

# UZBEKISTAN

## JEWEL OF THE SILK ROAD

### **INDEPENDENCE & AFTER:**

20 Years of Steady Progress & Dynamic Growth

### **BILATERAL TIES:**

History of Successful Cooperation

### **ECONOMY:**

Eye on the Uzbekistan Economy

### **INVESTMENT & TRADE:**

Q&A on Investing in Uzbekistan

### **TRAVEL & TOURISM:**

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# President's Independence Day Address



“And today, summarizing the outcomes of what was traversed and achieved during the years of our independent development, we have all grounds to assert that how right and solely correct was the decision that we made and the goal that we set twenty years ago to build a democratic state and open civil society in the country, radically and deeply reform economy, implement a strong social policy aimed at protecting the people’s interests.”

**Islam Karimov**

President of The Republic of Uzbekistan

# PRESIDENT'S INDEPENDENCE DAY ADDRESS

31.08.2011, Tashkent

**D**ear compatriots!  
Distinguished guests!  
Today we celebrate a great holiday, an unforgettable historic date – the twentieth anniversary of independence Mother Uzbekistan – across the entire nation, in every single town and kishlak.

Two decades ago, decisively rejecting the old, obsolete totalitarian Soviet system, we started a new stage of historical development - of building an open, democratic state with a socially oriented market economy, free and independent life that had been sought by our people for many centuries.

It gives me a great pleasure to cordially

congratulate you, my dear - and in your person our entire nation - on the greatest, the dearest holiday for us all to express my deep respect and reverence.

Strings of years, entire epochs will pass, but for our nation that has survived much in its millennia-old history, the independence of Uzbekistan that has fundamentally changed our lives and consciousness forever, will remain in the country's history as an event of enormous proportions in the fullest sense, and will never lose its genuine value and essence.

Dear friends!

In the intervening period we have experienced and profoundly discovered the

hard-faced truth in our own case that no nation, no country in the world were given easy way to achieve independence, the very possibility to breathe freely, to build their own destiny and future with own hands.

Indeed, today, years later, we all should recall once again how difficult it was to free ourselves from the shackles of a totalitarian regime, how the situation in the country in the last days of that regime's existence, on the eve of independence, exacerbated, getting dangerous, more and more menacing.

The most devastating effect on the state of affairs was provided by the one-sided hypertrophy of raw material-oriented economy of the country, a complete



# President's Independence Day Address

and unconditional monopoly of cotton production that had a destructive impact on the economy, environment and gene pool of the population. To understand the gravity of the situation prevailing then, it suffices to imagine the people in distress, subjected to lawlessness, whose patience was on the verge of abyss, and the country about ready to explode, when there stood quite pressing issues of basic human needs, of maintaining a healthy atmosphere in society.

Today we have without any hesitation every reason to loudly declare that whatever troubled days we had to endure, no matter what difficulties and obstacles on the path to independence we had to overcome, no matter what threats to our country might sound, in moments of toughest tests we remained faithful to the idea of independence, put the interests of Uzbekistan above everything, have not turned off from the chosen path and I am sure, will never do.

From the earliest days of the new life we have been deeply aware of the truth that the attainment of genuine freedom and sovereignty is not merely gaining independence, but also its formation and consolidation from political and economic perspectives and gaining respect and a decent standing in the world.

I am convinced all of us are well aware of the ways to achieve such noble objectives, that is, turning into a modern developed democratic nation by using all our natural resources, our rich industrial and intellectual potential, the strength, intelligence and energy of our industrious people who had seen much in life, and at the same time relying on cooperation with the international community.

On the way to improve the quality of life of the people, the principal priority for us is to gradually accelerate the pace of democratic renewal, the liberalization and modernization of all spheres of life.

I think I speak for all present at this majestic square attending this ceremony, for our wider public, for all the people, if I say that this is the surest way that has fully justified itself for the twenty years of our country's recent history, the path that has acquired an extensive acknowledgement around the globe as the "Uzbek model".

Today, one can cite many examples of greatest of our accomplishments over the past period. Confirmation of the heights and outcomes we have achieved for the twenty years is that Uzbekistan's economy has grown almost 3.4 times, the average salary has increased 14 times, while the population's

total income in real terms has multiplied roughly nine times.

Clear evidence of sustained and stable economic development of our country is the fact that Uzbekistan is one of the few countries in the world, the negative impact of the ongoing global financial and economic crisis notwithstanding, who have been able to maintain steady pace of development. In the last 5 years, GDP average growth makes 8.5 percent, and it is expected this year that the current level will be preserved.

However, over the years of independence, public expenditures on social sphere rose more than fivefold, while about 60 percent of the budget goes to health, education, municipal services, social security and other sectors every year. Not common in the world, these figures clearly show that our fundamental goal is the human life, welfare and protection of their interests.

Here is another notable fact: for twenty years, infant and maternal mortality in the country has declined by more than threefold, average life expectancy has increased by 7 years, among men, it reached 73, among women - 75 years, the country's population currently stands at 28.5 million people.

Dear friends!

Every one of us can confidently and proudly answer the question of what lies at the heart of our achievements, of our so noble heights: that is, first is the invaluable gift of independence, self-sacrificing work of our people everyday, changing identity and mentality of our people, their faith in tomorrow, their noble dreams and aspirations.

Today, all our compatriots living on this fertile land and considering Uzbekistan as their common home, regardless of ethnic origins or professional activity, have the right, with their head held high, to proudly declare that the accomplishments made by our Motherland include their own laborious work and well-deserved contribution.

From this rostrum, let me also express my appreciation to all our foreign friends who have always treated us friendly, supported, provided assistance, all countries and peoples we have good cooperation with, pass on kind wishes of happiness and prosperity to them.

I take this opportunity to express my sincere, heartfelt welcome and express our profound respect and reverence to the foreign ambassadors and representatives of international organizations present on this beautiful square, and say to all our dear guests: our holiday today is and your holiday, too.

Dear compatriots!

There is much talk about what new horizons and opportunities have been open to us thanks to the independence. Among our greatest achievements, which will be forever in the annals of our independent country, there is one whose value does not measure and can not be overestimated.

This is our harmoniously developed, physically and spiritually healthy generation of young people who master modern knowledge and professions, have independently thinking mind, becoming the decisive force in our lives and, crucially, able to take responsibility for the future of the country.

It is they who are gathered in this magnificent area filled with enthusiasm and energy of young boys and girls, and through them - all the youth of the country would like to say today:

Not everybody is happy to be born and live in a beautiful blessed by the Almighty and unique land, whose name is Uzbekistan. And my fondest wish is that this vital truth penetrated deeply into your hearts and souls. May love for the country, devotion to the native land always accompany you.

Our sacred duty and honor is to always remember and pay tribute to the dedication of our ancestors, our fathers and grandfathers who survived tough times, many difficulties and trials, sacrificed themselves for freedom of the Motherland, and who preserved it for today's generations.

I think that I speak your noble thoughts and aspirations, and when I say that the honorable duty of every one of us to be ready to devote ourselves entirely, and if necessary - to give our lives for the future prosperity of the land dear for us all, in the name of its well-being and a great future.

Dear friends, dear fellow countrymen!

I am sure you will also agree with me that the coincidence in time of our major holiday with the sacred Eid Ramadan we may perceive as another manifestation of benevolence and compassion of the Almighty to our people and our country.

I embrace you all sincerely, and congratulate you with all my heart once again on the holiday and wish you a sound health, happiness and best of luck, prosperity and welfare to your families.

Let our beautiful sacred Motherland be eternal!

May peace always reign in our country and the sky above it be clear!

May our Independence be perpetual!



# 20 YEARS OF STEADY PROGRESS & DYNAMIC GROWTH

As Uzbekistan gets ready to celebrate its 20th year of independence, the nation can look back proudly on a number of important initiatives and policies that were put in during the earliest days of Uzbekistan's independence.

**A**s Uzbekistan celebrates its 20th year of independence, the nation can look back proudly on a number of important initiatives and policies that were put in place during the earliest days of Uzbekistan's independence.

Under the visionary leadership of the President of the Republic of Uzbekistan Islam Karimov, the new country undertook programmes and initiatives focused on democracy and the well-being of Uzbekistan and its citizens. These were important initiatives in this thriving nation with over a hundred ethnic groups. Called the Uzbek Model of transition, it is based on five pillars:

- 1) the priority of economics over politics;
- 2) the state as the main reformer;
- 3) the rule of law in all areas of life and Uzbek society;
- 4) maintenance of a strong social policy;
- 5) a step-by-step transition to market relations.

With this program, the Uzbek government set out to achieve a smooth transition to a better society while avoiding the mistakes of some former command-economy societies which leapt almost overnight into fullmarket economies with serious social and economic consequences which they are till today trying to correct.

As result of the successful implementation of this model, Uzbekistan has today managed to achieve macroeconomic stability, equilibrium of foreign and domestic sectors of the economy and a growth in currency reserves. It has achieved a framework for maintaining steady economic growth rates averaging 8% per year.

The gross domestic product of Uzbekistan over the past 20 years has grown by nearly a multiple of 3.5 times (by 2.5 measured in growth per capita) while the average salary has increased 14-fold. The aggregate income of the population in real terms has grown 9-fold. Today, 47% of national income comes from property and entrepreneurial activities.

The state expenditures for social welfare per capita have grown more than five-fold. Each year, about 60% of the state budget goes to health, education, communal sphere and other areas related to social welfare. The average life expectancy over this period has increased impressively from 67 to 74 years.

In his address at the joint session of the Legislative Chamber and the Senate of the Oliy Majlis of the Republic of Uzbekistan on 12 November, 2010, the President of the Republic, Islam Karimov introduced the concept of further deepening the democratic

**The effective reforms and initiatives of the Republic of Uzbekistan have well proven themselves and that other countries in the entire region can now benefit from Uzbekistan's example and achievements.**

reforms and establishing the civil society in the country, which, in essence, is the program for further continuation of the modernization of the country at the fundamentally new stage of development of the state and society.

