

Agenda

1 Introduction to the country

2 Uzbekistan's journey of reforms

3 Government support to investors

Uzbekistan is the largest market in Central Asia; stable and fast growing



Key information

Comparable to Spain
or California



Area

448,978 sq. km

Largest in
the region



Population

33M (72% under 40)



GDP

USD 47,8 billion

USD 222,6 billion (PPP)



Capital

Tashkent
(2.3M – official data)



Urbanization

~50%



Official currency

"Sum" – UZS
(UZS/USD = 7900)



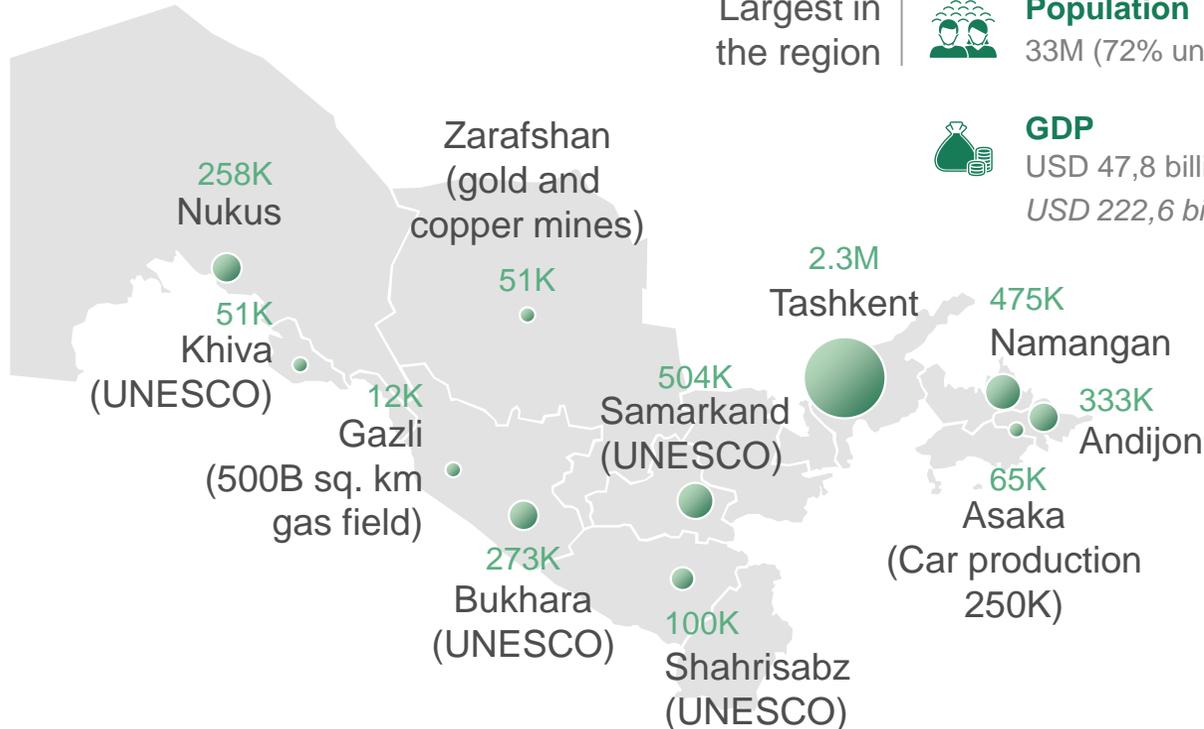
Languages

Uzbek (official), Russian
(commonly used)



Political system

Presidential multi-party
democratic republic



● XX size of population

Uzbekistan is rich in **mineral resources** and, at the same time, the country is actively investing in **renewable energy**

Mineral resource diversity excludes the dependence on a single resource type



 Uzbekistan's place in the world

Diversification of the energy supply portfolio



Hydropower

Investments of USD 2.65 billion in 2017–2025 to develop 18 new projects and upgrade 14 existing plants



