Doing Business in Uzbekistan: 2013 Country Commercial Guide for U.S. Companies

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Chapter 1: Doing Business in Uzbekistan

Market Overview

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- Key Economic Indicators:

	2010	2011	2012
Nominal GDP (billion USD)	37.4	45.3	51.7
Consumer price inflation (percent)	13	12.7	12.9
Foreign Direct Investment (billion USD)	1.6	2,2	1.9
Current-account balance (million USD)	4,247	4,517	2,231
Exports FOB (billion USD)	13	15,02	14,259
Imports CIF (billion USD)	8.7	10.51	12.028

(Source: Data by country authorities and IMF staff estimates and World Bank)

- Major Trade Partners: (State Statistics Jan-Sept, 2012)
  - Russia, 29.2%
  - China, 12.3%
  - Kazakhstan, 10.2%
  - U.S., less than 2%

- Political situation: Uzbekistan's Constitution provides for a presidential system with separation of powers and a representative government. In practice, power is highly concentrated in the Office of the president and the executive branch, particularly the Prosecutor General's office, which heavily influences the courts, making commercial cases subject to political influence.

- Violent extremist groups, including the Islamic Movement of Uzbekistan, al-Qa'ida, the Islamic Jihad Union, and the Eastern Turkistan Islamic Movement, have not in recent years represented a threat to foreign investment.

Market Challenges

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- Import Taxes and Duties: Duties on cars, electronics, appliances, foodstuffs and textiles range from 5% to 200%, a result of measures taken by the Government to protect domestic industry.

- Currency Issues: All legal entities, including those with foreign investments, must have the Central Bank's permission to deal in foreign currency, and currency conversion has been problematic, particularly for consumer goods importers, with delays regularly stretching out more than a year. The Government claims to provide timely conversion to companies on a pre-approved list for manufacturing development, but these companies also suffer from conversion delays.

- Overregulated Banking Sector: New private commercial banks are becoming stronger and more competitive, although in late 2012 several private banks lost their license to conduct transactions in foreign currency. Also, credit unions were abolished in late 2012, but the leasing industry has grown in the past year, as has the number of private insurance companies.

- Judicial System and Trade Legislation: In general, the judicial system upholds the sanctity of contracts, but if a government-affiliated entity is involved, judgments tend to favor the local partner. Tax exemptions for the majority of foreign businesses were rescinded in 2006, some retroactively, and U.S. firms should consult with a local attorney and develop relationships with Uzbek partners before entering the market.

- International Arbitration: There is some question as to whether the Government will honor international arbitration awards. In a 2006 decision, despite a pre-existing contractual provision for international arbitration, an Uzbek court held that the parties to the suit were obligated to consent to arbitration after the emergence of the dispute. Uzbekistan's Parliament will reconsider its law on foreign investor dispute settlement in the autumn of 2013.

Market Opportunities Return to top

The following industry sectors may offer promise for U.S. exports:

- Food Processing and Packaging Machinery and Equipment
- Oil and Gas
- Textile Machinery and Equipment
- Road Construction Equipment and mining equipment
- Power energy equipment

Market Entry Strategy Return to top

The following factors should be considered in developing a market entry strategy:

- Importer Solvency: Currency exchange for certain types of imports is still limited, but some importers keep offshore accounts or have hard currency from export operations. Businesses should confirm cash availability and solvency of partners, clients, and customers.

- Building Relationships: The government and public sector are major importers of goods and services, but their procurement procedures are complex. Solid relationships with decision-makers are useful, and employing a local representative or sales agent, in addition to visiting potential trade partners, especially in the initial stage of negotiations, is useful in developing professional relationships.

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INTERNATIONAL TRADE ADMINISTRATION

COUNTRY FACT SHEET: UZBEKISTAN

PROFILE

Population in 2012 (Millions): 29

Capital: Tashkent

Government: Republic

ECONOMY

ECONOMY	2010	2011	2012
Nominal GDP (Current Billions $U.S.)	39.0	45.4	51.2
Nominal GDP Per Capita (Current $US)	1,367	1,559	1,737
Real GDP Growth Rate (% change)	8.5	8.3	8.0
Real GDP Growth Rate Per Capita (% change)	6.6	6.1	6.7
Consumer Prices (% change)	9.4	12.8	12.1
Unemployment (% of labor force)	0.20	0.20	0.20

Economic Mix in 2011: 36.1% All Industries; 8.6% Manufactures; 45% Services; 18.9% Agriculture

FOREIGN MERCHANDISE TRADE ($US Millions)

FOREIGN MERCHANDISE TRADE ($US Millions)	2010	2011	2012
Uzbekistan Exports to World			
Uzbekistan Imports from World			
U.S. Exports to Uzbekistan	101	100	285
U.S. Imports from Uzbekistan	68.1	51.2	25.9
U.S. Trade Balance with Uzbekistan	33.1	49.2	259
Position in U.S. Trade:			
Rank of Uzbekistan in U.S. Exports	146	154	117
Rank of Uzbekistan in U.S. Imports	131	141	154
Uzbekistan Share (%) of U.S. Exports	0.01	0.01	0.02
Uzbekistan Share (%) of U.S. Imports	0	0	0

Principal U.S. Exports to Uzbekistan in 2012:

1. Transportation Equipment (66.2%)
2. Machinery, Except Electrical (12.8%)
3. Special Classification Provisions, Nesoi (10.6%)
4. Computer & Electronic Products (4.4%)
5. Chemicals (1.7%)

Principal U.S. Imports from Uzbekistan in 2012:

1. Chemicals (80.6%)
2. Food & Kindred Products (7.4%)
3. Agricultural Products (5.1%)
4. Used Or Second-Hand Merchandise (1.3%)
5. Fish, Fresh/Chilled/Frozen & Other Marine Products (1.2%)

FOREIGN DIRECT INVESTMENT

FOREIGN DIRECT INVESTMENT	2009	2010	2011
U.S. FDI in Uzbekistan (US $Millions)			
FDI in U.S. by Uzbekistan (US $Millions)	-2.0	0	0

DOING BUSINESS/ECONOMIC FREEDOM RANKINGS

World Bank Doing Business in 2012 Rank: 154 of 185

Heritage/WSJ 2012 Index of Freedom Rank: 164 of 179

Source: Created by USDOC/ITA/OTII-TPIS from many sources: FDI from USDOC, Bureau of Economic Analysis. US Trade from USDOC,Census Bureau,Foreign Trade Division. Uzbekistan Trade with World from United Nations where available. National Macroeconom data from IMF/World Bank databases including World Economic Outlook and World Development Indicators. .WORLD and other country aggregates are summaries of available UN COMTRADE, IMF and other data, and coverage varies over time and by source, but typically represents greater than 85 percent of world trade and production. Note: Principal U.S. Exports and Imports Are 3-digit NAICS Categories

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Chapter 2: Political and Economic Environment

For background information on the political and economic environment of the country, please click on the link below to the U.S. Department of State Background Notes.

http://www.state.gov/r/pa/ei/bgn/2924.htm

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Chapter 3: Selling U.S. Products and Services

Using an Agent or Distributor

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U.S. companies currently active in Uzbekistan most commonly use the following methods to get their product to market: distributing or selling the product directly; working through a country-wide distributor or agent; working through more than one local-area distributor or agent; and distributing or selling products directly from a warehouse.

It is very important to have a good and reliable local partner or agent who knows the local market, customs, environment and legislation. A U.S. exporter new to the market may contact the Economic/Commercial Section of the U.S. Embassy in Tashkent or the American Chamber of Commerce in Uzbekistan (www.amcham.uz) for general information on potential partners, agents or distributors.

Establishing an Office

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A local representative office must be accredited with the Ministry of Foreign Economic Relations, Investment and Trade (MFERIT) of Uzbekistan. Accreditation lasts from one to three years, after which it is usually extended annually. The registration fee is approximately $1,200 and the application takes ten working days to process. The following documents must be submitted to MFERIT to accredit a local office:

1. A letter of application that:

- States the purpose of the proposed office and describes the organization's proposed activities;
- Lists the organization's business contacts in Uzbekistan;
- Lists relevant, signed commercial agreements and contracts indicating the subject, value, and length of validity; and
- Outlines prospects for future activities.

2. Two notarized copies of the organization's charter and foundation documents.
3. An MFERIT registration form, completed, signed and sealed by the head of the organization's office in Uzbekistan. Registration forms can be obtained from MFERIT's Accreditation Department.
4. A certificate of registration in the country of origin.
5. A letter from a landlord with consent to rent office space for the company.
6. An affidavit giving full authority to the head of the representative office in Uzbekistan to act on behalf of the company.

Within ten days of completion of the registration process, the representative office must inform local tax authorities of its existence. More detailed information can be obtained from the Accreditation Department of MFERIT or its website: www.mfer.uz/eng

Franchising Return to top

The Uzbek market presents unexplored opportunities for fast-food and catering franchises. Some international companies have limited franchises in Tashkent, including Levi's, Mexx, Benetton, Bang and Olufsen, Zara, Adidas and Puma. The most serious barriers to franchising efforts are currency convertibility and weak Intellectual Property Rights protections.

Direct Marketing Return to top

The process of direct marketing is growing slowly in Uzbekistan. A popular form of direct marketing is distributing free samples at points of sale, cultural events, and door-to-door. There are limited examples of direct marketing via television. Marketing by mail is not used.

Joint Ventures/Licensing Return to top

There are about 5,800 joint ventures and companies with participation of foreign capital registered in Uzbekistan, though some of these companies are inactive. In most cases, local joint venture partners depend on their foreign partners for the majority of capital investment, as they often have difficulty getting financing from local banks. Foreign investors should exercise extreme caution in selecting joint venture partners.

There are a number of joint venture types available to investors, including limited liability societies, open joint stock societies (OJSS), closed joint stock societies (CJSS), partnerships, and subsidiaries. According to the Uzbek Civil Code, owners are generally not responsible for a company's liabilities, but in cases where a parent company's actions lead to insolvency, they are often held responsible. For a limited liability society, the equity capital cannot be less than fifty times the minimum monthly wage (MMW). At publication of this report, 1MMW was equal to 79,590 soums, or approximately $38. The minimum charter capital for a CJSS is 200 MMW, and for an OJSS, $400,000.

Uzbek legislation offers tax concessions to companies with foreign capital or enterprises with foreign investments. To qualify, an organization must meet the following criteria:

- Charter capital exceeds $150,000;
- At least one of the participants is a foreign legal entity; and
- The foreign partner owns at least 30% of the total charter capital.

Enterprises with foreign investments must be registered at the Ministry of Justice, and companies that utilize foreign capital must be registered at regional Hokimiats (local governor's offices).

Uzbek businesses with direct foreign investment and a charter capital greater than $150,000 do not pay taxes on profit or property and are exempt from payments to the road construction fund for their first three to seven years. There are twenty industries where this tax exemption is applicable, increased from eight in previous years. Construction of renewable energy power stations, packing material production, and petrochemical industry operations are among the newest industries to the list. These terms do not apply to businesses located outside Tashkent and the Tashkent region.

The law on licensing was issued in September 2000. This law is very general and differs greatly from the U.S. law. The import licensing system applies to military equipment; precious metals, alloys, precious stones, radioactive substances, audio and video products, and the professional activities of foreign citizens in Uzbekistan.

Selling to the Government Return to top

The Government is the major importer of goods and services in Uzbekistan, though its procurement procedures are complex. Selection of foreign suppliers and contractors for each contract, project, or assignment is to be conducted through an open tender process, and the rules for tender offerings are described in the *Resolution of the Uzbek Government, No. 456,* issued in November 2000. The tenders for each project and assignment are usually announced in the domestic and international press, and a non-exhaustive electronic list of tenders is available at: tenders.uzreport.com/ or www.tenderweek.uz

Key opportunities for selling to the Government of Uzbekistan are in the following areas:

- Telecommunication equipment: digital fixed-line telephone stations and switches for the state-owned UzbekTelecom Company; wireless communication equipment for law enforcement agencies; telecom equipment for the state-owned railway company;
- Power generation and transmission equipment;
- Oil and gas industrial materials and supplies;
- Information and communication technology hardware and software;
- Commercial vehicles, including specialized trucks, city and tourist buses, ambulances, and railway trains and cars;
- Construction equipment, including road construction machinery and equipment, cranes, concrete carriers, and industrial vacuum machines; and
- Medical equipment for hospitals and clinics.

The government has stipulated that all procurement must be done electronically and has established a mechanism for electronic tenders at: www.goszakupki.uz or www.xarid.uz

Distribution and Sales Channels Return to top

Nearly half of Uzbekistan's population is concentrated in Tashkent and the Ferghana Valley, two regions where consumer product manufacturers should consider as entry points to Uzbekistan's markets. Residents of Tashkent have the greatest purchasing power in the country. Other large cities include Samarkand and Bukhara, which benefit from oil and gas industry and tourism, and Navoi, which is home to Uzbekistan's gold mining enterprise. Uzbekistan is a double-landlocked country, so getting goods to the country can be complicated, but once in, distribution is easier because of the dense population and relatively small territory.

Selling Factors/Techniques Return to top

In accordance with Uzbek legislation on the protection of consumer's rights, all products sold in the country must contain the following information in the Uzbek language:

- Name of the product;
- Manufacturer's name and contact information;
- Ingredients and 'best before' date (for foodstuffs);

- User's manual (if applicable); and
- Cautions (if applicable).

This information must be labeled on the product at the facility where it is produced. The government will not allow in-country labeling.

Electronic Commerce

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The number of Internet Service Providers has grown in Uzbekistan, but penetration remains low and government regulation is strict. Some companies, including Anglesey Food Company, host e-commerce sites (www.korzinka.uz), and other organizations host similar websites: www.vse.uz, www.gateway.uz, www.torg.uz. Tashkent, with ninety percent of the country's Internet users, is the only viable e-commerce market in Uzbekistan. Although the Parliament approved the "Law on Electronic Digital Signature" in 2005, providing a basis for legal Internet transactions, the main barriers to development of e-commerce are insufficient electronic banking services and undeveloped trade regulations. Basic Internet service is adequate and Uzbekistan has extensive fiber optic networks. Increased internet service delivery by mobile phone operators contributes to the potential for e-commerce, and there are approximately nineteen million cell phone users in the country now.

Trade Promotion and Advertising

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Print and television are the most popular means of advertising. The *Bisnis vestnik vostoka* (BVV) (info@bvvonline.com) and *Nalogovie i tamozhennye novosti* newspapers and the *Prestizh* and *Economic Review* magazines are the most widely-read. All publish current economic, political and business articles. The most popular TV channels in Uzbekistan are Yoshlar, TV-Markaz, and NTT. Cable television services are becoming popular, as well, and they provide access to Russian programming, BBC, CNN, and the local Uzbek channels.

There are several Western and local advertising firms in Tashkent, including Avesta (avesta@grey.uz). Radio, billboard, and transport (buses, trams) advertising is also commonly used by Russian, Western, and local companies. "Orange-Media" markets itself as a leader in outdoor advertising (www.orange-media.uz). SK Media Advertising Agency works with brand name companies (www.skmedia.uz ; info@skmedia.uz).

Uzbekistan has numerous trade shows covering a diverse array of sectors, including tourism, energy, technology and mining. Most are held at the UzExpoCenter—the largest exposition center in Tashkent (www.uzexpocentre.uz). ITE Uzbekistan (www.ite-uzbekistan.uz) is the most prevalent exposition organizer in the country, though IEG-Uzbekistan (www.ieguzexpo.com), ZAR-Expo (www.zarexpo.com) and TNT Productions, Inc (www.tntexpo.uz) provide similar services.

Pricing

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Exporters should consider taxes and duties in pricing their goods. Fees and tax rates vary as to the type, quality and quantity of imported good. There are a number of tax and duty incentives granted to certain industries, but in general imported goods are relatively expensive.

