

# WORLD TRADE ORGANIZATION

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**Working Party on the  
Accession of Uzbekistan**

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## ACCESSION OF UZBEKISTAN

Questions and Replies  
to the Memorandum on the Foreign Trade Regime  
(Document WT/ACC/UZB/2)

### Addendum

The Government of Uzbekistan has submitted the following additional replies to questions raised by Members.

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## II. ECONOMY, ECONOMIC POLICIES AND FOREIGN TRADE

### 1. Economy

#### (a) General direction

##### Question 1.

**Please identify and describe in detail the current situation and the expected developments in the future of the "non-state" part of the agricultural sector. What is their contribution to the agricultural output. Why are collective farms not classified as state enterprises? Is there an intention of the Uzbekistan government to "de-collective" the collective farming system? Please describe the state-owned means of agricultural production. Will this type of state owned production continue to exist?**

##### Answer:

On 1 January 1998 51 state-owned agricultural enterprises were doing business in the republic. Mainly these enterprises were of seed-farming, stock-raising and scientific character.

The gross output of the state-owned agricultural enterprises was 1.3 per cent from of the overall volume of the country's agricultural output in 1998 (in 1997 - 1.4 per cent). In the nearest future these state-owned agricultural enterprises will keep running.

The non-governmental sector includes collective farms (companies or cooperatives), shirkats, farming and dehkan (farmer) enterprises. In 1998 the production of these agricultural enterprises amounted to 98.7 per cent of the volume of gross production.

At present a process of further privatization of the agricultural enterprises is continuing. Generally, the process results in transformation of these enterprises into closed joint-stock companies with contribution of property shares.

#### (iii) *Customs tariff nomenclature*

##### Question 2.

**Concerning the system of the state order of cotton and grain, does the government of Uzbekistan have the intention to continue this system? Are all suppliers obliged to sell a part of their production? What is the destination of the products bought by the Government?**

##### Answer:

In 1998, the state order was made only for 25 per cent of total volume of grown grain products and for 30 per cent of the planned volume of production of cotton-fibre.

Dehkan (farmer) enterprises have been selling their own production in free market prices without any restrictions.

The state order for the cotton-fibre of the 1998 harvest was 30 per cent. Many agricultural enterprises signed contracts with manufacturing/processing companies and gradually received advance payments for a volume of raw cotton negotiated in the contract.

In 1999 volume of the government procurement for grain and cotton have been kept equally to 1998's.

Such share of government purchase exists because of a necessity of guaranteeing a provision of the country with products and raw material.

## **2. Economic Policies**

### **(a) Main directions**

#### **Question 3.**

**We would welcome an update on Uzbekistan's pricing policy with respect to energy products, including details of subsidies to industries; the way in which prices are set and implemented; and the measures being taken by Uzbekistan to gradually eliminate cross-subsidisation of energy products.**

Answer:

The prices of energy sector for industrial consumers are close to the world market prices. The process of elimination of a difference in tariffs to electricity and gas for industry and population is still in progress.

#### **Question 4.**

**Could the Uzbekistan delegation please provide details of the pharmaceuticals subject to price control?**

Answer:

The enterprises of pharmaceutical industry of the Republic of Uzbekistan included in the Register of monopolistic enterprises confirm prices of their products in the Ministry of Finance of the Republic of Uzbekistan accordingly to rules of the Law of the Republic of Uzbekistan dated 27 December 1996 "On Competition and Restriction of Monopolistic Activity on the Commodity Markets".

#### **Question 5.**

**The Memorandum mentions the privatization process. Could the authorities of Uzbekistan give details about the privatization accomplished so far and further plans in this area? Could the authorities of Uzbekistan also give information about the procedure of privatization and the right of foreigners to participate in such privatizations? Can foreigners buy shares in the "Privatization investment funds (PIF)? Are the PIFs free to sell shares in privatized companies, including to foreigners?**

Answer:

Taking into consideration an experience of many developed countries in the market relations, Uzbekistan has applied its own approaches to carrying out privatization and development of multiple fold economy which takes into account the specificity of Uzbekistan, mentality of the nation, local conditions and traditions.

Peculiarities of the process of privatization in Uzbekistan are the following:

- A denial of cheque-privatization. The state property in Uzbekistan can't be transformed into another property through non-compensating distribution. The

purpose of this approach is to pass the property to an owner who is able to use it properly and manage efficiently;

- A provision of a stage-by-stage approach in privatization along with creating necessary conditions and prerequisites for each new stage: primary small enterprises, then medium enterprises, and at the end large enterprises;
- A provision of social guaranties for population during privatization which includes a system of privileges for purchasing a property and shares;
- A conduct of privatization in a complex with de-monopolizing of large industrial and administrative structures by separation from their structure auxiliary and parallel industries.

Basic methods of privatization in Uzbekistan are:

- A sale of a state property (or enterprises' property) to private persons and organizations (including nonresidents);
- A reorganization of state enterprises into organizations of non-state property form.

Since 1998 the process of privatization of natural monopolistic objects has been begun in spheres of:

- electrical energy;
- gas extraction and supply;
- mining of mineral resources;
- telecommunication.

The plans for strengthening the process of privatization of production of building materials and banking system are also on a stage of elaboration.

Foreign investors are actively attracted to take a part in the privatization of state property. The Resolution of the Cabinet of Ministers of the Republic of Uzbekistan dated 18 November 1998 No. 477 "On measures on stimulation of attracting foreign capital within privatization of state property" provides application of principally a new approach in attraction of strategic foreign investors by:

- individual privatization of medium and large enterprises;
- realization of large objects and enterprises to foreign investors;
- providing a share holding (up to 80-95 per cent) of previously created joint stocks;
- providing more guaranties on conversion of incomes acquired from conversion of shares of Uzbek emitters;
- reducing a state share holding and carrying out of additional issue of shares of steadiest emitters to follow the terms of listing on foreign stock exchanges.

In general, this Resolution provides for privatization of 258 enterprises with participation of foreign investors.

In order to implement a programme on privatization of large enterprises with a participation of foreign investors an active collaboration with the World Bank is being carried out by in two directions:

- individual privatization of large enterprises of a specific national economic importance by holding international tender and investing trades attracting participation of international investment banks and other international advisors;
- rendering consultative services to privatized enterprises with a view of their rehabilitation and restructuring process including a development of their market

strategy and management systems, provision of partners searching activity, enhancement of product quality to meet world standards.

For the first time a privatization of large enterprises is undertaken with participation of a financial advisor determined by international tender under this project of the World Bank. The main object of the financial advisor is to evaluate the given enterprise and elaborate a strategy for realization of shares and sale an enterprise.

The privatization of 30 enterprises will be carried out on individual scheme.

The shares of Privatized Investment Funds (PIF) can be acquired freely by foreign investors on the secondary market. The existing legislation identifies an order of realization of PIFs shares to foreign investors.

PIFs' shares can freely circulate in the security market after a state registration of emission of securities. Restrictions of PIFs stockholders right on sale of shares are not allowed. Shareholders have a right to strike bargains for purchasing and selling their shares on stock and out-stock exchanges.

The sale of shares that form an investment portfolio of PIFs is carried out only upon completing a distribution of own shares among population in stock and out-stock exchanges organized exceptionally by professional participants of the stock markets.

#### **Question 6.**

**It is stated that any individual desiring to purchase foreign exchange is required to present appropriate documentation and identification. Please elaborate on these requirements.**

Answer:

Natural persons-residents of the Republic of Uzbekistan must submit a passport, a visa of foreign embassy, air- and/or railway tickets, business trip documents for acquisition of a foreign currency in exchanges.

Enterprises and organizations that import goods for production and technical orientation, replenishing articles, raw materials, convert Sums into a hard currency in accordance with the Regulation of Operations on Converting Sums into Foreign Currency in Domestic Exchange Market confirmed by the Republic Committee for Monetary-Credit Policy (4 July 1998).

Organizations that import consumer goods including foodstuffs have priority in converting Sums into hard convertible currency on the base of the licence issued by Central Bank of the Republic of Uzbekistan.

#### **Question 7.**

**It is stated that 30 per cent of export earnings must be converted into Sum at the official exchange rate. Does this forced conversion also operate under a 10-12 per cent mark-up by the domestic banks? Does this mean that 70 per cent of foreign currency export earnings can be maintained in foreign currency?**

Answer:

According to the Resolution of the Cabinet of Ministers dated 26 December 1998 No. 538, from 1 January 1999 a rate of obligatory sale of hard currency incomes gained in de-centralized export transactions by all types of enterprises to authorized banks has been brought up to 50 per cent



temporarily for a period of one year. In this case the obligatory sale of currency income is carried out at purchasing rate on out-stock exchange fixed on a day of payment. The rest 50 per cent of income in foreign currency are at the disposal of an enterprise.

Since 1 July 1998 authorities banks have been deprived of right to levy a 12 per cent margin to official exchange rate of Central Bank of Uzbekistan at a realization of currency on out-stock exchange. Authorized banks levy commissions for performing a currency transaction at a rate fixed by the banks independently.

#### **Question 8.**

**It is stated that both the purchase and sale of currency from official currency offices is carried out by a margin of 10-12 per cent. Does that mean that a foreign-owned company importing foreign currency into the country and, subsequently re-exporting it, loses around 20-25 per cent of the value of the original amount?**

Answer:

In out-stock exchanges markets currency operations including a purchase and sale of foreign currency through exchanges are carried out at out-stock rate taking into account a current demand and supply of foreign currency. Since 1 July 1998 authorities banks have been deprived of right to levy a 12 per cent margin to official exchange rate of Central Bank of Uzbekistan at a realization of currency on out-stock exchange. Authorized banks levy commissions for performing a currency transaction at a rate fixed by the banks independently.

Losses arising from margin fluctuations at the moment of import and export of foreign currency (in the case its sale and consequent purchase on domestic currency market) can not be suffered because the commissions of banks are insignificant and stipulated by a nature of banking activity itself.

#### **Question 9.**

**Are the licensed banks free to set margins for foreign exchange transactions freely? Is there competition among banks for such currency conversion?**

Answer:

For carrying out currency transactions the authorized banks set independently exchange rates on a basis of existing demand and supply of foreign currency. The authorized banks impose own commission fees for performing currency transactions.

The existing competition in banking sphere forces banks to set commission fees taking into account mutual interests of customers and the bank itself. The increasing volume of transactions in foreign currency, decrease of expenditures for performing these transactions and the growing competition in banking will drive down commission fees to amount that will cover a cost of transaction.

#### **Question 10.**

**It is stated that foreigners may export foreign currency to the extent that it had been previously imported. Does that mean that profits, and the investment itself, with foreign participation cannot be freely repatriated, that is exported from the country?**

Answer:

Since 1 April 1998 nonresidents may take out of territory of the Republic a amount of cash in foreign currency equal to the sum of cash in foreign currency that were brought into the territory according to a customs declaration.

In accordance with the Law of Republic of Uzbekistan "About guaranties and remedies for foreign investors" a free transfer of foreign currency into and from the Republic of Uzbekistan is guarantied to foreign investors without any limitation if mandatory taxes and other fees were paid in a line with a legislation. These transfers include transfers of initial and additional sums for supporting or increasing foreign investments; profits from investment activities; means received as a compensation for caused losses according to the above mentioned law; payments for performing contract obligations; proceeds from full or partial sales of investments; payments arising from dispute settlements, including any arbitration or court decision; wages or salaries and other payments to workers; means from other resources gained in lawful manner.