Solar

~51 billion tons of oil equivalent



Wind

~360 million tons of oil equivalent for wind energy

Educated workforce of 18.5 million people

Largest workforce in the region



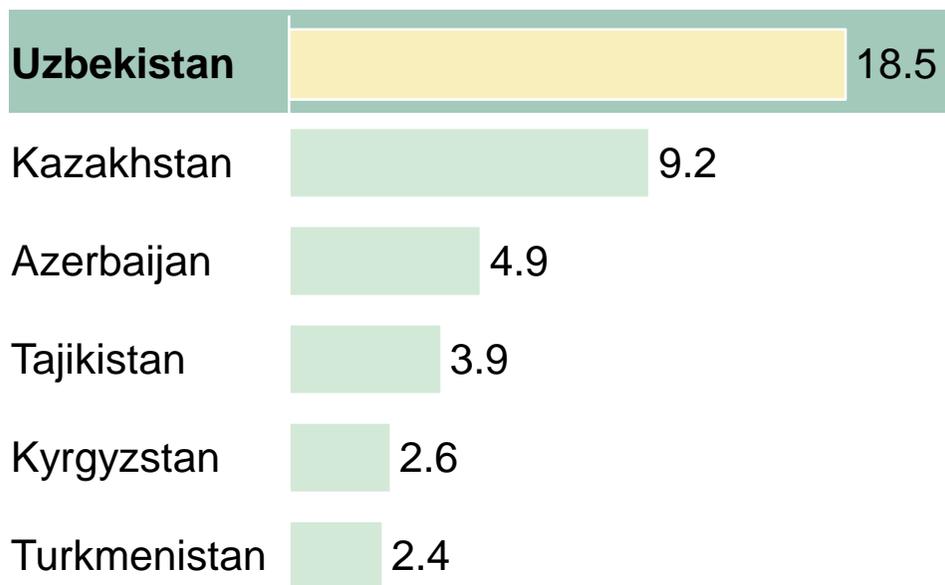
65 higher education institutions



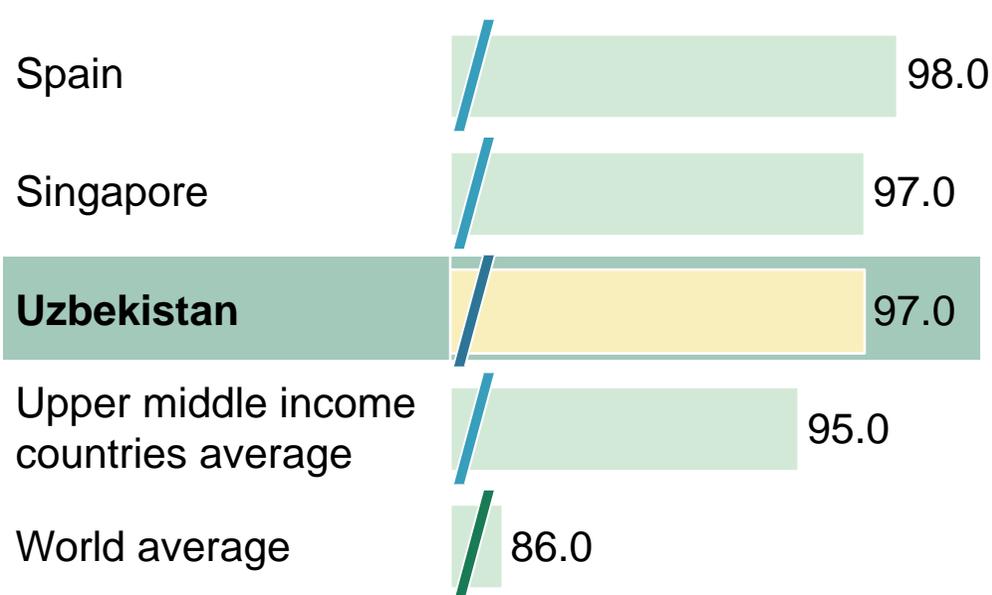
Literacy rate is 97%



Labor force in million ppl



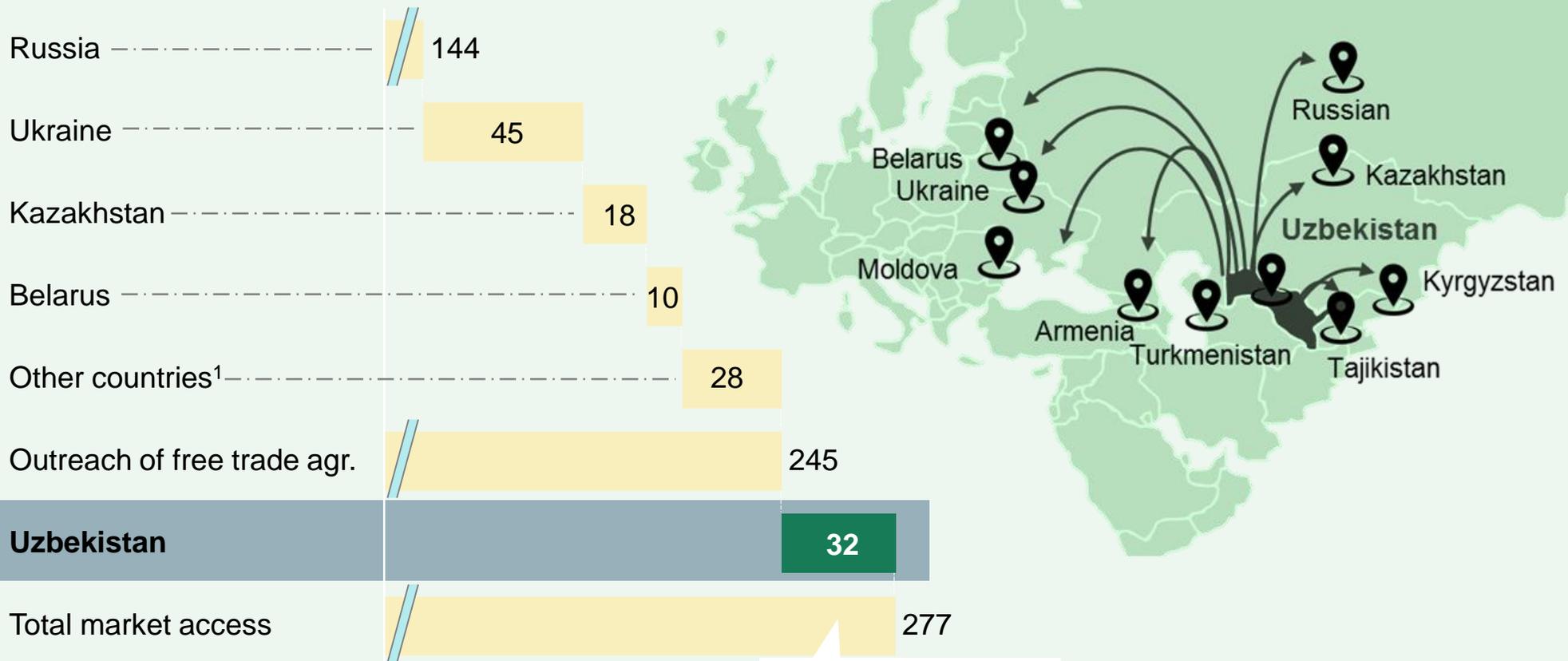
Literacy rates



