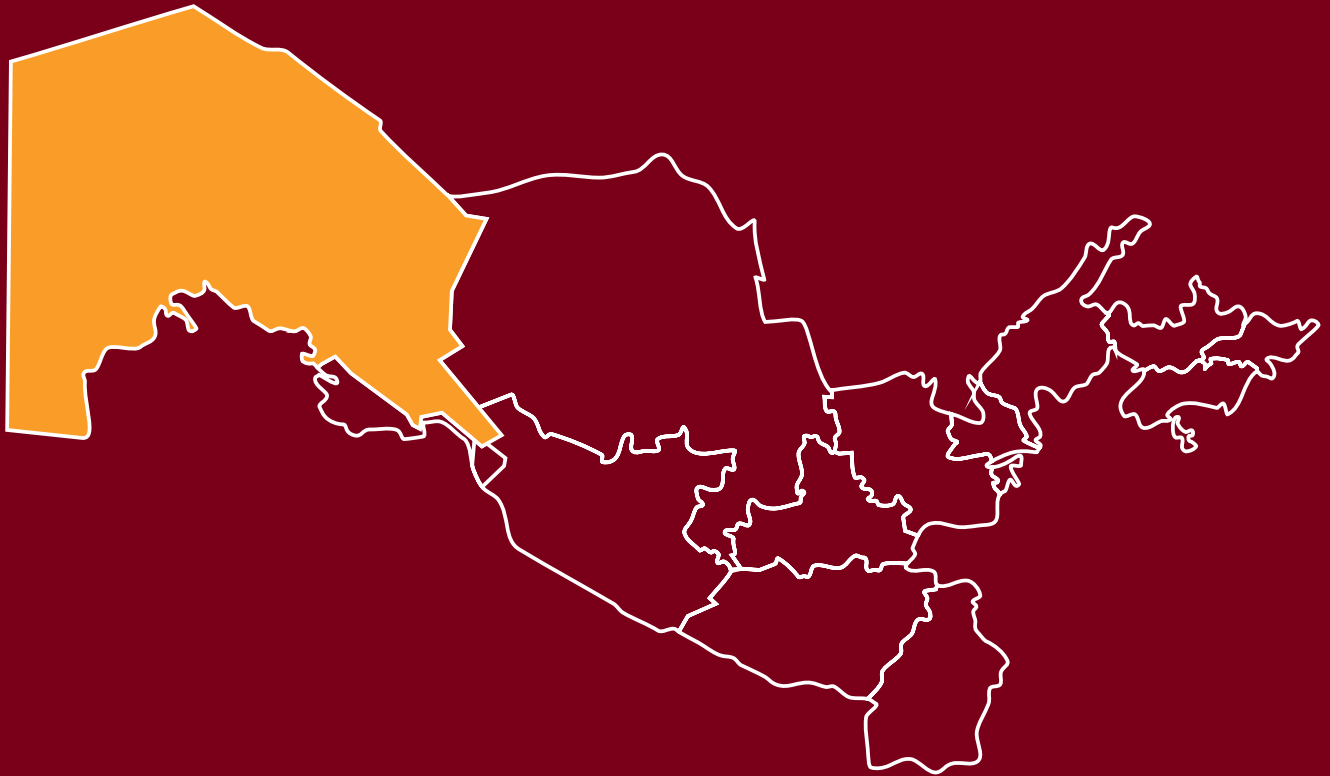




INVEST IN **KARAKALPAKSTAN**

INVESTMENT GUIDE **2018**



10 REASONS

TO INVEST IN KARAKALPAKSTAN



The Open Doors Policy
to Bring In Investors



Fastest Access to the Markets
of Kazakhstan, Russia, and Turkmenistan



Broad Spectrum
of Tax and Customs Benefits



Large Deposits
of Minerals and Hydrocarbons



Developed Infrastructure
and Utilities



System of Soft Loans
for Investment Projects



Availability of Resources for Promoting
Advanced Technologies in the Agroindustrial Sector



Unique Opportunities
for Promoting Tourism

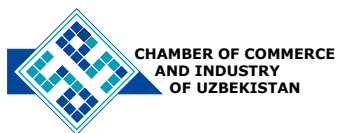


Qualified and Relatively
Cheap Workforce



Government Guarantees
and Legal Safeguards for Investors





CHAMBER OF COMMERCE
AND INDUSTRY
OF UZBEKISTAN



Authority for Foreign Investment
of the Republic of Uzbekistan



*Empowered lives.
Resilient nations.*

INVEST **IN** **KARAKALPAKSTAN**

INVESTMENT GUIDE 2018

Tashkent - Nukus
2018

Karakalpakstan's economy is an important structural part of Uzbekistan's national economy. After Uzbekistan attained independence, the appearance of Karakalpakstan's cities and villages completely transformed over a short period of time.

Growth is evident in virtually all industries and sectors of Karakalpakstan's economy, with new industries and business sectors emerging. Social development takes special priority. What is particularly important in this context are the consistently-implemented socioeconomic development programs which have focused on transforming the republic into an economic hub, with modern advanced industrial and socioeconomic infrastructure, transportation systems and infrastructure, and qualified staff.

Karakalpakstan has a number of competitive advantages when appealing to foreign investors. These include its political and economic stability, the republic's favorable location for transportation and logistics in the center of major regional markets, its integration into international road, air, and rail transportation, and the availability of large deposits of minerals and natural resources.

In recent years, targeted programs aimed at scaling up the production of food goods, cultivation and processing of agricultural products, cultivation of medicinal plants, creation of logistics centers have been adopted. A free economic zone and several small industrial zones are created with a list of favorable conditions and benefits for entrepreneurs for the development of such areas as the pharmaceutical industry and industrial production. In particular, it is planned to increase the output and assortment of construction materials and textile products. At the same time, goods produced in Karakalpakstan are oriented not only to the domestic market, but are also high of demand beyond our republic.

Karakalpakstan has major prospects for developing tourism. The Savitsky State Museum of Art in Nukus city, with its rich variety of exhibits, has be-



come one of the famous brands attracting tourists from all over the world. Today new environmental and historical tourism routes also can be offered. These include recreational resources with natural water bodies and springs with high mineral contents which abound in the territory of this republic.

Karakalpakstan offers major opportunities to business partners, with guaranteed support of their operations and safeguards for their investments. This guide will help investors have better orientation in republic's business infrastructure. We are ready for fruitful and mutually-beneficial cooperation.

Musa Erniyazov
*Chairman of the Jokargy Kenes
 (Parliament) of the Republic of
 Karakalpakstan*



Established on March 31, 2017 by the Decree of the President of Uzbekistan, the State Committee for Investments has emerged as a key government institution with clear priorities. One of these priorities is the formulation and promotion of strategic initiatives and conceptual approaches to sectorial and area-based development.

At the same time, the State Committee for Investments is actively working on implementing the mandate to promote foreign investments, coordinate the efforts of the international financial institutions, and conduct integrated investment policies.

This Investment Guide has been developed to present to the broad range of investors the advantages and potentials of Karakalpakstan, with its rapidly developing economy, rich mineral resources, and qualified workers. The Investment Guide created jointly in close collaboration with the Chambers of Commerce and the United Nations Development Programme to summarise information and relevant data on the current state of the investment climate, and the region's competitive advantages.

We sincerely hope that the information presented will enable potential foreign investors and Uzbek entrepreneurs to assess the most promising sectors for starting a prospering business, and to make the right choice to invest into this unique region of our plentiful Uzbekistan.



Suhrob Kholmuradov

Deputy Prime Minister of the Republic of Uzbekistan

Chairman of the State Investment Committee of the Republic of Uzbekistan





Currently the President of Uzbekistan, Mr. Shavkat Mirziyoyev has attached special importance to enhancing the economic capacity and development of the regions of Uzbekistan, by creating the most favorable environment for doing business, promoting export-oriented production, implementing new effective forms of partnership between businesses and government bodies, and promoting foreign investments.

To this end the Chamber of Commerce and Industry of Uzbekistan, together with local and international partner organizations is working to unlock the investment potential of our country's regions by hosting international business forums, seminars, conferences, and other events both in Uzbekistan and abroad, while also producing, publishing and disseminating information materials about the opportunities and economic advantages of each region of Uzbekistan among foreign business communities.

This publication is dedicated to Karakalpakstan, which has colossal economic, investment, and tourism potential, under-utilized due to the low degree of awareness of foreign companies about existing opportunities in this region.

We are confident that this publication will make its positive contribution to the emergence of a new vision of international business community about Karakalpakstan, as a region with prospects for investments.

Adkham Ikramov
*Chairman of the Chamber of
Commerce and Industry of the Republic
of Uzbekistan*



In 2017, the Government of Uzbekistan adopted a comprehensive five-year “State Programme for the Development of the Aral Sea region” which envisages enhanced living standards, improved infrastructure, better access to quality basic services, and job creation. The State Programme recognizes both the vulnerabilities of the region, due to the Aral Sea tragedy, and the untapped opportunities for future growth.

For many years, the United Nations (UN) in Uzbekistan has supported the Government’s efforts to mitigate the impact of the Aral Sea crisis on affected communities, and today the UN remains an active partner in supporting the implementation of the State Programme. Currently, the UN is supporting the Government to set up a Multi-Partner Trust Fund for Human Security for the Aral Sea region. The Fund will coordinate national and international partners’ development assistance in the region, with the aim of ensuring focused and sustainable impact on peoples’ lives.

The collective engagement of all stakeholders is necessary to realise the objectives set for the Aral Sea region: Government, the international community, and also the private sector.

In the Aral Sea region, business investments are particularly important to complement national investments and international development assistance, by catalyzing the innovation potential of the region and spurring job creation.

Jobs are a priority across Uzbekistan, but particularly pressing in the Aral Sea region. The recent socioeconomic study among the population of the eight most vulnerable districts of Karakalpakstan, showed that employment was peoples’ highest priority.

The present Guide ‘Invest in Karakalpakstan’ aims to meet the needs of three key stakeholders in the region’s future: the government, which is interested in attracting potential investors; the business community, which needs up-to-date in-



formation about economic opportunities, promising areas for investment and the advantages of Karakalpakstan for doing business; and finally the people of the region, for whom such a Guide holds the promise of future growth.

We hope that the Guide will indeed enable a long-term and mutually beneficial dialogue between government, business and communities, and lead to productive investment projects in the Aral Sea region, enabling improved living standards and enhanced prosperity and human security.

Helena Fraser
UN Resident Coordinator in Uzbekistan
UNDP Resident Representative
in Uzbekistan



1 INFORMATION ABOUT THE REGION



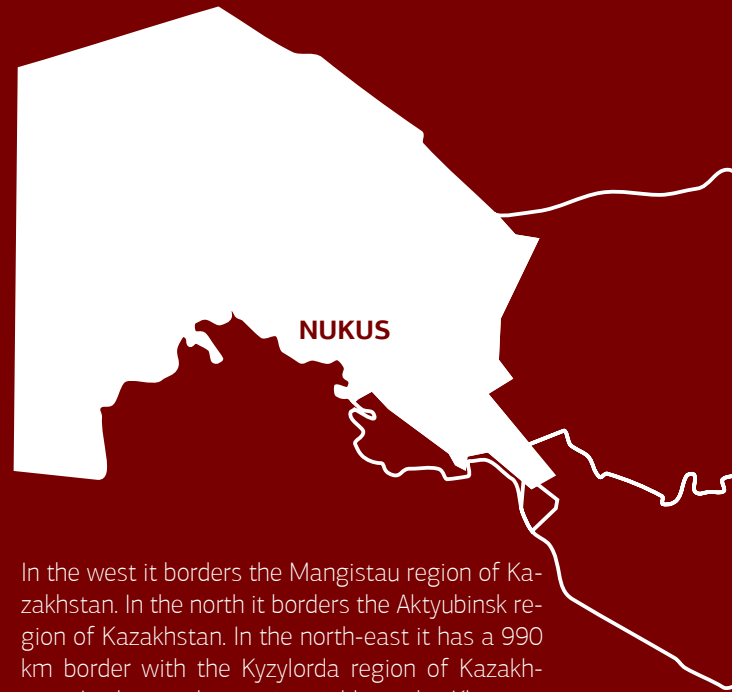
Location: Karakalpakstan is located in the north-western part of Uzbekistan. Surrounded on all sides by land. The total length of its borders is 2,403.3 km. In the south, it has a 784.1 km border with Turkmenistan.

1.1 BACKGROUND

Political and Administrative Structure. The Republic of Karakalpakstan is a sovereign democratic republic, being a structural part of the Republic of Uzbekistan. Karakalpakstan's administrative center is Nukus City, with the republic itself consisting of 15 districts.

The constitution and the laws of Karakalpakstan were drafted in line with the constitution and the laws of Uzbekistan. The republic has its own flag, emblem and anthem.

The Jokargy Kenes (Parliament) of Karakalpakstan, represented by the Chairman of Jokargy Kenes, offers overall guidance for the republic. The highest executive body of Karakalpakstan is the Council of Ministers approved by the Jokargy Kenes. The chairman of the Council of Ministers of Karakalpakstan is also a member of the Cabinet of Ministers of Uzbekistan.



In the west it borders the Mangistau region of Kazakhstan. In the north it borders the Aktyubinsk region of Kazakhstan. In the north-east it has a 990 km border with the Kyzylorda region of Kazakhstan. In the south-east it neighbors the Khorezm and Bukhara regions, with 263.2 km and 66 km borders respectively. In the east it neighbors the Navoi region, along a 300 km border.





Area: Karakalpakstan is the largest region of Uzbekistan, with its total area being

166,600 sq km.



Population: As of 2018, Karakalpakstan's population is

1,842,400.

The population density is 11.06 per sq km.



Nukus is the largest city

307,400 inhabitants.



Popular Languages: Karakalpak, Uzbek, Russian, Kazakh and English

1.2 NATURAL RESOURCES

Karakalpakstan has significant deposits of natural gas, gold, oil, metals, and other mineral resources. There are natural deposits of potassium, limestone and phosphorites, all required for facing and wall materials, which have been explored.

Notably Karakalpakstan is fifth in Uzbekistan, in regards to confirmed deposits of minerals per capita. The main mineral deposits are located in the Karauzyak, Amudarya, Kungrad, Beruniy and Nukus districts. Between one and three mineral deposits have been explored in each region.

TASHKENT



1.3 LABOR RESOURCES

As of January 1st, 2018, Karakalpakstan's permanent population amounted to a total of 1,842,400 persons, representing a 24,900 person or 1.4% increase from 2017.

In 2017 Karakalpakstan's labor resources reached 1,055,900 persons, representing a growth of 13,700 persons or 1.3%, from 2016.

The urban population –



905.6 thousand persons, representing 49.2% of the total population

The rural population –



936.8 thousand persons, representing 50.8% of the total.



The share of the economically-

active population totals 688.8 thousand persons, representing 65.2% of the total labor resources, while the economically-inactive population totals to 367.1 thousand persons.



Currently, the region's unemployment rate is relatively high, being 5.4%, compared to 4.9% nationwide. Additionally, unemployment among the youth in Karakalpakstan has reached 12.5%.

In Karakalpakstan, 21.3% of workers are employed in the public sector, while the remaining 78.7% are employed in the private sector.

In terms of the breakdown of economic activities



agriculture, forestry and fisheries account for **29.9%** of the economy



education accounts for **11.8%**



retail for **10.9%**



construction for **9.3%**



other services for **8.7%**



2 ECONOMIC AND INVESTMENT POTENTIAL

Karakalpakstan's Gross Regional Product (GRP) for 2017 was



8,285.2 billion soums

in current prices,
5.7% higher than
2016 indicators.



By the end of 2017, the GRP per capita was

4,527.7 thousand soums, representing a

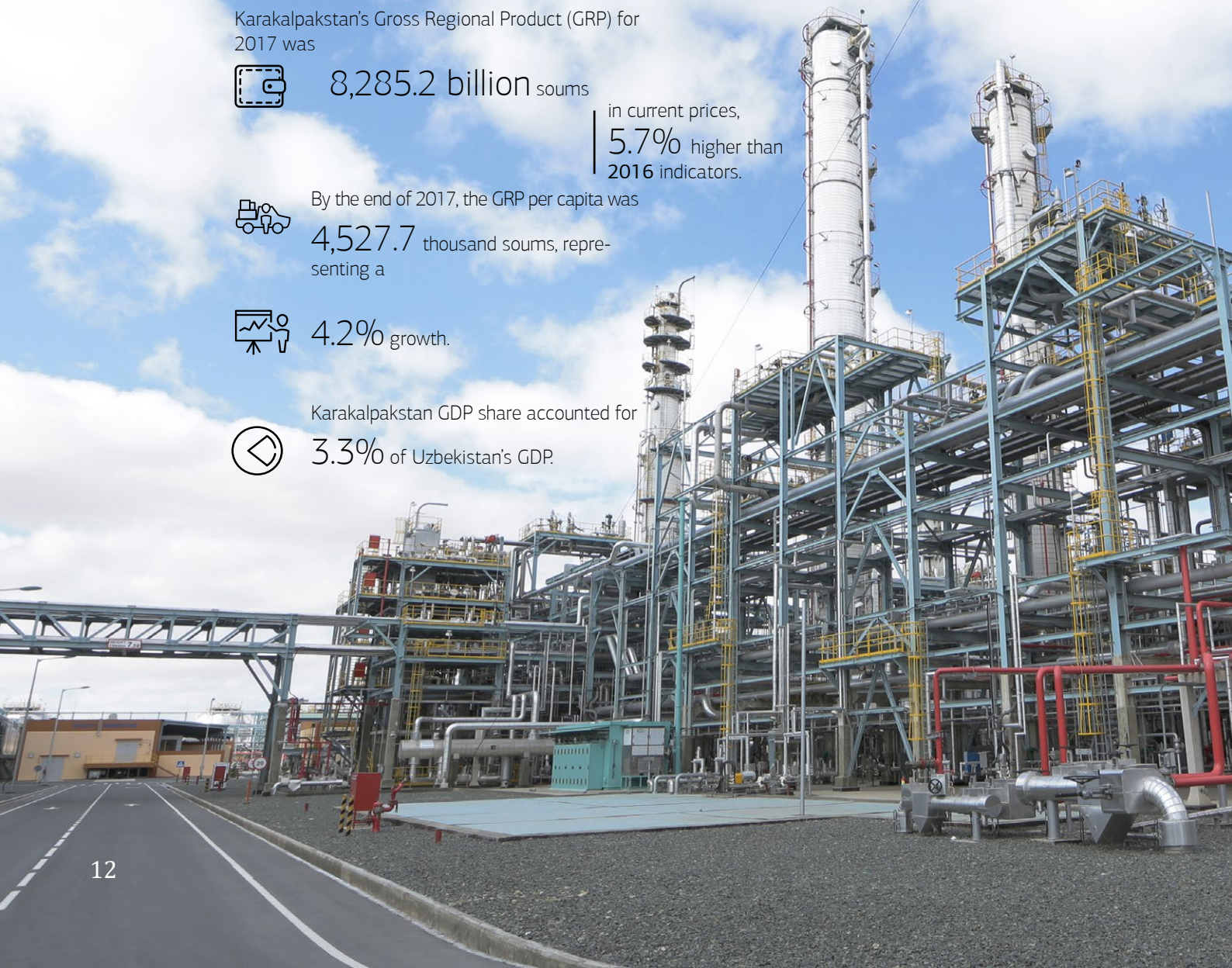


4.2% growth.



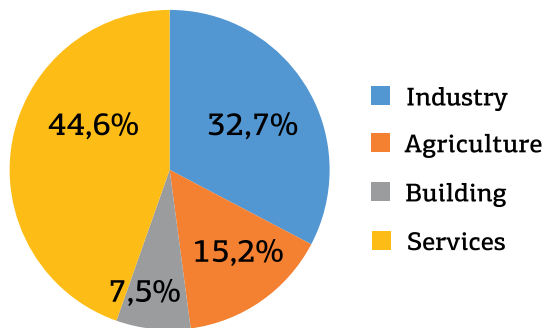
Karakalpakstan GDP share accounted for

3.3% of Uzbekistan's GDP.



The backbone sectors of Karakalpakstan's economy include agriculture, forestry, and fisheries and fish farming (at 15.2%), construction (at 7.5%), retail, hospitality and catering (at 8%), transportation and storage, IT and communications (at 7.6%), and other service sectors (at 29%). As such, the latter represents the greatest contributions to GRP growth.

GRP Structure in 2017



2.1 MANUFACTURING

In 2017, the output of Karakalpakstan's various industrial sectors contributed 32.7% of the Gross Regional Product. Electricity generation, chemicals and petrochemicals are Karakalpakstan's backbone industries. Furthermore the production of construction materials is growing, whereas the availability of raw materials has provided an impetus for creating new production capacity in the textile and food industry. The GRP growth of 10% and more, between 2010 and 2016, was primarily driven by industrial development. As a result, manufacturing's share in the Karakalpak economy grew from 14.6% in 2010 to 25.7% in 2016.

Most industrial output is generated in Nukus city, and also by the Khodjeyli, Amudarya, Kungrad, Beruniy and Turtkul districts.

Macroeconomic indicators of Karakalpakstan



The state provides preferences and guarantees for companies in the field of extraction



Newly discovered oil and gas fields in the Ustyurt region may be provided to foreign companies that have carried out geological exploration works at these fields to develop them on concession terms for a period of up to 25 years with the right to extend the development term.

Foreign companies that carry out research and exploration for oil and gas, as well as foreign contractors and subcontractors attracted by them are exempt from payment of:

- all types of taxes and mandatory contributions to state trust funds for the period of geological exploration;

- customs payments (except for customs clearance fees) for the import of equipment, material and technical resources and services required for conducting prospecting, exploration and other related works.

Enterprises and organizations that are residents of the Republic of Uzbekistan, supplying materials, performing works and providing services to foreign companies conducting prospecting and exploration for oil and gas, are exempted from the payment of value added tax.



Karakalpakstan's chemical industry is taps into rich oil, natural gas, potassium and magnesium deposits, and those of limestone and phosphorites.



Companies are processing the local raw materials, through establishments such as brick and marble factories, limestone and cement mills, calcinated soda producers, developers of technical and food salt, and reinforced concrete manufacturers.



The largest companies include the Kungrad soda plant, the Khodjeyli glass factory, dozens of large producers of construction materials, and the flagship of the natural gas processing industry, which is the Ustyurt Gas and Chemical Complex. This complex consists of five main production units and auxiliary infrastructure facilities for separating natural gas and producing ethylene, polyethylene, polypropylene and energy supplies.



According to engineer estimates, the Ustyurt Gas and Chemical Complex system employs nearly 1,500 units of various equipment, machines,



and installations, whereas the total project cost topped 3.9 billion USD. It is one of the most expensive industrial projects in world history, and is an example of successful cooperation with foreign investors, specifically a consortium of Korean companies including KOGAS (Korean Gas Corporation), the Lotte Chemical Corporation, and GSE&R.

Currently the Ustyurt Gas and Chemical Complex is capable of processing 4.5 billion cubic meters of natural gas and producing 3.7 billion cubic meters of commercial natural gas. It also produces 387,000 tons of polyethylene, 83,000 tons of polypropylene, 102,000 tons of pyrolysis distillate, and other valuable products.

High quality domestic polyethylene has a high demand both abroad and in Uzbekistan. Nukus Polymer LLC manufactures polymer products. For example, polyethylene pipes for water and gas supply as well as sewage systems were commissioned in Nukus on July 24th, 2017. All this factory's products have certificates of compliance issued by the State Standards Agency. The company's pro-

duction capacity enables the annual processing of 8,000 tons of polyethylene and polypropylene granules, producing 12 types of pipes with diameters ranging from 16mm to 630mm.

The metal processing industry primarily caters to the needs of agriculture, industry and transportation.

The construction materials industry produces bricks, limestone, dry construction mixes and boards. This sector's companies are mostly located in Khodjeyli, Nukus and Takhiatash. Projects for producing cement using the local raw materials from North Jamansay are being implemented.

According to experts, Karakalpakstan's industrial growth in upcoming years will be driven by the development of hydrocarbon deposits on the Ustyurt plateau in the Muynak and Kungrad districts. There are also prospects for metal mining and smelting projects at the Tebinbuloq and Zinelbuloq deposits, producing cement and vermiculite in the Karauzyak district, and construction materials in virtually all districts.

Karakalpakstan has unexploited potential in terms of the higher value-added processing of cotton and wool, including through the creation of special clusters and small industrial zones. There is potential for producing iodine-enriched salt, for the higher value-added processing of horticultural produce, for the production of dairy, meat and fish products, and for pharmaceutical projects tapping into solid stocks of licorice roots, capers, and cysts.

Equally promising are projects for mining iron ore deposits, for example the Tebinbulak deposit. Tebinbulak has tremendous deposits of iron ore. Its mining will start in two stages, and already in 2021 it has been planned that the site will produce one million tons of steel each year.

Five large-scale projects are to be implemented in upcoming years, with a total worth of over 3.4 billion USD, in Karakalpakstan's hydrocarbon, energy and mining sectors.

2.2 AGRICULTURE

As of the beginning of 2017, there was a total 509,600 hectares of irrigated farmland in Karakalpakstan, 3.1% of the total 16.7 million hectares.

Despite policies designed to change the economy's structure, agriculture remains a backbone sector for the local economy. For example, agricultural output grew 1.9-fold from 2010 to 2016. There is a trend of a decreasing share of livestock farming, from 53.2% to 51.7%, and a growing share of plant growing from 46.8% to 48.3%. Positive trends in producing main agricultural crops, including cereals, rice, vegetables, fruits, meat, milk, eggs and other products, are evident.

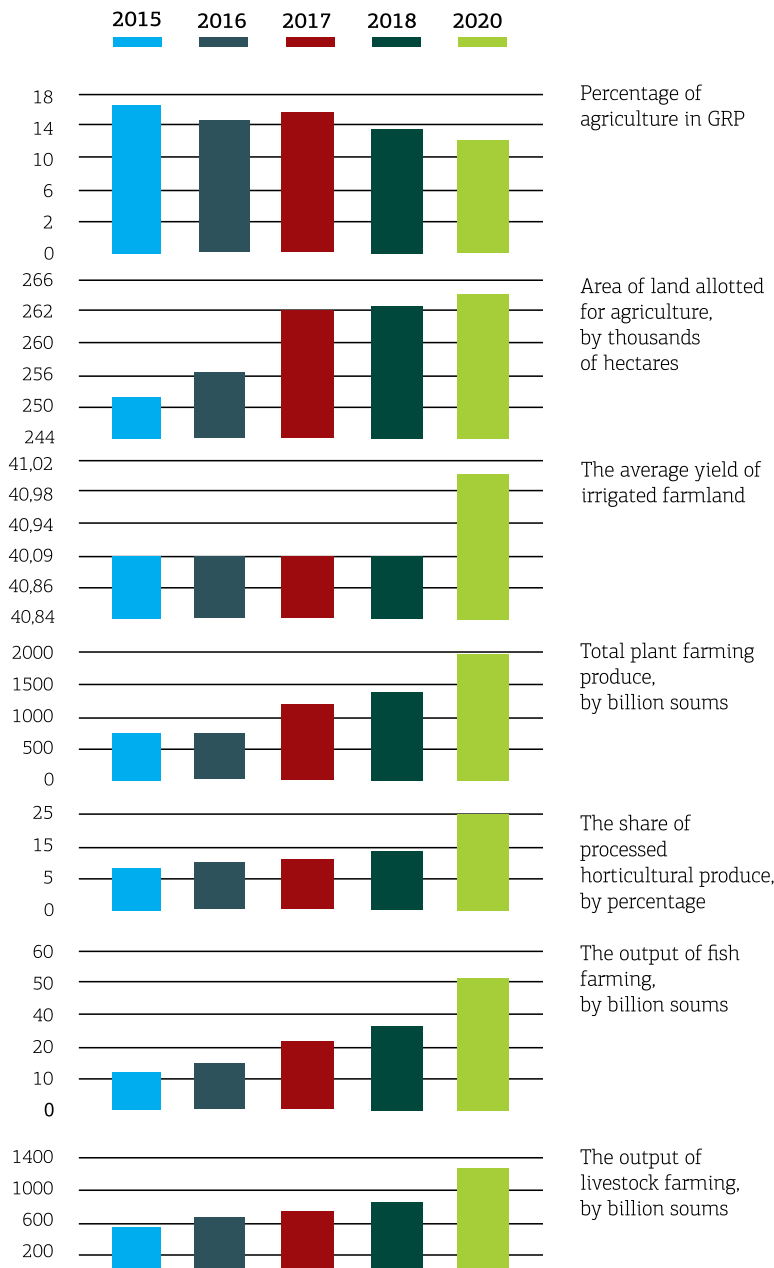
The primary use of Karakalpakstan's land is to grow wheat and cotton. Cotton is cultivated in all southern districts, except for Muynak. The conditions in the Amudarya estuary are favorable for cultivating lucerne. Local varieties of alfalfa seed are considered to be high quality. Sorghum, corn, and rice are the grain crops grown here. 33% of Uzbekistan's rice fields are in Karakalpakstan.