The same order has been established in international agreements and treaties on placing and promoting investment activity.

**Question 11.**

**The memorandum does not give very detailed information about most kinds of capital movements related to trade in goods or services. Could the authorities of Uzbekistan please indicate such details, in particular as regards the granting of commercial credits and/or financial loans by foreigners to residents and by residents to foreigners'?**

Answer:

The norms of the civil legislation of the Republic of Uzbekistan establish a contract discipline based on principle of liberty of contract.

In real life the principle means that parties have the ability at will to participate in any civil legal relations not prohibited by national legislation and international agreements.

**Question 12.**

**Could the authorities of Uzbekistan please explain in more depth the legal situation as regards the acquisition of land, by residents and by foreigners?**

Answer:

According to the Land Code of the Republic of Uzbekistan a land is a state property and considered being a national wealth that must be used rationally and protected by state. The land cannot be a subject of sales, purchase, exchange, gift, and security interest except cases defined in legislation of the Republic of Uzbekistan. Legal entities can enjoy rights of permanent land possession, permanent usage and lease.

Natural persons have the following rights in land ownership: hereditaments and tenements for life and also a possession. In accordance with the legislation a privatization of trade and service rendering facilities may cause acquisition of ownership rights by legal entities and natural persons to the land where such facilities are located. The land ownership rights of diplomatic offices and international organizations with the same international legal status accredited in the Republic of Uzbekistan arise due to sales contract with the state as a seller party of a building or some part of building that is used for diplomatic and the staff housing purposes. A possession right to the land

where the building is sited is transmitted along with ownership right to that building. According to the legislation land ownership can be also acquired in relation to area where construction works of diplomatic offices are being carried out.

According to the legislation the land ownership rights of foreign legal entities and natural persons who are members of diplomatic personal, press media representatives accredited in Uzbekistan, a staff member of permanent representative offices of firms, companies and international organizations, permanent workers of enterprises with foreign investments, persons with a right of permanent residence can arise due to a purchase of places of residence. The ownership rights extend only to a certain area where the residence is located.

Legal entities and natural persons may enjoy a right of permanent (temporary) possession and using of land.

The permanent land using right is given to enterprises, institutions and organizations for agricultural and forestry purposes and the legislation may state some cases when the land rights may be obtained for other purposes too.

The right of permanent or term (temporary) using of land is given to the following:

- citizens of the Republic of Uzbekistan;
- industrial, transport and other non-agricultural enterprises, institutions and organizations;
- enterprises with foreign investments, international organizations and associations;
- foreign legal entities and natural persons.

Land using rights may be assigned to other legal entities and persons. The State Act of Permanent Possession of a Land certifies a title of permanent possession of land.

Forms of state acts, a registration procedure and an issue of special documents are defined by legislation. The temporary possession of land can be for a short term - till three years and a long term - from three till ten years. If a production necessity exists, these terms will be prolonged to a period that does not exceed the corresponding short or long terms of land using.

Prolongation of terms of temporary using of land areas is extended by special authorized bodies.

Lands for stock-breeding purposes can be given to agricultural enterprises, institutes and organizations for the period of up to twenty years.

### **Question 13.**

**What is the relationship of the "priority areas" in which foreign currency for imports is particularly provided to the areas in which foreign-owned enterprise obtain a two-year tax holiday?**

Answer:

The concept of "priority areas" of the economy of the Republic of Uzbekistan implies to sectors of particular state attention. For a purpose of development of these sectors the Government has adopted a number of decrees providing a system of privileges for enterprises investing their capital in those sectors.

Application of tax payment privileges for enterprises with foreign investments is actually wider than it is indicated in the question.

Such system is also connected with development of priority branches of the economy of the Republic of Uzbekistan but at the same time it provides other factors stimulating a development of production in general, import substituting and export oriented production in particular and also attraction of foreign investments into the republic.

**Question 14.**

**Does the law "on foreign investment and guarantees for the activity of foreign investors" also apply to minority participation of foreigners in domestic companies?**

Answer:

The Law "On Foreign Investment and Guarantees for the Activity of Foreign Investors" is not aimed at reduction of participation of foreigners in domestic companies. On the contrary, the whole legislation of the Republic of Uzbekistan is directed to stimulation of foreign investment activity in the Republic of Uzbekistan.

**Question 15.**

**Can the authorities of Uzbekistan indicate the respective numbers of companies with foreign participation which benefit:**

- **from tax benefits either under the amended "Enterprise Tax law" of 1991;**
- **the new Tax Code;**
- **the Decree "On Additional Incentives and Privileges for Enterprises with Foreign Investment"?**

Answer:

The tax system functioning in the republic influences positively on solving a problem with attraction of foreign investments. Effect of tax stimulus to activity of a concrete enterprises is sufficiently great.

For instance, at the present time over 2000 enterprises with foreign investment are functioning in the republic, among which over 500 enterprises gain profits due to such tax privileges and have a substantial benefit for own development.

**(b) Monetary and fiscal policies**

**Question 16.**

**Exchange Rate Regulation. We note that Uzbekistan's current exchange rate policy is designed to encourage the importation of "modern productive equipment and technology" and to ensure that "importers of low quality, unnecessary, over-priced or illegally imported products cannot gain access to foreign exchange..." (page 20, MFTR). On what basis does Uzbekistan determine which products are "of low quality, over-priced or illegally imported"?**

Answer:

According to the Decree of the Cabinet Ministers of the Republic of Uzbekistan <sup>1</sup>137 dated 31 March 1998 the Ministry of Foreign Economic Relations (MFER) registers import contracts not provided by own currency sources.

The registration is carried out according to the special Order. The main reasons for which contract registration might be refused are:

- Discrepancy of contracts with generally accepted standards of world trade rules and current legislation of the Republic of Uzbekistan;
- Too high prices of the imported goods compared to prices for the same goods on the world market on a day of signing a contract. Such discrepancy is identified by analysis of a situation in world markets and actual status of demand and supply on the regional markets. In this case the Ministry for Foreign Economic Relations and consulting companies assist importers in selection of suitable suppliers;
- Indebtedness of an importer to the budget;
- Import of obsolete and economically inefficient equipment and technologies by state enterprises (based on conclusions of State Committee of Science and Technology, Uzstate standard, State Committee of Nature of the Republic of Uzbekistan);
- Imported technologies (patent, licences, know-how), equipment and other products which are disastrous for environment (based on conclusions of State Committee of Nature, Uzstate standard, the Ministry of Public Health of the Republic of Uzbekistan);
- Negative conclusion of the Ministry of Public Health and "Uzpharmindustry" concern on imported and exported medicine of plant and biological origin used by pharmaceutical industry.

A groundless refusal of registration can be appealed to courts.

**Question 17.**

**When will Uzbekistan eliminate the current trade distorting exchange rate control system?**

Answer:

The Government and the Central Bank of the Republic of Uzbekistan are sequentially carrying out a complex of measures on structural reorganisation of economy, maintenance of stable economic growth and stability of the national currency by strengthening of its buying power.

Taking into consideration results from realisation of structural reforms a liberalisation of the internal exchange market is carried out gradually and sequentially in conformity with purposes and opportunities of the Republic of Uzbekistan.

According to the Decree of the Cabinet Ministers of the Republic of Uzbekistan of 18 March 1998 <sup>1</sup>118 "On measures on deepening a cooperation with International Monetary Fund", a special working group has been created for development of the comprehensive approach in realisation of measures on further liberalisation of currency and foreign trade systems.

In a part of achieving a convertibility of the Uzbek Sum in current international operations it is necessary to emphasise that according to the Decree of the President of the Republic of Uzbekistan "On measures on the further development and liberalisation of out-exchange market" it is being carried out a purposeful workshop on creation of necessary premises and conditions for signing the

Article VIII of the Agreement of International Monetary Fund (IMF) on current convertibility of the national currency in 2000 is being carried out.

(ii) *Taxes*

**Question 18.**

**Please describe the differentiated taxation of agricultural enterprises (differentiated rates/exemption for some periods).**

**Are imported goods subject to the same treatment as national products (taxation, aspects for sale, purchase, transportation, distribution or use)?**

Answer:

In 1995-1996, income of agricultural enterprise was levied by three per cent tax if its profitably was 40 per cent and when the profitably was above 40 per cent tax rate was 20 per cent. In 1997 the tax rate was three per cent for agricultural enterprise with profitably up to 25 per cent, tax rate was 20 per cent for enterprises with profitably over 25 per cent. Since 1998 tax rate was five per cent within profitably up to 20 per cent, tax rate was 20 per cent within profitably above 20 per cent, tax rate was 35 per cent for profitability above 35 per cent. In accordance with the Resolution of the Cabinet of Ministers No. 539 dated 26 December 1998 from 1 January 1999 agricultural enterprises will be obliged to pay a single land tax instead of previous various taxes. The single land tax differentiates depending on quality and productivity of lands, water accessibility, and meliorate status of agricultural resources and other indicators.

In absolute dimension rates of taxes for regions range from 9.5 to 1,471.2 sums for one hectare.

Depending on location and quality of lands, basis rates are corrected to relevant adjustment coefficients from 0.004 to 20.44.

For a purpose of levying a tax on imported products, another principle is being applied. Here the imported goods themselves are a subject of customs duties and taxes.

**Question 19.**

**Excise Taxes. Please provide more up to date information on the mode of calculation for excise taxes. Please advise the Working Party of the full legislative references for the calculation of excise duties. Which body is responsible for this procedure?**

Answer:

According to the legislation of the Republic of Uzbekistan, taxes and fees are set and abolished by the Oliy Majlis (Parliament).

The list of excise goods and rates of the excise taxes are approved by the Cabinet of Ministers of the Republic of Uzbekistan.

Legal and natural persons manufacturing excise subject goods on the territory of the Republic of Uzbekistan or importing excise goods are obliged to pay the excise tax to the budget.

The object of the taxation of excise goods produced in the Republic of Uzbekistan is a cost of good (including the amount of the excise tax) disregarding of value-added tax or a physical volume of the goods.

The object of the taxation of imported excise goods is customs cost defined according to the customs legislation.

**Question 20.**

**Why does the national treatment principle not apply in the application of excise taxes?**

Answer:

As it follows from the above indicated, the principle of national treatment is observed in relation to levying and paying excise taxes by legal and natural persons producing or importing excise goods in the Republic of Uzbekistan.

As a whole the rates of the excise tax on the goods imported into Uzbekistan are comparable to the tax rates on the goods produced on the territory of the Republic of Uzbekistan, and in some cases the rates are lower.

**Question 21.**

**When will suitable legislative measures be taken to bring Uzbekistan's excise tax system into line with the requirements under Article III of GATT (1994)?**

Answer:

At present time a complete set of documents is being elaborated that aimed at further liberalisation of the foreign trade of the Republic of Uzbekistan. In particular, it is planned to revise existing rates of the taxes and duties.

**III. FRAMEWORK FOR MAKING AND ENFORCING POLICIES AFFECTING FOREIGN TRADE IN GOODS AND TRADE IN SERVICES**

**Question 22.**

**What process will be needed to complete national procedures relating to WTO accession? Is signature by the President sufficient? Or does the treaty need to be ratified by the Oliy Majlis in order to enter into force?**

Answer:

In accordance with the Law of the Republic of Uzbekistan "On International Treaties of the Republic of Uzbekistan" from 22 December 1995, Oliy Majlis ratifies international treaties of special nature only and if a treaty foresees its following ratification.