As outlined in the speech, the country has continued pressing ahead with democratization of the state authority; reform of the judicial system; commitments to freedom of expression and information; formation and development of civil society institutes; as well as market reforms and economic liberalization.

The latest reforms follow the principles of the Uzbek Model adopted as the best path for transition from a former Soviet republic to a market-based, democratic society. The Uzbek path emphasizes a socially oriented market economy and formation of a viable civil society through those five principles listed.

Not only has this model helped maintain stability during the difficult transition that followed the collapse of the Soviet Union, in the longer term it has provided a strong social and economic basis which also allowed Uzbekistan to be one of the few lucky nations that largely escaped the dire consequences of the economic and financial crises of 2008-2009.

During the years of independence, the establishment of relations with various countries on the principles of equal partnership and mutual respect allowed Uzbekistan to integrate successfully into the world economy, along with international political, economic, scientific, technical and cultural cooperation.

Perceiving its responsibility as a guarantor of stability in the region, Uzbekistan repeatedly and from early on, called upon the international community to join in a global and full-throttle fight against international terrorism and extremism, and drug-trafficking. The Republic has also pushed for the creation of a nuclear weapon-free zone in Central Asia, as well as solving the ecological catastrophe in Aral region.

In the realm of regional stability and

cooperation, in 2008 President Islam Karimov proposed the creation of a "Contact Group 6+3" under the United Nations auspices to seek alternative paths to peace and stability in Afghanistan. The President stressed his belief that there can be no military solution to the Afghan problem and that the challenges facing Afghanistan must be resolved by Afghans themselves, along with the assistance of those states that are deeply interested in ending the war and securing a stable future for that war-torn country.

Uzbekistan plays an active role in solving one of the worst ecological problems in the region – the Aral Sea catastrophe.

For almost a half century, the Aral Sea has been steadily drying up, turning from one of the planet's most unique and beautiful seas into a vanishing water reservoir.

Such an unfolding calamitous situation is being exacerbated by plans of the countries located in upper streams of the rivers Amudarya and Syrdarya, that feed the Aral Sea to implement the new large-scale projects of hydropower facilities originally drafted almost 40 years ago by central planners in the Soviet Union who gave no thought then to the environmental consequences of their showcase projects. Construction of the huge hydropower facilities would not only destroy the Aral Sea but also have dire consequences for all the other countries located downstream of these rivers.

Many international ecological organizations and experts recommend that it would be much more rational to switch to the building of a series of smaller dams in various locations, a policy that would produce the same amount of hydroelectric power with much less damage to the environment. Such a turnaround in policy would be better for all the countries in the region.

It is obvious that the effective reforms and initiatives of the Republic of Uzbekistan have well proven themselves and that other countries in the entire region can now benefit from Uzbekistan's example and achievements.



# Ambassador's Message

**O**n 1 September 1991, Uzbekistan proclaimed its independence, joining the community of nations. So this year's Independence Day celebration is a special one, marking the 20th anniversary, and one that we as a people can take special pride in.

When Uzbekistan became independent, there were many doubts about how well the country could fare. But the twenty years that followed, show that Uzbekistan was able to use all the resources available to it to become a significant success story.

Under the visionary leadership of the President of the Republic of Uzbekistan, H.E. Islam Karmimov, the government in the earliest days of our independence forged what has become known as the Uzbek Model to transition. The wise policies embodied there have allowed our country to develop steadily and irreversibly into a modern society with a market-based economy and democratic character. At the same time, we have avoided wrenching changes that would impact our people negatively and therefore assured the stability that a modern society needs to compete in the 21st century world. The overarching strength of these policies can be seen in the fact that our country was one of the few able to preserve a sustainable growth rate even during the recent global economic turmoil.

Our economy and society continue to see stable and sustainable development with living standards of the population on the rise. The vast changes in each household, a truly large-scale transformation taking place in our cities, villages and the country as a whole do serve as a solid confirmation of the government's policies.

The year 2011 was announced as the "Year of Small Business and Entrepreneurship" in Uzbekistan. No doubt, the measures provided in this program will help boost our thriving economy even further.

All of these factors are reasons why we take special pride in our twenty years of development and success as an independent nation. It is pride on our own achievements as a nation, and also in becoming a respected part of the international community and playing an important and responsible role in our own region.

We also, with a note of modesty, nod to all our friends in Singapore and around the world who have given us their trust and their support. Since the establishment of diplomatic relations in 1997, bilateral relations between Uzbekistan and Singapore have maintained a good momentum of all-round development, highlighted by enhanced political mutual trust, economic cooperation and flourishing cooperation in education.

Political relations between Singapore and Uzbekistan are characterized by high level of trust and mutual support on the international arena.

The State Visit of the President of the Republic of Uzbekistan H.E. Mr. Islam Karimov to Singapore in January 2007 opened a new chapter in the bilateral relations between the two countries, thus encouraging greater interactions at all levels and laying the foundation to deeper and broader cooperation.

It is important to mention that during the last four years, exchange of high level delegation between our countries has increased and helped to further strengthen cooperation between Singapore and Uzbekistan. Next year, Singapore and Uzbekistan will celebrate our 15th year of diplomatic relations, and I am sure that the level of cooperation between our two countries in all spheres will grow even stronger as we move into the future.

**H.E. Alisher Kurmanov**

Ambassador of the Republic of Uzbekistan  
in Singapore





# History of Successful Cooperation

In the short time since Uzbekistan has been fully independent, the Republic's relations with Singapore have been growing steadily. The mutual benefits and shared interests between the two, signal even stronger ties in the upcoming years.

Singapore recognized the independence of Uzbekistan in April 1992. Full diplomatic relations were then established on April 8, 1997. The Embassy of Uzbekistan in Singapore opened in October 2007 and has been operating since.

Bilateral relations between the two countries took a significant step forward in January 2007, when the President of the Republic of Uzbekistan, H.E. I.A. Karimov, made a State visit to Singapore. This visit opened a significant new chapter in the relations between the two countries.

Other milestones in bilateral relations soon followed, including the visit of the Singapore delegation headed by Parliament Speaker Abdullah Tarmugi in April 2009 to Tashkent, and the visit of Singapore's Senior Minister of State for Foreign Affairs Zainul Abidin Rasheed also to Tashkent in April 2010. Agreements achieved during these

visits continue to yield fruit today.

In December 2010, Singapore hosted the first round of political consultations between the Foreign Ministries of the two countries.

Five Uzbek-Singapore Business Forums have also been held over the last four years, three in Singapore and two in Uzbekistan, and another is to be held in October 2011.

Following upon these forums, an agreement on implementing numerous projects on trade-economic and investment cooperation in such sectors as textiles, oil & gas, electronics, education, etc. This has achieved a sum total of US\$2 billion to date. In 2010, bilateral trade turnover accounted for US\$178 million, according to Uzbek government statistics.

Presently, 20 enterprises with Singapore capital are operating in Uzbekistan, including 14 joint ventures and 6 wholly-owned foreign enterprises. Further, ten accredited offices of Singapore companies

operate in the areas of trade in cotton, yarn, grain, timber, food and supplies of telecommunication products.

Within the framework of the Technical Cooperation Program implemented by the Government of Singapore, Uzbek specialists from various ministries and agencies have taken part in short-term courses in the Island Republic.

There are great prospects in the Uzbek-Singapore relationship. Indeed, the bilateral relations benefit from the fact that the capabilities of both countries are great, and there is still a large untapped potential for cooperation, especially in areas such as expanding partnerships in science and technology, which play a major role in economic development in today's world. And in the people-to-people sphere, there has been commendable growth in cultural exchanges and tourism, both of which also look set to continue forward.

# Editor's Note



Welcome to the 20th anniversary commemorative magazine by the Embassy of Uzbekistan in Singapore. This young nation, now twenty years old, undoubtedly has a long history that goes much beyond these two decades. Having rediscovered itself as a progressive, dynamic nation that abounds in opportunities, it has umpteen reasons to celebrate.

Growing from strength to strength with the prescient directions set by President Islam Karimov following the "Uzbek model", there has been overall development and growth in the country. The success of policies always depends on how it is able to change the ground realities for people. Going by the numbers: the GDP has grown by 3.5 times and per capita ratio by 2.5 times, the real income of its people increased 3.8 times and state expenses for social security of population grew by 5 times, significantly improving the living standards of the people.

During these two decades, the country has integrated very well with the world through the preservation of regional and global peace as the main priorities of its foreign policy. Since the establishment of diplomatic ties between Uzbekistan and Singapore, ample opportunities have germinated between the two nations.

At first glance, one might ask what a landlocked country with abundant natural resources and an island nation with very few natural resources have in common, what draws them together. Actually, therein may be one major reason that Uzbekistan and Singapore enjoy such good relations: the strengths of one partner are something the

other can richly profit from, and vice-versa.

Uzbekistan can learn much from Singapore's experience as a country whose own time of independence is within memory of many of its citizens, while the way the Island Republic has made itself a success story through its wise use of human resources (such as education) can also help Uzbekistan. Singapore, on its part, can profit from the many natural resources and industries of Uzbekistan.

In this issue we take a look at the recent history of Uzbekistan and how it has continued to fashion its own success story, in our coverage of President Karimov's political initiatives. A major part of Uzbekistan's success is how it cast off the yoke of a command economy to become one of the leading economies in its region with dynamic growth across many sectors.

As a guide to investments, we offer a brief economic background and assessment of Uzbekistan's prospects for the next few years in the Asian Development Bank's report. We also dedicate several pages to looking at the strongest sectors of the country's robust economy. To underscore these reports, we present the success stories of several Singaporean companies that have already tapped into the enormous potential of Uzbekistan and profited in many ways from their entry into Central Asia.

And it's not only Singaporean companies that are discovering the attractions of Uzbekistan. More and more residents of the Lion City are being drawn to Uzbekistan as an exciting travel destination. An area that contains four of the most important outposts of the legendary Silk Road has a lot to offer lovers of the romantic and glorious past. Also, locals interested in mountain climbing will be drawn to the wonderful sites in Uzbekistan. Travel is clearly another way that the strengths of the Central Asian country offer what we cannot find in Singapore.