Sales Service/Customer Support

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Expectations regarding customer support and sales service in Uzbekistan have risen steadily since Uzbekistan's independence. Many small-scale companies with insufficient financial resources cannot provide sales services at appropriate levels. Some larger businesses have built countrywide customer support centers and companies intending to sell equipment in Uzbekistan are advised to set up a local service office to address customer support. Training of local technical staff is in providing professional service is critical, as is maintaining an adequate supply of spare parts and supplies required in servicing customer equipment.

Protecting Your Intellectual Property

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Uzbekistan passed an intellectual property (IP) law in 2006 and established the Intellectual Property Agency of Uzbekistan in 2011 by uniting two different agencies covering IPR issues into one body, and introduced certain changes to enforce IP protection, but enforcement is weak and there are visible violations of IPR laws throughout the country. Please see Chapter 6 of this report for more information.

Protecting Your Intellectual Property in Uzbekistan:
Several general principles are important for effective management of intellectual property rights in Uzbekistan. Companies should have an IP strategy when entering the market, and should understand that IP is protected differently in Uzbekistan than in the U.S. Company trademarks and patent registrations may not be protected in Uzbekistan, as the country does not recognize international copyrights.

Due Diligence

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Due diligence is important in choosing the best market entry strategy and in selecting business partners and clients in Uzbekistan. Notable areas of concern include company solvency, currency convertibility, import restrictions and procedures, rule of law issues, and limitations on government investment incentives. Interested parties may contact the American Chamber of Commerce in Uzbekistan (www.amcham.uz) or any of the major international auditing companies with offices in Tashkent:

Price Waterhouse Coopers (http://www.pwc.com/uz/en/index.jhtml
Ernst & Young Uzbekistan (http://www.ey.com/OurLocations)
Deloitte & Touche LLC (http://www.deloitte.com/view/en_UZ/uz/contact-us/index.htm)
KPMG (http://www.kpmg.com/global/en/pages/locations.aspx)

The Embassy provides International Company Profile (ICP) services to assist U.S. firms in evaluating potential business partners by providing detailed reports on Uzbekistan companies. For more information, visit: http://uzbekistan.usembassy.gov/international-company-profile.html

Local Professional Services

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A list of local professional services, with contact information, is provided in Chapter 9, Contacts, Market Research, and Trade Events. See the following link for additional information on investing in Uzbekistan:
http://www.uzinfoinvest.uz/files/Invest%20in%20Uzbekistan.pdf

Web Resources

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- www.chamber.uz Uzbek Chamber of Commerce provides general economic information and about its services.
- www.kommersant.uz Business information site in Uzbekistan.
- www.uzdaily.com Information on a wide variety of economic, political and social news.
- tenders.uzreport.com Assists state institutions, private companies, and international organizations with the government tender process.
- www.uzreport.com A business internet portal owned by the Tashkent-based SAIPRO-FINNET Company. It provides information and e-commerce services for both Uzbek and international subscribers.
- www.afs-research.com Investment consulting company providing analytical reports and financial services facilitation to companies and investors.
- www.press-service.uz Official press service of the President of Uzbekistan.
- www.uz Presents general information on Uzbekistan, its government, economy, media and news.
- www.amcham.uz American Chamber of Commerce-Uzbekistan.
- www.lex.uz Launched in 2010 by the Uzbek Ministry of Justice, this portal provides free access to Uzbekistan's legislative database.
- www.ite-uzbekistan.uz The principal trade show organizer for exhibitions in Uzbekistan.

- www.adb.com Asian Development Bank
- www.undp.com United Nations Development
- www.mfer.uz Ministry of Foreign Economic Relations, Investment and Trade of Uzbekistan
- www.uzinfoinvest.uz General economic information for foreign investors
- www.exporter.uz/en/ Information about Uzbek exporters
- www.cer.uz Center for Economic Research conducts and publishes studies about Uzbek and world macroeconomic, financial and economic developments.

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Chapter 4: Leading Sectors for U.S. Export and Investment

Commercial

Agricultural

Oil and Gas Production/Exploration Equipment and Services

Overview

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Unit: USD thousands

	2011	2012	2013 (estimated)	2014 (estimated)
Total Market Size	n/a	n/a	2,500,000	2,500,000
Total Local Production	n/a	n/a	n/a	n/a
Total Exports	n/a	n/a	n/a	n/a
Total Imports	n/a	n/a	2,450,000	2,425,000
Imports from the U.S.	1,582	3,393	50,000	75,000
Exchange Rate: 1 USD	1,750	1,820	2,076	2,200

Data Sources: Due to lack of detailed statistical data, Post used estimates for the purpose of reporting. Imports from U.S.: http://www.census.gov/foreign-trade/statistics/product/enduse/exports/c4644.html

Uzbekistan's estimated oil and natural gas reserves exceed 5.3 billion tons, and 5.1 billion cubic meters, respectively. The country is one of the world's top fifteen producers of natural gas. Uzbekistan has signed agreements with Russian energy giants, LukOil and GazProm, to invest in exploration projects and pipeline expansion. Other foreign investors include KNOC (Korea), CNPC (China), Petronas (Malaysia), and SASOL (South Africa). Singapore's Indorama has plans to invest more than $2.5 billion in constructing a gas processing plant in Uzbekistan.

Sub-Sector Best Prospects

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U. S. oil and gas companies may bid on contracts to supply services to the Government of Uzbekistan or to any firm operating in the country. Specific fields include consulting, engineering, construction, equipment supply, and management. The Government presently has an increased interest in licensing technology for gas treatment and processing. The Uzbek National Oil and Gas Company, UzbekNefteGaz, has a new procurement agency, UzTashkiNefteGas, established for procurement of goods, services, equipment, and machinery. All tenders and technical requirements, specifications, documents, and procedural explanations are available on the organization's website: www.utng.uz .

Opportunities

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For specific opportunities, businesses should review tender via the Internet or contact companies already involved in Uzbekistan's oil and gas sector. In general, opportunities exist in developing and exploring fields; analyzing oil and gas-bearing structures; seismic surveys and deep drilling; and joint exploration and development of new fields and deposits.

Web Resources

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U.S. companies and individuals interested in learning more about the oil and gas sector, upcoming procurements and export opportunities are encouraged to visit the following websites:

- www.investuzbekistan.uz
- www.ung.uz
- www.utng.uz
- www.mfer.uz
- www.ite-uzbekistan.uz
- www.mineconomy.cc.uz
- www.gov.uz
- www.chamber.uz
- http://uzbekistan.usembassy.gov/business.html

Food Processing and Packaging Equipment

Overview

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Unit: USD thousands

	2011	2012	2013 (estimated)	2014 (estimated)
Total Market Size	n/a	40,000	45,000	45,000
Total Local Production	n/a	n/a	1,500	1,700
Total Exports	0	0	0	0
Total Imports	n/a	n/a	43,500	43,500
Imports from the U.S.	224	21	200	200
Exchange Rate: 1 USD	1,750	1,820	2,076	2,200

Data Sources: Due to lack of detailed statistical data, Post used estimates for the purpose of reporting. Imports from U.S.: http://www.census.gov/foreign-trade/statistics/product/enduse/exports/c4644.html

Prior to 1991, packaging in Uzbekistan was outsourced. After the breakup of the USSR, Uzbekistan was left with a small industry that was geared toward packaging of chemicals. Existing food processing and packaging equipment is antiquated or does not need present needs. Given Uzbekistan's potential to develop into a major food exporter, the demand for modern packaging and processing equipment is poised for growth. Uzbekistan produces 6 million tons of fruits and vegetables annually and as much as forty percent of this is lost due to shortfalls in processing and storage capability. Local production of packaging materials is minimal and relies heavily on imported inputs. Further development of this industry will require investment into processing, packaging and cold storage facilities, all representing opportunities for U.S. suppliers.

Sub-Sector Best Prospects

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The best sector opportunities in production and processing/packaging equipment supply lie in the areas of juice, fruit, vegetable, meat and milk processing. The Uzbek government is encouraging private sector development in these areas. The greatest demand for packaging materials are for cardboard, paper, glass, aluminum foil, and stretch films. Small businesses have a greater need for small-scale equipment.

Opportunities

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For specific opportunities, businesses should contact companies involved in the Uzbekistan's food processing sector. Some of the larger companies currently doing business in food processing in Uzbekistan include Nestle, Coca Cola, PepsiCo, and Carlsberg. Local companies prefer working with a foreign partner and rely on foreign management, technology, technical expertise, and export market access.

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U.S. companies and individuals interested in learning more about food processing and packaging sector in Uzbekistan, upcoming procurements, and export opportunities are encouraged to visit the following websites:

- www.ite-uzbekistan.uz
- www.vinprom.uz
- www.uzdon.uz
- www.uzmaslojir.uz
- www.investuzbekistan.uz
- www.mfer.uz
- www.cer.uz
- www.chamber.uz
- www.mineconomy.cc.uz
- www.gov.uz

Textile Machinery and Equipment

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Unit: USD thousands

	2011	2012	2013 (estimated)	2014 (estimated)
Total Market Size	n/a	65,000	75,000	78,000
Total Local Production	2,000	3,500	7,500	7,500
Total Exports	0	0	0	0
Total Imports	n/a	61,500	67,000	70,000
Imports from the U.S.	0	37	40	45
Exchange Rate: 1 USD	1,750	1,820	2,076	2,200

Data Sources: Due to lack of detailed statistical data, Post used estimates for the purpose of reporting. Imports from U.S.: http://www.census.gov/foreign-trade/statistics/product/enduse/exports/c4644.html

Uzbekistan is the world's sixth largest producer of cotton, and fifth largest exporter, with cotton sales representing approximately nine percent of the country's total exports in 2012. Uzbekistan produces about one million tons of cotton fiber annually and over 350,000 tons of yarn. The government plans to increase the value of textile exports to more than $1.1 billion in the near future by supplanting raw product exports with increased local processing.

The government is sponsoring the upgrade of textile companies and launching new projects, worth nearly $150 million, which should be operational in 2013. These efforts will produce 5,500 new jobs in the textile sector. The emphasis will be on exporting ready-made garments, but the industry needs modern technology, not available in Uzbekistan at this time.

Sub-Sector Best Prospects

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Opportunities for U.S. companies in this industry exist primarily in the finishing machinery sector, including:

- Dying
- Finishing
- Spinning and weaving
- Packaging

Opportunities

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For specific opportunities, businesses should contact companies involved in the Uzbekistan's textile sector.

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U.S. companies and individuals interested in learning more about the textile machinery and equipment market in Uzbekistan, upcoming procurements, and export opportunities are encouraged to visit the following websites:

www.legprom.uz
www.iegexpo.com
www.mineconomy.cc.uz
www.uzreport.com
www.mfer.uz
www.gov.uz
www.uzexpocentre.uz
www.cer.uz
www.ite-uzbekistan.uz
http://uzbekistan.usembassy.gov/business.html

Telecommunication/Information Equipment and Services

Overview

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Unit: USD thousands

	2011	2012	2013 (estimated)	2014 (estimated)
Total Market Size	n/a	95,000	120,000	120,000
Total Local Production	2,000	2,000	5,000	5,000
Total Exports	0	0	0	0
Total Imports	n/a	90,000	110,000	110,000
Imports from the U.S.	1,382	3,639	5,000	5,000
Exchange Rate: 1 USD	1,750	1,820	2,076	2,200

Data Sources: Due to lack of detailed statistical data, Post used estimates for the purpose of reporting. Imports from U.S.: http://www.census.gov/foreign-trade/statistics/product/enduse/exports/c4644.html

By the end of 2012, the number of Internet clients in Uzbekistan had reached 9.81 million, which includes over 4 million mobile Internet users. Uzbekistan has a total of approximately 2,100 automatic telephone stations (ATS), of which more than ninety percent are digital, with a capacity of just over two million telephone numbers. By the end of 2012, there were approximately nineteen million mobile phone subscribers in Uzbekistan.

There are currently four mobile telephone operators working in Uzbekistan under the following brands: UCell, BeeLine, Perfectum, and UzMobile. With nine million subscribers and a 40% market share, MTS was the largest telecommunications provider in Uzbekistan until August 2012, when the Government of Uzbekistan revoked the company's operating license and arrested several of its top managers, citing regulatory violations that the company has repeatedly denied.
Both UCell and BeeLine are developing 3G networks in Uzbekistan, with a considerable portion of their activity aimed at Internet development and expansion. As of January 2012, the number of enterprises rendering data transfer services, including Internet, reached 930 and the total number of .uz domains reached 15,800.

The Uzbek government charged the State Committee on Communication, Information and Telecommunication Technologies with the development of a national information-communication system for 2013-2017. This project is designed to speed the development of electronic government in Uzbekistan, enabling government agencies to provide interactive services to citizens and businesses. The Committee will also continue working on development of communication technologies, increasing the speed of data transfer, and complete the construction of a 2,000 km fiber-optic network.

Sub-Sector Best Prospects

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Because most investment in this sector is directed to upgrading existing network capabilities and broaden services to subscribers, the greatest opportunities lie in hardware and products for the ISP and cell phone sectors.

Opportunities

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U.S. companies are encouraged to open and support local representation offices and technical support centers. Annual telecom sector exhibitions are held in Tashkent and organized by the Uzbek Agency for Communication and Computerization.

Web Resources

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www.ccitt.uz
www.api.uz
www.mineconomy.cc.uz
www.uzreport.com
www.mfer.uz
www.gov.uz
www.uzexpocentre.uz
www.cer.uz
www.ite-uzbekistan.uz
http://uzbekistan.usembassy.gov/business.html

Road Construction Equipment

Overview
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Unit: USD thousands

	2011	2012	2013 (estimated)	2014 (estimated)
Total Market Size		est. 30,000	40,000	40,000
Total Local Production	0	0	0	0
Total Exports	0	0	0	0
Total Imports		29,000	38,000	35,000
Imports from the U.S.	1,204	1,000	2,000	5,000
Exchange Rate: 1 USD	1,750	1,820	2,076	2,200

Data Sources: Due to lack of detailed statistical data, Post used estimates for the purpose of reporting. Imports from U.S.: http://www.census.gov/foreign-trade/statistics/product/enduse/exports/c4644.html

Uzbekistan adopted a program to develop its infrastructure for transport and communication for 2011-2015. In this effort, Uzbekistan will spend USD 3.4 billion on construction and maintenance of over 2,300 kilometers of roads to bring them up to international standards. USD 2.1 billion of this amount will be funded by the government and the balance foreign loans. Implementation of these projects will allow Uzbekistan to create a single automobile transport system linking all of its regions.

The government approved roadwork funding of USD 580 million for 2013. The majority of funds for these projects will come from the Uzbek Road Fund, and the balance from other sources. UzAvtoyol is a government-owned organization responsible for road development, maintenance, and the purchase of machinery and equipment. The government has announced its intention to purchase road construction equipment valuing nearly USD 4 million for a single project in rehabilitating the Kamchik pass in 2013.

Sub-Sector Best Prospects
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Manufacturers of earth moving, mobile asphalting, asphalt layering, laser leveling, and other related equipment have prospects for exports to Uzbekistan. Additionally, consulting companies engaged in highway engineering have skills needed in Uzbekistan.

Opportunities
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U.S. companies are encouraged to open and maintain offices for local sales agents and a local technical support center. The annual exhibition UzKoMak, which covers the road construction sector, will be held in Tashkent on November 12-14, 2013. U.S. companies interested in projects in Uzbekistan are encouraged to participate in this event.