The above mentioned law does not foresee ratification of treaties like WTO agreements if at the moment of signing such agreements do not contain other rules which foreseen by the legislation of the Republic of Uzbekistan. Taking into consideration that the issues regulated by the agreements of WTO are subjects of concerns of the Government of Uzbekistan, enforcement of signed WTO agreements in Uzbekistan is possible after their confirmation by the Government of the Republic of Uzbekistan.

**Question 23.**

**Would the WTO Agreements have the status of an international treaty?**

Answer:

The Law of the Republic of Uzbekistan "On International Treaties of the Republic of Uzbekistan" dated 22 December 1995 provides for a process of accession of the Republic of Uzbekistan to multilateral international treaties. As the WTO agreements relate to such treaties by their legal nature, a legal status of the agreements is also regulated by this Law.

**Question 24.**

**What is the relative status of domestic legislation and international treaties signed by the President and, if applicable, ratified by the Oliy Majlis? If domestic legislation should be found to be inconsistent with the WTO Agreements, for example, which would take precedence?**

Answer:

International legal doctrine of the Republic of Uzbekistan is aimed at implementation of the principle of priority of International law over the national legislation.

In the cases of appearance of collisions the normative acts of the Republic of Uzbekistan ensure, as a rule, the priority of the provisions of international treaties over the national legislation standards.

**Question 25.**

**Please detail the legislative basis, and the implementation procedures, for the control of export and import prices.**

Answer:

According to the Resolution of the Cabinet of Ministers of the Republic of Uzbekistan No. 137 dated 31 March 1998, registration of contracts export of goods listed in Annex 1, is performed using prices based on the situation of international markets and actual state of demand and supply on regional markets as well. On the base of this Resolution of the Cabinet of Ministers of the Republic of Uzbekistan, the Orders No. 421 and No. 424 were elaborated which determine an order of the registration of export and import contracts at the Ministry of Foreign Economic Relations. Section II determines that one of the main terms for registration is correspondence of contract prices to average world prices and existing situation of the market.

**Question 26.**

**Please detail any role that sub-central government might have in the determination and/or application of trade policy measures.**

**Question 27.**

**Can Uzbekistan confirm that sub-central entities have no autonomous authority over issues of subsidies, taxation, trade policy and any other measures covered by WTO provisions?**



Answer:

Taxes and fees on the territory of the Republic of Uzbekistan are established and abolished by the Parliament of the country.

Territorial authority entities put into operation domestic taxes by confirmation with the Government which fixes limited sizes of these domestic taxes and duties.

Domestic taxes and fees in particular include: advertisement tax, tax on resale of spare parts of cars, a fee for cleaning of inhabited areas and other similar taxes and fees which have a local character and directed to settlement of local problems.

The rates of these taxes and fees are neither high or connected with foreign economic activity or substantially affect economic development of the country.

**5. Laws and legislative acts**

**Question 28.**

**Could the Government of Uzbekistan update members of the Working Party on the legislation related to the development of a Land Code which allows the free sale and purchasing of agriculture land?**

Answer:

According to the Land Code of the Republic of Uzbekistan a land is a state property and considered being a national wealth that must be used rationally and protected by state. The land cannot be a subject of sales, purchase, exchange, gift, and security interest except cases defined in legislation of the Republic of Uzbekistan.

Legal entities can enjoy rights of permanent land possession, permanent usage and lease.

Natural persons have the following rights in land ownership: hereditaments and tenements for life and also a possession.

In accordance with the legislation a privatisation of trade and service rendering facilities may cause acquisition of ownership rights to the land where such facilities are located land.

The land ownership rights of diplomatic offices and international organisations with the same international legal status accredited in the Republic of Uzbekistan arise due to sales contract with the state as a seller party of a building or some part of building that is used for diplomatic and housing purposes. A possession right to the land where the building is sited is transmitted along with ownership right to that building. According to the legislation land ownership can be also acquired in relation to area where construction works of diplomatic offices are being carried out.

According to the legislation the land ownership rights of foreign legal entities and natural persons who are members of diplomatic personal, press media representatives accredited in Uzbekistan, a staff member of permanent representative offices of firms, companies and international organisations, permanent workers of enterprises with foreign investments, persons with a right of permanent residence can arise due to purchase of places of residence. The ownership rights extend only to a certain area where the residence is located.

The permanent land using right is given to enterprises, institutions and organisations for agricultural and forestry purposes and the legislation may state some cases when the land rights may be obtained for other purposes too.

Land may be rented to agricultural enterprises, institutions and organisations for cattle breeding needs for a term of 20 years.

The Land Code provides for renting a land for 50 years but not less than 10 years.

**Question 29.**

**Does such legislation exist? If not, why not?**

Answer:

The land is subject to a limited number of transactions. First of all, historical, geographical, natural, and climate conditions underlie establishment of this regulation.

The Republic of Uzbekistan is situated in a zone where a man-made irrigation system is considered as essential factor of land using. The deficit of land that fit for agricultural cultivation, low rate of agricultural activity development, high density of population makes impossible to treat the land as subject of various transactions without any limitations.

**IV. POLICIES AFFECTING TRADE IN GOODS**

**1. Import Regulations**

**Question 30.**

**New Zealand would appreciate more detail about the process of import contract registration and look forward to an explanation as to how this is not a barrier to free trade.**

Answer:

According to "The Order of Registration of the Import Contracts in the Ministry of Foreign Economic Relations of the Republic of Uzbekistan" registered in the Ministry of the Justice of the Republic of Uzbekistan in 8 April 1998 '424, registration of contracts must be carried out within 10 working days from a day of reception of application by the MFER of the Republic of Uzbekistan.

There are basic terms for registration:

- Conformity of the contract to conventional norms of the International trade law;
- Conformity of the contract to the legislation and normative acts of the Republic of Uzbekistan;
- Conformity of the contract to the obligations assumed by the Republic of Uzbekistan to other states and international organisations;
- Conformity of the prices indicated in the contract to world average prices and usual market condition with allowance for conclusions of consulting firms and Republican centre on study of a conjuncture of the trade markets under the Ministry of Macroeconomic and Statistic of the Republic of Uzbekistan;
- Availability of the conclusions of the authorised ministries and departments for import of the specific goods, technological equipment, technologies (know-how), patents and licenses on them.

The contracts provided with own currency means are not subject to the registration in MFER.

After proper registration by the MFER contracts must be registered in authorised banks where client has opened deposit account *poste restante* in a foreign currency. If joint venture has several foreign currency accounts in different banks the import contracts should be registered in those banks through which the contracts will be paid.

For registering import contracts in authorised banks, customers submit such documents as original and a copy of a contract, a passport of import transaction, a certificate of registration of import contract issued by the MFER and etc. to institutes of authorised banks.

The institutes of authorised banks consider submitted documents and register the import contracts with provision of identification numbers within two days.

In case of a disparity of the submitted documents to the established requirements banking institution sends a written motivated refusal to register to customers and the contract for its reconsideration.

For purposes of organisation of currency exchange regulation and maintenance of timely settlements with suppliers of imported goods and the customs bodies in proper manner, registration of the import contracts is performed on the basis of the certificate issued by the MFER (if payment of the contracts is carried out by converting) and appropriate documents indicating registration of contracts in banking institutions.

The above-stated requirements testify to availability of the certain strict terms and a subject consideration of the contracts, that in essence, can not be a barrier to a free trade and on the contrary, it is considered to be an essential help for companies in their foreign trade activities by preventing cases of violation of international trade rules and acting national legislation, and also overestimation of contract prices and unreasonable outflow of currency means from the republic

**(a) Registration requirements for engaging in importing**

**Question 31.**

**What criteria are used to determine registration by the MFER? On what grounds might an enterprise be refused inclusion in the State Register of Enterprises?**

**Question 32.**

**What is the legal basis for requiring state registration and inclusion in the State Register?**

**Question 33.**

**Do we understand that, in order to import products into Uzbekistan an enterprise needs first to register itself on the State Register, and, in addition, to apply for registration of import contracts? For what period of time, or for how many shipments is such registration valid? Does an enterprise have to register each shipment separately? What is the cost of obtaining such an import contract registration?**

Answer:

In accordance with the Law of the Republic of Uzbekistan from 15 February 1991 "On enterprises" and the Civil Code of the Republic of Uzbekistan, an enterprise is considered as being

formed and simultaneously acquires civil legal capacity from a moment of state registration and inclusion into a single State Register of the Republic of Uzbekistan.

An enterprise needs to obtain a certificate of participant of foreign economic relations to conduct a foreign economic activity.

Enterprises must register import contracts on delivery of goods into Uzbekistan for a foreign currency at the Ministry of Foreign Economic Relations if the performance of obligations financed as follows:

- through converting sums into foreign currency on domestic currency market;
- by credit channels provided by international and foreign financing institutes under the guarantee of the Government;

Usually in registration of import contracts importer receives a certificate for a whole declared volume of goods in accordance with agreed terms for shipment of goods.

There are no any obligatory fees for applicants in registration of import contracts.

**(b) Characteristics of national tariff**

**Question 34.**

**When does Uzbekistan intend to apply the HS 96 system? It is suggested that the conversion be made while making a market access offer in the context of WTO accession so as to minimise difficulties and misunderstandings arising from different nomenclatures.**

Answer:

In accordance with the Decision of World Customs Organization, Convention of Harmonized System becomes effective for the Republic of Uzbekistan from 1 January 2000.

At the present time competent entities of Uzbekistan are carrying out a number of measures for a preparation of the republic in joining this document.

**Does Uzbekistan apply seasonal duties?**

**If yes:**

- **Is the imposition of seasonal taxes limited to certain product sectors?**
- **Please list all the tariff headings which are subject to seasonal duties?**
- **When are seasonal duties applied?**
- **Is a distinction made between imported and domestic products?**

Answer:

Uzbekistan does not apply seasonal taxes. However, Article 7 of the Law of the Republic of Uzbekistan "On customs tariffs" provides application of seasonal customs duties.

**(i) *Import customs tariffs***

**Question 35.**

**Imported goods originating from the customs territories which signed the Agreements about Free Trade Areas are not subject to import customs duties originated from the customs**

**territories or originating from these countries. What does it mean concerning the transit of goods imported in one of these countries. Are there no limitations concerning the transit of agricultural goods?**

**In Document WT/ACC/UZB/2/Addl page 18 is mentioned that Uzbekistan has chosen not to participate in creation of a customs union within the framework of the CIS Economic Union Agreement; what does that mean?**

Answer:

In general Uzbekistan follows a principle of free transit of goods originated from a territory of any foreign country.

A question of membership or non-membership in any unions, including customs union, is a sovereign right of any state.

**(c) Tariff quotas, tariff exemptions**

**Question 36.**

**Could Uzbekistan explain the reason for the tariff peaks which exist for certain products, including some agricultural goods? Is Uzbekistan prepared to address these tariff peaks in the context of its accession to the WTO?**

Answer:

Uzbekistan is taking measures on liberalisation of foreign trade regime step by step. For recent years some positive results have been achieved and this can serve as a proof of the advancing development of foreign economic relations of the country. Transition from using measures of non-tariff policy to tariff regulation is being almost concluded.

