

DENTONS

Doing business in Uzbekistan

Grow | Protect | Operate | Finance

August 2023



Contents

| | | |
|----|-----|--|
| 5 | ... | Strategic investment support |
| 9 | ... | Setting up a business |
| 13 | ... | Incentives for foreign direct investment (FDI) |
| 16 | ... | Taxes |
| 19 | ... | Employment |
| 23 | ... | Foreign nationals: Work and residency requirements |
| 26 | ... | Environmental protection |
| 29 | ... | Construction and real estate |
| 32 | ... | Resolving disputes |
| 35 | ... | Intellectual property |
| 37 | ... | Public Procurement |
| 42 | ... | Dentons in Uzbekistan |



Strategic investment support

Uzbekistan, a country famous for its natural landscapes, architectural monuments, traditional handicraft workshops, cultural events and gastronomic delights, is now primed for growth, with a rapid shift towards a free market economy.

Geographically situated in the heart of Central Asia, the country plays an important role as a crossroads between Europe and the emerging economies of East, South, and Southeast Asia. The country is the gateway not just to 35.6 million domestic consumers but to a region of 77 million. It is also Central Asia's most populous country, with half of its population below the age of 25, and boasts a high general educational level. Uzbekistan has held a BB- sovereign credit rating since 2018, and its robust external and fiscal buffers, diversified commodity export base and access to external official financing has made it more resilient to the economic impact of current global crisis.

Being one of the fastest growing economies in the world according to the World Bank, Uzbekistan is becoming part of the global economic shift towards Asia. A number of significant multinational companies—including Veon, Nestlé, Samsung, Rieter, General Motors, MAN, Isuzu, Claas and Coca-Cola—have established a long-term presence in the country and have benefited from the skilled and relatively inexpensive workforce.

Uzbekistan has also introduced a wide range of reforms to encourage foreign investment, including liberalization of the foreign exchange system, reduction and optimization of taxes and mandatory contributions and other structural reforms. The country now offers more than 20 free economic zones, inviting investors into pharmaceutical, agricultural, tourist and other industrial sectors.

With Dentons as your legal counsel, you will benefit from a full-service firm with well-established roots in the Uzbek market for more than two decades. Our Tashkent office offers the services of top-tier, experienced lawyers, who can help you navigate a wide range of legal issues and provide cost-effective advice on various domestic matters, devise sophisticated solutions for cross-border transactions or disputes, and support you with respect to any opportunity involving foreign investment or joint-ventures.

We trust that you will find this brief introduction to doing business in Uzbekistan useful and will be happy to guide you further if you reach out to us through the contact details listed at the end of this guide.

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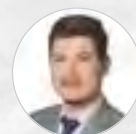
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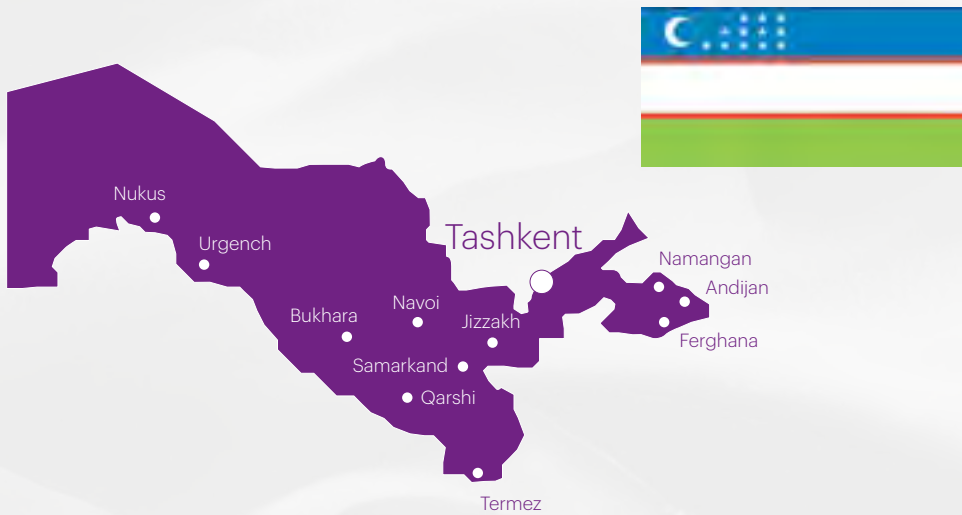
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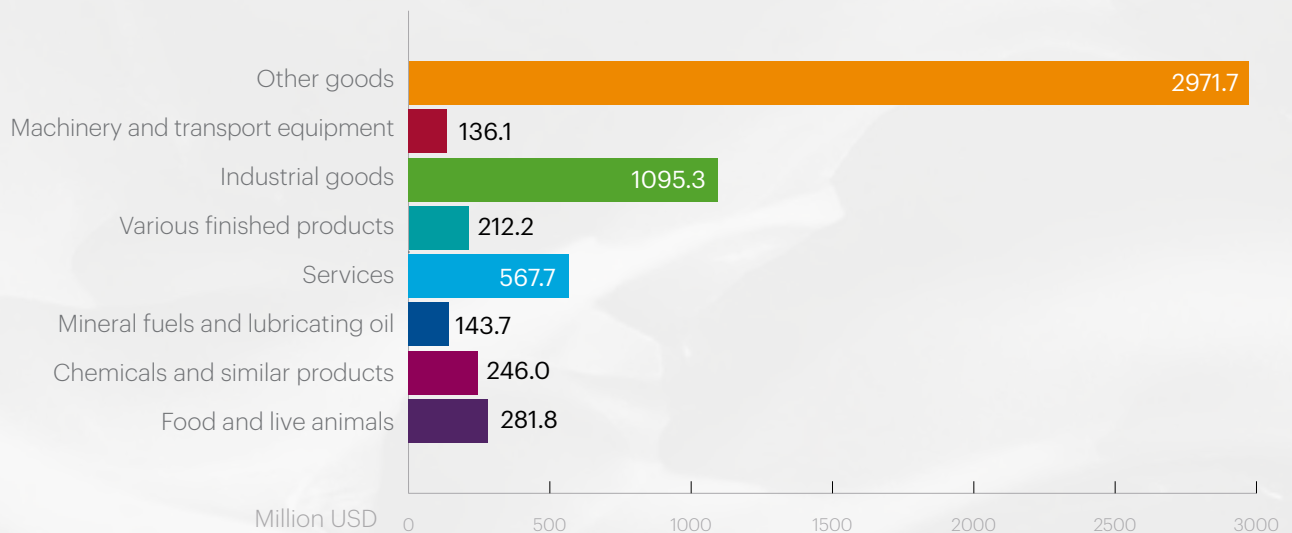
Some Statistics About Uzbekistan¹

| | |
|------------------------------------|---|
| Capital | Tashkent |
| Population | 36.08 million |
| Area | 447,400 sq. km. |
| Government type | Presidential republic |
| Legal system | Civil law system |
| Currency | Uzbek Som (UZS) |
| GDP (2022) | US\$80,4 billion |
| GDP per capita (PPP) (2021) | US\$8,497.40 |
| FDI Inward Flow | US\$9.8 billion (2021) |
| Inflation rate | 10.0% (2021); 12,25% (2022) |
| Benchmark interest rate | 15% |
| Exports | US\$16.61 billion (2021); US\$19,31 billion (2022)—energy products, food products, chemical products, ferrous and non-ferrous metals, textiles, cotton fiber vehicles and equipment |
| Export partners | China, Russia, Kazakhstan, Turkey, Republic of Korea, Germany |
| Imports | US\$25.46 billion (2021); US\$30,67 billion (2022)—vehicles and equipment, chemical products, ferrous and non-ferrous metals, food products |
| Import partners | Russia, Kazakhstan, Turkey, Afghanistan, Kyrgyzstan |

