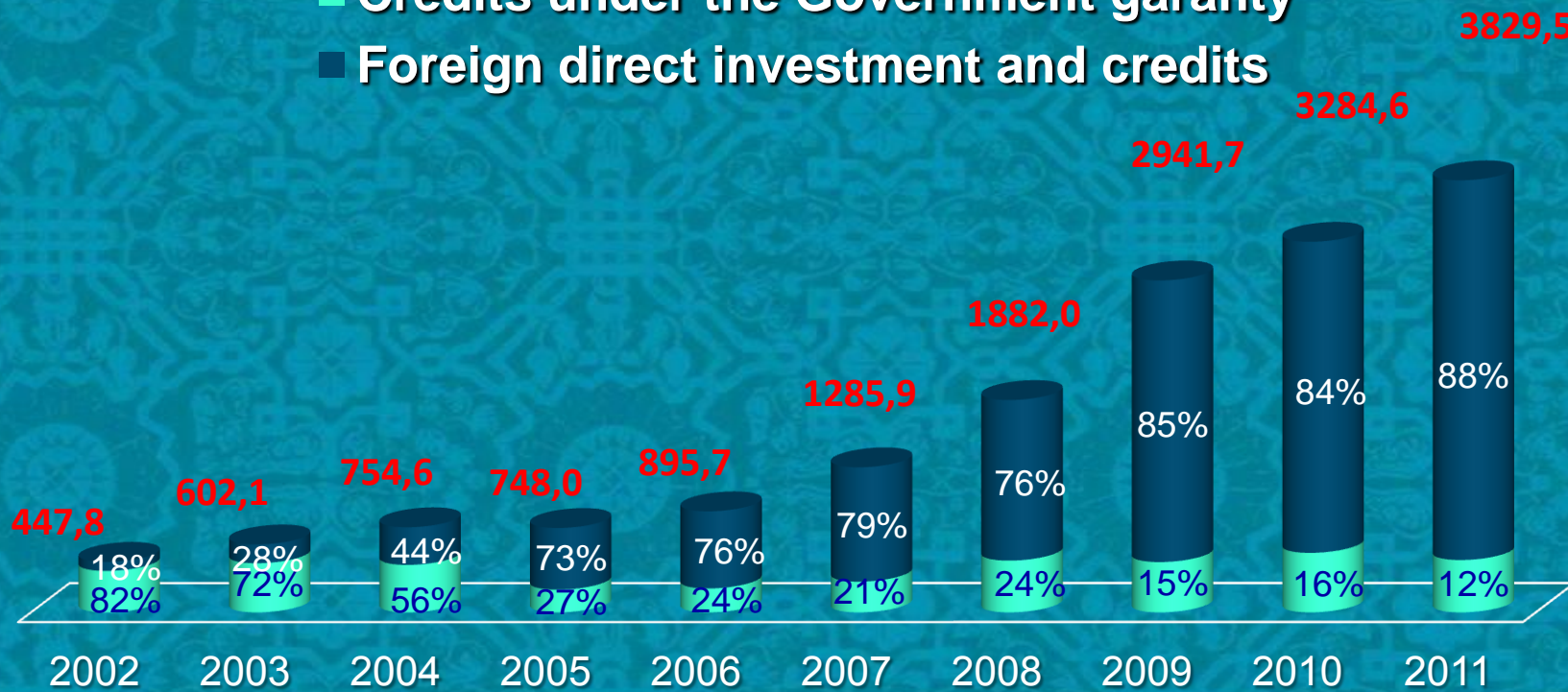
# MAJOR INDICATORS OF SMALL BUSINESS DEVELOPMENT DURING 2012

- ❑ **External trade** - 1555.3 mln.USD in January-March 2012;
- ❑ **Export of goods and services of small business** - 400 mln.USD in January-March 2012;
- ❑ **Import of goods and services of small business** - 1155 mln.USD in subjects January-March 2012;
- ❑ **Import** - mainly consists of machinery, equipment and raw materials;
- ❑ **Export** - mainly consists of ready goods, consumer goods, pharmaceuticals, agriculture, raw materials.