Along with alfalfa, corn and sorghum, waste from cotton ginneries, food oils and dairy companies are all used to feed livestock. Karakul sheep are grazed year-round in desert pastures. Camel farming has also been developed. Meat and dairy cattle are tended to on irrigated territories, and on the Amudarya estuary. Sericulture has been developed in the Turtkul and Amudarya districts, producing 80% of the republic's total silk cocoons.

Enabling food security in Karakalpakstan has its own particular features, given the republic's environmental situation, the low quality of its land and water resources, its access to transportation, and the capacity of its food market.

According to estimates, the degree of self-sufficiency of the locally-produced main

General Agricultural Indicators



food products are as follows. There is a 33.2% self-sufficiency for bread and bakery products, a 75% self-sufficiency for meat and processed meat products, an 81% self-sufficiency for milk and dairy products, and a 65% self-sufficiency for fruits and berries. Most imports are sugar, vegetable oil, flour and confectionary.

Rice cultivation is a promising area of farming for the Kanlykul, Nukus, Takhtakupyr and Ellikqala districts, while horticulture is predominant in the Amudarya, Beruniy, Nukus and Ellikqala districts. It is expedient to grow legumes and oil-bearing crops in the Kanlykul, Kungrad and Chimbay districts. Agricultural production based on drip irrigation, hydroponics and aquaponics appears to be the most effective.

There are ample opportunities for developing livestock farming in Karakalpakstan, particularly cattle farming in the Amudarya, Kanlykul, Nukus, Shumanay and Ellikqala districts. Additionally, there is significant potential for poultry farming, including that of waterbirds in the Kegeyli, Kungrad, Muynak, Takhtakupyr, Chimbay and Ellikqala districts. There are ample opportunities for fish farming in the Kegeyli, Kungrad, Muynak, Takhtakupyr and Chimbay districts. The implementation of advanced technologies and smart farm systems is a priority.

The production of brine shrimp (*Artemia*) cysts, which is a valuable biological product in the Aral Sea region, offers a viable commercial case. The cysts are used as feed for livestock and fish farming. Harvesting the brine shrimp cysts started in 2011. There are five companies in this business, with their annual harvest topping 50 tons. The Aral Sea cysts are sold to local fish farms and are exported to China and the United States.



Trends in Livestock Farming Development in Karakalpakstan

It is planned that 70 investment projects should be implemented for processing fruit, vegetables and meat products, and that cold stores should be constructed in Karakalpakstan from 2018 to 2019. 250 projects are planned to be implemented within the framework of the livestock and poultry farming development programs in 2018-2020. Six projects will be implemented under fish farming programs in 2018-2020. Fish farming in the rice fields will be started in the Nukus and Qonliko'l districts

Currently, the Council of Ministers of Karakalpakstan together with the Uzbekbaliqsanoat (Uzbek Fish Farming Committee) Association is implementing the Programme of Activities for the Integrated Development of Fishery Sector in 2018. It is planned that 15 modern artificial water bodies should be established, that 100 cage culture fisheries should be launched, and that one facility with a closed-loop water supply

should be established. Meanwhile, the Council of Ministers should allocate land plots upon which applications for project initiators can create artificial water bodies, construct facilities with closed cycle water supplies, and create capacities for fish processing. At the Nukus branch of the Tashkent State Agrarian University, preparations are underway to start offering fish farming degrees by correspondence, beginning with the 2018/2019 academic year.

Combined fish feeds (Commodity code 2309 90), being are exempted from all customs duties apart from customs clearance fees, upon their importing into Uzbekistan, until January 1st, 2020. The wheat made available from government reserves for feed is to be sold on the platform of the Uzbek Republican Commodities Exchange JSC.

In addition to fish farming, the development of livestock farming is a major priority. International finan-

cial institutions engaged for this purpose are actively involved in implementing special government programs. These are focused on actively implementing advanced technologies in the area of producing and processing livestock farming produce, the sustainable improvement of labor productivity, and the capacity building of Uzbekistan's farmers and agricultural organizations.

Among other initiatives, in 2017 the Board of Directors of the World Bank approved the 30 million USD loan by the International Bank for Reconstruction and Development (IBRD) to Uzbekistan. This was joined with a loan by the International Development Association (IDA) to the amount of 120 million USD for financing the *Development of the Livestock Farming Sector in Uzbekistan* project. This arrangement has a maturity period of 25 years, and a grace period of 5 years. Uzbekistan's contributions in implementing the project is an equivalent of 77.82 million USD,

including exemptions for taxes and customs duties. This amount covers financial costs in the investment period and the financing of other costs, to an equivalent of 39.74 million USD, as well as contributions by project participants and beneficiaries to an equivalent of 38.08 million USD. The project is being implemented in Karakalpakstan and in all regions of Uzbekistan for a duration of six years, from 2017 to 2022.

Goods including works and services, and vehicles procured within the framework of the project's implementation, as funded by the IBRD and IDA loans, are exempted from customs duties, with the exception of customs clearance fees. They are also exempt from value-added tax, mandatory contributions to the special state funds. Additionally, the incomes of individuals, non-residents of Uzbekistan involved in implementing the project are exempted from individual income tax.

Projections of Fish Seeding and Stocking in Water Bodies and Rice Fields as well as Fish Farming in Karakalpakstan in 2018

Activity	Total	Including:					
		Artificial Water Bodies	Natural Water Bodies and Reservoirs	Cage Culture Units	Artificial Facilities	Closed Cycle Water Supply Facilities	Rice Fields
Fish seeding and stocking in water bodies and rice fields, by millions	30.9	3.6	5.7	0.4	2.2	0.6	18.5
Fish production, by tons	20,000	2,600	7,500	300	1,000	600	8,000

2.3 TRANSPORTATION

There is an extensive network of railways and roads in Karakalpakstan, along with a developed aviation sector. As of 2018 there were 8,912.6 km of roads and 845.3 km of railways in the region, along with an international airport in Nukus city.

A high-speed Tashkent to Urgench railway will come into operation in September 2018, enabling passengers to travel from Tashkent to Urgench in 5 hours, to Nukus in 7 hours.

The Nukus International Airport is a structural unit of Uzbekistan Airways. There are regular domestic and international passenger flights from the airport, as well as chartered cargo flights.

The development of Karakalpakstan's economy depends to a significant extent depends on the improvement of transportation and logistics infrastructure. There exists an important objective to become a trade, transportation and economic hub which connects China and South-East Asian countries with Russia and the European Union.

Karakalpakstan has major transit potential. The M-37 international highway and railway line crosses the region northbound, connecting the southern regions of the country with the northern countries. Currently international carriers use over 16 transit routes. The transport corridor between Kungrad, Astrakhan and the Novorossiysk port is a promising transit for Karakalpakstan.

It has been planned that a modern logistical center should be commissioned in the Khodjeyli district this year. This logistical center being built by the Khodjeyli Agrosanoat Markazi LLC will be involved in storing, processing and exporting agricultural produce, allowing for an uninterrupted supply of foodstuffs for the domestic market and export shipments. At the facility which covers 15.3 hectares, it is planned that 5,000 tons of fruits and vegetables will be sorted, processed and packaged in 2018.

Furthermore, it is expedient to set up an extensive network of wholesale distribution centers for a wide range of goods and raw materials in the Beruniy, Karauzyak, Kungrad, Turtkul, Ellikqala and Chimbay districts.

DISTANCES BETWEEN UZBEKISTAN'S CITIES, BY KM

City	Nukus	Tashkent	Andijan	Bukhara	Gulistan	Jizzakh	Karshi	Navoi	Namangan	Samarkand	Termez	Ferghana	Urgench
Nukus	-	1,255	1,342	558	1,027	921	719	683	1,336	826	992	1,307	136
Tashkent	1,255	-	447	616	118	203	558	509	432	354	708	419	1,119
Andijan	1,342	447	-	784	375	421	668	669	67	516	892	73	1,566
Bukhara	558	616	784	-	485	363	161	125	778	268	434	749	503
Gulistan	1,027	118	375	465	-	106	353	354	369	201	557	340	1,001
Jizzakh	921	203	421	363	106	-	247	248	415	95	471	386	916
Karshi	719	558	668	161	353	247	-	241	662	152	273	663	664
Navoi	683	509	669	125	354	248	241	-	663	153	477	634	610
Namangan	1,336	432	67	778	369	415	662	663	-	510	886	85	1,552
Samarkand	826	354	516	268	201	95	152	153	510	-	376	481	765
Termez	992	708	892	434	577	471	273	477	886	376	-	857	937
Ferghana	1,307	419	73	749	340	386	633	634	85	481	857	-	1,538
Urgench	136	1,119	1,566	503	1,001	916	664	610	1,552	765	937	1,538	-

EXPORT-IMPORT CARGO TRANSPORTATION ROUTES USED BY UZBEKISTAN

Route	Distance
Corridor 1 Ports of the Baltic countries (transit via Kazakhstan and Russia) – Klaipeda (Lithuania), Riga	4,354 km
Corridor 2 Belarus and Ukraine (transit via Kazakhstan and Russia) – Chop (Ukraine) and Brest (Belarus) border crossing points, enroute to Europe	4,257 km
Corridor 3 Ukrainian port Ilichyovsk (transit via Kazakhstan and Russia), with access to the Black Sea	4,236 km
Corridor 4 Towards the Transcaucasian corridor (transit via Turkmenistan, Azerbaijan and Kazakhstan), with access to the Black Sea, known as the TRACECA corridor	2,050 km
Corridor 5 Eastbound across the Kazakh – Chinese border crossing point up to the oriental ports of China, as well as far eastern ports of Nakhodka and Vladivostok	8,730 km
Corridor 6 Towards Chinese ports (transit via Kyrgyzstan) with access to the Yellow Sea, the East China Sea and the South China Sea, with the corridor Tashkent – Andijan – Osh – Irkeshtam – Kashgar having been launched	920 km
Corridor 7 From China to Andijan, transiting via Afghanistan (Mazari Sharif and onwards) towards the Iranian and Pakistan ports of Bandar Abbas, Chahbahar (Iran), Gwadar and Karachi (Pakistan)	Planned
Corridor 8 Towards the Iranian port of Bandar Abbas (transit via Turkmenistan) with access to the Persian Gulf	2,909 km

2.4 IT AND TELECOMMUNICATIONS

In 2017 IT and communication services accounted for 8.3% of Karakalpakstan's total market services. Although they have demonstrated a 10% growth, when compared to the indicators of 2016, they are still behind the indicators of transportation (being 28.7% of all services), retail (being 25.6% of all services), and financial services (being 10.4% of all services).

The local branch of Uzbektelecom JSC offers local, long distance, and international telephone calls, as well as data transfer and internet access services on Karakalpakstan's territory. 17 telecommunications hubs operating under the branch.

There are 199 automated telephone stations with a capacity of over 113,000 numbers, of which 79% are digital. The length of the telecommunications network is 2,300 channel-kilometers, while the intrazonal networks exceed 2,200 channel-kilometers.

In Uzbekistan, six mobile operators have offered cellular communication services. In 2017 they started an en-mass roll-out of LTE networks in the country's regions. In Karakalpakstan, LTE networks are available in Nukus city with Uzmobile GSM and Beeline offering services on the LTE 850 spectrum.



2.5 CONSTRUCTION

The volume of contracted construction works totaled to 1,289.9 billion soums in 2017. The percentage of works by private construction companies grew by 2.4% when compared to 2016, reaching 1,216 billion soums, representing 94.3% of total construction works.

The volume of contracted works by major construction companies has totaled to 268.4 billion soums, or 20.8%. Small businesses and microfirms have accounted for 631.8 billion soums, or 49% of the contracted works, while the informal sector has claimed 389.7 billion soums or 30.2% of the contracted works.

The share of Karakalpakstan constituted 3.8% to the total volume of construction works in Uzbekistan. According to the State Programme for the Development of the Aral Sea region in 2017-2021, in recent years it is planned that the volume of construction will increase, through the building of new social sector facilities including schools, preschool institutions and others, along with apartment blocks, industrial buildings, the rehabilitation and maintenance of roads, the beautification of settlements, and the commissioning of rehabilitated or newly-built water supply, treatment and sanitation systems.

2.6 TOURISM

Modern Karakalpakstan is rich with natural, historical, architectural and archaeological sites. It has 48 architectural monuments, 42 art monuments, two places of pilgrimage, and over 250 archaeological sites. The Ustyurt Plateau is home to the ruins of the ancient Vazir city, the caravanserai Beleuli, Fort Allan, and many other pieces of the past. Much renowned are the so-called arrowhead buildings, which were used by ancient hunters to

hunt goitered gazelles. Today the list of potential tourist destinations includes the Amudarya, Muynak, Turtkul, Khodjeyli and Ellikqala districts, as well as Nukus City.

The Koy-Kyrilgankala excavations have revealed ancient written artefacts, dating from the 4th century BC. The prominent monuments of late antiquity include Gyaurkala, founded in the 4th century BC and destroyed in the 13th century AD, and the Topraqqala Palace, from the 3rd and 4th centuries AD, which has been placed on UNESCO's World Heritage Site list. Tourists marvel not only at the size of the fortress lost in the desert, but also the level of development of the civilization that built such awe-inspiring buildings, including palaces and halls with murals and clay sculptures.

Also important are Ayoqzala (of the 3rd-4th centuries BC), Qirqizqala (of the 3rd-4th centuries BC) and Burgutkal'a (of the 5th-8th centuries AD) within the Ellikqala district, the Chilpik temple (of the 1st-4th centuries AD) in the Amudarya district, and the Mizdahkon complex (of the 3rd-4th centuries AD) in the Khodjelij district.

Karakalpaks used to live in auls, whose members belonged to one clan or blood line. As a testament to Karakalpaki's settlement there, the basin of the Janadarya Lake holds the remnants of many irrigational buildings, houses and estates.

The I.V. Savitski Karakalpak State Art Museum in Nukus has helped build the region's popularity. With over 90 thousand expositions dating back to as far as four millennia, the museum stands out with its collection of works by world-renowned artists, as well as with its Soviet avant-garde paintings. The museum's exhibits have been showcased in Germany, France, Italy and the US.

Ecological tourism is just promising. The Ustyurt Plateau holds many natural sites created by the wind, the sun and the water, including ancient barrows and mysterious caves. Travelers will get to know the saksaul plantations on the bottom of the



Under the laws of the Republic of Uzbekistan, entrance into and transit through Uzbekistan's territory is only allowed for foreign citizens and stateless persons who hold entry visas.

Visas are issued to foreign citizens and to stateless persons at Uzbekistan's diplomatic missions and consulates stationed abroad, based on the visa support, with approval by the Ministry of Foreign Affairs (MFA) of Uzbekistan.

Visa support is granted based on applications by the inviting legal entities, and by individuals who are permanent or temporary residents in Uzbekistan, submitted to the MFA.

All applications by foreign citizens for Uzbek entry visa are accepted only in electronic form, submitted online at the website www.evisa.mfa.uz.

A bilateral visa-free regime is active in the CIS region. Since February 10th, 2018, a visa-free regime for

up to 30 days was introduced for the citizens of seven countries, including Israel, Indonesia, the Republic of Korea, Malaysia, Singapore, Turkey, and Japan.

The visa regimes for the holders of diplomatic passports are up to 30 days for Hungary and China, up to 60 days for Vietnam and the Republic of Korea, and up to 90 days for Brazil, Latvia, Poland, Romania, Singapore, Slovakia, Estonia, Kuwait and Turkey. Citizens from these countries, holding diplomatic passports and accredited as officers of diplomatic missions and consulates of their countries in Uzbekistan, as well as their families, have a right to enter and stay in the country without visas throughout their service.

Uzbekistan and Japan mutually grant visas without charging any consular fees.

Citizens of 51 countries can now avail themselves to a simplified procedure for processing and issuing of tourist visas at www.evisa.mfa.uz.

The Categories of Consular Fees for Processing and Issuing Uzbekistan Visas

a) For Single-entry Visas

- Up to 30 days — 60 USD
- Up to 6 months — 120 USD
- Up to 1 year — 160 USD

c) For Transit Visas

- Up to 72 hours — 40 USD
- For a double transit visa — 50 USD

b) For Multiple-entry Visas

- Up to 6 months — 150 USD
- Up to 1 year — 250 USD

d) For Group Visas *

- Up to 15 days — 15 USD per person
- Up to 30 days — 25 USD per person

Примечание: за каждую дополнительную кратность визы ставка тарифа увеличивается на 10 долларов США.

** в группе должно быть не менее 5 человек, исключая детей до 16 лет.*

Aral Sea, and will meet swans, pink flamingos, pelicans and other rare birds on the Sudochoye Lake. One ecotourism magnet is the Lower-Amudarya biosphere reserve, a natural home to endangered species including the world-renowned Bactrian deer.

Travel companies can choose between several new tour itineraries, including the 'ecological' Nukus – Muynak – Baday – Tugay – Buston–Ayazqa-

la – Khiva itinerary, the 'historical' Nukus – Khodjeyli– Shilpik – Ayazqala – Buston – Khiva itinerary, and many others.

There is also an opportunity to attraction a new tourist route, tapping into the recreational resources of the Akchakul Lake, and other natural reservoirs, as well as water reservoirs with high concentrations of minerals, of which Karakalpakstan has no shortage.



Potential of Karakalpakstan on the map:



Tourism



Tourist clusters

Akchakul village, located at the coast of Amudarya river located in Ellikqala region

Oltinsay village in Beruniy region

In Muynak city

In Nukus city, near "Nukus" International airport

New tourist routes

historical and ecological

Beyneu-Muynak-Nukus-Baday-Tugay-Buston-Ayazkala-Khiva

Pilgrimage

Dashoguz-Kunyaargench-Nukus-Khodjeyli-Shilpik-Ayazkala-Buston-Khiva and others



Deposit of fossils



- ore mining
- ▲ oil and gas, and condensate deposits
- ▲ gas and condensate deposits

Industry



Free economic zone

"Nukus farm"



Small industrial zones

Amudarya SIZ
Khodjeyli SIZ
Chimbay SIZ
Kungrad SIZ
Beruniy SIZ
Takhiatash SIZ
Muynak SIZ

Logistics



Nukus city airport



Khodjeyli region is a large transport hub on the left bank of the Amudarya River, a center for light and food industries.



In Beruni, Karauzyak, Kungrad, Turtkul, Ellikqala and Chimbay districts it is expedient to create a branched network of wholesale distribution centers for a wide range of goods and raw materials

3 INVESTMENT CLIMATE IN KARAKALPAKSTAN



3.1 GOVERNMENT GUARANTEES FOR FOREIGN INVESTORS

In accordance with the Law of the Republic of Uzbekistan 'On the guarantees and measures of protection of the rights of foreign investors,' the state shall guarantee and protect the rights of foreign investors carrying out investment activities on the territory of the Republic of Uzbekistan.

Discrimination against foreign investors on the basis of their citizenship, place of residence, religion, place of economic activity and investments' country of origin is prohibited. This takes into account the implementation of international treaties of the Republic of Uzbekistan.

Legislative instruments, including departmental regulations, shall have no retroactive effect, should their implementation cause damage to a foreign investor or to foreign investments.

In case that the subsequent legislation of the Republic of Uzbekistan deteriorates investing conditions, then for ten years from the moment of investment, the investors shall be subject to legislation which was applicable to the date of making the investment. A foreign investor shall have the right to apply at one's own discretion those provisions of a new legislation, improving the conditions for one's investment.

Public authorities and local authorities have no right to interfere in the economic activities of for-

ign investors, carried out in accordance with the legislation of the Republic of Uzbekistan.

Along with general guarantees and measures of protecting foreign investors, legislation may provide additional guarantees and protection measures, including those that ensure partners' unconditional compliance with their commitments to foreign investors.

Additional guarantees and protection measures may be provided to foreign investors subject to the following:

- Investing in priority sectors that ensure sustainable economic growth, and progressive structural changes in the country's economy;
- Investing in the introduction of high advanced technologies and the development of high-technology production;
- Investing in priority projects that ensure the strengthening and enhancement of the country's export potential, and its integration into global economic relations;
- Investing in projects in the small business field, focusing on processing raw materials and producing consumer goods and services, while also creating new jobs for the population.

Additional guarantees and measures of protection for foreign investors may include the provision of a guarantee by the Government of the Republic of Uzbekistan, extending assistance in financing investment projects, the establishing of special tax and payment regime, the state monitoring of project implementation, the provision of external utilities and communication networks, and other measures in accordance with the law.

Foreign investments and other assets of foreign investors in the Republic of Uzbekistan are not subject to nationalization.

Foreign investors are guaranteed unhindered repatriation of funds in foreign currencies to and from the Republic of Uzbekistan, without any restrictions, and are subject to the payment of taxes and other mandatory payments in procedures established by legislation of the Republic of Uzbekistan.

After the cessation of one's investment activity, the foreign investor has the right to freely repatriate one's assets, either in cash or in kind, received as the result of one's investment activity.

THE PRIVATISATION AND LEASE OF STATE PROPERTY



<http://privatization.gkk.uz/>

Privatization is a fundamental element of a country's economic policy, carried out with a view of increasing the share and strengthening the role of the private sector. At present the country has been implementing a privatization program aimed at ensuring the effective use of production areas, state-owned enterprises and business entities with a state share, creating favorable conditions for actively attracting investments, extending further support to the development of new competitive industries, creating jobs in the production sphere, and increasing the population's employment and well-being. The applied methods of privatization are flexible, with entrepreneurs being able to acquire facilities both in whole and in part, and leaseholders having the pre-emptive right to acquire state assets.

In case state assets are not sold at public tenders within two months, a gradual reduction of price of up to 50% (10% every 15 days) is applied. If the assets are not sold within one month after a 50% price reduction, such assets shall be sold at a 'zero cost' under specific investment obligations.

The investor may pay the cost of the acquired state asset in installments within 36 months. Provided that the investor pays the cost of the ac-



Long-Term Lease of State Property

The minimal lease rates for the use of immovable state property are approved by the Council of Ministers of Karakalpakstan on an annual basis until December 31st, with determination of a corresponding ratio based on the calculation of the minimal lease rates.

Paragraph 9 of the Regulation 'On State Property Lease Procedure', as approved by the Resolution of the Cabinet of Ministers of the Republic of Uzbekistan No. 102 dated April 8th, 2009, provides for the following procedure of calculating rent for buildings and structures:

$$O_c = M_c * K_3 * (K_c + K_r + K_y).$$

In the meantime, the ratio of territorial zones (K_3), the ratio by construction type (K_c), the adjacent territory utilisation ratio (K_r), and the commercial use convenience ratio (K_y), shall all be determined by the Council of Ministers of Karakalpakstan.

quired state assets within one month, the investor shall be granted a discount for the amount of the refinancing rate of the Central Bank of the Republic of Uzbekistan, as of the date of the contract's signing.

The construction of external utilities and communication networks under investment projects with a value of over 50 million US dollars and at least 50% foreign investor's share, shall be carried out at the expense of budgetary funds.

In addition, the registration costs of the cadastral documents for the objects of state property of budgetary organizations sold to small businesses and private entrepreneurs, under decisions of the President of the Republic of Uzbekistan and the Cabinet of Ministers of the Republic of Uzbekistan, shall be covered at the expense of the budget of the Republic of Karakalpakstan, and relevant local budgets.

Investors subject to the payment of a single tax payment shall be exempted from paying property

tax and land tax for 12 months, from the date of signing the purchase and sale contract.

3.2 PROMISING AREAS AND PROJECTS FOR INVESTMENTS

In 2017, the total amount of investments in the Republic of Karakalpakstan came to 2,235 billion Uzbek soums.

The main part of the absorbed investments within the fixed capital of the Republic of Karakalpakstan (66.1%) was made for the establishment of new production facilities and the construction of social facilities; 14.3% went to the expansion, reconstruction, modernization and retooling of enterprises and organizations; and 19.6% went to other spheres.

The largest share of investments (56.6%) comes from the own funds of the enterprises and

the population's funds, while 43.4% are investments from other sources.

The most favorable conditions for investors are taking shape in the territory of free economic (FEZ) and small industrial zones (SIZ). The zones operate on the basis of applying a broad system of tax exemptions and customs privileges and preferences, which facilitate the attraction of foreign and domestic investments. Production facilities situated in FEZ and SIZ are based primarily in vacant buildings, structures, incomplete facilities and territories which have a connectable utilities infrastructure.

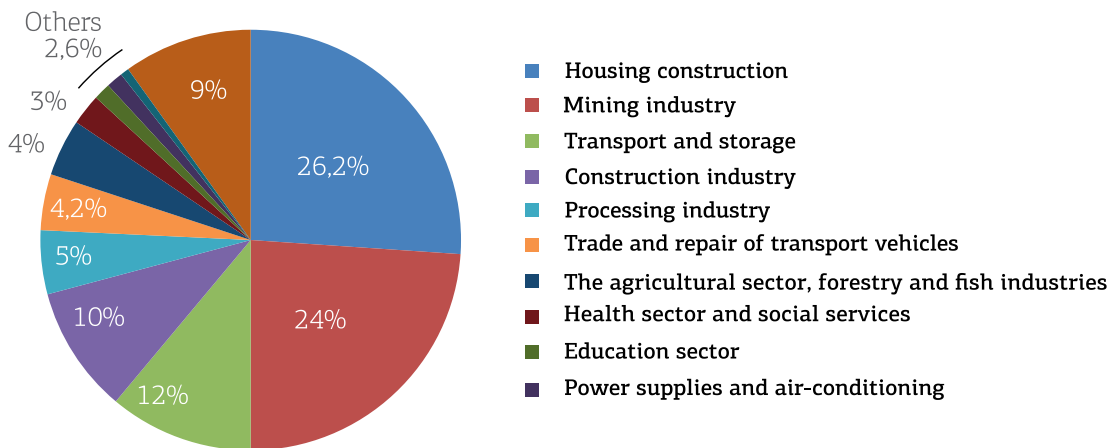
FEZ. Free economic zones primarily accommodate projects on the establishment of import-substituting, export-oriented, high-technology and innovative productions, meeting the requirements and criteria established by legislation in terms of

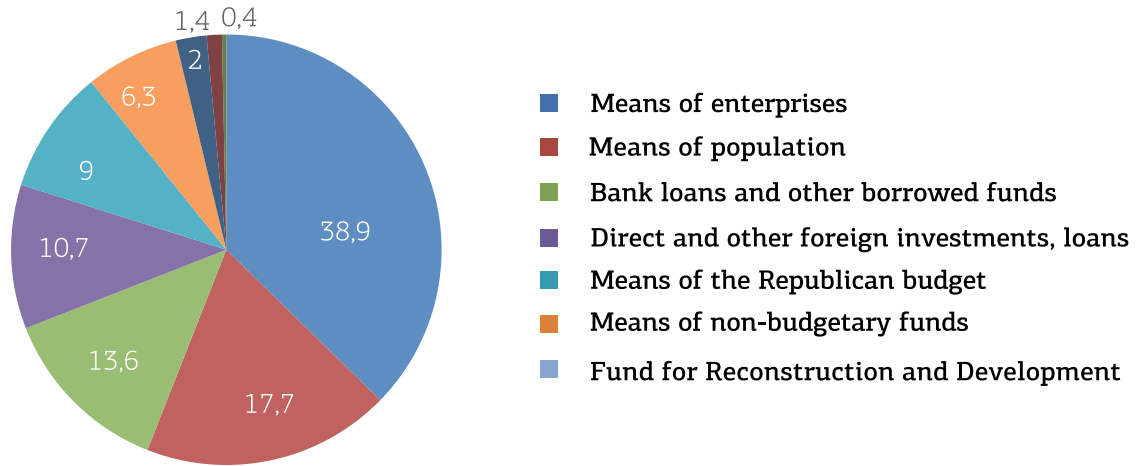
localization projects focused on creating new jobs.