1. Source: Statistics Agency under the President of the Republic of Uzbekistan, the World Bank and UNCTAD..

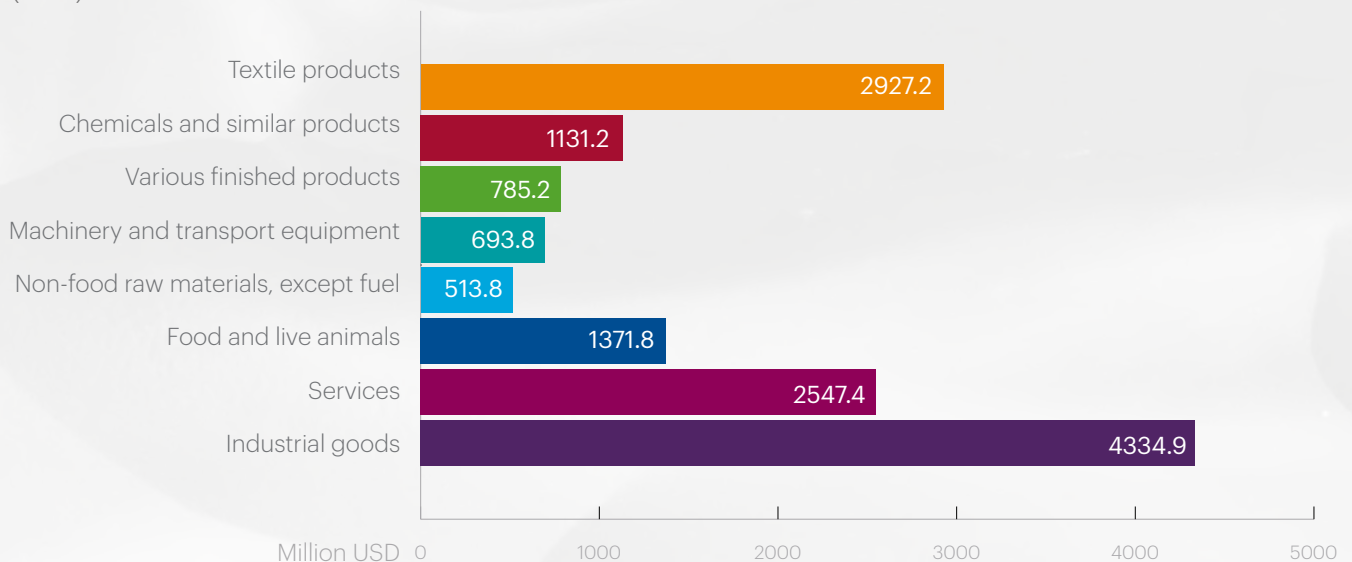
Structure of exports of Uzbekistan

(January–March 2022)



Structure of exports of Uzbekistan

(2021)



Top 5 foreign trade partners of Uzbekistan²

| Countries | Foreign Trade Turnover 2021 (million USD) | Countries | Foreign Trade Turnover January–March 2022 (million USD) |
|--------------------|---|--------------------|---|
| China | 7,440.9 | China | 2,186.3 |
| Russian Federation | 7,517.0 | Russian Federation | 1,865.2 |
| Kazakhstan | 3,910.5 | Kazakhstan | 992.8 |
| Turkey | 3,388.3 | Turkey | 776.4 |
| Republic of Korea | 1,889.5 | Republic of Korea | 630.8 |

2. Source: Statistics Agency under the President of the Republic of Uzbekistan.



Setting up a business

2.1. Main rules

2.1.1. Access to Commonwealth of Independent States (CIS) Free Trade Zone:

Uzbekistan is a member of the CIS and as such is a signatory to a number of political and economic treaties signed by the members of the CIS. Uzbekistan is a member of the CIS Free Trade Agreement signed by the following countries: Armenia, Belarus, Kazakhstan, Kyrgyzstan, Moldova, Russia, Tajikistan, and Ukraine. The free trade regime allows duty-free trade with no tariffs. Uzbekistan has also acquired an observer status in the Eurasian Economic Union.

2.1.2. Running a business: Depending on the nature of your business, you can establish your legal presence by setting up a local subsidiary, a branch-type presence, by entering into a joint-venture, or by maintaining a representative office for marketing, business development and client support purposes.

2.1.3. Types of companies: If you would like to establish a subsidiary or a joint-venture company, there are a number of company-type choices. The most commonly used types of companies by foreign businesses are limited liability companies (LLC—in Uzbek: mas’uliyati cheklangan jamiyat) and joint-stock companies (JSC—in Uzbek: aksiyadorlik jamiyati). Either type of company can be wholly owned by a foreign investor (except for certain restricted business areas, such as mass media), irrespective of the country of origin.

An LLC is the most popular type of company due to the relative simplicity of its formation and flexible rules on corporate governance, raising capital and other matters. A JSC is generally recommended only in cases where you are planning a public offering of the company’s shares. In the following table you can see the key differences between these two company types.

2.1.4. Differences between a JSC and LLC:

| Criteria | JSC | LLC |
|---|---|---|
| Minimum capital requirement | No (except for certain reserved licensed activities, e.g., banks and microcredit organizations) | No (except for certain reserved licensed activities, e.g., banks and microcredit organizations) |
| Minimum and maximum number of shareholders | 1 to unlimited | 1 to 50 |
| Is it necessary to issue and register company shares at the stock exchange? | Yes | No |
| Is it mandatory to have a supervisory board in addition to executive directors? | Yes | No |
| Can you sell the company’s shares through the stock exchange? | Yes | No |

| Criteria | JSC | LLC |
|---|---------------|---------------|
| Can you sell the company's shares outside of the stock exchange? | No | Yes |
| Are shareholders liable for the company's debts and obligations after the shareholders have fully paid up the shares? | No | No |
| Is it mandatory to comply with the Corporate Governance Code? | No | No |
| How long does a straightforward sale of company shares take on average? | 3 to 7 months | 1 to 2 months |

2.1.5. Fast-track incorporation: You can register a company on the same day once you have uploaded online all required documents or filed them in person.

2.1.6. Freedom to employ foreign nationals: Foreign nationals can be appointed as officers and executives in a company or hold any other position. However, a work permit (a confirmation of the right to work) needs to be obtained before the foreign national signs an employment agreement to work in Uzbekistan. A work permit is usually issued for one year (please see section 6.1.4. below for more details) and can be extended if necessary. The foreign worker is issued an employment visa whose validity period is tied to the duration of the work permit.

2.1.7. How to buy a business: You can buy a business in Uzbekistan by purchasing shares of an existing company, contributing towards its charter capital or acquiring it entirely as a property.

2.1.8. Company liquidation: Liquidation is a time-consuming process requiring, on average, not less than six months and includes terminating all employment and contractual relationships, conducting tax audits, archiving all company documentation and clearing all payable and receivable debts.

2.1.9. Non-corporate types of business: Foreign companies can conduct business in Uzbekistan without incorporating a subsidiary or a branch, based on direct contracts with their customers. In such cases, foreign companies may carry out work or provide services locally by merely registering their "permanent establishment" with the tax authorities on an ad hoc basis. In general, it is compulsory to establish a "permanent establishment" if the foreign company carries out work or provides services in Uzbekistan for more than 183 days in any consecutive 12-month period. Depending on the existence of a double-taxation treaty, this can represent an effective means of doing business.

Foreign companies may also establish consortia (i.e., unincorporated joint-ventures) for carrying out joint projects in Uzbekistan.

2.2. Recommendations

2.2.1. Seek legal advice at the outset: Choosing the right business vehicle is critical since this will directly affect many things—the corporate governance rules that you will be subject to, the types of activities that you will be able to engage in and tax regimes that will apply (be available) to your business, to name a few. Early consultation is essential in order to ensure setting up and running an effective business.

2.2.2. Assemble key personnel for the company: You can appoint either a local or a foreign national as director in order to get the company registered and open the company bank accounts.

Please note that most public services are offered digitally, and tax, statistical as well as financial reports are to be filed online. In order to access the relevant platforms directors need to obtain an electronic corporate signature, and for these purposes their physical presence in Uzbekistan is required.

Considering that the company is obliged to file tax, statistical and financial reports once it is registered, having an accountant oversee the books right from the outset will ensure the company's compliance with these requirements (this can be outsourced to an accounting firm). We recommend deciding on these two key personnel before setting up the business.

2.3. Things to watch out for

2.3.1. Antitrust clearance: If you are acquiring a company by purchasing its shares, the transaction may be subject to prior antitrust clearance with the Committee for the Development of Competition and Protection of Consumer Rights. The clearance process (this includes time necessary for compiling the application pack) may take several months to complete, so please make sure that you time this in your transactional timeframes.

2.3.2. Tax clearance: If you are buying company shares, you are likely to be treated as a tax agent for withholding corporate profit tax in respect of monies to be paid to the seller of the shares. Make sure that you are prepared to comply with your obligations as a tax agent in Uzbekistan.

2.3.3. Valid work permits: When you employ foreign nationals (as directors or employees) in your local company, make sure that you first obtain and maintain valid work permits for such foreign nationals (unless they qualify for exceptions enlisted in section 6.1.4. below). You will also need to file for the extension of such work permits on a timely basis - at least 15 business days in advance.