# FOREIGN INVESTMENT IN UZBEKISTAN

- Credits under the Government garanty
- Foreign direct investment and credits



# **SOUND LEGAL BASE**

**Law “On Foreign Investments”**

**Law "On Investment Activity”**

**Law "On Guarantees and Measures to Protect the Rights of Foreign Investors”**

**Over 50 normative legal documents on regulating of investment activity adopted in Uzbekistan**

**7 laws of the Republic of Uzbekistan, 18 Presidential decrees and resolutions,  
20 decisions of the Cabinet of Ministers**

# **DEGREE OF THE PRESIDENT OF UZBEKISTAN “ON ADDITIONAL MEASURES TO STIMULATE ATTRACTING OF FOREIGN DIRECT INVESTMENTS”, 10 APRIL 2012**

**Creating maximum favorable investment climate for foreign investors:**

- conducting direct investments to development of high-technology production;**
- strengthening encouragement of foreign direct investments and modern technologies in regions of Uzbekistan;**
- further strengthening system of guarantees and preferences for foreign investors and enterprises with foreign investments.**

# NEW PRIVILEGES

Newly established enterprises with the investment volume for at least 5 million USD reserve the right to pay for 10 years those taxes that operated at the date of their registration

This rule shall apply to :

- Corporate Income Tax;
- Value Added Tax;
- Property Tax for Legal Entities;
- Social Infrastructure Development Tax;
- Single Social Payment;
- Single Tax Payment;
- Mandatory Payments to the Road Fund of the RUz and to the Reconstruction Fund, Equipping of Educational and Medical Institutions.

# NEW PRIVILEGES

New procedure approved, according to which under investment projects worth more than 50 million USD and with a share of foreign investors no less than 50%, the construction of the necessary:

- external engineering; and
- communication networks

is carried out at the expense of state budget funds and other domestic sources of financing.

# NEW PRIVILEGES AND INCENTIVES

The State Tender Commission entrusted with the right to sell at the request of foreign investors to low liquid objects at zero redemption cost to set up enterprise with foreign investment through signing direct contracts with the investor under concrete investment obligations

Obtaining of multiply visa for a period of 12 months for the management and specialists of foreign companies

Extension of incentives and privileges of the President's Decree #UP-3594 on April 11, 2005 to enterprises with foreign investment allocated in all regions of Uzbekistan (except Tashkent region and Tashkent city) and simplification of conditions for usage of tax exemptions

# MECHANISM OF ATTRACTION OF FOREIGN INVESTMENT BY CCI

- ❑ **Assistance in organization of exhibitions** - more than 11523 thousand visitors and 202 Uzbek and foreign entrepreneur participants attended 8 exhibitions and trade fairs in Uzbekistan organized by the assistance of the Chamber of Commerce and Industry of Uzbekistan in 2012;
- ❑ **Organization of participation of Uzbek entrepreneurs in foreign exhibitions** - Uzbek entrepreneurs participated in 9 foreign exhibitions and trade fairs in 2012 (Germany, Italy, Spain, India, China...)
- ❑ **Exchanged informational data with foreign partners** - organizations, Chambers of Commerce, business associations and others with more than 50 countries of the world.
- ❑ **Organization of Business forums** - visits of 20 foreign delegations to Uzbekistan were organized in 2012.

# MECHANISM OF ATTRACTION OF FOREIGN INVESTMENT BY CCI

- ❑ **Foreign representatives** - 20 representative offices of the CCI are functioning in foreign countries at the present time. CCI's foreign representatives inform foreign business circles about opportunities of Uzbekistan.
- ❑ **Trade and Investment House** - CCI of Uzbekistan has already opened Trade and Investment House in Korea, Russia, India. As well as in European countries by the end of 2012 is scheduled.
- ❑ **Signed agreements** - 13 cooperation agreements with foreign Chambers of Commerce and Industries were signed during 2011. In total the CCI has 113 agreements signed with foreign Chambers of Commerce.



# CCI's ASSISTANCE IN ATTRACTION FOREIGN INVESTMENTS FOR SME

□ During 2010-2011 the CCI assisted in creating 61 enterprises with foreign capitals (foreign part share - 34,6 mln.USD), including 28 joint and 33 foreign enterprises:

- Processing agricultural products - 5 projects;
- Textile - 10 prj.;
- Production of construction materials - 9 prj.;
- Meat and dairy milk products - 3 and etc...;

Major partner countries are investors from Korea, China, EU, Turkey, Russian Fed., CIS countries and others.

