



Economic  
Diplomacy  
Directorate

Ministry of Foreign  
Affairs

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# NEW UZBEKISTAN. NEW OPPORTUNITIES.

Digital Digest

HIGHLIGHTS

REFORMS

NEW OPPORTUNITIES

SUCCESS STORIES

ECONOMIC DIPLOMACY



## UZBEKISTAN-KAZAKHSTAN SUMMIT: ECONOMIC OUTCOMES

President of Kazakhstan Mr Tokayev visited Uzbekistan on 21-22 December 2022. The programme of the visit includes meetings at the highest level, including bilateral talks between presidents as well as joint business forum.

In total 15 documents were signed during the visit. The total value of the agreements is about **\$8 billion**.

The presidents of both the countries signed a treaty on allied relations between Kazakhstan and Uzbekistan and a state border demarcation treaty. There were also agreements on the creation of the Central Asia International Center for Industrial Cooperation.

Memorandums were signed on strategic reforms, development of electronic commerce, forestry, civil service, as well as agreements on implementing projects in the energy, chemical industry, transport and logistics sectors.

An interesting development was the launch of the construction of joint ventures:

- A joint mineral fertilizer production plant in the Navoi region of Uzbekistan
- A joint logistics centre in Tashkent region of Uzbekistan
- Joint housing and commercial facilities in Tashkent region of Uzbekistan
- A joint project for home appliances in the Karaganda region of Kazakhstan
- A joint project for the production infusion solutions in Shymkent city of Kazakhstan
- A joint project for the production of Chevrolet cars in the Kostanay city of Kazakhstan

At the joint Kazakh-Uzbek Business Forum, which was held on 21 December in Tashkent, 40 documents on investment, trade and economic cooperation were signed worth about **\$2.5 billion**.

Kazakh and Uzbek companies plan to launch projects for the supply of machine sets and components for Chevrolet cars, production of ceramic tiles and infusion solutions, as well as to establish production of yarn, gypsum, and polypropylene bags, among other projects. As of 10 months of 2022, bilateral trade between Uzbekistan and Kazakhstan grew by 35% reaching **\$4.1 billion**, including **\$3 billion** in exports and **\$1.1 billion** in imports.

More than 1,400 enterprises with the participation of Uzbek capital are now operating in Kazakhstan and more than 400 joint Kazakh-Uzbek companies. To date, industrial cooperation between the countries exceeds 38 projects worth **\$2.2 billion**, creating about 11,000 jobs.



## **UZBEKISTAN- SAUDI ARABIA: IMPLEMENTATION OF INVESTMENT PROJECTS WERE DISCUSSED**

On 23 December, President of the Republic of Uzbekistan Shavkat Mirziyoyev welcomed a delegation from Saudi Arabia led by the Minister of Investment of the Kingdom Mr Khalid Al-Falih.

The fruitful results of the business forum held with the participation of more than 30 leading companies of Saudi Arabia were highly appreciated. One of the important results of the event was the signing of an Investment Agreement with ACWA Power on the construction of three wind farms for the amount of \$6.4 million in Karakalpakstan's Kungrad district.

Major projects in energy, chemical and petrochemical industry are being implemented jointly. Along with this, several socially significant programs are being implemented in water supply with the support of the Saudi Fund for Development.

An agreement was reached on further intensification of interaction to accelerate the implementation of already started as well as preparation of new investment projects, including through the established Business Council.

Since the beginning of 2022, the volume of mutual trade has increased almost 10 times, from \$15 million for 10 month of 2021 to \$1.5 billion for the same period of 2022. 40 enterprises with the participation of Saudi investments have been established in Uzbekistan.

**Source:** [President.uz](https://www.president.uz)



## STATE TAX AUTHORITIES ARE BECOMING MORE TRANSPARENT

The State Tax Committee of the Republic of Uzbekistan established practice of regularly publishing information on the performance of tax authorities on the social media.

“As we move towards a digital economy, it is essential to make public the performance achieved at each stage. Recently, the tax authorities have come a long way in the digitalization of tax administration, and much remains to be done in this direction” said Mr Kudbiev, the Chairman of the State Tax Committee.