Web Resources Return to top

www.uzavtoyul.uz
www.mineconomy.uz
www.uzreport.com
www.mfer.uz
www.gov.uz
www.uzexpocentre.uz
www.cer.uz
www.ite-uzbekistan.uz
www.uzaart.uz
http://uzbekistan.usembassy.gov/business.html

Agricultural Machinery and Equipment

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Unit: USD thousands

	2011	2012	2013 (estimated)	2014 (estimated)
Total Market Size		48,000	55,000	60,000
Total Local Production	38,000	38,000	40,000	40,000
Total Exports	6,360	6,000	5,000	5,000
Total Imports	n/a	n/a	15,000	18,000
Imports from the U.S.	4,102	4,161	5,000	7,000
Exchange Rate: 1 USD	1,750	1,820	2,076	2,200

Data Sources: Due to lack of detailed statistical data, Post used estimates for the purpose of reporting. Imports from U.S.: http://www.census.gov/foreign-trade/statistics/product/enduse/exports/c4644.html

Agriculture is one of the most important sectors of Uzbekistan's economy, employing 29 percent of the labor force. Uzbekistan's agriculture machinery industry, once prominent for its production and export of tractors, cotton harvesting machinery, ploughs, and cultivators, has declined steadily since the fall of the Soviet Union. The government anticipated that the lack of machinery would negatively affect agriculture production and began importing U.S.-made tractors and harvesters in the early years of its independence. In 1997 the government entered into several joint ventures with Case New Holland and began producing tractors and planters locally. Additionally, the government revitalized its existing domestic tractor factory, where it produces low-horsepower tractors and other equipment. The government also established a leasing company to assist farmers, giving preferential funding to farmers through its Agricultural Bank. Uzbekistan still imports a substantial amount of agricultural machinery and technology from Russia, Belarus, the U.S., Germany and China. With the rapid development of horticulture across the country, demand is increasing for harvesting and processing equipment, cold storage and warehousing, transportation, and packaging of agricultural products. Laser leveling and other modern technologies are also needed to increase yield and better commercialize Uzbek agricultural products.

Sub-Sector Best Prospects

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US manufacturers of agricultural machinery and technology are best situated to supply mid- and high-horse power tractors, grain harvesters, planters, ploughs, fruit harvesters, and cold storage equipment. Companies with local representation offices and technical support centers are in a better position to succeed in Uzbekistan.

Opportunities

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Having a sales agent and technical support service center is key since agricultural equipment needs to be certified and approved by government agencies. U.S. companies are also encouraged to participate in Uzbekistan's annual exhibition of Agriculture Machinery and Equipment—AGROWORLD Uzbekistan, which will be held in Tashkent April 2-4, 2014.

Web Resources

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U.S. companies and individuals interested in learning more about upcoming procurements, and export opportunities are encouraged to visit the following websites:

- www.ite-uzbekistan.uz
- www.agro.uz
- www.agroleasing.uz
- www.mineconomy.uz
- www.uzagromash.uz
- www.investuzbekistan.uz
- www.mfer.uz
- www.cer.uz
- www.chamber.uz
- www.agrobank.uz
- www.gov.uz
- www.ufrd.uz
- http://uzbekistan.usembassy.gov/business.html

Irrigation Equipment and Technology

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Unit: USD thousands

	2011	2012	2013 (estimated)	2014 (estimated)
Total Market Size				
Total Local Production	1,300	1,500	2,000	3,000
Total Exports	200	250	250	250
Total Imports	n/a	n/a	2,000	2,500
Imports from the U.S.	0	0	1,000	2,500
Exchange Rate: 1 USD	1,750	1,820	2,076	2,200

Total Market Size = (Total Local Production + Total Imports) – (Total Exports)
Data Sources: Due to lack of detailed statistical data, Post used best estimates for the purpose of reporting. Imports from U.S.: http://www.census.gov/foreign-trade/statistics/product/enduse/exports/c4644.html

The irrigation sector is the subject of close attention by the Government of Uzbekistan, given the limits of domestic water resources, increasing population, and the prominence of agriculture in the country. Uzbekistan has 55 water reservoirs, of which 30 are located in the Amudarya basin and 25 are in the Syrdarya basin. Uzbekistan also possesses 500 natural lakes and 1,448 wells. Eighty percent of the demand for water in Uzbekistan is satisfied by underground water sources and 20% by surface sources.

Uzbekistan is also striving to diversify its agriculture production and to reduce its dependency on cotton. The government has identified 35 priority projects for a significant reconstruction of irrigation facilities and improved water supply to irrigated land. These projects are expected to be implemented by 2015. In particular, the reconstruction of 20 pumping stations with a total capacity of more than one million hectares is planned, as is the restoration of the irrigation and drainage systems in the Fergana Valley, which involves 700,000 hectares. Additionally, the government has plans to build a mud flow and water storage system in Kashkadarya, which will involve the reconstruction of 460 kilometers of canals. In 2012, the Ministry of Agriculture and Water Resources was authorized to implement 10 long-term projects aimed at improving the water supply system. The largest of these is the "Management of Water Resources in the Fergana Valley and Zarafshan" project, with a total cost of USD 144 million.

Sub-Sector Best Prospects Return to top

Uzbekistan is spending substantial money on rehabilitating pumping stations and replacing old pumps with energy and cost efficient models. Water-saving technologies used in irrigation, such as self-propelled sprinklers and drip irrigation technology, present opportunities for U.S. companies.

Opportunities

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Interested U.S. companies should watch for tenders announced by international development banks, which are the largest funding organizations for irrigation projects, and which offer fair and transparent bidding processes. U.S. companies are encouraged to participate in the annual exhibition of Agriculture Machinery and Equipment—AGROWORLD Uzbekistan, which will be held in Tashkent April 2-4, 2014.

Web Resources

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(U.S. companies and individuals interested in learning more about upcoming procurements, and export opportunities are encouraged to visit the following websites:

- www.ite-uzbekistan.uz
- www.agro.uz
- www.agroleasing.uz
- www.mineconomy.uz
- www.uzagromash.uz
- www.investuzbekistan.uz
- www.mfer.uz
- www.cer.uz
- www.chamber.uz
- www.agrobank.uz
- www.ufrd.uz
- http://uzbekistan.usembassy.gov/business.html

Agricultural Sectors

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Agriculture is a staple of Uzbekistan's economy, accounting for approximately 17 percent of GDP and employing 29 percent of the labor force. Cotton, the country's principal crop, accounts for approximately 9 percent of Uzbekistan's export earnings in 2012. The government hopes to increase agricultural productivity through the adoption of new technologies, and to further develop processing and packaging capabilities to add value to domestic and export products. The Government plans to develop the country's textile sector and thereby process more of its own raw cotton into intermediary or consumer goods for export. Presently, Uzbekistan exports more than 75% of its cotton unprocessed.

To improve the country's food security, the Government of Uzbekistan has emphasized wheat production over the past few years. Moreover, the profitability of fresh fruits and vegetables has increased in recent years and the Government has aggressive plans for developing the export markets for these products.

According to the USDA, U.S. agricultural exports to Uzbekistan decreased 33% in 2012. Exports mainly consisted of eggs, planting seeds, tobacco, snack foods, and other consumer-oriented products.

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Chapter 5: Trade Regulations, Customs and Standards

Import Tariffs

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Import taxes include:

- Customs duty and levy
- Value Added Tax (VAT)
- Excise tax
- Customs clearance fee

Customs duties for imported goods range from 0-200 percent, but the average rate is approximately thirty percent. As of 2009, no customs duties are applied to imported live animals, milk and cream, wheat, X-ray films, and computer hardware; 10-30 percent duties are applied to clothing, furniture, metals, foodstuffs; and 50 percent duties are applied to luxury consumer goods such as cigarettes and cars. The highest customs duty is levied on imported ice cream products. The following categories of imported goods are indefinitely exempt from custom duties:

- charter fund contributions for private enterprises, provided that these are not further sold or otherwise disposed of;
- goods imported by enterprises with foreign investment for their own needs;
- goods imported by foreign investors for their own production and personal use, and for the personal use of their foreign citizen employees;
- goods imported under a temporary importation regime;
- goods imported to process for further export; and
- goods imported for statutory needs.

Excise tax, charged as a percentage of the declared customs value, must be paid on certain products, such as cigarettes, vodka, ice-cream, oil and gas condensate, fuels, cars, and carpets. Excise tax rates vary depending on the type of imported good and may deviate significantly. For example, the excise tax for jewelry is 140 percent, but five percent for non-luxury passenger cars.

The VAT rate on imports is twenty percent for all goods. VAT is based on a rate that includes the declared customs value plus custom duties and any applicable excise taxes.

The customs clearance fee is 0.2 percent of declared customs value, although interpretation of values varies widely and officials sometimes use this fee as a rent-seeking opportunity.

Trade Barriers Return to top

The Government of Uzbekistan restricts imports by imposing high tariffs and other import duties in order to foster local manufacturing. Surveys of foreign companies consistently conclude that trade/border/customs restrictions are (along with currency convertibility) the most serious challenges to doing business in Uzbekistan. Despite the fact that there is a law legalizing duty-free imports for foreign investors, it is mandatory to have a legally binding agreement with the Government of Uzbekistan that waives customs fees and other duties when importing goods for investment purposes. However, the Uzbek government allows duty-free import of machinery and equipment for certain sectors to develop local industries. For example, there are no import duties for textile equipment and machinery and for spare parts, though companies may experience currency conversion and border issues that make importing difficult.

Import Requirements and Documentation Return to top

The Ministry for Foreign Economic Relations, Investment, and Trade (MFERIT) requires all Uzbek enterprises engaged in export/import operations to be registered as participants in international trade relations. Uzbek companies or individuals are allowed to conduct trade with foreign enterprises directly or through foreign trade agents.

The following import contracts are subject to examination by MFERIT:

- Those funded from the state budget;
- Those funded from credits (loans) attracted by the Government of Uzbekistan or under its guarantee; and,
- Those concluded by economic actors in whose authorized capital the public share constitutes over 50 percent, which are not secured by their own currency resources.

An importer must prepare and provide to the proper authorities the following documents:

- Contract;
- Certificate of conformity for certain products - the list of which is defined by the Cabinet of Ministers;
- Certificate of origin;

- Certificate on registration of the contract with the MFERIT and/or contract with the seal indicating registration with an authorized bank;
- Passport of an import deal (a document describing a contract on import and its terms, signed by the importer, a bank, and a customs officer);
- Certificate of the availability of funds in either foreign or domestic currency that would have no liabilities or a guarantee of an authorized bank, according to the established form, which confirms an importer's ability to pay for a contract;
- Cargo customs declaration;
- Commercial invoice;
- Phytosanitary and veterinary certificates;
- License (as applicable); and
- Permission from authorized banks (as applicable).

As of April 1, 2013, freight forwarders/transporters must present to Uzbek Customs officials certified information describing the goods they are exporting to Uzbekistan, their quantity, weight, and HS codes. Moreover, his legislation requires shippers to provide a document by the official export agency of the country of origin certifying the value of the shipment. The Government of Uzbekistan is presently reviewing the legality and practicality of this law and a decision is expected soon.

Beginning July 1, 2013 all imported food products, personal hygiene products, and certain consumer goods (a list of consumer goods is being developed by the Cabinet of Ministers) must have Uzbek language labeling that is applied by the product manufacturer.

U.S. Export Controls Return to top

For information regarding U.S. government export controls please contact the U.S. DOC International Trade Administration or a U.S. Export Assistance Center located in your area. The Commercial Service has a network of Export Assistance Centers located in more than 100 U.S. cities. Contact information is available on the following website: http://www.buyusa.gov/home/us.html .

Temporary Entry Return to top

Goods imported to the country temporarily must be declared under the Customs Service's temporary importation regime. Procedures and requirements regarding temporary imports depend on the purpose and terms of import. Firms are required to deposit the value of transiting goods in a local bank, and the funds will be returned once the goods have transited, but businesses have conveyed experiences with returns of funds being delayed or only partially returned.

Uzbek legislation establishes a list of products prohibited from transit through the country, including: 1) objects of armament, ammunition and military equipment; 2) aircraft, and aircraft parts and equipment; 3) machinery designed for manufacturing armament, ammunition and aircraft; 4) explosives; 5) poisons; and 6) other items prohibited for import into Uzbekistan. The transit of these products may, however, be carried out if transit authorization is issued by the Ministry for Foreign Economic Relations, Investment, and Trade, and upon approval of the Cabinet of Ministers.

Labeling and Marking Requirements Return to top

All products coming into Uzbekistan must be labeled in the Uzbek language and have certificates of origin. This regulation is strictly enforced, and beginning July 1 2013, food products, personal hygiene items and certain other consumer products imported into Uzbekistan must have mandatory labeling in the Uzbek language that has been applied prior to import by the manufacturer.

The Cabinet of Ministers of Uzbekistan issued a resolution identifying certain consumer goods that must be marked with special control identification signs at import. This list of goods includes wireless communication telephones, gas-stoves, air conditioners, refrigerators/freezers, dishwashers, printers, copy machines, facsimile machines, washing machines, vacuum cleaners, DVD-players, music centers, television sets, air-conditioners, and others.

Prohibited and Restricted Imports Return to top

In addition to the items prohibited from transit, the Government of Uzbekistan prohibits import of literature, films, or other media that aim to: 1) undermine the state and social structure; 2) disrupt Uzbekistan's territorial integrity, political independence, or state sovereignty; 3) propagate war, terrorism, or violence; 4) promote ethnic exclusiveness; or 5) inflame religious hatred or racism. Pornography is also a prohibited import item.

Customs Regulations and Contact Information Return to top

Customs clearance is a complicated process in Uzbekistan and even capital equipment imports are subject to substantial processing delays. To minimize the effect of these problems, many firms contract for pre-shipment inspections (PSI). Excessive documentation requirements make customs clearance a costly and time-consuming process. In the absence of a system of pre-arrival clearing and systematic risk analysis, the customs clearance process in Uzbekistan requires physical inspection of all consignments.

The customs clearance process normally occurs in the territory where the customs authority is located. However, if requested by the party concerned, customs clearances can be conducted in other locations. The Customs Code of Uzbekistan stipulates that customs formalities are to be performed within ten days after receipt of the customs declaration and other necessary documents. Goods may be declared by a person/legal entity moving/transferring the goods or by a customs broker. The person/entity that declares the goods must fulfill all obligations and carries full responsibility provided under the legislation, regardless of whether this person/entity is the importer or customs broker. A customs broker is a legal entity in Uzbekistan that conducts customs clearing operations on behalf of the person/entity that it represents. The State Customs Committee contact information follows:

State Customs Committee of the Republic of Uzbekistan
3, Uzbekistan Ave.
Tashkent, Uzbekistan
Telephone: (998) +71 120-76-31, 120-76-41
www.customs.uz

Standards Return to top

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Uzbekistan continues to use an arbitrary set of technical standards based on outdated Soviet methods. There are more than 65,000 normative documents regulating national standards. Standards for imported goods are subject to state registration through branches of the Uzbek Agency for Standardization, Metrology and Certification. According to Uzbek legislation the following standard normative documents are applied in the country:

- International (interstate, regional) standards;
- Uzbek National standards;
- Industrial standards;
- Technical specifications;
- Standards of the enterprise;
- National standards of foreign countries; and
- Administrative-territorial standards.

Despite regulations to the contrary, customs officials routinely reject foreign certificates of conformity to these standards. Perishable goods are subject to burdensome sanitary tests, making it difficult, for example, for restaurants and hotels to use imported foods. Customs officials often take excess test samples of goods subject to technical standards for their own use.

Standards Organizations

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The Uzbekistan Agency for Standardization, Metrology and Certification is responsible for certification and standardization policy. Industry standards are developed by industry regulating agencies.

Conformity Assessment

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Testing and certifications are completed by the Center for Testing and Certification, together with territorial subdivisions and seventy-three accredited bodies. The Department for Conformance Acknowledgement and Technical Policy coordinates and gives general guidance for certification.

