



# **CASIP-SMEs project**

## **FINAL EVENT**

### **COUNTRY PRESENTATION**

### **(REPUBLIC OF UZBEKISTAN)**



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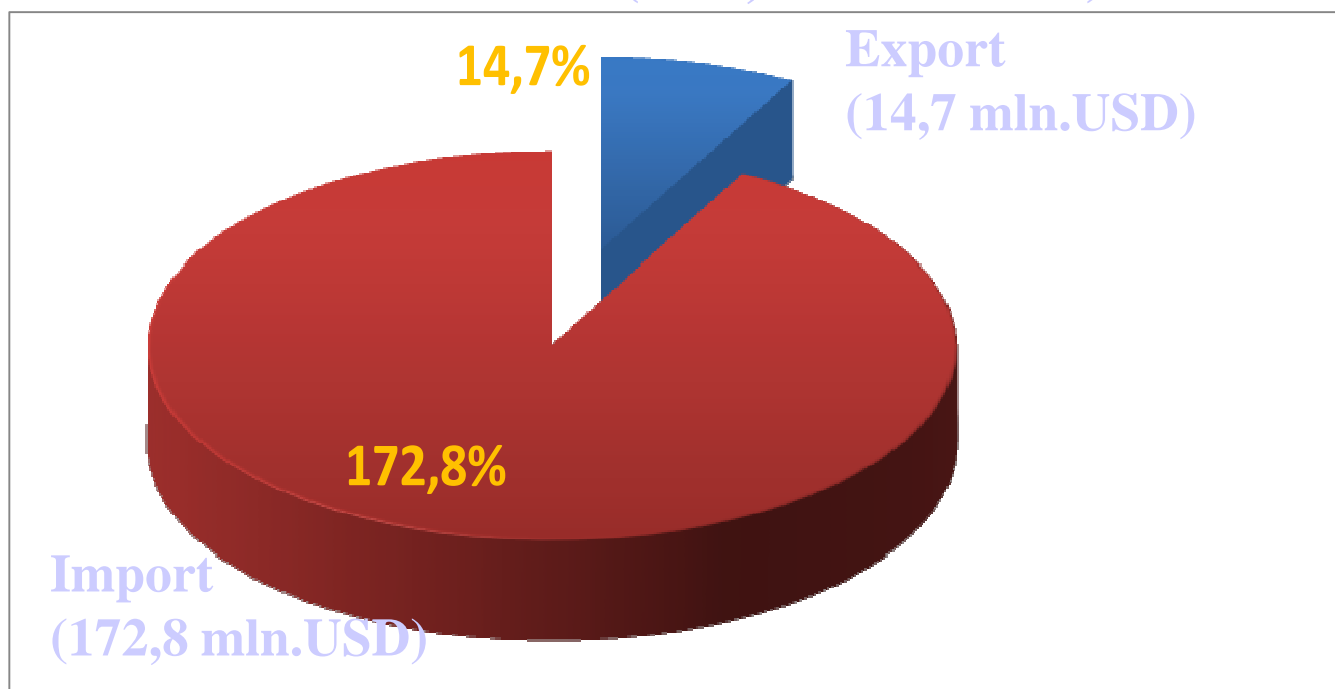
1. Trade turnover Uzbekistan – Italy
2. Why Uzbekistan?
3. Priority sectors for further development of cooperation