In this regard, the State Tax Committee introduces into practice the daily publication of information on the results of the activities of the tax authorities.

It is important that these data will be published once a month, which will allow the public to observe the structure and dynamics of changes in the tax sphere, to track positive or negative trends.

It should be noted that the indicators related to the taxation system are of interest and benefit not only to the tax authorities, but also to the general public.

## CHANGEOVER TO THE E-INSURANCE

On December 5, the Resolution on “Approval of the Regulations on the procedure for providing insurance services in electronic form” was adopted by The Cabinet of Ministers. According to the Regulation:

- all types (classes) insurance is sold and issued electronically, and their authenticity is verified in the information system and on the Internet resource of the insurance company by exchanging data between the insurer and the policyholder;
- an application for the conclusion of an insurance contract is submitted through the information system of the insurance company, and the relevant data is filled in automatically;
- insurance policies are registered, their turnover is monitored.

The insurance contract is concluded by registering in the Unified Information System and assigning a unique number to the insurance policy.

·By December 31, 2022, a unified information system will be introduced, integrated with the information systems of all insurance companies, where all insurance policies are registered and their turnover is controlled.

·Until March 1, 2023, a single mobile application will be launched for online sending and processing of traffic accident notifications, which will be issued without the participation of law enforcement officers.

·Until July 1, 2023, online filing and consideration of applications for insurance claims for other types of compulsory and voluntary insurance through a single mobile application will be put into practice.

·Also, a draft law "On agricultural risk insurance" will be developed by July 1, 2023.

## **GOVERNMENT RESOLUTION ON PRICE CONTROL AND STABILITY IS DRAFTED**

The Cabinet of Ministers of the Republic of Uzbekistan is expected to adopt a resolution to control and ensure the stability of prices for goods of strategic and social importance.

The Antimonopoly Committee, on the basis of this draft resolution, exercises control over unjustified price increases: 45 types of highly liquid and monopoly products (gasoline, coal, metal, cement, etc.) and 10 types of socially significant consumer goods (flour, meat, bread, sugar, vegetable oil, etc.)

To perform this task Antimonopoly Committee:

- tracks the dynamics of price changes for these goods, analyzes the factors and causes affecting price fluctuations;
- in order to establish cases of unjustified overpricing, coordinated actions and collusions, it directly penetrates into the premises of economic entities, regardless of their organizational and legal form, and makes an inventory of existing stocks in warehouses;
- gives prescriptions and instructions that are mandatory for the implementation of the excess volumes of products identified during the inventory, and the reduction of unreasonably inflated prices;
- in case of non-compliance with the instructions and instructions on time, takes measures to bring to justice in accordance with the established procedure.

## **SALE OF LAND PLOTS AT AUCTION IS BEING SIMPLIFIED**

The Law "On Privatization of non-agricultural land plots" was adopted on November 15, 2021. The resolution of the Cabinet of Ministers of February 14 of this year defines measures for the implementation of the law.

In February–October 2022, **48 thousand land plots** have been put up for auction through the “Yerelektron” information system and a conclusion was given for the privatization of about 5 thousand land plots in use by legal entities and individuals.

Currently, the fee for this service is 20 times the annual amount of land tax. According to the instruction given by the President during an open dialogue with entrepreneurs, this fee is set at 10 times the amount of land tax in the cities of Tashkent, Nukus and regional centers, and in other regions – at 5 times the amount of land tax.

## **PROPOSALS FOR NATIONAL AIRLINE TRANSFORMATION CONSIDERED**

On December 14, President Shavkat Mirziyoyev has been presented with the proposals for the transformation of the joint-stock company «Uzbekistan Airways».

The interaction has been established with the team of Turkish specialist Ilker Ayci, a former Chairman of «Turkish Airlines». It is planned to turn Uzbekistan into international transport hub, effectively using its geographic location and aviation infrastructure.

In accordance with the strategy, the measures on introducing corporate governance system based on international experience, increasing the number of aircraft, improving service quality and expanding cargo transportation network will be undertaken. The privatization of airline will be completed on the basis of international standards by attracting foreign investors.