2.3.4. Valid representative office: When you choose to maintain a representative office for marketing, business development and client support purposes, make sure that you file for extension on time. Once every 3 years, you will need to resubmit newly legalized/apostilled corporate documents with a notarized Russian/Uzbek translation of the head office. Remember to file at least 1 month in advance.

2.3.5. Mandatory insurance of employer liability: A newly registered company must purchase an insurance policy for its liability as an employer within 15 business days of its incorporation.

2.3.6. Postal address: At the time of the company's formation, the local company needs to declare its physical office address (nonresidential premises) that will be used as its postal/legal address. Most commonly, companies lease, and sometimes purchase, the office space. If your business opts to lease the business's premises, please be aware that, from 1 January 2022 the lease agreement must be registered with the tax authorities.

As of 15 April 2022, residents of IT Park Uzbekistan—the extraterritorial free economic zone for IT companies—are entitled to have a virtual office as their postal/legal address.



Incentives for foreign direct investment (FDI)

3.1. Main rules

3.1.1. FDI policy: For the last six years Uzbekistan has been introducing a wide range of reforms to encourage foreign investment, including reducing the minimum charter capital sizes for enterprises with foreign investment, liberalizing the foreign exchange system, reducing taxes and mandatory contributions and other reforms.

Moreover, the new administration's masterplan, the New Uzbekistan Development Strategy 2022–2026, also encourages an active investment policy, aimed at modernization, technical and technological renewal of production, implementation of projects of production, transportation, and communication, as well as social infrastructure. To achieve this, the government recognizes the importance of improving the investment and overall business climate, and of attracting FDI into the various regions and sectors of the economy.

3.1.2. Bilateral investment treaties: Uzbekistan has signed more than 50 bilateral investment treaties (BITs) with countries such as the Netherlands, the United Kingdom, Singapore, China, Russia and others. Some BITs—for example, those with Bahrain, the United States and Belarus—have not yet entered into force.

3.1.3. General FDI incentives: In general, Uzbekistan upholds a nondiscrimination policy towards foreign businesses and further provides additional incentives to foreign investors. Generally, the exemptions and privileges are contingent on the value of the FDI or are granted in relation to investments in priority industries that the government is looking to develop.

3.1.4. FDI incentives for individual (noncorporate) investors: Uzbekistan has introduced an investment visa for founders of enterprises with foreign investment who have invested the equivalent of at least 8,500 basic calculation units (BCU) (approx. US\$234,000) at the time of the investment through buying shares of existing businesses or establishing

new companies. Investment visas are issued for three years and can be prolonged indefinitely, without need to exit the country.

Foreigners, including founders (participants) of enterprises with foreign investments who have invested no less than US\$3 million in enterprises for the production of goods and delivery of services in Uzbekistan, may obtain a residence permit for 10 years under a summary procedure. Alternatively, for obtaining a residence permit, foreigners can purchase real estate for the value of no less than US\$300,000 in Tashkent city or Tashkent region. For more information on visa and residence permits, please see Section 6 below.

3.1.5. Sectoral tax exemptions for FDI: Companies with foreign investments of at least US\$300,000 in the following targeted industries are exempt from specific taxes:

- Food
- Chemicals
- Petrochemicals
- Machinery and tools
- Glass and porcelain
- Microbiology
- Waste management.

The effective time period for this exemption depends on the value of the FDI:

- US\$300,000 to US\$3 million: three years
- US\$3 million to US\$10 million: five years
- More than US\$10 million: seven years.

3.1.6. Special Economic Zones: Uzbekistan has thirteen Free Economic Zones (FEZs) in the industrial sector (Navoi, Angren, Jizzakh, Urgut, Gijduvan, Kokand, Khazarasp, Sirdaryo, Namangan, Termez, Nukus, Chirakchi, Andijan, Karakul), seven FEZs in the pharmaceutical industry (Zomin-farm, Kosonsoy-

farm, Sirdaryo-farm, Boysun-farm, Bustonlik-farm, Parkent-farm, and Andijon-farm) and two FEZs in the agricultural sector (Bukhara-agro and Fish producer). In addition, there is also a special “Sport” economic zone, the “Charvak” free tourist zone and a FEZ for modern energy-efficient greenhouses (Karakalpak-agro). They provide substantial tax exemptions and privileges in terms of facility services to their members, as well as a number of special foreign exchange and customs privileges. The effective time period for these exemptions and privileges depends on the value of the foreign direct investment:

- US\$300 thousands to US\$3 million: three years
- US\$3 million to US\$5 million: five years
- US\$5 to US\$10 million: seven years
- US\$10 million and more: ten years and for the following 5 years the prevailing income tax rate will be reduced by 50 percent.

3.1.7 Guarantees against unfavorable changes in the law for investments: If a change in the law worsens certain investment conditions, investors may apply the law in force on the date of their investment, up to 10 years from the date of investment. At the same time, investors are entitled to apply those provisions of any new laws that improve the conditions for their investment, as they see fit.

3.2. Recommendations

3.2.1. Do your homework: Before you start your operations, be sure to research in advance all of the available exemptions and privileges that you may rely on to make your business in Uzbekistan more competitive.

3.3. Things to watch out for

3.3.1. Licenses and permits: A number of business activities—such as telecommunications services and design, construction and operation of chemical, petrochemical, and energy plants—require licensing and permits. It is essential to determine in advance whether your business needs any licenses or permits, and how long will it take and how much will it cost to obtain them.

The government is continuously working to reduce the regulatory burden on business. Apart from unification and simplification of the regulatory procedures, recent changes in the law also seek to dramatically reduce the number of activities that require licenses and permits (by some 30 percent).



Taxes



4.1. Rates and other important information

4.1.1. Tax rates: Currently, the main tax rates are the following:

| Name of tax | Rate |
|----------------------------|--|
| Key corporate taxes | |
| Corporate income tax | Standard rate – 15% If turnover exceeds 10 bln soums taxpayers are eligible to enjoy for 2 years - 7.5% For commercial banks, cement manufacturers, manufacturers of polyethylene granules and mobile communication companies – 20% For exporters, taxpayers of social spheres – 0% |
| Property tax | 1.5% |
| Value added tax | 12% |
| Payroll taxes | |
| Personal income tax | 12% |
| Social tax | 12% |

4.1.2. Reporting

Tax reporting is filed monthly, quarterly, and annually, according to the type of tax applicable and the turnover of the taxpayer.

4.2. Main rules

4.2.1. Withholding tax: Withholding tax applies to any foreign legal entity that receives income from Uzbek sources unless that income is related to a permanent establishment.

The withholding tax rate on dividends for residents is 5 percent. For nonresidents the tax rate on dividends is 10 percent.

4.2.2. Double taxation: In order to be able to rely on a double-taxation treaty (DTT), a nonresident needs to present to the payer (source of income) a certificate of residency issued according to the relevant DTT and a confirmation that the payee is the ultimate beneficiary owner. Based on this certificate and confirmation, the DTT taxation rules and rates are applied.

4.3. Recommendations

4.3.1. Consider applicable taxes, as well as tax exemptions from the outset: Uzbekistan offers a number of tax exemptions depending on industry, location and volume of investments. Careful consideration will allow you to optimize your tax burden. For more information on tax exemptions for FDI, please see section 3 above.

4.3.2. Special tax exemptions for individual projects: The government is not inclined to offer special individual incentives for projects in strategic industries, inter alia, in processing and manufacturing of high value-added products. That said, individual tax exemptions are not available, excluding ones granted based on investment agreements and resolutions of the President (for up to 50 percent of the prevailing tax rates).

4.3.3. Risk-based approach: The tax authorities have adopted a risk-based approach for tax administration purposes. A big data system analyses the business activities of taxpayers and sorts them into red (high-risk), yellow (medium-risk) and green (low-risk) categories.

Red-flagged taxpayers are subject to regular tax audits and are not allowed to set off incoming VAT. Yellow-flagged taxpayers are also closely monitored by the tax authorities. Green taxpayers are free to use any tax exemptions and are not subject to regular tax audits.

4.4. Things to watch out for

4.4.1. Competent tax and accounting advice: The moment a company has been registered, it is obliged to file tax, statistical and financial reports; therefore, it is also worth having an accountant on staff (or to outsource this to an accounting firm) from the early stages to oversee the company's books right from the outset. Failure to file due reports on a timely basis can lead to administrative sanctions on officials of the company.