One of the most populated countries in the region with free trade access to vast neighboring potential

Neighbor countries with free trade agreements

Population, in million



Comparable to Brazil

¹ Other countries include Tajikistan (pending final signing of free trade agreement), Kyrgyzstan, Turkmenistan, Moldova, and Armenia

Attractive tax incentives and free economic zones

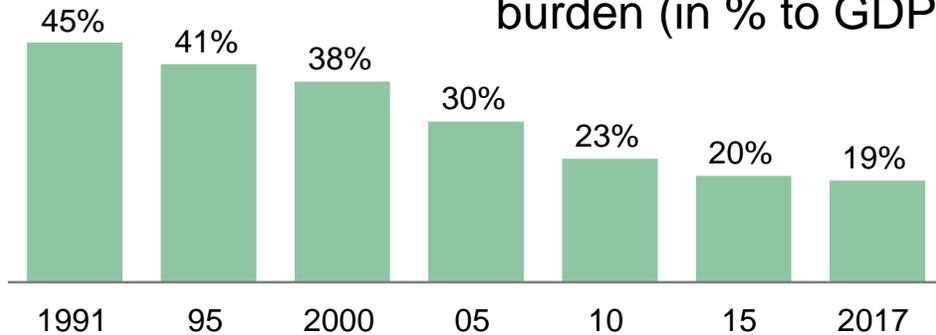
We welcome foreign capital with significant tax incentives...