A great attention is also given to liberalisation of tariff regulation. So the Decree of the President of the Republic of Uzbekistan No.UP-2160 that came into force on 1 January 1999 abolished customs tariffs on some goods imported to the territory of the Republic of Uzbekistan.

The further liberalisation of tariff policy will be provided by a number of other documents on liberalisation of foreign trade regime. These documents are under the process of elaboration and are expected to come into force in 2000. In particular, rates of customs tariffs will be reconsidered

**Question 37.**

**What proportion of Uzbekistan's foreign trade is currently covered by the duty exemptions accorded goods 'supplied under intergovernmental or credit agreements signed on behalf of the Government or against its guarantees'? From which countries are such goods predominantly imported?**

Answer:

In accordance with the Resolution of the Cabinet of Ministers of the Republic of Uzbekistan from 31 March 1998 No. 137 "On additional measures on liberalization of foreign trade activity" goods imported under intergovernmental and credit agreements signed on behalf of the Government of the Republic of Uzbekistan are not the subject of customs duties.

A supplier of required goods is selected through a tender which is carried out in accordance with the legislation.

**Question 38.**

**What proportion of Uzbekistan's foreign trade is currently covered by the duty exemptions accorded goods imported using 'budgetary funds'? From which countries are such goods predominantly imported?**

Answer:

In accordance with the Resolution of the Cabinet of Ministers of the Republic of Uzbekistan dated 31 March 1998 No. 137 "On additional measures on liberalization of foreign trade activity", imported goods purchased at the expense of state budget funds are not the subject to customs duties according to the decisions of Government of the Republic of Uzbekistan.

A supplier of required goods is selected through a tender which is carried out in accordance with the legislation.

**Question 39.**

**Could Uzbekistan be more specific on the duty exemptions accorded to goods imported and subsequently re-exported (i.e. under which conditions is the duty exemption accorded?).**

Answer:

In accordance with the Customs Code of the Republic of Uzbekistan, import custom fees, taxes and other measures of economic policy are not applied in relation to goods imported to a customs territory if the goods are declared to customs body as products exceptionally for a subsequent re-export. Actual re-export of these goods should be carried out not later than six months from a day of acceptance of custom declaration. If the goods are not actually re-exported within the six-month period, import custom fees, taxes and their interest rates must be paid in a manner established by the legislation.

According to Article 20 of Customs Code, import customs duties on goods imported under a regime of re-export must be reimbursed. The following are terms of reimbursement of paid duties:

- re-exported goods shall be in the same state as they were at a moment of import (with an exception of the changes caused by their natural damages or spoilage in normal conditions of transportation and storage);
- export of goods has been made within two years after their import;
- re-exported goods have not been used for receiving a profit.

**Question 40.**

**Are tariff exemptions (except those applied in the contest of a Customs Union or Free Trade Agreement) applied on an MFN basis?**

Answer:

In accordance with the legislation of Uzbekistan, exemptions from customs duties are not provided on MFN principle.

The rates of existing customs duties are doubled for importers or exporters from a country to which Uzbekistan does not grant the MFN privilege.

**(d) Other duties and charges, specifying any charges for services rendered**

**Question 41.**

**As an *ad valorem* fee, the customs fees for customs formalities do not appear to be consistent with Article VIII of GATT 1994, which requires that fees and charges related to importation are limited to the cost of services rendered. What steps does Uzbekistan intend to take to bring its system into line with GATT practice?**

Answer:

The payment rates for customs services and fees for issuing of customs certificates are adequate to expenses of checking of relevant documents and a cost of blank forms of certificates.

At the present time new rates of customs fees for customs procedures are being applied accordingly to the Resolution of the Cabinet of Ministers of the Republic of Uzbekistan No. 204 passed dated 30 April 1999.

**Question 42.**

**Please explain how the fees for customs services and the fees for the issue of customs certificates correspond to the cost of the service rendered.**

Answer:

The payment rates for customs services and fees for issuing customs certificates are adequate to expenses of checking relevant documents and a cost of blank forms certificates as well.

**(f) Import licensing procedures**

**Question 43.**

**Please clarify the reasoning behind the registration process applied to importers of agricultural goods as outlined in Annexes 3 and 5 of the MFTR, and in Cabinet of Ministers' Resolution Number 409.**

Answer:

According to the Cabinet of Ministers' Decree, No. 137 dated 31 March 1998 the Ministry of Foreign Economic Relations is authorised to register import contracts not executed by using own currency.

Registration of such category of contracts provides essential assistance to companies in their foreign business activity by preventing infringement of international trade rules and existing national legislation, artificial increase of contract prices and consequently unjustified outflow of hard currency from the republic.

**Question 44.**

**Why does the procedure set out in these documents not qualify as import licensing?**

Answer:

Registration of such category of the contracts cannot serve as a barrier for free trade. On the contrary, it is considered to be a substantial assistance for companies in carrying out a foreign economic activity by preventing violation of international trade rules and existing legislation, artificial increase of contract prices and consequently unjustified outflow of hard currency from the republic.

**Question 45.**

**Under the terms of Article 1, paragraph 6 of the Agreement on Import Licensing Procedures, a WTO member may not require an import licence applicant to deal with more than one administrative body (though up to three bodies may be involved if it is "strictly indispensable"). Cabinet of Minister's Resolution Number 287 of 25 July 1995 delegates responsibility for import licensing to MFER in the first instance. The Resolution then requires applicants to obtain and present "expert conclusions" from the Ministry of Labour, Ministry of Culture and the State Committee on Nature. Please explain how these three bodies are "strictly indispensable" as per the terms of Article 1, paragraph 6 of the Agreement on Import Licensing Procedures.**

Answer:

The Cabinet of Ministers Decree No.137 dated 31 March 1998 contains a list of specific goods (works, services) that are exported or imported under permission executed by authorised bodies of the Republic of Uzbekistan.

According to the given list, the execution of such permissions is carried out by each of the authorised body only for definite category of goods.

There is no need for importers' request to all defined official channels in order to get a permission for a concrete category of goods.

**Question 46.**

**If indispensability is established, which of these four Agencies will be deleted from the list to ensure full compliance with the terms of the Agreement on Import Licensing Procedures.**

Answer:

Please refer to the information above.

**(g) Other border measures**

**Question 47.**

**Is the issuing of the "passport of import operations" automatic on the presentation of the requested documentation? Is this "passport" required in the case of all import transactions?**

Answer:

In accordance with the Resolution of the Cabinet of Ministers of the Republic of Uzbekistan dated 13 March 1995, a passport of import operations is compulsory for all import transactions in order to register the import.



**(h) Customs valuation**

**Question 48.**

**With reference to the Agreement on Implementation of Article VII of GATT (1994) (the Customs Valuation Agreement), please explain the operation of Uzbekistan's customs valuation regime.**

Answer:

The Law of the Republic of Uzbekistan "On the Customs Tariffs" contains provisions on determination of customs valuation. Accordingly to the above mentioned law, since 1 January 1998 rates of customs duties will be calculated on base of customs value of goods (works, services).

As customs legislation has established the customs valuation is used for assessment of *ad valorem* rates of customs duties, tariffs, value added taxes and excise taxes. Customs valuation is also used for keeping statistics on foreign trade.

According to the mandated requirements, certificates, invoices and contracts must be presented to the customs bodies for document processing of transition of goods (services) on the border.

A staff of customs house has a right to ask for documents that were used as a basis of filling out a declaration in cases when the submitted data raises some questions or doubts.

The principles of the Law of the Republic of Uzbekistan "On Customs tariffs" are elaborated on the basis of the WTO Agreement on customs valuation and also accord to the rules of WTO.

**Question 49.**

**When will Uzbekistan update Article 25 of the Customs Tariff Law to comply with the relevant sections of the Customs Valuation Agreement?**

Answer:

The article 25 of the Law "On Customs Tariffs" contains rules of origin but not provision on the customs valuation. At the same time provisions on customs valuation of imported goods became effective since 1 January 1998 in accordance with the Law of the Republic of Uzbekistan "On Customs Tariffs". This provision fully complies with requirements of the WTO.

**(j) Pre-shipment inspection**

**Question 50.**

**The pre-shipment inspection process has improved markedly in Uzbekistan over the past twelve months. Nevertheless, problems remain. Most WTO members allow for green channel customs clearance and minimise additional inspection, testing and opening of sealed containers by Customs. This is not the case in Uzbekistan. When will Uzbekistan institute a comprehensive green channel customs system for importers?**

Answer:

According to the Decree of the Cabinet of Ministers of the Republic of Uzbekistan, 1534 of 3 December 1997 operation on holding of independent analysis of the contracts and pre-shipment

inspection of imported goods is carried out in the republic. The Provision for its realisation was approved and the created Coordination Council including representatives of leading ministries, departments and consulting firms is authorised to make operative decisions on matters arising in holding independent analysis of the contracts and pre-shipping inspection of the goods. The realisation of pre-shipping inspection by companies engaged in foreign trade has a non-mandatory character.

The system of "green customs channel" for containers with imported goods is not applied in Uzbekistan now but a mechanism on introduction of the given system in relation to the imported goods that passed pre-shipping inspection in the state - exporter is on phase of development. When accumulated experience, information materials and also appropriate hardware of customs services permit to further, a transition to a principle "of green customs channel" will be possible consequently.

**(k) Application of internal taxes on imports**

**Question 51.**

**The application of domestic taxes to imports is subject to the basic principles of GATT Article I (MFN) and Article III (national treatment). The Memorandum does not demonstrate that these principles are observed by Uzbekistan, indeed there seem to be a number of ways in which the system is discriminatory.**

Answer:

Current rates of customs duties are applicable to goods imported from countries to which Uzbekistan does not grant the MFN privilege.

The rates of existing customs duties are doubled for importers or exporters from a country to which Uzbekistan does not grant the MFN privilege.

**Question 52.**

**Is the VAT rate of 20 per cent (or 10 per cent for four types of food stuffs) applied equally to goods produced in Uzbekistan, goods produced in and imported from the CIS states, and goods imported from other third countries?**

Answer:

According to the Tax Code of the Republic of Uzbekistan a production made in Uzbekistan and goods imported from countries of CIS and other countries are levied with the 20 per cent VAT tax.

Production of the food of special social significance is levied with the 15 per cent tax and this tax is applied uniformly regardless a country of origin.

**Question 53.**

**At which point is VAT levied on domestically-produced goods - at the point of production or the point of sale?**

Answer:

Object of taxation for added cost tax is a turn-over on realization of the goods (operations, services) for local manufacturers. Turnovers on realization of the goods (operations, services) are being understood as a shipped production, executed operations, rendered services.

**Question 54.**

**When VAT is levied on imported products, is it assessed on the basis of the customs value of the goods, or on the value of the goods plus customs duties?**

Answer:

According to the Article 70 of the Tax Code, a rate of the VAT on imported goods is included to its customs cost defined accordingly to the customs legislation and also a sum of the excise tax and import customs duties payable for import of the goods.

**Question 55.**

**Are the exemptions for technological equipment pursuant to the Presidential Decree of 19 January 1998 applied in a non-discriminatory fashion? Are these exemptions temporary?**

Answer:

According to the Decree of the President of the Republic of Uzbekistan 'UP-1919 from 19 January 1998, exemption from payment of the VAT for a purchase of the technology equipment are applied in the following cases:

- for a purpose of the investment projects financed at the expense of the foreign credits secured by the Government;
- for rehabilitated and reconstructed enterprises specializing on production of the consumer goods;
- in relation to foreign investors if the technology equipment is considered as their contribution in capital stock of enterprises with the foreign investments.