That's a lot to offer in one compact publication. So rather than take any more time here, we will simply offer our congratulations to Uzbekistan for 20 years of success and our best wishes for even greater success over the years ahead— and underline these wishes with this publication that celebrates all of the above.

**Nomita Dhar**  
Editor-in-chief



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## Fact File

# Uzbekistan

### UZBEKISTAN: A QUICK FACT FILE

Uzbekistan boasts of a breathtaking history and a rich cultural heritage. Since achieving full independence in 1991, its progress has been exemplary. It stands out as one of the most successful Central Asian states in terms of stability and development. It is also Central Asia's most populous country. It has a 99% literacy rate, and English as a second language is becoming more and more common. Moreover, it boasts of a large pool of university graduates in their 20s, ready to embrace new career challenges.

A landlocked country, Uzbekistan has been blessed with an abundance of valuable natural resources which have sparked its rapid development in the 20 years since full independence. This rich store of natural resources, combined with an economic policy carefully calibrated to counter negative global factors, also helped it weather the economic calamities of 2008-2009 better than most other countries. This positive trend continues: today, it ranks among the top 10 countries in the world in GDP growth.

For instance, Uzbekistan stands 4th amongst the world's countries in gold reserves and 7th in gold production. Some geologists believe the open-pit gold mine in Murantau, Navoi Region, may be the world's single largest reserve. It also stands 7th in terms of uranium reserves, 8th in natural gas reserves, and 10th in copper reserves.

In the agricultural sector, Uzbekistan is the world's 2nd largest exporter of cotton. The country's industrial sector is also strong. This includes heavy industry. It is, for example, one of the 30 nations that produces automobiles.

### KEY FACTS

Official Name	Republic of Uzbekistan
Political System	Republic
Independence Day	1 September, 1991
Location	Central Asia
Territorial Organization	12 provinces, Tashkent City and autonomous Republic of Qoraqalpoghiston
Capital	Tashkent City
Area	Total- 447.400 km <sup>2</sup> Dryland - 425.400 km <sup>2</sup> Water - 22.000 km <sup>2</sup>
Population	28.5 million people (as of 1 April, 2011)
Main Cities	Tashkent, Samarkand, Bukhara, Andijan, Namangan, Karshi, etc.
Official Language	Uzbek
Main Airports	Tashkent, Samarkand, Bukhara, Navoi, etc.
Currency	The currency of the Republic of Uzbekistan is Soum, divided into 100 tiyins. US\$1 = 1734.14 Soum (as of August 2011)

### NATIONAL HOLIDAYS

January 1	New Year
January 14	Day of Defenders of Homeland
March 8	Women's day
March 21	Navruz (Traditional New Year)
May 9	Day of Memory and Honor
September 1	Independence Day
October 1	Day of Teachers and Instructors
December 8	The Constitution Day

Ramadan Hayit (Iyd ul Fitr) and Qurbon Hayit (Iyd ul Adha) are also national religious holidays, dates of celebration differ each year depending on the Lunar Calendar.

# Overview of the Uzbekistan Economy



Here we offer an array of easy-to-read and understand graphs and charts to allow you a broad view of Uzbekistan's economy and prime investment areas.

### **UZBEKISTAN: A LEADING INDUSTRIAL COUNTRY IN CENTRAL ASIA**

- Political and macroeconomic stability
- Rich raw materials base
- Huge energy reserves
- Strategic geographic location
- Diversified industrial base
- Scientific and intellectual capacity of the country
- Strong legal base and system of preferences for foreign investors
- Highly skilled labour
- Favorable natural and climate conditions, etc.



## INVESTMENT POTENTIAL OF THE ECONOMY

Total Investment Capacity  
**USD 24 billion**

Textile industry  
**USD 0.5 billion**

Food processing  
**USD 0.3 billion**

Infrastructure  
**USD 4 billion**

Automobile industry  
**USD 0.7 billion**

Chemical industry  
**USD 2 billion**

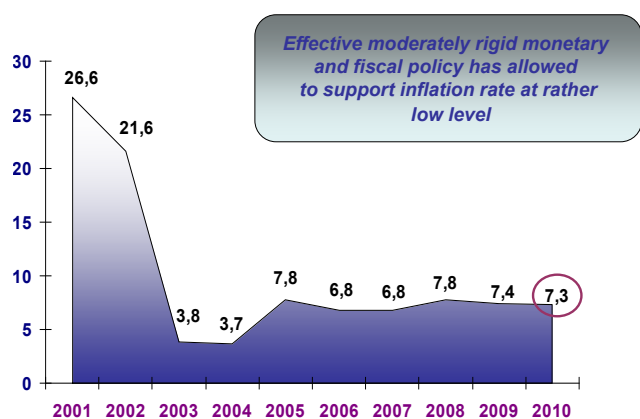
Oil & gas industry  
**USD 13.2 billion**

Building materials  
**USD 0.7 billion**

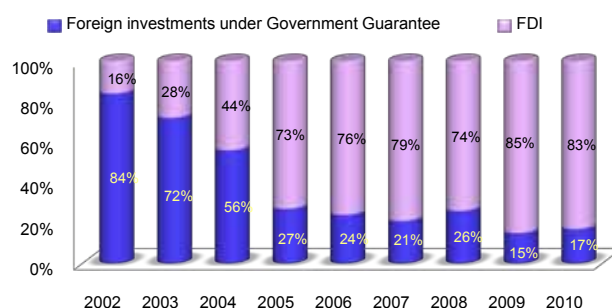
Electrical engineering  
**USD 0.2 billion**

Power industry  
**USD 2.5 billion**

## INFLATION RATE (%)

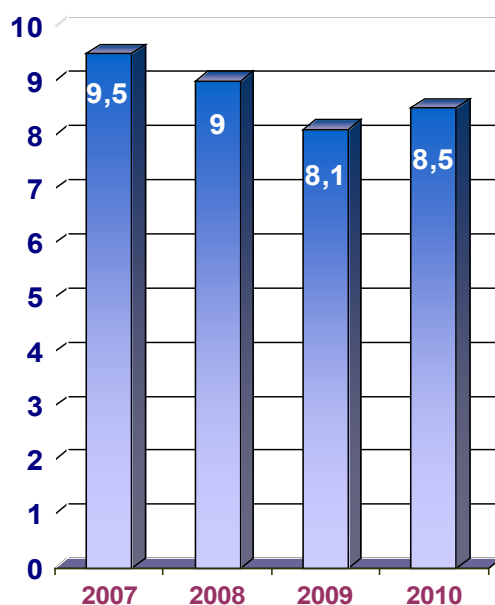


## FOREIGN INVESTMENTS IN UZBEKISTAN

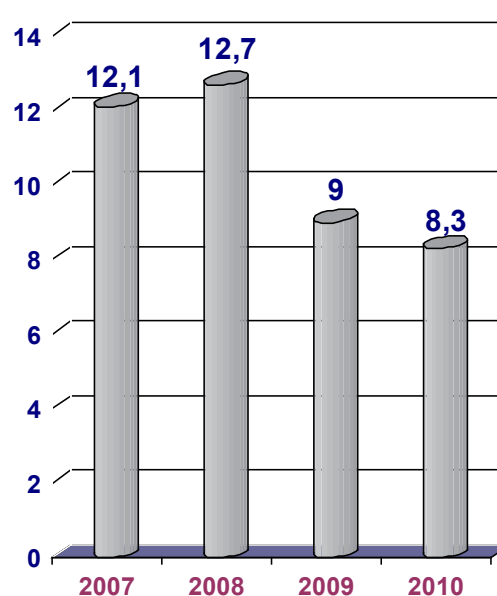


- In 2010, attracted **3,8 bln USD** of foreign investments.
- Growth rate – **10,6%**.

## GDP growth (%)



## Industrial production growth (%)



# Eye on the Uzbekistan Economy

The Asian Development Bank recently issued a very upbeat report on both the economic activities of the last 18 months as well as future prospects for Uzbekistan. Here we focus on its report for the future.

**U**zbekistan joined the Asian Development Bank (ADB) in 1995, and since then has received 35 loans totaling US\$1.95 billion. In 2010, ADB provided assistance totaling US\$656 million in support of priority infrastructure development in the energy, transport and water supply sectors and small and medium-sized enterprises. Overall, Uzbekistan is the 15th largest shareholder among ADB's regional members, and in May 2010, successfully hosted the ADB Annual Meeting of the Board of Governors, the first time it was held in Central Asia.

According to the ADB's most recent report on economic prospects for Uzbekistan, greater investment and infrastructure development will sustain GDP growth at 8.5% in 2011 and 8.4% in 2012. Industry (particularly construction) and services are expected to be the major contributors.

Industrial output will be driven by domestic lending and foreign investment, while services will expand in line with higher domestic demand. Increasing lending, coupled with favorable international prices will stimulate output of energy, machinery, and metals. Agriculture is expected to be driven by higher vegetable and fruit output, while grain production will improve moderately.

The share of investment in GDP is expected to climb rapidly in the forecast period, partly because the government is seen pursuing the infrastructure development programs faster. On 15 December 2010, it adopted a presidential decree that envisages spending \$30 billion on 259 industrial projects and \$23.1 billion on new construction between 2011 and 2015.

The government plans to raise allocations for investment by 37%. It is also seen further reducing the tax burden and strengthening revenue collection. The consolidated budget, including the FRD, is forecast to post a surplus of 2.4% in 2011 and 2.0% in 2012.

Higher public sector wages and social payments alongside a gradual recovery in remittance inflows will sustain domestic consumption, as will government plans to create many jobs through infrastructure.

Higher import costs, a more accommodative fiscal policy, and further depreciation of the local currency will stoke price pressures in 2011–2012.

To counter them, the authorities are likely to adopt a monetary policy that slows money supply growth. ADB expects inflation to remain moderate, with a forecast of 8.8% in 2011 and 8.5% in 2012.

