

Legal developments in foreign investment policy

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A course of the new Uzbek leadership is firmly aimed at improving the country's economic performance and attraction of foreign investment. Although cooperation with the neighboring countries and Russia seems to be prioritized, the government is keen to develop relationship with major financial institutions (EBRD and others) and partners from far abroad. There have been a number of measures taken since the beginning of the year for improving the investment climate within the country that are briefly described below:

New governmental agency. The State Committee on Investments has been established and has been vested with some powers of the Ministry for Foreign Relations, Investments, and Trade, the Ministry of Finance, and the state owned company "Uzbekexpertiza" (the main state agency responsible for certification and examination of imported goods and equipment). Such powers include general coordination of investment policy, development of related regulation, accreditation of representative offices of foreign entities, review of import contacts and supervision over tender bidding within investment projects over USD 100,000.

With that, the Agency for the Expert Evaluation of Feasibility Studies under the Cabinet of Ministers, which work focused on the evaluation of state-supported investment projects, has been liquidated for unification of control

Considering the amount of authority delegated to the new agency, it is likely to become the main contact point for investors wishing to establish or expand their presence within the country as well as an influential decision-making authority in the rich and promising field of foreign project finance and private equity transactions.

New law on foreign investment. According to governmental officials, there is an intention to systemize the legislation on foreign investment and to enact a new law on investment, embracing provisions of the three main laws currently in force: the Law on Investment Activity, the Law on Foreign Investment, and the Law on Guarantees and Measures for Protection of Rights of Foreign Investors, all of 1998. We assume that the law is in the process of development and will be brought before the Legislative Chamber in the third quarter of 2017.

New privileges and preferences. A number of Presidential Decrees and Resolutions of the Cabinet of Ministries have been passed reviving or introducing benefits for foreign investors. One of such benefits is the right of manufacturing enterprises with foreign investment to apply the rates of taxes and other mandatory payments that were in force at the date of their state registration for 5 years from it. Some sectorial benefits include customs preferences for leather, pharmaceutical, and textile manufacturers importing raw materials and equipment.

New free economic zones. The program for development of four new free economic zones has been approved, providing for establishing zones in four regions of the country: Bukhara, Fergana, Khorezm, Samarkand. Comprehensive improvement of infrastructure and communications is intended along with provision with currency, customs, and foreign exchange preferences.

More information about the current regulation of foreign investment may be found in our recent publication [Foreign Investment review](#) here:

According to the approved Investment Program for 2017, Uzbekistan is expected to absorb approximately USD 4.3 USD bln in foreign investment under 199 investment projects. 37 projects for the total amount of USD 2.47 bln are projects in the fuel and energy industry, mainly implemented by Russian Lukoil and Gazprom.