Product Certification

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The list of imports subject to obligatory certification includes foodstuffs, alcohol and soft drinks, tobacco, minerals, metal products, fuels, crude oil and oil refinery products, fertilizers, perfumes, cosmetics and toiletries, poisons, plastics, rubber products, wooden products, paper products, textile products, certain types of clothing, reactors, boilers, equipment for transportation other than railway, electronics, and toys. Uzbekistan does not have any mutual recognition agreements (MRAs) with U.S. organizations.

Accreditation

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According to Uzbek legislation, the import of specific goods and services is subject to accreditation by authorized ministries and agencies. For example:

- The Ministry of Labor and Social Protection accredits professional activity of foreign employees;
- The Ministry of Culture accredits audio, video and film product importation; and
- The State Committee for Nature Protection accredits the import of substances with potential hazardous environmental implications.

Certain industries require their own accreditation labs. For example, the Ministry of Health accredits all labs engaged in testing imported medicines.

Publication of Technical Regulations

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There are no newspapers on technical regulations. U.S. entities may direct inquires to the UzStandart Agency through its website: www.standart.uz. The website has a ‘Questions and Answers’ tool.

Labeling and Marking

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In accordance with Uzbek legislation on protection of consumer's rights, all products sold in the country must contain the following information in the Uzbek language:

- Name of the product;
- Manufacturer's name and contact information;
- Ingredients and 'best before' date (if applicable);
- User's manual (if needed); and Warnings (if any).

Contacts

Return to top

Ministry for Foreign Economic Relations, Investment and Trade
Republic of Uzbekistan
Tel: [998] (71) 238-5100
Fax: [998] (71) 238-5200
E-mail: Secretary@mfer.uz
Website: www.mfer.uz

State Tax Committee of the Republic of Uzbekistan
Address: 13A, Abdulla Kadiriy St., Tashkent 700011
Telephone: (998) +71 244-98-98
Fax: (998) +71 244-89-12
Email: solik@dostlink.net
Website: www.soliq.uz

Uzbekistan Agency for Standardization, Metrology and Certification - "Uzstandart"
Address: 333 "A" Farobiy St., Tashkent 700049
Telephone: (998) +71 244-96-01, (998)+71 246-85-07, 246-19-61
Fax: (998) +71 244-80-28, 244-80-29, 244-80-31
Email: uzst@standart.uz
Web Site: standart.gov.uz, www.standart.uz

State Customs Committee of the Republic of Uzbekistan
Address: 3, Uzbekistan Ave., Tashkent
Telephone: (998) +71 120-76-31, 120-76-41
www.customs.uz

U.S. Embassy
Mr. John Etcheverry
BusinessInUzbekistan@state.gov
Political/Economic Section

7110 Tashkent Place
Dulles, VA 20189-7110
Tel: [998] (71)120-5450
Fax: [998] (71) 120-6335
http://uzbekistan.usembassy.gov/

American Chamber of Commerce
Mrs. Tatyana Bystrushkina
Executive Director
2, Afrosiab St. Tashkent 100031
Uzbekistan
Tel: [998] (71)140-0877
Fax: [998] (71)140-0977
http://www.amcham.uz/

Trade Agreements Return to top

Uzbekistan has signed bilateral investment or free trade agreements with forty-seven countries, including the United States, but the agreement with the U.S. has not yet entered into force. In 2004, Uzbekistan and Russia signed a Strategic Framework Agreement that also includes free trade and investment concessions. In November 2005, the government signed an alliance agreement with Russia, with provision for economic cooperation. Uzbekistan and Ukraine also agreed, in 2004, to remove all bilateral trade barriers. In 2006, Uzbekistan began the accession process to the Eurasian Economic Community (EURASEC), but later, in November 2008, suspended its membership in the organization.

The "Treaty between the Government of the Republic of Uzbekistan and the Government of the United States of America Concerning the Encouragement and Reciprocal Protection of Investment" was signed in Washington, D.C., on December 16, 1994, and ratified soon after by the Uzbek Parliament. The U.S. government, however, has not acted to bring this agreement into force. In 2004, Uzbekistan signed the regional Trade Investment Framework Agreement (TIFA) with the U.S. Trade Representative's Office and its four Central Asian neighbors. Uzbekistan is not a member of WTO, but has expressed its interest in accession. Uzbekistan took a positive step toward joining the CIS Free Trade Zone and its memberships will likely be formalized in 2013.

Web Resources Return to top

- www.standart.uz
- www.mfer.uz
- www.soliq.uz
- www.gov.uz
- www.uzreport.com
- www.aci.uz

- www.export.gov
- www.investuzbekistan.uz
- www.chamber.uz

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Chapter 6: Investment Climate

Openness to Foreign Investment

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Uzbekistan has the potential to become a strong regional economy due to its dynamic, literate, and entrepreneurial population - the largest in Central Asia - relatively well-developed communications, utilities, and transport infrastructures, and a large potential consumer market. Although the Government of Uzbekistan ("government" or “GOU”) declares that attracting foreign direct investment is a *core priority* in its policymaking, in practice foreign investors have limited business opportunities in Uzbekistan without support of the government or entities affiliated with the state. The government generally welcomes investors and investment projects that are in line with its import-substitution and export-oriented industrialization policy, and discourages investments in import-consuming sectors by controlling access to foreign exchange. Currency convertibility is cited by foreign firms as one of the greatest obstacles to normal investment operations. Existing legislation on its face grants foreign direct investors a host of incentives on a case-by-case basis, including tax holidays, duty-free import of capital goods, and protection against expropriation. However, the requirements for obtaining these benefits are ambiguous, the processes and procedures are cumbersome, and the regulatory environment is capricious. The GOU prefers ‘strategic’ investors with long-term technical assistance commitments and usually does not welcome portfolio investors. The country’s commodity and capital markets are far from being efficient, market-oriented, and well-functioning. The lack of transparency and predictability has deterred many potential investors.

Primary legislation protecting foreign investment includes the *Law on Foreign Investments*, the *Law on Guarantees and Measures on Protection of Foreign Investments*, the *Law on Guarantees of the Freedoms of Entrepreneurial Activity*, the *Production Sharing Agreements Law*, the *Law on Investment Activities*, and a number of relevant GOU decrees and resolutions.

A foreign investor may participate in a variety of legal forms of business, ranging from partnerships to joint-stock companies to wholly-owned enterprises. Businesses with foreign investment must register with both the Ministry of Justice and the regional governor's office (Khakimyat). Depending on the extent of foreign participation, a business may be considered an "enterprise with foreign capital" (less than 30% foreign-owned) or receive special status as an "enterprise with foreign investment" (more than 30%, with a minimum charter capital). Foreign companies may also maintain a physical presence in Uzbekistan as "permanent establishments" without registering if they do not conduct commercial activities and only have representative functions. A permanent establishment is not required to open a bank account or pay taxes.

The following rights are guaranteed under Uzbekistani law to foreign investors:

-To decide on the amount, kinds and channels of investments;
-To conclude agreements to carry-out investment activity;
-To own, use and dispose of investments and the results of investment activity;
-To patent inventions, models and industrial samples belonging to the foreign investor;
-To repatriate profits from Uzbekistan or to reinvest them into Uzbek entities;
-To obtain financial resources in the form of credits and loans;
-To convert local currency into foreign currency;
-To possess and use land on terms provided by the legislation;
-To receive compensation for investments/other assets in case of expropriation by the state; and
-To receive compensation for losses incurred due to the illegal activity or decisions of the state.

Though the government nominally guarantees these rights, the legislation is ambiguous and self-contradicting. Several of the rights, such as converting and repatriating profits and conducting business without government interference, are routinely violated by government action, and currency conversion difficulty is cited most frequently by foreign firms as the greatest impediment to doing business in Uzbekistan.

In principle, the judicial system upholds investor rights and the sanctity of contracts. The judiciary is not independent, however, and regularly favors state-owned or government-affiliated entities. Foreign investors have reported numerous procedural infractions in both the Economic and Criminal courts of Uzbekistan and the Embassy knows of a number of cases in which foreign companies did not receive timely payments from local partners.

Local legislation contains a number of disapplications (deeming that they do not apply to the state), which allows state interference and concedes equivocation of the law within the judicial system. Corruption is a constituent factor in legal proceedings, primarily in disputes between private businesses.

The legislation of Uzbekistan provides a wide range of guarantees for foreign investors, including:

-protection against discrimination based on nationality, place of residence or country of origin;
-protection from harm caused by retroactive implementation of legislation;
-in the case of changes to legislation, the right to apply at their own discretion those provisions of the new legislation which provide for better conditions for their investments;
-protection from interference by the state in the economic activity of foreign investors which are carried out in accordance with the law; and
-any change in legislation that worsens foreign investment conditions shall not be applied to those investments until ten years following the date of the investments.

Despite these guarantees, the government's involvement and control in key industries can have discriminatory effects on foreign investors. The GOU retains strong control over all of the economic processes in the country and maintains controlling shares of key industries, including energy, telecommunications, airlines and mining. The government regulates investment and capital flows in the raw cotton market and also controls all silk sold in the country, dampening foreign investment in the textile and rug-weaving industries. Partial state ownership and influence are common in almost all sectors of the economy.

There are several official limits on foreign investment. Foreign ownership and control are prohibited for airlines, railways, power generation, and other sectors deemed to be related to national security. Restrictions also apply to media, banking, insurance and tourism. Foreign investment in media enterprises is limited to thirty percent. In banking, foreign investors may operate only as joint venture partners with Uzbek firms, and banks with foreign participation face set charter funding requirements (€10 million for commercial banks, €5 million for private banks), while the required size of the charter funds for Uzbek firms is set on a case-by-case basis. In the tourism sector, foreign ownership cannot exceed forty-nine percent.

The government closely scrutinizes all proposed foreign investments, with special emphasis on sectors of the economy that it considers strategic, including mining, cotton processing, oil and gas refining, and transportation. The aim of this policy is to protect domestic industries and limit competition from abroad. Screening can be used to limit investment in certain industries and by certain countries, depending on Uzbekistan's current policy priorities.

The government also uses licensing as a tool to control enterprises in sectors such as energy, telecommunications, retail sales, and tourism. Often licenses for business operations in these sectors are issued by agencies that themselves have commercial interests in the sector.

The government reserves the right to cancel the registration of any business or withdraw its license, and government inspections may lead to punitive sanctions or closure of a business. The Ministry of Justice is the primary agency that decides the outcome of business screening reviews. The Economic Court can close an enterprise and its decisions can be appealed to the Superior Economic Court in accordance with Economic Procedural Code or other applicable local law. Reviews usually are slow and some foreign investors, including U.S. firms, have characterized the process as unpredictable and non-transparent, making it a tool for forcible takeovers of businesses.

The main entity that reviews transactions for unfair competition is the State Committee for Privatization, Demonopolization and Development of Competition. This agency is responsible for developing a competitive environment, limiting monopolistic activities and regulating natural monopolies, reorganizing economically insufficient ventures, supporting the development of entrepreneurship, protecting consumer rights, and controlling advertising activities. The Committee operates both directly and through its territorial units, as well as through its non-profit consulting unit, the Antimonopoly Policy Improvement Center.

The Law on Denationalization and Privatization (November 1991) lists state assets that cannot be privatized, including: land with mineral and water resources, the air basin, flora and fauna, cultural heritage sites, state budget funds, foreign and gold reserves, state trust funds, the Central Bank, enterprises that facilitate monetary circulation, military and security-related assets and enterprises, firearms and ammunition producers, nuclear research and development enterprises, some specialized producers of drugs and toxic chemicals, emergency response, civil protection and mobilization facilities, public roads, and cemeteries.

The GOU does encourage foreign direct investment (FDI) in the following sectors: oil & gas exploration, extraction and processing; renewable energy; production of building materials, textiles, machines and mechanical components; and tourism infrastructure.

Uzbekistan subscribes in principle to institutional and economic reform, such as restructuring and privatization, but implementation has been limited, reflecting an incremental approach to reform. The main mechanisms for selling state assets are open tender and auction, but the process is transparent only at the initial stage. The government uses local or international financial consultants for privatization of large enterprises, and only after they evaluate an enterprise are foreign investors invited to participate. Many investors note a lack of transparency at the final stage of the bidding process, when the government negotiates directly with bidders before announcing the results. In some cases, the bidders have been foreign-registered companies associated with influential Uzbek families who have tenuous foreign addresses.

Foreign and local investors suffer from government interference in investments, and bureaucratic obstacles consume significant time and resources. The current system of taxation is complicated and ambiguous, leading to widespread corruption and rent seeking. Offset of current losses is not possible under current tax laws, and a company that does not show a concrete profit for six months is considered bankrupt.

Currency restrictions through the banking system hamper business and economic development, as do restrictive trade policies. International surveys and rankings routinely assign Uzbekistan low scores for corruption and economic freedom. For example, Transparency International (TI) ranked Uzbekistan 170 out of 176 countries for corruption. Uzbekistan's Corruption Perceptions score is 17 on a scale of 0 - 100, where 0 means that a country is perceived as highly corrupt and 100 means it is perceived as very clean. Heritage Economic Freedom Index placed Uzbekistan 164 out of 184, and the World Bank's Doing Business Index ranked Uzbekistan 154 out of 185.

Business Environment Indicators:

Measure	Year	Index or Rank
TI Corruption Index	2012	17 / 170
Heritage Foundation's Economic Freedom index	2012	45.8 / 164
World Bank's Doing Business Report	2012	154
MCC Government Effectiveness	FY2013	0.11 / 62%
MCC Rule of Law	FY2013	-0.48 / 15%
MCC Control of Corruption	FY2013	-0.47 / 11%
MCC Fiscal Policy	FY2013	5.6 / 98%
MCC Trade Policy	FY2013	66.1 / 46%
MCC Regulatory Quality	FY2013	-0.83 / 11%
MCC Business Start Up	FY2013	0.985 / 96%
MCC Land Rights and Access	FY2013	0.56 / 43%
MCC Natural Resource Protection	FY2013	12.9 / 16%
MCC Access to Credit	FY2013	26 / 55%
MCC Inflation	FY2013	12.8 / 28%

Conversion and Transfer Policies Return to top

Uzbekistan adopted Article VIII of the International Monetary Fund's Article of Agreement in October 2003 and, thus, committed to currency convertibility for current account transactions. In practice, access to foreign currency is under restrictive government control.

There are two legal exchange rates in Uzbekistan: the commercial (wire-transfer) rate and the exchange booth rate, as well as semi-official and unofficial (black market) rates. By law, all citizens have access to the exchange booth rate, but in practice exchange booths don't sell foreign cash. These restrictions have created a thriving currency black market. As of December 2012, the black market rate of 2,720 soum per U.S. dollar exceeded the official exchange booth rate of 2,003 by roughly 36% The Uzbekistan Commodity Exchange developed a semi-official exchange rate for import operations, which was about 3,200 soum per U.S. dollar in 2012.

Foreign investors are guaranteed transfer of funds in foreign currency into and out of Uzbekistan without limitation, provided they have paid all taxes and other financial obligations in accordance with legislation. In practice, multiple informal restrictions remain in place. All legal entities must obtain permission from the Central Bank to access foreign currency and applicants must expend significant time navigating the bureaucracy. The government reportedly issues banks confidential instructions regarding which orders are to be filled and Uzbek authorities may stop the repatriation of a foreign investor's funds in cases of insolvency and bankruptcy, criminal acts by the foreign investor, or when directed by arbitration or a court decision.

Banking regulations mandate that the currency conversion process should take no longer than two weeks, but current lag times range from three months to more than a year, making import of intermediate goods, raw materials, and manufacturing components difficult or impossible. During these delays, the entire amount to be converted is impounded by the Central Bank of Uzbekistan (CBU) in a non-interest bearing account.