Currently, in accordance with the Decree of the President of the Republic of Uzbekistan No. 5032 dated May 3rd, 2017, the 'Nukus-Pharm' Free Economic Zone has been established. Its main tasks and areas of activity are as follows:

- Ensuring an integrated and effective use of production and resource potential of the Republic of Karakalpakstan, in terms of growing medicinal plant raw materials in special natural conditions, with the intention of further processing;
- Attracting foreign direct investments and domestic investors to the establishment of modern production facilities, for the production of pharmaceutical products and medicines with high added value, primarily on the basis of medicinal substances and medicinal plant raw materials produced by plantations established in the prescribed order;
- Establishing new modern production facilities

Distribution of Investment in Fixed Capital as per Types of Economic Activity (By Percentage)





Distribution of Investments as per Sources of Financing (By Percentage)

for processing medicinal plant raw materials and producing medicines, medical products, auxiliary and packaging materials;

- Deepening the processes of localizing the production of pharmaceutical products, based on local medicinal plant raw materials and materials, by establishing close cooperation ties and developing industrial cooperation between businesses operating in free economic zones and within the country as a whole;

- Launching research centers designed to introduce and cultivate medicinal plant raw materials through experimental laboratories.

The duration of the 'Nukus-Farm' FEZ has been set to 30 years, with the possibility of subsequent extension, during which special taxes, customs and currency regimes shall apply. The participants of the 'Nukus-Farm' FEZ are exempt from paying:

- The land tax, the profit tax, the property tax of legal entities, the tax on the improvement and

development of social infrastructure, the single tax payment for micro and small enterprises, compulsory contributions to the Republican Road Fund, and also contributions to the extra-budgetary Fund for the Development of the Material and Technical Base of Educational and Medical Institutions under the Ministry of Finance of the Republic of Uzbekistan;

- Customs payments (except for customs clearance fees) for equipment, raw materials, materials and components imported to serve their own production needs;

- Customs payments (except for customs clearance fees) for construction materials not produced locally and imported under the projects that are included in the lists to be approved by the Cabinet of Ministers of the Republic of Uzbekistan.

The participants of the 'Nukus-Farm' FEZ shall have the right to make settlements and payments in foreign currency within free economic zones, in

Medicinal plants of Karakalpakstan



Licorice. Licorice or Spanish licorice, or licorice smooth, or licorice (Latin *Glycyrrhiza glabra*). This is a perennial herbaceous plant, a species of the genus Licorice (*Glycyrrhiza*), in the family of legumes (*Fabaceae*). Licorice root is widely used as a medicinal, food and technical plant, and as a foaming agent.



In the Republic of Kazakhstan it grows in the wild, with its cultivation having begun in some areas. Licorice grows in the valleys and floodplains of steppe and semidesertic rivers, on sand-shell rocks in coastal zone, on steppes and semi-deserts, on meadows, in bushes, and along roads and irrigation canals, in these cases forming dense heavy beds. Licorice prefers sandy and alkaline soils, while it can also be found on hard black earth clay soils.

Cistanche deserticola. *Cistanche deserticola* (Latin *Cistanche deserticola*) is a kind of dicotyledonous plants of the genus *Cistanche* of the broomrape family (*Orobanchaceae*). It is an herbaceous plant with a height of 0.4-1.6 m. The stem is 2-10 cm in diameter and is either unbranched or with two to four branches. The leaves on the lower part of the stem are ovate or triangular-ovate, while on the upper part they are



lanceolate or linear-lanceolate.

The fruit is an ovoid-spherical capsule, carrying seeds of ellipsoidal or ovate form. The inflorescence is spicate. The corolla of the flower is tubular, pale yellowish-white or pale violet (fading flower—brown). It blossoms in May and June, bearing fruit from June to August.

Syrian rue. The garmala common, or common burial ground, or adrazpan (Latin *Péganum hármala*) is a perennial herbaceous plant of about 50 cm high, with a powerful hydra-headed root up to 2-3 m in length, extending vertically into the soil to the water bearing layers. Its stems are 30-80 cm high, branched, glabrous and green. It grows extensively in the semi-arid steppes of Central Asia. It is a poisonous plant.



accordance with agreements and contracts concluded between the participants. They shall also have the right to pay in foreign currency for the delivery of goods, works and services by other economic entities-residents of the Republic of Uzbekistan, as well as to avail the convenient terms and forms of payment for exported and imported goods.

SIZ are Small Industrial Zones, which are established in vacant areas and non-operating production areas. They are items of state property, transferred to local authorities. Currently the administrative council is developing 'road maps' used for setting up production facilities for producing import-substituting and export-oriented types of finished products, materials and components, within the territory of six SIZs of the Republic of Karakalpakstan. This takes into account the needs of the Republic of Uzbekistan's economy, as well as available mineral and agricultural resources and infrastructure.

Starting from March 1st 2018, investors may submit interactive investment applications to the Directorates of Free Economic and Small Industrial Zones, through the Single Portal of the Free Economic Zones and Small Industrial Zones of the Republic of Uzbekistan.

3.3 FINANCIAL INFRASTRUCTURE

Karakalpakstan's financial system is fully integrated into Uzbekistan's financial system, including commercial banks, insurance companies, commodity exchanges and various non-bank microfinance institutions.

As of April 1st, 2018, the number of commercial banks in Uzbekistan reached 28, including the joint-stock commercial bank Uzagroexportbank

which started its operations in 2017. Eleven of these are banks with government shares, and 17 are commercial banks with foreign and private capital. At the same time, six offices of major foreign banks are operating in the country.

The number of branches of commercial banks in Uzbekistan has totaled 864; while the number of mini-banks has reached 1,069; the number of cash-handling offices outside banks has reached 2,501; the number of currency exchange offices has reached 933; the number of international money transfer offices has reached 1,079; and the number of mobile cash offices has reached 2,143.

Currently, there are 76 non-bank credit organizations, including 30 microcredit organizations and 46 pawn shops operating in the country.

In general, as of April 1st, 2018, the number of the branches of credit organizations totaled to 8,693. This is 2,300 more, when compared to the same period for 2017.

The largest banks are the National Bank for Foreign Economic Activity, Asaka Bank, Uzpromstroybank, Ipoteka Bank, and among banks with foreign capital – Uzbek Korean Development Bank.

The payment systems for all commercial banks have been connected to the interbank payment systems UzCard and GlobUz, which support over 19.5 million debit cards. Additionally, co-badged cards have been introduced; they combine two payment systems, one being the national UzCard system and the second being a choice among four options – China UnionPay, MIR ('МИР'), Visa or Master Card.

There are 17 Uzbek commercial banks operating in Karakalpakstan. The banks have an extensive network of branches in the republic's districts, consisting of 57 branches, as well as a network of mini-banks and specialized cash offices. 1.04 million ATM debit cards have been issued in Karakalpakstan, served by 13,400 POS terminals, 149 ATM machines and infokiosks.

Government-Granted Preferences and Guarantees for the SIZ Entities



In case of changes to tax legislation, the entities in the free economic zone shall be entitled to apply those norms and provisions for the payment of taxes and dues, effective as of the date of their registration, excluding the provisions of legislative acts which regulate the taxation of excisable goods.

Immovable state-owned property within the territory of SIZ is made available to business entities for the long-term lease of five years, with subsequent granting of the ownership right on the condition of the fulfilment of business plans, creating and retaining jobs, and the timely payment of all taxes and dues.

For using the state-owned property on the territory of SIZ, a zero rate shall be set for its rental period.

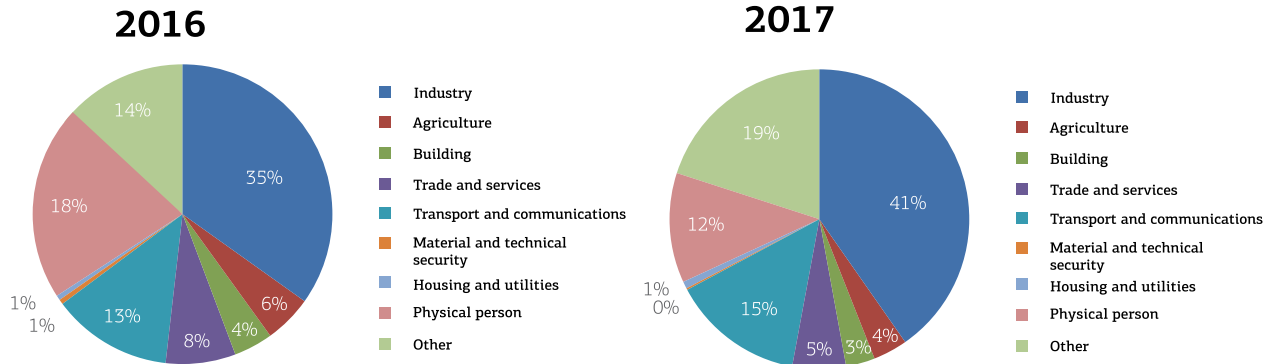
The decisions regarding allocating land plots to SIZ entities for implementing investment projects shall be made by the administrative council of the free economic zones and small industrial zones of Karakalpakstan, established in accordance to Resolution No. 3356 of the President of Uzbekistan On Additional Measures for Enhancement of the Effectiveness of the Operations of Free Economic Zones and Small Industrial Zones, issued on October 25th, 2017.

LENDING AND LEASING. In Karakalpakstan, commercial banks offer clients a whole range of banking services, including loans for various purposes. These purposes include generating start-up capital, replenishing working capital, procuring equipment and accessories, and financing both export-import operations and investment projects.

According to the Civil Code of Uzbekistan and the Law on Collateral, security is usually required for a bank loan. In practice, banks require clients to provide collateral with a value of at least 125% of the loan amount, as well as an insurance policy. Another important loan condition is the involvement of the client in the project, with its own equity of at least 25% of the project value. Upon procuring imported equipment, tools and accessories, businesses can utilize certain preferential terms of lending, including those related to collateral and insurance, loans at lower interest rates, exemptions in customs clearance, and others.

The refinancing rate of the Central Bank of Uzbekistan has been set at 14%. The average weighted interest rates on loans for legal entities stands at 10.2% for soft loans, and 18.7% for commercial loans, in annual terms. Loans for foreign currency are made at 9% APR on average. For individuals, the average weighted interest rates on soft loans constitute 8.7% and 20.9% of commercial loans.

The market of leasing services is being actively developed in the country, covering over 126 financial institutions involved in leasing. The main leasers are 24 commercial banks and 79 companies involved in importing machinery and equipment. The main players in the leasing market include 'O'zagrolizing', the Uzbek Leasing International JSC, and the Leasing LLC O'zavtosanoat. Equipment in high demand on the market include construction machinery and equipment for manufacturing construction materials, equipment for textile companies, and equipment for producing



The Breakdown of Commercial Loans in 2016-2017

various foodstuffs. Karakalpakstan accounts for 2.7% of all of Uzbekistan's leasing transaction.

Entrepreneurs-lessees have the opportunity to utilize a number of benefits and preferences. For example, the lessee is exempted from VAT on leasing payments and property tax, while the equipment imported under a lease agreement is exempted from customs duties and VAT.

INSURANCE. There are systems of mandatory and voluntary insurance in Uzbekistan. Mandatory forms of insurance are introduced by respective laws, with the purpose of distributing liability between the insurer and company in cases to be covered.

There are 27 insurance companies registered in Uzbekistan, 24 of them being in general insurance and three being in life insurance. There are also four actuaries, 18 assistance, adjusters, and surveyors, and three insurance brokers offering their services. Insurance companies employ 4,900 staff members.

The total capital of insurance companies has topped 321.6 billion soums, and the amount of in-

vestments has topped 1,482.6 billion soums. The biggest players in the national market of insurance services include Uzagrosugurta, Uzbekinvest, Kafolat, Kapital Sug'urta JSC, Alfa Invest LLC, and Alskom JSC.

Karakalpakstan residents have access to the services of insurance organizations across the country. There are four companies in Karakalpakstan's insurance market, including Uzagrosugurta (with 14 branches in all districts of the republic), Kafolat (with 11 branches), Uzbekinvest (with eight branches) and Madad (with one branch). The amount of the insurance premium in Karakalpakstan, as of the end of 2017, grew by 20.7%, totaling 20.52 billion soums.

FUNDS MARKET AND SECURITIES. The Tashkent Republican Security Exchange is the base trading platform in Uzbekistan's securities market of Uzbekistan. It has over 100 brokerages and branches in all of the country's regions, including Karakalpakstan. It also has essential equipment, infrastructure, and integrated hardware and software for trading at any branch in the country. The

reports of the listed companies are accessible on the official website of the borse.

THE UZBEK REPUBLICAN COMMODITIES EXCHANGE (UZRCE). Goods and raw material are high in demand and sold at the UzRCE (www.uzex.com). UzRCE has a significant role in enabling equal access by domestic and international companies to 27 domestic and imported goods and commodities that are in high demand. These include ferrous and non-ferrous metals, petroleum products, cotton fiber and its byproducts, mineral fertilizers, sugar, wheat flour, grain and others.

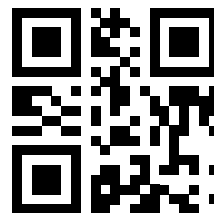
There are three trading platforms at the UzRCE, including an electronic trading system, an exhibition and fair trading electronic system, and a license plate auctioning system.

The stock exchange has an extensive trading infrastructure. Its structure includes 13 branches in all region, including Karakalpakstan. The right to trade in the stock exchange is granted to the members, who have obtained their broker's license according to established procedures. There are 54 brokerages which offer services to their clients in the country.

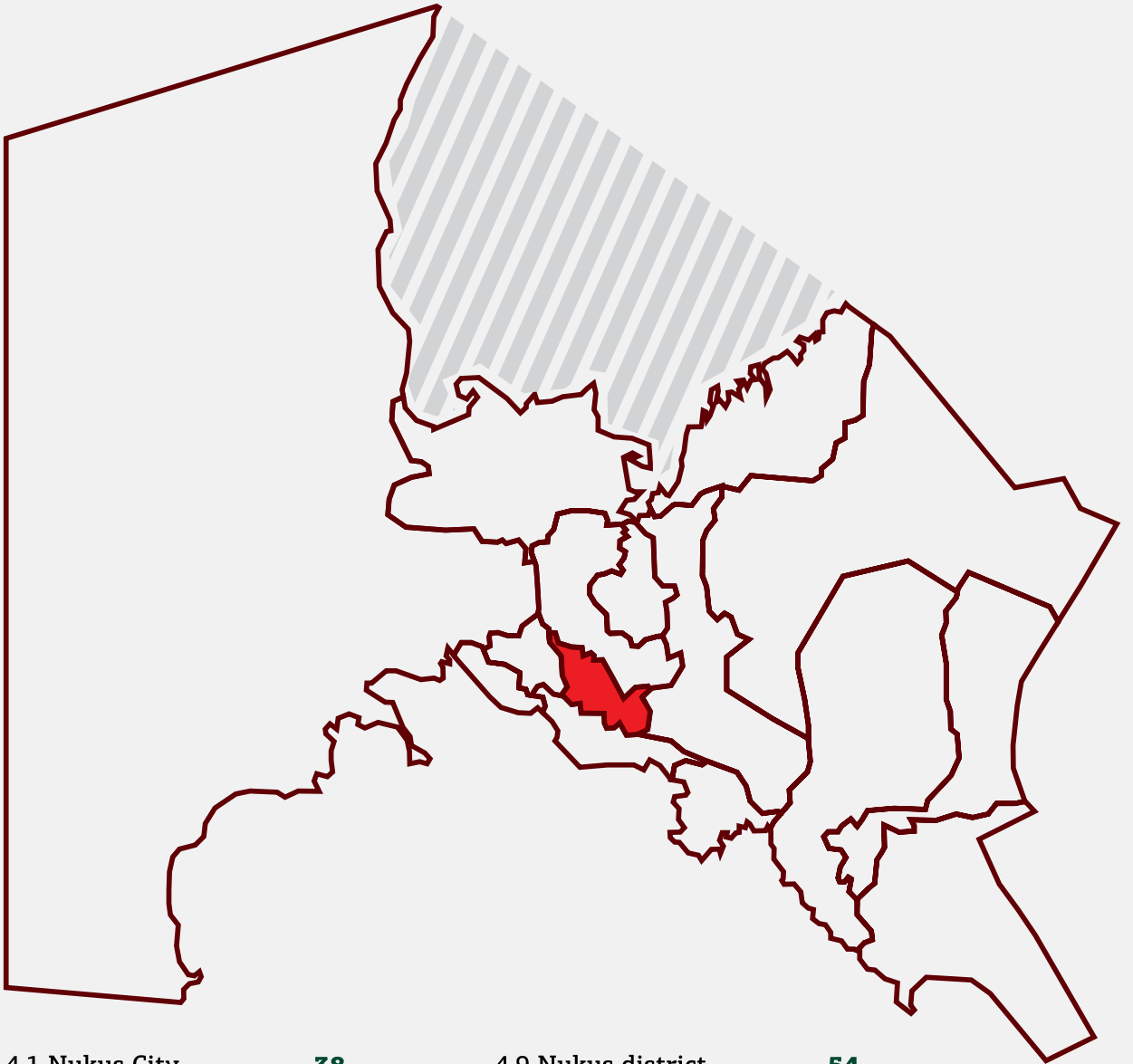
The exchange is an operator of the Special information portal for state procurement which carries out budgetary and corporate purchases. Clients of UzRCE can exhibit their products in Electronic shops of budgetary and corporate customers and participate in auctions.



* web-based e-procurement system



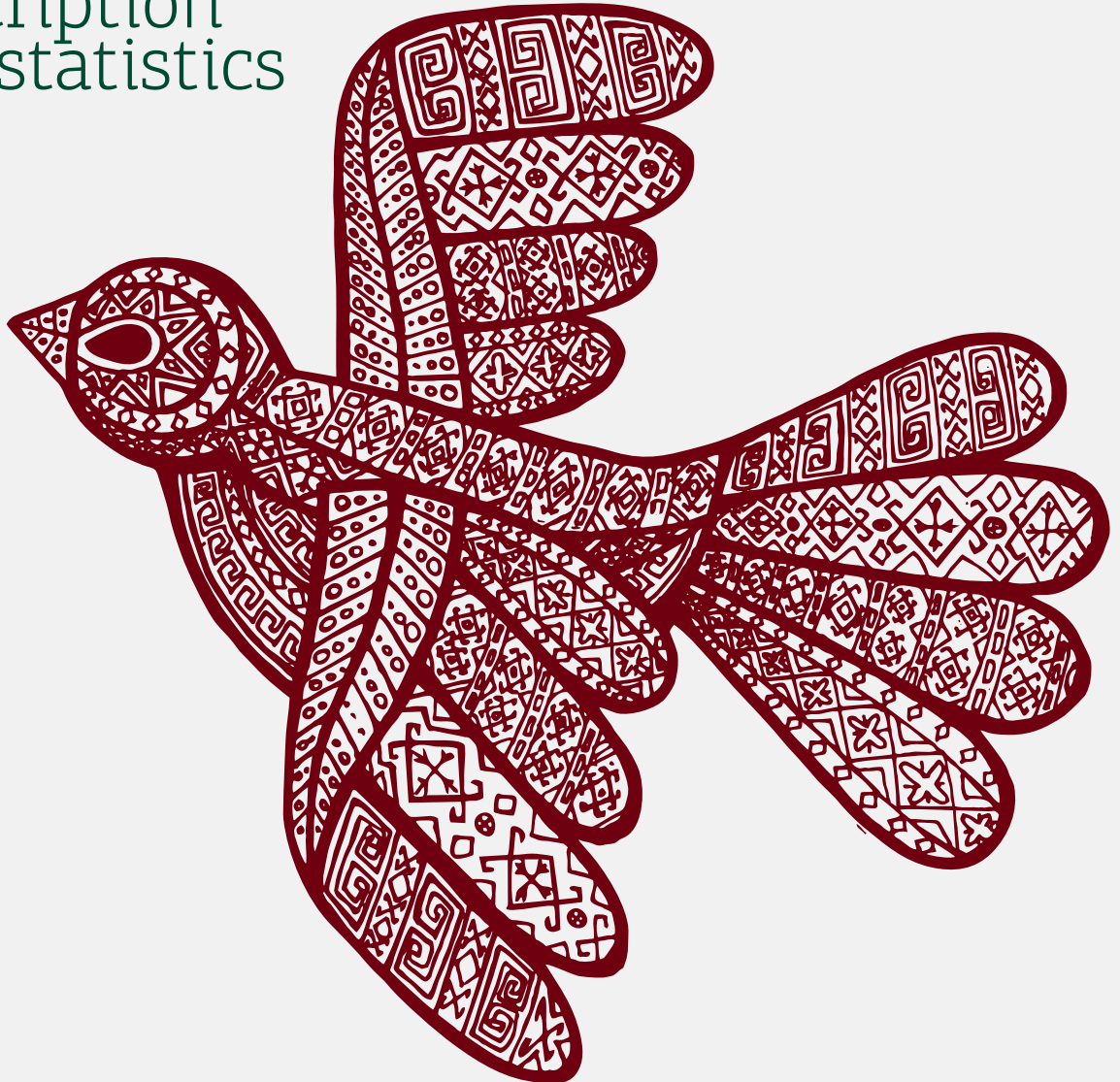
<http://www.xarid.uz/>



4.1 Nukus City	38	4.9 Nukus district	54
4.2 Amudarya district	40	4.10 Takhtakupyr district	56
4.3 Beruni district	42	4.11 Turtkul district	58
4.4 Kanlykul district	44	4.12 Khodjeyli district	60
4.5 Karauzyak district	46	4.13 Chimbay district	62
4.6 Kegeyli district	48	4.14 Shumanay district	64
4.7 Kungrad district	50	4.15 Ellikqala district	66
4.8 Muynak district	52		

PORTRAITS OF DISTRICTS AND CITIES

Description
and statistics





NUKUS CITY



Area - 0.22 thousand sq km
 Administrative center of the republic – Nukus City
 Population - 311.1 thousand people
 Population density - (per 1 sq km) 1397.3 people
 Urban population - 100%

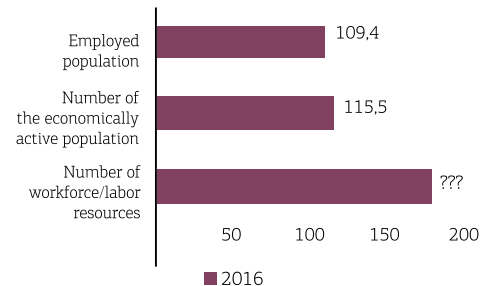
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Deputy khokim for Investments, Innovation, Supporting Privatised Companies, Development of SIZ, and Tourism

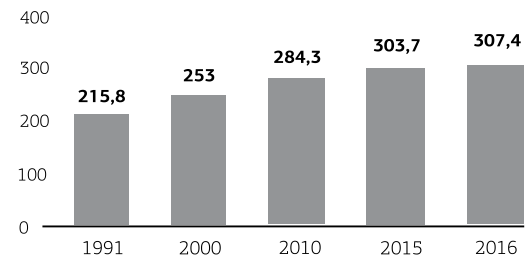
96 A. Dosnazarov st., Nukus city 230105
 Tel: (+998 61) 222-25-39
 Fax: (+998 61) 222-71-01
 E-mail: xknukuscity2@sovminrk.gov.uz

Labor Market Indicators



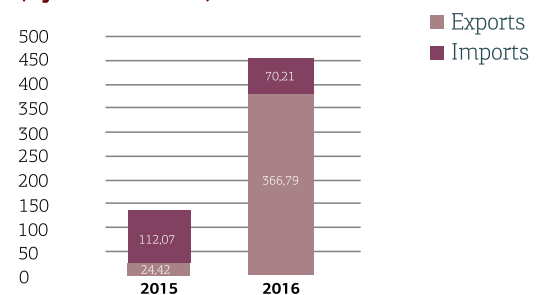
Demographic Indicators

Population, Total, (by Thousand Persons)



Foreign Trade Balance

(by Million USD)



Basic Economic Indicators (in Billion Soums)

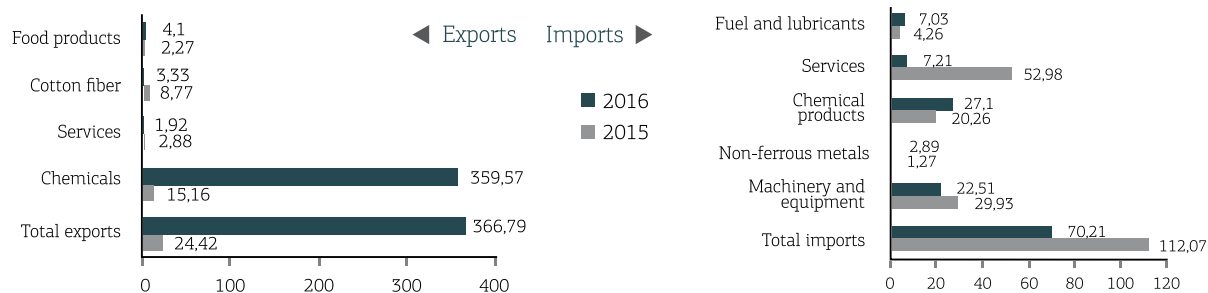
Indicator	2015	2016
Manufacturing	753,2	2449,0
Output of consumer goods	233,5	255,6
- Including foodstuffs	82,0	174,2
Gross agricultural product	5,9	6,0
Investments to fixed assets	650,7	562,8
Civil works (construction)	509,2	511,5
Retail sales	699,6	855,0
Services	1182,4	1511,7
Foreign trade, USD million	136,48	438,28

Industrial Development, Units

Total, Economic Actors* (As of 01.01.2017)	4287
Number of small businesses	3618
Number of companies with foreign capital	18
Number of small businesses per 1,000 residents	11,8
Manufacturing companies, total	370
-Big companies	10
-Small businesses and microfirms	360

**) excluding dehkans (smallholders) and farmers*

Foreign Trade Balance, USD Millions



Range of produced commodities:

natural gas condensate, natural gas, petroleum distillates, sands, polyethylene, polypropylene, road metal, dry construction mixes, construction bricks, pre-fabricated reinforced concrete structures, wood and plastic window and doors, cotton fiber, cotton lint, single-thread yarn, cotton fabrics, bed linen and uniform, pillows with feathers, processed wheat, rice, spelt wheat flour, combined feeds, baked products and pasta, vegetable oils, soft drinks, furniture products, and others

NEW POINT OF GROWTH:

Nukus International Airport

The Nukus International Airport is a structural unit of Uzbekistan Airways, the national airline, located at the northern edge of Karakalpakstan's capital of Nukus City. From this airport there are regular domestic and international passenger flights, as well as chartered cargo flights.

The airport is a B class airfield, where virtually any kind of aircraft and helicopters can land. The length of the artificial runway for Grades 1-4 aircraft is 3,000 meters long, and 45 meters wide, with modern light-and-signal equipment, conforming to the ICAO category I. There is modern navigation and meteorological equipment, in conformity with international standards.