# ITALY AND UZBEKISTAN TRADE TURNOVER (2012)

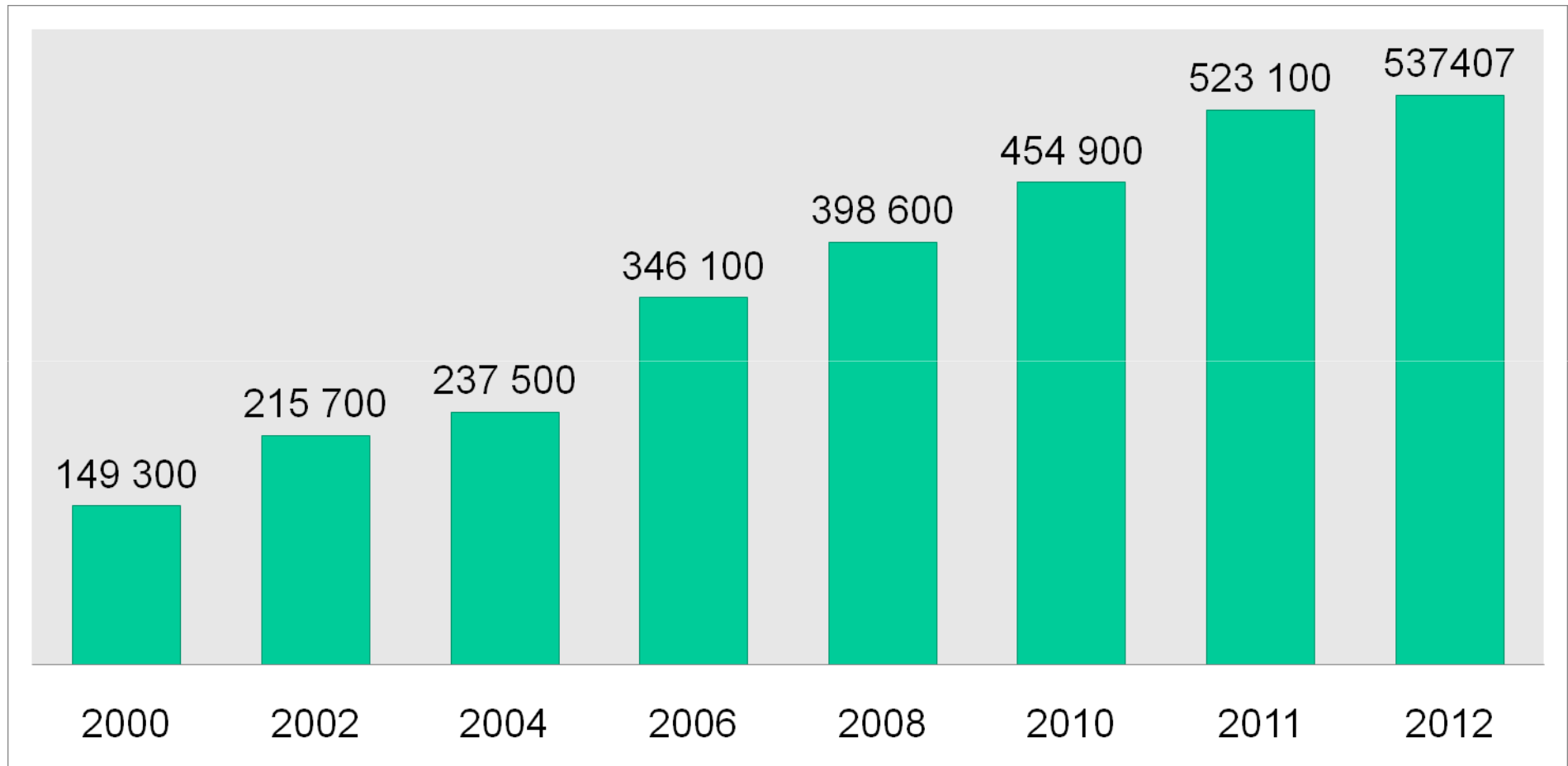


- ❖ In 2012 total turnover between Uzbekistan and Italy– 187,5 million U.S. dollars.  
Export – 14,7 million USD;  
Import – 172,8 million USD.
- ❖ 36 joint ventures with Italian capital established, of which 4 with 100% foreign capital.