During 2010-2011 the CCI assisted 340 local enterprises in search of mini-equipment & technology for more than 25 mln.USD.

# PRIORITY INVESTMENT SECTORS FOR SME IN THE REGIONS

- ❑ **Automobile industry** (production of assembling parts, creation of service centers, auto-saloons, etc.)
- ❑ **Agriculture** (agricultural engineering, fruits & vegetables processing, packaging services, production of packaging materials, agro-terminals and warehouses, etc.)
- ❑ **Electrical industry** (production of electrical items and devices, electrical and energy-saving technology etc)
- ❑ **Textile industry** (production of apparels and garment accessories, franchising, creation of tailoring shops, etc.)
- ❑ **Information and telecommunication sector** (production of soft and hardware, electrical appliances, creation of techno parks, rendering IT services, etc.)

# PRIORITY INVESTMENT SECTORS FOR SME IN THE REGIONS

- ❑ **Retail trade** (creation of malls and retails trade points, further development of e-commerce, etc.)
- ❑ **Tourism industry** (creation of resorts, small hotels and other tourist infrastructure, development of ecological, recreational and other forms of tourism, etc)
- ❑ **Public catering** (franchising, coffee shops, bars, national and foreign cuisine restaurants, etc.)
- ❑ **Services sector** (Internet and IP-telephony, call-centers and other forms of information outsourcing, passenger transportation services)
- ❑ **Leather industry** (production of foot-wear, sports goods, raw hides, etc.)
- ❑ **Social infrastructure** (amusement parks, go-karting clubs, etc.)

# PRIORITY INVESTMENT SECTORS FOR SME IN THE REGIONS

- ❑ **Construction industry** (production of ready-made materials, solid construction compounds, rendering construction services, etc.)
- ❑ **Chemical industry** (manufacture of chemicals, enterprise chemical production, etc)
- ❑ **Consumer goods production** (home electric appliances, plastic wares, ceramics, garments, etc.)
- ❑ **Food stuffs production** (milk & meat products, flour production, grains processing, fruit & vegetable juices, dried products, mineral water, etc.)
- ❑ **Pharmaceutical industry** (production of infusion solutions, pills, rubber and glass wares, etc.)
- ❑ **Social services** (creation of mini-clinics and ambulance rooms in rural areas, etc.)

# INVESTMENT PROPOSALS

## Light industry:

- Production of 100% cotton yarn, combed yarn and fabric, ready garments, knitwear, medical bandage
- Production of Raw Silk and Silk Yarn
- Wool processing, carpet goods production
- Production of ready goods



# INVESTMENT PROPOSALS

## Food industry:

- Production of juice and puree concentrates, tomato paste, wine material;
- Confectionery and potato crisp production;
- Pasta production;
- Ice Cream production;
- Building greenhouses;
- Organization of confectionery factory to the workshop for the processing of cocoa beans;
- Organization of the factory for the production of food fast food with freeze-dried pieces of fruit and vegetables;
- Production of fruit processing and production of purees, jams and fillings for confectionery industry.



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# INVESTMENT PROPOSALS

## Construction and building materials production:

- Production and processing of marble and granite slabs;
- Production of pressure polyethylene pipes;
- Production of ceramic tiles;
- Production of sanitary ware;
- Production of concrete blocks;
- Production of assemblage solar panels;
- production of CC-GRP (centrifugally cast glass fiber reinforced) pipes and fittings.



# INVESTMENT PROPOSALS

## Pharmaceutical industry:

- Production of antibacterial medical products
- Production of substances(certain type of antibiotics)
- Production of medical products for endocrinic illnesses
- Production of immunobiological medical products
- Production of medical products for oncological illnesses
- Production of anticoagulants
- Production of vitaminized medical products

## Electric industry:

- Production of acoustic systems
- Production of home air conditioners and air purifiers
- Production of electric engines of different modifications
- Production of small home appliances(Vacuum cleaners; hair dryers; Electric meat grinders)
- Production of washing machines
- Production of refrigerators for fruits and vegetables