4.4.2. Bookkeeping: Even though statutory accounting and tax reporting has moved online, Uzbek tax law has strict rules on bookkeeping. In order to maintain bookkeeping, the company needs qualified personnel with the relevant experience. Failure to maintain the prescribed bookkeeping and documents could lead to financial sanctions for the company.

4.4.3. IFRS and national accounting standards.

From 1 January 2021, joint-stock companies, commercial banks, insurance companies and legal entities classified as major taxpayers are obliged to do their accounting based on IFRS. For all other businesses, it is only an option to prepare their financial statements in accordance with IFRS, in which case they would be exempted from preparing the financial statements in accordance with Uzbek accounting standards. Should they choose not to apply IFRS, they must comply with the national accounting standards.

4.4.4. Transfer pricing: From 1 January 2022 rules of the Tax Code on transfer pricing entered into force. These rules seek to eliminate tax evasion and movement of income to more favorable tax zones, take strict control over transactions between affiliated persons, cross-border transactions and operations with offshore zones. The adopted rules on transfer pricing provide full taxation of VAT, corporate income tax, subsoil tax, personal income tax and excise tax. Taxpayers are obliged to notify tax bodies of such controlled transactions within a month.

4.4.5. Permanent establishments: Although permanent establishments have formally status of nonresidents, in fact, they pay all taxes which can be applied for Uzbek residents, including VAT. This means that invoices issued by foreign entities operating through permanent establishments may need to reflect VAT.

4.4.6. Mandatory B2B e-invoicing. All businesses must issue their invoices electronically using the approved operators of electronic invoicing whose systems are integrated with the IT infrastructure of the tax authorities.



Employment

5.1. Payroll taxes

A flat 12 percent personal income tax and 12 percent social tax is in place.

5.2. Your basic obligations as an employer

If you are an employer in Uzbekistan, you should typically:

- Enter into employment contracts and register these with the online Single National Labor System;
- Use job titles that comply with the Classification of Key Positions and Professions;
- Set up a personnel file for each employee;
- Keep employment records for each employee with the online Single National Labor System;
- Archive labor documentation;
- Apply for work permits to employ foreigners;
- Approve in-house regulations of the company;
- Ensure safe working conditions;
- Obtain and maintain mandatory insurance for employers' liability.

5.3. Main rules

5.3.1. Labor Code: The existing Labor Code of 21 December 1995 is the main source of employment law. The President of the Republic of Uzbekistan has approved the new edition of the Labor Code on October 28, 2022. The document will become effective as of April 30, 2023.

The new Labor Code is broader in scope. In particular, it will regulate issues, such as job offer, criteria for mass dismissal, social partnership, remote work, secondment, formal investigations and collective labor disputes, professional training, retraining and advanced training of employees, etc.

5.3.2. Employment contracts: Employment contracts may be for either an indefinite or fixed term. A fixed-term employment contract is concluded when the parties are not able to conclude an indefinite-term employment contract based on the nature of the work, its conditions, or the employees' interests. A fixed-term employment contract can also be concluded with the executive management and chief accountant, or in other cases expressly provided for in law.

It is noteworthy that under the new Labour Code provides for additional circumstances under which fixed-term employment contracts can be concluded.

5.3.3. Vacation: Paid annual vacation cannot be less than 15 business days (21 calendar days under the new Labour Code). Extended vacation time can be agreed in the employment contract or through other in-house regulations of the employer.

5.3.4. Sick leave: Any employee is entitled to sick leave. The allowance for employee's temporary disability (sick leave) is paid by the employer at its expense. In the case of a prolonged illness, the employee can be directed to undergo a special medical check, which examines and formally makes a conclusion regarding the employee's ability to continue work. Based on the outcomes of the medical check, the employee may become entitled to disability status.

5.3.5. Representation of employees: Employees are entitled to establish trade unions. Trade unions are more common in state-owned enterprises. In private companies, employees typically appoint a colleague to represent their interests with the employer.

5.3.6. Maternity and childcare leave: Female employees with children are entitled to 126 days of paid maternity leave. Maternity allowance is paid by the employer based on the employee's wage. Parents are allowed to take paid childcare leave at the rate of 60 percent of a monthly minimum wage (approx. US\$50) until the child/children reach two years of age. Unpaid childcare leave is available until the child/children reach the age of three. Employees may work part-time or remotely during childcare leave. In this case, childcare allowance is paid on top of the wage.

5.3.7. Pensions: Pensions for citizens and noncitizens permanently residing in Uzbekistan are provided by the state. The retirement age is 55 for women (provided that the aggregate recorded work experience is no less than 20 years) and 60 for men (provided that the aggregate recorded work experience is no less than 25 years).

5.3.8. Tax residence of foreign employees: After 183 calendar days, a foreign national working in Uzbekistan is deemed a tax resident in Uzbekistan and becomes subject to the same tax rules as residents.

5.3.9 Severance pay: Severance pay is paid if the employment contract is terminated at the employer's initiative (excluding situations where the employee is dismissed for misconduct), for refusing to work under new conditions, or under circumstances beyond employers' and employees' control.

Under the new Labour Code severance pay is also due when employee refuses to continue working for the employer after its shareholders change or if the employer undergoes restructuring.

5.3.10. Employment disputes: Employment disputes can be resolved by means of mediation, referred to in-house commissions or settled in civil courts. Employees are exempted from court fees when they apply to courts with claims arising from labor relations.

5.3.11. Working hours: A standard working week is 40 hours (normal hours). Any time worked over 40 hours is classified as overtime and must be paid at a double the normal hourly rate.

5.3.12. Personal data: Employees' personal data must be processed with the employees' prior consent and in compliance with data protection laws.

5.3.13. Simplified employment regime for construction projects: Construction companies are allowed to hire employees on fixed-term basis without concluding employment contracts provided that the aggregate payments to such employees do not exceed 10 percent of the total payroll (excluding social tax) for the reporting period.



5.4. Recommendations

5.4.1. Fixed-term contracts: Employees can be hired for an indefinite or fixed term, and on a full-time or part-time basis. A fixed-term employment contract may only be concluded in designated circumstances (see 5.3.2 above).

5.4.2. Termination of employment: An employment contract may be terminated in the following ways:

- By agreement of the parties. On this basis, all types of employment contracts can be terminated at any time;
- At the initiative of one of the parties;
- Upon expiration of the fixed term;
- Due to circumstances beyond the control of the parties;
- On grounds provided for in the employment contract;
- If employee is not re-elected, re-appointed, fails at or refuses to take part in the selection procedures;
- If employee reaches retirement age (please see section 5.5.3. below).

5.5. Things to watch out for

5.5.1. Single National Labor System: Employers are obliged to register their employment relations through the Single National Labor System.

5.5.2. Termination for misconduct: Employers should specify in their in-house regulations the types of gross misconduct which entail termination of employment. If employers fail to specify these, they will not be entitled to terminate employment.

5.5.3. Termination at retirement: On 15 March 2022 the president has endorsed a ban on terminating employment contracts at the initiative of employers when employees reach retirement age. Under the new Labor Code employers are no longer entitled to terminate employment contracts merely because employees reach retirement age.

5.5.4. Employment and service contracts: Service contracts with individuals generally are not considered employment contracts. However, in terms of taxation they are treated the same as employment contracts.

5.5.5. Remote work: Though the legal framework for home-based work has been in place long before the COVID-19 pandemic, this was mainly intended to facilitate manual labor in households. On 28 March 2020 the government has introduced dedicated regulations for remote work, yet these were intended to apply only until the pandemic ends.

The new Labour Code offers legal framework for remote work and businesses that utilize remote work as a new normal are recommended to ensure that their employment contracts and in-house regulations appropriately govern the labor relationships arising from this type of work relationship.





Foreign nationals: Work and residency requirements

6.1. Main rules

6.1.1. Entry visa: A bilateral visa-free regime has been established with Azerbaijan, Armenia, Belarus, Georgia, Kazakhstan, Moldova, Russia, Ukraine (no time limit), Kyrgyzstan (up to 60 days) and Tajikistan (up to 30 days). A visa-free regime for 30 days has been introduced for citizens of more than 70 countries, including Japan, the UAE, Germany, France, Singapore, and Turkey. A visa-free regime for a seven-day period is established for citizens of China (including Hong Kong). A simplified procedure for issuing tourist visas through e-visa.gov.uz is available for 86 countries, including the United States, India, Jordan, and China. The nationals of all other countries may apply for business visas based on a formal invitation from their Uzbek business partners, confirmed by the Ministry of Foreign Affairs of Uzbekistan.