- 0% income tax (for SMEs)
- 30%-50% income tax reduction²
- 0% VAT

...and invite them to join one of the 14 FEZ to get full exemption from

- Income tax and custom duties¹
- Social infrastructure and uniform SME taxes
- Compulsory contributions to the Road Fund

Steady decrease of tax burden (in % to GDP)



Total implemented:
69 projects

Total amount:
US\$ 512 million



Over the last twenty months, a large-scale transformation and liberalization of the economy has been underway in Uzbekistan



December
2016

Election of Shavkat Mirziyoyev as President

In September 2016, the parliament elected Mr. Mirziyoyev as the interim president
On 4 December 2016, he won a presidential election, receiving 88.6% of the vote



February
2017

Uzbekistan Development Strategy for 2017–2021

The strategy outlines the government political, economic, and social priorities, including measures to liberalize the economy



April
2017

Creation of a State Committee for Investments

The Committee was created to unlock the country's investment potential, through the creation of favorable conditions for investors and the implementation of major reforms



September 2017

Currency exchange liberalization

The authorities linked the official exchange rate to the curb market rate and implemented a floating exchange rate, with free market exchange



2018 and beyond

Further implementation of numerous reforms

Green channel in airports
Simplification of the tax system, including the implementation of tax monitoring
Two-year moratorium on business inspections
Many others...



Key to reforms



The Development Strategy for 2017–2021 (adopted in Feb '17) gave start of 5 priority reforms, including one for investors

It is envisaged that a separate state program for the implementation of initiatives in 5 reform areas will be approved yearly



Development of state governance



Rule of law & legal reforms



Development and liberalization of economy



Development of social sphere



Security, religious tolerance and interethnic harmony, foreign policy

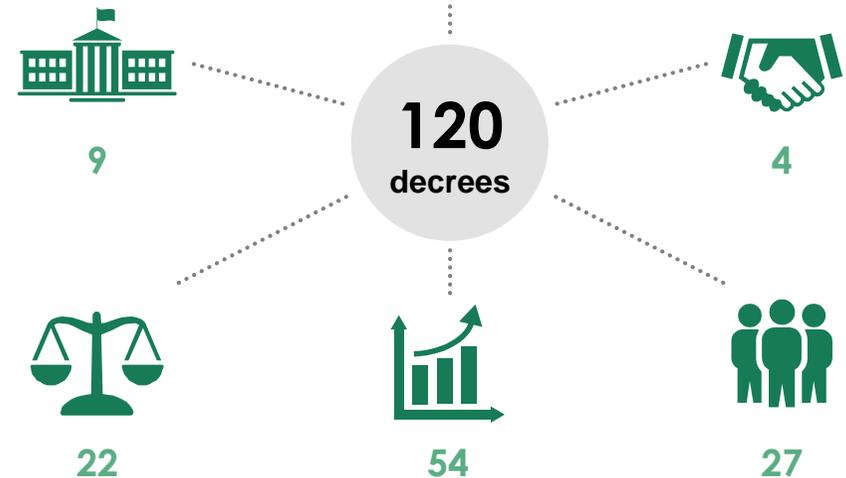
The area, in which priority is given to attracting investments

In 2017–2018, the country managed to make notable progress in the chosen areas

29 laws were adopted




420 decrees and resolutions of the President of the Republic of Uzbekistan were adopted



9 in the state society development

22 in judicial and legal system reforms

54 in development and liberalization of the economy

27 in social development

4 in security, religious tolerance and the implementation of constructive foreign policy

Uzbekistan is moving ahead with reforms focusing on the first priority issues identified by the business community

Key directions for reforms			Status
100		Currency regulation <ul style="list-style-type: none"> • Liberalization of the foreign exchange market • Further steps to liberalize monetary policy 	
84%		Legal environment <ul style="list-style-type: none"> • Improvement of legal framework in various areas of law: e.g. land allocation; stock exchange transformation; systematization of control procedures; enforcement of property rights; strengthening of fair competition; etc. 	
45%		Customs regulation <ul style="list-style-type: none"> • Unification and decrease of customs tariffs • Simplification of customs administration processes 	
35%		Tax system <ul style="list-style-type: none"> • Reduction of tax burden • Elimination of complex and unfair procedures 	
		Reform of State governance <ul style="list-style-type: none"> • Efficiency improvement for state bodies to eliminate inconsistencies; bureaucracy • Implementation of eGov system 	

