

**Minutes of the 3<sup>rd</sup> Interim Session  
of Foreign Investors Council under the President of Uzbekistan**

August 29, 2023

Tashkent

**Chaired by:** **L. Kudratov – Minister of Investment, Industry and Trade of the Republic of Uzbekistan**

**Agenda:**

- 1. Draft Investment Law of Uzbekistan (new version)**
  - 2. Foreign investors proposals on improvement tax administration**
  - 3. Proposals on improvement Government – Investor relations**
  - 4. Draft concept of the Tashkent International Financial Centre**
  - 5. Cooperation Agreement between MIIT and IFC**
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1. On November 16, 2022, the inaugural Plenary session of the Council of Foreign Investors was convened under the joint chairmanship of Sh.M. Mirziyoev, President of the Republic of Uzbekistan, and Odile Renaud-Basso, President of the EBRD. This session resulted in the approval of six focal sectors: financial markets, digitization, privatization, green economy, priority domains, and cross-border investments.

L. Kudratov, the Minister of Investments, Industry, and Trade of Uzbekistan, highlighted the Council's achievements. Specifically:

**Formation of six dedicated working groups to address:**

- Financial sector and banking,
- Privatization and public-private collaboration,
- Digitization and ICT,
- Cross-border investment initiatives,
- Green economy strategies,
- Priority sectors.

The working groups have, to date, convened 18 times to deliberate on reform propositions for key economic sectors. In addition, these groups are actively drafting recommendations for:

- Enhancing investment laws,
- Refining the privatization statute,
- Furthering public-private partnership ventures,
- Modernizing tax governance, and

- Implementing novel solutions and financial products to augment financial resource accessibility for businesses and the general public.

Furthermore, to bolster investment legislation, a revised draft of the "Investment Law" has been crafted, and the completion of a new "Free Economic Zones Law" draft is imminent.

**2.** Alkis Drakinos, the European Bank for Reconstruction and Development's lead representative in Uzbekistan, acknowledged that the convening of this event was initiated by the President of the Republic of Uzbekistan, Sh. Mirziyoyev. He commended the comprehensive reforms undertaken across various facets of the nation's socio-economic landscape, emphasizing the government's receptiveness to engaging with the business community.

Highlighting the robustness of the partnership, Drakinos pointed out that since 2017, the bank has channeled nearly 3 billion euros into investments. This level of investment underscores the enduring trust and collaboration between the parties. Furthermore, he recognized the Council of Foreign Investors, established under the President of the Republic of Uzbekistan, as a potent platform fostering dialogue between foreign investors and the national government, aiming to continually enhance investment conditions.

With optimism, Drakinos conveyed his belief that the outcomes from the day's discussions on pivotal initiatives like the Investment Law, the Unified Digital Portal for Investors, and the International Financial Center project will lay a foundation for a transparent and streamlined business ecosystem.

**3.** T. Abdulazizov, a consultant from the International Finance Corporation, introduced the revised "Investment Law". Key highlights of this updated version include:

1. Aligning the conceptual framework with international benchmarks,
2. Designating a unified authority overseeing all foreign private investments,
3. Establishing investors' fundamental rights in line with top-tier global practices
4. Empowering investors with options to safeguard their rights and interests.

It's noteworthy that the draft law's formulation was a collaborative effort with the International Finance Corporation and subsequently underwent scrutiny by both the World Bank and the Economic Cooperation Organization. In response to

feedback from the interim session's participants, further refinements will be made. The final version is slated for submission to the Cabinet of Ministers of the Republic of Uzbekistan by October 15.

#### **4. Tax Administration Reform in Uzbekistan**

A. Muminov, Regional Director of PricewaterhouseCoopers, delivered a presentation detailing tax administration reforms in Uzbekistan. The country has received commendation for its recent reforms, including the reduction of tax rates, enhanced tax administration - notably eliminating the "tax gap" - and refining camera inspection procedures. Moreover, Muminov stressed the continued need for reform, such as heightening the accountability of tax authorities for miscalculations and addressing concerns with foreign bank account transactions, especially regarding VAT returns.

#### **5. Single Window for Investors Online Platform**

H. Narmuratov, a consultant from the European Bank for Reconstruction and Development's Regional Representative Office, showcased the "online" platform, designed based on the "Single window for investors" principle. He highlighted its distinctive feature - providing continuous communication between foreign investors and state bodies around-the-clock. Narmuratov emphasized the system's objective: enhancing the synergy between investors and the state, ultimately elevating the nation's investment milieu.

#### **6. Tashkent International Financial Center Initiative**

A. Dolgova, an expert in organizing international financial hubs, introduced the proposal for the Tashkent International Financial Center. The project envisions forming a Working Group in September, consisting of foreign investors, global experts, and state representatives under the Council of Foreign Investors. This group, collaborating with international experts, will devise a detailed plan and roadmap for Tashkent's International Financial Center. A focal point will be instituting reforms to establish a solid legal foundation for the center's operations.

During the project's progression, international best practices will be studied to assimilate the successes and avert pitfalls in establishing global financial centers. Expert projections suggest that this center could enhance Uzbekistan's GDP by 1% annually, magnetize \$7-8 billion in portfolio investments, and generate 15-20k high-paying positions. A comprehensive plan and roadmap are expected by November 2023.

7. Event participants tabled several proposals, including steps to curtail the illicit sale of tobacco products, liberalizing energy resource pricing, enhancing certification and standardization systems, and modernizing labor laws. An action plan addressing these suggestions has been crafted.

**Given these discussions, the interim meeting of the Council of Foreign Investors under the President of the Republic of Uzbekistan RESOLVES:**

- To approve the "Action Plan for Implementing Proposals Raised in the Third Interim Session of the Council of Foreign Investors under the President of the Republic of Uzbekistan", as detailed in Annex 1.
- Direct the Ministry of Investments, Industry and Trade, the Ministry of Economy and Finance, the Ministry of Justice, the Secretariat of the International Finance Corporation, and the Secretariat of the Council of Foreign Investors to finalize the draft "Investment Law" (new version) by October 20th, ensuring alignment with relevant ministries and agencies.
- Task the Central Bank, Ministry of Justice, ISSV, Islamic Development Bank, and the Secretariat of the Council of Foreign Investors with finalizing the analytical report "On Islamic Finance Development in the Republic of Uzbekistan" by October 1st. This report should then be presented to the Presidential Administration of the Republic of Uzbekistan.
- The Central Bank of Uzbekistan, Ministry of Justice, MIIT, Islamic Development Bank, and the Secretariat of the Council of Foreign Investors are to finalize the regulatory guidelines "On Implementing Islamic Financing Principles in Microfinance Organizations" by October 10th.
- The MIIT, in coordination with the Secretariat of the Council of Foreign Investors, should complete the draft presidential decree revising the November 13, 2019 decision No. PQ-4519 by November 1st. This revised decree should grant the Secretariat of the Council of Foreign Investors the authority to open bank accounts without creating a legal entity and address the matter of exempting the Secretariat's staff from income tax.