At the same time the privileges are granted on the imported goods regardless a country of origin and shipment. Validity of the Decree concerning the indicated items is not limited.

Simultaneously the above mentioned act stipulates a clearing of the VAT on goods imported by state commerce company "Uzselhoznabremont" and the company of "Uzselhozmash-holding" under order of the Government and sold to tractor parks specialized in agricultural engineering, components and spare parts for the period of two years.

(ii) *Excise tax*

**Question 56.**

**The excise rates, and the goods on which they are levied, as set out in Annex 9 of the Memorandum reveal a range of discriminatory practices which will need to be eliminated before Uzbekistan's accession to the WTO. For a number of categories e.g.**

	Code	Imported	Exported	Produced in Uzbekistan
Beer	2203	35, but not < 0.3 ECU/1	50%	20%
Alcohol	2204-2206	90%	50%	65%
Video equipment	8521	25%	50%	
Cars	8703	2.2 ECU/1cc -2.8 ECU/1cc*	3 ECU/1cc**	

\* except cars imported from the Russian Federation that are levied with a five per cent tax.

\*\* specifically cars produced by JSC "UzDaewooAuto"

### Question 57.

**Do we understand correctly that, in some cases, goods produced domestically for domestic consumption are subject to different rates of excise tax than those produced domestically for export?**

Answer:

The given questions require separate discussion and can be both a subject of negotiations with Member countries and concessions for the accession to the WTO.

Regarding cars the excise tax amounting to five per cent of the contract value was set for new cars produced and imported from the Russian Federation in accordance with the Agreement on Free Trade between the Republic of Uzbekistan and the Russian Federation, Resolution No.188 issued by the Cabinet of Ministers of the Republic of Uzbekistan on 14 April 1997. The Russian Federation has also fixed a five per cent rate of excise tax for new cars produced and imported from the Republic of Uzbekistan. This situation is not inconsistent with the provisions of WTO Agreements concerning relations between non-members of the WTO.

### Question 58.

**Does Uzbekistan accept that its current excise tax system (with its different levels and/or methods of calculation for imported and domestically produced goods) is not compatible with Articles I and III of the GATT 1994?**

### Question 59.

**What measures is Uzbekistan taking to bring its excise tax system into line with the national treatment principle? What is the anticipated timetable?**

### Question 60.

**Does Uzbekistan intend to eliminate excise duties on the export of certain goods?**

Answer:

Uzbekistan supports idea of transition to a general approach in application of indirect taxes based on a principle of country of destination that allows creating the most favoured nation treatment in mutual trade with the state-members of the CIS.

At present the principle of destination is applied in the republic. According to the Tax Code, export of excise subject goods is free of payment of the excise tax under a term of observance of the reciprocity principle by a state of importer. Concerning the VAT the "zero" rate taxation of exported

goods (operations, services) including export to countries of the CIS for a hard currency is provided, if the intergovernmental agreements do not stipulate the other.

**(l) Rules of origin**

**Question 61.**

**Please clarify whether proof of origin is required for products originating from all countries or only from those countries exporting to Uzbekistan under a preferential scheme?**

Answer:

According to the Article 28 of the Law of Republic of Uzbekistan "On the Customs Tariffs" a certificate of origin of the goods confirms origin of goods from the given country.

At the moment of import of the goods to the customs territory of the Republic of Uzbekistan the certificate of origin of the goods is obligatory to be presented:

- For the goods originated from countries to which Uzbekistan grants customs preferences;
- For the goods that are subject to import quantitative restrictions (quotas) or other measures of regulation of foreign trade;
- In cases when information on origin of the goods is absent in the documents represented for customs clearance or the customs house has a ground to doubt on truthfulness of the submitted information on origin of the declared goods;
- If it is stipulated by the legislation and international agreements of the Republic of Uzbekistan.

**Question 62.**

**Under what circumstances might a "group of countries be considered as one country for origin purposes"? For example, does the European Community count as one country for origin purposes?**

Answer:

A group of countries can not be considered as one country of origin, according to the Uniform Methodology of Customs Statistics.

The normative acts of Republic of Uzbekistan provide a definition of origin of the goods produced with participation of the manufacturers of two and more countries according to the criterion of "sufficient processing", i.e. on change of a commodity item or by the rule of *ad valorem* share.

**(m) Anti-dumping regime**

**Question 63.**

**When does Uzbekistan foresee that a WTO consistent antidumping law will be in place? Could Uzbekistan, submit to the Working Party the draft of this law when it is ready?**

Answer:

Terms of passing the Law will be provided additionally.

**(n) Countervailing duty regime**

**Question 64.**

**When does Uzbekistan foresee that a WTO consistent countervailing duty regime will be in place? Could Uzbekistan submit to the Working Party the draft of this law when it is ready?**

Answer:

Terms of passing of the indicated Law will be provided additionally.

**(o) Safeguard regime**

**Question 65.**

**When does Uzbekistan foresee that a WTO consistent safeguard regime will be in place? Could Uzbekistan submit to the Working Party the draft of this law when it is ready?**

Answer:

Terms of passing of the indicated Law will be provided additionally.

**2. Export Regulations**

**(a) Registration requirements for engaging in exporting**

**Question 66.**

**What are the conditions required for the issuing of the export registration?**

Answer:

As the legislation of Uzbekistan and public policy goals on stimulation of export set the export of commodities is not subject to registration except export of eight commodities that must go through a process of registration of the contracts in the MFER.

Main terms of registration are:

- Conformity of the contract to conventional norms of the International trade law;
- Conformity of the contract to the current legislation and international obligations of Uzbekistan;
- Conformity of the prices indicated in the contract to world average prices and usual market conditions;
- Availability of conclusions of the authorized ministries and departments on export of the specific goods, processing equipment, technologies (know-how), their patents and licenses.

**(c) Quantitative export restrictions**

**Question 67.**

**Why is a private trader in cotton only able to export cotton through one of the three organisations listed in question 21?**

Answer:

In accordance with the decisions of the Government, as well as the legal documents, export of the cotton fibre is centralised mainly through foreign trading companies of the Ministry of foreign economic relations.

Using of such scheme is mainly stipulated with a lack of experience of domestic producers in export operations. Domestic exporters have additional concerns with export operations and this results in minor distractions of usual production cycle and the scheme provides for producers with high quality services (transportation, warehousing and etc.).

It is also very important to support stable prices for the mentioned products in the world market in a view of Uzbekistan's being the second greatest leader on cotton export.

In accordance with international practice, prices of commodities are established on the basis of the quotations existing in international exchanges for that given product.

**Question 68.**

**Why is the export of grain prohibited (Annex 6, page 79, MFTR)?**

Answer:

Export ban of grain crop and some other products is a temporary action that is directed to supplying local consumer with products of goods of first necessity. Insufficient local production of these products serves as primary reason of that.

When the programmes on economic development are fully implemented, not only domestic demand for such products but also interests on their exporting will be satisfied as it has been foreseen and expected. Here significant successes were reached for a short period of time and in the near future these problems will be solved.

**(d) Export licensing procedures**

**Question 69.**

**For each product subject to export licensing, please provide the WTO justification for requiring such licensing.**

Answer:

For the purposes of further liberalization of foreign trade, improvement of regulation of export-import transactions and enhancement of export of goods produced by local enterprises, the Decree of the President of Republic of Uzbekistan 'UP-1871 "On Additional Measures on Stimulation of Export of Goods (operations, services)" dated 10 October.1997 from 1 November 1997 abolishes a licensing of export of goods (operations, services), except specific goods according to appendix to the Decree.

The list of the specific goods that are subject to export or import licensing by the Ministry of Foreign Economic Relations on the basis of the orders of the Cabinet of Ministers of the Republic of Uzbekistan include:

- Arms and military equipment, special furnishing items for their production;

- Precious metals, alloys, items made from them, ores, concentrates, scrap metal and waste, precious natural stones and items made from them, waste powders and recuperate of precious natural stones, pearls and items made from it, amber and items made from it;
- Uranium and other radioactive substances, items made from them, radioactive waste substances;
- Gears and equipment using radioactive substances.

(i) ***Prohibitions***

**Question 70.**

**'The export of grain is currently prohibited.' (Add.2 page 72). Has the government of Uzbekistan the intention to abolish this export ban?**

Answer:

Prohibition of export of grains is a temporary measure aimed at protection of a domestic consumer by providing with the products of essential needs and mainly stipulated by difficulties of transaction period. Firstly, this is considered to be inadequate domestic production of grains.

Along with gradual carrying out programmes on economic development a full provision of the domestic consumers with grains product as well as export of grain is being planned. For a short time considerable achievements have been attained here and this matter will be solved soon.

(e) **Other measures**

**Question 71.**

**Pursuant to the provisions of Article 80 of the Tax Code, we understand that Uzbekistan maintains the system of collection of excise duties at the point of production, in particular as far as its trade relations with other members of the CIS is concerned. However, a number of other CIS are in the process of changing to a levying such taxes at destination rather than at source, thus aligning to a more transparent system consistent with international practice. Is Uzbekistan also changing its practice in this way?**

Answer:

Uzbekistan supports the idea of transition to a general approach in application of indirect taxes by a principle of country of destination that allows creating the most favoured nation treatment in mutual trade with the state-participants of the CIS.

According to the Tax Code of the Republic of Uzbekistan the export of excise subject goods is not levied with the excise tax except cases of realization of the goods (operations, services) into countries which apply a taxation regime in relation to export of goods (operations, services) into the Republic of Uzbekistan

The export of goods (operations, services) for a hard currency is levied with "zero" rate VAT if the other terms are not stipulated by intergovernmental agreements.

Simultaneously the Republic of Uzbekistan brings a system of application of taxes in conformity with international practice by reaching bilateral agreements "On Principles of Levying Indirect Taxes on Import and Export of Goods (operations, services) with Countries of the CIS" (signed with Azerbaijan, Kazakhstan, Kyrgyzstan and Moldova).



(i) *Minimum export prices*

**Question 72.**

**Concerning the export contracts for raw materials, please provide more information regarding the price investigations by MFER.**

Answer:

Along with other functions the Ministry of Foreign Economic Relations (MFER) also analyses prices indicated in export contracts which are registered by MFER. These prices should correspond to average world prices as well as to existing situation in market of the same goods.

(ii) *Excise tax on exports*

**Question 73.**

**Please explain the provisions and purposes of the current system of excise tax in respect of the export of agricultural goods.**

Answer:

According to the Tax Code, export of excised goods are not levied with a tax except cases when Uzbekistan exports goods to states which apply a taxing regime for goods imported from Uzbekistan.

(f) **Export financing, subsidy and promotion policies**

**Question 74.**

**With reference to the Agriculture Agreement definition of the term, can Uzbekistan confirm that it has no export subsidies in place at the current time and that it will therefore bind such measures at zero upon accession?**

Answer:

The legislation of the Republic of Uzbekistan, programmes on a development of export potential of the republic and enhancement of productivity level in agriculture consider using only a tariff regulation in this area. Simultaneously, the Republic of Uzbekistan provides for measures in accordance with provisions on “green box” of the Agreement on Agriculture.