 Share of investors citing the barrier as critical (based on interviews with internal and external investors)

 →  Implementation progress

One of the main milestones of economic reforms was the liberalization of the **currency exchange regulations**

Decree of the President dated 09/02/2017

Key elements of the reform



Free purchase and sale of foreign currency by individuals and legal entities

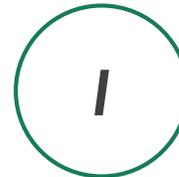


Removal of requirements for compulsory sale of foreign currency for exporters



Commercial banks are granted the right to determine commissions on currency exchange for export revenues

The impact of reforms



Equal competitive conditions for all players by reduction of administrative interference in the economy



Strengthening of regional and international economic cooperation



Improvement of business activity and investment climate



Attraction of foreign direct investments (FDIs)

A new system of land allocation & construction regulations is among the key elements of the **legal & rule of law reform**

In the course of discussion with the government bodies and agencies

Key elements of the reform



The implementation of a new simplified & quicker process for construction approvals

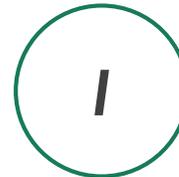


Creation of a new system of land allocation via electronic auctions



Updating construction regulations via adoption of Construction Codes and Regulations based on Eurocodes (following example of Kazakhstan)

The impact of reforms



Reducing the time taken by the process for land allotment and construction approvals by 30–40%



Providing investors with the information about the list of available land lots, their full effective cost and relevant documentation



Ensuring the fair compensation to the state budget for use of land



Solving the issues related to obsolete construction regulations, which hinder the use of modern construction technologies

Customs reform reduces the tariff burden while simplifying and accelerating administrative procedures

Key elements of the reform



Reviewing the rates of customs duties with the aim to reduce them



Creating a unified approach to the setting the rates of and levying customs charges



Introduction of a risk management systems at customs bodies

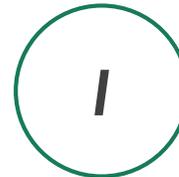


Simplifying and accelerating customs processes (e.g. customs valuation, border crossing, etc.)



Reduction of the frequency of and time spent on the issuance of the requested authorization documents

The impact of reforms



Improvement of customs tariff regulation, incl. reducing the likelihood of corruption



Intensification of negotiations with the WTO standards and best practices



Reduction of time taken by paperwork and procedural formalities by 3–5 times



Decreasing the costs of customs procedures by 30–70%

State governance reform improves the coherence of the work of state bodies and reduces pressures on business

Decree of the President dated 09/08/2017

Key elements of the reform



Improvement of institutional, organizational and legal framework for government bodies and authorities



Clear specification of tasks and responsibilities of executive bodies



Reduction of administrative influence on the economy & investors



Improvement of overall governance and interaction of executive authorities

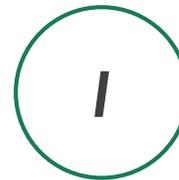


Introduction of modern forms of strategic planning, innovative ideas, developments and technologies



Formation of an effective system of professional civil services (e.g. eGov)

The impact of reforms



In total, 46 government bodies were reshaped or merged; 6 abolished



Structures, tasks and functions revised for Office of the President, the Cabinet of Ministers, 20+ Ministries



Better coordination between state bodies and local administrations

Main Takeaways from the Presidential Decree on “Improvement of the investment climate”

Decree of the President dated 01/08/2018

Decree point

Details



Relaxation of visa requirements for foreign investors and their employees

Foreign investors can also be granted the status of an Honored Citizen



Expansion of regional authorities to provide land for foreign investors

Regional authorities can now effect a contract for investments up to \$10M and provide land of up to 5000 sq m



Loosening of legal requirements for enterprises with foreign shareholders

Minimum shareholders equity lowered from 600M som to 400M som (~\$51k)

Minimum level of foreign share for foreign investment company status is lowered to 15%

The international community acknowledges the recent significant progress in Uzbekistan

“ *The first concrete steps on improvement of quality of economic data and increase of their transparency.*

IMF Spokesperson



“ *We are in a great hurry, we are striving to expand and deepen our presence in Uzbekistan as soon as possible.*