## Hotels:

- Hotels service

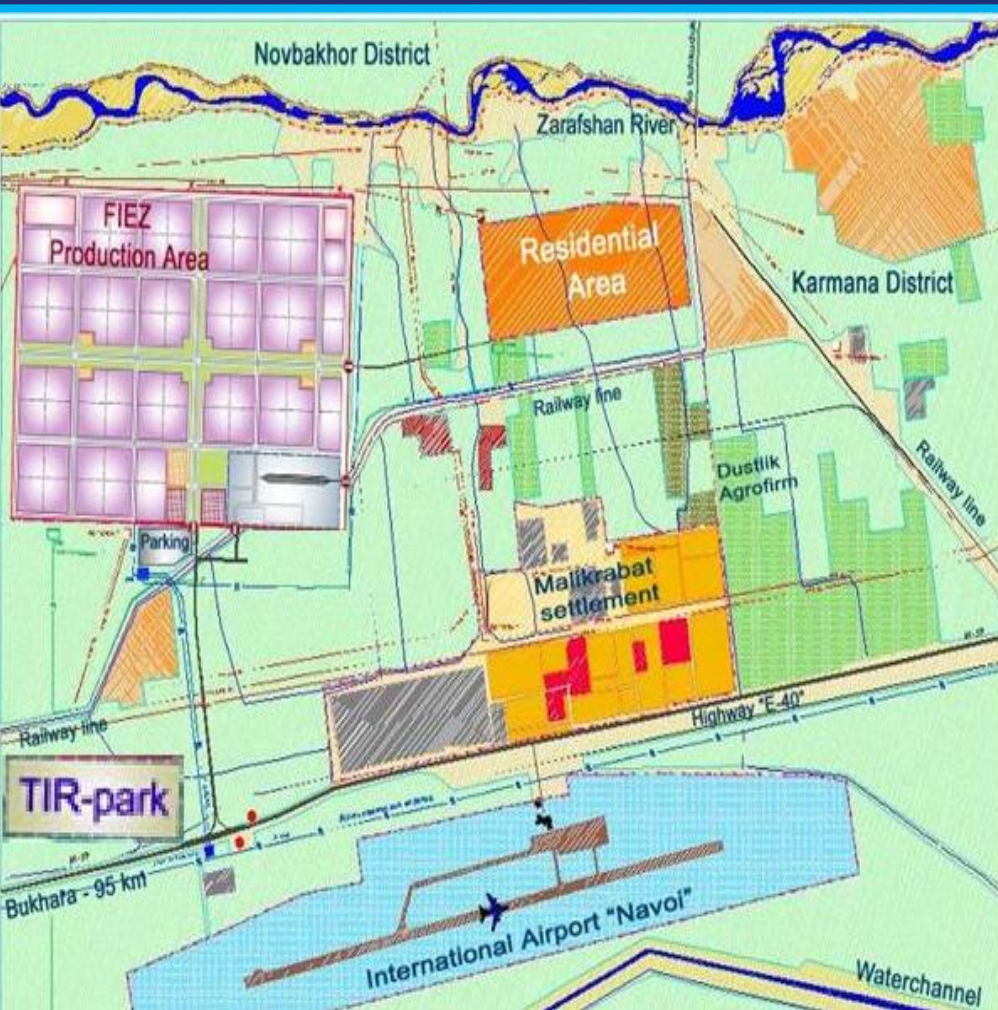


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# FREE INDUSTRIAL ECONOMIC ZONE “NAVOI” DEGREE OF THE PRESIDENT OF THE REPUBLIC OF UZBEKISTAN DECEMBER 2, 2008 No.UP-4059



- Territory - 564 ha
- Distance between Navoi and  
Tashkent – 490 km
- Samarkand – 153 km
- Bukhara – 110 km

# TAX PRIVELEGES

**Navoi FIEZ residents are exempted from:**

- Land tax - app.1500 USD for 1 ha
- Property tax - 3.5%
- Profit (income) tax - 9%
- Unified tax (for SMEs) – 5%
- Social infrastructure development tax – 8%
- Obligatory payments to the Republican Road Fund (1-2.5%) and Republican Fund of Elementary and Secondary Education (0.5%)

