

## INTERGOVERNMENTAL RELATIONS BETWEEN JAPAN AND UZBEKISTAN

Japan and Uzbekistan signed a solid package of intergovernmental and interagency documents, as well as agreements between interested organizations, leading companies and banks of the two countries.

### 1. *Resolution of the Cabinet of Ministers On measures to implement investment of Japan Bank and Japan Commercial Bank*

It is planned to implement three projects:

- organization of an information storage and processing centre (data centre) in 2020-2021);
- expansion of international packet switching centres of Uzbelectelecom JSC»;
- expansion of the backbone and multiservice data transmission network of Uzbelectelecom JSC.

The loan is equivalent to 162.95 million USD.

The document approved sources of funding for three projects in the amount of 193.73 million USD:

- JBIC loan of 138.51 million USD in equivalent for a period of 10 years at an annual rate in JPY CIRR plus a margin of 0.5% of the National Bank of foreign trade;
- SMBC loan in the amount of 24.4 million USD in equivalent for a period of 6 years at the annual rate of 6-month LIBOR plus a margin of 0.5% of the National Bank of foreign trade;
- Uzbelectelecom's own funds in the amount of 6.42 million USD;
- Uzbekistan's share of tax and customs benefits in the amount of 24.36 million USD.

### 2. *The Resolution of the Cabinet of Ministers On increasing the potential of the electric power industry: (PHASE 2)*

A 30-year loan agreement was signed with the Japan international Development Agency (JICA) to implement an investment Project for the **construction of a third combined-cycle plant at the Navoi thermal power plant with a capacity of 650 MW.**

To further develop the potential of the electric power industry, the document provides for timely technological maintenance of gas and gas turbine equipment at existing thermal power plants, ensuring their stable and reliable operation, and conducting scheduled inspections.

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As part of the project, JICA provides:

- consulting services in the amount of 443 million Japanese yen;
- supply and repair of components, materials, spare parts and equipment in the amount of 32,860 million Japanese yen.

Taking into account interest payments during the investment period and unforeseen expenses, the total loan amount will be 36,621 million Japanese yen.

To service the loan agreement, the National Bank for foreign economic activity of Uzbekistan is charged with concluding an interbank agreement with MUFG Bank, Ltd. (Japan) for the development and maintenance of funds allocated by JICA.

As an exception, Navoi TPP and Turakurgon TPP are allowed to enter into direct contracts without holding tenders with Japanese companies Mitsubishi Hitachi Power Systems Ltd. and Mitsubishi Corporation. And JSC "Tashkent CHPP" – with Mitsubishi Hitachi Power Systems Ltd. and Itochu Corporation – for the supply and repair of components, materials, spare parts and equipment for combined-cycle plants, gas turbines, main and auxiliary equipment, and the provision of technical and consulting services outside of Uzbekistan.

3. In addition, Uzbekistan approved the **Convention between Uzbekistan and Japan** on the elimination of double taxation with respect to taxes on income and the prevention of tax evasion.

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