Currently, there is no legal private market in Uzbekistan for investors to remit funds. Private money transfer businesses provide services only to individuals and have limits for remittances in foreign currency. Exchange booths provide services only to individuals and usually have strong limits for transactions with foreign currency, leaving investors at the mercy of the Central Bank for hard currency.

According to Uzbek law, 50% of foreign currency earned from exports must be immediately exchanged for local currency through authorized banks at the official exchange rate. Exemptions to this requirement may be provided to some smaller companies or to majority foreign-owned companies that export manufactured goods for not less than 60 percent of their total profit.

The goal of the government's tight fiscal and monetary policies is to minimize capital outflow, regulate imports, stimulate local manufacturing and reduce the country dependency on external factors. The GOU believes that this course minimizes

Uzbekistan's exposure to risk stemming from global financial woes, but in practice, deters potential foreign investments.

Expropriation and Compensation

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The government may seize foreign investor assets for violation of legislation, breach of contract, failure to complete investment commitments, and for arbitrary reasons such as revaluation of assets and site development programs. Although the government is obligated to make fair market compensation for legally seized property, it has offered less than market value in several recent cases with foreign and local businesses, and with individuals. Compensation to foreign partners must be made in a transferrable currency, but in most cases is made in local currency.

Profitable, high profile foreign businesses are at greater risk for expropriation, but smaller companies are also vulnerable. A number of companies have faced expropriation in the mining, retail, and telecommunications sectors: In September 2012, the Tashkent City Criminal Court seized assets cellular telecom provider Uzdunrobita, a 100% subsidiary of the Russian company MTS for financial violations. An appeals court reversed this decision in November 2012, but MTS must still pay USD600 million in fines. Industry experts believe that MTS will leave the market, though the company continues to lobby to be reinstated. In October 2011, beer production operations of a company owned by the Danish firm Carlsberg were temporarily halted and legal proceedings are still in progress. Earlier in 2011, the government began liquidation of the Amantaytau Goldfields, a 50-50 joint-venture of the British company Oxus Gold and an Uzbek state mining company. Government authorities seized a large grocery store chain and approximately fifty smaller companies owned by Turkish investors. In 2010 the government seized a Russian food processing plant with the explanation that the company was inefficiently implementing investment commitments.

Dispute Settlement

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There have been a number of investment disputes involving foreign investors and contractors in Uzbekistan in recent years, mainly in the mining, textile, telecommunications, food processing and trade sectors. Most disputes involved nonpayment or delayed payment for goods or services by state entities. .

Disputes within joint ventures are also common, as local partners must balance their commitments against heavy government pressure and corruption. Some disputes are further complicated by tax authorities, who can seize assets or sequester funds from a company account before a court reviews the case. The general public has limited information about investment disputes, as official media either do not cover the disputes at all or present biased comments. Because of this, and due to limited access to the media, the reaction of nascent civil society business organizations on these disputes is minimal.

The *Law on Guarantees to Foreign Investors and Protection of their Rights* requires that disputes directly or indirectly associated with foreign investments be settled by agreement of the parties through consultation between them. Investors are entitled to use any international dispute settlement mechanism specified in their contracts and agreements with local partners, and these agreements should define the methods of settlement. Dispute settlement processes are also included in some bilateral treaties, but there is currently no treaty covering U.S. citizens. If no international mechanism is specified, disputes are settled directly by the Economic Court of Uzbekistan. Separate arbitration courts are also available for civil cases, and their decisions can be appealed in the general court system.

Dispute settlement methods are regulated by the *Economic Procedural Code*, the *Law on Arbitration Courts*, and the *Law on Contractual Basics of Activities of Commercial Enterprises*. According to the *Law on Arbitration Courts*, parties of a dispute can chose their own arbiter and they in turn chose a chair. The decisions of these courts are binding. The Law says that executive or legislative bodies, as well as other state agencies, are barred from creating arbitration courts and cannot be a party to arbitration proceedings. The verdict of the Arbitration Court can be appealed by either party to the dispute to the general court system within thirty days of the verdict. Monetary judgments are usually made in local currency.

Bankruptcy procedures are regulated by the *Law on Bankruptcy*. Creditors can participate in liquidation or reorganization of the debtor only in the form of a creditor's committee. According to the bankruptcy law and the *Labor Code*, re-solvency receivers should act with consideration of workers' rights.

It should be noted that government officials interpret laws and decrees inconsistently and in conflict with each other. Government interference and corruption are common and should be expected.

Foreign investors have no reasonable expectation that the government will honor an international arbitration verdict in favor of the foreign plaintiff. The *Law on Guarantees to Foreign Investors and Protection of their Rights* permits resolution of investment disputes in line with the rules and procedures of the international treaties of which Uzbekistan is a signatory. However, in November 2006 the Constitutional Court of Uzbekistan discovered that this law does not stipulate the so-called consent of the involved parties—that of Uzbekistan in this case—to have their dispute settled at the international level. In other words, Uzbek justice is not going to recognize foreign business attempts to defend their interests in international courts unless the written consent of all involved parties is provided.

If international arbitration is permitted, awards can be challenged in domestic courts. Domestic arbitration bodies in Uzbekistan are represented by Arbitration Courts. When the Economic Court decides in favor of a foreign investor, the Ministry of Justice is responsible for enforcing the ruling. However, its authority is limited and frequently co-opted by more influential powers within the government. Judgments against state-owned enterprises are particularly difficult to enforce. Monetary awards are usually made in local currency.

Uzbekistan is a member of the International Center for the Settlement of Investment Disputes and a signatory to the 1958 United Nations Convention on the Recognition and Enforcement of Foreign Arbitral Awards (the New York Convention).

Performance Requirements and Incentives

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Uzbekistan is not a member of the World Trade Organization (WTO) and has several practices that do not conform to WTO requirements on Trade-Related Investment Measures (TRIMS). Many of these practices reflect Uzbekistan's import substitution policy, including tax breaks for exporters, non-tariff barriers for imports, and poor records in protecting intellectual property rights. Uzbekistan's application for WTO membership was submitted in 1994, but its Working Party has not met since 2005. Throughout 2012, the GOU made positive statements suggesting a more active WTO accession effort.
Import substitution is a cornerstone of the GOU's economic policy. The government welcomes foreign investors mainly in the area of localization or building local production capacities and export potential. Investors are often required to present long-term investment commitments with set target investments and job creation goals before their registration and licensing are approved.

Current legislation of Uzbekistan provides a number of incentives for foreign investment, including tax breaks and exceptions from custom duties. Under the general tax legislation, tax incentives for foreign investment are mainly the same as for local enterprises participating in the investment program, localization or modernization program. In addition, enterprises with significant foreign investment (more than USD20 million) in priority sectors or regions can negotiate special benefits by concluding an investment agreement with the Government, including additional tax and customs incentives, government guarantees and co-financing. These incentives generally require approval by the Cabinet of Ministers.

In 2012 the government introduced new incentives to raise the attractiveness of Uzbekistan for investment potential. These include:

- New foreign investors are granted ten-year immunity to changes in tax legislation if they invest at least USD5 million.

- The government at its own expense is committed to building all required external utilities, engineering, and communication networks for projects where investments exceed USD50 million and the share of foreign investors exceeds fifty percent;

- Foreign investors are able to buy state-owned, low-liquidity facilities at zero redemption cost if they make specific investment commitments;

- Enterprises with foreign investments operating in specified industries and located outside of Tashkent city and Tashkent province are granted tax holidays for a period of three years if the FDI exceeds USD300 thousand; five years if it exceeds USD3 million; and seven years if it exceeds USD10 million. (Applies to the production of electronics, leather products, textiles, apparels, silk, various building materials, foodstuffs, chemical products, pharmaceuticals, packaging materials, renewable energy generators, coal, industrial and agricultural machinery, glass, microbiological products, and toys.)

The General Prosecutor's office is responsible for preventing abuse of foreign investors by local governments or administrative bodies. Any requirement introduced by banks, agencies or other authorities extending beyond this legislation are illegal and the Cabinet of Ministers, Ministries of Economy, Finance, Foreign Economic Relations, the Central Bank, and the State Statistics Committee are required to provide free access to economic information that foreign investors require.

Other tax incentives for enterprises with foreign investments include:

-Joint ventures with foreign participation in the oil and gas sector carrying out exploration works have a seven-year tax holiday from income tax from the extraction start date, and thereafter a fifty percent reduction and exemptions from property taxes and dividend taxes. (President's Decree on Means for Attracting Foreign Direct Investments to Exploring and Extraction of Oil and Gas, UP-2598, 28 April 2000);

-Goods produced and imported by a foreign investor who invested more than USD50 million are exempt from customs duties; and

-Enterprises where the share of foreign investment exceeds USD300 thousand are exempt from unified tax payment, income (profits) tax, property tax, infrastructure development tax, and road tax for three to seven years, depending upon the amount invested. The investor share must be at least thirty-three percent; the investment must be made in hard currency or new equipment; at least fifty percent of tax savings are re-invested; and the investor received no sovereign guarantee.

The corporate income tax rate is nine percent for businesses, fifteen percent for commercial banks, and thirty-five percent for entertainment firms. **Taxed profit can be reduced** to expand production through new construction or reconstruction of existing buildings and structures and to modernize and re-equip the technical means of production or procure new equipment.

Enterprises that export goods or services (except raw materials) benefit from a fifty percent reduction in income tax if the company's exports account for not less than thirty percent of the total sales of produced goods, and a thirty percent reduction in income (profit) tax if the company's exports account for 15-30 percent of the total sales of produced goods.

Companies that build new production facilities **are exempt from property tax** for two years from the moment of their registration. This incentive does not apply to enterprises created as a result of liquidation or re-organization of existing manufacturing enterprises or their separate divisions, nor does it apply to entities created under existing enterprises or to production facilities that rent their property and equipment.

The property tax base can be reduced by the cost of equipment obtained on five-year credit (measured from the moment it is put into operation but not longer than the credit reimbursement term) and for leased property for the duration of the lease contract, and for new production equipment over a period of five years. In the case of the sale or transfer of new equipment within three years from the moment of its procurement, this privilege can be annulled and income tax will be due for the entire period over which the privilege had been applied.

Various types of new technological equipment are exempt from customs duty and VAT. The list of such equipment is approved by the Inter-ministerial Resolution of the Ministry of Economy, Ministry of Finance, Ministry of Foreign Economic Relations and Trade, and the State Customs Committee. Production-related assets imported by a foreign investor or an enterprise with foreign share above thirty-three percent are exempt from the customs duty. In the event of the sale or transfer of imported equipment for export within three years from the moment of its import, this privilege must be annulled and VAT must be paid. Assets imported as a part of investment commitments under a privatization agreement with the GOU are exempt from VAT payments. Laboratory equipment is also included on the exemptions list, as well as raw materials and semi-finished goods used for children’s footwear production.

Enterprises can receive exemptions from customs duties for: 1) industrial and technological assets imported by foreign investors and enterprises with foreign investments for their own use; 2) production parts, components and materials imported by foreign legal entities with more than USD50 million of direct investments; 3) goods, works, and services required for operations under a Production Sharing Agreement (PSA) imported by a foreign investor within the project documentation; 4) goods of foreign investors exported in accordance with the PSA; and 5) equipment and spare parts imported in line with contracts that have GOU approval and support.

Foreign investors must contribute at least thirty percent to the charter capital of a company to be legally considered a business with foreign investments. The charter capital has to total USD400,000 in joint-stock companies that operate in the real sector of the economy in order to qualify for certain incentives. For ventures in other sectors of the economy, the required level of the charter fund is USD150,000 (except in Karakalpakistan and in Khorezm province, where the requirement is USD75,000).

According to Uzbek legislation, requirements to use domestic products in manufacturing are to be applied uniformly to enterprises with both domestic and foreign investments, but in practice this is not always the case. The legislation does not require transfer of technology or proprietary information; such transfers are negotiated between the foreign investor and its local partner.

Investors in non-priority sectors should expect to have more difficulty importing capital and consumer products than those in GOU-determined priority industries. Officially, permission is not required to invest in Uzbekistan and there are few restrictions on foreign workers. There are no requirements for using only local sources of financing. In banking and auditing companies, the chief accountant must be an Uzbek national, as should either the CEO or any one member of the Board of Directors. In the tourism sector, only Uzbek nationals can be tour guides.

In 2009, the government raised the floor level of charter capital for new open and closed joint-stock companies with the intent to increase their financial stability. There are no regulatory requirements for foreign investors to disclose proprietary information. General legislation, such as the Civil Code (Chapter 64) and the Law on Monopolistic Activity (Article 8), provides protection for commercial and trade secrets.

The Government welcomes participation of foreign investors in research and development programs, and is currently developing a national prioritization of innovation projects. Participation of foreign firms in government/authority-financed and/or subsidized research and development programs is not regulated, but major state-owned R&D enterprises cannot be privatized or owned by foreign or local private investors.

All foreign citizens, except those from some countries of the former Soviet Union, need visas to work in Uzbekistan and all individuals must register their residence with the authorities. Foreign investors and specialists can obtain multi-entry visas for a period of twelve months. To apply, American citizens must submit documents regarding the company they are affiliated with an Uzbek Embassy or Consulate. Foreign workers must also register with the Ministry of Labor.

Right to Private Ownership and Establishment Return to top

Uzbekistan's laws and decrees guarantee the right of foreign and domestic private entities to establish and own business enterprises and to engage in most forms of remunerative activity. The state reserves for itself the export of gold, and the government maintains a monopoly on cotton exports. Natural gas, cotton and gold are Uzbekistan's largest sources of foreign exchange earnings. There are isolated cases of foreign companies which have, however, entered the natural gas and cotton production sectors and been successful.

In theory, private enterprises may freely establish, acquire, and dispose of equity interests in businesses. In practice, it can be difficult to do this as Uzbek securities markets are underdeveloped.

Protection of Property Rights Return to top

Uzbek and foreign entities may own buildings, but not the underlying land. Property ownership is generally respected by local and central authorities. District governments have a department responsible for managing commercial real estate, from asset valuations to sale and purchase, but private property can be confiscated by local authorities or can become the subject of a hostile takeover action of a well-connected business or individual. In this case, the owner should not expect remuneration at market value.

The Law on Protection of Private Property was issued in September 2012. Legislation governing the acquisition and disposition of property poses relatively few problems for foreign investors and is similar to laws in other CIS countries. All land in Uzbekistan is owned by the state.

Uzbekistan has been on the Watch List of the U.S. Trade Representative's (USTR) Special 301 Report since 2000 due to a lack of significant progress on intellectual property rights (IPR). The USTR noted that current enforcement remains weak and criminal penalties for IPR violations are insufficient to provide a deterrent effect.

Uzbekistan has, however, made a real effort to improve IPR protection by setting up the Uzbek Agency for Intellectual Property, which unifies responsibility for IPR issues. Uzbekistan also introduced several amendments to IPR law, as well as amendments to Civil and Criminal Codes to enforce stricter punishment for IPR violations. Uzbekistan is a consumer, but not a significant producer, of pirated material.

Uzbekistan is not a member of the Geneva Phonograms Convention, though the government explains that it is in the process of bringing its domestic legislation in line with the Convention. Uzbekistan has also not dropped its reservation over Article 18 of the Berne Convention, which protects works created before 2005, although there is legislation pending in the parliament to do so. The country is not a signatory of the WTO TRIPS agreement.

Transparency of Regulatory System Return to top

U.S. companies report that local officials inconsistently interpret laws, often in a manner that is detrimental to private investors and the business community at large. In addition, the government occasionally issues secret decrees or instructions that businesses are required to comply with, despite having no knowledge of them. Companies are particularly concerned with the lack of consistent and fair application of the Law on Foreign Investment, which outlines specific protections for foreign investors. To avoid problems with the tax and regulatory measures, foreign investors often secure incentives through Cabinet of Ministers decrees, which are approved directly by the President. These, however, are easily revocable.