Moreover, foreign nationals and stateless persons who invest no less than 8,500 BCU (approx. US\$234,000) in Uzbekistan (by way of acquiring shares of business entities as well as creating a foreign enterprise) are entitled to a three-year multiple-entry visa.

6.1.2. Residence registration: Foreign nationals and stateless persons arriving in Uzbekistan are subject to temporary registration. At the same time, foreigners travelling within Uzbekistan are exempt from registration if their stay in each city, town, and village does not exceed three days. In this case, they will need documents confirming their stay (such as a receipt for goods or services).

As of 4 June 2022 Uzbekistan and Russia have mutually increased the period of stay for their citizens without registration for up to 15 days.

6.1.3. If a foreigner stays at a hotel, temporary registration should be carried out by the hotel itself. In case of apartment rental, the owner of the premises is obliged to register the foreigner with the police. Temporary registration for up to 30 days can be done in person or remotely through the online system emehmon.uz. Temporary registration for more than 30 days should be done in person.

6.1.4. Work permit and visa: Before hiring foreigners, employers must obtain a work permit for each foreign employee. Application for a work permit may be filed online³ or in person, through public services centers.

The Migration Agency under the Ministry of Employment and Poverty Reduction accepts employment, business, service, and fellow-national types of visas to issue a work permit for a foreign employee for the first time.

The work permit is usually issued for the term of the employment contract, but not longer than one year (for highly qualified and qualified specialists this can be up to three years), with the possibility of an unlimited number of extensions.

The legislation of Uzbekistan defines **highly qualified specialists** as foreigners, who:

- have graduated from the world's top 1,000 higher educational institutions,
- have at least five years of relevant work experience,
- are paid no less an equivalent of US\$60,000 per year.

And **qualified specialists** are foreigners, who:

- have a higher educational degree,
- have at least five years of relevant work experience,
- are paid no less than an equivalent of US\$30,000 per year.

3. my.gov.uz

The following foreigners are exempt from the obligation to obtain a work permit:

- Holders of an IT visa (see section 6.3.3. for more details) or those who qualify for it;
- Holders of an investment visa (see section 3.1.4. for more details) or those who qualify for it;
- Holders of a residence permit;
- Foreign citizens who have invested no less than 8,500 BCU (approx. US\$234,000) in Uzbekistan by way of acquiring shares of business entities, as well as creating a foreign enterprise;
- Founders and directors of foreign enterprises or joint-ventures—during the first three months of their employment; and
- If a foreign worker will work remotely (online) and be based outside of Uzbekistan.

6.2. Recommendations

6.2.1. Make sure you obtain work permits in advance: Allow at least 20 business days for processing/extending the work permit and 10 more business days for visa processing/extension.

6.3. Things to watch out for

6.3.1. The term of an employment contract with a foreign national: The employment contract should be concluded with foreign national for the term of his/her work permit.

6.3.2. Sanctions: In the event of a violation of residency/visa/work permit rules, an administrative fine is imposed on both employer and foreign employee. In extreme cases, foreign employees may be deported from Uzbekistan at the employer's expense.

6.3.3. Introduction of an IT visa: To attract foreign IT companies and IT specialists to Uzbekistan a three-year IT visa was introduced on 15 April 2022. IT visa holders can obtain residence permits in Uzbekistan under a summary procedure, as well as access social services (medicine and education) on an equal basis with citizens of Uzbekistan.



Environmental protection

7.1. Main rules

7.1.1. Scope: Land, subsoil, water, plants, animals, and the atmospheric air are protected by the state from pollution, contamination, damage, depletion, destruction, extermination as well as inefficient use. While people are entitled to use natural resources for vital needs free of charge and without obtaining special permits, natural resources may also be transferred to individuals and entities for possession, use or leasehold through special permits issued for a valuable consideration.

Protection of environment is carried out in the following ways:

- Limiting adverse environmental impact by introducing environmental standards and rules;
- Regulating the terms and conditions for using natural resources, including environmental certification;
- Environmental oversight by the public and authorized bodies (the latter includes carrying out state environmental appraisals, environmental monitoring and inspection of businesses' compliance with environmental regulations); and
- Economic mechanisms.

7.2. Protection of the environment

7.2.1. Development and approval of environmental standards and rules: Businesses must identify, register, locate, and determine the quantity and parameters of sources of emissions, discharges, generation and disposal of waste and the qualitative composition of pollutants released into the environment and have these quantities approved by the authorized bodies:

- The Ministry of Natural Resources,
- The Ministry of Health,
- The Inspectorate for Control of the Mining Industry, Geological and Industrial Safety under the Ministry of Mining Industry and Geology.

Businesses must comply with the standards for maximum permissible emissions, discharges, waste and pollutants into the environment. In case of non-compliance, the businesses' operation can be restricted or suspended.

7.2.2. Environmental appraisal: Environmental appraisals are carried out through state and public environmental appraisers, which are also carry out independent environmental audits. The following documents must undergo a compulsory state environmental appraisal by authorized centers of the Ministry of Natural Resources and its regional departments:

- Design documentation (including preliminary design documentation) in respect of new projects;
- Operating businesses and facilities that have an adverse impact on the environment and public health;
- Documents pertaining to land allotments;
- Documents pertaining to the development of new equipment, technologies, materials, substances, and products.

Documents pertaining to land allotments and design documentation (including preliminary design documentation) for new projects with high and medium adverse environmental impact (categories I and II, respectively) can be submitted for state environmental appraisal only if these have been endorsed in a public hearing.

After completing a state environmental appraisal, the respective authorized center issues a report (conclusions) that remains valid for three years.

From 1 January 2021 automatic stations have been established for sampling and analyzing samples at sources of atmospheric air pollution of newly launched projects with a high adverse environmental impact. Fixed observation points (posts) have also been established in adjacent areas.

7.2.3. Licensing and permits: The environment is protected through the issuance of licenses and permits for activities with adverse environmental effects. They include the following:

- Water permits,
- Mining licenses
- Permits for the import or export of ozone-depleting substances;
- Permits for clearing trees and bushes that do not constitute part of forest resources (please note that a permanent moratorium is in place banning the clearing of rare species of trees and bushes).

7.2.4. Economic mechanisms: Uzbek law envisages, among other things, the following economic mechanisms for protection of the environment:

- Imposing fees for the use of natural resources, environmental contamination and any other adverse environmental impact;
- Imposing recycling fees for vehicles;
- Providing tax, loan and other exemptions for implementing environmentally friendly low-waste and resource-saving technologies;
- Imposing an obligation to restore orderly environmental conditions;
- Imposing an obligation to compensate for damage to natural resources;
- Imposing financial sanctions.

7.3. Recommendations

7.3.1. Independent environmental audit:

Companies may engage service providers to carry out environmental audits of their facilities. This will help them to proactively comply with environmental regulations.

7.4. Things to watch out for

7.4.1. Sanctions: Businesses engaging in unsustainable management of natural resources, or which produce above-limit pollutants, emissions, or waste, could be liable for higher tax rates and costs. Such businesses could also be obliged to pay compensation for disposing of waste in specially designated areas. The amount of compensation depends on the quantity of waste to be disposed, as well as how dangerous the waste is to the life and health of the public and to the environment. Furthermore, failure to comply with environmental regulations could entail administrative or even criminal liability.

7.4.2. Delays: Projects requiring environmental impact clearance may not continue without securing this clearance. Failure to obtain clearance in a timely manner could result in delays. Furthermore, failure to obtain clearance could entail administrative or even criminal liability.





Construction and real estate

8.1. Main rules

8.1.1. Title to land: Historically, land in Uzbekistan has been considered a national asset that belongs to the state. Uzbekistan is taking its first steps to introduce private ownership of land, which is an important milestone in the liberalization of the economy and promotion of sustainable urbanization in Uzbekistan.

Privatization of land plots can be carried out in two main ways:

- A buyout by legal entities and individuals of land plots that are under permanent use (possession), leasehold or inherited for lifetime possession; or
- Purchased through an electronic auction.

Only citizens and legal entities of Uzbekistan (except for enterprises with foreign investments) are entitled to privatize land plots.

The most recent land reforms envisage the following changes:

- Land to be transferred to the private sector will be provided either for leasehold or ownership, and to public entities (i.e., government bodies, institutions, enterprises, and self-governing bodies) for permanent use;
- Lifetime inheritable possession, permanent possession and temporary use rights in land will no longer be granted;
- Leasehold rights transfer with the ownership of a legitimately constructed immovable property.