International prices for gold and cotton are seen peaking in 2011, but staying high. Uzbekistan's export prices for natural gas, which have approached international levels, are likely to stay at these high levels. Exports are forecast to grow at 14.0% in 2011 and 3.1% in 2012, supplemented by a gradual improvement in remittance inflows. The steep rise in public investment will likely offset the slower export growth in 2012 in terms of contribution to GDP.

Growth in imports will be driven by expansion of infrastructure development and by increases in global energy and food prices. Since machinery and equipment are the main import items, the post-2011 investment surge will drive imports even higher. Import growth is therefore put at 11.9% in 2011 and 16.3% in 2012. The current account surplus is projected at 16.3% and 12.6% of GDP respectively.



The downside external risks to the forecasts are related to the pace of economic recovery in Uzbekistan's main trading partners, as well as uncertainty in the global financial markets. The immediate challenge is to manage rising pressures from fiscal expansion and global food price increases. To prevent unwanted fiscal-led pressure on monetary policy, the authorities are prepared to adapt the structure of budget expenditure and the pace of nominal depreciation of the currency.

With one eye on the long-term goal of diversifying the economy, the government has designated 2011 as the year of small businesses and private entrepreneurs.

According to official statements, these two groups contributed more than half of total GDP and employed more than 70% of the total labor force in 2010. The central bank reported that total lending to both groups jumped by 40% that year to \$1.7 billion. As well as lowering taxes, the government's program for 2011 targets better access to capital for them and simpler reporting requirements. Effective banking supervision and improved prudential banking requirements will help to guard against potential risks associated with rapid credit growth and greater commercial bank lending to state-owned enterprises. Improving access to credit for small and medium-sized enterprises will widen the range of banking assets while benefiting the broader population through job opportunities.



# Warmest Congratulations

to the Government and the  
People of Uzbekistan on their 20th  
Anniversary of Independence



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Since its public listing in 2000, Food Empire has won numerous accolades and awards including being ranked one of "The Most Valuable Singapore Brands" at the national brand award organised by IE Singapore. MacCoffee was ranked one of "The Strongest Singapore Brands" and the company has been named one of the "Best under a Billion" companies in Asia by Forbes Magazine.



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# Investment Potential of the Sectors of Economy

Uzbekistan possesses enormous investment potential. Over the years, industries such as oil & gas, automotive, electrical engineering & electronics, light industry, metallurgy and information technologies have moved into a new development stage.

Uzbekistan is rich in various types of mineral fossils. The subsoil was identified as containing over 100 types of mineral resources. Our country takes one of the top-rank positions in the world for the reserves of gold, uranium, copper, silver, lead, zinc, tungsten, natural gas and other mineral fossils. The explored reserves of mineral resources alone are estimated at around US \$3.3 trillion.

On the whole, the investment attractiveness of the industries is pre-conditioned by relatively low costs for production factors (power, natural gas, labor force); a significant domestic market (over 28.5 million people of permanent population); and free access to the CIS markets (280 million population).

### Oil-and-Gas

The oil and gas industry enterprises are united under the National Holding Company Uzbekneftegaz. NHC Uzbekneftegaz has 6 joint-stock companies: JSC Uzgeoburneftegaz (oil and gas production/recovery); JSC Uztransgaz (gas transportation); Uznefteproduct (refining and processing); Uzneftegazmash (production of the technologic equipment for the industry); Shurtan Gas and Chemical Complex (production of polyethylene, liquefied gas, sulfur and tank gas).

Uzbekistan's oil and gas industry

provides as much as 93% of the power in the country, as with the primary fuel resources. The annual production of gas is around 65 billion m<sup>3</sup> (eighth highest in the world) and the product of liquid hydrocarbons is 5.9 million tons. Nearly 5% of the produced raw resources undergo refinement, with production of 197 thousand tons of liquefied gas and 125 thousand tons of polyethylene.

The exporting potential of the total gas production at present is estimated at US \$1.4 billion. The processing and production of the ready products (polyethylene, polypropylene and other petrochemical outputs) will allow us to increase the ready-made production value by 10 times.

Such famous overseas companies as LUKOIL, Gazprom (Russia), CNPC (China), Korean National Oil and Gas Company (KNOC, Korea), Petronas Charigali (Malaysia) and others are operating in this field.

Uzbekistan's Investment Program for 2011 covers 39 investment projects with Uzbekneftegaz, including projects aimed at attraction of direct foreign investments and credits. The company works hard on implementation of 78 investment projects worth a total of \$28.6 billion. Additionally, 41 projects worth \$9.2 billion are under development.

### Automotive and Heavy Machinery

Uzbekistan is the first state in Central Asia which has established mass production of cars and buses in a short period of time. Automobile production is a high-technological industry which promotes the growth of technical and organizational level of the whole Uzbekistan economy. Nowadays the Uzbek automobile industry is one of the country's most dynamically developing industries.

The automotive industry of Uzbekistan is represented by the joint stock company Uzavtosanoat, which is a 100% state-owned company.

Uzavtosanoat is the shareholder of 42 enterprises, operating in the fields of production, sales, maintenance and finance. Uzavtosanoat operates as a holding company and includes enterprises of automotive production, such as GM-Uzbekistan, SamAuto, JV MANAuto-Uzbekistan, JV MercedesBenz-Central Asia; of production of components and spare parts, such as JV GMPowerTrain-Uzbekistan (producing engines) and 15 main suppliers of auto-components; enterprises on selling and servicing, a leasing company which provides financing of sales of commercial vehicles and educational institutions.

GM-Uzbekistan produces available-to-date cars capable of successfully competing



with foreign counterparts on comfort, safety, reliability and efficiency. Produced by the SamAuto Samarkand plant, "Isuzu" buses, trucks, special vehicles – vans, water trucks, milk transport, cranes, tow trucks – are in great demand among consumers for their reliability and ease of use.

JV MAN Auto-Uzbekistan produces modern trucks. In 2010, Uzavtosanoat established the joint venture Mercedes-Benz-Central Asia together with German Group Daimler for production of larger capacity buses on the basis of the chassis of Mercedes-Benz.

On 23 February, 2010 Tashkent Tractor Plant, CLAAS Group and the Company CLAAS-Central AsiaInvestmentGmbH (Germany) entered into a contract for the establishment of joint venture Uz-CLAASAgro with a production capacity of about 500 units of agricultural machines p.a., including 200 units of universal tractors and 170 units of combine harvesters, as well as other supporting machinery.

In the framework of the development program of the state joint-stock company "Uzavtosanoat", more than US\$470 million is planned to be invested in the realization of 30 projects in 2011-2012. A separate focus is paid to the recruitment of quality human resources as engineers and workers. Therefore, the foundation of an affiliate of Turin Technical University in Tashkent is on a basis of a further partnership with GM Uzbekistan in human resource potential.

It should be mentioned that 40% of automobiles produced by GM Uzbekistan are currently being exported. The major consumers of the automobile production are CIS countries, with the largest share in Russia and Ukraine.

A new engine production plant – GM

Powertrain Uzbekistan, which is set to produce 1.2 and 1.5 liter capacity engines – will become a serious contribution to the growth of the industrial potential of Uzbekistan. Within the framework of localization of production, an expansion of production and marketing of complex details are planned. In recent years, the number of local distributors has increased from 20 to 200. Cooperation with 194 local ventures, where over 11 thousand people are employed, is established.

The motorcar production of Uzbekistan is an example of the exportability of Uzbekistan and is starting to play a more and more important role in the economic development of the country.

## Electric Power

At present, nearly 50% of the power generating supply under the Central Asian United Energy System is concentrated in Uzbekistan. This system also includes the energy power supply systems of Turkmenistan, Tadjikistan, Kyrgyzstan and southern of Kazakhstan.

Electric power in Uzbekistan operates under the state joint stock company Uzbekenergo, established in the form of an open joint stock company and including the coal producing enterprises as well.

Currently, the company has 53 enterprises and organizations, including 39 open joint stock companies, 11 unitary enterprises, 2 limited liability companies, as well as its affiliate company, Energosotish.

The thermal power stations (TPS) with the total capacity at 10.6 million KW form the basis for Uzbekistan energy system. 150 through 800 MW capacity power units are installed in five major stations.

The length of the transmission line of the company exceeds 235 thousand km.

Configuration of the transmission line with 220-500 KW voltage and 7.5 thousand km length provides for stable operation of the electric power supply system.

Construction of new power-generating supply sources; replacement of generating equipment which has already consumed designed energy resources; meeting the demand of the energy consumption estimate growth; introduction of up-to-date technologies of power generation; and a decrease in the negative impact of the energy generating facilities to the environment are considered as basic directions for development of the branch.

Implementation of a number of huge investment projects is scheduled in this industry, such as on generation and distribution of electric power: modernization of the Tashkent TPS with the attraction of the loans from the Japan Bank for International Cooperation; construction of the external energy power supply facilities of Tashkent city (developed with China Eximbank); and construction of high voltage transmission lines (developed with IDB).

## Electrical Engineering & Electronics

Electrical engineering is one of important industries for Uzbekistan to be known as the most industrially developed country of the Central Asian region.

Enterprises of this field are united into Association Uzeltekhsanoat, which was established in 1994 through re-organization of the then Uzbek State Concern of Radio, Electronic and Electrical Engineering Industries and Device Production Radioelektron tekhpriobor. Today, the Association has 23 member-enterprises of different forms of property operating in

## CW Singapore Pte Ltd supporting the Uzbek gas sector

One Singaporean company that has already joined the group of foreign firms moving into the lucrative oil and gas opportunities in Uzbekistan is CW SINGAPORE PTE LTD, a local EPC Contractor. At the end of 2008, a US\$28 million contract was awarded to CW by UZBEKNEFTEGAZ, the main national oil and gas holding company, for the construction of the Kungrad Gas Dehydration plant in order to achieve stated quality objectives and meet importers' strict requirements.

The plant was to have the capacity to process 35million NM3/day with a guaranteed dew point of minus 45C.