Currently the airport consists of two terminals, which including halls serving local and international flights, handling luggage, mail, and cargo. The airport's capacity is 200 persons per hour. After the new passenger terminal is constructed, it will be able to manage 400 persons per hour. The airport offers quality services for local and international flights, introducing new R&D and technologies in aviation.

The Open Skies regime is expected to be introduced at the Nukus international airport with operating Low Cost airlines. This case, as well as the introduction from the 1st May 2018 of an entry short-stay visa upon arrival to foreign passengers passing through transit for 72 hours, with their short-term exit to the city for a familiarization tour within approved tourist programs, will also contribute to the tourism development.





AMUDARYA

district



Area - 1.02 thousand sq km
 Administrative center – Mangit City
 Cities - 1
 Settlements -119
 Population - 191,6 thousand people
 Population density - (per 1 sq km) 185,0 people
 Urban population - 50,3 thousand people (26,3 %)
 Rural population - 141,3 thousand people (73,7 %)

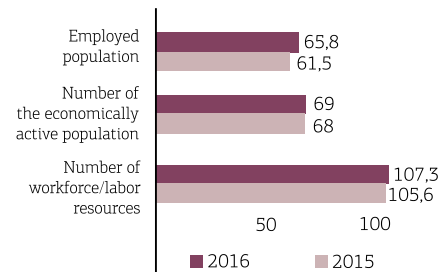
Khokimiyat of the Amudarya district

65 Gurlan st, Mangit City,
 Amudarya District 230700
 Tel: (+998 61) 515-33-83
 Fax: (+998 61) 515-35-69
 E-mail: yuldashev.r@umail.uz

Deputy khokim for Investments, Innovation, Supporting Privatized Companies, Development of SIZ, and Tourism

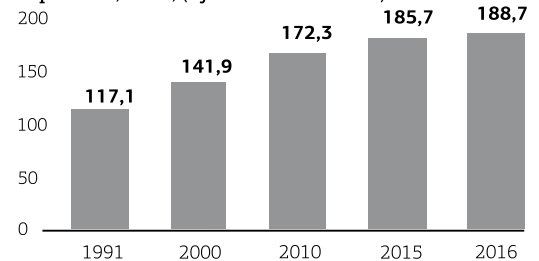
65 Gurlan st., Mangit city, Amudarya district 230700
 Tel: (+998 61) 515-32-86
 E-mail: aibragimov@umail.uz

Labor Market Indicators



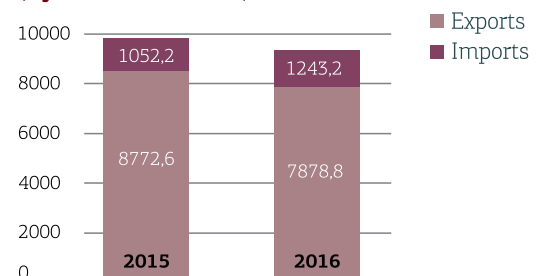
Demographic Indicators

Population, Total, (by Thousand Persons)



Foreign Trade Balance

(by Thousand USD)



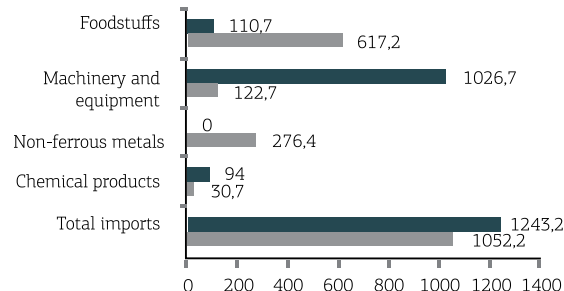
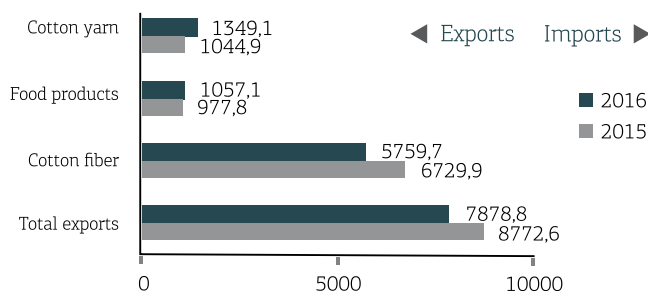
Basic Economic Indicators (by Billion Soums)

Indicator	2015	2016
Manufacturing	150,8	174,5
Output of consumer goods	81,8	85,5
- Including foodstuffs	68,0	65,6
Gross agricultural product	193,7	223,4
Investments to fixed assets	70,5	86,9
Civil works (construction)	63,8	73,2
Retail sales	172,2	212,3
Services	103,5	126,2
Foreign trade, USD million	9824,8	9122,0

Agricultural Produce

Crop	Volume of Production, by Tons	
	2015	2016
Cotton	36615	41609
Wheat	20701	21402
Rice	4965	5593
Legumes	625	1260
Potatoes	12679	13665
Vegetables	41480	48362
Melon crops	13189	16777
Fruits	12397	13924
Grapes	1219	1317
Oil-bearing crops	1655	1719
Meat, live weight	9976	11607
Milk	41423	48093
Animal hides, pcs.	46538	50914
Fish	219	377

Breakdown of Foreign Trade by Goods/Commodities, by Thousand USD



Industrial Development, by Units

Total, Economic Actors* (as of 01.01.2017)	887
Number of small businesses	635
Number of companies with foreign capital	4
Number of small businesses per 1,000 residents	8,4
Manufacturing companies, total	88
-Big companies	3
-Small businesses and microfirms	85

**) excluding dehkans (smallholders) and farmers*

Range of produced commodities: sand, road metal, construction bricks, pre-fabricated reinforced concrete structures, gypsum products, doors and frames, and cotton fiber.

Unused Resources

Type of Mineral	Mines and Deposits	Volume of Deposits	Type of Product
Limestone	Jumurtau (1960)	627,3 thousand tons	Construction limestone
Raw materials for bricks and tiles	Amudaryya (1986)	752,0 thousand cu m	Construction brick Grade 100
	Nukus (1986)	2299,4 thousand cu m	Construction brick Grade 75

NEW POINTS OF GROWTH:

The Amudaryya Small Industrial Zone

Location/Site of SIZ	Buildings and Facilities of Amudaryya Pakhta Tozalash (Ginnery) JSC Amudaryya district, of the Navoi mahalla
Legal address	14,3
Territory, by hectares	13 566,4
Area of buildings and facilities, sq m	Access to natural gas and electricity grid
Access to utilities	

Banks, Which Finances the Projects Implemented in SIZ

Karakalpak Branch of the National Bank of Uzbekistan
52 Garezsizlik st. Nukus city, 230100
www.nbu.uz



BERUNIY

district



Area - 3.95 thousand sq km
 Administrative center – Beruniy City
 Cities - 1
 Settlements - 67
 Population - 183,9 thousand people
 Population density - (per 1 sq km) 45,7 people
 Urban population - 65,9 thousand people (35,8 %)
 Rural population - 118 thousand people (64,2 %)

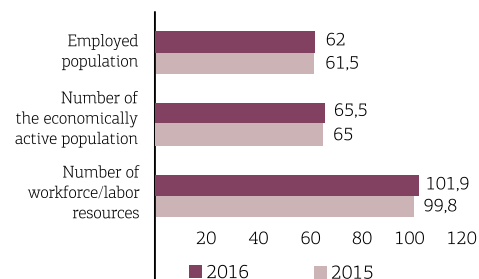
Khokimiyat of the Beruniy District

11 Xalqlar dustligi st, Beruniy district 230200
 Tel: (+998 61) 524-21-45
 Fax: (+998 61) 524-25-42
 E-mail: f.ermanov@umail.uz

Deputy khokim for Investments, Innovation, Supporting Privatized Companies, Development of SIZ and Tourism

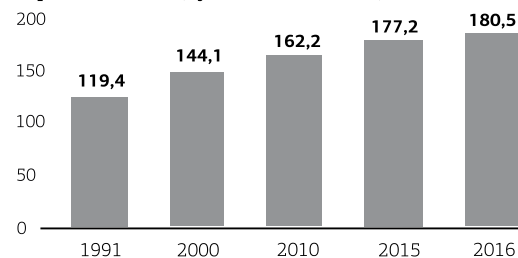
48 Nodira st., Beruniy district 230200
 Tel: (+998 61) 524-21-45
 Fax: (+998 61) 524-25-42
 E-mail: aibragimov@umail.uz

Labor Market Indicators



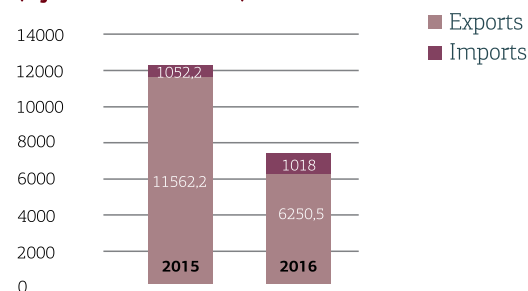
Demographic Indicators

Population, Total, (by Thousand Persons)



Foreign Trade Balance

(by Thousand USD)



NEW POINT OF GROWTH:

Beruniy Small Industrial Zone

Banks, Which Finance the Projects Implemented in SIZ

Karakalpak branch of the National Bank of Uzbekistan
 52 Garezsizlik st., Nukus city, 230100
www.nbu.uz

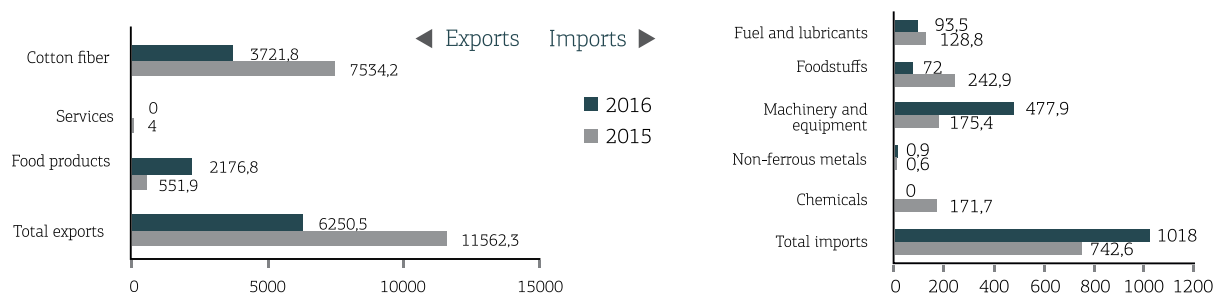
Basic Economic Indicators (by Billion Soums)

Indicator	2015	2016
Manufacturing	137,2	154,1
Output of consumer goods	90,1	95,1
- Including foodstuffs	69,4	71,5
Gross agricultural product	162,1	171,8
Investments to fixed assets	75,5	106,8
Civil works (construction)	51,5	56,2
Retail sales	243,0	301,2
Services	105,5	125,9
Foreign trade, USD million	12504,9	7314,2

Agricultural Produce

Crop	Volume of Production, by Tons	
	2015	2016
Cotton	26301	28083
Wheat	15165	16103
Rice	6917	5536
Legumes	110	187
Potatoes	4444	5048
Vegetables	18700	19344
Melon crops	12460	14007
Fruits	6208	6448
Grapes	963	988
Oil-bearing crops	567	575
Meat, live weight	13375	14140
Milk	37409	40260
Animal hides, pcs.	71594	72084
Fish	367	428

Breakdown of Foreign Trade by Goods/Commodities, by Thousand USD



Industrial Development, by Units

Total, Economic Actors* (as of 01.01.2017)	1185
Number of small businesses	974
Number of companies with foreign capital	3
Number of small businesses per 1000 residents	9,1
Manufacturing companies, total	135
-Big companies	3
-Small businesses and microfirms	132

**) excluding dehkans (smallholders) and farmers*

Range of produced commodities:

road metal, construction bricks, pre-fabricated reinforced concrete structures, single-thread yarn, cotton fiber, cotton lint, and vegetable oils.

Location/Site of SIZT	Buildings and Facilities of Ginnery # 2
Legal address	Ahunbabaev street, Beruniy district, b/n
Territory, hectares	7,2
Area of buildings and facilities, sq m	6003,2
Access to utilities	Access to natural gas, electricity grid and water supply

Unused Resources

Type of Mineral	Mines and Deposits	Volume of Deposits	Type of Product
Listvenite	Zinelbulak	1,3 thousand tons	Processed stone - 70%
Rhodonite	Karatau settlement	109 tons	Processed stone - 22,3%
Raw materials for bricks and tiles	Beruniy (1987)	1131 thousand cu m	Construction brick Grade 100
Talcum, talcum stone	Zinelbulak	21917 thousand tons	Talcum-carbonate insecticide
Lime rock	Aktau (1987)	17753 thousand tons	Construction limestone
Natural facing stones	Aktau (1977)	2442 thousand cu m	Gray granodiorite, Block - 34,6%, board/sheet - 1 3,4 sq m/cu m
	Kahrnalisay (1992)	1675 thousand cu m	Marble pale gray, pink, copper-colored Block - 24,7%, board/sheet - 12 sq m/cu m
Raw material for cement	Beruniy (1983)	1272,6 thousand cu m	Marble
	North-Jamansay (1990)	98567,5 thousand tons	Ground component
	Jamansay (1990,1995)	22364 thousand tons	Limestone, carbonate component



KANLYKUL

district



Area - 0.74 thousand sq km
 Administrative center – Kanlykul district center
 Settlements -38
 Population - 49,7 thousand people
 Population density - (per 1 sq km) 66,4 people
 Urban population - 12,2 thousand people (24,5%)
 Rural population - 37,5 thousand people (75,5%)

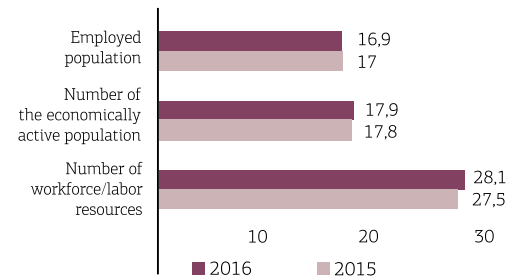
Khokimiyat of the Qonliko'l District

Garezsizlik st. Kanlykul district, 230300
 Tel: (+998 61) 332-15-31
 Fax: (+998 61) 332-11-16
 E-mail: xkqonlikol1@sovminrk.gov.uz

Deputy khokim for Investments, Innovation, Supporting Privatised Companies, Development of SIZ, and Tourism

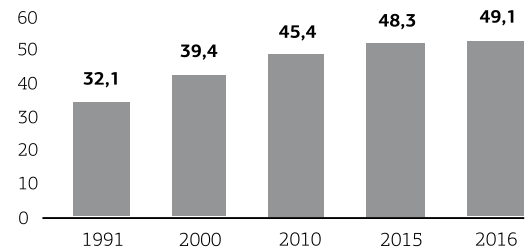
Garezsizlik st. Kanlykul district, 230300
 Tel: (+998 61) 332-15-31
 Fax: (+998 61) 332-11-16
 E-mail: xkqonlikol3@sovminrk.gov.uz

Labor Market Indicators



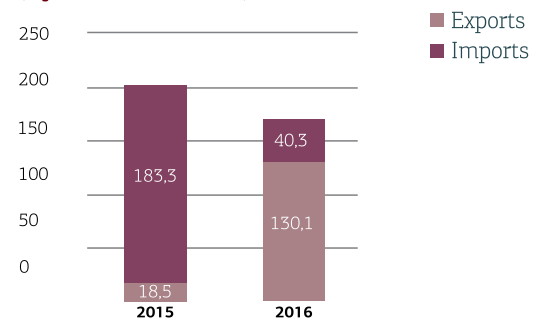
Demographic Indicators

Population, Total, (by Thousand Persons)



Foreign Trade Balance

(by Thousand USD)



Banks, Which Finance the Projects Implemented in SIZ

Karakalpak branch of the National Bank of Uzbekistan
 52 Garezsizlik st., Nukus city, 230100
www.nbu.uz

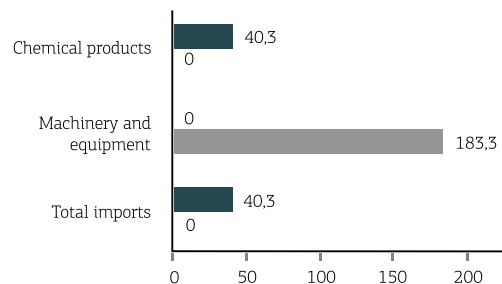
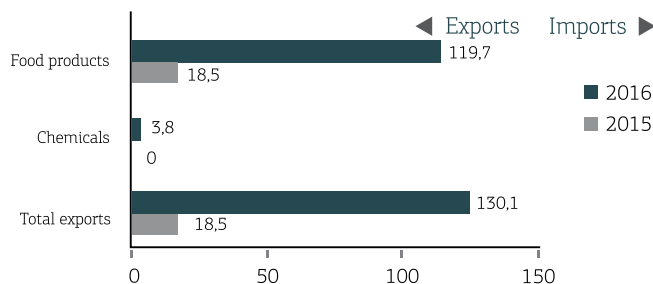
Basic Economic Indicators (by Billion Soums)

Indicator	2015	2016
Manufacturing	16,1	87,4
Output of consumer goods	17,3	17,5
- Including foodstuffs	15,3	15,1
Gross agricultural product	48,6	50,3
Investments to fixed assets	9,3	17,4
Civil works (construction)	20,6	17,2
Retail sales	77,6	95,7
Services	27,2	33,3
Foreign trade, USD million	201,8	170,4

Agricultural Produce

Crop	Volume of Production, by Tons	
	2015	2016
Cotton	6580	6646
Wheat	6836	8980
Rice	7426	5761
Legumes	55	59
Potatoes	522	635
Vegetables	7080	8122
Melon crops	7820	8070
Fruits	890	905
Grapes	160	165
Oil-bearing crops	280	290
Meat, live weight	3858	3920
Milk	12012	12256
Animal hides, pcs.	19038	19106
Fish	91	95

Breakdown of Foreign Trade by Goods/Commodities, by Thousand USD



Industrial Development, by Units

Total, Economic Actors* (as of 01.01.2017)	340
Number of small businesses	244
Number of companies with foreign capital	1
Number of small businesses per 1,000 residents	18,7
Manufacturing companies, total	31
-Big companies	1
-Small businesses and microfirms	30

*) excluding dehkans (smallholders) and farmers

Unused Resources

Type of Mineral	Mines and Deposits	Volume of Deposits	Type of Product
Raw materials for bricks and tiles	Oltinko ¹ (1985)	843 thousand cu m	Construction brick Grade 100

Range of produced commodities:

processed fruits and vegetables, meat and dairy, bakery products, filleted fish and glass products.

NEW POINT OF GROWTH:

In Agriculture

Scaling up rice cultivation using intensive technologies is a promising avenue for developing agriculture in Kanlykul district, from the perspective of food security. Also, there are many opportunities for developing livestock farming, particularly cattle farming.

In 2017 the **Board of Directors of the World Bank** approved the loan for financing Development of Livestock Farming in Uzbekistan Project. Goods including works and services, and vehicles procured in the framework of implementing the project with IBRD and IDA loans, are exempted from customs duties (except customs duties), VAT, dues and contributions to special state funds, while the income of individuals,

including non-residents of Uzbekistan, employed in implementing the project, are exempted from individual income tax.

Furthermore, the forecast indicators of establishing new plantations (2,700 hectares) and the projected harvest of licorice (16,200 tons) in the Kanlykul district, were approved in the framework of continuous cycle of reproduction and creation of licorice plantation from 2018 to 2023. After implementing the project, the Kanlykul district will be No 3 in the republic in terms of licorice harvest.

The National Bank for Foreign Economic Activity of Uzbekistan is the leading bank in this sector, financing projects to start industrial plantations for cultivating licorice and other medicinal plants, at a rate not higher than the rate of the Central Bank of Uzbekistan, with a 4 year grace period.



KARAUZYAK

district



Area - 5,89 thousand sq km
 Administrative center – Karauzyak district center
 Settlements - 105
 Population - 52 thousand people
 Population density - (per 1 sq km) 8,7 people
 Urban population - 15,5 thousand people (29,8%)
 Rural population - 36,5 thousand people (70,2%)

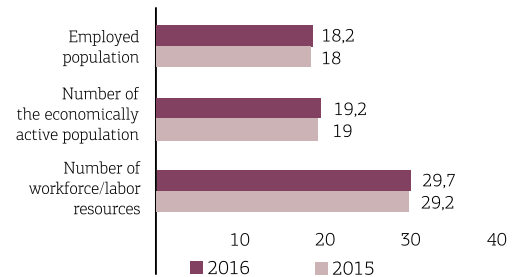
Khokimiyat of the Karauzyak District

49 Garezsizlik st., Karauzyak district 230400
 Tel: (+998 61) 465-55-25
 Fax: (+998 61) 465-46-66
 E-mail: xkqoraozak1@sovminrk.gov.uz

Deputy khokim for Investments, Innovation, Supporting Privatised Companies, Development of SIZ, and Tourism

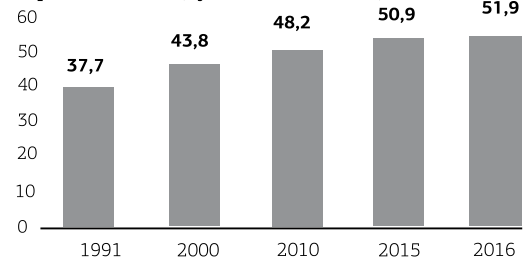
49 Garezsizlik st., Karauzyak district 230400
 Tel: (+998 61) 465-51-00
 Fax: (+998 61) 465-46-66
 E-mail: xkqoraozak3@sovminrk.gov.uz

Labor Market Indicators



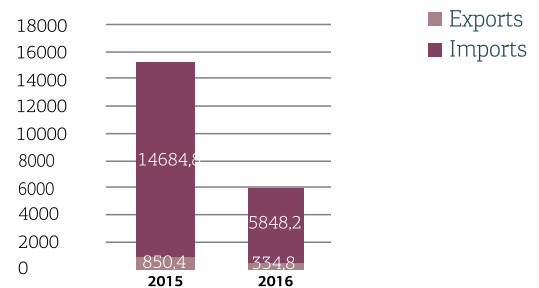
Demographic Indicators

Population, Total, (by Thousand Persons)



Foreign Trade Balance

(by Thousand USD)



NEW POINT OF GROWTH: Mining Complex at Tebinbulak Mine

The investment project Construction of Mining and Metal Smelting Complex at Tebinbulak Deposit is currently being implemented, with a production capacity up to one million tons of steel per annum. It is planned to commission the mining and metal smelting complex in 2024.

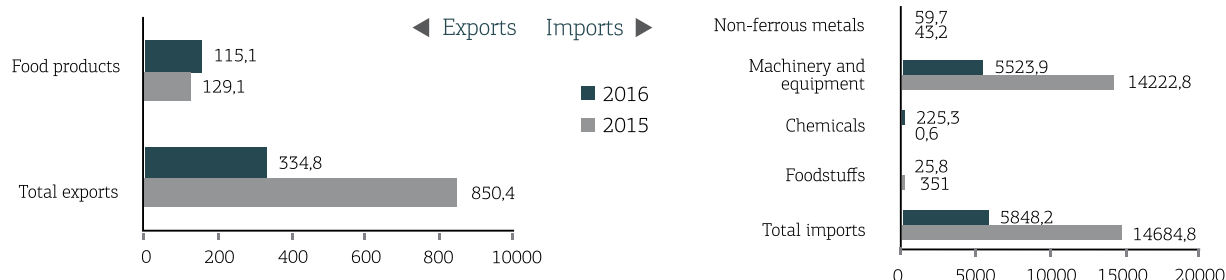
Basic Economic Indicators (by Billion Soums)

Indicator	2015	2016
Manufacturing	46,4	37,9
Output of consumer goods	28,8	24,0
- Including foodstuffs	16,5	17,1
Gross agricultural product	50,6	56,5
Investments to fixed assets	80,4	70,2
Civil works (construction)	30,9	26,7
Retail sales	53,0	64,2
Services	105,5	125,9
Foreign trade, USD million	15535,2	6266,9

Agricultural Produce

Crop	Volume of Production, by Tons	
	2015	2016
Cotton	7042	8431
Wheat	9359	11081
Rice	4256	6002
Legumes	53	92
Potatoes	1112	1272
Vegetables	3747	5481
Melon crops	4591	5870
Fruits	612	663
Grapes	90	91
Oil-bearing crops	497	511
Meat, live weight	4574	4626
Milk	9119	9598
Animal hides, pcs.	55944	56113
Fish	196	305

Breakdown of Foreign Trade by Goods/Commodities, by Thousand USD



Industrial Development, by Units

Total, Economic Actors* (as of 01.01.2017)	392
Number of small businesses	288
Number of companies with foreign capital	5
Number of small businesses per 1,000 residents	13,4
Manufacturing companies, total	58
-Big companies	1
-Small businesses and microfirms	57

*) excluding dehkans (smallholders) and farmers

Range of produced commodities:

road metal, sand, fire clay and silica clays, construction bricks, pre-fabricated reinforced concrete structures, facing stones, vermiculite, dairy and cheese.

The investment project Construction of Mining and Metal Smelting Complex at Tebinbulak Deposit is currently being implemented, with a production capacity up to one million tons of steel per annum. It is planned to commission the mining and metal smelting complex in 2024.

General contractor and design organizations, as well as their subcontractors, are exempted from customs duties (excluding customs clearance fees) upon importing materials, equipment, until January 1st, 2025.

Entry visas will be issued to foreign experts involved in project implementation, free of consular fees and other charges.