**3. Internal Policies affecting foreign trade in goods**

(b) **Technical regulations and standards**

**Question 75.**

**Please confirm that Uzbekistan is a member of the Office of Epizootics.**

Answer:

The Republic of Uzbekistan is a member of the Office Internationale des Epizootie since 12 October 1992.

**Question 76.**

**When does Uzbekistan plan to join the International Plant Protection Convention?**

Answer:

Uzbekistan is considering a question of joining to a membership of the International Plant Protection Convention.

**Question 77.**

**Which Agencies are the designated enquiry points as required by the SPS Agreement (annex B) and the TBT Agreement (Article 10)?**

**Question 78.**

**Are these enquiry points currently functioning? Please provide updated contact details.**

Answer

No any Specialised Information Agencies that meet requirements of the Agreement on the Application of Sanitary and Phytosanitary Measures and on Technical Barriers to Trade have been established. However, every ministry and governmental department that authorised to hold a sanitary and phytosanitary control has an information center where one can obtain comprehensive information on these issues, including issues on technical barriers to trade. A list of information agencies is available in Annex 5 of the Memorandum (Part 2, paragraph b). These information agencies exist today.

**Question 79.**

**Where are the notification procedures directed under Annex B of the SPS Agreement and in what Uzbek publications are draft legislative measures presented?**

Answer:

All procedures on public awareness of sanitary and phytosanitary control can be obtained directly at the information centres of the Uzbek State Center of Standards, Metrology and Certification of the Cabinet of Ministers and Ministry of Health of the Republic of Uzbekistan the addresses and telephone numbers are given in the Annex 5 of the Memorandum (Part 2, paragraph b).

The address of "Uzglavgoskarantin" of the Ministry of Agriculture and Water Resources of the Republic of Uzbekistan is the following:

The Republic of Uzbekistan,  
Tashkent, 1 tupic Babur, 17,  
Tel: (998-712) 55 62 39.

**Question 80.**

**Please describe the consultative process the Government of Uzbekistan engages in before it issues legislation relevant to the TBT and SPS Agreements.**

Answer:

During a preparation or introduction of alterations to the existing legislation in order to provide its accord with joined Agreement on Sanitary and Phytosanitary Measures and Agreement on Technical Barriers to Trade special consultations will be held with leading specialists of appropriate ministries and governmental departments and additionally, the existing legislation will be brought into accordance with international agreements signed by the Republic of Uzbekistan.

**Question 81.**

**When will UzGosStandard set in place the requisite legislation to implement the agreements it has reached with international inspection agencies?**

Answer:

At present time UzGosStandart has begun a workshop on preparation of law drafts aiming at performance of agreements on confirmation of conformity.

**Question 82.**

**Will .Uzbekistan be able to accede to the TBT-agreement from the first day of accession to the WTO? What practical steps is Uzbekistan taking/planning to take to prepare for the accession to the TBT Agreement (TBTA)?**

Answer:

At present Uzbekistan is working on bringing the Laws of the Republic of Uzbekistan "On standardization", "On metrology" and "On certification of products and services " in conformity with WTO requirements.

**Question 83.**

**Could Uzbekistan please describe the work carried out to establish the national Enquiry Point. Will it be fully operational on the date of accession to the WTO?**

Answer:

After joining the Agreement on TBT Uzbekistan will be ready to follow requirements on notification. This function will be assigned to a created information center providing a fund of the normative documents on standardization, certification and technical barriers in trade (Uzgosstandart). The fund of the normative documents Uzgosstandart consists of more than 60 000 items, including 10,000 international standards of ISO.

**Question 84.**

**Can Uzbekistan agree to uphold the standstill commitment also in this area, in that new technical regulations, standards, conformity assessment procedures and labelling requirements introduced as from 1 January 1999 should be fully TBTA compatible?**

Answer:

No, Uzbekistan can not agree to new technical requirements, standards, and procedures on estimation of TBT conformity at once since a certain timeframe for organization and preparation is necessary.

**Question 85.**

**Does the legislative system allow sufficiently long lead times for phasing in of new legislation in order to allow economic operators to adapt their products or production methods? What is the average lead time given from the adoption of new rules to their entry into force?**

Answer:

Yes, the state system of standardization grants an opportunity to enterprises to adapt products or production process. The manufacturers develop independent system of measures on implementation of the normative acts accordingly to requirements of RST UZ 15.001-93 "System of Development and Delivery of Products. Production for technological purpose".

**Question 86.**

**Does the legislation explicitly provide for non-discrimination between and national treatment of foreign exporters and domestic producers and their goods? Please indicate relevant references.**

Answer:

The legislation of the Republic of Uzbekistan concerning standardization and certification is not discriminative in nature in relation to any party and it creates equal conditions both for local manufacturers and foreign producers. It is confirmed by the Laws of the Republic of Uzbekistan "On standardization", "On metrology", "On certification of products and services ", and also basic acts of National System of Certification of the Republic of Uzbekistan which were developed on the basis of requirements of the international documents, in particular of manuals ISO/MEK and the EN requests that eliminate any opportunity of discrimination in relation to any party.

**Question 87.**

**Could Uzbekistan please provide an overview of regulations relating to different products/product areas if such legislation exist.**

Answer:

No legislation or special regulations concerning different products/spheres of production exist currently in the Republic of Uzbekistan.

**Question 88.**

**Are the standards used in Uzbekistan voluntary or mandatory; if mandatory, could Uzbekistan please state the rationale behind this?**

Answer:

At present, 80 per cent of the applied standards is mandatory (statutory) and 20 per cent is voluntary in Uzbekistan

**Question 89.**

**Has Uzbekistan the intention of gradually moving from the use of former GOST-standards to the use of international standards; if so, what is the timetable and the priorities for this change-over? When will the standards programme be publicly published?**

Answer:

A work on a gradual transition from the GOST to the international standards has been undertaken in Uzbekistan. The harmonization of the GOST and local normative documents in accordance with the requirements of international standards of ISO is also carried out.

**Question 90.**

**Could Uzbekistan please provide more in-depth information on the procedures and requirements connected with the mandatory and the voluntary system of certification. For example: Does the Uzbeki certification system contain the possibility of using a manufacturers' declaration?**

Answer:

The Uzbek system of certification provides manufacturer with the procedure of manufacturer's declaration about the conformity of its production. Mandatory certification applies to products indicated in Specification of Production subject to certification approved by the Cabinet of Ministers of the Republic of Uzbekistan upon the Uzgosstandart's proposal.

The voluntary system of certification applies to the production that is not listed in the Specification. The procedure of certification meets international requirements.

**Question 91.**

**Are fees and standard processing times for conformity assessment procedures publicly published?**

Answer:

Information about a cost of certification including the costs of testing of the production is available for public and any applicant can get the information about cost and duration of certification procedures.

**Question 92.**

**Has Uzbekistan developed a quality assurance system? Could Uzbekistan please provide further information on this system or on any plans to develop such a system.**

Answer:

There are basic documents concerning elaboration, implementation, procedures and recommendations on the documents that are harmonized in accordance with the international standards ISO/MEC EN RD Uz 51-025-94 NSS RU "The system of certification of quality systems. Methods of conduction", e.g. Meanwhile, international standards ISO 9,000 and IS 8,402 standards for the management systems have been adopted as government standards of the Republic of Uzbekistan. "The state programme on quality control for up to 2,005" including the development of quality systems by training specialists, improvement of quality and competitive characteristics of products, harmonization of production standards and methods of testing in accordance with the international requirements have been also elaborated.

**Question 93.**

**Has Uzbekistan developed a post-market surveillance system? Could Uzbekistan please provide further information on this system or on any plans to develop such a system.**

Answer:

The Republic of Uzbekistan has developed a system of post-market control of production according to the requirements of the Law of the Republic of Uzbekistan "On State Supervision". This type of control is also stipulated in one of the certification schemes of serial production.

**Question 94.**

**The present list of goods subject to mandatory certification is notably comprehensive and would seem to constitute a barrier to trade without protecting the Uzbeki consumers from the real risks, since it mainly contains more or less low-risk products or products that are better controlled through post-market surveillance. Is Uzbekistan considering to move from certifying all these products by a third party to certain high-risk products?**

Answer:

At present, Uzbekistan considers an issue of transition to a certification referring to the third and highest group of risk. Thus, Uzbekistan has started elaboration of documents providing normative for products referred to the above mentioned sphere in the area of environment protection.

**Question 95.**

**Could Uzbekistan also please provide further information on its accreditation system.**

Answer:

There are a number of documents describing and defining accreditation system in the Republic of Uzbekistan. These procedures have been developed on the basis of guiding documents of European Community EN 45,000 and the guidelines of ISO/MEC 25.

**Question 96.**

**To what degree is Uzgosstandart today an independent body e.g. has the symbiosis between regulatory and implementing functions been dissolved and has a distinction between accreditation and certification functions been made?**

Answer:

According to the Decree of the Cabinet of Ministers N93 dated 1992 and the Laws of the Republic of Uzbekistan "On Certification of Goods and Services", "On standardization", "On Metrology", the Uzgosstandart is a national body of the Republic of Uzbekistan in the above mentioned spheres of activity Presently, functions of accreditation and certification are distributed among administrative sections of the Uzgosstandart.

**(c) Sanitary and phytosanitary measures, including measures taken with respect to imports**

**Question 97.**

**Will Uzbekistan be able to accede to the SPS-agreement from the first day of accession to the WTO? What practical steps is Uzbekistan taking/planning to take to prepare for the accession to the SPS Agreement?**

**Question 98.**

**Could Uzbekistan please describe the work carried out to establish the national Enquiry Point. Will it be fully operational on the date of accession to the WTO?**

Answer:

The laws on state sanitary supervision (03 July 1992) and on quality and safety of the foodstuff (30 August 1997) have been adopted in Uzbekistan. The sanitary-epidemiological safety of the population as well as safety of foodstuff imported and produced in Uzbekistan is maintained according to these laws. At present, the process of reviewing of these laws is taking place in accordance with the Agreement on Sanitary and Phytosanitary Standards of WTO.

The Ministry of Health that elaborates necessary normative documents follows provisions and norms of international standards.

**(e) State-trading practices**

**Question 99.**

**Please describe in detail the Government's role in the purchase and export of the grain and cotton crops.**

Answer:

In Uzbekistan a system of state orders is functioning with a purpose of state regulation of production of first necessity foodstuff which has a strategic importance for economy of the republic. This system is a temporary measure of transition to civilised market relations aimed at the support of output volumes of national food production and ensuring a financial base for reforms held in Uzbekistan by using of tariff regulation.

**Question 100.**

**Please explain the justification for the centralised purchase of these goods at below world market prices.**

Answer:

Contracts with producers of the above mentioned products are signed long before its growing. State purchasing agencies make prepayments to agriculture producers in order to cover expenditures connected with preparatory works, sowings, watering, harvesting and etc.

Taking into consideration such conditions, centralised purchasing of grain and cotton products cause a low price to them. This corresponds the world practice in dealings with future contracts.

**Question 101.**

**Please provide more information on the kinds of barter transactions described as being "rare" and mainly for state needs (page 51 MFTR).**

Answer:

In accordance with the Decree of the Cabinet of Ministers of the Republic of Uzbekistan No. 280 dated 13 August 1996 and the attachment (49 positions), barter based export operations of the mentioned goods are prohibited with aim to rationalise using export sources that have high liquidity in the world market and increase income in foreign currency.