Conceptual design, up to detail engineering, was performed within CWS by an experienced engineering team. Procurement and supply of world class process equipment and material was performed by the CWS project team sourcing mainly from USA, France, Germany, Russia, Korea, China and Singapore, while the eight dehydrator vessels were built in Uzbekistan to both save time and to contribute to incorporating local content in the plant's construction.

Despite all the pressures of such a fast-track project, it was successfully completed, and on schedule, in 2010, cementing the good relations between client and CW Singapore.



the electrical engineering industry. Among them, there are successful enterprises with foreign investments.

In the structure of Uzeltekhsanoat, there are 3 enterprises producing cable and conductor products (more than 1,000 types of cables and wires); 6 enterprises on production of industrial-technological products (transformers, substations, switchboards, elevators, different components and junctions for other industries); 11 enterprises on production of compound electronics and radio-technical products (modern models of TVs, household and industrial refrigerators, air conditioners, electrical teapots, irons, etc.); and 3 enterprises on service and maintenance.

For the last several years, growth rates of electrical products in the country have increased. For example, the value of the products of the enterprises of the association produced in 2010 comprised in valid prices US\$ 344 million or 126% over 2009.

Export of the products of the industry in 2010 comprised US\$ 97.7 million. Projection target was met and even exceeded by 8.7%. Out of all production, 33.9% were exported.

In the context of implementation of the State Investment Program for 2010, US\$27.61 million of investments were disbursed.

In the framework of the State Program of Diversification of Export in 2009-2012, the industry is observing sustainable growth rates of exports. The enterprises of the industry intend to annually increase exports mainly through the launch of new products and access to new customer markets.

Current volumes of production enterprises operating in Uzbekistan in the field of compound electronics do not satisfy the needs of the local market. Within CIS, there is no large-scale production of home appliances and/or electronics, meeting modern quality standards.

The majority of the demand in these markets is satisfied through import that creates a favorable environment for establishing profitable production of electronics in Uzbekistan and further access to neighboring markets.

## Light Industry

The light industry in Uzbekistan has a long-standing tradition on processing of cotton fiber. The Great Silk Road passed through Uzbekistan, and the goods produced by the Uzbek craftsmen, especially yarn and fabric, were known in many countries of the world. The unique geopolitical location of Uzbekistan allows them to stay in permanent economic relations with many countries and to maintain mutually beneficial business cooperation, both Europe and Asia.

The light industry of Uzbekistan has a significant share of total industrial production of the country. A significant part of enterprises are under the state joint stock company Uzbekengilsanoat, which unites the enterprises of cotton, silk, knitted wear, apparel and other sub-industries.

It should be noted that 75% of textile products are accounted for by joint ventures and foreign enterprises equipped with the most sophisticated technologies of world's leaders in textile machinery: Truchler, Shlafhorst, Zinzer (Germany); Ritter (Switzerland); Toyota, Murata (Japan), Savio, Orizio, Marzoli (Italy) and others.

An important indicator of the dynamic development of the apparel industry is a steady inflow of foreign investments. Uzbekistan established more than 100 enterprises with foreign investors from countries such as Germany, Switzerland, Singapore, Italy, South Korea, Japan, Turkey, USA, India – amongst others. Large foreign investors as Daewoo International, Daishin Textile, Heintex,

Shingdong Enercom (Korea), Baytex Tijaret, Tekfen, Bo Group, Alkim Textile, Mert Iplik (Turkey), Spentex Industries (India), Wayrex, Osborn Trading, Tagus (UK), Indorama Kokand Textile (Singapore) and others are successfully operating.

From 1995 till the present, the industry attracted foreign investments totaling more than US\$ 1.25 billion with the creation of new jobs, which has high social importance for us.

Alongside production, in recent years, export of the products of Uzbekengilsanoat significantly increased. From 1994 through 2010, export of the products increased from US\$ 7.8 million up to 400 million.

The light industry in Uzbekistan still has a significant unrealized investment potential and conditions for further rapid growth. The main target orientation for further work is increasing the domestically processed volume up to 50% of total production. With the aim of satisfying the increasing demands of the population, production of goods for the domestic market need to be increased. This requires attraction of investments in projects on production of finished cotton fabric, blended and silk fabric, readymade garments and knitted wear that envisage creation of mobile productions with mandatory creation of professionals responsible for design, marketing, quick revamping (re-adjustment) of production based on fashion trends and demand.

In general, for the 20th anniversary of independence of Uzbekistan, Uzbekengilsanoat completes 11 investment projects totaling \$56.4 million. Production volume at these facilities are 17.2 thousand tons of yarn, 7 million units of knitting, 5.2 million pairs of socks, hosiery, and 200 thousand square meters of silk fabric.



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## Construction Materials

The construction materials industry is one of the leading sectors in Uzbekistan which play a crucial role in the economic development and strengthening of the country's export potential.

Uzbekistan possesses significant reserves of construction materials: 49 deposits of construction stone, 76 sand and gravel materials, 198 brick and tile raw materials, as well as construction sand, gypsum, haydite, chocks, talcum and others.

The industry supplies building projects with all types of construction materials: cement, lime, plaster, walling, roofing, finishing materials (glass, marble and granite slabs), sanitary ceramics, waterproofing materials or more than 100 kinds of basic construction materials.

Intensive construction stimulates the development of the building materials industry. This market is represented by about three thousand enterprises which over the past decade have shown a 49% increase in output annually.

The program of priorities of industrial development for 2011-2015, approved

by a Decree of the President, pays great attention to the further development of the industry. In the next five years, this sector will get US\$436 million. Most of these funds will be directed toward the modernization and reconstruction of existing production facilities and the rest for the construction of new ones, with an emphasis on diversification of production and increased manufacture of high-tech building materials.

## Metallurgy

Uzbekistan has a highly developed metallurgical industry, which is based on abundant natural resources. Suffice to say that Uzbekistan stands in fourth place in worldwide in proven reserves of gold and is seventh for its production, in seventh place on the reserves of uranium and the tenth place in the world in copper reserves. Also, the Republic has significant reserves in other metals, including precious and rare metals such as silver, molybdenum, bismuth, tungsten, lithium, and others. A wide range of minerals have been discovered, including about 100 kinds of minerals, 60 of which are

already used in the national economy.

The present level of exploration of minerals is connected with mastering the richest deposits of precious and non-ferrous and rare metals, along with all types of fossil fuels - oil, natural gas and gas condensates, gray and half-coke coal, oil shale, as well as uranium, and raw materials for construction.

Non-ferrous metallurgy is concentrated mainly in the Angren-Almalyk industrial area. This industry includes the production of copper, refractory and heat-resistant metals, and gold. The largest enterprise of this industry is "Almalyk Mining-Metallurgical Complex". "Uzbek Combine of Refractory and heat-resistant metals" (Chirchik) is working on the basis of tungsten and molybdenum ores found in the country.

Available stocks of mineral resources not only provide operating mining complexes in the long term, but also allow increasing power production, organizing mining of a number a major minerals such as gold, uranium, copper, lead, silver, lithium, phosphate, potash, fluorspar, wollastonite, agrochemical ores, amongst others.

## Best Wishes to the People of Uzbekistan on the 20th Anniversary of Independence



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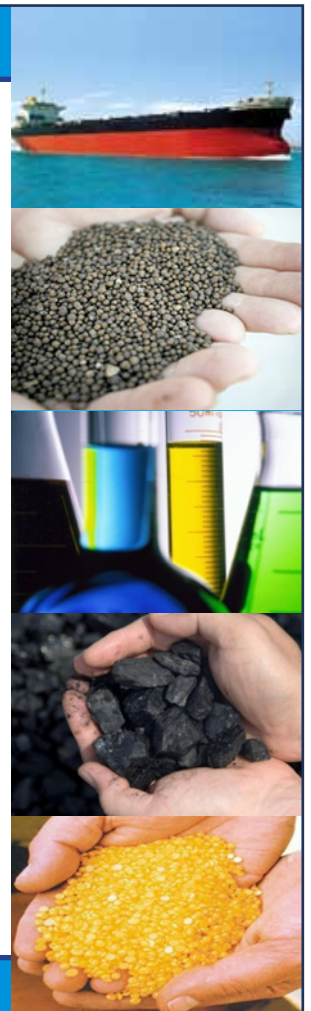
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## Q&A on Investing in Uzbekistan

Investors excited by the vast opportunities in Uzbekistan can refer to the following to help make their move into this exciting country easier.

### *What is considered to be foreign investment in Uzbekistan?*

All kinds of material and non-material values and rights on them including IPR as well as any income received from foreign investments contributed by the foreign investors to the entrepreneurial activity and other types of activity which are not banned by legislation and predominantly directed at profit are considered to be foreign investments on the territory of the Republic of Uzbekistan.

### *Who may be a foreign investor in Uzbekistan?*

The following may be a foreign investor in the Republic of Uzbekistan:

- Foreign states, administrative bodies or territorial authorities of foreign states;
- International organizations that have been established by agreements or other treaties between states, or those subjects of international public law;
- Legal entities, any other partnerships, organizations or associations that have been established in accordance with, and are operating under, the legislative acts of foreign states;
- Individuals-citizens of the foreign state, non-citizens, and citizens of the Republic of Uzbekistan who permanently reside abroad.

### *Are there any restrictions for foreign investments in Uzbekistan?*

No. Foreigners can invest in a business venture in Uzbekistan in any way which does not contradict with existing legislation.



### *What is an enterprise with foreign investment in accordance with Uzbek legislation?*

The definition of an enterprise with foreign investment applies to those newly established entities which meet the following criteria:

- Their charter fund capital exceeds US\$150,000;
- At least one of the share-holders is a foreign legal entity; and
- Foreign investors own at least 30% of the total charter fund.

### *How do you establish an enterprise with foreign investments in Uzbekistan?*

An enterprise with foreign investments may be created either by establishment of such enterprise, or by purchasing the shares (portions, stocks) in an earlier established enterprise without foreign investments, or by purchasing such enterprise entirely, including a purchase made through privatization.

