INVESTMENT CLIMATE AND INVESTMENT OPPORTUNITIES OF THE REPUBLIC OF UZBEKISTAN

Tashkent - 2008
Uzbekistan is in the heart of Central Asia, which connects all basic transport routes of the region.
Why invest in Uzbekistan?

- **Political stability**
  Uzbekistan is, first of all, political stability, it is confidence in tomorrow and consistency of reforms in all spheres of public and political life. This is a country, where representatives of more than hundred nationalities and dozens of religious views live in peace and agreement.

- **Rapidly developing economy and infrastructure**
  Uzbekistan is a leading industrial state in Central Asia, where volume of economy for the last six years has grown by 45 per cent, industrial manufacture - 1.6 times, agricultural manufacture - 1.5 times, foreign trade - 1.7 times, gold reserves - 3.7 times, the rates of growth of GDP for the last two years are kept at the level of 9 per cent.

- **It is a transport infrastructure** consisting of rail roads, total length of 6.5 thousand kilometers, 43.5 thousand kilometers of highways and advanced system of air communications, ensuring connection of the most remote regions of the country with the major centers, access to the basic mineral and raw resources and international transport systems.

- **This is a country, where 48 billion kWt per hour of the electric power** is developed annually and more than 10 million Hcal of a thermal energy, that not only completely satisfies demand of economy and population of the country, but also allows to direct a part of developed power resources on export.
Why invest in Uzbekistan?

- **The favorable tax politics of Uzbekistan** - it is the 10 per cent rate of the tax on the incomes of the legal persons; privileges given for the foreign investors including tax exemption on property, incomes and customs duties.

- **The convenient geographical location**
  Uzbekistan is an intersection of Central Asia, that creates favorable conditions for development of regional cooperation, participation in regional projects of development of transport corridors. It is a zone of free trade with the countries of CIS.

- **The rich mineral and raw resource base**
  Uzbekistan is one of the leading countries of the world on reserves of gold, uranium, silver, zinc, rare metals, natural gas, coal and other minerals.
Why invest in Uzbekistan?

- **Highly qualified labor**
  Uzbekistan is a highly skilled personnel, 100 per cent literacy of the population for 4 generations, where every fourth has advanced or special education.

- **The best place for residing**
  Uzbekistan has an excellent climate, natural landscape, hospitality, infrastructure for tourism (hotels, international airports).
  It is a country, in which the high quality of life is provided with the minimal accommodation costs.
I. Liberal tax system

The rate of "single tax"

<table>
<thead>
<tr>
<th>Year</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>1996</td>
<td>38%</td>
</tr>
<tr>
<td>1997</td>
<td>36%</td>
</tr>
<tr>
<td>1998</td>
<td>35%</td>
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<tr>
<td>1999</td>
<td>33%</td>
</tr>
<tr>
<td>2000</td>
<td>31%</td>
</tr>
<tr>
<td>2002</td>
<td>24%</td>
</tr>
<tr>
<td>2003</td>
<td>20%</td>
</tr>
<tr>
<td>2004</td>
<td>18%</td>
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<tr>
<td>2005</td>
<td>15%</td>
</tr>
<tr>
<td>2006</td>
<td>12%</td>
</tr>
<tr>
<td>2007</td>
<td>10%</td>
</tr>
<tr>
<td>2008</td>
<td>8%</td>
</tr>
</tbody>
</table>
The major taxes concerning activity of the foreign investors, are the following:

- The tax to the income (profit) of the legal persons
- VAT
- The tax to the incomes of individuals and others deductions from the income
- The customs duties
- Other taxes and collections (in particular, tax for usage, excise tax, tax on property, ground tax, tax for usage of water resources and other local taxes and collections).
## The major taxes and the collections in the Republic of Uzbekistan