Export of goods that mentioned in the attachment on the clearing base can be done to the CIS and Baltic States only under the Intergovernmental Agreements by the decision of the Cabinet of Ministers.

Barter contract on export of goods which are not included to the attachment could be done in exceptional cases under authorisation of decisions of Ministers Council of Karakalpakstan Republic, regional khokimiats and khokimiat of the city of Tashkent only with the producers from the CIS and Baltic countries (in the case of grocery products) or with the producers of export goods for exchange of the equipment oriented to production of technology.

**Question 102.**

**What goods are commonly bartered on?**

Answer:

The import of products for manufacturing or technical purposes is considered a matter of the highest priority in carrying out barter transactions in the Republic of Uzbekistan.

**Question 103.**

**On what basis is a barter contract established?**

Answer:

See the information mentioned above.

**Question 104.**

**Please explain in greater detail the specific role of the Republic Commission for Coordination of Tenders for the Procurement of the Main Foodstuffs for the State Needs.**

Answer:

The Republican Commission on Coordination of Tenders on Government Procurement has been established by the Decree of the Cabinet of Ministers N397 for organisation and making decisions on holding tenders.

Currently, Uzbekistan has a general practice of conducting two types of tenders: open (with unlimited number of participants) and closed (with limited number of participants). The Republican Commission on Coordination of Holding Tenders makes decisions concerning the number of participants in matters of closed tenders. Open tenders (auctions for the best offer contract) are



conducted among companies of the Republic of Uzbekistan and relevant information about them is published in the republican mass media.

“Uzbektenderconsulting” agency of the MFER of the Republic of Uzbekistan is an executive body of the Republican Commission on Coordination of Holding Tenders and engaged in organisation of tenders on a right to supply food products for satisfaction of consumers demand and governmental needs.

Ministries and departments have also a right to carry out independent tenders.

**Question 105.**

**On what basis does the Commission determine which companies pass through the pre-qualification phase?**

Answer:

In accordance with the rule 8.2 of the Appendix N2 to the Decree of the Cabinet of Ministers of the Republic of Uzbekistan N454, pre-qualification selection of claimants is carried out by “Uzbektenderconsulting” agency in accordance with the formal Rule of Organisation and Holding Closed Tenders and needs approval of the Republican Commission on Tenders. In order to participate in pre-qualification selection, claimants should present:

- The official letter to the MFER with short description including a history of a company, main areas of activity and products (works, services) offered, financial information, work experience in Uzbekistan or other CIS countries;
- A letter of recommendation from a bank of the company;
- The certified extract about the company's registration in the competent governmental agencies of the country of registration;
- Recommendations from well-known foreign partners or not less than three recommendation letters from companies of the Republic of Uzbekistan;

A company is not allowed for participation in tender if:

- it is bankrupt or in process of reorganisation or liquidation;
- it did not present documents required for passing pre-qualification selection (including bank guarantees for the fulfilment of financial obligations) in scheduled date;
- its financial, commercial or production indicators do not satisfy requirements of the Commission.

Decisions on pre-qualification selection of companies are made by Committee on the basis of submitted datum by companies wishing to take part in tender.

**Question 106.**

**What formal administrative mechanisms are in place to ensure that there are no conflicts of interest in decisions taken by the Commission?**

Answer:

All disputes arising out from carrying out tenders are settled in accordance with the acting legislation of the Republic of Uzbekistan.

**Question 107.**

**The MFTR states that tender information is supplied to the “mass media”. Please specify the mass media outlets (eg names of journals, newspapers etc).**

Answer:

As has been mentioned above, depending on the specific type, tenders can be open or closed (with a limited number of participants). The companies that have satisfied the presented requirements can take part in open tender. The information about open tenders is supplied to the companies through the publication of advertisements in such mass-media outlets as “Narodnoe Slovo”, “Pravda Vostoka” and “The business partner of Uzbekistan” newspapers.

**Question 108.**

**How regularly is such information provided?**

Answer:

Such an information is published when the Cabinet of Ministers adopts a decision about the carrying out of tenders.

**Question 109.**

**Which section in MFER is able to respond to foreign companies' inquiries about specific tender? Please advise telephone and fax contact numbers.**

Answer:

“Uzbektenderconsulting” agency of the MFER of the Republic of Uzbekistan. Phone: +998-(712) 68-75-10, fax: +998-(712) 68-75-96

**Question 110.**

**Please confirm that the right of farmers to sell grain directly to households or the State Procurement Agency has been conducted at well below market prices.**

Answer:

In 1998 a state order was placed only for 25 per cent from total production volume of wheat and barley and for 30 per cent of estimated volume of production of cotton-fibre.

The products of Dekhkan's farms (or farmers) have been sold at any prices and without any limitations.

In 1999 the state order for wheat and cotton was at the same level as in 1998.

Placing the state orders is stipulated with necessity of guaranteeing a supply with raw materials and meals domestic market and producers.

In accordance with mandated tasks on centralised production of some agricultural goods the State purchasing agencies establish business relations with producers on a contract basis. Agricultural contracts provide a mutually beneficial cooperation. In particular, frequently used future contracts are stipulate a payment for a future yield in order to make a successful sowings, trimming and other related measures for production of agriculture goods.

In such situation farmers find dealings with State purchasing agencies as beneficial since the business relations solve existing problems.

**Question 111.**

**Why does the Government maintain a STE for the export of cotton fibre and pay farmers below the world market price when the objective of the STE is precisely to protect farmers from such a practice (Annex 6, page 78 MFTR)?**

Answer:

The Uzbek foreign trade agencies in which the state has a share export the cotton-fibre as well as provide immediate financing of production. This is very essential component of successful planting, harvesting and other arrangements on production of agricultural goods.

In such situations it is beneficial for individual producers to work with procurement agencies that solve main problems confronted by producers.

**Question 112.**

**Please describe the corporate structure of Innovatsia, Uzmarkaz-Impex and Uzdavpakhtasanoatsotish.**

Answer:

The firm "Innovatsiya" was founded in 1988 and it had been reorganised into a Republican self financing foreign trade concern under the auspices of the Ministry of Foreign Economic Relations of the Republic of Uzbekistan in 1992.

Based on the Decree of the Cabinet of Ministers of the Republic of Uzbekistan No. 318 dated 15 August 1998. the company was again reorganised into the State joint-stock foreign trading company under the auspices of the Ministry of Foreign Economic Relations. The share of the State is 51 per cent.

The main area of activities of the Company is exportation of commodities, final goods, technologies and know-how, which are sold in relation to implementation of the State order. The main items that are imported by the company are machinery, equipment, technologies, consumer goods and other products, which are in demand in the domestic market. Besides that, firm "Innovatsiya" provides consulting services in the field of foreign economic activities, creation of Joint venture companies, implementation of investment projects.

Postal address:

Republic of Uzbekistan 700077,  
Tashkent Str. Buyuk Ipak Yuly, 73  
Tel: (3712) 68 77 42  
Fax: (3712) 68 77 33

Within the structure of the company "Innovatsiya" there are a number of smaller foreign trading firms that are the following:

- "Inagro"
- "Raznoimpex"
- "Integratsiya"

- "Invest"
- "Center for consulting and engineering services"

The geographical areas of main activities of the company are: Germany, USA, Italy, Japan, Czech Republic, Slovakia, Russia, Ukraine, Panama, England, China, Thailand, Brazil, Poland, Austria, Turkey and others.

In 1998 the annual turnover of the company was US \$ 299.653 million, including revenues from exportation - US \$ 274,336 million and revenues from importation - US \$ 25,317 million.

The State-joint stock foreign trading company "Uzmarkazimpex" was reorganised into the State foreign trading concern "Uzmarkazimpex" in 1998. The share of the State is 51 per cent.

The main type of activities conducted by the company "Uzmarkazimpex" are to implement export import trading activities that are centrally allocated by the State, as well as to participate in the development and implementation of measures intended to expand the foreign economic co-operation.

In 1998 the annual turnover of the company was US \$ 435.25 million, including revenues from importation - US \$ 70.47 million. The main item of exportation is cotton fibre, which was exported at the level of 14 thousand tons. Among the importation items were: 299.9 tons of grain, 199.59 thousand tons of soybeans, 1.68 tons of butter, 20.76 thousand tons of sugar, 4.63 thousand tons of canned meat, 0.08 thousand tons of baby food, 0.35 tons of milk powder.

For the year 1998 gross revenues received from the sales of goods and services amounted to 1523.6 million sums. Financing of operations are done by means of combining external funds and the company's own funds.

Postal address:

Republic of Uzbekistan  
700077, Tashkent  
Str. Buyuk Ipak Yuly, 75  
Tel: (3712) 68 92 52 Fax:(3712) 68 75 55

In accordance with the Decree of the President of the Republic of Uzbekistan dated 7 November 1992 it was created the Uzbek State Joint Stock Association for processing raw cotton and sale of cotton products ("UZGOSHLOPKOPROMSBIT"), which has such main objects and directions of activity as:

- organising and carrying out all complex of workshops connected with purchasing, keeping and processing of cotton raw produced in the republic;
- realisation and supplying to cotton fibre consumers in volumes which is necessary to provide state needs on quotas of the Cabinet of Ministers under the President of the Republic of Uzbekistan including export with the licenses of the Ministry of Foreign Economic Relations of the Republic of Uzbekistan;
- realisation of cotton seeds to cotton sowing companies and oil-fat enterprises of the republic in accordance with established order of their using;
- supplying to consumers on direct agreements on cotton linter, ginmotes, down, and kenaf fibre also;
- improvement of economic relationships with cotton sowing companies in regard to purchasing and industrial processing of cotton fibre and shipment of freely realising of cotton fibre by them as well;
- providing of overall promotion to Karakalpak republican and regional associations in realisation of cotton fibre and other kinds of agricultural products which are given, in

- accordance with decisions of the Government, at disposal of companies for realisation on free (agreed) prices;
- conducting of single scientific and technical policy during purchasing. Keeping, industrial processing of cotton fibre, elaboration and inculcation of progressive anti-blockage technology which provides output of cotton fibre and other cotton products;
  - carrying out of centralised settlements for shipped products with suppliers and consumers in accordance with agreements and contracts.

**Question 113.**

**Please explain, with reference to the Understanding on the Interpretation of Article XVII of GATT 1994, the role which the state trading enterprises listed in Annex 6 of the MFTR play in the national economy of Uzbekistan.**

Answer:

Comprehensive information of these state enterprises and their role in economy of the Republic is given in paragraph 2 of Annex 6 of the Memorandum.

**Question 114.**

**New Zealand would also appreciate further information about the function of UzMyasoTorg.**

Answer:

The State Stock Society "Gosht-Sut Savdo" (UzMyasoTorg) is a full successor of the State Trade Production Union "Gosht-Sut Savdo". The enterprise has joined the system "Uzbeksavdo" by becoming one of the co-founders of the Stock Company "Uzbeksavdo". The main activity comprises a bulk trading of foodstuffs, in particular, import of foodstuffs into the Republic of Uzbekistan.