**Source:** [President.uz](http://President.uz)



## SHIFT TO GREEN ENERGY

Solar and wind power plants with a total capacity of 8000 MW, hydroelectric power plants with a total capacity of 868 MW are planned to be created in Uzbekistan by 2026.

Thus, three tenders are being held in Uzbekistan for the construction of solar and wind power plants with a total capacity of 1,000 MW.

The first is for solar photovoltaic power plants with a total capacity of 500 MW in the Bukhara, Namangan and Khorezm regions.

The second is for a solar power plant with a capacity of 300 MW and an energy storage system in the Guzar district of Kashkadarya region.

The third is for the construction of a 200 MW wind farm in Karakalpakstan.

Investors will be identified at the beginning of next year.

For the first time in the history of Uzbekistan, the practice of public procurement of electricity produced by solar panels in households has been launched.

The state introduces a number of benefits for individuals for the installation of solar panels and solar water heaters installed in apartments.

A platform has been launched on which individuals can buy solar panels and solar water heaters online. These devices can be purchased in two ways: in installments without interest for three years and after paying the full cost, then the state gives the consumer compensation.

## **ELECTRIC CAR CHARGING STATIONS TO BE ORGANIZED AT GAS STATIONS**

The Resolution of the President of Uzbekistan "On measures to expand the infrastructure for the operation of electric vehicles" was adopted on 19 December 2022. (Presidential Decree #444 dated 19.12.2022)

In accordance with the Resolution, from 1 January 2024 a decision was made on the mandatory inclusion of electric vehicle charging stations in projects under construction in the republic of shopping and business centers, entertainment complexes, gas stations, hotels, infrastructure facilities along international and state importance.

By the end of 2024, a program of measures will be approved in the republic to increase the number of electric vehicle charging stations to at least 2,500 units:

- land plots will be put up for auction for the installation of 1,500 electric vehicle charging stations in places adjacent to power transmission networks, transformer points and substations during 2023;
- at least 500 electric vehicle charging stations will be created near power lines, transformer points and substations located in places adjacent to international and state roads;
- land plots will be put up for auction through automated information system "K-SAVDO" to accommodate at least 500 electric vehicle charging stations in 2023-2024.

From 1 January 2023:

- business entities are granted the right to sell (realize) electric energy through electric vehicle charging stations in order to charge vehicles moving from electric energy sources;
- tariffs (prices) for vehicle charging services are set by business entities independently, regardless of the approved electricity tariffs.
- By 1 December 2023, measures will be taken to install at least one (four-channel) electric vehicle charging station with a capacity of 60 kW or more at existing petrol, diesel and natural gas filling points.

It was decided to release from 1 January 2023 to 1 January 2026 from:

- land tax on legal entities – electric vehicle charging stations, as well as land plots where parking lots (parking lots) are located, property tax on legal entities – electric vehicle charging stations;
- income tax – business entities whose main activity is the provision of vehicle charging services;
- VAT on income from the provision of vehicle charging services;
- customs duty – electric vehicle charging stations, their components and technological equipment of the service infrastructure imported from abroad.

## **COMPONENTS OF ELECTRIC VEHICLES TO BE EXEMPT FROM CUSTOMS DUTIES UNTIL 2030**

A Resolution of the President of Uzbekistan "On measures for state support of the organization of the production of electric vehicles" was adopted (Presidential Decree #443 dated 19.12.2022).

According to the Resolution, a system of state support for industrial production on the territory of the republic of vehicles moving on sources of electric energy, as well as vehicles moving on an internal combustion engine and an electric motor charged from an external source of electricity, will be introduced.

Till 1 January 2030:

- electric vehicles and hybrid vehicles produced in the republic will be exempted from paying a recycling fee;
- components of electric vehicles and hybrid vehicles, raw materials and materials, equipment and technological equipment, including spare parts for service, imported from abroad, are exempt from customs duties.
- Compensation will be paid for the part of the interest rate exceeding the main rate of the Central Bank, but not more than 10 percentage points on loans not exceeding 1,200 times the size of the FBG, allocated to individuals in the national currency for the purchase of electric vehicles and hybrid vehicles produced in the republic and sold in domestic market, in the first 36 months of the loan term.
- Providers of services for the transportation of passengers in electric vehicles and hybrid vehicles will be exempted from paying the state fee for the issuance of license cards until 1 January 2030.