<table>
<thead>
<tr>
<th>№</th>
<th>The name of the tax</th>
<th>Taxed object</th>
<th>The rate of the tax, per cent</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td><strong>THE TAX ON THE INCOME</strong></td>
<td>For the exporting enterprises, at which the share of export of goods, jobs, services, own manufacture for the hard currency makes: From 15 up to 30% in total amount of realization the established rate is reduced on 30% From 30% and more than percent(interests) in total amount of realization the established rate is reduced in 2 times</td>
<td>10,0</td>
</tr>
<tr>
<td>2</td>
<td><strong>THE TAX TO PROPERTY</strong></td>
<td>For the enterprises - exporters, at which the share of export of goods of jobs, services of own manufacture for the hard currency makes: From 15 up to 30% in total amount of realization the established rate is reduced on 30% From 30% and more than percent(interests) in total amount of realization the established rate in 2 times</td>
<td>3,5</td>
</tr>
<tr>
<td>3</td>
<td><strong>THE TAX TO an ACCOMPLISHMENT And DEVELOPMENT of a SOCIAL INFRASTRUCTURE</strong></td>
<td>The legal person</td>
<td>The limiting rate of the tax - 8% from the pure(clean) profit of the enterprise</td>
</tr>
<tr>
<td>4</td>
<td><strong>UNIFORM TAX PAYMENT</strong></td>
<td>Microfirms and small enterprises</td>
<td>8,0</td>
</tr>
<tr>
<td>5</td>
<td><strong>DEDUCTIONS AND TAXES IN REPUBLICAN ROAD FUND</strong></td>
<td>The legal person</td>
<td>1,5</td>
</tr>
<tr>
<td>6</td>
<td><strong>DEDUCTIONS IN PENSION FUND</strong></td>
<td>The legal person</td>
<td>0,7</td>
</tr>
<tr>
<td>7</td>
<td><strong>DEDUCTIONS IN FUND OF SCHOOL EDUCATION</strong></td>
<td>The legal person</td>
<td>1,0</td>
</tr>
<tr>
<td>8</td>
<td><strong>THE TAX TO ADDED COST (VAT)</strong></td>
<td>The legal person</td>
<td>20,0</td>
</tr>
</tbody>
</table>
II. Advanced bank and financial system

The Central Bank of Uzbekistan

29 commercial banks

STATE BANKS 3

JOINT-STOCK BANKS 12

PRIVATE BANKS 9

BANKS WITH THE FOREIGN CAPITAL 5

Leasing companies (10)

The investment companies (23)

Institutions of non-bank credit (credit unions, urban credit)
III. Inexhaustible labor resources

- The population of the Republic - 27 million people
- 100 per cent literacy of the population
- Every fourth person has advanced or higher-special education
- About 70 per cent of the population is in the age of 16 to 35 years old
IV. Advanced transport system
THE MAJOR TRANSPORT ROUTES

[Map showing transport routes through various cities and countries, including Riga, Tallinn, Klaipeda, Brest, Chop, Constanca, Illichevsk, Burgas, Pori, Pasha, Bandar Abbas, Zabaykalsk, Nahodka, Shanghai, Turkey, Afghanistan, Pakistan, India, China, Mongolia, Russia, Belarus, and other locations.]
V. Low cost of energy and public utilities

The average tariffs for public utilities

- Natural gas – USD 0.04 per cubic meter
- Electrical energy – USD 0.03 per 1 kW
- Diesel fuel – USD 0.60 per liter
- Petrol – USD 0.60 / LITRE
- Thermal energy 1kg – USD 9.5 per month
- Cold water supply – USD 0.08 per cubic meter
VI. The basis for legal regulation of foreign investments in the Republic of Uzbekistan

- Law «About foreign investments»;
- Law «About investment activity»;
- Law «About guarantees and protection measures of the foreign investors’ rights»;
- Law «About protection of investors’ rights in the stock market»,
- also several regulatory acts, in the form of Presidential Decrees of the Republic of Uzbekistan and governmental regulations
Up-to-date information on the enterprises offered in 3 languages (ENG, RUS, UZB)
Information on each direction of the Committee, legislative and other acts
The web site is updated every day with average attendance of 7000 hits per month.