### *Are there any restrictions with regards to organizational and legal aspects while establishing an enterprise with foreign investments in Uzbekistan?*

There are no restrictions with regards to organizational and legal aspects while establishing an enterprise with foreign investments in Uzbekistan.

Furthermore, they may be established in different forms of partnerships, limited/additional liability companies, open/closed joint-stock companies, subsidiaries, and unitary enterprises and in other forms that do not contradict Uzbek legislation.

### *What rights do foreign investors have in Uzbekistan?*

- Foreign investors have the right to:
- Determine, at their own discretion, the amount, type and sphere of investing;
  - Make contracts with legal entities and individuals to carry out an investment activity;
  - Own, use and dispose of his own





investments and outcomes of his investment activity. At the decision of the foreign investor, the rights to own, use and dispose of his own investments and outcomes thereof may be transferred to other legal entities and individuals in accordance with the procedures established by Uzbek legislation. The mutual relations between the parties, while transferring those rights, shall be regulated on a contractual basis;

- Make, at his own discretion, decisions to patent abroad and in the Republic of Uzbekistan his/her inventions, utility models and industrial designs resulting from an investment activity in the Republic of Uzbekistan;
- Independently and freely dispose of revenue (including unimpeded repatriation thereof) received from an investment activity;
- Attract into the Republic of Uzbekistan funds in the form of credits and loans;
- Use funds in the national currency on his accounts to purchase foreign currency on the domestic currency market;
- Acquire rights to land in cases and on conditions provided for by Uzbek legislation;
- Use property and any property rights pertaining to him on the basis of the ownership rights as security for all forms of commitments assumed by an investor, including the ones aimed at attracting of loans in accordance with Uzbek legislation;
- Receive adequate compensation in case of the requisition of his/her investments or other assets;
- Receive indemnification for damages

caused as a result of the illegal actions (inaction) and decisions taken by state bodies and local authorities and officials thereof.

#### ***What sectors are priority in Uzbekistan and supported by the government?***

There are no restrictions for FDIs in any sector or regions in Uzbekistan.

At the same time, Uzbek legislation envisages a number of preferential conditions for the enterprises that attract foreign direct investments into specific sectors of industry and deploy the production in certain regions of the country.

When investing in certain sectors of economy, foreign investors are exempted from profit tax, property tax, social infrastructure tax, unified tax or unified tax payment for micro-firms and small enterprises, as well as mandatory payments to Republican Road Fund.

#### ***Are there any restrictions for foreign investors, non-residents of the Republic of Uzbekistan, when carrying out labor activities?***

Foreign citizens or non-residents enjoy the rights of carrying out of labor activities similar to those of citizens of Uzbekistan on the territory of the Republic of Uzbekistan.

Moreover, foreign citizens, entering the Republic of Uzbekistan for the purpose of carrying out of labor activity may work on the territory of the Republic with the permission of the agency for external labor migration, issued for him on the grounds of permission received by employer.

#### ***Do foreign investors have the right to hire foreign citizen to management position of the company with foreign investments?***

Yes. There is no prohibition for employment of foreign specialists to the management positions in Uzbekistan.

#### ***What kind of taxation is levied on the income of foreign individuals and legal entities in Uzbekistan?***

An individual who permanently resides in Uzbekistan or stays there for 183 days or more during any of 12-months of a financial year is considered as a resident of the Republic of Uzbekistan.

A non-resident is only taxed on income derived from the sources in Uzbekistan.

The same situation occurs when taxing foreign legal entities. So, a legal entity is considered resident in Uzbekistan, if he is:

- Established/registered in Uzbekistan;
- Established outside the Republic of Uzbekistan, whose headquarters are located in Uzbekistan.

Foreign legal entities, non-residents of Uzbekistan, are only taxable on their income from activities performed in the Republic of Uzbekistan.

With all this going on, levying of taxes and collection of other fees from foreign individuals and legal entities may be stopped or limited on reciprocal situations when foreign state applies the same actions with relation to individuals and legal entities of the Republic of Uzbekistan.

#### ***What legal institutions are established in Uzbekistan to protect the rights of foreign investors?***

From 1 January 2007 the Law on Courts of Arbitration has come into force and it serves as a legal basis for the activity of both permanent and temporarily created arbitration courts. Thus, alongside with available resources of protection of the rights and guarantees to foreign investors, arbitration courts can be established in Uzbekistan under the agreement of both sides with independent experts as a third party.

Furthermore, the Ministry of Justice is responsible for protection of foreign investors' rights and interests. It has the Department for protection of rights of foreign investors and enterprises with foreign investments for these purposes.

(Source: [www.uzinfoinvest.uz](http://www.uzinfoinvest.uz))

# A Success Story That Keeps Rolling On



“We would certainly recommend Uzbekistan as an investor-friendly and progressive country in the Central Asian region. A new investor should tap on the strengths of the country’s natural resources and maximise these strengths to export high value-added products.”

says **Mr Amit Lohia**, Managing Director of Indorama, in conversation with **Ms Nomita Dhar**.

**I**ndorama started as a small textile company in the 70s. In the 90s, Indorama began producing polyester fibre, which was a raw material for its textile business. The organization was fortunate to see tremendous growth opportunities for polyester and decided to focus on the polyester value chain. Today, Indorama is the largest producer of polyester and PET resins in the world. In 2006, Indorama diversified into the manufacture of polyolefins, which have become an important part of its business now.

Indorama boasts of 31 manufacturing sites in 17 countries across 4 continents, including Indonesia, Thailand, India, China, Sri Lanka, the Netherlands, UK, Lithuania, Italy, Turkey, USA, Mexico, Egypt, and Nigeria. Indorama has a global business perspective and the decision on any new investment destination is taken based on long term business opportunities.

Indorama recently commissioned a state of the art cotton yarn-spinning plant in Uzbekistan. Uzbekistan is one of the world’s largest producers of cotton and Indorama’s plant would convert cotton fibres into high-quality yarns for the textile sector.

Uzbekistan is also one of the world’s largest

producers of natural gas and maintains significant reserves as well. However, very little natural gas is being converted into petrochemical products. Indorama and Uzbekistan National Oil & Gas Holding Company “UzbekNefteGaz” are working on a project together to produce polyethylene from natural gas.

The first investment in any new destination is always challenging as one needs to familiarise oneself with the local business and cultural environment. Fortunately, Indorama worked with good local partners and had active support from the government. This helped them overcome the initial challenges and familiarise themselves with local practices quickly. The result was that the green field cotton yarn facility was commissioned in less than a year!

Though the basic challenge in setting up any new venture remains similar for most countries, the Uzbek experience was different because the active support from the government helped Indorama us glide through initial hurdles, and leaving a very positive impression.

From the employer’s point of view, Uzbekistan boasts of an abundance of natural resources which can be converted into

higher-value products within Uzbekistan itself. Secondly, even though the country is in the process of industrialization, it already has a relatively superior infrastructure compared to many countries on the cusp of industrialisation. For example, electricity is abundantly available and is competitively priced. Further, the country has a significant number of young and educated people, which provides a good basis for technically competent local workers. English is not that widely spoken, but with the thrust among youth to learn the international language, this should not remain a drawback for very long.

If you look at Central Asia and the countries surrounding Uzbekistan, you will see that it has been one of the most stable countries in the region.

Goods which are locally produced in Uzbekistan are inexpensive; however, if you include imported goods in the cost-of-living basket, it becomes relatively expensive due to higher tariffs on imported goods. Singapore has a duty-free regime and, as such, one has easy access to world products. In terms of business cost, the same principle applies, and, in addition, there is an initial premium one has to pay due to ignorance of the local

“The first decade since independence was a consolidation exercise, but the second decade brought about significant improvements in the quality of life and higher disposable incomes amongst the people due to significant economic progress.”

practices, but the learning curve is short.

Since its independence in 1991 from the USSR, the country has progressed significantly. The first decade since independence was a consolidation exercise, but the second decade brought about significant improvements in the quality of life and higher disposable incomes amongst the people due to significant economic progress.

There are, of course, some pitfalls which new investors should avoid. For instance, investors should go in with a sound business plan, and quick execution capability is a must. Familiarization with local cultural and business practices and the right selection of local partners is important.

Especially strong plus-points are resource-based industrial development and producing for the zero tariff common market within the ex-CIS countries, which together accounts for a large population.

Though several companies were affected by the ongoing global problems, Indorama was not overly worried about macroeconomic issues in Uzbekistan. As long as their plants were the most competitive in the world and they manage them well, they consider their investments safe. This has been their philosophy.

## Not Just for Doing Business

Uzbekistan is also a wonderful country to

visit. The country has a rich history of more than 2,500 years and one can see remnants of this across the country. Indeed, historical cities like Bukhara, Samarkand and Khiva are must-see places.

Uzbek cuisine is also an enticing draw for both tourists and visiting business people. Rice pilov and the many varieties of Uzbek bread (non) are very popular treats. However, one favourite eating experience in Uzbekistan is their fresh and dry fruits.