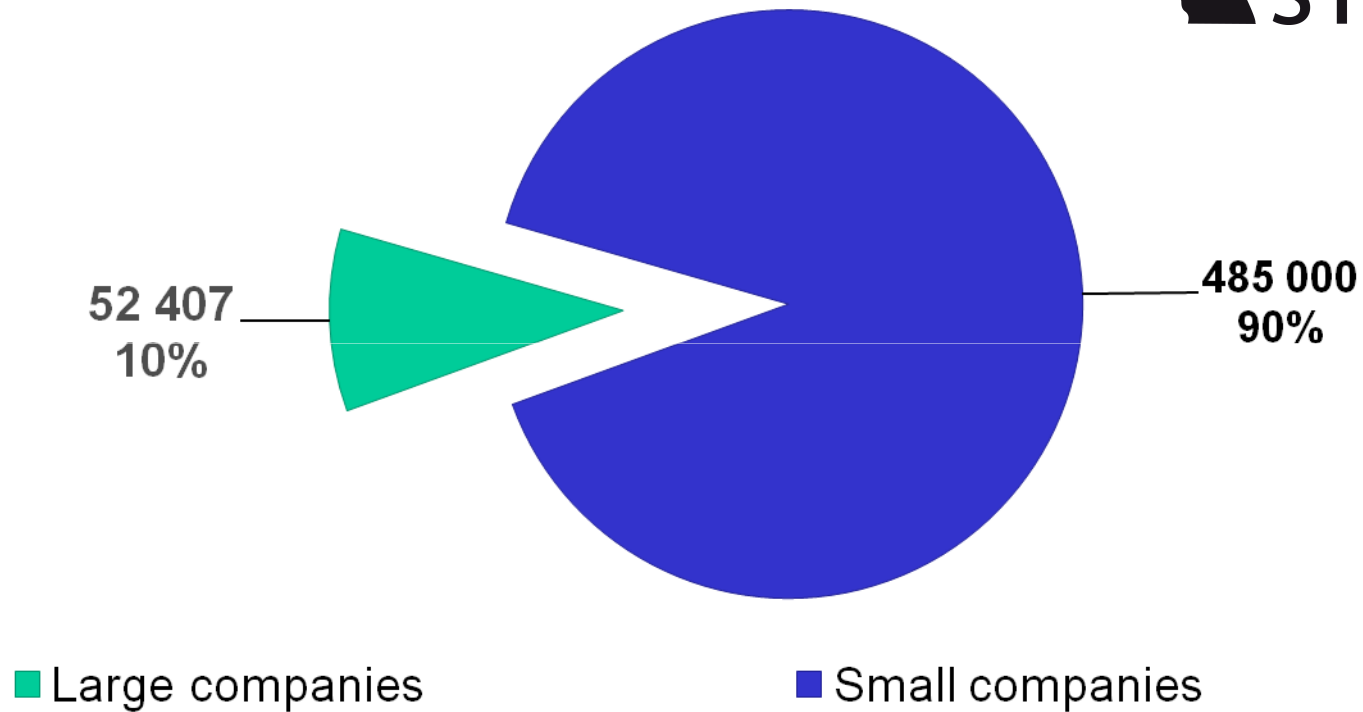
## Total turnover (187,5 mln.USD)