8.1.2. Land allotment: Land rights can be obtained together with the title to existing buildings (premises). And as of 1 August 2021:

- Agricultural land plots are allotted for leasehold only through open electronic competitive bidding;

- Non-agricultural land plots are allotted for ownership or leasehold only through electronic online auctions;
- Land plots to public entities are allotted for public and community needs through orders of the Council of Ministers of Karakalpakstan, khokims (governors) of regions and (the mayor) of Tashkent city for leasehold; and
- By way of exception, the Cabinet of Ministers is authorized to directly lease land
 - for major investment projects, designated through a competitive selection process, with a value of no less than the equivalent of US\$10 million (increases with reference to the size of the land plot)—subject to depositing in a special account no less than 10 percent of the project's value, and
 - to companies with foreign investment, international unions and organizations, foreign entities and individuals—subject to payment on arm's length terms for obtaining lease rights (except for international unions and organizations).

8.1.3. Design documentation: Design documentation includes construction drawings, cost estimates and detailed designs. It must be developed by an engineering company holding an applicable license.

Design documentation may be based on designated international or foreign planning rules and standards provided that they have been adapted by a local engineering contractor to comply with national planning rules and standards. The owner (investor) is obliged to cover the costs associated with engaging the independent foreign specialists and consultants for review of the adapted design documentation, where applicable.

Design documentation is subject to expert appraisal and endorsement by public health services, fire-safety, environmental and other authorized bodies.

8.1.4. Commencement of construction: The owner (investor) must formally notify the regional inspectorate of the Ministry of Construction, Housing and Utilities at the commencement of construction. Construction is subjected to oversight through the following means to ensure that stakeholders comply with construction regulations as well as planning rules and standards prior to mobilization, carrying out engineering, construction, installation work, commissioning, and acceptance of the buildings (premises):

- State supervision by the territorial inspectorate of the Ministry of Construction, Housing and Utilities,
- Technical supervision by the owner (investor),
- Engineering supervision by the engineering contractor,
- Internal control by the contractor.

8.1.5. Licensing: Generally, construction work is not subject to licensing, except where it involves high risk or hazards.

8.1.6. Delivery methods: By default, construction can only commence once the design documentation is fully completed, has successfully undergone an expert appraisal and has been endorsed by authorized bodies. Yet, this might be impractical for large scale turnkey projects where the engineering phase takes many months or years. In consideration of the foregoing, in exceptional circumstances, EPC contractors might be allowed to carry out engineering and construction work concurrently (the “fast-track” method) by special decisions of the president or Cabinet of Ministers. Such circumstances include projects associated with national defense capabilities and security, safety and health of people, emergency and environmental disaster response or discharging international obligations of Uzbekistan.

EPC and EPCM contracts are commonly used, as they offer maximum risk transfer from owner to contractor. Due to frequent involvement of international financial institutions, standard forms based on FIDIC contracts have become increasingly widespread in Uzbekistan.

8.1.7. Purchasing real estate. Foreign companies have the right to purchase real estate in Uzbekistan. A special electronic trading platform, E-IJRO AUKSION, has been set up in Uzbekistan for the purchase of public property.

8.2. Recommendations

8.2.1. Due diligence is vital: Before buying real estate that you intend to develop, you should check its title, environmental and zoning status. All such checks must be planned for well in advance of the estimated closing of the transaction.



Resolving disputes



9.1. Main rules

9.1.1. Forum: If it is not possible to settle commercial disputes amicably, they can be referred to mediation, referees courts, arbitration or economic courts.

Referees courts may only apply Uzbek law for resolving disputes. Arbitration centers and economic courts are entitled to apply both Uzbek law as well as foreign law. While referees courts, arbitration and economic courts are bound to apply laws and regulations in the settlement of underlying disputes, no such requirement extends to mediators.

Proceedings in referees courts, arbitration or economic courts regarding a specific dispute cannot run concurrently. Mediation can be conducted on its own or in the course of any of the foregoing proceedings (if parties agree to mediate, proceedings at referees courts and economic courts should be suspended). Mediation can also take place during enforcement of arbitration awards or decisions of referees and economic courts.

It should be noted that some types of disputes fall under the exclusive jurisdiction of economic courts and cannot be submitted to referees courts or arbitration. All other disputes can be referred to referees courts or arbitration, and any commercial dispute can be mediated.

9.1.2. The burden of proof: Economic court, referees court and arbitration proceedings are adversarial in their nature and based on equality of the parties to the dispute. The common rule is that the burden of proof rests with the claimant.

9.1.3. How long does it take? Typically, proceedings in the first-instance economic court in Uzbekistan takes three months. Proceedings of appellate and cassation economic courts may take from three to nine months. More complicated cases requiring technical expertise to determine the factual background may take up to two or even three years. For low-cost commercial disputes involving claims that do not exceed 20 BCU (approx. US\$550) there is also a summary procedure that should not take more than two months.

Uzbek law does not set timeframes for completing mediation or referees courts and arbitration proceedings. So, their duration primarily depends on the complexity of the underlying disputes.

9.1.4. Costs: Litigation costs at economic courts consist of the state duty and expenses associated with the court proceedings (such as remuneration paid to witnesses, experts, interpreters, post expenses, etc.). The state duty for pecuniary disputes is 2 percent of the claim, but at least 50 percent of 1 BCU (approx. US\$14). In disputes with no monetary value, state duty is 10 BCU (approx. US\$275).

Costs of mediation, referees courts and arbitration are not set by the law and would mostly depend on whether a professional mediator, standing or ad hoc referees courts and arbitration is engaged.

9.1.5. International Arbitration: Uzbekistan is a party to both the Convention on the Settlement of Investment Disputes between States and Nationals of Other States (ICSID Convention) and the United Nations Convention on the Recognition and Enforcement of Foreign Arbitral Awards (the New York Convention). However, Uzbekistan did not fully align its procedural legislation with the New York Convention, and that may create complexities at the enforcement of arbitral awards in national courts.

Uzbekistan has also signed bilateral investment treaties (BITs) with more than 50 countries, and these BITs entitle investors to refer the investment disputes to international arbitration.

Tashkent International Arbitration Center (TIAC) was established in November 2018 under the Chamber of Commerce and Industry of the Republic of Uzbekistan. The Center is intended to resolve cross-border disputes between entities from different jurisdictions, including foreign investors. TIAC is entitled to settle disputes by means of mediation or other alternative dispute resolution mechanisms.

9.2. Recommendations

9.2.1. Use interim measures: In any type of economic dispute, a party may apply for interim measures. Interim measures can be requested both prior to commencement of the proceedings and during their course. Interim measures are usually granted if the requesting party can establish that failure to take these will complicate or make it impossible to enforce the court's decision or arbitration award. Some of the most common interim measures include the following:

- A freezing order,
- Restriction to perform certain actions in relation to the subject-matter of the dispute,
- An order to take certain actions to preserve the property in dispute,
- Transfer of property in dispute to a third party for safekeeping.

Where applicable, several interim measures might be granted simultaneously.

9.2.2. Pay close attention to files/documentation:

Proving the claim or defense with to-the-point facts is crucial in reaching the desired outcome. Make sure you gather all available evidence and facts that you plan to rely on throughout the proceedings.

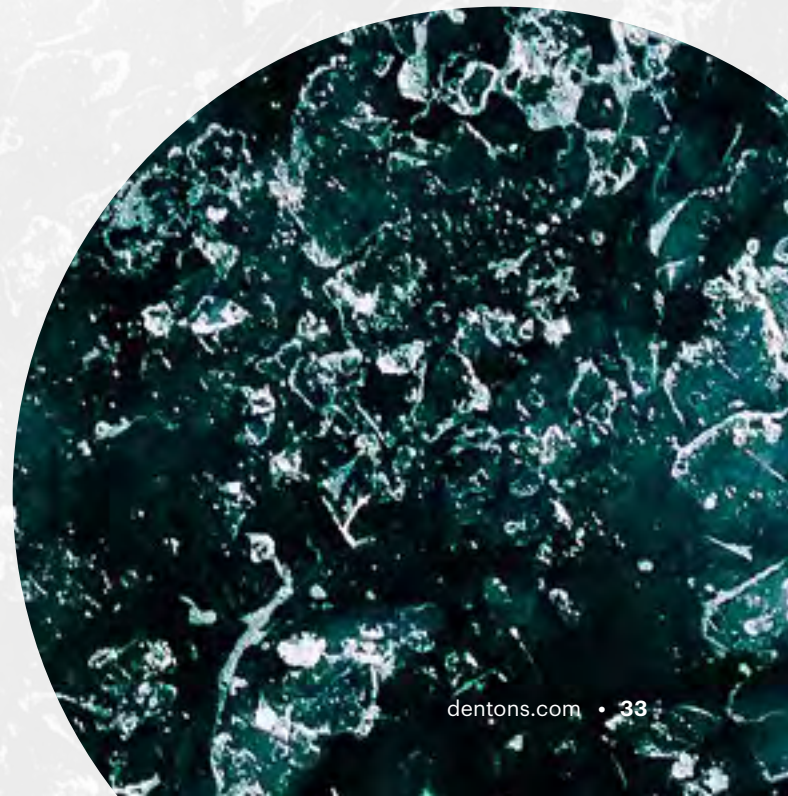
9.2.3. Do not give up: Even if you are not successful in the first-instance economic court, you may succeed at appellate or cassation economic courts. It is not uncommon for first-instance court decisions to be overruled at appellate or cassation courts.