**Mr Amit Lohia**  
Managing Director of Indorama

## UsefulLinks

### Important Uzbekistan's websites



#### GOVERNMENTAL STRUCTURES

Press Service of the President of the Republic of Uzbekistan  
[www.press-service.uz/en/](http://www.press-service.uz/en/)

Portal of the State of Authority of the Republic of Uzbekistan  
[www.gov.uz](http://www.gov.uz)

Ministry of Foreign Affairs of the Republic of Uzbekistan  
[www.mfa.uz](http://www.mfa.uz)

Ministry of Foreign Economic Relations, Investments and Trade of the Republic of Uzbekistan  
[www.mfer.uz](http://www.mfer.uz)

State Committee on Statistics of the Republic of Uzbekistan  
[www.stat.uz](http://www.stat.uz)

State Custom Committee of the Republic of Uzbekistan  
[www.customs.uz](http://www.customs.uz)

State Tax Committee of the Republic of Uzbekistan  
[www.soliq.uz](http://www.soliq.uz)

Information Support & Foreign Investments Promotion Agency  
[www.uzinfoinvest.uz](http://www.uzinfoinvest.uz)

#### GENERAL INFORMATION

National Company "Uzbektourism"  
[www.uzbektourism.uz](http://www.uzbektourism.uz)

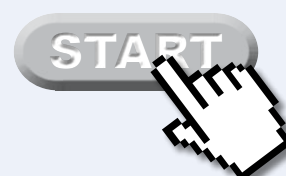
Uzbekistan Airways  
[www.uzairways.com](http://www.uzairways.com)

Chamber of Commerce and Industry of the Republic of Uzbekistan  
[www.chamber.uz](http://www.chamber.uz)

Business Forum of Uzbekistan  
[www.bfu.uz](http://www.bfu.uz)

Information about Tashkent city  
[www.tashkent.uz](http://www.tashkent.uz)

Golden Pages of Uzbekistan  
[www.goldenpages.uz](http://www.goldenpages.uz)



#### BANKS

Central Bank  
[www.cbu.uz](http://www.cbu.uz)

National Bank of Uzbekistan  
[www.nbu.com](http://www.nbu.com)

Joint Uzbek-Korean Bank "UzKDB Bank"  
[www.kdb.uz](http://www.kdb.uz)

#### NEWS

National Information Agency of Uzbekistan  
[www.uza.uz](http://www.uza.uz)

Jahon Information Agency  
[www.jahon.mfa.uz](http://www.jahon.mfa.uz)

News Agency  
[www.uzreport.com](http://www.uzreport.com)



## MDIS Exporting High Level Education and Training

In an interview with **Dr. R Theyvendran PBM**, (Secretary General, MDIS) and **Dr Eric Kuan Choon Hock**, (President, MDIS), this MDIS's major success in Uzbekistan was of prime focus. Here we look at the highlights of that interview.



**Dr. R Theyvendran PBM**  
Secretary General, MDIS



**Dr Eric Kuan Choon Hock**  
President, MDIS

As Dr. Theyvendran noted, “In setting up operations in Uzbekistan, I have found that the country has made tremendous progress since independence. I have observed that Uzbekistan was the only country in the Central Asia arena which was not affected by the financial tsunami which happened. I am very impressed that the monetary controls were in place and it was able to ward off a downturn in the economy.”

“Moving forward, the President of the Republic of Uzbekistan, H.E. Islam Karimov has shown the way with visionary leadership by focusing on uplifting the educational standards of his citizens. There have been a number of institutes from various countries that have set up operations in Uzbekistan and one of them was from Singapore.

“With the banking association to cater to the educational upliftment of the country's significant youth population, we have established a very good brand from Singapore and we have exported the same standards to our university in Uzbekistan.”

Dr. Theyvendran also pointed out that Uzbekistan has a very rich history. Recognising that Uzbekistan could be a tourist hub as it is on Asia's famous Silk Road and this can also become a pillar of the economy, MDIS Uzbekistan has brought hospitality and tourism programmes

which will produce good managers and entrepreneurs who can push this focus and explore the richness of the country with its history, architecture and unique buildings to bring about a tourism industry matching anywhere in the world.

Over the twenty years since independence, Uzbekistan has established strong educational programs on many levels, from primary schools to colleges and universities. MDIS President Dr. Eric Kuan spoke of how impressed he was with these achievements.

“The President of the Republic of Uzbekistan, H.E. Islam Karimov has focused a lot on his government's emphasis on reforming the education system in the country, including multi-level reforms of the primary, secondary and tertiary levels.

It is a move which has already seen major improvements in the quality, knowledge and skills level of the people who sustain the economic growth of the country.

MDIS is fortunate and pleased to be able to deliver programmes in Uzbekistan to support the education systems there.”

MDIS is delivering quite a broad range involving tourism, business, banking and finance programmes. Moreover, many other programmes are in the pipeline so that as it starts to grow, they will be able to bring in more variety to cater for the needs of the various sectors of Uzbekistan's economy.

# *Heartiest Congratulations to Uzbekistan for 20 years of Independence*



## **MDIS in the forefront to establish the Singapore brand of education overseas**

The Management Development Institute of Singapore (MDIS), Singapore's oldest not-for-profit professional institute for lifelong learning, has set up its first overseas campus in Tashkent, the capital of Uzbekistan located in Central Asia.

Uzbekistan students can now look forward to Singapore's world-class education right at their doorstep. Endorsed by the Uzbekistan government and established in collaboration with the Uzbekistan Banking Association, this full-fledged university offers both undergraduate and postgraduate degree programmes.

**MDIS Campus** 501 Stirling Road, Singapore 148951

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**MDIS Tashkent** 28 Bunyodkor Avenue Chilanzar District Tashkent 100185, Uzbekistan



# Connecting the World through a Smile

“Operations Smile” has created a special bridge of compassion between Uzbekistan and Singapore. Terming it as “people-to-people diplomacy” Chairman **Gary Loh** shares his view.

**H**ow does Operation Smile operate and in which countries is it active?

Most of the countries “Operation Smile” operates in has a local office, which is a separate legal entity in that country as required by most regulators. Currently “Operation Smile” has organised missions in over 60 countries worldwide.

In Asia, “Operation Smile” Singapore has organised missions in Bangladesh, Cambodia, China, India, Indonesia, Laos, Myanmar, Philippines, Thailand, Uzbekistan and Vietnam.

**Would you like to share with us your experience in Uzbekistan?**

Uzbekistan has been a unique experience for us and the international volunteers. It is a country rich in culture and tradition, as well as modernity. The local medical volunteers are extremely talented and helped develop cross learning with the international volunteers during the missions.

Our first mission was organised in 2009 by the Ministry of Foreign Affairs, Ministry of Health and Tashkent Paediatric Medical institute. During the mission 131 children were screened and 80 were offered free surgery. Following the satisfactory outcome of the mission, this year in March, 147 patients were screened and 82 free surgeries conducted.

During both the missions there was a lot of cross learning between the members of the mission and the local supporting organisations. Following these interactions, many Uzbek doctors have been

participating in “Operation Smile” in other countries.

**What are the challenges “Operation Smile” face in its projects?**

The biggest challenge is always the approval of regulatory clearances, import of cargo and reaching out to patients. Thankfully in Uzbekistan, because of the strong support of the local government and the Embassy of Uzbekistan in Singapore, we had very little challenges in the country.

**Where does the funding come from and how do you sustain it? How are these funds utilised? Do you set targets for funding?**

“Operation Smile” is a privately funded organisation. Funds come from individuals and organisations from around the world. These funds are primarily used in launching international missions in partner programme countries. Yes, targets for funds are set.

**What has been your experience bringing smile to kids around the world?**

We ‘stitch lips’ and we ‘mend gaps’, the gaps both in terms of the physical gap in the lips of a child as well as the social gaps between different communities in the world.

In each of our missions, volunteers represent about 8-10 countries, who work very closely with each other for a common social goal. This helps in people-to-people diplomacy between different countries – a much better option than government-to-government diplomacy.



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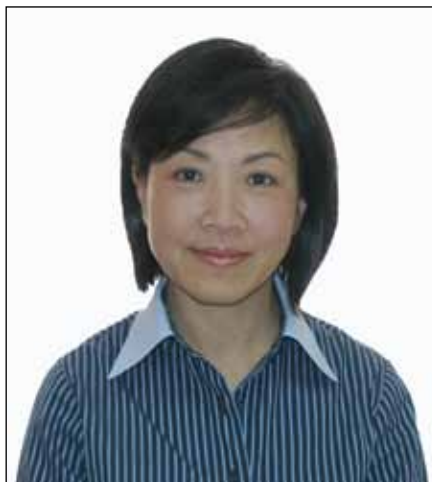
# Finding New Opportunities in Uzbekistan

**Ms Janet Lim**, CEO, CFM Holdings, sees a bright future for her company in Uzbekistan. Here are the reasons for her upbeat assessment.

**U**zbekistan has many things to offer foreign investors who are looking for rapidly developing markets. It is strategically located in the heart of Central Asia, making it attractive for companies who want to tap into neighbouring regions such as Eastern Europe and Russia.

When CFM Holdings just planned to enter Uzbekistan in 2010, they saw that the government was paying close attention to increasing energy efficiency. They realised this was a sizable market for them to tap into, with energy-saving LED lights to replace of the “energy-vampire” incandescent bulbs. They saw a huge potential for introducing new energy-saving technology in the country, and their initiative was strongly welcomed by the government.

After the first trip to Uzbekistan, there were many follow-ups until CFM Holdings registered a joint venture of CFM ProEnergies in the Navoi Free Industrial-Economic Zone in August 2010.



**Mdm Janet Lim**  
CEO of CFM Holdings

Uzbekistan adopted a policy of introducing energy-efficient technologies in all spheres of the economy and daily life, and CFM Holdings saw that there was a chance to be first LED lamps producer not only in Uzbekistan, but in Central Asia.

CFM Holdings is planning to produce LED lights for outdoor and indoor use. Product range includes household bulbs, street lamps, flood lights, ceiling panel, high bay lights and traffic lights. This year production volume will be around 300 thousand and by 2015, they are aiming to achieve a production capacity of 2.7 million lamps.

Uzbekistan has a special foreign trade regime with the Commonwealth of Independent States which allows companies producing their goods in Uzbekistan to export to CIS member states without paying customs duties.

Exporting their products to neighbouring CIS and Eastern Europeans markets is also in CFM Holding’s plan as in many of these countries, the governments actively support energy-saving technologies. CFM Holdings are planning to manufacture LED components in Uzbekistan jointly with both local and foreign companies. Their aim is to be the leading company for manufacturing energy-saving products in Uzbekistan.



# CFM ProEnergies

Uzbekistan-Singapore Joint Venture "CFM ProEnergies" LLC organized in Free Industrial Economic Zone "Navoi" is the first company in Republic of Uzbekistan in the field of LED lights production. Factory start-up is timed to celebration of twentieth anniversary of independence of Republic of Uzbekistan on September 1st, 2011.

## Mission:

To produce LED or Solid State Lightings that deliver superior performance with reliable quality and at the same time offer the best value specifically designed for the needs of the local market and that of the CIS for export.