# NUMBER OF BUSINESS Co



# SHARE OF SMALL BUSINESSES IN TOTAL NUMBER OF BUSINESSES (%) - 2012



# 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...

# FACTORS OF SUCCESS IN UZBEKISTAN



**1. Political & macroeconomic stability**



**2. Sound legal base**

**3. Rich raw material base**



**4. Diversified industrial base**

**5. Advantageous geographical location**

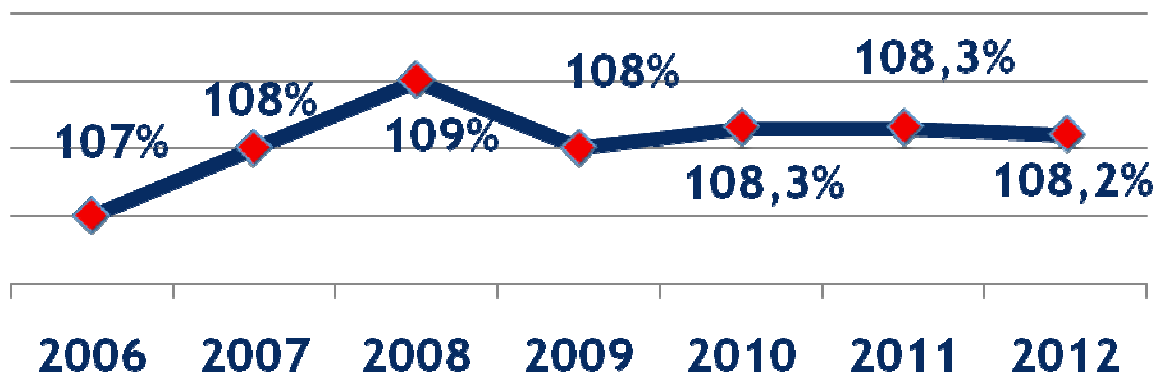
**6. Well educated human resources**



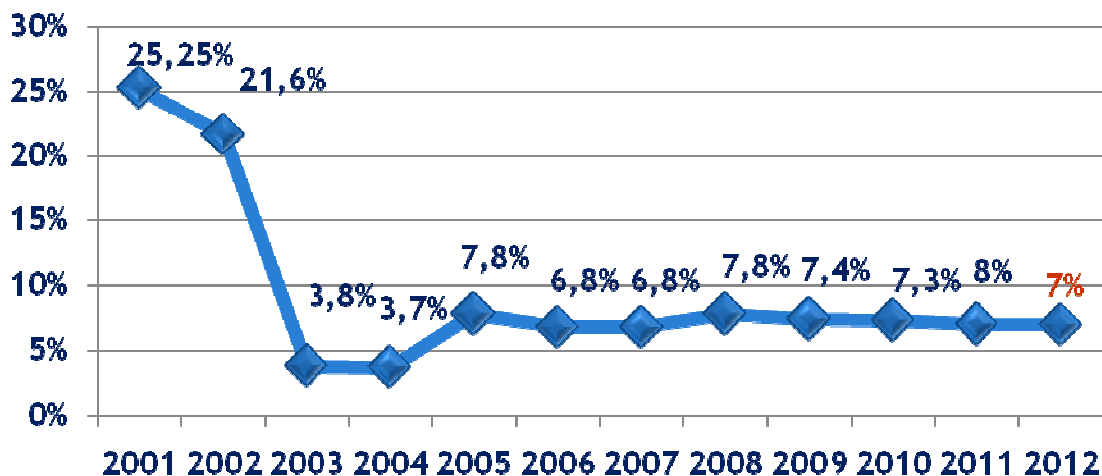
# MAIN MACROECONOMIC PARAMETERS



**GDP growth**  
(% to previous year)



**Inflation**





# **SOUND LEGAL BASE**



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

**Law “On Foreign Investments” in 1998**

**Law "On Investment Activity” in 1998**

**Law "On Guarantees and Measures to Protect the Rights of Foreign Investors” in 1998**

**10 legal documents on regulating of investment activity adopted in Uzbekistan in 2012**

**Decree of the President of the Republic of Uzbekistan #1731 "On additional measures for stimulation of export manufacturers and expansion of export supplies of competitive output”, 2012**

**Decree of the President of Uzbekistan #UP-4434, «On additional measures to stimulate attracting foreign direct investments», 2012**

Decree of the President of Uzbekistan  
«On additional measures to stimulate attracting  
foreign direct investments» #UP-4434



1. Enterprises with the investment volume for at least **5** million USD reserve the right to pay for **10** years for all type of taxes that operated at the date of their registration
2. Investment projects
  - more than **50** million USD
  - share of foreign investors no less than **50%**,external engineering-communication networks will be provided by state budget.
3. Selling low liquid state objects at **zero** redemption cost through signing direct contracts with the investor under **concrete investment obligations**
4. Obtaining of multiply visa for a period of **12 months**

Decree of the President of Uzbekistan  
«On additional measures to stimulate attracting  
foreign direct investments» #UP-4434

**5. Extension of incentives and privileges of the President's  
Decree #UP-3594 on April 11, 2005**

**I. For all regions of Uzbekistan (except Tashkent region and  
Tashkent city)**

**II. Tax and obligatory payments exemption**

**Period of Tax Exemptions :**

- **3 years**, if amount of direct investments is **0,3 - 3 mln. USD;**
- **5 years**, if amount of direct investments is **3 - 10 mln. USD;**
- **7 years**, if amount of direct investments is more than **10 mln. USD.**