Philip Bennet

Former First Vice-President of EBRD



European Bank
for Reconstruction and Development

“ *ADB, in accordance with the government's strategy, is planning to provide USD 2.6 billion in sovereign loans in 2017–2019, to increase non-sovereign transactions through equity investments and private loans.*

Takehiko Nakao

The President of ADB



“ *The Action Strategy, developed by the initiative of the President Shavkat Mirziyoyev, is a very serious and bright program, it reflects ideas of the United Nations and reforms aimed at ensuring human rights.*

Zaid Raad Al-Hussein,

Un high commissioner for human rights



THE WORLD BANK
IBRD • IDA | WORLD BANK GROUP

“ *The World Bank is ready to significantly increase its presence in Uzbekistan and to support the reforms in the country*

Kristalina Georgieva
World Bank CEO

“ *The Action Strategy has much in common with the United Nations Sustainable Development Goals and the wider 2030 Agenda for Sustainable Development, and can form the basis for even greater cooperation between your country and the United Nations.*



UNITED NATIONS

Antonio Guterres,
UN Secretary General

“ *If you look back in history, you can see that Uzbekistan has always played a special role in Eurasia. While people in other parts of the region had a nomadic lifestyle, civilization was already flourishing in Uzbek cities.*

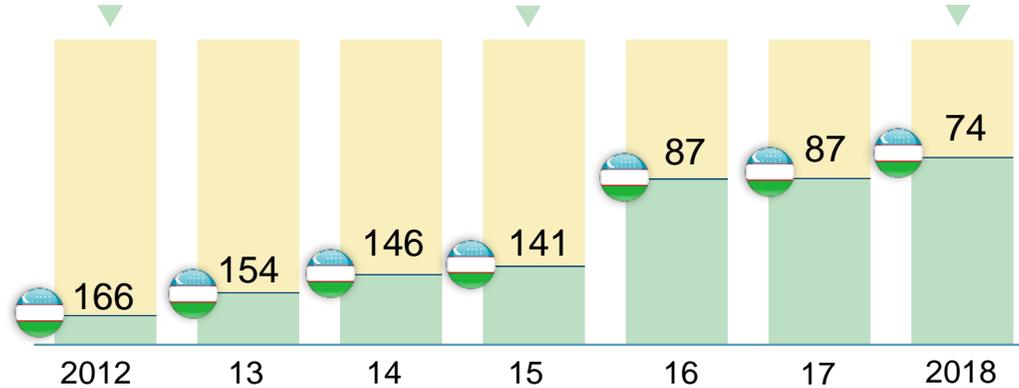


Jonathan Hilman,
The Director of the Asia Liaison Project
at the Center for Strategic & International
Studies (USA)

World Bank Doing Business ranking: 90+ points improvement in the past 5 years

Countries that are ranked one of the 10 places above

- Comoros
- Afghanistan
- Iraq
- Mozambique
- Tanzania
- Cambodia
- Puerto Rico
- Greece
- Vietnam



Countries that are ranked one of the 10 places lower

- Cote d'Ivoire
- GAngola
- uinea-Bissau
- Cote d'Ivoire
- Bolivia
- Senegal
- China
- South Africa
- Ukraine



Uzbekistan is now among the leaders in a number of areas

- Starting a Business (11 place)
- Getting Electricity (27 place)
- Enforcing Contracts (39 place)

We eliminated 160 licensing procedures and 19 administrative activities in recent years

Companies with FDI in Uzbekistan



KNAUF



MAN



Coca-Cola



SAMSUNG



HARRIS



PETRONAS



PEPSICO



CAT



Beeline



UMS



DAEWOO



KPMG



Nestlé



ARISTON



TRÜTZSCHLER



ZTE



LG



KOGAS



HYATT



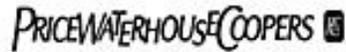
CITIC Group



LEMKEN



WYNDHAM



PRICEWATERHOUSECOOPERS



Carlsberg



INDORAMA



Ucell



GASPROM



HUAWEI



MITSUBISHI



HYUNDAI



BOEING



RioTinto



sasol



DKG



BRITISH AMERICAN TOBACCO



Honeywell



NOBEL



KOREAN AIR



LOTTE



LUKOIL



GM



CNI INDUSTRIAL



ISUZU



Sumitomo



CNPC



MAXAM



AIG



RIETER



KIA MOTORS

Thank you for your attention!