9.2.4. Be proactive in enforcement: Enforcement officers tend to have huge workloads, so constant follow-up on your matter is key to timely enforcement.

9.3. Things to watch out for

9.3.1. Be cautious about the statutory limitation period: Bad time management could mean the end of your case. Choosing the right moment can be crucial when analyzing your case strategy.

9.3.2. Provide your lawyer with all the facts: Even small details may be material to the outcome of the case. Always provide your lawyers with full details to avoid unexpected things coming up during proceedings. Information you share with your attorney-at-law is protected by privilege.





Intellectual property

10.1. Main rules

10.1.1. Intellectual property rights: Uzbekistan is a party to all key international agreements relating to intellectual property (IP) and recognizes the following IP rights:

- Copyrights in original works,
- Neighboring rights,
- Patents,
- Utility designs,
- Industrial designs,
- Trademarks,
- Geographical designations, protected geographical indications and marks of origin,
- Topographies of integrated circuits,
- Trade secrets and know-how,
- Domain names.

10.1.2. Copyright protection: Uzbek copyright law gives protection to works whose authors (or co-authors) are Uzbek nationals, or nationals of any other signatory countries of the Berne Convention. Original works are subject to copyright protection without any additional conditions. There are no limitations as to the types of works that may be subject to copyright protection.

10.1.3. Author (moral) rights: Uzbek copyright law accords strong protection of rights to authors in relation to economic copyrights (i.e., right to remuneration) and author rights. Author rights are very broad, inalienable, unlimited in time and cannot be waived.

10.1.4. Duration of IP rights: The terms of protection of IP rights depend on the IP:

- Economic copyrights – 70 years from the death of the author,
- Patents – 20 years,
- Trademarks – 10 years (extendable),
- Industrial designs – 5 years (extendable),
- Utility designs – 10 years.

10.1.5. Remedies and sanctions for infringement of IP rights: Uzbek law provides for civil remedies as well as administrative and criminal sanctions for protection of IP rights. Holders of IP rights are entitled to demand the following, as well as others:

- Recognition of the rights;
- Stopping the copyright infringement;
- Recovery of damages, including loss of profit (in an amount no less than the profit generated by the infringing party);
- Payment of compensation in an amount that varies from 20 BCU to 1,000 BCU (approx. US\$550 to US\$27,500) based on the nature of the infringement and degree of guilt with reference to the business conduct (in lieu of recovering damages);
- Forfeiture of counterfeit goods;
- Imposition of administrative or criminal sanctions.

10.2. Recommendations and things to watch out for

10.2.1. Formal registration requirements: Certain IP licensing and assignment agreements are subject to state registration in Uzbekistan. Failure to register may invalidate your agreements.

10.2.2. IP objects created by employees: Employment contracts typically do not give employers full economic rights to IP created by employees. Make sure your employment contract is carefully drafted and takes into consideration the statutory limitations.

10.3. International Agreements

Uzbekistan has ratified all key international agreements on IP including the following recently adopted instruments:

- Convention for the Protection of Producers of Phonograms Against Unauthorized Duplication of Their Phonograms (April 2019),
- WIPO Performances and Phonograms Treaty (July 2019),
- WIPO Copyright Treaty (July 2019).

Furthermore, in 2022–2023 the Ministry of Justice has to complete the following:

- Assess compliance of Uzbek IP law with the standards and principles of the TRIPS Agreement of the World Trade Organization;
- Consider the accession of Uzbekistan to the Geneva Act of the Lisbon Agreement on Appellations of Origin and Geographical Indications (May 2015) and the Beijing Treaty on Audiovisual Performances (June 2012).

10.4. Things to watch out for

10.4.1. Digitalization in the IP sector: As of 1 September 2022, the Customs Committee has put in place an online system whereby holders of IP rights are able to register their IP in the system and be informed of any infringement of their IP rights by third parties carrying out exim transactions.

Additionally, the following digitalization processes are planned for 2023:

- By 1 January 2023 the Ministry of Justice is expected to put in place an online auction for the sale of IP.
- By 1 October 2023 the Ministry of Justice is expected to fully switch the application processes related to registration of IP rights into electronic form.



Public Procurement

11.1. Main rules

11.1.1. Scope: Public procurement rules apply to procurements:

1. For implementing projects as per investment and other programs of the Republic of Uzbekistan as well as in other cases designated by decisions of the president or the Cabinet of Ministers;
2. By public customers;
3. Funded by the state budget or nonbudgetary funds of budgetary organizations;
4. Funded by foreign grants or other external donations, which are provided under the agreements with the president or the Cabinet of Ministers; and
5. Funded by financial, humanitarian or charitable aid and other nonrepayable funding.

Public procurement rules do not apply if the terms of funding under points 4 and 5 above prescribe different procurement rules.

A special public procurement regime applies to procurements required for:

- Ensuring the safety of persons under state protection;
- Defense, security and maintenance of internal order in the Republic of Uzbekistan;
- Purposes of state secret;
- Conducting elections and referendums.

11.2. Types of public customers

Public customers are divided into budgetary and corporate.

11.2.1. Budgetary customers: these include:

1. Government bodies and institutions,
2. Budgetary organizations,
3. Recipients of budgetary funds used for procurement procedures,
4. State trust funds,
5. Other funds organized in budgetary organizations.

11.2.1. Corporate customers: these include:

1. State-owned enterprises,
2. Legal entities with a state share in their charter capital of 50 percent or more,
3. Legal entities where 50 percent or more of the charter capital is held by organizations referred to in paragraphs 1 and 2,
4. Legal entities where 50 percent or more of the charter capital is held by organizations specified in paragraph 3 above.

The list of corporate customers is maintained by the State Assets Management Agency and currently incorporates more than 2,650 entities.

11.3. Public procurement methods

Both budgetary and corporate customers procure goods (work, services) based on the following methods. As a general rule, public customers should use more sophisticated procurement method as the price of increases.

11.3.1. Electronic Market – online marketplace for selling goods (work, services) to the public customers (accessible at: <https://xarid.uzex.uz/shop/products-list/eshop>).

11.3.2. Reverse Auction – the starting price of the auction is reduced as per the bids of the participants. After the deadline the electronic system identifies the lowest price and declares the winner.

11.3.3. Request for proposals – the participants submit their bids to the public customer by a set deadline. After the deadline the public customer evaluates the bids and selects one offering the best conditions.

11.3.4. Tender – the participants submit their bids to the public customer by set deadline. After the deadline, the public customer evaluates the bids and selects the one offering the best conditions. The tender will be declared invalid if only one bid is submitted.

11.3.5. Single-source procurement – can be used for the procurement of the following goods and services:

- Goods (work, services) from the single suppliers;
- Goods (work, services) as per the decision of the president or the Cabinet of Ministers;
- Goods (work, services) required for the needs of Uzbekistan to rectify consequences of emergencies;
- An attorney (representative) for participation in court proceedings;
- IP rights from exclusive owners;
- Goods (work, services) offered at regulated prices.

The list of single suppliers and goods (work, services) that they can supply on single-source terms is maintained by the Ministry of Economy and Finance and includes more than 1,900 entities.

11.3.6. Alternative competitive methods: the president and Cabinet of Ministers are entitled to establish alternative competitive procurement methods.