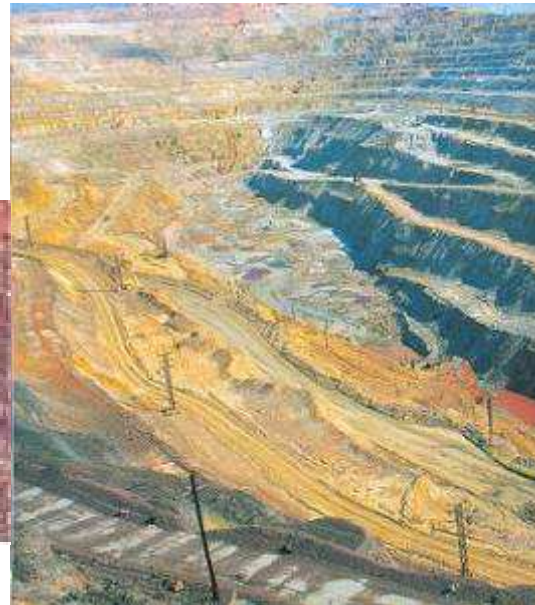
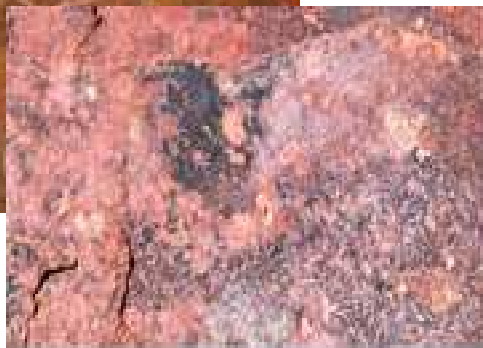
# RICH RAW MATERIAL BASE



Uzbekistan possesses unique resources:

- ✦ solid raw materials, including metallic and non-metallic

- ✦ Over **1644** of deposits and **100** sorts of mineral resources



# DIVERSIFIED INDUSTRIAL BASE



***Oil, gas & petrochemical***



***Chemical***



***Mining & metallurgy***



***Automobile***



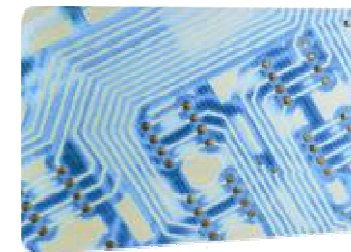
***Agricultural machinery***



***Electrical engineering***



***Electronics***



***Construction materials***



***Textiles***



***Pharmaceuticals***

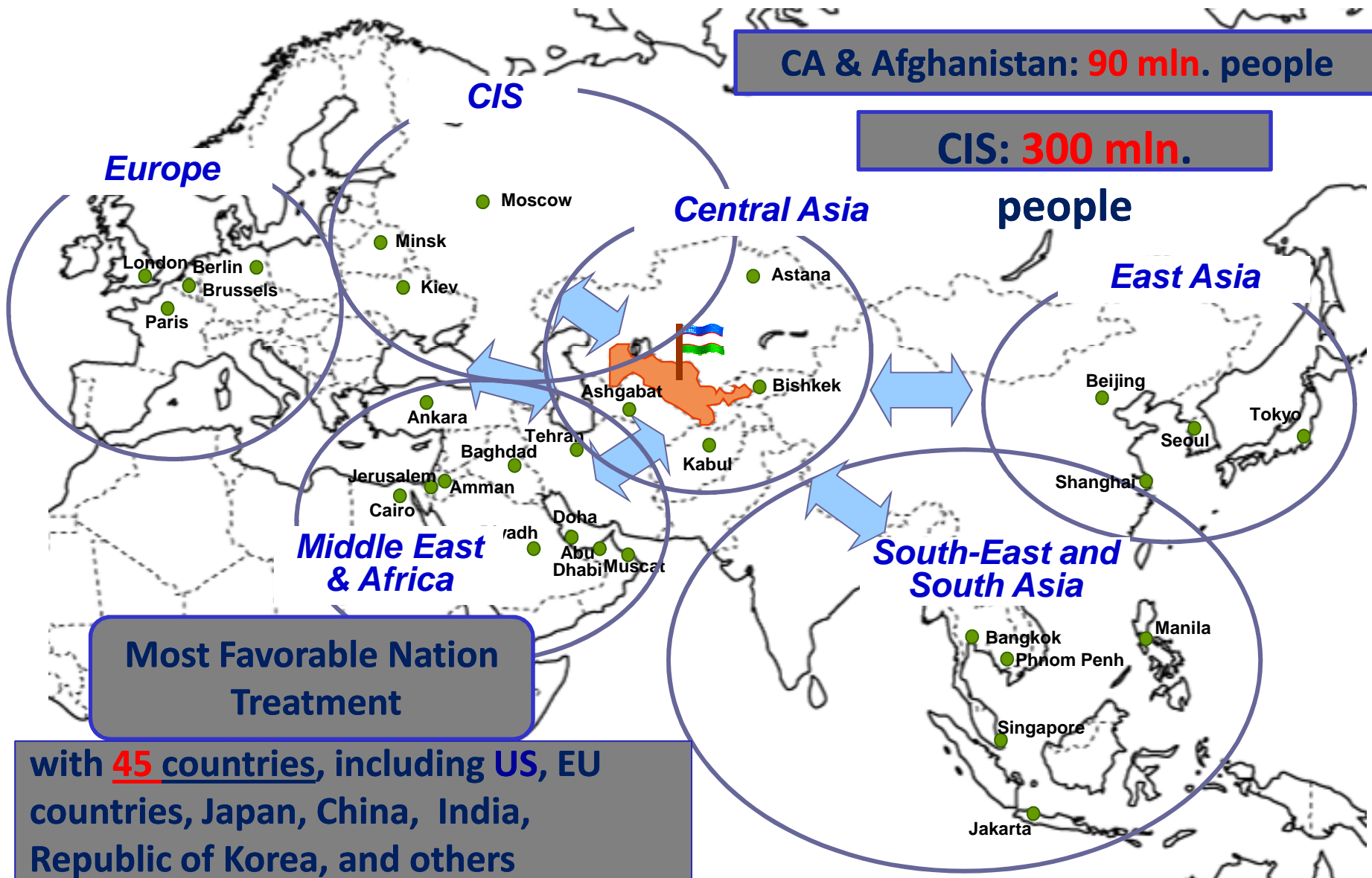


***Food processing***

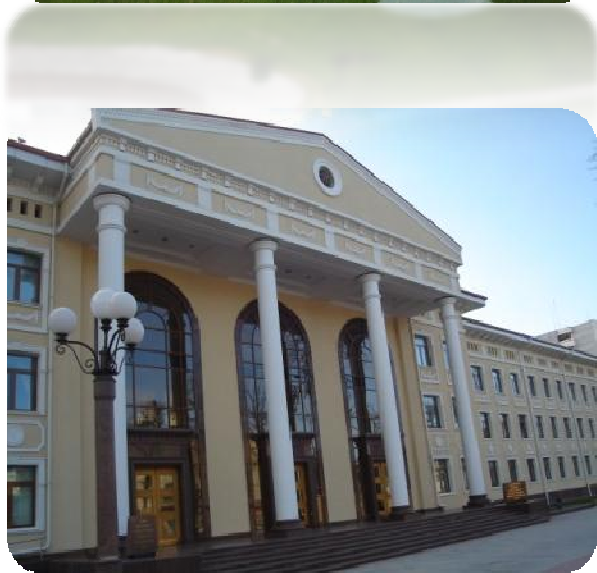




# CENTRAL GEOGRAFICAL LOCATION TO CENTRAL MARKETS



# WELL EDUCATED HUMAN RESOURCES



- **65 universities and institutions**

- **850 directions**

- **300 thousand students**

- **affiliates branches of foreign universities:**

- **Westminster International University**

- **Singapore Institute of Management Development**

- **Turin Polytechnic Institute**

- **Oil&Gas Institute named after Gubkin**

- **Moscow State University**

- **Russian Economic University named after Plekhanov**

For the years of independence over 5000 new investment projects have been implemented, including:

- New automobile factories to manufacture cars jointly with “General Motors” (USA) in Asaka, buses with “Isuzu” (Japan) and trucks with “MAN” (Germany) in Samarkand;
- Power train unit factory in “GM Powertrain Uzbekistan”;
- Bukhara petroleum refinery in cooperation with “Technip” (France);
- Shurtan gas and chemical complex in cooperation with “ABB” (Switzerland);
- Kungrad soda ash plant in cooperation with “CITIC” (China);
- New Tashguzar-Boysun - Kumkurgan railway in cooperation with “JBIC” (Japan);
- 6 new sections of Navoi-Uchkuduk-Sultanuizdag-Nukus railway;
- Dozens of textile plants in cooperation with “Spentex” (India), “Daewoo International” (Korea), and other investors.