Bureaucratic procedures, particularly licensing and financial reporting, are time-consuming and often contradictory and government-owned banks, ministries, and agencies routinely interfere in business operations. Requirements for licensing, registration and other permits are often amended without notice, creating opportunities for rent-seeking as documents can frequently be rejected on the grounds of a minor technicality.

Publishing drafts of laws and regulations for public comment is uncommon in Uzbekistan. Regulatory bodies often introduce changes and amendments to commercial legislation without notice, which creates many disputes and misunderstandings even among state institutions. In 2011-2012, however, foreign and local investors had the opportunity to review and comment on some upcoming legislation, but these instances are rare.

Only a few local legal, regulatory, and accounting systems are transparent and fully consistent with international norms. Although the GOU has started to unify local accounting rules with international standards, local practices are still document and tax-driven with an underdeveloped concept of accruals. There are almost no legal restrictions on foreign participation in industry standards-setting consortia or organizations, with exceptions in the media and tourism industries.

Efficient Capital Markets and Portfolio Investment

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Although Uzbekistan has made progress in financial sector reform, it is far from having an efficient market-oriented banking system or well-functioning commodity and capital markets. Reforms in the financial sector have focused on creating an adequate legal and regulatory framework for financial intermediation and developing the sector's technical and institutional capacity. Enforcement of regulations is undermined by government interference and institutions must follow rules and regulations which are not always in compliance with the legislation. International accounting standards were adopted in 1997, but are not fully implemented because they conflict with the Uzbek Tax Code and Central Bank regulations.

A major operational challenge for foreign firms in Uzbekistan is restricted access to cash. All inter-firm transactions must be conducted by bank transfer and cash withdrawals by legal entities are only permitted for payment of wages and travel expenses. All cash receipts must be deposited the day they are received. The government improved this situation somewhat several years ago by allowing individual entrepreneurs, some small enterprises, and joint ventures with foreign capital to withdraw cash from their bank accounts up to the amount deposited within the previous ninety days. However, later the government issued several new decrees instructing local administrations, commercial banks, and tax authorities to tighten control of cash circulation. There are stiff penalties for firms that fail to deposit their cash receipts in banks, but the pervasive restrictions on cash withdrawals have forced many small enterprises to operate illegally. This situation is aggravated by the fact that the largest denomination bill is 1,000 soum (about 50 U.S. cents at the official exchange rate), turning cash transactions of any significant value into major logistical undertakings.

The authorities argue that in the absence of a developed inter-bank market, it is too early to switch to a market-based system of money and credit management. Foreign investors have access to local credit, although the terms and interest rates do not make for a competitive or realistic source of financing. The isolated and overregulated financial system makes finding reliable credit terms very challenging.

The private sector has access to a limited variety of credit instruments. The government-led banking sector, burdened with non-core functions and excessive bureaucracy, cannot meet the lending demands of its clients as efficiently as market-responsive institutions. Restrictions on cash movement also limit resources flowing through the banking system, ultimately reducing the pool of funds available for small and medium business lending. Access to foreign banks is limited and usually goes through local banks. Commercial banks can, to a limited degree, use credit lines from international financial institutions to finance small and medium businesses.

In general, the government welcomes portfolio investments. A number of international fund management companies were working in the country in the past, investing in various industries through the stock markets or in the real estate and construction sectors. Most funds left the market by 2010 due to capital outflows caused by the global financial crisis. The remaining few portfolio managers are investing primarily in the insurance and leasing sectors. The Stock Exchange mainly hosts equity and secondary market transactions with shares of state-owned enterprises. In most cases, government agencies decide who can buy and sell shares and at what prices and it is often impossible to locate accurate financial reports for traded companies.

The government declares that Uzbekistan has no problems with liquidity and that foreign reserves in 2012 were estimated at more than USD 15 billion, not including about USD 9 billion in the government-controlled Fund for Reconstruction and Development. The average capital adequacy ratio of local banks exceeds 24.1 percent. From 2009 through 2011, the government initiated a forty percent increase of capitalization in state-owned banks and encouraged private banks to do the same. However, stringent government control and the overregulated financial sector make sizeable deposits and withdrawals difficult.

Total assets of Uzbekistan's commercial banks in 2012 were expected to exceed 35 trillion soum (USD21 billion), with consolidated capital exceeding 5.7 trillion soum

(USD3.4 billion). The largest banks in the country are the state-owned National Bank for Foreign Economic Activity of Uzbekistan (NBU) and Asaka Bank. NBU controls most of the commercial bank loan portfolio and more than fifty percent of Uzbekistan's foreign exchange business. NBU's assets totaled about USD4.4 billion and Asaka Bank's assets totaled USD2 billion in January 2012.

Uzbekistan's financial sector is dominated by archaic banking rules, underdeveloped capital markets and large state-owned banks, and marked by a lack of openness and competition. Local banks perform a number of non-core functions, such as withholding taxes and monitoring tax payments, registering export and import contracts, and accounting for payments between creditors and debtors. The banking system is the primary conduit for the government's directed loans to state-owned enterprises at negative real interest rates. In previous years, a large portfolio of such credits posed a serious threat to the soundness of the banking system, but in 2009 the government introduced stricter controls and the Central Bank has undertaken measures to remove loans to bankrupt enterprises from bank balance sheets. Information on non-performing assets of local banks is not publically available.

"Cross-shareholding" and "stable shareholder" arrangements are common in Uzbekistan, with state enterprises or large private companies associated with influential Uzbek families frequently acting as shareholders.

Competition from State Owned Enterprises Return to top

State-owned enterprises (SOEs) dominate those sectors of the economy recognized by the government as strategic. Most SOEs in Uzbekistan were created by renaming government entities and in some cases they still exercise delegated governmental powers. For example, Uzbekneftegaz National Holding Company dominates the oil and gas industry and foreign investors need its approval for doing business in the sector, though this is not clearly required by legislation. The situation in the transportation, energy, and automotive industries is similar.

The government heavily controls activities of companies where it has partial or minority interest, although they are formally registered as private enterprises. All such companies are required to procure goods (with a value over USD100 thousand) and services through the open tender process, and tender procedures are established by the legislation (Government Resolution No. 456 issued in 2000, and updated on November 8, 2012).

By law, state businesses must operate in the same tax and regulatory environment as private businesses. In practice, however, the government uses leverage such as registrations, licensing, and permissions for currency conversion to protect quasi-government institutions and companies from commercial competition. Currently, almost all U.S. businesses in Uzbekistan operate in partnership with the government, state-owned enterprises, or firms affiliated with the elite.

In the existing business environment, private enterprises cannot compete with SOE under the same terms and conditions. Private businesses face more than the usual amount of bureaucratic hurdles if they compete with the government or a government-controlled firm. Most SOEs have a range of advantages, including better access to local and external markets, smoother access to financing, and more predictable currency conversion. Additionally, SOEs are usually not subject to legislative budget constraints unless they are in low-priority industries.

SOEs are active in key sectors of the economy, such as energy (power generation and transmission, oil and gas refining, transportation and distribution), metallurgy, mining (non-ferrous metals and uranium), telecommunications (fixed telephony and data transmission), agriculture (cotton processing), machinery (automotive industry, locomotive and aircraft production and repair) and transportation (airlines, railways, municipal public transportation, etc.). The Law on Privatization and Denationalization with a number of subordinate acts contains a list of sectors/industries where participation of private businesses is banned.

Some government measures limit private enterprise activity in the sectors in which SOEs operate. For example, in 2004 the government granted exclusive control of international telecommunication networks to the state-owned Uztelecom Company. All providers of voice and data transmission services, including internet and IP-telephony, can access long-distance/international channels only through Uztelecom's switches. All financial transactions between local telecom operators and their international partners must be conducted through Uztelecom and with its approval.

Most SOEs in Uzbekistan are registered as national holding companies or joint-stock companies and usually a minority share in these companies belongs to employees or private enterprises. Although SOEs have boards of directors, typically one or more members will be a government official and senior executives report directly to relevant ministries or the Cabinet of Ministers. Generally, SOEs must consult with the government before making significant business decisions.

Uzbekistan's Fund for Reconstruction and Development (FRD) was established in 2006 and has been used for sterilization and accumulation of foreign exchange revenues, but officially it was presented as a financial institution for providing government-guaranteed loans and equity investments to strategic sectors of the domestic economy. It was established by Uzbekistan's Cabinet of Ministers, Ministry of Finance and the five largest state-owned banks. The equity capital of the fund reached USD9 billion by 2012. The FRD provides debt financing for modernization and technical upgrade projects in sectors that are strategically important for the Uzbek economy. FRD loans require government approval; the FRD provided USD758 million in loans in 2012.

State-owned businesses and financial institutions are required to submit annual reports to the government, but they are not required to publish them. Local state-owned enterprises in the financial sector are required to submit their books to independent audit. SOEs, as well as other Uzbek entities, are subject to domestic accounting standards and rules, which are still not fully comparable to International Financial Reporting Standards (IFRS). Uzbekistan has been gradually adopting IFRS since the early 2000s and currently about ninety percent of domestic accounting standards are comparable with IFRS.

Corporate Social Responsibility

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There is no legislation on Corporate Social Responsibility (CSR) in Uzbekistan, and the concept has not been widely adopted, though many companies are active in charity activities, either through their own initiative or at the direction of local government officials. Currently there are no independent NGOs in the country that promote or monitor CSR.

The Law on the Securities Market says that all businesses that issue securities (except government securities) must publish annual reports, which should include a summary of business activities for the previous year, financial statements with a copy of an independent audit, and material facts on the activities of the issuer during the corresponding period.

Political Violence

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Supporters of extremist groups such as the Islamic Movement of Uzbekistan (IMU), al-Qaida, and the Eastern Turkistan Islamic Movement remain active in Central Asia although the GOU has made it a security priority to prevent these groups from operating in Uzbekistan, and these groups have expressed anti-U.S. sentiments.

In 2004, the al-Qaida linked "Islamic Jihad Group" claimed credit for a suicide bomb attack against the U.S. Embassy and other terrorist attacks in Tashkent and Bukhara that killed forty-seven people.

In May 2005, armed militants stormed a prison in the city of Andijon, released its prisoners, and took control of the regional administration and other government buildings. Fighting broke out between government forces and the militants, and several hundred civilians were killed in the ensuing violence. While there were no reports of U.S. citizens affected by these events, U.S. citizens and other foreigners in Uzbekistan experienced much closer scrutiny from authorities and local residents in the following years. The degree of harassment has since lessened.

In May 2009, militants attacked a police check post near Khonobod in the Namangan region, injuring one police officer. In May 2009, a suicide operative detonated explosives in central Andijon near a police station, killing at least one police officer and injuring several bystanders. In September 2009, there was a shoot-out in Tashkent between government authorities and suspected extremists that resulted in several deaths.

In November 2011, an explosion damaged a railway bridge in the south of Uzbekistan on the line connecting Termez and the town of Kurgan-Tyube in Tajikistan. Uzbek law enforcement authorities declared the explosion a terrorist act, but no one has claimed responsibility and the GOU has never brought anyone to justice.. No casualties were recorded as a result of the explosion.

In light of domestic and international threats, the government has implemented heightened security measures, such as establishing security checkpoints, restricting access to certain streets and buildings, and deporting nationals of suspect countries. Continued instability in southern Kyrgyzstan following the 2010 political and ethnic violence have raised tensions and led to substantially increased controls at the Uzbek-Kyrgyz border. In addition, border crossing points with both Kyrgyzstan and Tajikistan, both borders of security concern for the GOU, are often closed for periods of time. Although the border between Uzbekistan and Afghanistan is officially open to traffic, travel restrictions for the region remain in place. Uzbeks need permission from the National Security Service (NSS) to cross the border, and only select Afghans are allowed into Uzbekistan.

Corruption Return to top

Corruption, including bribery, raises the costs and risks of doing business. Corruption has a corrosive impact on both market opportunities overseas for U.S. companies and the broader business climate. It also deters international investment, stifles economic growth and development, distorts prices, and undermines the rule of law.

It is important for U.S. companies, irrespective of their size, to assess the business climate in the relevant market in which they will be operating or investing, and to have an effective compliance program or measures to prevent and detect corruption, including foreign bribery. U.S. individuals and firms operating or investing in foreign markets should take the time to become familiar with the relevant anticorruption laws of both the foreign country and the United States in order to properly comply with them, and where appropriate, they should seek the advice of legal counsel.

The U.S. Government seeks to level the global playing field for U.S. businesses by encouraging other countries to take steps to criminalize their own companies' acts of corruption, including bribery of foreign public officials, by requiring them to uphold their obligations under relevant international conventions. A U. S. firm that believes a competitor is seeking to use bribery of a foreign public official to secure a contract should bring this to the attention of appropriate U.S. agencies, as noted below.

U.S. Foreign Corrupt Practices Act: In 1977, the United States enacted the Foreign Corrupt Practices Act (FCPA), which makes it unlawful for a U.S. person, and certain foreign issuers of securities, to make a corrupt payment to foreign public officials for the purpose of obtaining or retaining business for or with, or directing business to, any person. The FCPA also applies to foreign firms and persons who take any act in furtherance of such a corrupt payment while in the United States. For more detailed information on the FCPA, see the FCPA Lay-Person's Guide at: http://www.justice.gov/criminal/fraud/

Other Instruments: It is U.S. Government policy to promote good governance, including host country implementation and enforcement of anti-corruption laws and policies pursuant to their obligations under international agreements. Since enactment of the FCPA, the United States has been instrumental to the expansion of the international framework to fight corruption. Several significant components of this framework are the OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions (OECD Anti-bribery Convention), the United Nations Convention against Corruption (UN Convention), the Inter-American Convention against Corruption (OAS Convention), the Council of Europe Criminal and Civil Law Conventions, and a growing list of U.S. free trade agreements. This country is party to [add instrument to which this country is party], but generally all countries prohibit the bribery and solicitation of their public officials.

OECD Anti-bribery Convention: The OECD Anti-bribery Convention entered into force in February 1999. As of March 2009, there are 38 parties to the Convention including the United States (see http://www.oecd.org/dataoecd/59/13/40272933.pdf). Major exporters China, India, and Russia are not parties, although the U.S. Government strongly endorses their eventual accession to the Convention. The Convention obligates the Parties to criminalize bribery of foreign public officials in the conduct of international business. The United States meets its international obligations under the OECD Anti-bribery Convention through the U.S. FCPA. [Insert information as to whether your country is a party to the OECD Convention.]

UN Convention: The UN Anticorruption Convention entered into force on December 14, 2005, and there are 158 parties to it as of November 2011 (see http://www.unodc.org/unodc/en/treaties/CAC/signatories.html). The UN Convention is the first global comprehensive international anticorruption agreement. The UN Convention requires countries to establish criminal and other offences to cover a wide range of acts of corruption. The UN Convention goes beyond previous anticorruption instruments, covering a broad range of issues ranging from basic forms of corruption such as bribery and solicitation, embezzlement, trading in influence to the concealment and laundering of the proceeds of corruption. The Convention contains transnational business bribery provisions that are functionally similar to those in the OECD Anti-bribery Convention and contains provisions on private sector auditing and books and records requirements. Other provisions address matters such as prevention, international cooperation, and asset recovery. [Insert information as to whether your country is a party to the UN Convention.]

OAS Convention: In 1996, the Member States of the Organization of American States (OAS) adopted the first international anticorruption legal instrument, the Inter-American Convention against Corruption (OAS Convention), which entered into force in March

1997. The OAS Convention, among other things, establishes a set of preventive measures against corruption, provides for the criminalization of certain acts of corruption, including transnational bribery and illicit enrichment, and contains a series of provisions to strengthen the cooperation between its States Parties in areas such as mutual legal assistance and technical cooperation. As of December 2009, the OAS Convention has 34 parties (see http://www.oas.org/juridico/english/Sigs/b-58.html) [Insert information as to whether your country is a party to the OAS Convention.]