Unused Resources

Type of Mineral	Mines and Deposits	Volume of Deposits	Type of Product
Claydite raw material	Khojakul	2723 thousand cu m	Bentonite, claydite gravel Grade 400-700
Limestone	Jamansay II (1985) Kuyanchik (1954)	10103,7 thousand tons 392 thousand tons	Limestone, road metal
Rhodonite	Achchitau	100,6 tons	Sorted rock – 22.3%
Raw materials for bricks and tiles	Karauzak (1979)	2724,8 thousand cu m	Construction brick Grade 75
Construction rocks	Karatau (1974) Karakul (2012, 2015) Kekliktau (1990)	27068 thousand cu m 1272,6 thousand cu m 98567,5 thousand tons	Road metal, limestone
Feldspar, table spar	Kyzylsai	5,2 thousand tons	Yield 11.1-61.3%
Vermiculite	Tebinbulak	99,9 thousand tons	Wide range of consumer goods
Gypsum and anhydride	Khojakul (1960)	6506 thousand tons	Construction gypsum Grade 1



KEGEYLI

district



Area - 2,21 thousand sq km
 Administrative center – Kegeyli district center
 Cities - 1
 Settlements - 151
 Population - 88,9 thousand people
 Population density - (per 1 sq km) 39,8 people
 Urban population - 33,9 thousand people (38,1%)
 Rural population - 55 thousand people (61,9%)

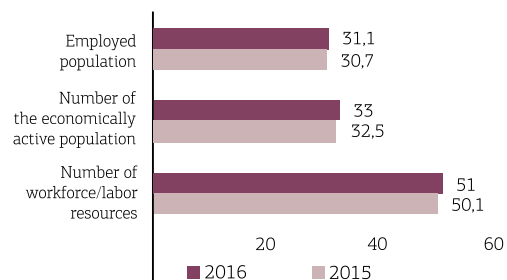
Khokimiyat of the Kegeyli District

4 Garezsizlik st., Kegeyli district 230500
 Tel: (+998 61) 412-12-75
 Fax: (+998 61) 412-14-39
 E-mail: xkkegeyli1@sovminrk.gov.uz

Deputy khokim for Investments, Innovation, Supporting Privatized Companies, Development of SIZ, and Tourism

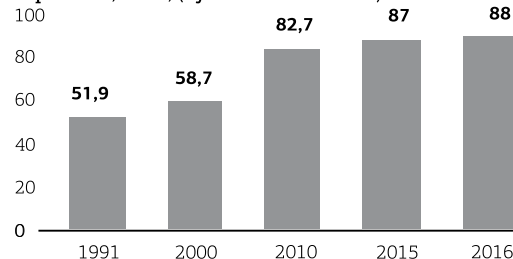
4 Garezsizlik st., Kegeyli district 230500
 Tel: (+998 61) 412-15-47
 Fax: (+998 61) 412-14-39
 E-mail: xkkegeyli3@sovminrk.gov.uz

Labor Market Indicators



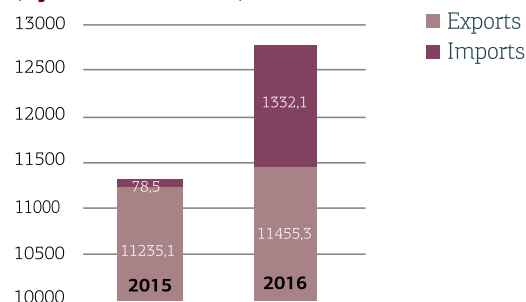
Demographic Indicators

Population, Total, (by Thousand Persons)



Foreign Trade Balance

(by Thousand USD)



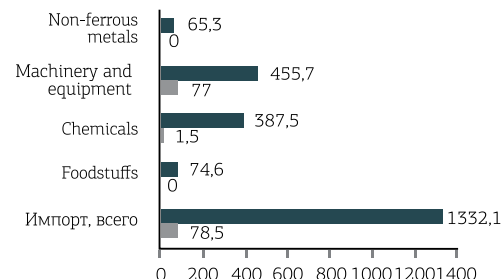
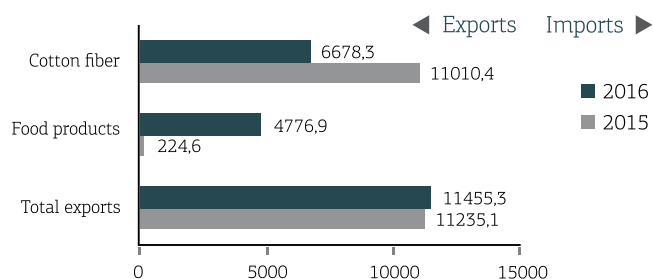
Basic Economic Indicators (by Billion Soums)

Indicator	2015	2016
Manufacturing	86,4	107,4
Output of consumer goods	35,1	35,5
- Including foodstuffs	30,4	30,2
Gross agricultural product	73,1	78,4
Investments to fixed assets	12,5	14,5
Civil works (construction)	17,0	27,9
Retail sales	98,8	119,3
Services	35,3	42,5
Foreign trade, USD million	11313,6	11665,6

Agricultural Produce

Crop	Volume of Production, by Tons	
	2015	2016
Cotton	12446	13101
Wheat	9128	9943
Rice	1015	1734
Legumes	78	81
Potatoes	1204	1281
Vegetables	6277	6760
Melon crops	6787	7673
Fruits	2338	2447
Grapes	201	210
Oil-bearing crops	276	284
Meat, live weight	6600	7075
Milk	17118	18536
Animal hides, pcs.	32547	34032
Fish	143	161

Breakdown of Foreign Trade by Goods/Commodities, by Thousand USD



Industrial Development, by Units

Total, Economic Actors* (as of 01.01.2017)	471
Number of small businesses	340
Number of companies with foreign capital	4
Number of small businesses per 1.000 residents	8,2
Manufacturing companies, total	16
-Big companies	2
-Small businesses and microfirms	14

*) excluding dehkans (smallholders) and farmers

Unused Resources

Type of Mineral	Mines and Deposits	Volume of Deposits	Type of Product
Raw materials for bricks and tiles	Kegeyli (1991)	661 thousand cu m	Construction brick Grade 100
	Bozatau (1982)	1598 thousand cu m	

Range of produced commodities:

building bricks, cotton fiber, cotton linters, juices and extracts vegetative, peptic means

NEW POINT OF GROWTH: IN AGRICULTURE:

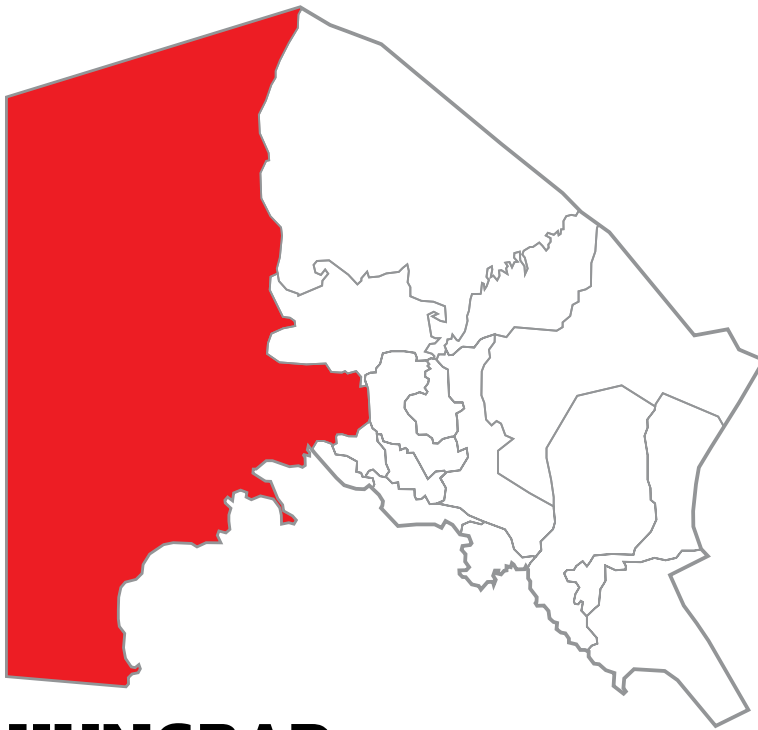
There are ample opportunities for development of livestock farming as poultry farming including water birds is a promising area of development in Kegeyli district. Furthermore, there is a significant potential of fish farming. Furthermore, currently projected plans for establishment of new plantations (2,800 hectares) and estimated production output (16.800 tons) of licorice in Kegeyli district were approved in the framework of creation of licorice plantations with continuous production cycle in 2018-2023. After implementation of this project, Kegeyli district will become the second biggest supplier of licorice in Karakalpakstan.

Ipoteka Bank is the lead financial institution, which facilitates the lease of essential equipment, special vehicles and modern machinery, cage culture devices for intensive fish farming to the fish farms by leasing companies.

National Bank for Foreign Economic Activity of Uzbekistan is the lead bank in this sector, financing the projects to create industrial plantations to cultivate licorice and other medicinal plants at the rate no higher than the refinancing rate of the Central Bank of Uzbekistan, with a 4 year grace period.

BRANCH OF IPOTEKA BANK
97 A.Shamuratov st., Nukus 230100
www.ipotekabank.uz

KARAKALPAK BRANCH OF
THE NATIONAL BANK OF UZBEKISTAN
52 Garezsizlik st., Nukus city, 230100
www.nbu.uz



KUNGRAD

district



Area - 76 thousand sq km
 Administrative center – Kungrad City
 Cities - 1
 Settlements - 42
 Population - 126,8 thousand people
 Population density - (per 1 sq km) 1,6 people
 Urban population - 79,9 thousand people (63%)
 Rural population - 46,9 thousand people (37%)

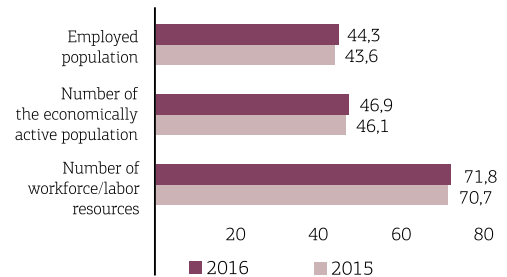
Khokimiyat of the Kungrad District

18 Garezsizlik st., Kungrad district 230600
 Tel: (+998 61) 312-16-41
 Fax: (+998 61) 312-23-77
 E-mail: xkqongiro1@sovminrk.gov.uz

Deputy khokim for Investments, Innovation, Supporting Privatized Companies, Development of SIZ, and Tourism

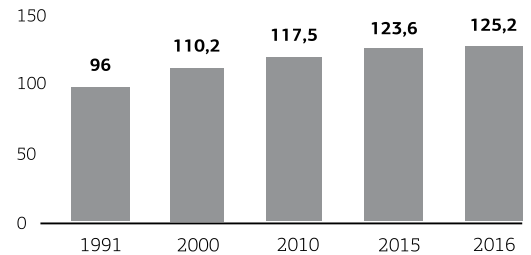
18 Garezsizlik st., Kungrad district 230600
 Tel: (+998 61) 312-09-60
 Fax: (+998 61) 312-36-36
 E-mail: xkqongiro3@sovminrk.gov.uz

Labor Market Indicators



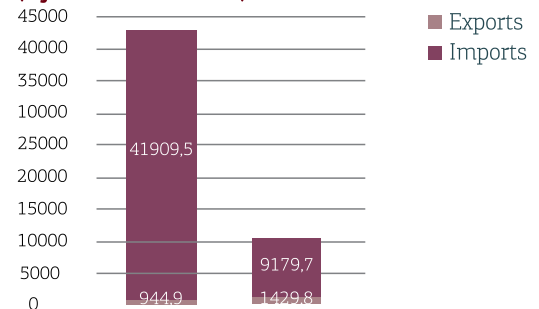
Demographic Indicators

Population, Total, (by Thousand Persons)



Foreign Trade Balance

(by Thousand USD)



NEW POINT OF GROWTH: Qo'ng'iro't Small Industrial Zone

Banks, Which Finance the Projects Implemented in SIZ

Regional branch of UzPromstroybank
 117 A.Shamuratov st., Nukus 230100
www.uzpsb.uz

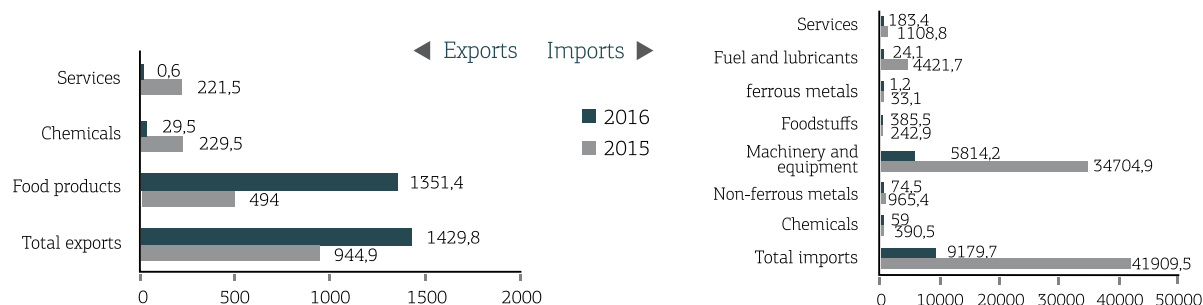
Basic Economic Indicators (by Billion Soums)

Indicator	2015	2016
Manufacturing	303,5	167,8
Output of consumer goods	85,2	89,2
- Including foodstuffs	63,8	76,6
Gross agricultural product	67,8	76,4
Investments to fixed assets	4638,5	1925,8
Civil works (construction)	234,4	163,2
Retail sales	131,6	162,1
Services	425,9	477,7
Foreign trade, USD million	42854,4	10644,4

Agricultural Produce

Crop	Volume of Production, by Tons	
	2015	2016
Cotton	5802	5776
Wheat	12774	13384
Rice	7795	8253
Legumes	108	145
Potatoes	619	692
Vegetables	7778	8270
Melon crops	3380	6253
Fruits	759	770
Grapes	347	449
Oil-bearing crops	531	633
Meat, live weight	5104	6169
Milk	20707	21632
Animal hides, pcs.	39632	47425
Fish	471	597

Breakdown of Foreign Trade by Goods/Commodities, by Thousand USD



Industrial Development, by Units

Total, Economic Actors* (as of 01.01.2017)	734
Number of small businesses	535
Number of companies with foreign capital	7
Number of small businesses per 1,000 residents	6,4
Manufacturing companies, total	58
-Big companies	1
-Small businesses and microfirms	14

**) excluding dehkans (smallholders) and farmers*

Range of produced commodities:

rock salt and pure sodium chloride, sodium sulphates, motor fuel (gasoline), kerosene and diesel, argon, processed wheat, rice, spelt wheat flour, combined feeds, and sausages

Location/Site of SIZ

Buildings and Facilities of the 'Qo'ngirat talasi' Branch of 'Khojeyli talasi' JSC

Legal address

100 Baytanova st., Kungrad district,

Territory, by hectares

9

Area of buildings and facilities, sq m

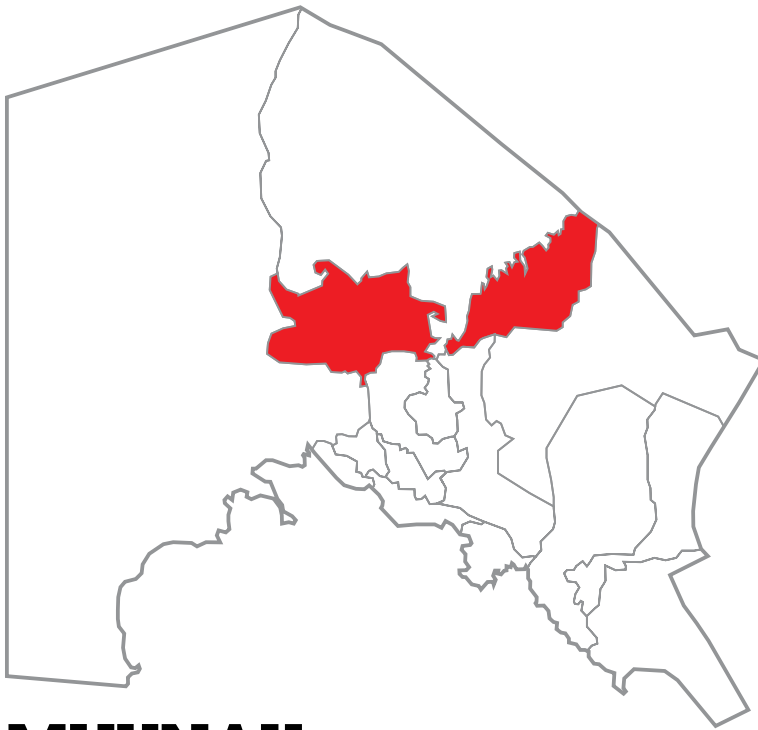
1406,7

Access to utilities

Access to natural gas, electricity grid and water supply

Unused Resources

Type of Mineral	Mines and Deposits	Volume of Deposits	Type of Product
Raw materials for bricks and tiles	Qongfrot (1966-93)	3697,7 thousand cu m	Construction brick Grade 100
Lime rock	Qongfrot (1964)	2928 thousand cu m	Construction limestone
Mineral salts	Borsakelmas	128547 тыс. тH	Food salt (halite)
	Karaumbet	3992,5 тыс. тH	sodium chloride - 28.16-96.32%
Silicate sands	Kyzyltuy	2885,3 thousand cu m	Silicon dioxide - 80.12%
		862,6 thousand cu m	Construction sand



MUYNAK

district



Area - 76 thousand sq km
 Administrative center – Muynak City
 Cities - 1
 Settlements - 21
 Population - 30,9 thousand people
 Population density - (per 1 sq km) 0,8 people
 Urban population - 13,5 thousand people (43,7%)
 Rural population - 17,4 thousand people (56,3%)

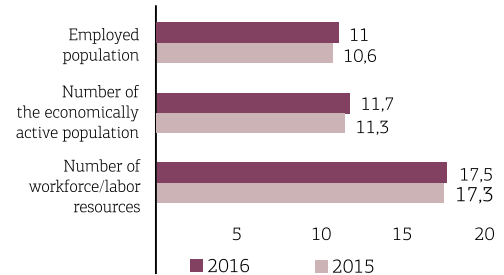
Khokimiyat of the Muynak District

76 Ajiniyoz st., Muynak district 230800
 Tel: (+998 61) 322-24-60
 Fax: (+998 61) 322-16-41
 E-mail: xkmuynaq1@sovminrk.gov.uz

Deputy khokim for Investments, Innovation, Supporting Privatized Companies, Development of SIZ, and Tourism

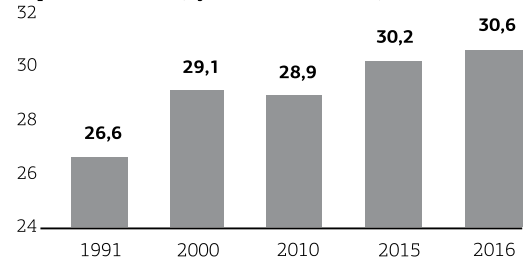
6 Ajiniyoz st., Muynak district 230800
 Tel: (+998 61) 322-14-50
 Fax: (+998 61) 322-16-41
 E-mail: xkmuynaq3@sovminrk.gov.uz

Labor Market Indicators



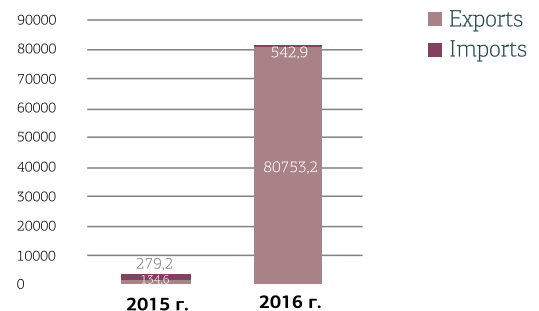
Demographic Indicators

Population, Total, (by Thousand Persons)



Foreign Trade Balance

(by Thousand USD)



NEW POINT OF GROWTH: Mo'ynoq Small Industrial Zone

New business entities, operating in the industrial sector on the territory of Muynak SIZ are exempted from all taxes until January 1st, 2027

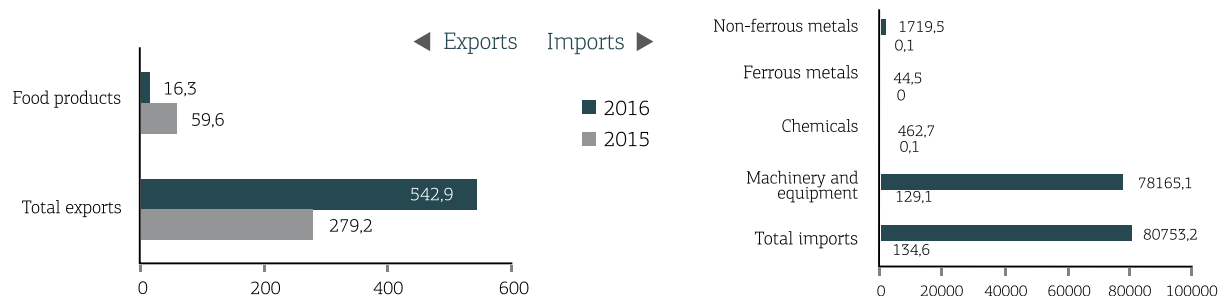
Basic Economic Indicators (by Billion Soums)

Indicator	2015	2016
Manufacturing	11,9	87,8
Output of consumer goods	12,7	12,7
- Including foodstuffs	10,0	7,7
Gross agricultural product	19,0	20,7
Investments to fixed assets	124,6	553,1
Civil works (construction)	6,5	9,6
Retail sales	17,8	21,6
Services	10,4	12,2
Foreign trade, USD million	413,8	81296,1

Agricultural Produce

Crop	Volume of Production, by Tons	
	2015	2016
Wheat	291	5776
Rice	582	13384
Legumes	250	8253
Potatoes	1279	145
Vegetables	755	692
Melon crops	49	8270
Fruits	291	6253
Meat, live weight	1305	770
Milk	3668	449
Animal hides, pcs.	6974	633
Fish	362	6169

Breakdown of Foreign Trade by Goods/Commodities, by Thousand USD



Industrial Development, by Units

Total, Economic Actors* (as of 01.01.2017)	158
Number of small businesses	88
Number of companies with foreign capital	5
Number of small businesses per 1,000 residents	4,0
Manufacturing companies, total	19
-Big companies	1
-Small businesses and microfirms	18

*) excluding dehkans (smallholders) and farmers

Range of produced commodities:

natural gas condensate, natural gas and bakery products.

New Export Item: Cysts of Artemia

The production of brine shrimp (Artemia) cysts, a valuable biological product of the Aral Sea, is a viable commercial case. The cysts are used as feed in livestock and fish farming. Harvesting the brine shrimp cysts started in 2011. There are five companies in this business. Their annual harvest tops 50 tons. The Aral Sea cysts are sold to local fish farms and are exported to China and the United States.

An association of companies involved in harvesting and processing brine shrimp cysts was established in the Muynak district in order to supply production lines for the full processing of these organizations.

A permit for harvesting artemia cysts is issued by the Committee for Ecology and Environmental Protection of Karakalpakstan, following procedures stipulated by the Statute of Procedures for Utilization of the Objects of Animal World, approved by the Statute №290 of the Cabinet of Ministers on October 20th, 2014.

Location/Site of SIZ

Buildings and Facilities of the Branch of the Former Mo'ynoq Fish Canning Plant (16 hectares) and the Territory of 5th Construction Department

Legal address

Doslik mahalla, Muynak district

Territory, hectares

20,5

Area of buildings and facilities, sq m

13580

Access to utilities

Access to natural gas, electricity grid and water supply

Commercial banks in Karakalpakstan were recommended to make soft loans to project initiators upon their applications, most using the resources of the Preferential Lending Fund of Commercial Banks with an interest rate equivalent to 50% of refinancing rate of the Central Bank of Uzbekistan.



NUKUS

district



Area – 0.94 thousand sq km
 Administrative center – Akmangit Township
 Cities - 1
 Settlements - 39
 Population - 48,1 thousand people
 Population density - (per sq km) 50,1 people
 Urban population - 10 thousand people (20,8%)
 Rural population - 38,1 thousand people (79,2%)

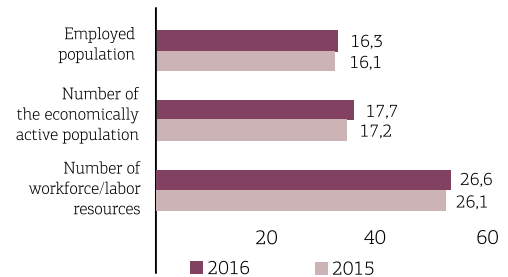
Khokimiyat

32 Darsan st., Nukus district 230900
 Tel: (+998 61) 226-45-54
 Fax: (+998 61) 226-45-46
 E-mail: xknukus1@sovminrk.gov.uz

Deputy khokim for Investments, Innovation, Supporting Privatized Companies, Development of SIZ, and Tourism

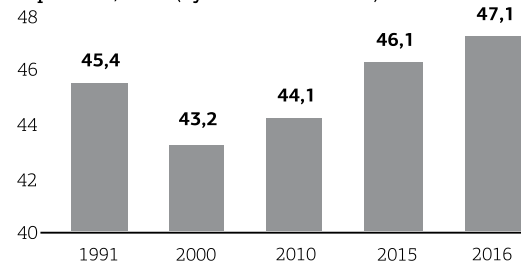
32 Darsan st., Nukus district 230900
 Tel: (+998 61) 226-41-81
 Fax: (+998 61) 226-45-46
 E-mail: xknukus3@sovminrk.gov.uz

Labor Market Indicators



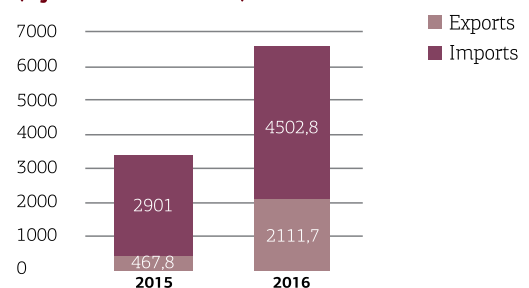
Demographic Indicators

Population, Total (by Thousand Persons)



Foreign Trade Balance

(by Thousand USD)



NEW POINT OF GROWTH:

Takhiatash Small Industrial Zone

Banks Which Finance the Projects Implemented in SIZ

REGIONAL BRANCH OF UZPROMSTROYBANK
 117 A.Shamuratov st., Nukus 230100
www.uzpsb.uz

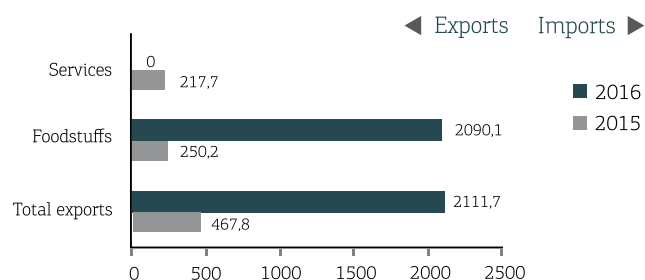
Basic Economic Indicators (by Billion Soums)

Indicator	2015	2016
Manufacturing output	31,2	33,4
Output of consumer goods	20,1	21,3
- Including foodstuffs	18,2	17,9
Gross agricultural product	75,0	84,7
Investments to fixed assets	43,9	63,1
Civil works (construction)	17,9	27,6
Retail sales	43,9	53,1
Services	23,5	28,8
Foreign trade, by \$ thousand USD	3368,8	6614,5

Agricultural Produce

Crop	Volume of Production, by Tons	
	2015	2016
Cotton	2530	3242
Wheat	11492	16675
Rice	10408	13283
Legumes	68	155
Potatoes	6395	6886
Vegetables	53807	54016
Melon crops	14230	14877
Fruits	3685	4016
Grapes	463	474
Oil-bearing crops	188	202
Meat, live weight	2286	2467
Milk	9185,0	9767,0
Animal hides, pcs.	26424	27406
Fish	177	202

Breakdown of Foreign Trade by Goods/Commodities, by Thousand USD



Industrial development, by Units

Total, Economic Actors* (as of 01.01.2017)	409
Number of small businesses	300
Number of companies with foreign capital	3
Number of small businesses per 1000 residents	16,3
Manufacturing companies, total	21
- Big companies	1
- Small businesses and microfirms	20

* excluding dehkans (smallholders) and farmers

Range of produced commodities:

road metal, construction bricks, tomato products, canned vegetables, and rice.