# PRIORITY SECTORS FOR FURTHER DEVELOPMENT OF COOPERATION

- **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.)
- **Alternative energy** (biogas, solar and wind energy)

# PRIORITY SECTORS FOR FURTHER DEVELOPMENT OF COOPERATION



- ⇒ **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 SECTORS FOR FURTHER DEVELOPMENT OF COOPERATION



- ⇒ **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.)
- ⇒ **Oil and gas industry** (creation of mini-clinics and ambulance rooms in rural areas, etc.)

The FIEZ residents are exempted from:

Land tax

Profit (income) tax

Property tax

Unified tax (for SMEs)

Obligatory payments to the Republican Road Fund

Republican Fund of Elementary and Secondary Education

Registered enterprises for the whole period of FIEZ functioning to produce export goods are exempted from customs duties for imported:

equipment

raw materials

production components

## UNPRECEDENT TAX EXEMPTIONS

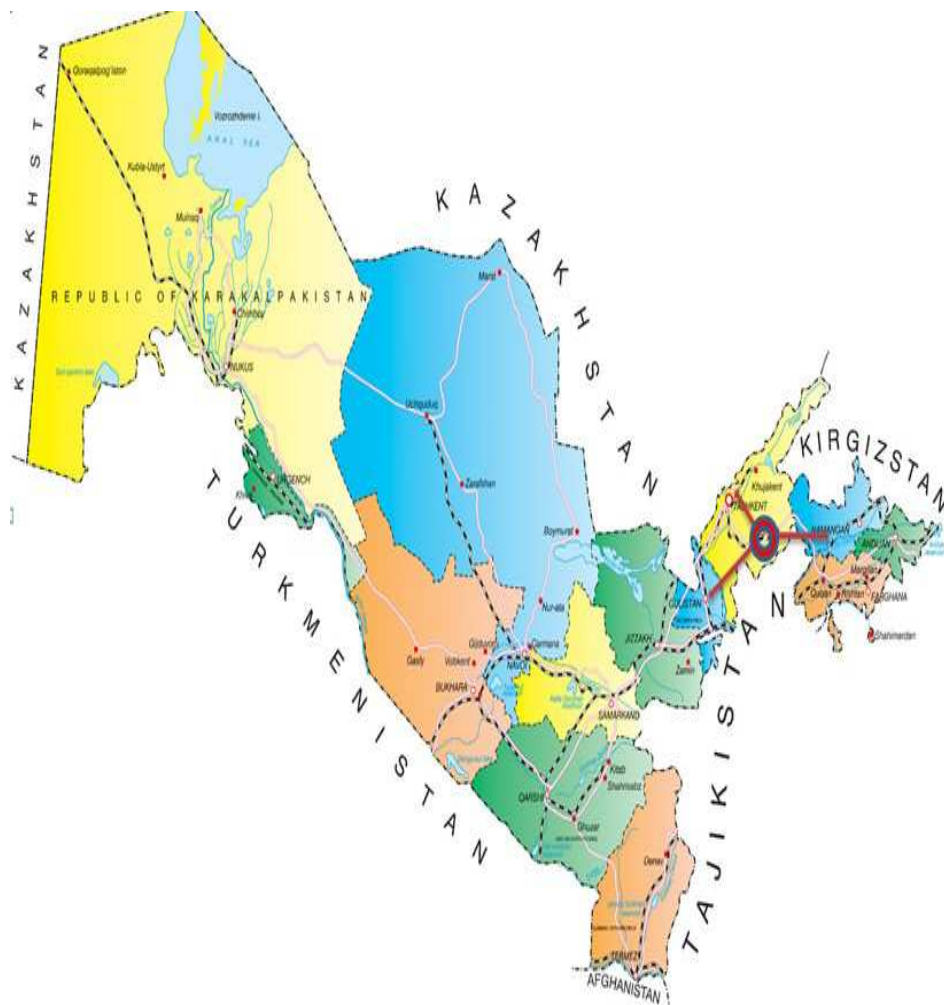
### Period of privileges and incentives

7 years, if amount of direct investments is 3-10 mln. Euro

10 years, if amount of direct investments is 10-30 mln. Euro, and 50% reduction of profit tax for the following 5 years

15 years, if amount of direct investments is more than 30 mln. Euro, and 50% reduction of profit tax for the following 10 years

**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**



## 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**





**Thanks for your kind attention!**

