

## CLARIFICATION OF FREE ECONOMIC ZONE "CHIROKCHI" IN UZBEKISTAN

- **Resolution of the Cabinet of Ministers dated May 6, 2020 No. 267 "On measures to organize the activities of the free economic zone "Chirokchi" defines the boundaries of territories, approves the structure of the Directorate, its Charter and sources of funding for activities.**

In accordance with the Presidential Decree No.PD-5825 dated September 13,2019 "On the creation of the free economic zone "Chirokchi", it was organized new free economic zone in Kashkadarya region.

The new document regulates the allocation of funds from the Republican budget and the budget of Kashkadarya region for the maintenance of the directorate and the development of necessary infrastructure of the FEZ in 2020-2021, with the condition of switching to self-financing in the future.

In particular, 1 billion soums is allocated for the formation of the authorized fund of the state unitary enterprise "Directorate of FEZ "Chirokchi". Within two months, together with the Ministry of construction and the Ministry of investment and foreign trade, the general plan of the free economic zone "Chirokchi" will be developed and approved.

## THE INTRODUCTION OF AN AUTOMATED SYSTEM FOR MONITORING AND ACCOUNTING OF ELECTRICITY WILL BE ACCELERATED

- **The government has approved measures to accelerate the implementation of an automated system for monitoring and accounting of electricity (Decree of the Cabinet of Ministers No. 260 dated April 27, 2020).**

As noted in the act, "Toshelektroapparat LLC" and "Elektron Xisoblagich" purchased 2.1 million electricity meters from domestic companies for phased installation in all regions of the Republic. However, due to late and incomplete payments for equipment, the debt to suppliers reached a total of 636.9 billion UZS.

In this regard, it is time to review the feasibility study of the project for the introduction of an Automated system for monitoring and accounting of electricity, developed by RPI "UzEngineering". Now the main goals and objectives of the project will be:

- introduction of a transparent system of accounting for electricity consumed in the Republic and determining the norms of its technological consumption;
- termination of electricity supply to debtors, as well as identification of



those who illegally connected to the power grid;

- analysis of the annual, monthly and daily "consumer behavior" in the context of consumer groups and the formation of the most effective mode of operation of electricity in the Republic based on its results;
- providing accurate data for the application of differentiated electricity tariffs;
- detection of defects in the operation mode of electric networks, including cases of overspending of electricity.

In place of the existing billing system, "Territorial electric networks (TES) JSC" will create a modern integrated software for maintaining, analyzing and forecasting electricity metering within the framework of the project. The new billing system is expected to be operational by June 2022.

Within 10 days, the Asian Development Bank and the French development Agency will agree on the "transformation matrix "in the electricity sector and approve the" road map " for its implementation.

To finance the project for the implementation of the system, the Bank Uzsanotqurilishbank will allocate a loan of 30 million of Euros to the TPP for 1 year with a 6-month grace period at 7% per annum.

## HOW TO ENTER INTO AN INVESTMENT AGREEMENT WITH UZBEKISTAN

- **The Regulation on the procedure for concluding, changing, terminating and implementing investment agreements between the Government of the Republic of Uzbekistan and foreign investors has been adopted Decree of the Cabinet of Ministers No.264 dated April 30, 2020).**

An investment agreement with the government is concluded, inter alia, to provide the investor with additional guarantees and support measures (benefits and preferences) in addition to those established by law. This can be a government guarantee, special customs, tax and payment regime, assistance in the implementation of projects, inclusion in the investment program, etc. But you cannot give the investor exclusive rights that create its dominant position in the market.

At the same time, additional guarantees and measures are provided in each specific case to foreign entities investing in priority industries that ensure:

- sustainable economic growth, progressive technological changes in the country's economy;
- strengthening and expanding the export potential of the Republic, its integration into world economic relations.

Additional benefits for the payment of taxes, customs and other mandatory

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payments are granted to established enterprises with foreign investment only **for a clearly defined period** and cannot be of an indefinite nature.

The investment agreement, as well as amendments and additions to it, shall be concluded in writing. The procedure is the same in both cases. The agreement is signed by the Ministry of investment and foreign trade on behalf of the Government. The initiator is the investor-independently or jointly with public administration bodies, economic associations, local executive authorities or economic entities.

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