Location/Site of SIZ	Complex of Buildings, Facilities, and Reserve Lands in the Industrial Zone
Legal address	Industrial Zone of Takhiatash City
Territory, hectares	145,2
Area of buildings and facilities, by sq m	17400
Access to utilities	Access to natural gas, electricity grid and water supply

Unused Resources

Type of Mineral	Mines and Deposits	Volume of Deposits	Type of Product
Claydite raw material	Beshtyube	11562 thousand cu m	Bentonite, claydite gravel 500
Raw materials for bricks and tiles	Berdakh (1982)	1505 thousand cu m	Construction brick Grade 100
	Beshtyube II (1990)	2961 thousand cu m	
	Nukus (1990)	3058 thousand cu m	
Construction rocks	Jaydan (1986)	776,5 thousand cu m	road metal, limestone
	Nukus (1969)	2256 thousand cu m	
Silicate sands	Tabakum	10138,9 thousand cu m	Silicon dioxide 76,2-87,0%, sand construction



TAKHTAKUPYR

district



Area – 21.12 thousand sq km
 Administrative center – Takhtakupyrdistrict center
 Settlements - 41
 Population - 39,7 thousand people
 Population density - (per sq km) 1,9 people
 Urban population - 16,6 thousand people (41,8%)
 Rural population - 23,1 thousand people (58,2%)

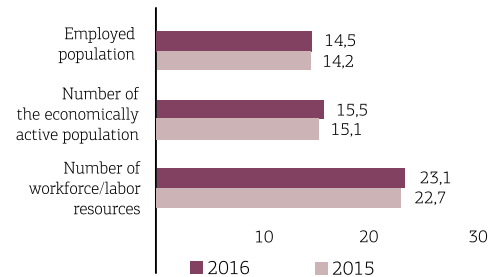
Khokimiyat

42 Doslik st., Takhtakupyrdistrict 231100
 Tel: (+998 61) 435-12-28
 Fax: (+998 61) 435-11-26
 E-mail: xkxtakopir1@sovminrk.gov.uz

Deputy khokim for Investments, Innovation, Supporting Privatized Companies, Development of SIZ, and Tourism

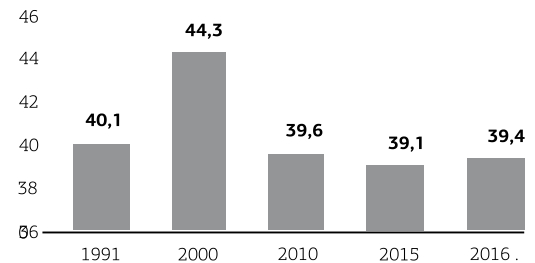
42 Doslik st., Takhtakupyrdistrict 231100
 Tel: (+998 61) 435-16-33
 Fax: (+998 61) 435-11-26
 E-mail: xkxtakopir3@sovminrk.gov.uz

Labor Market Indicators



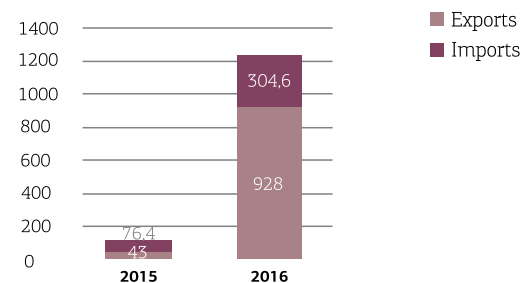
Demographic Indicators

Population, Total (by Thousand Persons)



Foreign Trade Balance

(by Thousand USD)



NEW POINTS OF GROWTH : In Agriculture

Rice cultivation utilizing intensive technologies, as well as poultry farming including water birds, are promising areas of economic development for the Takhtakupyrdistrict. Furthermore, there is significant potential for fish farming.

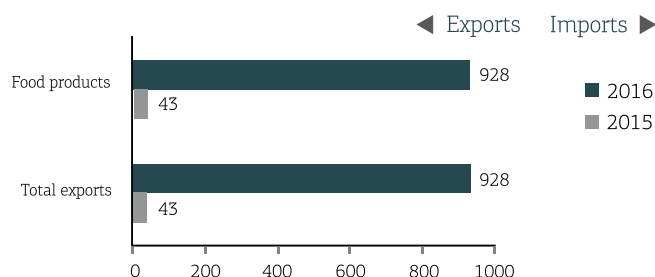
Basic Economic Indicators (by Billion Soums)

Indicator	2015	2016
Manufacturing output	13,7	15,7
Output of consumer goods	14,7	14,5
- Including foodstuffs	10,7	11,4
Gross agricultural product	48,9	52,5
Investments to fixed assets	6,9	6,6
Civil works (construction)	6,0	9,0
Retail sales	66,2	81,0
Services	24,8	31,5
Foreign Trade by thousand USD	119,4	1232,6

Agricultural Produce

Crop	Volume of Production, by Tons	
	2015	2016
Cotton	6634	7720
Wheat	8035	11017
Rice	3743	3832
Potatoes	772	909
Vegetables	3978	4199
Melon crops	3686	3925
Fruits	421	478
Grapes	119	136
Oil-bearing crops	125	176
Meat, live weight	4357	4462
Milk	8790,0	9218,0
Animal hides, pcs.	45321	45439
Fish	485	358

Breakdown of Foreign Trade by Goods and Commodities, by Thousand USD



Industrial development, by Units

Total, Economic Actors* (as of 01.01.2017)	238
Number of small businesses	140
Number of companies with foreign capital	3
Number of small businesses per 1000 residents	7,9
Manufacturing companies, total	12
- Big companies	1
- Small businesses and microfirms	11

* excluding dehkans (smallholders) and farmers

Unused Resources

Type of Mineral	Mines and Deposits	Volume of Deposits	Type of Product
Raw materials for bricks and tiles	Takhtakupir (1993)	1105 thousand cu m	Construction brick grade 100

Range of produced commodities:

PVC doors and frames, socks, dairy, confectionary and bakery products.

Ipoteka Bank is the lead financial institution, which facilitates the lease of essential equipment, special vehicles and modern machinery, and cage culture devices for intensive fish farming to the fish farms by leasing companies.

According to the approved projections for establishing new plantations (2,600 hectares) and the estimated production output (15,600 tons) of licorice in Takhtakupyr district in the framework of creating licorice plantations. With a continuous production cycle in 2018-2023, the district will become the largest supplier of licorice in Karakalpakstan.

National Bank for Foreign Economic Activity of Uzbekistan is the lead bank in this sector, financing the projects to create industrial plantations to cultivate licorice and other medicinal plants at a rate no higher than the refinancing rate of the Central Bank of Uzbekistan, with a 4 year grace period.

BRANCH OF IPOTEKA BANK
97 A.Shamuratov st., Nukus 230100
www.ipotekabank.uz

KARAKALPAK BRANCH OF
THE NATIONAL BANK OF UZBEKISTAN
52 Garezsizlik st., Nukus city, 230100
www.nbu.uz



TURTKUL

district



Area – 7,48 thousand sq km
 Administrative center – Turtkul City
 Cities - 1
 Settlements - 86
 Population - 206,4 thousand people
 Population density - (per sq km) 27,1 people
 Urban population - 79,3 thousand people (38,4%)
 Rural population - 127,1 thousand people (61.6%)

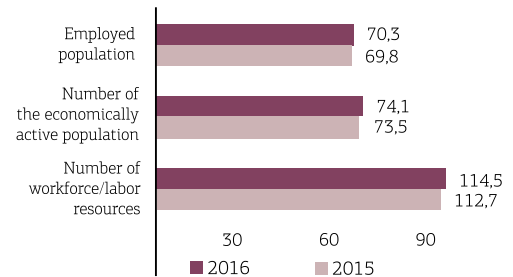
Khokimiyat

53 Turtkul st., Turtkul district 231204
 Tel: (+998 61) 532-53-05
 Fax: (+998 61) 532-30-40
 E-mail: xktortkol1@sovminrk.gov.uz

Deputy khokim for Investments, Innovation, Supporting Privatized Companies, Development of SIZ, and Tourism

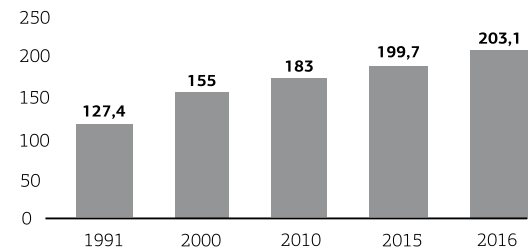
53 Turtkul st., Turtkul district 231204
 Tel: (+998 61) 532-20-66
 Fax: (+998 61) 532-20-66
 E-mail: xktortkol3@sovminrk.gov.uz

Labor Market Indicators



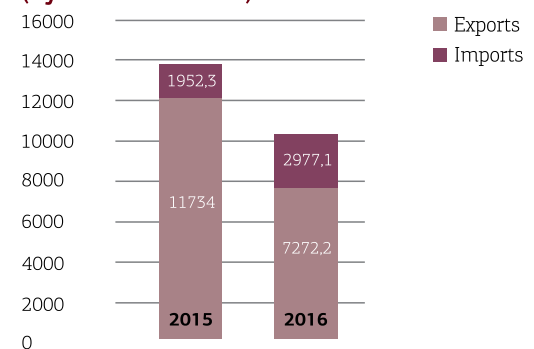
Demographic Indicators

Population, Total (by Thousand Persons)



Foreign Trade Balance

(by Thousand USD)



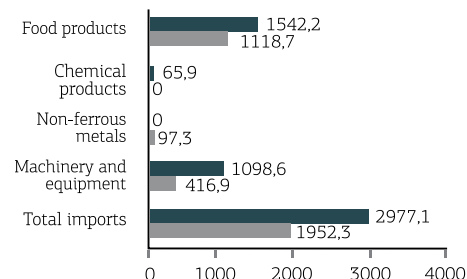
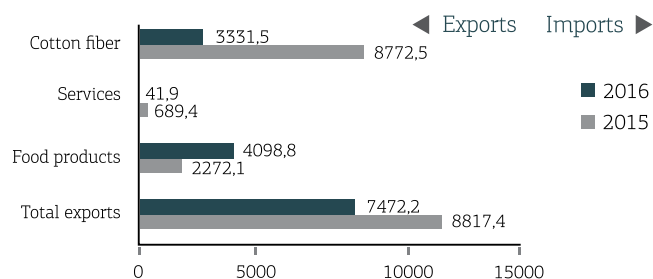
Basic Economic Indicators (by Billion Soums)

Indicator	2015	2016
Manufacturing output	147,1	153,6
Output of consumer goods	117,5	110,5
- Including foodstuffs	73,2	82,3
Gross agricultural product	150,9	159,9
Investments to fixed assets	59,3	65,0
Civil works (construction)	75,1	103,6
Retail sales	224,0	278,2
Services	120,9	156,7
Foreign Trade by thousand USD	13686,3	9385,8

Agricultural Produce

Crop	Volume of Production, by Tons	
	2015	2016
Cotton	25842	25180
Wheat	22039	22995
Rice	1847	2266
Legumes	59	105
Potatoes	5172	5583
Vegetables	3978	4199
Melon crops	10449	10920
Fruits	4915	5043
Grapes	777	783
Oil-bearing crops	712	1040
Meat, live weight	9745	10457
Milk	49774,0	53098,0
Animal hides, pcs.	73258	76276
Fish	295	366

Breakdown of Foreign Trade by Goods/Commodities, by Thousand USD



Industrial development, by Units

Total, Economic Actors* (as of 01.01.2017)	1242
Number of small businesses	1033
Number of companies with foreign capital	2
Number of small businesses per 1000 residents	11,1
Manufacturing companies, total	151
- Big companies	3
- Small businesses and microfirms	148

* excluding dehkans (smallholders) and farmers

Range of produced commodities:

dry construction mixes, construction bricks, raw silk, cotton fiber, cotton lint, stockinet, sacks, processed wheat, rice, spelt wheat flour, combined feeds and bakery products.

Unused Resources

Type of Mineral	Mines and Deposits	Volume of Deposits	Type of Product
	Jambaskala (1984)	3919 thousand cu m	
Raw materials for bricks and tiles	Jambaskala (1984)	252 thousand cu m	Construction brick grade 100
	Ellikqala (1975)	181,7 thousand cu m	

NEW POINT OF GROWTH IN RURAL AREAS:

Sericulture

Sericulture is well-developed in the To'rtko'l district, producing around 40% of Karakalpakstan's silk cocoons. The implementation of new intensive technologies opportunities are emerging to increase silk production and processing.

In 2018 the Uzbekipaksanoat Association was established in cooperation with commercial banks and silk industry organizations, including the Shimolipaksanoat LLC, the territorial Agropilla LLC of Karakalpakstan, the district Agropilla LLC, and sectoral organizations.

Companies in this sector are exempted from the following taxes until January 1st, 2023: - The single tax payment of **legal entities**, on revenues generating by producing silkworm eggs, harvesting and processing silk cocoons, producing finished silk products, and producing auxiliary materials for the silk industry (such as the artificial superstructure for silkworms); - **A single social tax** – payroll of the organizations - producers silk cocoons, for their home-based workers and other silk production workers, growing silk cocoons, on the condition that these funds are used as bonuses for home-based workers and silk producing workers. The owners of Shimolipaksanoat include Asakabank and sericulture sector organizations in Karakalpakstan.



KHODJEYLI

district



Area – 0.73 thousand sq km
 Administrative center – Khodjeyli City
 Cities - 1
 Settlements - 64
 Population - 119,7 thousand people
 Population density - (per sq km) 259,6 people
 Urban population - 76,8 thousand people (64,2%)
 Rural population - 42,9 thousand people (35,8%)

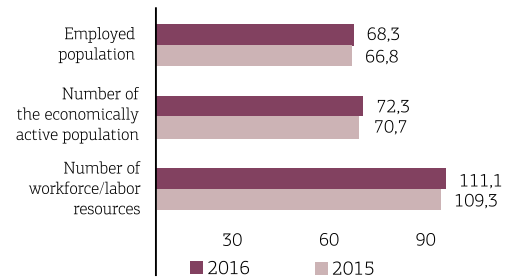
Khokimiyat

14 Mustaqillik st., Khodjeyli district 231300
 Tel: (+998 61) 554-15-52
 Fax: (+998 61) 554-12-72
 E-mail: xkxodjeyli1@sovminrk.gov.uz

Deputy khokim for Investments, Innovation, Supporting Privatized Companies, Development of SIZ, and Tourism

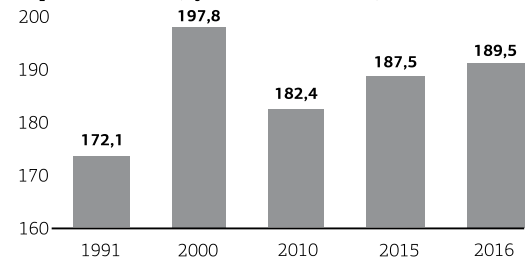
14 Mustaqillik st., Khodjeyli district 231300
 Tel: (+998 61) 554-10-13
 Fax: (+998 61) 554-12-72
 E-mail: xkxodjeyli1@sovminrk.gov.uz

Labor Market Indicators



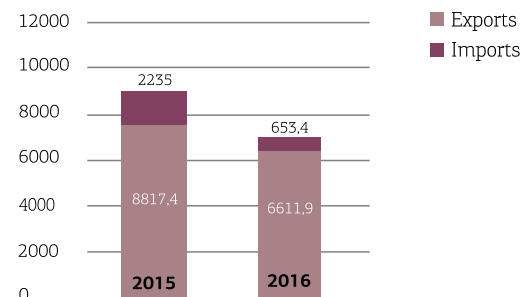
Demographic Indicators

Population, Total (by Thousand Persons)



Foreign Trade Balance

(by Thousand USD)



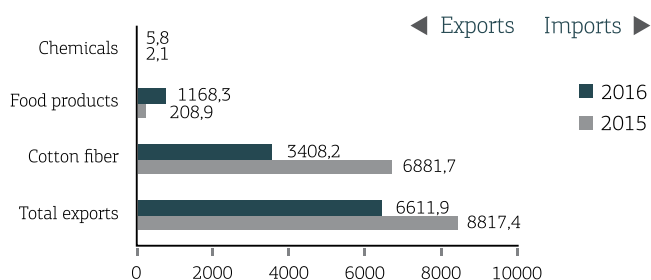
Basic Economic Indicators (by Billion Soums)

Indicator	2015	2016
Manufacturing output	480,8	557,0
Output of consumer goods	170,7	186,3
- Including foodstuffs	126,6	130,2
Gross agricultural product	101,8	106,9
Investments to fixed assets	65,6	111,3
Civil works (construction)	92,7	78,2
Retail sales	277,3	347,1
Services	150,8	182,4
Foreign Trade by thousand USD	11052,4	7416,9

Agricultural Produce

Crop	Volume of Production, by Tons	
	2015	2016
Cotton	18227	18443
Wheat	9955	10075
Rice	2216	4757
Legumes	143	178
Potatoes	4683	5091
Vegetables	13001	13425
Melon crops	8048	8060
Fruits	1994	2000
Grapes	532	532
Oil-bearing crops	328	353
Meat, live weight	6889	7329
Milk	35845,0	37511,0
Animal hides, pcs.	35068	35643
Fish	105	168

Breakdown of Foreign Trade by Goods/Commodities, by Thousand USD



Industrial development, by Units

Total, Economic Actors* (as of 01.01.2017)	922
Number of small businesses	667
Number of companies with foreign capital	6
Number of small businesses per 1000 residents	5,5
Manufacturing companies, total	102
- Big companies	6
- Small businesses and microfirms	96

* excluding dehkans (smallholders) and farmers

Unused Resources

Type of Mineral	Mines and Deposits	Volume of Deposits	Type of Product
Raw materials for bricks and tiles	Khodjeyli (1985)	100 thousand cu m	Construction brick grade 75

Range of produced commodities: road metal, dry construction mixes, construction bricks, pre-fabricated reinforced concrete structures, cotton fiber, cotton lint, single-threaded yarn, cotton fabrics, bed linen and uniform, processed wheat, rice, spelt wheat flour, combined feeds, baked products and pasta, and vegetable oils.

NEW POINT OF GROWTH:

Khodjeyli Small Industrial Zone

Location/Site of SIZ	Buildings and Facilities of the Khojeyli Unitary Company
Legal address	4 S. Yusupov st., Khodjeyli district
Territory, hectares	3,7
Area of buildings and facilities, sq m	420
Access to utilities	Access to natural gas, electricity grid and water supply

Banks, which finance projects implemented in SIZ

BRANCH OF ASAKA BANK
2 Karakalpakstan st., Nukus city 230100
www.asakabank.uz



CHIMBAY

district



Area – 2.2 thousand sq km
 Administrative center – Chimbay City
 Cities - 1
 Settlements - 133
 Population - 113,8 thousand people
 Population density - (per sq km) 51,2 people
 Urban population - 56 thousand people (49,2%)
 Rural population - 57,8 thousand people (50,8%)

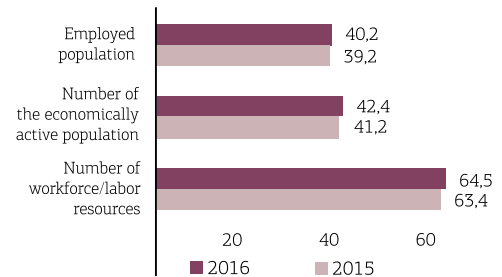
Khokimiyat

47 Sharof Rashidov st., Chimbay district 231400
 Tel: (+998 61) 444-33-03
 Fax: (+998 61) 444-00-02
 E-mail: ogazagbaev@umail.uz

Deputy khokim for Investments, Innovation, Supporting Privatized Companies, Development of SIZ, and Tourism

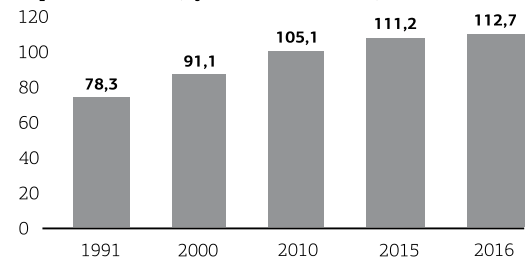
47 Sharof Rashidov st., Chimbay district 231400
 Tel: (+998 61) 444-33-03
 Fax: (+998 61) 444-00-02
 E-mail: orazimbetovsh@umail.uz

Labor Market Indicators



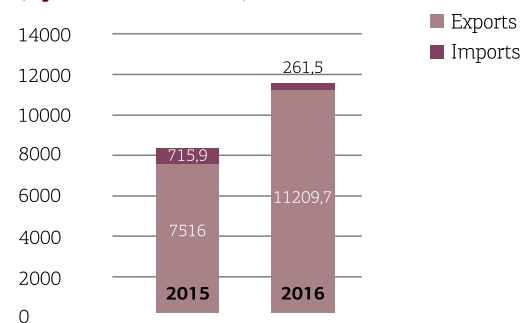
Demographic Indicators

Population, Total (by Thousand Persons)



Foreign Trade Balance

(by Thousand USD)



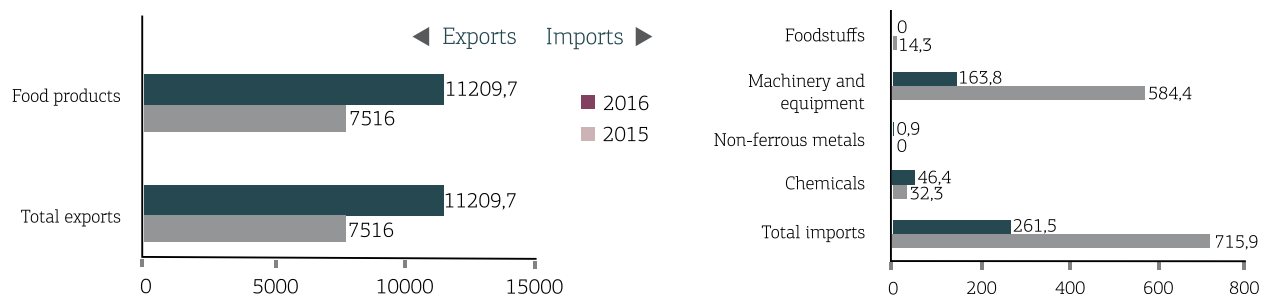
Basic Economic Indicators (by Billion Soums)

Indicator	2015	2016
Manufacturing output	83,6	106,5
Output of consumer goods	53,9	59,3
- Including foodstuffs	47,0	43,2
Gross agricultural product	89,2	94,5
Investments to fixed assets	21,2	23,8
Civil works (construction)	17,8	22,1
Retail sales	102,5	125,6
Services	50,5	62,7
Foreign Trade by thousand USD	8231,9	11471,2

Agricultural Produce

Crop	Volume of Production, by Tons	
	2015	2016
Cotton	9612	10054
Wheat	15464	15657
Rice	2216	4757
Legumes	135	557
Potatoes	3890	3966
Vegetables	19027	19542
Melon crops	13690	14239
Fruits	1675	1693
Grapes	163	165
Oil-bearing crops	1423	1429
Meat, live weight	6335	6752
Milk	20977,0	22418,0
Animal hides, pcs.	33357	34180
Fish	120	156

Breakdown of Foreign Trade by Goods/Commodities, by Thousand USD



Industrial development, by Units

Total, Economic Actors* (as of 01.01.2017)	549
Number of small businesses	391
Number of companies with foreign capital	3
Number of small businesses per 1000 residents	8,5
Manufacturing companies, total	102
- Big companies	6
- Small businesses and microfirms	96

* excluding dehkans (smallholders) and farmers

Range of produced commodities:

construction bricks, processed wheat, rice, spelt wheat flour, combined feeds, bakery products, juices and plant extracts

Unused Resources

Type of Mineral	Mines and Deposits	Volume of Deposits	Type of Product
Raw materials for bricks and tiles	Chimbay (1985)	400 thousand cu m	Construction brick grade 100
Claydite raw material	Kushkanatau	17089 thousand cu m	Bentonite, Claydite gravel, grade 500-600
Mineral salts	Kushkanatau	408370 thousand tons	Bloedite - 52%, halite - 22%, mirabilite - 6%, tenardite - 5%

NEW POINT OF GROWTH:

Chimbay Small Industrial Zone

Location/Site of SIZ	Buildings and Facilities of the Former Chimbay Mamygi JSC
Legal address	100 Karakulov st. Chimbay district
Territory, hectares	5,8
Area of buildings and facilities, sq m	8 107,0
Access to utilities	Access to natural gas, electricity grid and water supply

Banks, Which Finance the Projects Implemented in SIZ

BRANCH OF ASAKA BANK
2 Karakalpakstan st., Nukus city 230100
www.asakabank.uz



SHUMANAY

district



Area – 0.78 thousand sq km
 Administrative center – Shumanay district center
 Cities - 1
 Settlements - 108
 Population - 55,1 thousand people
 Population density - (per sq km) 70,3 people
 Urban population - 14,4 thousand people (26,1%)
 Rural population - 40,7 thousand people (73,9%)

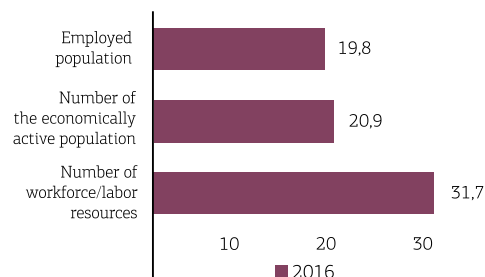
Khokimiyat

1 Bakhitli st., Shumanay District 231500
 Tel: (+998 61) 346-17-77
 Fax: (+998 61) 346-25-75
 E-mail: xkshomanay1@sovminrk.gov.uz

Deputy khokim for Investments, Innovation, Supporting Privatized Companies, Development of SIZ, and Tourism

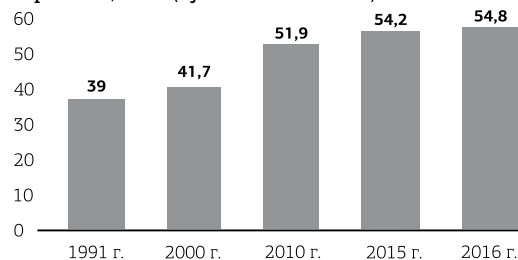
1 Bakhitli st., Shumanay district 231500
 Tel: (+998 61) 346-25-39
 Fax: (+998 61) 346-25-75
 E-mail: xkshomanay3@sovminrk.gov.uz

Labor Market Indicators



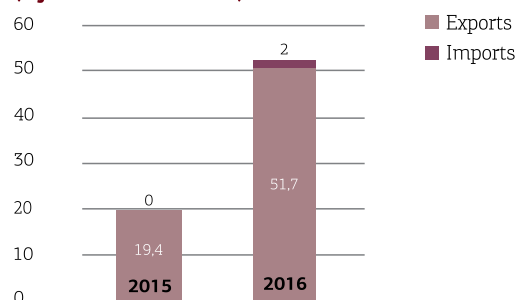
Demographic Indicators

Population, Total (by Thousand Persons)



Foreign Trade Balance

(by Thousand USD)



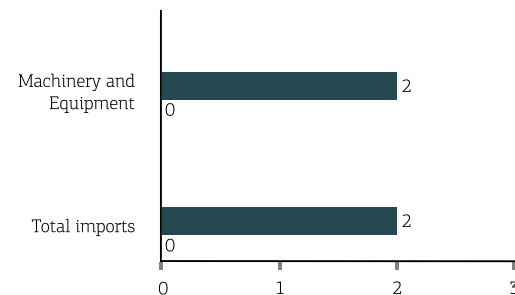
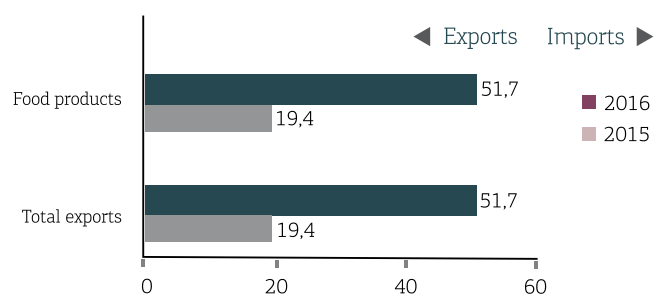
Basic Economic Indicators (by Billion Soums)

Indicator	2015	2016
Manufacturing output	19,8	22,0
Output of consumer goods	21,1	22,0
- Including foodstuffs	15,3	17,7
Gross agricultural product	46,2	47,5
Investments to fixed assets	10,4	9,9
Civil works (construction)	7,0	9,3
Retail sales	53,2	64,5
Services	23,6	29,8
Foreign Trade by thousand USD	19,4	53,7

Agricultural Produce

Crop	Volume of Production, by Tons	
	2015	2016
Cotton	11397	8776
Wheat	5966	8129
Rice	2044	2611
Legumes	69	77
Potatoes	1436	1456
Vegetables	11489	11628
Melon crops	7174	7349
Fruits	698	723
Grapes	83	85
Oil-bearing crops	262	278
Meat, live weight	2717	2921
Milk	9494,0	10684,0
Animal hides, pcs.	17093	17579
Fish	81	119

Breakdown of Foreign Trade by Goods/Commodities, by Thousand USD



Industrial development, by Units

Total, Economic Actors* (as of 01.01.2017)	278
Number of small businesses	181
Number of companies with foreign capital	1
Number of small businesses per 1000 residents	8,3
Manufacturing companies, total	22
- Big companies	-
- Small businesses and microfirms	22

* excluding dehkans (smallholders) and farmers

Unused Resources

Type of Mineral	Mines and Deposits	Volume of Deposits	Type of Product
Raw materials for bricks and tiles	Shumanay (1985)	76,1 thousand cu m	Construction brick grade 75-100
	Shumanay-2 (2015)	861 thousand cu m	Construction brick grade 100

Range of produced commodities:

construction bricks, bakery products and pasta

NEW POINTS OF GROWTH in Agriculture

There are ample opportunities for developing livestock farming, particularly cattle farming in the Shumanay district.