**Source:** [UzDaily.uz](http://UzDaily.uz)

## INVESTMENT PROJECT

Cotton Road company is looking for potential investors to jointly implement 12 projects in Uzbekistan worth **\$106 million**.

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## **CONTRACT SIGNED: OTP BANK ACQUIRES UZBEKISTAN'S IPOTEKA BANK**

Following the Memorandum of Agreement which was signed in September last year, Chairman & CEO of OTP Bank Sándor Csányi as well as Deputy CEO László Wolf from one side and Finance Minister of Uzbekistan Timur Ishmetov as well as Deputy Prime Minister and Minister of Investments and Foreign Trade Jamshid Khodjaev from other side signed the purchase and sale contract on the privatization of Ipoteka Bank.

OTP Bank will purchase 100% of the shares held by the Ministry of Finance of the Republic of Uzbekistan (nearly 97% total shareholding) in two steps: 75% of the shares now and the remaining 25% three years after the financial closing of the first transaction. The financial closure of the first transaction is expected to take place in the first half of 2023. Ipoteka Bank is the fifth largest bank of Uzbekistan, with a market share of 8.5% and a retail clientele of more than **1.6 million**.

In line with the dynamic growth of the local banking sector, the assets of the bank grew spectacularly over the past three years at an annual rate of 20% on average in the loan portfolio and 24% in the deposit portfolio. The bank's profit after tax has also exhibited continuous improvement in recent years. Ipoteka Bank has two smaller subsidiaries: Ipoteka Leasing, which is engaged in financial leasing, and Imkonsugurta, a subsidiary offering insurance service. Both subsidiaries are also part of the transaction. The financial closure of the transaction is expected to take place in the first half of 2023.

The development of the financial sector in Uzbekistan opens significant scope for further growth for OTP Bank. The Uzbek banking market offers numerous new business opportunities, with both the clientele and customer needs expected to grow strongly in a dynamic economy that is becoming increasingly open thanks to the recent reforms.



## **INVESTMENT PROJECT AMOUNTED \$7M IMPLEMENTED IN KARAKALPAKSTAN**

Investment project on the production of building materials from chipboard panels (chipboard) has been implemented by foreign investor with a total value of more than **\$7 million**.

The company located in Karakalpakstan has created 230 new jobs and installed the most modern equipment from China. Production capacity is 50,000 m<sup>3</sup> of goods per year.

**Source:** [MIFT.uz](http://MIFT.uz)

## **XINYUAN BUILDING MATERIALS INVESTED \$2M**

Chinese investors represented by Xinyuan Building Materials Company LLC implemented project on the production of autoclaved aerated concrete construction materials. Opening ceremony of the plant took place on 1st December 2022.

Foreign direct investments in the amount of **\$2 million** have been mastered within the framework of the project. Xinyuan Building Materials has created 50 new jobs. The annual production capacity of the plant is 450 thousand m<sup>3</sup> of gas units, with the possibility of exporting products worth almost **\$500 000** from the first year of operation.

**Source:** [UzDaily.uz](http://UzDaily.uz)

## «UZBEKISTAN GTL» WON «S&P GLOBAL ENERGY AWARDS»

On December 8, Uzbekistan GTL plant became a winner of S&P Global Energy Awards 2022 in the nomination "For outstanding achievements in the field of hydrocarbon processing and chemical industry".

An award Ceremony was held in New York, USA.

For the first time in the history of the petrochemical industry of Uzbekistan the local plant got such a prestigious award.

It was mentioned that Uzbekistan GTL produce high-quality and environmentally friendly fuel that fully meets international standards.