# TERMS OF PRIVILEGES AND INCENTIVES

## □ 7 years

if amount of direct investments is from 3 mln to 10 mln Euro

## □ 10 years and 50% reduction of profit tax for the following 5 years

if amount of direct investments is from 10 mln to 30 mln Euro

## □ 15 years and 50% reduction of profit tax for the following 10 years

if amount of direct investments is more than 30 mln. Euro

# CUSTOMS EXPEMPTIONS

For the whole period of functioning enterprises are exempted from customs duties for imported:

- Equipment
- Raw materials
- Production components
- 100 % for goods aimed to exports
- 50 % for goods aimed to domestic market with delay of payment period up to 180 days

# NAVOI LOGISTIC CENTRE

In partnership with air cargo transportation leader Korean Air, Navoi airport has been modernized to create international multimodal logistics center.

- ❑ 1st stage – Cargo processing ability – 300 tons/day
- ❑ 2nd stage – Cargo processing ability – 1000 tons/day
- ❑ 1 399 cargo flights (2011)
- ❑ Seoul, Milan, Brussels, Shanghai, Saragossa, Vena, Deli, Mumbai, Istanbul, Doha, Dubai, Hanoi, Moscow

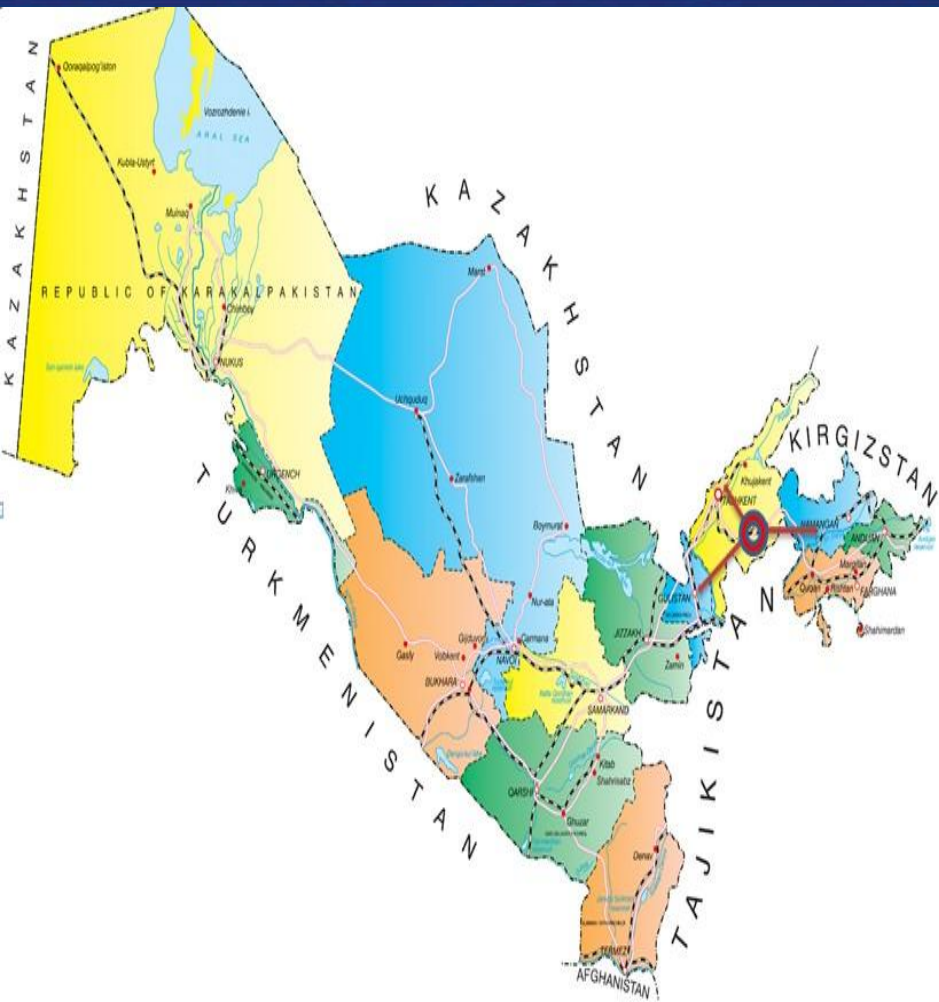


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# SPECIAL INDUSTRIAL ZONE “ANGREN”