Council of Europe Criminal Law and Civil Law Conventions: Many European countries are parties to either the Council of Europe (CoE) Criminal Law Convention on Corruption, the Civil Law Convention, or both. The Criminal Law Convention requires criminalization of a wide range of national and transnational conduct, including bribery, money-laundering, and account offenses. It also incorporates provisions on liability of legal persons and witness protection. The Civil Law Convention includes provisions on compensation for damage relating to corrupt acts, whistleblower protection, and validity of contracts, inter alia. The Group of States against Corruption (GRECO) was established in 1999 by the CoE to monitor compliance with these and related anti-corruption standards. Currently, GRECO comprises 49 member States (48 European countries and the United States). As of December 2011, the Criminal Law Convention has 43 parties and the Civil Law Convention has 34 (see www.coe.int/greco.) [Insert information as to whether your country is a party to the Council of Europe Conventions.]

Free Trade Agreements: While it is U.S. Government policy to include anticorruption provisions in free trade agreements (FTAs) that it negotiates with its trading partners, the anticorruption provisions have evolved over time. The most recent FTAs negotiated now require trading partners to criminalize “active bribery” of public officials (offering bribes to any public official must be made a criminal offense, both domestically and trans-nationally) as well as domestic “passive bribery” (solicitation of a bribe by a domestic official). All U.S. FTAs may be found at the U.S. Trade Representative Website: http://www.ustr.gov/trade-agreements/free-trade-agreements. [Insert information as to whether your country has an FTA with the United States: Country [X] has a free trade agreement (FTA) in place with the United States, the [name of FTA], which came into force. Consult USTR Website for date: http://www.ustr.gov/trade-agreements/free-trade-agreements.]

Local Laws: U.S. firms should familiarize themselves with local anticorruption laws, and, where appropriate, seek legal counsel. While the U.S. Department of Commerce cannot provide legal advice on local laws, the Department’s U.S. and Foreign Commercial Service can provide assistance with navigating the host country’s legal system and obtaining a list of local legal counsel.

Assistance for U.S. Businesses: The U.S. Department of Commerce offers several services to aid U.S. businesses seeking to address business-related corruption issues. For example, the U.S. and Foreign Commercial Service can provide services that may assist U.S. companies in conducting their due diligence as part of the company’s overarching compliance program when choosing business partners or agents overseas. The U.S.

Foreign and Commercial Service can be reached directly through its offices in every major U.S. and foreign city, or through its Website at www.trade.gov/cs.

The Departments of Commerce and State provide worldwide support for qualified U.S. companies bidding on foreign government contracts through the Commerce Department's Advocacy Center and State's Office of Commercial and Business Affairs. Problems, including alleged corruption by foreign governments or competitors, encountered by U.S. companies in seeking such foreign business opportunities can be brought to the attention of appropriate U.S. government officials, including local embassy personnel and through the Department of Commerce Trade Compliance Center "Report A Trade Barrier" Website at tcc.export.gov/Report_a_Barrier/index.asp.

Guidance on the U.S. FCPA: The Department of Justice's (DOJ) FCPA Opinion Procedure enables U.S. firms and individuals to request a statement of the Justice Department's present enforcement intentions under the anti-bribery provisions of the FCPA regarding any proposed business conduct. The details of the opinion procedure are available on DOJ's Fraud Section Website at www.justice.gov/criminal/fraud/fcpa. Although the Department of Commerce has no enforcement role with respect to the FCPA, it supplies general guidance to U.S. exporters who have questions about the FCPA and about international developments concerning the FCPA. For further information, see the Office of the Chief Counsel for International Counsel, U.S. Department of Commerce, Website, at http://www.ogc.doc.gov/trans_anti_bribery.html. More general information on the FCPA is available at the Websites listed below.

Exporters and investors should be aware that generally all countries prohibit the bribery of their public officials, and prohibit their officials from soliciting bribes under domestic laws. Most countries are required to criminalize such bribery and other acts of corruption by virtue of being parties to various international conventions discussed above.

Anti-Corruption Resources

Some useful resources for individuals and companies regarding combating corruption in global markets include the following:

- Information about the U.S. Foreign Corrupt Practices Act (FCPA), including a "Lay-Person's Guide to the FCPA" is available at the U.S. Department of Justice's Website at: http://www.justice.gov/criminal/fraud/fcpa.

- Information about the OECD Anti-bribery Convention including links to national implementing legislation and country monitoring reports is available at: http://www.oecd.org/department/0,3355,en_2649_34859_1_1_1_1_1,00.html. See also new Anti-bribery Recommendation and Good Practice Guidance Annex for companies: http://www.oecd.org/dataoecd/11/40/44176910.pdf.

- General information about anticorruption initiatives, such as the OECD Convention and the FCPA, including translations of the statute into several languages, is available at the Department of Commerce Office of the Chief Counsel for International Commerce Website: http://www.ogc.doc.gov/trans_anti_bribery.html.

- Transparency International (TI) publishes an annual Corruption Perceptions Index (CPI). The CPI measures the perceived level of public-sector corruption in 180 countries and territories around the world. The CPI is available at: http://www.transparency.org/policy_research/surveys_indices/cpi/2009. TI also publishes an annual *Global Corruption Report* which provides a systematic evaluation of the state of corruption around the world. It includes an in-depth analysis of a focal theme, a series of country reports that document major corruption related events and developments from all continents and an overview of the latest research findings on anti-corruption diagnostics and tools. See http://www.transparency.org/publications/gcr.

- The World Bank Institute publishes Worldwide Governance Indicators (WGI). These indicators assess six dimensions of governance in 213 countries, including Voice and Accountability, Political Stability and Absence of Violence, Government Effectiveness, Regulatory Quality, Rule of Law and Control of Corruption. See http://info.worldbank.org/governance/wgi/index.asp. The World Bank Business Environment and Enterprise Performance Surveys may also be of interest and are available at: http://data.worldbank.org/data-catalog/BEEPS.

- The World Economic Forum publishes the *Global Enabling Trade Report*, which presents the rankings of the Enabling Trade Index, and includes an assessment of the transparency of border administration (focused on bribe payments and corruption) and a separate segment on corruption and the regulatory environment. See http://www.weforum.org/s?s=global+enabling+trade+report.

- Additional country information related to corruption can be found in the U.S. State Department's annual *Human Rights Report* available at http://www.state.gov/g/drl/rls/hrrpt/.

- Global Integrity, a nonprofit organization, publishes its annual *Global Integrity Report*, which provides indicators for 106 countries with respect to governance and anti-corruption. The report highlights the strengths and weaknesses of national level anti-corruption systems. The report is available at: http://report.globalintegrity.org/.

Bilateral Investment Agreements Return to top

Uzbekistan has signed bilateral investment agreements with forty-nine countries. Several agreements, including those with Iran, Japan, and the United States, have not yet entered into force. In 2004, Uzbekistan and Russia signed a Strategic Framework Agreement that also includes free trade and investment concessions. Uzbekistan has signed bilateral free trade agreements with eleven CIS countries (Russia, Belarus, Ukraine, Armenia, Azerbaijan, Georgia, Kazakhstan, Kyrgyzstan, Moldova, Turkmenistan and Tajikistan). In 2005, the government signed an alliance agreement with Russia, which provides for economic cooperation, and Uzbekistan and Ukraine agreed in 2004 to remove all bilateral trade barriers. In 2012, Uzbekistan began the accession process to the CIS Free Trade Zone Agreement.

A bilateral investment protection treaty between the U.S. and Uzbek governments was signed in Washington DC, in 1994 and ratified soon after by the Uzbek Parliament. The U.S. has not ratified the agreement. In 2004, Uzbekistan signed the regional Trade Investment Framework Agreement (TIFA) with the U.S. Trade Representative's Office and its four Central Asian neighbors. The TIFA is a forum to encourage regional trade development in Central Asia.

OPIC and Other Investment Insurance Programs Return to top

The Overseas Private Investment Corporation (OPIC) has worked in Uzbekistan since the country signed a bilateral investment incentive agreement in 1992 and has loaned approximately USD229 million over the course of its operations in Uzbekistan, but had no projects in FY2012. Uzbekistan is a developing country member of the Multilateral Investment Guarantee Agency.

The Embassy can purchase local currency at the exchange rate set by the local bank. Local currency is moderately depreciating by approximately 10 percent per year. Depreciation of the local currency could accelerate in the future if the government chooses to narrow the spread between the official exchange rate—which is administratively set—and the black-market rate. The spread between the official and the black-market rates is about 40 percent.

Labor Return to top

Uzbekistan has the largest labor force in the region—about seventeen million, or fifty-seven percent of the total population. The official rate of unemployment is five percent, though a large number of unemployed or underemployed people are not registered as such. With the closure or downsizing of many businesses, it is easy to find qualified employees, and salaries are low by western standards. At 97%, literacy is almost universal, but most local technical and managerial training does not meet international business standards. Foreign firms report that younger Uzbeks are more flexible in adapting to changing international business practices, but are also less educated than their Soviet-trained elders. Widespread corruption in the education sector has lowered educational standards as students purchase grades and even entrance to prestigious universities and lyceums. In the last twelve years there has also been a dramatic increase in the number of workers immigrating to other countries, notably Russia, Korea, and Kazakhstan, leaving less-qualified workers at home to fill the gaps

Labor-management relations are regulated by the Labor Code. The law establishes a standard workweek of forty hours and requires a 24-hour rest period. Compensation for overtime work needs to be specified in the employment contract or agreed with employee's Trade Union and can be implemented in the form of additional pay or leave. In practice, overtime limitations are not widely observed and compensation is rarely paid.

Payroll taxes are the highest in the region. Employee income taxes, compulsory social security charges, and a number of other contributions are collected and paid by employers on wages. These mandatory payments and deductions total nearly 100% of a worker's wage, effectively doubling employer costs attributed to labor. Local regulations on wages also include salary caps. The taxation system and strict limits on cash withdrawal prevent many foreign firms from paying their workers as much as they would like.

Uzbekistan ratified thirteen conventions of the United Nations' International Labor Organization (ILO), (Forty-Hour Week Convention, Holidays with Pay Convention, Right to Organize and Collective Bargaining Convention, Equal Remuneration Convention, Maternity Protection Convention (Revised), Abolition of Forced Labour Convention, Discrimination (Employment and Occupation) Convention, Employment Policy Convention, Workers' Representatives Convention, Minimum Age Convention, Collective Bargaining Convention, and Worst Forms of Child Labour Convention, but the provisions of these conventions are often ignored.

Foreign-Trade Zones/Free Ports Return to top

The law on free economic zones, passed in 1996, envisaged the establishment of free trade zones including consigned warehouses, customs-free zones, and zones for the processing, packing, sorting, and storage of goods.

In 2008 the President of Uzbekistan issued a decree creating a free industrial and economic zone (FIEZ) in the Navoi region. The FIEZ was established for a period of thirty years, beginning in 2009, with possible extensions. Businesses in the territory of the FIEZ are promised a special customs, currency, and tax regime, a simplified procedure for entering, staying, and leaving, and provisions by which non-residents can receive labor licenses. Businesses registered within the Navoi FIEZ are exempt from most taxes for 7-15 years, depending on the size of investment. For five years after the expiration of the tax holiday, businesses enjoy an income tax reduction of 50%, which extends to ten years for large investments (over €30 million).

In April 2012, the President issued a decree on creating a special industrial zone (SIZ) in Angren City in Tashkent province. Businesses in the SIZ enjoy tax holidays from three to seven years, based on the volume of direct investments. Preferences will be effective for thirty years. The government will direct USD59.4 million for infrastructure development in the SIZ.

Foreign Direct Investment Statistics Return to top

Statistics on foreign direct investments (FDI) are not readily available and official figures are not always reliable, as the GOU includes international loans and grants in its FDI figures. FDI was USD2.4 billion in 2010 and dropped to USD2.18 billion in 2011. The government projected USD2.3 billion of direct foreign investment in 97 projects for 2012, but only attracted USD1.3 billion in the first nine months of the year. About 70% of foreign investment goes to energy sector. There are no statistics available on Uzbekistan's direct investments abroad and no reliable statistics on the current FDI stock and FDI inflows as a percentage of GDP.

Since Uzbekistan's independence in 1991, U.S. firms have invested over USD500 million in the country. Due to difficulties in the investment climate, numerous investors have left the country in the past few years or are considering leaving. A list of foreign direct and portfolio investments in Uzbekistan follows:

U.S. Investments:

- Texaco Overseas Holding set up operations in Uzbekistan in 1992 and invested about USD1.5 million in local production of lubricants for the Uzbek and regional markets, but sold its stake in the joint venture to Bulgarian Prista Oil Holding EAD in 2011.

- Coca-Cola has been operating in Uzbekistan since 1992 as Coca-Cola Bottlers Uzbekistan (CCBU). CCBU invested more than USD140 million to build three state-of-the-art production facilities, and began bottling soft drinks in 1993. A string of difficulties began with a criminal case against Coca-Cola's joint venture partner, and after the case was settled (2007) the business continued with a new partner owned by the hydrocarbon-oriented holding company Zeromax Group. When Zeromax was declared bankrupt in 2010, its assets were nationalized. CCBU is owned by the Turkish division of Coca-Cola and Muzimpex Company, its local shareholder.

- After its 2001 acquisition of Daewoo, General Motors Corporation invested in a previous joint venture between Daewoo and Uzavtosanoat and created GM-Uzbekistan in 2007 to produce passenger cars under the Chevrolet brand in Asaka, in the Andijan region. GM holds 25% plus one share in the business. In 2008, GM and Uzavtosanoat set up another joint venture, GM Power Train Uzbekistan, to build engine and casting plants in the Tashkent region. GM owns 52% of the new venture.

- AIG and the Uzbek Ministry of Finance formed the joint venture UzAIG in 1996. UzAIG provides insurance services but with a very limited exposure of USD2 million. In 2010, following the global financial crisis, UzAIG was reorganized and rebranded as Chartis and management of the joint venture moved to Kazakhstan.

- Nukem Inc. has been working in Uzbekistan since 1992, selling uranium from Uzbekistan to the world market.

Non-U.S. Foreign Investments: China and Russia are the largest foreign investment sources, mostly operating in the oil, gas and telecommunications sectors. Other large foreign investors in Uzbekistan include:

- -Chinese CNPC (USD5 billion of investments and commitments)

- -Russian companies include:
  - -Gazprom (more than USD400 million in investments)
  - -Lukoil (about USD2.5 billion in investments out of USD5 billion of commitments)
  - -VimpelCom (Beeline) (about USD200 million in investments)

  - -TeliaSonera (about USD200 million in investments)
  - -Uzdunrobita (A wholly-owned subsidiary of Russian MTS Company, was the largest
  - cellular communication provider in the country with over 9.5 million subscribers. In September 2012, the company's assets in Uzbekistan were seized for alleged for financial violations. The verdict was overturned in November, but the company is still obligated to pay damages of USD600 million. Industry experts believe that MTS will leave the market but this is not yet certain.)

- Italian Case New Holland (about USD5 million) entered Uzbekistan in 1997 and established four joint ventures with state-owned companies: tractor production, other equipment production, equipment service, and leasing. They produce several different models of tractors, planters and other implements with a robust program to localize manufacture of components.

- German MAN Nutzfahrzeuge AG and Uzavtosanoat created MAN AUTO-Uzbekistan Joint-Venture Company in July 2009. The company produces commercial vehicles. The assembly plant is located in Samarkand. The production capacity is expected to rise later to more than 2000 trucks a year.