**Source:** [UzDaily.uz](http://UzDaily.uz)

## **MFA ASSISTING THE PROCESS OF UZBEKISTAN'S ACCESSION TO THE WTO**

Ministry of Foreign Affairs of Uzbekistan held a meeting on December 12, 2022 to discuss measures aimed at accelerating the process of the country's accession to the World Trade Organization. Besides, it covered the issues of preparations for the 6th meeting of the Working Group.

The Deputy Minister of Investment and Foreign Trade Mr Badriddin Abidov briefed participants on the activities implemented within the abovementioned direction and outlined priorities for accelerating the process next year.

Participants stressed the importance of intensification of activity of the country's diplomatic missions abroad. In this context, Ambassadors of the Republic of Uzbekistan were given the main directions for further work to implement the tasks set by the Government within the framework of the republic's WTO accession. Besides, the event stressed the need to intensify bilateral negotiations on market access for goods and services with all WTO member countries and sign completion protocols.

## **ROUND TABLE ON BUSINESS OPPORTUNITIES HELD AT THE EMBASSY OF UZBEKISTAN IN LONDON**

On December 7, the Embassy jointly with the British-Asian Business Council (UK-Asian Business Council, UKABC) held a "round table" dedicated to the trade potential of Uzbekistan.

The event was attended by representatives of the government, parliamentary and business circles of Great Britain, as well as the media.

A detailed presentation of the export potential of Uzbekistan was held. It was noted that Uzbekistan became the first country included in the list of beneficiary countries of the special regime "Developing Countries Trading Scheme" (Trade Scheme for developing countries, DCTS), which allows exporting almost all types of commodity nomenclature from Uzbekistan on a duty-free basis. It was noted that since the introduction of this regime in November 2021, the competitiveness of Uzbek goods has increased significantly in the British market and export volumes have increased by 46%.

As a result, an agreement was reached on the organization of a trade mission to Uzbekistan in March-April 2023, which will mainly include representatives of small and medium-sized enterprises in such areas as IT, fintech, textile production, construction materials production, healthcare, education, etc.

**Source:** [UKABC.co.uk](http://UKABC.co.uk)

## **FERGANA REGION POTENTIAL WAS PRESENTED IN OSAKA**

On December 12, the Embassy of Uzbekistan jointly with the Osaka Prefecture and the Chamber of Commerce and Industry, organized a business forum on the topic "Investment and tourism potential of the Fergana region.

Participants were informed about the reforms carried out in Uzbekistan. During the business forum, B2B meetings between Uzbek entrepreneurs and Japanese businessmen were organized.

Following the results of the event, a contract was signed between the Fergana region authorities and Japanese companies on the implementation of 3 investment projects totaling **\$15.5 million**.

**Source:** [UzDaily.uz](http://UzDaily.uz)



## **UZBEKISTAN- CHINA: PLATFORM CREATED FOR EXPORTING PRODUCTS**

On December 6, an online training seminar was held with the support of the Embassy of Uzbekistan to China and the Consulate General of Uzbekistan in Guangzhou, which was attended by representatives of the Chinese Association for the Import of Food Products (Guangdong Imported Food Association, IFA) and 20 domestic exporting enterprises.

At the event, Consul General of Uzbekistan Mr Otabek Valiyev familiarized the participants with the trade and economic opportunities, investment potential of our country, as well as the favorable conditions created for doing business. It was noted that in recent years, regular meetings of the leaders of the two countries and the open pragmatic policy of Uzbekistan have opened up wide opportunities for all business representatives.

During the online event, an agreement on mutual cooperation was signed between the Association of Exporters of Uzbekistan and the Guangdong Association of Imported Food Products.

Another important platform was created within the agreement which aimed to assist for exporting enterprises of our country to establish relations with importers from Chinese territories as well as increase the volume of export of goods produced and processed in Uzbekistan.

It should be noted that the IFA, which was established in 2016, is a major regional organization of the People Republic of China and includes more than 400 major importers of Southern China. Over the years, IFA has accumulated a wide resource base of importers/distributors/supermarkets/chains and new retail channels in a number of areas, providing targeted assistance to foreign brands/exporters and manufacturers in the development of the Chinese market.

**Source:** [Dunyo.info](http://Dunyo.info)



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