## DEGREE OF THE PRESIDENT OF THE REPUBLIC OF UZBEKISTAN APRIL 13, 2012 No. UP-4434



Distance between large cities:

- Tashkent – 80 km
- Ferghana – 240 km
- Samarkand – 220 km

- Pedagogical institute
- 1200 graduating students
- 9 colleges, including 5 in industry
- 3 131 graduating, including 1 537 in industry

# ENERGY POTENTIAL OF TASHKENT REGION

## Electricity:

- ❑ 2 power stations (Novo-Angren, Angren)
- ❑ 21 high-voltage substations
- ❑ Substations power - 313.2 MW

## Gas supply:

- ❑ The region is provided with natural gas through Akhangaran-1 pipeline

# TAX PREFERENCES AND INCENTIVES

**SIZ “Angren” residents are exempted from:**

- ❑ Property tax - 3.5%**
- ❑ Profit (income) tax - 9%**
- ❑ Unified tax (for SMEs) – 5%**
- ❑ Social infrastructure development tax – 8%**
- ❑ Obligatory payments to the Republican Road Fund (1-2.5%)**



# TAX PREFERENCES

## Period of privileges and incentives:

3 years

if amount of direct investments is from 0.3 mln to 3 mln  
USD

5 years

if amount of direct investments is from 3 mln to 10 mln  
USD

7 years

if amount of direct investments is more than 10 mln. USD

Customs duties for imported equipment, raw materials,  
production components, not produced in Uzbekistan,  
by the degree of the Cabinet Ministers

# INVESTMENT PROJECT #1

## PRODUCTION OF ABSORBENT COTTON

- Preliminary cost of the project – 1 mln. USD (equipment, construction, installation and others);
- Project initiator – “Shams” PE;
- Possible annual production capacity – 2 000 tons per year;
- Annual domestic demand – 500 tons per year;
- Current manufacturers – “Khiva“ LTD, “Barakat Alfa“, “Texnotsell“;
- Existent annual capacity - 400 tons per year;
- Available raw materials – cotton fiber, cotton fiber wastage;
- Required infrastructure - water, electricity, gas, canalization, automobile road, heat;
- Export volume – up to 80 % of total production capacity to CIS and other countries;
- Number of new work places – 65 persons;
- Equipment supplying countries – China, India.

# INVESTMENT PROJECT #2

## PRODUCTION OF REINFORCED CONCRETE MATERIALS

- Preliminary cost of the project – 795, 83 (equipment, construction, installation and others);
- Project initiator – “Mega Beton”;
- Possible annual production capacity – 5872 pieces per year;
- Annual domestic demand – 5000 pieces per year;
- Current manufacturers – “Amil construction plus”, “Ferrobeton”, “Betonn stroy detall”;
- Available raw materials – cement, reinforcing steel, rubble;
- Required infrastructure - water, electricity, gas, canalization, automobile road, heat;
- Export volume 20 % of total production value to CIS countries and others;
- Number of new work places – 30;
- Equipment supplying countries – Russia

# INVESTMENT PROJECT #3

## PRODUCTION OF SANITARY WARE

- Preliminary cost of the project – 17, 6 mln USD (equipment, construction, installation and others);
- Project initiator – “Fergana Ceramics Industry” Ltd
- Possible annual production capacity – 200 000 items per year;
- Annual domestic demand – 160 000 items per year;
- Current manufacturers – AS “Kulol” (not functioning);
- Existent annual capacity – 25 000 items per year
- Available raw materials – kaolin, quartz sand, feldspar, dolomite;
- Required infrastructure- water, electricity, gas, canalization, automobile road, heat;
- Export volume- 80 000 items per year to CIS countries and Afghanistan;
- Number of new work places – 63;
- Equipment supplying countries – China.

# INVESTMENT PROJECT #4

## PRODUCTION OF SOLAR BATTARIES

- Preliminary cost of the project – 327 000 USD (equipment, construction, installation and others);
- Project initiator – «Energiya ko LTD» PE;
- Possible annual production capacity – 2 000 000 Watt per year;
- Current manufacturers – “Mir Solar Ltd;
- Existent annual capacity – 1 500 000 Watt per year;
- Required infrastructure - water, electricity, gas, canalization, automobile road, heat;
- Export volume- 50 % of the total value to UAE and Malaysia;
- Number of new work places – 15;
- Equipment supplying countries – China.

