ECONOMIC AND INVESTMENT POTENTIAL OF THE REPUBLIC OF UZBEKISTAN

Ministry for Foreign Economic Relations, Investments and Trade of the Republic of Uzbekistan
Factors of success in Uzbekistan

1. Political & macroeconomic stability
2. Sound legal base
3. Rich raw material base
4. Energy advantageous
5. Diversified industrial base
6. Advantageous geographical location
7. Well educated human capital
Main trends of social economic development of Uzbekistan

Sustained high rates of economic growth (7-9% per annum on average)

- for the period of independence, the development of GDP based on purchase power parity has increased 3.5 times
- volume of industrial production has grown more than 3 times during 1990-2013
Sound legal base

The main laws regulating investment activity in Uzbekistan

- Law «On Free Economic Zones» in 1996
- Law «On Foreign Investments» in 1998
- Law «On Guarantees and Measures to Protect the Rights of Foreign Investors» in 1998
- Law «On Investment Activity» in 1998
Rich raw material basis

Uzbekistan possesses unique resources:
- solid raw materials, including metallic and non-metallic
- over 1644 of deposits and 100 sorts of mineral resources
10 thermal stations and 28 hydropower plants fully provide the needs of the economy.

Coal reserves – 80-100 years

**Average prices for:**

- Electricity – $0.05 per kWt/h
- Coal – $47 per ton
- Gas - $56 per 1000m³

**Alternative energy sources**

- solar energy
- wind energy
- biofuel
Diversified industrial base

- Oil, gas & petrochemical
- Construction materials
- Medical
- Automobile
- Agricultural machinery
- Textiles
- Chemical
- Electrical engineering
- Pharmaceuticals
- Mining & metallurgy
- Electronics
- Food processing
Well educated human resources and huge intellectual potential

- 66 universities and institutions
- 850 directions
- 300 thousand students
- affiliates of key foreign universities:
  - Moscow State University
  - Westminster International University
  - Singapore Institute of Management Development
  - Turin Polytechnic Institute
  - Oil&Gas Institute named after Gubkin
  - Inha University of Korea
Central geographical location to the largest markets

Free Trade Agreement with 11 CIS countries including Georgia

Most Favorable Nation Treatment

with 46 countries, including US, EU countries, Japan, China, India, Republic of Korea and others
Foreign investments in Uzbekistan

- **Foreign direct investments and credits**
- **Foreign loans under Government guarantee**

<table>
<thead>
<tr>
<th>Year</th>
<th>Direct Investments</th>
<th>Credits</th>
<th>Loans under Guarantee</th>
</tr>
</thead>
<tbody>
<tr>
<td>2007</td>
<td>1,014</td>
<td>272</td>
<td>1,286</td>
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<tr>
<td>2008</td>
<td>1,423</td>
<td>459</td>
<td>1,882</td>
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<tr>
<td>2009</td>
<td>2,496</td>
<td>446</td>
<td>2,496</td>
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<tr>
<td>2010</td>
<td>2,757</td>
<td>527</td>
<td>3,284</td>
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<tr>
<td>2011</td>
<td>3,025</td>
<td>464</td>
<td>3,489</td>
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<tr>
<td>2012</td>
<td>3,062</td>
<td>680</td>
<td>3,742</td>
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<tr>
<td>2013</td>
<td>2,875</td>
<td>893</td>
<td>3,768</td>
</tr>
</tbody>
</table>
Foreign direct investments in Uzbekistan by country in 2013

- China: 27.7%
- Russia: 26.3%
- South Korea: 15.2%
- Austria: 1.9%
- United Kingdom: 1.9%
- Singapore: 1.8%
- Netherlands: 1.8%
- Germany: 1.2%
- France: 0.8%
- Turkey: 0.3%
- Malaysia: 0.3%
- Others: 20.8%
FIEZ «Navoi»: Concept of creation

FIEZ “Navoi” was created by the Decree of the President of the Republic of Uzbekistan on December 2, 2008 based on the synergy of its 4 blocks or hubs:

- Industrial
- Logistic
- Innovation
- Touristic, cultural & recreational
«Navoi» International Airport

29 flights per week
(Delhi, Mumbai, Bangkok, Frankfurt, Istanbul, Dubai, Doha, Dhaka, Hanoi, Moscow, Milan, Brussels, Zaragoza, Inchon)

1st stage – Cargo processing ability – 300 tons/day
2nd stage – Cargo processing ability – 1,000 tons/day
FIEZ «Navoi»: Tax preferences

FIEZ «Navoi» residents are exempted from all types of taxes:

**Period of privileges and incentives:**

If amount of FDI is:

- **3 to 10 million Euros** - 7 years
- **10 to 30 million Euros** - 10 years and 50% reduction of profit tax for the following 5 years
- **more than 30 million Euros** - 15 years and 50% reduction of profit tax for the following 10 years

Currently, the matter of decreasing threshold of FDI to 1 million Euros is being considered.
Special Industrial Zones «Angren» and «Jizzakh»

Establishment of SIZ «Angren»
Decree of the President of the Republic of Uzbekistan April 13, 2012. №UP-4436

Total territory of SIZ «Angren» – 1638 hectares

Logistic center SIZ Angren:
Capacity of storage facilities 5.4 mln. tn./year
Total area 36.7 hectares
Registered about 400 vehicles

Establishment of SIZ «Jizzakh»
Decree of the President of the Republic of Uzbekistan March, 2012. №UP-4516

Territory of SIZ «Jizzakh» is 524.0 hectares

In Jizzakh city – 416.0 hectares and its branch in Syrdarya district – 108.0 hectares
## Special Industrial Zones «Angren» and «Jizzakh»

### SIZ «Angren»

**Current projects:**
- 5 realized projects
- 12 projects in progress:
  - silicon
  - motor oil
  - sugar plant
  - 2 leather production
  - etc.

### SIZ «Jizzakh»

**Current projects:**
- 5 realized projects
- 9 projects in progress
- for production of such goods as:
  - mobile phones
  - leather products
  - sanitary fittings (faucet)
  - and etc.

### Perspective Projects

- **SIZ «Angren»**
  - 20 new perspective projects

- **SIZ «Jizzakh»**
  - 50 new perspective projects
SIZ «Angren» and SIZ «Jizzakh»: Tax preferences & incentives

Residents of SIZ «Angren» and SIZ «Jizzakh» are exempted from all types of taxes and customs duties (except customs fees).

Period of privileges and incentives:

If amount of FDI is:

- 0.3 to 3 million USD - 3 years
- 3 to 10 million USD - 5 years
- more than 10 million USD – 7 years
Bilateral trade & investment cooperation

Trade

- Turnover – 248.8 mln. USD in 2013
- Export – 59,5 mln. USD (*cotton fiber, services, fruits and vegetables, ready textile products, etc.*)
- Import – 189,3 mln. USD (*mechanical and electrical equipment, pharmaceutical products and etc.*)

Investment

- 22 enterprises with Latvian capital – 5 with 100% of Latvian capital
- 13 – accredited Latvian companies
- Main directions: freight transportation, logistics, airfreight, telecommunication, pharmaeuctics, consulting and etc.
New prospects for cooperation

1. Pharmaceutical and medical products: production of medicines for cardiovascular, psychoneurological diseases, API, vaccines, hormonal and etc.

2. Construction materials industry: Construction of cement producing plant, production of flat glass, sanitary ware products, ceramic granite household porcelain and etc.

3. Chemical and petrochemical industry: production of butanediol, ABC plastics, synthetic detergents, cosmetics, office accessories and etc.

4. Mechanical and instrumental engineering production of compact equipment, road building and municipal machines and etc.
New prospects for cooperation

5. Light industry: production of shoes, hosiery products, terry fiber, fabrics, garments, accessories made of plastic and etc.

6. Food industry: production of freeze fast foods, confectionery products, condensed milk and etc.

7. Electro technical industry production of household and electrical appliances, water heating system (collectors) and etc.
THANK YOU!