Key criteria for selecting the appropriate procurement method is summarized in the following table:

| Procurement methods | Price criteria (upper threshold in BCU per contract except for the Tender) | Additional criteria/requirements |
|---------------------|---|---|
| Electronic Market | <p>Corporate customers:</p> <ul style="list-style-type: none"> • Goods – 25,000 BCU (approx. US\$687,500) • Work (services) – 100 BCU (approx. US\$2,750) <p>Budgetary customers:</p> <ul style="list-style-type: none"> • Goods – 2,500 BCU (approx. US\$68,750) • Work, services – 50 BCU (approx. US\$1,380) | <ul style="list-style-type: none"> • Applies to goods (work, services) with no specific requirements; • The aggregate value of similar work/services procured in the Electronic Market by corporate customers within a financial year may not exceed 1,000 BCU (approx. US\$27,500); • The aggregate value of similar goods and similar work/services procured in the Electronic Market by budgetary customers within a financial year may not exceed 10,000 BCU (approx. US\$275,000) and 500 BCU (approx. US\$13,750), respectively. |

| Procurement methods | Price criteria (upper threshold in BCU per contract except for the Tender) | Additional criteria/requirements |
|--|--|--|
| Reverse Auction <i>(not used for work and services)</i> | Corporate customers: <ul style="list-style-type: none"> • Goods – 25,000 BCU (approx. US\$687,500) Budgetary customers: <ul style="list-style-type: none"> • Goods – 6,000 BCU (approx. US\$165,000) | <ul style="list-style-type: none"> • Goods must have standard features; • There may not be a need to evaluate and compare the technical, operational, and other characteristics of goods; • May only be conducted in electronic form. |
| Request for proposals | Corporate customers: <ul style="list-style-type: none"> • Goods (work/services) – 25,000 BCU (approx. US\$687,500) • Budgetary customers: • Goods (work/services) – 6,000 BCU (approx. US\$165,000) | <ul style="list-style-type: none"> • Criteria for defining the winner must have monetary, quantitative, and qualitative criteria; • Irrespective of its value, this method applies to any procurement that was exempted from tender based on the decisions of the president or the Cabinet of Ministers. In such cases, if the value of the procurement exceeds the maximum threshold (indicated in the second column), the technical requirements of procurement must be submitted for analysis to the Center for Comprehensive Expertise of Projects and Import Contracts under the Ministry of Economy and Finance; • Must be conducted in electronic form unless otherwise stated in legislation. |
| Tender | Corporate customers: <ul style="list-style-type: none"> • Goods (work, services) – exceeding 25,000 BCU (approx. US\$687,500) • Budgetary customers: • Goods (work, services) – exceeding 6,000 BCU (approx. US\$165,000) | <ul style="list-style-type: none"> • Criteria for defining the winner must have monetary, quantitative, and qualitative criteria; • Technical requirements of procurement must be submitted for analysis to the Comprehensive Expertise of Projects and Import Contracts under the Ministry of Economy and Finance; • Must be conducted in the electronic form unless otherwise stated in the legislation. |
| Single-source procurement | - | <ul style="list-style-type: none"> • Public customers must publish information on single-source contracts on the special information portal within three business days from the date of concluding these. |

11.4. Things to watch out for

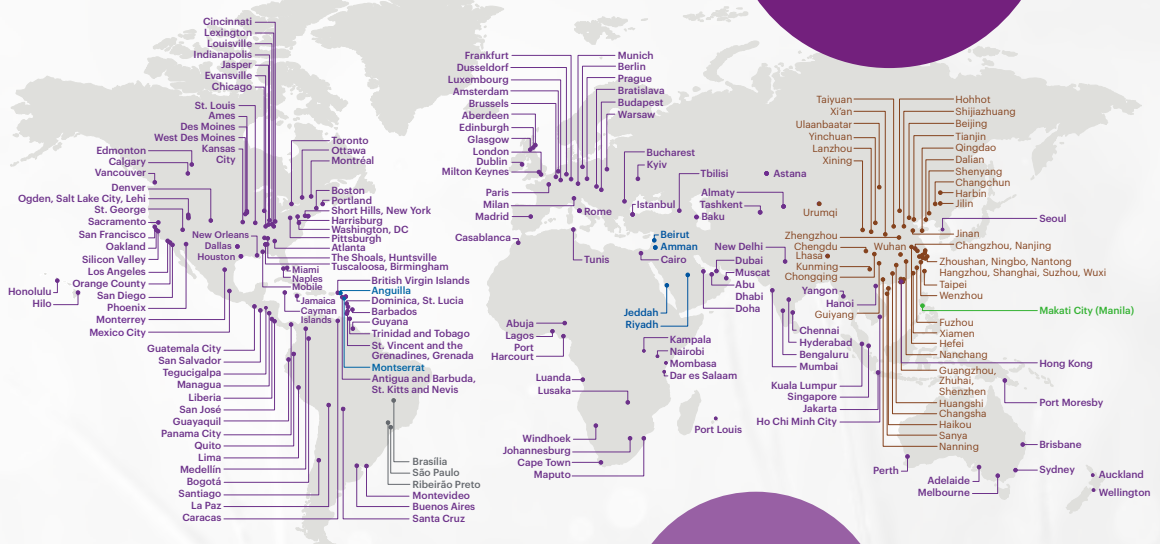
11.4.1. Suppliers and contractors: only local or foreign individuals and legal entities are entitled to participate in procurement procedures. It is notable that unincorporated ventures (e.g. consortia) are not entitled to supply goods, carry out work or provide services to public customers.

11.4.2. Disclosure of information: by participating in a procurement procedure potential suppliers and contractors agree that contents of their bids are made publicly available.

11.4.3. Preferences for local suppliers and contractors: if apart from foreign suppliers (contractors) at least 3 local suppliers (contractors) participate in a procurement procedure, the latter may have exemptions and privileges that apply while evaluating the bids.

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- **Trusted advisor:** We are the trusted advisor to the leading international conglomerates in their projects in Uzbekistan, as well as to the large local strategically important businesses.
- **Projects funded by IFIs and MDBs:** We are actively engaged in the projects funded by the international financial institutions and multilateral development banks for the provision of technical assistance to the Uzbek government in various sectors, including development of legislative framework, regional infrastructure and provision of financing to local banks and businesses.
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'Particular strengths are their individual approach to the client and their flexibility in terms of the client's needs.'

'The only international law firm with a strong presence in Uzbekistan'

'Dentons has recommended itself with good reputation across legal market. Law firm has a market-leading expertise across multiple sectors.'

Eldor Mannopov is Dentons' country managing partner in Uzbekistan. He is well regarded for his leading role on cross-border investments, as well as acting for international clients on establishing their Uzbek operations. His work also includes real estate, infrastructure and energy matters.

'He has strong knowledge of local laws and regulations on PPP and land-related matters.'

'He is an excellent team player.'

Shukhrat Yunusov is a partner in Tashkent who regularly advises clients on project finance transactions as well as cross-border corporate finance matters.

Ulugbek Abdullaev advises international clients operating in Uzbekistan on a wide variety of matters, often focusing on renewable energy and infrastructure projects.

**General Business Law,
Chambers Asia-Pacific 2023**

Dentons is an international law firm with a strong local presence in Uzbekistan, supporting clients from a broad range of industries including energy, construction and mining. The team has particular expertise in development finance-funded projects and government mandates, although matters involving banking and finance, infrastructure and PPP, corporate and M&A are also significant drivers of work. Managing partner Eldor Mannopov leads the group alongside banking and finance head Shukhrat Yunusov and Bobur Shamsiev. Other key individuals include counsel Ulugbek Abdullaev and senior associate Sanjar Narzullaev.

'Managing partner Eldor Mannopov is a flexible professional who is always ready to assist.'

'Dentons unique ability to provide expertise in different jurisdictions is very helpful.'

'Dentons have a very strong team focused on corporate law, PPP projects and debt raising.'

'The team is committed to the given timeline and deliver a high quality of service.'

'Compared to other law firms, we could see a huge difference in the knowledge and customer-focused approach of Dentons. The team understood our requirements quickly and gave the solutions seamlessly, proactively supporting our project execution.'

'Eldor Mannopov was always available to address our critical queries and provided precise and workable solutions. Personally, I have not experienced such a swift response from other legal companies.'

**Leading Firms in Uzbekistan,
The Legal 500 EMEA 2023**

We are ranked Tier 1 in Financial and Corporate in Uzbekistan. We hold Active status in Project Development in Uzbekistan.

IFLR1000 Asia-Pacific 2022

ABOUT DENTONS

Across over 80 countries, Dentons helps you grow, protect, operate and finance your organization by providing uniquely global and deeply local legal solutions. Polycentric, purpose-driven and committed to inclusion, diversity, equity and sustainability, we focus on what matters most to you.

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