- Malaysian PETRONAS (more than USD800 million in investments since 2006)

- Swiss-owned Nestle (about USD20 million in investments)

- UK-owned British American Tobacco (more than USD300 million in investments since 1994)

- In 2011, the British company Oxus Gold saw its Amantaytau Goldfields joint venture liquidated by the government. The mining firm announced that it was ceasing operations in Uzbekistan and planned to challenge an Uzbek government audit to determine the value of the enterprise.

- Denmark's Carlsberg Uzbekistan is a large local beer producer owned by the Carlsberg Group. In October 2011, its operations were suppressed by local authorities for questionable reasons. Legal proceedings are over now and Carlsberg begun production again in 2013.

- A chain of Turkish-owned stores, Turkuaz, and about fifty smaller companies owned by Turkish investors were closed or expropriated in the first half of 2011. Authorities officially said that Turkish investors premeditatedly violated tax and customs legislation.

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www.gov.uz
www.mfer.uz
www.chamber.uz
www.lex.uz
www.investuzbekisan.uz
www.uzdaily.com
www.gazeta.uz
www.kommersant.uz
www.uzreport.com

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Chapter 7: Trade and Project Financing

How Do I Get Paid? (Methods of Payment) Return to top

The most common methods of payment in Uzbekistan are Telegraph Transfer (TT) and Letters of Credit (L/C). According to Uzbek legislation, local importers cannot pay more than a 15 percent down payment without permission from the Ministry of Foreign Economic Relations, Investment and Trade (MFERIT). The full contract amount (or remaining 85 percent of it) can be paid only after delivery of imported goods or services. For the last few years, instant money wire transferring service has developed steadily and there are more than twelve money transfer systems presently operating in Uzbekistan.

How Does the Banking System Operate Return to top

The banking system in Uzbekistan remains closely controlled by the state through a complex set of regulatory actions, decrees, proclamations, and practices. Most banking assets remain in state-owned or controlled banks, and most loans are directed or channeled by the government to develop certain pre-selected industry sectors. The banking sector includes government-controlled banks (National Bank of Uzbekistan (NBU), Uzpromstroybank, Asaka Bank, Uzjilsberbank, AgroBank, and others); banks with foreign investments (KDB Bank, Uzbekistan-Turkish Bank, Soderat Bank); and medium and small private banks.

Lack of reform in the banking system limits the role banks can play as financial intermediaries, thus inhibiting the ability of citizens or private companies to obtain credit and other banking services. Only foreign investors with joint-venture status may obtain credit on the local market through government-run banking institutions. Joint ventures often require supplemental local financing to complete projects. Although Uzbek law guarantees the Central Bank's independence, this independence is, in fact, only nominal. The Central Bank is unable to enforce bank regulations properly, leaving banks free to operate with little regard for applicable banking regulations or fiscally sound practices. Government influence over the banking sector is significant.

Foreign-Exchange Controls Return to top

The national currency of Uzbekistan is the soum. There are two legal exchange rates for the soum: the commercial (wire-transfer) rate, and the exchange booth rate. Although the government committed itself, in theory, to the provisions of the IMF's Article VIII regarding currency convertibility for current operations, in practice multiple restrictions remain in place. All legal entities, including those with foreign investments, must receive special permission from the Central Bank to access foreign currency. Officially, it is a routine procedure, but in reality an applicant must go through many layers of bureaucracy, which entails extensive bureaucracy and time. Moreover, the government regularly issues classified instructions telling banks which transactions requiring currency exchange are allowed, and which are not. In 2010 and 2011, delays of more than a year were often reported by consumer good importers. Theoretically, delays for importers of equipment and raw materials used by manufacturers are shorter, but nearly every business in Uzbekistan suffers from irregular and insufficient conversion access.

Currency conversion restrictions create a barrier to certain foreign, service-sector firms that seek to enter the Uzbek market. For example, insurance companies must collect their premiums in soum and may not pay reinsurance premiums in hard currency on the world market. Likewise, claims may only be paid in soum. These provisions can only be overcome by a special presidential decree granting the company the right to do business in dollars. To date, only one state-owned insurance company, Uzbekinvest, and one American-Uzbek joint venture, Chartis, have this permission.

U.S. Banks and Local Correspondent Banks

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The National Bank of Uzbekistan (NBU) and Asaka Bank are the main financial gates between Uzbekistan and the rest of the world; they are the primary channels for the inflow, distribution and servicing of foreign financing and investments. These banks have correspondent relations with the Bank of New York, Bank of America, American Express Bank, JP Morgan Chase, RBS Chicago, and other U.S. banks.

Project Financing

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There are several sources for funding procurement projects in Uzbekistan. They include government agencies, international financial institutions, publicly- and privately-financed investment funds directed towards defense conversion, venture capital funds, and grant programs. Procurement of equipment and services is either financed directly from the national budget, with financing through international financial institutions, or through assistance from various export-import banks. Uzbekistan is a member of the European Bank for Reconstruction and Development (though the country has minimized its involvement with the organization) the World Bank, the Islamic Development Bank, and the Asian Development Bank. Financing from private international banks is growing, but still uncommon for large-scale projects. In most cases, the potential contractor or exporter offers the government financing sources for a specific project, such as long-term loans with attractive terms and conditions. Uzbekistan has also established its own development bank, the Fund for Reconstruction and Development of Uzbekistan, which finances or co-finances most large-scale projects in the country.

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Export-Import Bank of the United States: http://www.exim.gov

Country Limitation Schedule: http://www.exim.gov/tools/country/country_limits.html

OPIC: http://www.opic.gov

Trade and Development Agency: http://www.tda.gov/

SBA's Office of International Trade: http://www.sba.gov/oit/

USDA Commodity Credit Corporation: http://www.fsa.usda.gov/ccc/default.htm

U.S. Agency for International Development: http://www.usaid.gov

Asian Development Banks www.adb.org

World Bank www.worldbank.org

www.usembassy.uz

www.export.gov

www.amcham.uz

www.chamber.uz

www.gov.uz

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Chapter 8: Business Travel

Business Customs

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Obtaining an appointment with government officials can be difficult and appointments very often go unconfirmed until only hours before their scheduled times. Persistence and patience are essential. If possible, print business cards and company literature in the Uzbek or Russian languages. It is important to learn the titles of those with whom you plan to meet, as such distinctions are important in Uzbek culture. Only close friends or relations refer to one another by their first name.

Tashkent is a cosmopolitan city where most modern dress is accepted. However, local norms for dress in bazaars, the old part of Tashkent, and outside the city tend toward traditionally modest styles. Visiting business people should wear business suits for official meetings; casual wear such as khakis is appropriate for most social situations, and jeans are acceptable for sightseeing and shopping.

Uzbeks take pleasure in giving and receiving gifts. Inexpensive gifts do not have to be wrapped, while expensive ones should be. When meeting with senior government officials, avoid giving gifts such as pencils, pens, lighters (unless they are expensive ones), poor quality wine or vodka, notebooks, or other items of this nature. It is considered bad luck to give a pregnant woman a baby gift until after the baby is born. When giving flowers, it is important to give an odd number.

Travel Advisory

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For travel information specific to Uzbekistan, check the following link:

http://travel.state.gov/travel/cis_pa_tw/cis/cis_1057.html

Visa Requirements Return to top

A valid passport and visa are required. Although invitations from a sponsoring organization or individual are not officially required for American citizens applying for short-term visas, the *de facto* practice of the Government of Uzbekistan is to request invitation letters. Visas are issued by Uzbek embassies and consulates abroad. Visitors coming from countries where Uzbekistan does not have diplomatic or consular representation should obtain visas in a third country. Visas are not available upon arrival at Uzbek airports. The Embassy has received a number of reports from American citizens who have had problems obtaining Uzbek visas or who received Uzbek visas valid for a very limited period. Americans seeking visas are encouraged to apply for their visas well in advance of their travel.

It is important to note that Uzbek visas indicate not only the validity of the visa, but also the period of time a person is allowed to stay in Uzbekistan on a given trip. Although Uzbekistan has issued tourist and business visas with multiple entries to private American citizens for years, since 2005 the country has restricted most visas to less than three months in duration, and often with only single-entry validity.

All travelers, even those simply transiting Uzbekistan for less than 72 hours, must obtain an Uzbek visa prior to traveling. Uzbekistan has suspended the 72-hour transit rule that allowed travelers with visas from other members of the Commonwealth of Independent States to transit Uzbekistan without an Uzbek visa.

Further visa information is available from the Consular Section of the Embassy of the Republic of Uzbekistan, 1746 Massachusetts Ave., NW, Washington, D.C. 20036-1903; telephone: (202) 887-5300; fax: (202) 293-6804; website: www.uzbekistan.org ; or from the Consulate General of Uzbekistan in New York City, 801 Second Avenue, 20th Floor, New York, NY 10017; telephone: (212) 754-7403; fax: (212) 838-9812; website: www.uzbekconsulny.org

U.S. Companies that require travel of foreign businesspersons to the United States should be advised that security evaluations are handled via an interagency process. Visa applicants should refer to the following links: State Department Visa Website: http://travel.state.gov/visa/

U.S. Embassy, Tashkent, Consular Section: http://uzbekistan.usembassy.gov/non-immigrant_visas.html

Telecommunications Return to top

The public telephone networks of Uzbekistan have approximately 2 million subscribers to fixed services and more than 19 million to cellular mobile services. UzbekTeleCom, the national carrier, and Unitell-Buzton, the digital network operator, provide fixed telephone services. There are now nearly 2,100 exchanges in Uzbekistan, of which more than 90 percent are digital, with a total capacity of over 2 million phone numbers. Inter-exchange communications can provide data transfer speeds up to 199/622 Mbps. Five operators provide cellular mobile services. They operate in the AMPS-DAMPS version IS-136, GSM 900, GSM 1800 and CDMA standards.

The number of Internet service operators and providers in Uzbekistan as of 2012 totaled more than 930, and the number of users reached 3.2 million, most of whom are located in Tashkent. The number of Internet users via mobile phone has reached 4.1 million. The national data transfer network is owned by the UZNET branch of UzbekTeleCom Company.

Transportation

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Uzbekistan Airways (HY) National Air Company is the flag carrier of Uzbekistan. In addition to HY, Turkish Air, Korean, Asiana, Aeroflot, and Transaero fly to Tashkent. HY links Tashkent with international destinations including London, Paris, New York, Athens, Frankfurt, Geneva, Istanbul, Moscow, Delhi, Lahore, Tel Aviv, Kuala Lumpur, Bangkok, Seoul and Beijing. Korean Air provides service to Seoul; Turkish Air flies to Istanbul. HY, Aeroflot, and Transaero fly to a large number of CIS destinations. HY has a monopoly on all domestic flights.

The National Railway Company of Uzbekistan, Uzbekiston Temir Yollari (UTY), is the monopoly provider of passenger rail services. TY operates over 4,300 km of railroads connecting most parts of the country with Tashkent and other CIS destinations. Comfort and service varies depending on the destination. In 2012, Uzbek Railways launched a new fast train from Tashkent to Samarkand and back, which offers comfortable trip accommodations on modern Spanish-made trains.

Road travel is tedious in Uzbekistan due to old vehicles, pot-holed roads, and seasonal impediments. Most roads are paved but many need repair and resurfacing. Used European buses, used by most tour companies, are gradually replacing the Eastern European buses procured before independence, and most cities have a network of public transportation including buses, trams and trolleybuses. Tashkent has Central Asia’s only subway system with three lines connecting different parts of the city.

Language

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The official language of Uzbekistan is Uzbek, but Russian is commonly used in business and academia. English language interpreters are broadly available and vary in skill and experience.

Health

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Food and waterborne diseases such as Salmonella, Hepatitis A & B, Typhoid and Meningitis are common. Travelers are advised to drink only bottled/boiled water and to eat only fruits and vegetables that have been cooked and peeled. Undercooked meat should be avoided as well. Due to poor sanitation and power shortages resulting in poor refrigeration, travelers should avoid eating uncooked dairy products and most food sold on the street. The Centers for Disease Control and Prevention (CDC) recommend that all visitors to Uzbekistan update their routine immunizations prior to traveling. For those with specific health concerns, and for the latest health and medical information pertinent to Uzbekistan, visit the CDC website for more information: http://wwwnc.cdc.gov/travel/ before traveling.

Local Time, Business Hours, and Holidays

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There is a single standard time zone in Uzbekistan, which is +5 hours GMT; Uzbekistan does not observe daylight savings time. During U.S. daylight savings time (March-November), Uzbekistan is +9 hours Eastern Standard Time. The remainder of the year Uzbekistan is + 10 hours EST. Business hours are generally from 9:00 a.m. to 6:00 p.m., Monday through Friday. The most common times to find employees working are from 10:00 a.m. to 6:00 p.m. In the provinces, the workday finishes earlier.

2013 Uzbek Holidays:

- January 1 New Year's Day
- March 8 Women's Day
- March 21 Navruz
- May 9 Memorial Day
- September 1 Independence Day
- October 1 Teacher's Day
- August (TBD) Ruza Hayit
- December 8 Constitution Day
- November (TBD) Kurbon Hayit

Temporary Entry of Materials and Personal Belongings

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Materials and personal belongings of high value, including large quantities of cash, need to be declared. Uzbek customs authorities may enforce strict regulations concerning temporary import or export from Uzbekistan of items such as armaments and ammunition, space technology, encryption devices, X-ray and isotope equipment, nuclear materials, poisons, drugs, precious and semi-precious metals, nullified securities, and pieces of art and antiques of historical value. It is advisable to contact the Embassy of Uzbekistan in Washington, DC or the Consulate of Uzbekistan in New York for specific information regarding customs requirements for materials and personal belongings.

Web Resources

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- www.usembassy.uz
- www.gov.uz
- www.uzairways.com

- www.uzrailways.uz

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Chapter 9: Contacts, Market Research and Trade Events

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- www.usembassy.uz
- www.trade.gov
- www.uz
- www.gov.uz/en/
- www.export.gov
- www.amcham.uz
- www.mineconomy.uz
- www.mfer.uz
- www.chamber.uz
- www.lex.uz
- www.investuzbekistan.uz

Market Research Return to top

To view market research reports produced by the U.S. Commercial Service, visit the following website: http://www.export.gov/mrktresearch/index.asp and click on Country and Industry Market Reports.

Please note that these reports are only available to U.S. citizens and U.S. companies. Registration to the site is required, and it is free.

`Trade Events

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Please click on the link below for information on upcoming trade events.

http://www.export.gov/tradeevents/index.asp

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Chapter 10: Guide to Our Services

The President's National Export Initiative aims to double exports over five years by marshaling Federal agencies to **prepare U.S. companies to export successfully**, **connect them with trade opportunities** and **support them once they do have exporting opportunities**.

The U.S. Commercial Service offers customized solutions to help U.S. exporters, particularly small and medium sized businesses, successfully expand exports to new markets. Our global network of trade specialists will work one-on-one with you through every step of the exporting process, helping you to:

- Target the best markets with our world-class research
- Promote your products and services to qualified buyers
- Meet the best distributors and agents for your products and services
- Overcome potential challenges or trade barriers
- Gain access to the full range of U.S. government trade promotion agencies and their services, including export training and potential trade financing sources

To learn more about the Federal Government's trade promotion resources for new and experienced exporters, please click on the following link: www.export.gov

For more information on the services the U.S. Commercial Service offers to U.S. exporters, please click on the following link: (Insert link to Products and Services section of local buyusa.gov website here.)

U.S. exporters seeking general export information/assistance or country-specific commercial information can also contact the **U.S. Department of Commerce's Trade Information Center** at **(800) USA-TRAD(E).**

To the best of our knowledge, the information contained in this report is accurate as of the date published. However, **The Department of Commerce** does not take responsibility for actions readers may take based on the information contained herein. Readers should always conduct their own due diligence before entering into business ventures or other commercial arrangements. **The Department of Commerce** can assist companies in these endeavors.

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