# INVESTMENT PROJECT #5

## PRODUCTION OF SYNCHRONOUS HYSTERESISTIC ENGINES

- Preliminary cost of the project – 160 000 USD (equipment, construction, installation and others);
- Project initiator – Association of “Enterprises on alternative sources of energy”;
- Possible annual production capacity – 6 720 items per year;
- Current manufacturers – “Siemens”, “Barmag”, “Aeroelectric”;
- Required infrastructure- water, electricity, gas, canalization, automobile road, heat;
- Number of new work places – 70;
- Equipment supplying countries – China.

# INVESTMENT PROJECT #6

## PRODUCTION OF GLASSWARE

- Preliminary cost of the project – 6 mln USD (equipment, installation and others);
- Project initiator – «Horazm shisha idishlari »;
- Possible annual production capacity – 200 mln items per year;
- Annual domestic demand 650 mln items per year;
- Current manufacturers – “Kvarz” Ltd, “Asyl Oina”, “Glasstid”;
- Existent annual capacity 300 mln items per year;
- Required infrastructure- water, electricity, gas, canalization, automobile road, heat;
- Available raw materials – salpeter, potassium soda, chalk-stone, sodium sulfate, quartz sand
- Export volume - 14 mln items per year to CIS countries and Afghanistan;
- Number of new work places – 25-30;
- Equipment supplying countries – China.

# INVESTMENT PROJECT #7

## MOTOR VEHICLE TYRE REFURBISHMENT AND PRODUCTION OF MECHANICAL RUBBER GOODS

- Preliminary cost of the project – 3, 850 mln USD (equipment, installation and others);
- Project initiator – Sh. Matmurotov, Private entrepreneur
- Possible annual production capacity – 84 000 items per year;
- Annual domestic demand – 59 790 items per year;
- Current manufacturers – there are no producers of such products in Uzbekistan;
- Available raw materials – worn out vehicle tires;
- Required infrastructure - water, electricity, gas, canalization, automobile road, heat;
- Export volume- 24 000 items per year to CIS countries;
- Number of new work places – 71;
- Equipment supplying countries – China.



# INVESTMENT PROJECT #8

## PRODUCTION OF CONSTRUCTION MATERIALS

- Preliminary cost of the project – 100 000 – 200 000 USD (equipment, installation and others);
- Project initiator – “Namuna” Ltd;
- Possible annual production capacity – 5872 items per year;
- Current manufacturers – AS “Kvarz”, “Andpolic” JV;
- Available raw materials – cement;
- Required infrastructure - water, electricity, gas, canalization, automobile road, heat;
- Export volume- 2 000 items per year to CIS countries;
- Number of new work places – 15-25;
- Equipment supplying countries – China.

# INVESTMENT PROJECT #9

## ORGANIZATION OF GREENHOUSES

- Preliminary cost of the project – 100 000 – 150 000 USD (equipment, installation and others);
- Project initiator – “Malika – Mukhabathon business” PE;
- Possible annual production capacity – 70 – 100 tons of cucumbers and tomatoes per year;
- Current manufacturers – greenhouse in Navoi region;
- Required infrastructure - water, electricity, gas, canalization, automobile road;
- Export volume- 10 % of total volume per year to CIS countries;
- Number of new work places – 30;
- Equipment supplying countries – Russia.

# INVESTMENT PROJECT #10

## PRODUCTION OF PORCELAIN WARE

- Preliminary cost of the project – 8 132,5 USD (equipment, installation and others);
- Project initiator – “Fergana Ceramics Industry”;
- Possible annual production capacity – 13 mln. items per year;
- Annual domestic demand – 679 432 (after domestic producers products) items per year;
- Current manufacturers – “Sovplastcital Savdo”, “Kuvaso Cement”;
- Available raw materials – kaolin, pegmatite;
- Required infrastructure - water, electricity, gas, canalization, automobile road, heat;
- Export volume- 400 000 items per year to CIS countries;
- Number of new work places – 50;
- Equipment supplying countries –China.



O'ZBEKISTON  
SAVDO-SANOAT  
PALATASI

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