## Products:



CFM ProEnergies LED Light Tube



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CFM ProEnergies LED Light



CFM ProEnergies LED Light



# The AX Group

Many companies in Singapore and the region are excited about entering a vibrant and bustling Uzbekistan. One of the easiest ways of getting started is to contact the AX Group to tap into their expertise in this regard.

The AX Group of Companies was established in January 2005, starting out as a company providing loyalty & lifestyle membership programmes with the aim of integrating merchants from the leisure, lifestyle and retail-services industries. It focused mainly on four core business directions: lifestyle, asset management, travel and communications.

In 2006, an overseas office was set up in Uzbekistan's capital city, Tashkent, to monitor and analyse economic growth and explore business opportunities, as well as to provide trade-consultancy services for Singapore companies keen to expand into Uzbekistan. These services include Business & Trade Advisory Consultancy; Real Estate & Private Capital Management Advisory; Marketing Communications (MarCom), Advertising, Design & Media Productions; Event Management & Consultancy; as well as Travel Consultancy.

In 2007, Uzbekistan's Ministry for Foreign Economic Relations, Investments and Trade (MFERIT) conferred the AX Group with the power of attorney to promote trade and investment into Uzbekistan.

In July 2009, during his visit to Singapore, Mr Aziz A Abdukhakimov, First Deputy Chairman, State Property Committee of the Republic of Uzbekistan signed a Memorandum of Understanding (MOU) with the company. Representing AX was Mr Ryan Raman, Asia Pacific Operations Director of AX Holdings.

The MOU enables the AX Group to explore and initiate marcom-activities to attract investments into Uzbekistan through the participation of enterprises, companies

and business groups from Singapore and the region. Mr Aziz A Abdukhakimov was part of a high-powered delegation invited under the Singapore Business Federation and the Embassy of Uzbekistan to encourage local businesses to expand into Uzbekistan.

As Mr Ryan Raman noted, "Working closely with both the Chamber of Trade and Industry of Uzbekistan and the Singapore business organizations, we have strengthened our role as the leading Uzbekistan Business Information Center (UzBIC)."

UzBIC aims to create more platforms for local businessmen to get to better know the Central Asian market region before venturing

in, so as to avoid possible difficulties in setting up their businesses.

Since July 2009, UzBIC has helped a number of Singaporean companies to break into Uzbekistan by organising private business missions. These trips aim to serve as a bridge and to provide assistance, consultancy and direction to Singaporean businesses looking to expand their ties abroad, especially in Central Asia. These activities include securing appointed agents, guidance in setting up a company (including familiarising companies with taxation and trade laws) or even arranging possible joint-ventures in Uzbekistan.



Mr Aziz A Abdukhakimov, First Deputy Chairman, State Property Committee of the Republic of Uzbekistan (left) and Mr Ryan Raman, Asia Pacific Operations Director of AX Holdings (right)

Celebrating Uzbekistan's

**20<sup>th</sup>**  
Anniversary

of Independence



*"CrimsonLogic would like to congratulate Uzbekistan on its 20<sup>th</sup> Independence Day on 1<sup>st</sup> September 2011, wishing Uzbekistan and its people peace and prosperity. In view of the country's recent developments, we look forward to exploring meaningful opportunities in Uzbekistan."*



Mr Leong Peng Kiong  
Chief Executive Officer



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# Land of Magic, Mystery and

“Over the last decade, Uzbekistan has become a prime tourist destination not only in the Central Asia region, but worldwide. As more and more tourists learn of the wonderful sights and stream in, the tourist industry gears up to welcome ever larger numbers of eager visitors,” says **Mr Alvin Lim**, Council Member of the Photographic Society of Singapore



Think of the Silk Road, with the colourful pageantry of the caravan and their many wares and riches ... Think bustling markets right out of the 1,001 Arabian Nights tales ... Think Genghis Khan with his powerful armies and rough majesty ... Think Amir Temur (a.k.a. Tamerlane the Great), whose own military exploits rivalled those of the great Genghis Khan and who splashed much of his wealth and war booty on the arts and culture of his homeland. Now think all of these things happening in one country.

Uzbekistan not only has a bright future, but also has a glorious past, a past laden with exciting stories, where beautiful architecture and ancient artifacts abound and deeply ingrained traditions are still honoured. And right there, tucked within several of the country’s modern, flourishing cities, you can find eye-catching remnants of this glorious past.

Uzbekistan’s three major cities – Tashkent, Bukhara and Samarkand – are excellent examples of this appealing blend of past and present. Although Tashkent was severely damaged by an earthquake in 1966, there are still many beautiful architectural wonders from its past waiting to be admired and enjoyed. Be sure to schedule a stop at the Ensemble Khazrat Imam, a complex encompassing mausoleums, madrassahs, a lovely mosque, and quaint courtyards. Make sure your camera has full capacity when you visit this ensemble.

Amongst the most striking sights in this city of broad avenues and imposing buildings are the Mausoleum of Sheikh Zaynudin Bobo (founder of a renowned Sufi order); the Sheihantaur; and the 14th century Mausoleum of Zangiata, one of the country’s most loved Sufi figures, and his wife.

The ultra-modern face of Uzbekistan also offers a bundle of delights to visitors. For instance, Tashkent not only has the lone metro system in





# nd Mountains

the region, but most of stations of this underground train system are works of art in themselves. Tashkent also has a lovely old town that is well worth a long, leisurely stroll taking in the sights.

A more majestic past is captured in Samarkand. You can take the high speed train, first of its kind in the region, from Tashkent and reach Samarkand within two hours. Samarkand was the seat of Amir Temur's empire, and it became a centre of learning, trade, religion and culture for the entire Islamic world. In Samarkand, you can still find many gems of the 14th century, built at the height of Temur's reign. Start off with a visit to Registan Square, a must-see. Registan is actually three beautiful buildings fronting a square, including a breath-taking mosque with tall minaret and madrassah. (Note the "tiger" on the wall of Sher-Dor Madrassah, and you will see that the tiger actually has a lion's mane around its head.) The town also houses many other centuries-old mosques and, for a change of pace and view, the Ulugbek Observatory.

And when you're in Samarkand, you can't pass up the Guri Amir Mausoleum, the final resting place of the Great Amir Temur. This mausoleum is actually a small complex and serves as the final resting place of Temur, two of his sons, two of his grandsons and his esteemed teacher, Sayyid Baraka. The stirring complex is today regarded as a classic of late medieval Central Asian architecture.

Bukhara is another city that had its greatest ascendancy during Temur's reign, and its architecture profited handsomely from this. Some of the oldest madrassahs in Central Asia are to be found in Bukhara. The good thing about Bukhara is that most of its gems are concentrated in the old town area, which is compact and easily navigated.

While in Bukhara, you should not miss Poi-kalan Square, where

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the impressive Miri Arab Madrassah and Poi-Kalan Complex face each other like two proud sentries. Here you will see the Kalan Minaret, built in 1127, and standing a majestic 47 meters tall.

There is an interesting legend attached to this minaret: when Ghengis Khan's army stormed through Bukhara, Khan himself about to order the destruction of the minaret when suddenly a strong gust of wind blew his hat, causing him to bend down to retrieve the hat. Realising that some force had caused him to bow before the minaret, he then ordered that it be spared of any destruction.

If Samarkand and Bukhara retain much of their past glory and charm in the old town sections, the inner city of Khiva boasts a fully intact, walled old town. This old town is, in essence, a huge, open-air museum.

Khiva is truly a magical city where time seems to have been frozen; many of the buildings were built in the 18th and 19th centuries and even the newer ones are constructed in a similar style. There are more than 50 historical monuments and 250 antique houses in the inner city. Here in Khiva, a visit to the old city wall at Kunya Ark will let you see how the wall was originally constructed. And if you want a unique experience, you can check into Mokhammad Amin Khan Madrassah, which has now been converted into a hotel that offers you a taste of living in a madrassah.

Many tourists find the bustling market just outside the town's North Gate, with all its old-time charm, to be one of the most interesting parts of a visit to Khiva.

But Uzbekistan is much more than just three or four major cities, and even some of the smaller towns boast exciting bazaars and imposing fortresses. The fortress in Nurata, believed to have been built by Alexander the Great, is exemplary.

Nurata is a quaint town perched on the Nurata

Mountains, and the mountainous areas of Uzbekistan are attractive destinations indeed for those who love active forms of tourism such as mountaineering and rock climbing. Most well-known for its ease of access from Tashkent is the highlands Chimgan, located in the mountain massive of dominant Greater Chimgan peak (3,309 m) of the Chatkal range at an altitude of 1,620 m. This place serves as a commencement for many routes of hiking, climbing, horse riding, mountain skiing and hang-gliding.

Uzbek food is similar to that of the other cuisines in this region. Shashlik, which is skewered cubes of roasted meat, is the dominant dish, and is usually served with a healthy portion of pilov. Rice pilov is one of Uzbekistan's specialities, and they are famous for their breads, which legions of tourists have praised as some of the best they've ever tasted.

Another bit of good news: the temperate climate of Uzbekistan is considered perhaps the best in all of Central Asia. But perhaps the best news about making either a long or short trip to Uzbekistan is the deeply seeded tradition of hospitality in the nation; the Uzbek's are justly celebrated for their friendliness and readiness to help. In fact, there is a saying in this land where the father is supreme, "A guest is more sacred than your father." When you visit Uzbekistan, you're sure to discover how strong this long-standing tradition remains today.





*Best Wishes to Uzbekistan  
on the 20th Anniversary of Independence*



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Our warm wishes to the people of Uzbekistan on the 20th Anniversary of Independence

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With 31 manufacturing facilities across four continents and seventeen countries, we are a global producer of petrochemical and textile products. These include polyethylene, polypropylene, polyester resins, polyester fibers, terephthalic acid, textile yarns, and medical gloves. Our products are sold in over 95 countries across the globe. With assets and revenue exceeding US\$5 billion, we are committed to growth with the support of our customers, suppliers, employees, and other stakeholders.

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