

From: MUSTAFA BAYBURLU
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To: MUSTAFA BAYBURLU
Subject: İlt: Note-2020-274 Investment projects_UZ

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Konu: Note-2020-274 Investment projects_UZ



Ref.No: Note-2020-274

The Secretariat of the Turkic Council presents its compliments to the Ministries of Foreign Affairs of the Member and Observer States has the honor to convey herewith attached information on current investment climate, projects and opportunities in the Republic of Uzbekistan.

It will be highly appreciated if the esteemed Ministries could kindly communicate the attached documents to their relevant Ministries and institutions for its further transmission to the potential investors.

The Secretariat avails itself of this opportunity to renew to the Ministries of Foreign Affairs of the Member and Observer States the assurances of its highest consideration.



Encl.: as stated

Ministry of Foreign Affairs of the Republic of Azerbaijan
Ministry of Foreign Affairs of the Republic of Kazakhstan
Ministry of Foreign Affairs of the Kyrgyz Republic
Ministry of Foreign Affairs of the Republic of Turkey
Ministry of Foreign Affairs and Trade of Hungary

CC:

Ministry of Economy of the Republic of Azerbaijan
Ministry of National Economy of the Republic of Kazakhstan
Ministry of Economy of the Kyrgyz Republic
Ministry of Trade of the Republic of Turkey
Ministry of Foreign Trade and Investments of the Republic of Uzbekistan
Embassy of the Republic of Uzbekistan in the Republic of Turkey

National Confederation of Entrepreneurs (Employers) Organizations of the Republic of Azerbaijan "ASK"
National Chamber of Entrepreneurs of the Republic of Kazakhstan "Atameken"
Chamber of Commerce and Industry of the Kyrgyz Republic
Union of Chambers and Commodity Exchanges of Turkey (TOBB)
Chamber of Commerce and Industry of the Republic of Uzbekistan
Hungarian Chamber of Commerce and Industry

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State support for investments is provided in the following ways:

- application of benefits and preferences;
- allocation of centralized investments for co-financing investment projects;
- providing financial, consulting and information support;

!

The Commissioner for Protection of Rights and Legitimate Interests of Entrepreneurs under the President of the Republic of Uzbekistan considers investors' appeals and assists in resolving issues.

15

The State can provide investors with **tax and customs benefits and preferences, tax credit and investment subsidy**. In some cases, when concluding an investment agreement with the Government, additional benefits and guarantees may be provided;

16

Investment projects are subject to state expertise in the implementation of sanitary-hygienic, radiation, environmental, architectural, urban and other requirements;

17

The Law establishes the right to obtain an **"investment visa"** and a residence permit through investments (**"investment residency"**);

18

Property imported into the Republic of Uzbekistan by enterprises with FI for their own production needs is **exempted from customs duty for 2 years** from the moment of their state registration;

19

Enterprises with FI have the **right to lease non-agricultural land plots for up to 50 years**;

20

Losses caused to the subjects of investment activity as a result of an illegal administrative act of a state body are reimbursed or compensated by the state on the basis of a court decision;

Law Of The Republic Of Uzbekistan «On Investments And Investment Activity»



www.lex.uz

Ministry of Investments and Foreign Trade
+998 (71) 238-50-05

Ministry of Justice
+998 (71) 233-13-05; 1008

Commissioner under the President of Uzbekistan for
the Protection of Entrepreneurs' Rights
+998 (71) 239-25-92

Investment Promotion Agency
+998 (71) 238-50-69

20 FACTS ABOUT THE LAW

«ON INVESTMENTS AND INVESTMENT ACTIVITY»

1 Law of the Republic of Uzbekistan "ON INVESTMENTS AND INVESTMENT ACTIVITY" (LRU №-598 dated December 25, 2019) (hereinafter – the Law), **passed instead of 3 previous laws:**

- a) «On foreign investments» of 1998;
- b) «On guarantees and measures to protect the rights of foreign investors» of 1998;
- c) «On investment activity» of 2014;

2 Certain rules regarding the investment activities are regulated by separate laws, in particular:

- "On concessions" (№ 110-I of August 30, 1995);
- "On production sharing agreements" (№ 312-II of December 7, 2001)
- "On investment and mutual funds" (№ LRU-392 of August 25, 2015);
- "On public-private partnership" (№ LRU-537 of May 10, 2019);
- "On special economic zones" (№ LRU-604 of 17 February, 2020);

3 **Investments** are: tangible and intangible goods and rights to them, rights to intellectual property, as well as reinvestments, which include cash, securities, buildings, equipment, patents, etc.;

4 In the Law, investors are divided into "domestic" and "foreign" investors, as well as the definitions of them are given;

5 **Foreign direct investment** is – an investment at the expense of the investor's own or borrowed funds on a risk-bearing basis, without government guarantees;

6 **Enterprises with foreign investments** (hereinafter – enterprises with FI) – enterprises in which the share of foreign investments is **at least 15%**;

7 By types investments are divided into: capital, financial and social;

8 **Forms of implementing investments:**

- by establishing legal entities or equity participation in their charter capital (authorized capital);
- by purchasing securities (stocks, bonds etc.);
- by acquisition of concessions and participation in a production sharing agreement;
- by acquisition of ownership;
- by acquisition of the right to own and use land plots, natural resources etc;

! It is forbidden to invest in objects creation of which and use do not meet sanitary-hygienic, radiation, environmental, architectural, urban planning and other requirements.

9 **The rights of investors:**

- to determine the volume, types, forms, scope and direction of investment;
- to own, use and dispose of their investments;
- to independently and freely manage income;
- to use the property and any property rights;
- to raise funds in the form of credits and loans;
- to receive compensation for losses incurred as a result of illegal actions (inaction) and decisions of government bodies, local government bodies and their officials, as well as to receive adequate compensation in case of requisition (expropriation) and other legitimate rights;

! A participant of investment activity is obliged to comply with the norms, rules and standards established by legislation, including the requirements of laws regarding competition, on combating corruption, on investments and investment activity, on labor, urban planning and environmental protection.

10 **Guarantees of investors' rights:**

- the State guarantees the rights of subjects (entities) of investment activity. State bodies and their officials are not entitled to interfere in the activities of investment entities;
- Income of the subject of investment activity may be reinvested after taxes and payments are paid, or used in any other way at its discretion.

- investors are guaranteed the free transfer of funds in foreign currency to and from the Republic of Uzbekistan without any restrictions (after the payment of taxes and fees), including currency conversion for repatriation;
The rules of this article do not apply to legislative acts that are directly related to ensuring national security.

! The state may suspend the repatriation of funds on a non-discriminatory basis in the following cases: insolvency and bankruptcy; violation of the rights of creditors; criminal acts or administrative offenses; or in accordance with a judicial or arbitral award.

11 Stabilization mode (guarantee for investors against unfavorable changes in the legislation):

- **legal acts have no retroactive effect** in cases where their performance is detrimental to the investor or investments.
- in case of the subsequent legislation of the Republic of Uzbekistan worsens the conditions for investments, then the legislation which was applicable to the date of investments is applied to investors **within 10 years from the date of investments**;
- legal acts that were not officially published for public information do not entail legal consequences as they have not entered into force;

12 Protection of investments:

- investments and other assets of investors are not subject to nationalization;
- investments and other assets of investors are not subject to requisition (expropriation), with the exception of natural disasters, accidents, epidemics, epizootics.

! **Exclusive provisions and rights shall not be granted to investors that place them in a dominant market position.**

13 The authorized state body in the field of state regulation of investments and investment activity is the Ministry of Investments and Foreign Trade.