In 2017 the **Board of Directors of the World Bank** approved the loan for financing the Development of Livestock Farming in Uzbekistan project. Goods including works and services, and vehicles procured in the framework of implementing the project with IBRD and IDA loans, are **exempted** from customs duties (except customs duties), VAT, dues and contributions to special state funds. Meanwhile the income of individuals and non-residents of Uzbekistan, employed in implementing the project, are exempted from individual income tax.

Furthermore, the forecast indicators of new established plantations (2,500 hectares) and the projected harvest of licorice (15,000 tons) in the Shumanay district, were approved in the framework of a continuous cycle of the reproduction and creation of licorice plantation in 2018-2023.

National Bank for Foreign Economic Activity of Uzbekistan is the lead bank in this sector, financing the projects to create industrial plantations to cultivate licorice and other medicinal plants at the rate no higher than the refinancing rate of the Central Bank of Uzbekistan, with a 4 year grace period.

KARAKALPAK BRANCH OF THE NATIONAL BANK OF UZBEKISTAN
52 Garezsizlik st., Nukus city, 230100
www.nbu.uz



ELLIKQALA

district



Area – 5.42 thousand sq km
 Administrative center – Bustan City
 Cities - 1
 Settlements - 84
 Population - 152,8 thousand people
 Population density - (per sq km) 27,7 people
 Urban population - 18,5 thousand people (12,1%)
 Rural population - 134,3 thousand people (87,9%)

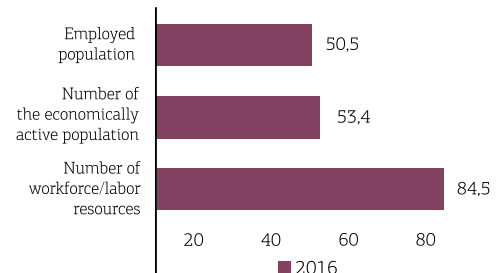
Khokimiyat

3 Sharaf Rashidov st., Ellikqala District 231600
 Tel: (+998 61) 585-11-01
 Fax: (+998 61) 585-12-80
 E-mail: xkellikqala1@sovminrk.gov.uz

Deputy khokim for Investments, Innovation, Supporting Privatized Companies, Development of SIZ, and Tourism

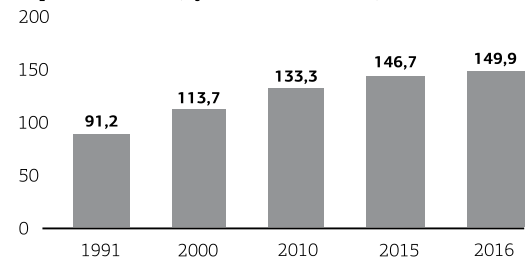
3 Sharaf Rashidov st., Ellikqala district 231600
 Tel: (+998 61) 585-28-28
 Fax: (+998 61) 585-12-80
 E-mail: xkellikqala3@sovminrk.gov.uz

Labor Market Indicators



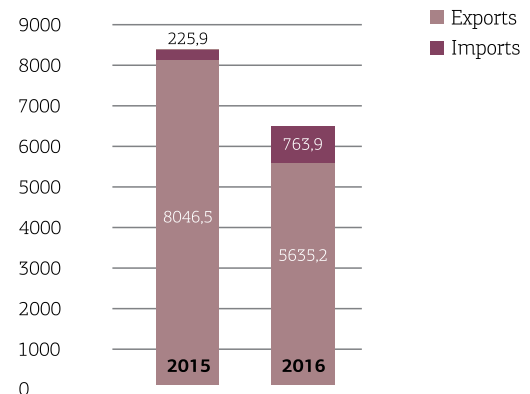
Demographic Indicators

Population, Total (by Thousand Persons)



Foreign Trade Balance

(by Thousand USD)



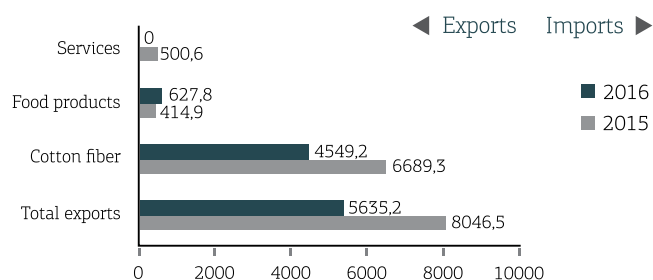
Basic Economic Indicators (by Billion Soums)

Indicator	2015	2016
Manufacturing output	105,9	111,6
Output of consumer goods	68,6	60,2
- Including foodstuffs	58,1	46,8
Gross agricultural product	145,7	154,5
Investments to fixed assets	56,5	100,9
Civil works (construction)	68,8	72,6
Retail sales	136,5	169,5
Services	82,1	96,3
Foreign Trade by thousand USD	8272,4	6113,5

Agricultural Produce

Crop	Volume of Production, by Tons	
	2015	2016
Cotton	26425	28568
Wheat	16560	16666
Rice	2758	2827
Legumes	95	102
Potatoes	4500	5639
Vegetables	24876	25116
Melon crops	7477	8549
Fruits	4118	4219
Grapes	436	451
Oil-bearing crops	205	210
Meat, live weight	10703	11167
Milk	45189,0	48096,0
Animal hides, pcs.	60653	61718
Fish	258	381

Breakdown of Foreign Trade by Goods/Commodities, by Thousand USD



Industrial development, by Units

Total, Economic Actors* (as of 01.01.2017)	852
Number of small businesses	658
Number of companies with foreign capital	2
Number of small businesses per 1000 residents	10,6
Manufacturing companies, total	86
- Big companies	2
- Small businesses and microfirms	84

* excluding dehkans (smallholders) and farmers

Range of produced commodities: pre-fabricated reinforced concrete structures, plastic doors and windows, vermiculite concentrate bricks, cotton fiber, cotton lint, single-threaded yarn, sacks and liquor/vodka products.

Unused Resources

Type of Mineral	Mines and Deposits	Volume of Deposits	Type of Product
Raw materials for bricks and tiles	Kyrkkyz (1969)	218,9 thousand cu m	Construction brick grade 75-100
	Turtkul	156 thousand cu m	Construction sand

POINT OF GROWTH: TOURISM

Ellikqala district has great potential for developing tourism. Its territory is rich in historical, architectural and archaeological landmark sites. As an example, the late Antic period site Toprakkala (I-IV centuries A.D.) is included in UNESCO World Heritage List. Tourists are amazed not only by the scale of the fortress lost in the desert but also the degree of the civilization's advancement, which had built these wonderful palaces, halls with frescos, and clay sculptures. Ayozkala (3rd-4th centuries BC), Kirkkizkala (3rd-4th centuries BC) and Burgutkala (5th-8th centuries AD) are particularly outstanding.

Travel companies can be offered new tourist routes. These include an environmental route through Nukus – Moynaq – Baday – Tugay – Buston – Ayozkala – Khiva, and a historical route through Nukus – Khodjeyli – Shilpik – Ayozkala – Buston – Khiva.

Furthermore, there are opportunities to offer new tourist routes using recreational resources, and natural water bodies, as well as water sources with a high concentration of minerals.

5 REFERENCE INFORMATION



5.1 STARTING A NEW BUSINESS



Until January 2018, the state registration of companies, established in Uzbekistan, excluding companies with foreign investments, was undertaken by inspectorates for the registration of business entities under the khokimiyats of districts and cities.

Companies with foreign investments had been registered by the Ministry of Justice of Uzbekistan, Karakalpakstan, and the justice departments of regions and Tashkent city, respectively.

Legislation sets minimum requirements for the amount of authorized funds of companies, depending on their organization and legal form. There is a system for registration based on notification with the concurrent registration of the business actors at state tax inspections and statistics authorities, including those based on-line.

Since January 1, 2016, one-stop-shops offering government services to businesses had been established under the khokimiyats of districts and cities, replacing the inspectorates for business registration. As a result, the number of one-stop-centers offering government services had been increased by up to 33.

Centers of government services had started operating since January 1st, 2018. To date, the state registration of business entities is being held in these centers. In Karakalpakstan the operation of these centers is managed and supervised by the local department of the Agency of Government Services, under the Ministry of Justice of Uzbekistan. Currently, 58 new government services are being implemented in a phased manner to be offered as one-stop-shops, solely through the centers of government services.

MINIMUM AUTHORIZED CAPITAL REQUIREMENTS FOR BUSINESS ENTITIES*

Organizational and legal Type of Business Entity	Minimum Authorized Capital
Joint-stock companies	400,000 USD**
Limited liability companies	40 minimum wages
Additional liability companies	40 minimum wages
General partnerships	50 minimum wages
Partnerships in commendam	50 minimum wages
Unitary enterprises	-
State unitary enterprises	-
Private enterprises ***	-
Family businesses	10 minimum wages
Farming enterprises	-
Incorporated dehkan farms (smallholders)	-
Foreign investment enterprises	600mIn soums****
Representative offices or branches, acting as independent legal entities and owning separate accounts under the laws of Uzbekistan	-

* If the business entity undertakes licensed activity, the minimal authorized capital should correspond with requirements set out in the legislation for this type of activity.

** at the rate of the Central Bank of the Republic of Uzbekistan, as of the date of state registration.

*** if at the end of the second and each subsequent fiscal year the net assets of a private entity are valued at less than its authorized capital, the private entity must reduce its authorized capital to an amount not exceeding its net asset value.

**** one of the entity's stockholders must be a foreign legal entity, with foreign investment making up no less than 30% of the authorized capital.

FEES FOR REGISTERING ENTITIES AT STATE SERVICE CENTRES AND NOTARIES

State Duty	Fee, in Minimum Wages or Soums
The state registration of business entities, being legal entities, unincorporated self-employed persons and unincorporated family business entities, which are filed in person	1 minimum wage*
The state registration of business entities with foreign investment when filed in person	32 minimum wages*
The state registration of insurers and insurance brokers, audit companies, tax consultant organizations, stock exchanges, pawnshops, investment funds, markets, joint-stock companies (including holdings), established under the respective decrees of the President and the Government of the Republic of Uzbekistan, when filed in person	4 minimum wages*
The attestation of the authenticity of signatures for the opening of bank accounts	2% of the minimum wage
The attestation of the authenticity of signatures on documents, including the authenticity of the translator's signature for individuals	5% of the minimum wage
The attestation of the authenticity of signatures on documents, including the authenticity of the translator's signature for legal entities	20% of the minimum wage
The attestation of the authenticity of copies of documents and statements therefrom for individuals	1% of the minimum wage per page
The attestation of the authenticity of copies of documents and statements therefrom for legal entities	2% of the minimum wage per page
The attestation of authenticity of the document's translation from one language to another	1% of the minimum wage per page

* Online state registration fees are 50% the rate applicable to filing in person.

5.2 Index of manufactured goods, materials and component parts recommended for localisation in 2018-2019

Product Name	HS Code of Foreign Trade Activities
CHEMICAL INDUSTRY AND ASSOCIATED SECTORS	
Propylene Glycol	2905 32 000 0
Pentaerythritol	2905 42 000 0
Oxirane (ethylene oxide)	2910 10 000 0
n-Butyl acetate	2915 33 000 0
Citric acid	2918 14 000 0
Diethylamine	2922 12 000 0
Methyldiethanolamine	2922 19 200 0
Antisera, immunological products, vaccines, toxins, germ cultures and similar products	3002
Medicine containing two or more components, for therapeutic or preventive use, but not pre-dosed or prepackaged for retail sale	3003
Medicine containing mixed or unmixed products for therapeutic or preventive use, predosed and/or prepackaged for retail sale	3004
Skin care medicine (oil, cremes, face masks, lotions and others)	3304 99 000 0
Hair spray	3305 30 000 0
Hair dressing products (hair-dye, oil, balms, conditioners, lotions, hair mousse)	3305 90 000 0
Toothpaste	3306 10 000 0
Deodorants, deodorant-antiperspirants (spray, deodorant sticks, roll-on deodorants, gel and creme deodorants)	3307 20 000 0
Air conditioning and aromatization products (aerosols, sprays, gels and liquid air fresheners)	3307 49 000 0
MINERAL PRODUCTS	
Sodium hydroxide (caustic soda), solid	2815 11 000 0
PLASTIC AND PLASTIC PRODUCTS	
Polyvinyl chloride	3904 10 009 9
Polyvinyl chloride plasticized	3904 22 000 0

Product Name	HS Code of Foreign Trade Activities
Polyvinyl acetate in aqueous dispersion	3905 12 000 0
Polymethyl methacrylate	3906 10 000 0
Acrylic polymers	3906 90 900 0
Polyethylene glycols	3907 20 110 0
Sheets of shock-resistant polystyrene	3920 30 000 0
Reservoir tanks, power steering and washer fluid reservoirs	3926 30 000 1
	3926 30 000 9
Clamping devices and connectors for automotive harnesses	3926 30 000 1
	3926 90 970 7
Rubber-fabric (steel-cord) conveyor belts	4010 12 000 0
Rubber or latex teats	4014 90 000 0
Rubber medical corks for infusion solutions	
Products from metal-filled rubber	4016 99 520 9
TEXTILE MATERIALS AND PRODUCTS	
Polyester sewing threads	5401 10 180 0
Synthetic polyester filament yarn	5402 33 000 0
Synthetic polyester staple fibers	5503 20 000 0
BUILDING MATERIALS AND GLASSWARE	
Millstones, grindstones and grinding wheels	6804 22 180 0
Glass fibre rovings	7019 12 000 0
Glass-cloths, glass fibres, etc	7019 90 990 0
METAL AND METALWARE	
Springs for the industrial manufacturing of motor vehicles	7320
Burner flame dissipators, bowls for burners	7616 99 100 9
Drilling bits, rock drilling tools	8207 19 900 1
MACHINERY AND EQUIPMENT	
Compressors used in refrigerating equipment	8414 30
Vertical chest freezers	8418 40 800 9
Refrigerator showcases and counters	8418 50 190 0
Solar cells of new types	8419 19 000 0
Water filtering equipment, including sand filters for swimming pools	8421 21 000 9

Product Name	HS Code of Foreign Trade Activities
Electronic household scales	8423 10 100 0
Platform weighing machines, and laboratory electronic scales	8423 81 900 0
Continuous-action elevators and conveyors for goods and materials	8428 39 900 9
Carding machines	8445 11 000 0
Drawing machines	8445 13 000 2
	8445 13 000 9
Cylinder-knitting machines, and stitch-bonding machines	8447 11 000 9
Spare parts and components for washing machines	8450 90 000 0
Horizontal lathes	8458 19 000 0
Table drilling machines	8459 29 000 0
Components for presses, moulds, accessories and stamping dies	8466 94 000 0
Handheld electro-pneumatic rotative-action tools	8467 11 900 0
Electropneumatic drills and perforating machines	8467 21 910 0
Power drills (including a perforator), and perforators with a built-in electric motor	8467 21 990 0
Angle grinders	8467 29 510 0
Components and spare parts for pneumatic tools	8467 92 000 0
Tablet PCs	8471 30 000 0
Computer keyboards	8471 60 600 0
Optical mouses for computers	8471 60 700 0
Cement mixers, mortar mixer, mobile cement production lines	8474 31 000 0
Moulds for rubber and plastic casting, including in shoe production	8480 71000 0
Low-power engines for the automotive industry and household appliances	8501
Uninterruptible power supplies	8504 40 300 9
Batteries for mobile phones and laptops	8507 60 000 0
Components and spare parts for household vacuum cleaners	8508 70 000 1
Mixer machines	8509 40 000 0
Blenders	8509 40 000 0
Juicers	8509 40 000 0
Self-powered lanterns, including for mine works (headlamps)	8513 10 000 0
Machinery and apparatuses for high- and low-temperature welding	8515 19 000 0

Product Name	HS Code of Foreign Trade Activities
Machinery and apparatuses for manual welding, coated with electrodes, equipped with welding and cutting devices, and supplied with transformers	8515 39 130 0
Electric arc welding machines for metal	8515 39 180 0
Steam-humidifying irons, and steam irons for textile production	8516 40 000 0
Household dual fuel cookers, electric cookers, electric stoves, bread machines	851660 101 0
	8516 60 1090
Smartphones	8517 12 000 0
Dashboard cameras	8521 90 000 9
Surveillance cameras	8525 80 190 0
Circuit breakers	8535 30 900 0
Battery cords for motor vehicles	8544 30 000 1
Spark plug wiring for cars	8544 30 000 8
Heating radiators for passenger cars, trucks and buses	8708 91 350 1
	8708 91 350 9
Pedal set assemblies (brake, accelerator, clutch)	8708 99 100 0
Motorcycle vehicles (scooters and mopeds)	8711
Baby carriages	8715 00 100 0
Carts for products and payloads (supermarkets, airports, bus terminals, railway stations)	8716 80 000 0
Manometres for the oil-and-gas, energy, chemical and other industries (pressure gauging device)	9026 20 800 9
AC meters (single-phase)	9028 30 110 0
AC meters (multi-phase)	9028 30 190 0
Car seats, child seats fixed on the backs of car seats	9401 80 000 0
Plastic baby walkers (with wheels)	9403 70 000 0
NON-REUSABLE MEDICAL EQUIPMENT	
Metal tubular hypodermic needles	9018 32 100 0
Scarifiers, canulas, catheters, and silicon Foley catheters	9018 39 000 0
FOOD PRODUCTS	
Potato starch	1108 13 000 0
Maltodextrin (starch)	1702 30 900 1

5.3 TAXES, STATUTORY CHARGES (DUES) AND EXEMPTIONS

TAXES AND LEVIES EFFECTIVE SINCE JANUARY 1, 2018

Under the Tax Code of the Republic of Uzbekistan, business entities may use general taxation, or alternatively follow simplified taxation procedures. The simplified taxation procedure is used for special categories of taxpayers, and provides special rules for calculating and paying the flat tax, the single land tax, and the flat tax on select types of business activity.

General taxation scheme stipulates ten types of national and local taxes, including income tax, value added tax, wealth tax, welfare and social infrastructure development tax, water use tax, and land tax, as well as a few types of statutory charges to socially-oriented funds.

Taxes and levies in the territory of the Republic of Karakalpakstan are set under the Resolution of the President of the Republic of Uzbekistan (December 29th, 2017) No. 3454, adopted pursuant to Resolution of the Legislative Chamber of Oliy Majlis of the Republic of Uzbekistan (December 13th, 2017) no.1341-III 'On State Budget of the Republic of Uzbekistan, Budgets of State Target Funds and Main Directions of the 2018 Tax and Budget Policy' and the Resolution of the Senate of Oliy Majlis of the Republic of Uzbekistan (December 20th, 2017) No. 241-III 'On State Budget of the Republic of Uzbekistan, Budgets of State Target Funds and Main Directions of the 2018 Tax and Budget Policy'.

EXEMPTIONS AND PREFERENCES (EXCERPTS)

In order to create a healthy competitive environment on the market and create equal condi-

tions for business, to provide all-round support for the development of active entrepreneurship and ensure the implementation of fair competition principles, tax and customs privileges and preferences (hereinafter—benefits) are provided by laws and acts of the President of the Republic of Uzbekistan as a whole for industries, spheres of activity, territories, and also should have a specific goal and ensure the achievement of clear social, economic and financial results.

At the same time, temporary privileges are provided by acts of the President of the Republic of Uzbekistan for a period of not more than 3 years, with the exception of cases provided by international treaties of the Republic of Uzbekistan. Individual privileges are granted by acts of the President of the Republic of Uzbekistan, in exceptional cases, for the implementation of socially significant projects in sectors where there is no interest of the private sector in investing, in the presence of specific social or economic grounds, or in accordance with international agreements of the Republic of Uzbekistan.

The lists of goods imported into the territory of the Republic of Uzbekistan with the use of benefits on customs payments and amendments thereto are formed by the organization that is granted the privilege only if there is a law or an act of the President of the Republic of Uzbekistan on granting privileges. Such cases should be comprehensive examined by the Center for Integrated examination of projects and import contracts under the National Project Management Agency under the President of the Republic of Uzbekistan.

Upon receipt of a positive conclusion by the Center for Comprehensive Examination of Projects and Import Contracts under the National Project

Management Agency under the President of the Republic of Uzbekistan, based on the results of a comprehensive examination of the list of goods imported into the territory of the Republic of Uzbekistan with the application of the benefits for the customs payments, the Importer receives the right to import the listed goods in the established order.

The National Project Management Agency under the President of the Republic of Uzbekistan has the right to submit to the Office of the President of the Republic of Uzbekistan reasonable proposals for the early termination of the benefits granted, legal grounds during the entire period of their operation.

Features of benefits application for newly established enterprises on the territory of the Republic of Karakalpakstan



The newly created microfirms and small enterprises in the sphere of industry (except for automobile gas filling compressor stations) located in the following districts are exempted from paying of a single tax payment:

- in Muynak, Shumanay, Kanlykul, Takhtakupyr, Chimbay districts of the Republic of Karakalpakstan—until 1 January 2027;
- in the remaining areas of the Republic of Karakalpakstan—until January 1, 2022.

Legal entities registered in the Republic of Karakalpakstan, specialized in the production of pharmaceutical products, electrical products (excluding cable and wire products), as well as finishing con-

struction materials, are exempt from property tax, land tax, tax on improvement and development of social infrastructure, as well as mandatory contributions to the Republican Road Fund under the Cabinet of Ministers of the Republic of Uzbekistan until January 1, 2022.



INDIVIDUAL INCOME TAX

Taxable Income	Tax Rate
Up to one lot of minimum wage	0%
One (+1 soum) to five minimum wages	7.5% of the sum exceeding one minimum wage
Five (+1 soum) to ten minimum wages	tax on 5 minimum wage incomes + 16.5% of the sum exceeding five minimum wages
Ten (+1 soum) minimum wages, and more	tax on 10 minimum wage incomes + 22.5% of the sum exceeding ten minimum wages

Notes:

The tax assessment scale by incomes is determined by the minimum wage effective from January 1st, 2018 (172,240 soums) and is not revised throughout the year if the minimum wage is changed.

2. For calculation purposes, the minimum wage is factored in on an accrual basis from the start of the year, being the sum of minimum wages for each month of the respective period from the start of the year.

3. The income tax calculated at the given rates and subject to payment to the state budget is reduced by the sum of statutory monthly charges, which are transferred to the retirement saving account, being 2% of the income, and are subject to the individual income tax, save for the income taxed at the 'zero' rate, being one minimum wage.

4. For select individual incomes taxed at a minimum rate under the legislation, the minimum rate is 7.5%.

CORPORATE INCOME TAX

Taxpayer	Rate as a Percentage of the Taxable Base
1. Legal entities, except entities specified in clauses 2 and 3	14
2. Commercial banks	22
3. Mobile network operators (MNOs), depending on profitability:	
- Up to 20%	14
- Over 20%	50% of the profit exceeding the 20% profitability level

Note:

Legal entities temporarily exempted from taxes on corporate profit and/or from welfare and social infrastructure development taxes, shall pay corporate taxes at half their established rates until after the exemptions expire.

INCOME OF FOREIGN INDIVIDUALS RECEIVED ON THE TERRITORY OF UZBEKISTAN THAT ARE EXEMPT FROM INDIVIDUAL INCOME TAX

Object of Exemption	Type of Exemption	Legal Framework
Income: - received under employment contracts by foreign doctors and technical specialists servicing modern medical equipment, engaged in professional activity at private medical organizations; - incomes of foreign employees at private medical organizations, received for their work in managerial capacities.	Exempted throughout the terms of their contracts	Clause 10 Resolution of the President No. 2863 (1.04.2017)
Income received under employment contracts with foreign scientists, teachers and specialists doing educational work at universities and sectorial teacher training centres.	Exempted throughout the terms of their contracts	Clause 4 Resolution of the President No. 2909 (20.04.2017)
Income received under employment contracts with foreign scientists, doctors and specialists involved in the retraining of the state healthcare system's local medical organization specialists.	Exempted until 1.01.2022	Clause 11 Resolution of the President No. 3071 (20.06.2017)
Income of foreign investors received as their stock dividends.	Exempted until 1.01.2020	Clause 5 Resolution of the President No. 2454 (21.12.2015)

Exemption from the Corporate Income Tax

Enterprises and Organizations	Valid Exemptions	Legal Framework
Enterprises-taxpayers	Throughout the enterprise's life	Clause 6 Para 2 Art158 Tax Code
Micro-firms and small businesses doing business under Annex 35 to the Resolution of the President No. 2699	Until 1.01.2020	Clause 7 Resolution of the President No. 325 (17.04.2006); Clause 26 the Resolution of the President No. 2699(27.12.2016)
Enterprises specializing in the manufacturing of renewable power-generating installations	Five years from the date of registration	Clause 5 Resolution of the President No. 2343 (5.05.2015)
Enterprises specializing in medicine production	Until 1.01.2021	Clause 8 Resolution of the President No. 2595 (16.09.2016)
Enterprises specializing in the manufacturing of textile and clothing consumer goods under Annex 7 to the Resolution of the President No. 2687	Until 1.01.2020	Clause 14 Resolution of the President No.2687 (21.12.2016)
Enterprises specializing in the manufacturing of medical products	Until 1.01.2021	Clause 2 Resolution of the President No.2911 (20.04.2017)
Processing plants that are members of XK 'Uzbekoziqovqaholding'	Until 1.01.2019	Clause 6 Resolution of the President No. 2520 (12.04.2016)

VAT EXEMPTIONS*

Activity	Object of Exemption	Exemption Valid	Legal Framework
Sales of products	In-house agricultural products	Always	Clause 28 Art.208 Tax Code
Sales of property	Property transferred in an investment obligation under the agreement between the investor and the public state property management authority	Always	Clause 34 Art.208 Tax Code
Sales of real estate and services	State property renting services	Always, throughout its period of activity.	Clause 35 Art.208 Tax Code
	Financial services under Art. 209 Tax Code		Art.209 Tax Code
	Insurance, co-insurance and re-insurance services under Art. 210 Tax Code		Art.210 Tax Code
Enterprises and organizations generating power via renewable-power-generating installations (with a nominal capacity of 0.1 MW and more)	Energy sold to Uzbekenergo's enterprises	Ten years from the date the installations are put into operation	Clause 5 Resolution of the President No. 2343 (5.05.2015)
Enterprises and organizations specializing in the production of renewable energy	Sales of goods, works and services	Five years from the date of registration	Clause 5 Resolution of the President No.2343 (5.05.2015)
Companies selling agricultural mini-technologies and compact equipment, imported for trade fairs, to domestic producers	Sales of mini-technologies and equipment to domestic producers	Always	Clause 7 Resolution of the President No. 449 (24.08.2006)

* The VAT rate is 20%

'ZERO' RATE VAT EXEMPTION

Object of Exemption	Exemption Valid	Legal Framework
Export of goods (except precious metals) sold for foreign currency, including intermediaries	Always	Art.212 Tax Code
Recycling of goods under the customs regime 'Recycling in the customs territory', within the customs legislation (provided the goods slated for recycling are taken outside the territory of the Republic of Uzbekistan)	Always	Art.215 Tax Code
International freight services: Freight of transit cargo across the territory of the Republic of Uzbekistan; International carriage of passengers, baggage, cargo and mail		Art.216 Tax Code
Goods, works and services offered to foreign investors and/or operators, who are party to production sharing agreements	Always	Clause.4 para 3 Art.256 Tax Code
Semi-finished textile goods, including yarn, fabric, jersey cloth and cotton spinning scraps, accessories and fittings, bought by member-enterprises of JSC 'Uzbekyengilsanoat' for hard currency at prices no lower than the accepted world average, as of the contract's effective date	Until 1.01.2020.	Clause 5 Resolution of the Cabinet of Ministers №141 (25.03.2004); Clause 1 Resolution of the President No. 1512 (28.03.2011); Clause.4 Annex. 8 to Resolution of the President No. 2687 (21.12.2016)

FLAT TAX FOR MICROFIRMS AND SMALL ENTERPRISES, EXCLUDING TRADE AND CATERING COMPANIES

Taxpayer	Rates as a Percentage of the Taxable Base
1. All legal entities from across the economy, except entities specified in Clauses 2 to 7	5*
2. Legal entities providing customs documentation services (customs brokers)	5
3. Pawnshops	30
4. Legal entities receiving income from mass entertainment organizations, by attracting legal entities and individuals, including non-residents, with a license to engage in entertainment activities	30
5. Brokerage offices, except for those specified in clause 6, and legal entities serving as brokers under commercial agency contracts and other intermediary services contracts	33**
6. Legal entities working as brokers on stock exchanges	13**
7. Legal entities specializing in the renting out of stationary stores, with incomes from renting comprising over 60%, for dealing in food and non-grocery goods.	30

For legal entities leasing property, the rate is set under the leasing agreement

*** Of compensation (gross income)*

SINGLE TAX FOR TRADE AND CATERING ENTERPRISES INCLUDING MICROFIRMS AND SMALL BUSINESSES

Taxpayers	Rates at a Percentage of the Taxable Base
1. Catering enterprises	10
In which:	
<i>Specialized catering enterprises, catering to comprehensive schools, boarding schools, secondary specialized and professional institutions, and universities</i>	8
2. Retail sellers, except those specified in clauses 3 and 4	
2.1. depending on location	
- <i>In cities with populations of 100,000 and more</i>	4
- <i>In other localities</i>	2
- <i>In hard-to-reach and mountainous areas</i>	1
2.2. Regardless of location	
<i>On the sales of alcoholic and tobacco products, petrol, diesel and liquefied gas</i>	4
3. Trade enterprises engaged in wholesale and wholesale-retail trade (except those specified in Clause 4)	5
4. Wholesale and retail pharmacies located in:	
<i>Cities with populations of 100,000 and more</i>	3
- <i>In other localities</i>	2
- <i>Hard-to-reach and mountainous areas</i>	1
5. Procurement agencies buying, sorting, storing, and packing agricultural production	4

Note.

If retail traders have several stores that are not independent legal entities and are located in different localities with different single tax rates, they have to keep separate accounts for each store and pay the single tax at the rates set specifically for these localities.

WATER USE TAX

Taxpayer	Rate Per 1 Cubic Meter (Soums)	
	Surface Springs	Underground Sources
All enterprises from across the economy except those specified in clauses 2 to 4, de-hkan farms (legal entities and individuals), and individuals using water for business purposes	98.2	124.8
2. Power plants	28.4	42.2
3. Public utilities	53.9	69.7
4. Producers of non-alcoholic beverages*:		
– <i>by volume of water used for the production of non-alcoholic beverages</i>	15,870.0	15,870.0
– <i>for other purposes</i>	98.2	124.8

* These enterprises pay water taxes regardless of the taxation system (standard or simplified), following the procedure set by the Finance Ministry and the State Tax Committee of the Republic of Uzbekistan

EXEMPTION FROM WATER TAX

Taxpayers	Object of Exemption	Exemption Valid	Legal Framework
Water consumers receiving water from legal entities who have paid respective water taxes	Volume of water received from legal entities who have paid the respective water taxes	Throughout the arrangement	Clause 2 para 1 Art.261 Tax Code
Water consumers re-using the water which has already been taxed	Volume of water which is being re-used and which has already been taxed	Throughout the arrangement	Clause 3 para 1 Art.261 Tax Code
Enterprises and organizations specializing in the manufacturing of renewable-energy-generating installations	Volume of water used	Five years from the date of registration	Clause 5 Resolution of the President No. 2343 (5.05.2015)

SUBSOIL USE TAX

Object of Taxation	Tax Rates to the Taxable Base, as a Percentage	Object of Taxation	Tax Rates to the Taxable Base, as a Percentage
1. Extraction of Basic and Associated Mineral Resources		Secondary, not enriched kaolin gray	7.9
Energy Sources		Quartz-feldspar	6.5
Natural gas	30.0	Glass raw materials	3.0
Utilized natural gas	9.0	Bentonite clay	4.8
Underground gas	2.6	Talc and talcum stone	4.0
Unstable gas condensate	20.0	Talc-magnesite	4.0
Oil	20.0	Mineral colors	5.7
Coal	4.0	Wollastanite	4.0
Non-Ferrous and Rare Metals		Asbestos	4.0
Refined copper	8.1	Basalt for the production of mineral fiber	4.0
Molybdenum industrial product	4.0	Barite concentrate	4.0
Lead concentrate	4.0	Non-metallic Raw Materials for Metallurgy	
Zinc metal	4.0	Molding refractory clays	4.0
Tungsten concentrate	10.4	Limestone dolomites	4.0
Uranium	10.0	Quartz and quartzite	6.5
Precious Metals		Molding sands	4.0
Gold	5.0	Vermiculite	4.0
Silver	8.0	Nonmetallic Building Materials	
Raw precious, semi-precious and ornamental stones	24.0	Cement raw materials	5.0
Ferrous Metals		Blocks from natural veneer stone	5.0
Iron	4.0	Marble chips	5.0
Mining Chemical Feedstock		Gypsum stone and ganch	5.0
Mineral salts	3.5	Expanded clay	5.0

Object of Taxation	Tax Rates to the Taxable Base, as a Percentage	Object of Taxation	Tax Rates to the Taxable Base, as a Percentage
Potassium salt	3.5	Brick and tile raw materials	5.0
Sodium sulfate	3.5	Gypsum and anhydrite	5.0
Phosphorites, to graphites	5.0	Sawing and crushed quarry stones	5.0
Carbonate raw materials, limestones and dolomites	3.5	Construction sand	5.0
Glauconite	3.5	Sand and gravel mixture, crushed gravel, river stone and gravel	5.0
Mineral pigments	4.8	Sandstones	5.0
Mining Raw Materials		Shell limestone	5.0
Fluorspar concentrate	21.2	Slates	5.0
Natural graphite	8.0	Other common mineral resources	5.0
2. Minerals extracted from artificial mineral formations	30% of the rate for the extraction of basic mineral		

PROPERTY TAX

Payers (Objects of Taxation)	Tax Rate, as Percentage
1. Legal entities, percentage of the taxable base	5
2. Natural persons, percentage of the cadastral value of property	
2.1. Residential houses and apartments, country houses (except for those with a total area of over 200 sq m), and other buildings, premises and structures	0.2
2.2. Residential houses and apartments located in cities with a total area of:	
- Over 200 sq m, of up to 500 sq m	0.25
- Over 500 sq m	0.35
2.3. Residential houses and apartments, and country houses located in other settlements with a total area of over 200 sq m	0.25

* In order to calculate the property tax on individuals, the cadastral value of property shall be determined based on cadastral documents. However, this amount may not be lower than 42,000 thousand Uzbek soums.

TAX EXEMPTION ON THE PROPERTY TAX OF LEGAL ENTITIES

Name	Period of Exemption	Grounds
Newly established enterprises	Two years from the moment of state registration	Par. 4 part 2 Article 269 of the Tax Code
Enterprises of the textile industry which sell the following products for hard currency: - 80% or more of the ready-made textile products within the total volume of sales; - 40% or more of semi-finished textile products, including yarn, fabrics and knitted fabric, within the total volume of sales	Until January 1, 2020	Par.3 PP-7 dated November 21, 2007 (as amended by paragraph 2 of Appendix No. 8 to PP-2687 dated December 21, 2016)
Enterprises and organizations specializing in the production of renewable energy generation plants	Five years from the date of state registration	Par.5 PP-2343 dated May 5, 2015
Processing enterprises, which are part of the 'Uzbekkozovaktovholding' holding company	Until January 1, 2019	Par.6 PP-2520 dated April 12, 2016
Pharmaceutical companies	Until January 1, 2021	Par.8 PP-2595 dated September 16, 2016
Enterprises specializing in the production of non-food consumer goods in textile and apparel knitting industries in accordance with Appendix No. 7 to the Resolution of the President No.2687 (December 21, 2016)	Until January 1, 2020	Par.14 PP-2687 dated December 21, 2016
Enterprises specializing in the production of medical products	Until January 1, 2021	Par.2 PP-2911 dated April 20, 2017

BASIC RATES OF LAND TAX FOR IRRIGATED PUBLIC AGRICULTURAL LAND IN THE REPUBLIC OF KARAKALPAKSTAN

District, City	Basic Tax Rates for One Hectare of 1st Class Land in Soums	District, City	Basic Tax Rates for One Hectare of 1st Class Land in Soums
Amudarya	16,741.40	Takhtakupyr	14,409.30
Beruniy	16,444.70	Takhiatash	14,152.80
Karauzak	13,667.60	Turtkul	16,741.40
Kegeyli	14,152.80	Khodjeyli	14,152.80
Kungrad	13,122.10	Chimbay	13,414.40
Kanlykul	13,414.40	Shumanay	14,698.00
Muynak	13,122.10	Ellikkala	16,003.90
Nukus	14,152.80	Nukus City	14,965.80

CORRECTIONAL (ADJUSTMENT) RATIO TO THE BASIC RATES OF LAND TAX FOR IRRIGATED PUBLIC AGRICULTURAL LAND

Land Class	Bonity Points	Ratio
I	0-10	(Basic rate)
II	11-20	1.50
III	21-30	2.25
IV	31-40	3.29
V	41-50	4.67
VI	51-60	6.78
VII	61-70	9.00
VIII	71-80	11.68
IX	81-90	14.36
X	91-100	17.50
	Unrated lands	4.67

Note. The land tax rate for irrigated agricultural land shall be determined based on a basic rate of land tax for irrigated farmland, and a correctional ratio that takes into account the quality score attributed to land (bonity points).

LAND TAX ON LEGAL ENTITIES FOR THE USE OF LAND LOCATED IN RURAL AREAS OF THE REPUBLIC OF KARAKALPAKSTAN

Zone	Land Tax Rates for One Hectare, in Uzbek Soums, for:				
	Land Allocated to Legal Entities, by Zones			Land Occupied by Mines and Quarries, by Zones	
	Irrigated		Dry Pasture Land	Irrigated	Dry Pasture Land
	In Settlements	Outside Settlements			
Northern zone	5,924,952	5,501,013	268,591	1,553,825	52,724
Central zone	6,581,355	6,115,986	332,388	1,728,431	83,009
South zone	7,312,589	6,797,280	365,698	1,910,962	99,710

1. Depending on the location of land plots, the following ratios shall be applied to the rates: the suburb of Nukus within 15 km radius–1.20, district centers within 10 km radius–1.15, and other cities within 5 km radius–1.10.

The distance to the land is determined from the administrative boundaries of cities and regional centers along the roads. Provided the land plot is located near two cities, a ratio corresponding to the higher functional purpose of the city shall apply.

2. The tax for pasture lands not used for cattle pasturing in forest estate lands shall be paid at the rates established for other types of land.

3. The tax for land plots granted to individuals for entrepreneurial activity shall be paid at the rates approved for legal entities.

4. Land tax payable by legal entities and individuals for non-residential premises in multi-storey residential buildings shall be calculated based on the area of non-residential premises divided by the number of floors.

5. Land tax on land plots occupied by unfinished constructions shall be paid at double rates, unless otherwise provided by law.

LAND TAX ON LEGAL ENTITIES FOR THE USE OF LAND LOCATED IN CITIES AND TOWNS OF THE REPUBLIC OF KARAKALPAKSTAN

City, region	Land Tax Rates for One Hectare, in Uzbek Soums, for:	The base rates of land tax levied on citizens for land for individual housing construction for 1 sq. km. m, in soums
Beruniy	13,254,709	120.8
Kungrad	11,927,073	111.3
Nukus	16,509,693	154.3
Takhiatash	13,254,709	125.1
Turtkul	11,464,155	104.8
Khodjeyli	13,922,359	120.8
Chimbay	11,927,073	111.3
Other towns	9,392,998	86.9
Northern zone	10,432,151	100.3
Central zone	11,593,212	101.5
South zone		
Villages and rural settlements that are district centers		
Northern zone	7,909,635	71.9
Central zone	8,785,897	84.3
South zone	9,764,733	86.3

EXEMPTION FROM LAND TAX

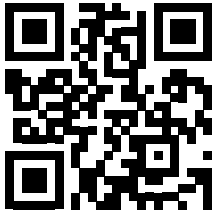
Name	Exempted Object	Period of Exemption	Grounds
Enterprises and organizations specializing in the production of renewable energy generation plants	Land plots	For five years from the date of state registration	Par.5 PP-2343 dated May 5, 2015
Enterprises-taxpayers	Land plots occupied by newly acquired objects of state property	For 12 months from the date of signing a sale and purchase agreement	Par.7 UP-4933 dated January 17, 2017

CONTRIBUTIONS TO THE REPUBLICAN ROAD FUND UNDER THE CABINET OF MINISTERS OF UZBEKISTAN

Types of Fees and Charges	Rates of Fees in USD
I. Fees for entry and transit of foreign motor vehicles through the territory of the Republic of Uzbekistan	
1. Fee for entry and transit of foreign motor vehicles through the territory of the Republic of Uzbekistan, for the entry of one motor carrier, except for the countries listed in paragraphs 2-5	400
2. Fees for entry and transit of each commercial vehicle and bus of the Republic of Tajikistan through the territory of the Republic of Uzbekistan:	
- For one commercial vehicle and bus	130
- For each day of stay of a commercial vehicle and bus in the territory of the Republic of Uzbekistan after the 3 rd day	70
- For transit of commercial vehicles and buses to third countries (except for CIS countries) through the territory of the Republic of Uzbekistan	90
3. Fees for entry of commercial vehicles and buses of the Republic of Kazakhstan into the territory of the Republic of Uzbekistan, except for transit through the territory of the Republic of Uzbekistan, for the entry of one commercial vehicle	300
4. Fees for entry and transit of commercial vehicles and buses of the Kyrgyz Republic through the territory of the Republic of Uzbekistan	300
5. Fees for entry and transit of motor vehicles of the Republic of Turkmenistan through the territory of the Republic of Uzbekistan, as per types of motor vehicles:	
<i>Commercial vehicles with payload capacity:</i>	
- Up to 10 tons	50
- From 10 to 20 tons	100
- Over 20 tons	150
<i>Buses of the following size:</i>	
- Less than 12 seats	25
- From 13 to 30 seats	50
- over 30 seats	100
Transit motor vehicles	30
Transit motorcycles	15
II. Fee for the purchase and (or) temporary import of motor vehicles to the territory of the Republic of Uzbekistan, paid by the owners (users) of vehicles payable during registration with the Ministry of Interior of the Republic of Uzbekistan	
1. Brand new vehicles	3% of the purchase price

Types of Fees and Charges	Rates of Fees in USD		
2. Used vehicles:	As a percentage of the minimum wage for each horsepower unit, depending on the service life		
	Up to three years	From three to seven years, inclusive	Over seven years
Motor vehicles	11	9	6
Motorcycles (including scooters), and bicycles with an installed auxiliary engine, with or without strollers	10	7	5
Other motor vehicles	16	13	9
III. Charges from the total amount of funds payable to the budget due, to the repurchase of property of enterprises and organizations of Uzavtoyul JSC (%)	50		
<i>Notes:</i>			
1. For the transit of heavy-duty and large vehicles of foreign countries through the territory of the Republic of Uzbekistan, in addition to paying fees at the rates provided for by this Annex, an additional fee shall be charged to amounts established by the Resolution of the Cabinet of Ministers of the Republic of Uzbekistan No. 11, dated January 11 th , 1995.			
2. Along with paying the fees at rates provided for by this Annex, foreign commercial vehicles and buses crossing the State border of the Republic of Uzbekistan with the Republic of Tajikistan shall be charged extra entry and transit fees at amounts established by the Resolution of the Cabinet of Ministers of the Republic of Uzbekistan No. 274 dated December 17 th , 2008.			
3. In transporting goods from third countries to the Republic of Uzbekistan and exporting goods from the territory of the Republic of Uzbekistan, commercial vehicles of Turkmenistan shall be charged an extra fee of 175 USD, in accordance with the Resolution of the Cabinet of Ministers of the Republic of Uzbekistan No. 447 dated September 28 th , 1999.			
4. In transporting humanitarian goods, the discount ratio of 0.5 shall apply to the rate of fees charged at the entry and transit of vehicles.			
5. If the international treaty of the Republic of Uzbekistan provides otherwise, the provisions of the international treaty shall prevail.			

5.4 ON THE STATE COMMITTEE OF THE REPUBLIC OF UZBEKISTAN FOR INVESTMENTS



www.invest.gov.uz/

The State Committee of the Republic of Uzbekistan for Investments was established on March 31, 2017 by the Decree of the President of Uzbekistan No. 4996. The Committee's main tasks and areas of activity are as follows:

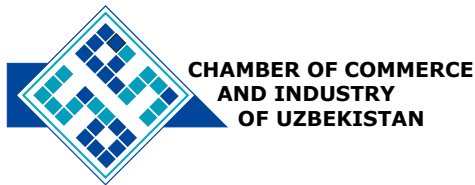
- Coordination of the work on forming a unified investment policy and improvement of the investment climate;
- Attraction of foreign investments and the creation of conditions for the expansion of investment activity;
- Coordination of the activities of state and economic management bodies, local state authorities, trade and economic counsellors of diplomatic mission of the Republic of Uzbekistan in foreign countries, and permanent representatives of the Republic of Uzbekistan to international organizations in defining and implementing main directions for attracting foreign investments, and cooperation with international financial institutions and foreign investors;

- Development and implementation of measures for further improving the legal framework in terms of attracting foreign investments and creating yet more favorable conditions for expanding investment activities in the territory of the Republic of Uzbekistan.

Moreover, in accordance with the Decree of the President of the Republic of Uzbekistan No. 3437 'On the introduction of new procedures for the formation and financing of state development programs of the Republic of Uzbekistan', the State Committee for Investments shall be in charge of coordinating work on the development and implementation of sectoral and regional concepts and state development programs aimed towards the reasonable use of available resources, the detailed elaboration of feasibility and profitability, and the increased transparency and effectiveness of the selection of proposed projects.



5.5 ABOUT THE CHAMBER OF COMMERCE AND INDUSTRY OF THE REPUBLIC OF UZBEKISTAN



The Chamber of Commerce and Industry of the Republic of Uzbekistan (CCI), being a non-government non-profit organization, brings together business entities on a voluntary basis.

In 2017, the CCI system was reformed with the introduction of new approaches to supporting business development and creation of a fundamentally new system for protecting the rights and legitimate interests of business entities. In addition, effective mechanisms for maintaining dialogue with businesses was established, primarily in regions, cities and districts.

The scope of CCI activities includes assistance to local entrepreneurs in attracting foreign investments, exporting products to foreign markets, establishing cooperation with foreign companies, legal support and protection of business entities, improving entrepreneurs' skills, as well as supporting entrepreneurs in interaction with state bodies, banking and financial organizations, as well as the elements of market infrastructure.

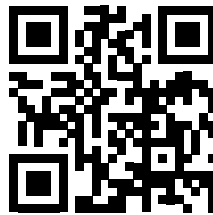


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www.chamber.uz/



5.6 ABOUT THE MULTIPARTNER TRUST FUND FOR THE ARAL SEA REGION

SINGLE PLATFORM, NEW APPROACHES AND DEVELOPMENT MECHANISMS



The world community has recognized that the drying up of the Aral Sea and the ecological disaster of the Aral Sea region is of a global nature, in terms of scale of its impact on people's livelihood, the need to conserve flora and fauna, and its climate impacts.

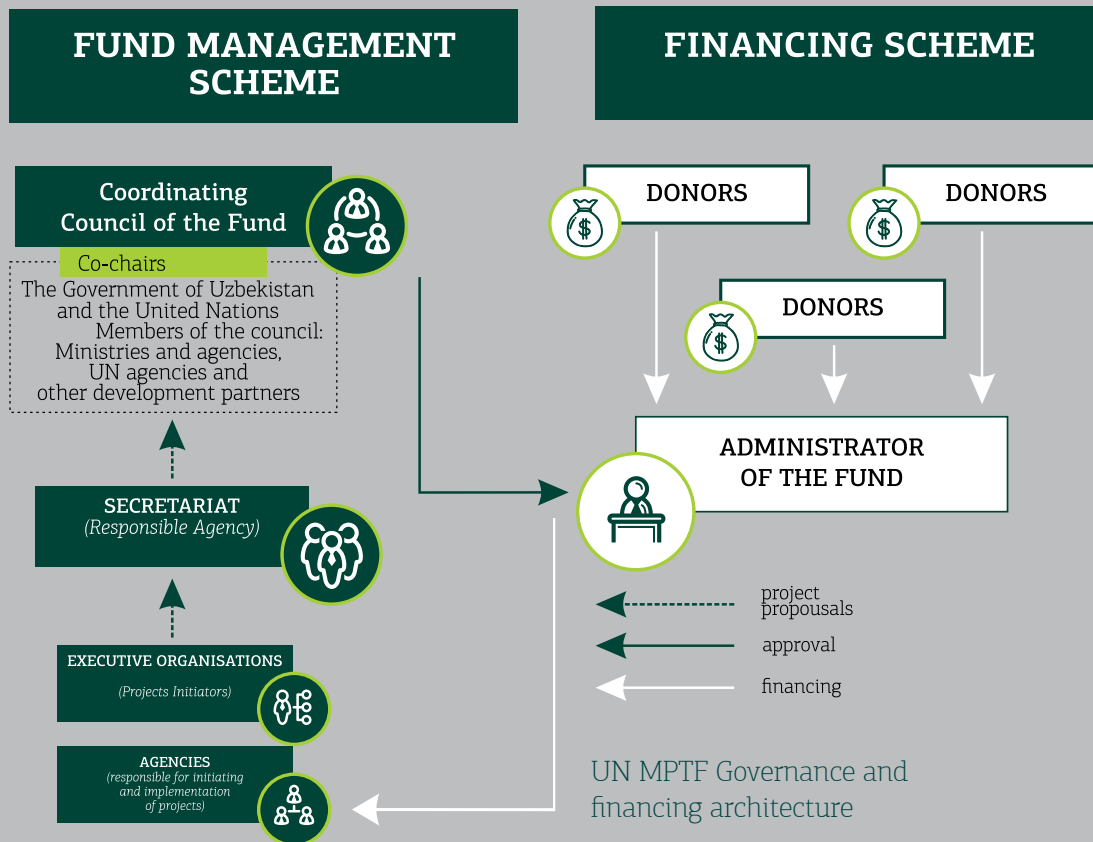
During his visit to the Republic of Uzbekistan in June 2017, the UN Secretary-General Mr. Antonio Guterres called the Aral Sea tragedy "the greatest environmental disaster of our time". He underlined the need to learn lessons from this tragedy, and to mobilize the efforts of the entire international community to fight against climate change on the planet.

It is noteworthy that Uzbekistan is carrying out systematic and consistent work to implement a range of measures at national and regional levels in this regard, actively engaging with the world community to develop and implement new approaches and solutions.

In his speech at the 72nd General Assembly of the United Nations in New York in September 2017, Shavkat Mirziyoyev, the President of the Republic of Uzbekistan, once again drew the entire world's attention to one of the most acute environmental problems currently faced, urging the international community to provide effective assistance to the population affected by the Aral Sea crisis.

In 2016, a number of UN agencies, including UNDP, UNESCO, UNFPA and UNV, supported an initiative by the Government of Uzbekistan and joined efforts to implement the Joint UN Program 'Strengthening the resilience of the population affected by the Aral Sea crisis through the establishment of the Multi-Partnership Trust Fund for Human Security (MTPF) for the Aral Sea region'.

Being transformational, based on human needs and rights, and comprehensive in terms of its purpose, the Multi-Partnership Trust Fund for the



Aral Sea region aims to catalyze and strengthen multi-sectoral and people-centered measures to overcome the largest man-made disaster in the world. In accordance with the developed strategy, the main priority areas of the program activities of the Trust Fund include ensuring a safe environment, increasing employment and population incomes, ensuring sustainable food security, improving the health system, and ensuring social stability.

It is worth mentioning that within the ongoing UN Joint Program, a fruitful cooperation has been established and joint initiatives are being implemented with the support of such international do-

nor organizations and funds as the Swiss Agency for Development and Cooperation, the Coca-Cola Foundation, MASHAV–Israel’s Agency for International Development Cooperation, the LDS Charities of the US, and the UNDP “Funding Window” Global Initiative.

With its slogan “The sea is gone, people are not”, the Trust Fund for the Aral Sea region is open for cooperation and engagement with all development partners and stands ready for joint work to overcome the consequences of the Aral Sea disaster, and to ensure socio-economic development in the Aral Sea region.



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Table of contents



Section 1. Information about the region	8
1.1 Background	8
1.2 Natural resources	9
1.3 Labor resources	10
Section 2. Economic and investment potential	12
2.1 Manufacturing	13
2.2 Agriculture	15
2.3 Transportation	16
2.4 IT and telecommunications	20
2.5 Construction	21
2.6 Tourism	21
Section 3. Investment climate in karakalpakstan	26
3.1 Government guarantees for foreign investors	26
3.2 Promising areas and projects for investments	28
3.3 Financial infrastructure	32
Section 4. Portraits of districts and cities	36
4.1 Nukus city	38
4.2 Amudarya district	40
4.3 Beruniy district	42
4.4 Kanlikul district	44
4.5 Karauzyak district	46
4.6 Kegeyli district	48
4.7 Kanlykul district	50
4.8 Muynak district	52
4.9 Nukus district	54
4.10 Takhtakupyr district	56
4.11 Turtkul district	58
4.12 Khodjeyli district	60
4.13 Chimbay district	62
4.14 Shumanay district	64
4.15 Ellikqala district	66
Section 5. Reference information	68
5.1 Starting a new business	68
5.2 List of finished products, materials, and components recommended for new production in 2018-2019	71
5.3 Taxes, dues and relevant benefits	75
5.4 About the State Committee on Investments in Uzbekistan	90
5.5 About the Chamber of Commerce and Industry of Uzbekistan	91
5.6 About the Multi-Partner Trust Fund (MPTF)	92
5.7 Contact information	94





❖ INVEST IN KARAKALPAKSTAN



2000 km

 3 day

Baghdad ●



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The views and conclusions outlined in this publication express only the views of the authors and are not an official view of the United Nations, including UNDP, or the member-states of the United Nations.

UNDP assistance to Uzbekistan is aimed at achieving common interrelated goals: supporting the Government in accelerating reforms in the field of sustainable economic development, good governance, adaptation to climate change and environmental protection.

The electronic version of this guidebook is available on the Internet at the website of the United Nations Development Program in Uzbekistan: www.uz.undp.org



60+
mln. ppl.

45+
mln. ppl.

30+
mln. ppl.

15+
mln. ppl.

Astrakhan

Tbilisi

Yerevan

Baku

NUKUS

500 km

1000 km

1500 km

12 hours

1 day

2 day

Tehran

Ashgabat

Tashkent

Bishkek

Dushanbe

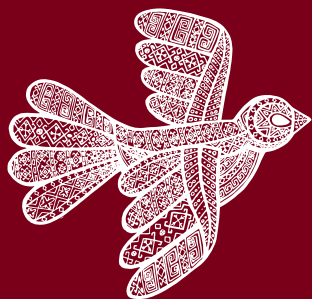
Kabul

Islamabad

Delhi

Dubai

INVEST IN
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