**Question 115.**

**Does the Government of Uzbekistan plan to notify this enterprise (UzMyasoTorg) under the terms of paragraph 1 of the Understanding on the Interpretation of Article XVII of GATT 1994? If not, why not?**

Answer:

The ordinary course of business of many foreign countries sets a practice of state trading agencies on centralised export and import of goods for public needs. The State Stock Society "Gosht-Sut Savdo" is a state enterprise and it fully complies with provision of paragraph 1 of the Understanding on the Interpretation of Article XVII of the GATT 1994 that establishes requirement not to act in manner "which influence through their purchases or sales the level or direction of imports or exports". All subjects of external economic activity of the Republic of Uzbekistan have a right to perform export and import transactions with "crossing" categories of goods.

**Question 116.**

**Please explain in detail the reasons why "a certain share of foreign trade in Uzbekistan continues to be carried out through Government channels, through the state order system... and the system of centralised exports" (Annex 6, page 77, MFTR).**

Answer:

The Republic of Uzbekistan applies a system of placing state orders with aim of regulation of a food production of urgent need and strategic importance for economy of the Republic. The goods purchased through state orders are being used primarily for satisfaction of domestic needs of population and enterprises.

Some goods from this group are of high liquid in international markets. The export of these goods provides the country with inflow of hard foreign currency.

Such a temporary regulation is aimed at supporting of production rates of domestic goods and a provision of financial basis for reforms on building civilised market relations in Uzbekistan.

**(f) Free zones**

**Question 117.**

**Please confirm that goods produced or imported into free zones under the special tax and tariff regimes envisaged for these zones will be subject to normal customs formalities, taxes and tariffs when entering the rest of Uzbekistan.**

Answer:

A transfer of the products from a regime of free customs zone to regimes of export or release for free circulation will require payment of the customs duties, taxes and measures related to economic policy applied depending on origin of products unless the law stipulates otherwise.

**(k) Trade agreements leading to country-specific quotas allocation**

**Question 118.**

**Please confirm whether Uzbekistan currently applies quotas, specifically with reference to agricultural goods.**

Answer:

No tariff quota has been established in the Republic of Uzbekistan. Uzbekistan has not ever used and currently is not using quantity restrictions on import.

**Question 119.**

**If quotas are currently applied, please explain the administration of these.**

Answer:

Import of some goods to Uzbekistan is strictly prohibited. These goods include printed sources, manuscripts, cliches, drawings, photos, films, negatives, audio-visual production, tapes that are aimed at destruction of state and social foundations, transgression of the territorial unity, political independence and state sovereignty and contain propaganda of war, terrorism, violence, national superiority, religious hatred, racism and its varieties (anti-Semitism, fascism) and also pornographic materials.

According to the Cabinet of Ministers Decree, No. 213 dated 15 April 1998 an import and transit of ethyl alcohol into customs territory of Uzbekistan is prohibited too.

**(l) Government procurement practices**

**Question 120.**

**We are unclear about the role of Uzbektenderconsulting (page 51, MFTR). Please explain what is meant by the description of this organisation as a "self supporting division under MFER".**

Answer:

“Uzbektenderconsulting” agency on holding tenders is a self-supporting organisation under the jurisdiction of the MFER and an agent of the Republican Commission on Coordination of Tenders on Government Procurement of the Main Foodstuffs for the governmental needs. The agency is established in order to increase efficiency of accomplishing procurement of main foodstuffs for the governmental needs.

**Question 121.**

**The MFTR states that the Republic Commission for Coordination of Tenders for the Procurement of the Main Foodstuffs for the State Needs is responsible for "pre-qualification selection," yet on the same page Uzbektenderconsulting is described as having the same role (page 51, MFTR). Please explain the difference in the functions of these two organisations.**

Answer:

The Republican Commission on Coordination of Tenders is established for a purpose of organisation, conducting of tender bids and adoption of all necessary decisions but main executive body that carries out practical organisation of tenders (conducting preliminary pre-qualification selection of suppliers, expert evaluation of bids, registration of documentation of the Republican Commission on Coordination of Tenders and etc.) is “Uzbektenderconsulting” agency.

**Question 122.**

**Please advise the basis for the calculation of the "fee" charged to suppliers seeking to submit a tender for a particular Government order.**

Answer:

In accordance with the Decree of the Cabinet of Ministers N137, import customs duties are not imposed on goods imported at expense of the Government budget in accordance with the decisions of the Government of the Republic of Uzbekistan.

Regarding a supply of goods which is financed from alternative sources import customs duties are applied in accordance with the current legislation.

**Question 123.**

**Are all these fees set at the same level and/or linked to particular products, or is there a distinction made between local and foreign companies? If the latter, why?**

Answer:

The rates of import customs duties are differentiated depending on type of particular product and a country of origin.

Goods originating from countries to which the Republic of Uzbekistan grants the MFN treatment are subject to import customs duties and their rates are defined in the legislation.

Goods originating from countries to which the Republic of Uzbekistan does not grant the MFN treatment are subject to import customs duties and existing rates are doubled.

**Question 124.**

**How are disputes in tenders resolved? Is the outcome binding on all parties?**

Answer:

The legislation of the Republic of Uzbekistan provides extensive systems of settlement of disputes between parties. The disputes may be settled in courts too. The court's decision is obligatory for each party.

**Question 125.**

**What recourse do foreign companies have in the event that they feel that their tender has been unfairly judged? Please describe the relevant procedures in detail.**

Answer:

In accordance with the legislation of the Republic of Uzbekistan, the judicial system provides appeal instances to which the parties may appeal in case of disagreement with the court's decision. Unjust decision can also be appealed or protested by the prosecutor.

**Question 126.**

**When and how will the framework for a competitive Government procurement regime be established?**

Answer:

The present system of conducting tenders creates broad competitive conditions for suppliers.

The draft of the new law "On the Government Procurement" that is said to be addressing issues of the government procurement is in a process of reviewing by the Government.

**Question 127.**

**Does Uzbekistan intend to join the Government Procurement Agreement?**

**Question 128.**

**Please submit to the Working Party the draft or finalized copy of the Law "On State Procurements".**

Answer:

The terms of submitting of the Law will be announced additionally.

**Question 129.**

**What is the overall value of public sector purchasing in Uzbekistan?**



Answer:

An overall value of public purchasing is determined by the Ministry of macroeconomics and statistics of the Republic of Uzbekistan.

The more detailed information for specific periods is published in the official statistical journals.

Scientific researches show that the overall public purchasing value is constantly increasing.

**Question 130.**

**Is price the only criterion for evaluating bids or are contracts also evaluated by reference to an "economically most advantageous offer" approach?**

**Question 131.**

**If so, under what conditions are the different evaluation methods used?**

Answer:

According to the legislation of Uzbekistan, main criteria for the registration of import contracts are:

- Conformity of contracts with generally recognized standards of world trade rules and current legislation of the Republic of Uzbekistan;
- Conformity of prices of the imported goods to prices for the same goods on the world markets on a day of signing the contract. In this case the Ministry for Foreign Economic Relations and consulting companies assist importers in selection of appropriate suppliers;
- Absence of indebtedness of an importer to the budget;
- Equipment and technologies imported by state representatives should not be obsolete and economically inefficient (based on conclusions of State Committee of Science and Technology, Uzgosstandard, State Committee of Nature of the Republic of Uzbekistan);
- Imported technologies (patent, licenses, know-how), equipment and other products must be ecologically friendly (based on conclusions of State Committee of Nature, Uzgosstandard, the Ministry of Public Health of the Republic of Uzbekistan);
- Positive conclusion for import and export of medicines of plant and biological origin and products of biological origin used by pharmaceutical industry (based on conclusions of the Ministry of Public Health and "Uzpharmindustry" concern).

It is important to point out that only import contracts not financed by own currency are registered at the Ministry of Foreign Economic Relations. The others are not subject to registration at the Ministry of Foreign Economic Relations.

The same criteria are applied for registration of export contracts.

**Question 132.**

**Is there a central agency which controls the legislation relating to Government Procurement and monitors possible infringements?**

**Question 133.**

**Do detailed rules exist on the requirement to publish tender and contract award notices? If so, what information must these notices contain, and where are they published?**

Answer:

Currently Uzbekistan excises a general practice of conducting two types of tenders: open (with an unlimited number of participants) and closed (with a limited number of participants). The republican Commission on Coordination of that is responsible for carrying out the tenders makes decisions on number of participants. Open tenders (auctions for the best offer contract) are held among companies of the Republic of Uzbekistan and information about them is published in the republican mass media.

"Uzbektenderconsulting" agency of the Ministry of Foreign Economic Relations of the Republic of Uzbekistan is an executive body of the Republican Commission on Coordination of Holding Tenders and responsible for organization of tenders for a right to supply food products for satisfaction the public demand and state needs.

The republican Ministries and Commission can also hold tenders independently.

**Question 134.**

**Can suppliers who dispute the award of a contract seek redress through national courts or a tribunal system?**

**Question 135.**

**What remedies are available?**

Answer:

Yes, they can. The procedure of dispute settlement is regulated by the legislation of the Republic of Uzbekistan and international agreements. However, such procedures are usually regulated by contracts in greater extent. The legal doctrine of the republic adheres to freedom of contracting parties.

**Question 136.**

**Does Uzbekistan have any trade agreements with other countries which cover public procurement? If so, which countries?**

Answer:

The companies of the country as well as any other foreign companies follow the other criteria for selection of trade partners but not the above mentioned. The selected partners can be companies from countries that also use the government procurement system.

**4. Policies affecting foreign trade in agricultural products**

**(b) Exports**

**Question 137.**

**Please provide the information requested in WT/ACC/4 on domestic support and export subsidies.**

Answer:

The Government of the Republic of Uzbekistan has established and carries out general policies and strategies on developing the market economy and increasing export potential of the country.

In order to realize the policies a whole system of measures (described in details in the presented Memorandum) relating to support of local enterprises producing import-substituting and export-oriented production is applied by the Government.

**V. TRADE-RELATED INTELLECTUAL PROPERTY REGIME**

**(c) Membership of international intellectual property conventions and of regional or bilateral agreements**

**Question 138.**

**In the document WT/ACC/UZB/2, Uzbekistan indicated in page 54 that there are exceptions to the national treatment ("foreign persons, foreign entities and stateless persons are charged higher dues and registration fees for objects of intellectual property than those imposed on CIS nationals and entities"). Table V-1 presents the different amount of fees. Does Uzbekistan believe that this different treatment is compatible with the national treatment provided for in Article 2 of the Paris Convention for the Protection of Industrial Property, which is incorporated by reference in Article 2.1 of the TRIPs Agreement? Does Uzbekistan envisage to eliminate this different treatment and when will it be eliminated?**

Answer:

The different amounts of patent fees as indicated in table V-1 of WT/FC/UZB/2 have been fixed by the Republic of Uzbekistan in accordance to a practice of WIPO, European Patent Department and other international and national departments and a set of privileges for applicants whose income level is US \$ 3,000 per a year and lower. Because of lack of clear direction about distribution of the mentioned privileges of applicants from all member-countries of Paris Convention on Protection of Industrial Property, these differences do not fully correspond to the national treatment presented in Article 2 of Paris Convention. The Republic of Uzbekistan is considering a reduction of differences between regimes and also planning to make relevant changes in current tariffs of patent fees by the 1st half of 2000.

**Question 139.**

**In respect of copyright and neighbouring rights, what limitations and exceptions to the exclusive rights are provided for in the laws on Copyright and Neighbouring rights and on legal protection of computer software and databases.**

Answer:

There are no any restrictions and exemptions to exclusive rights under the Laws of the Republic of Uzbekistan on “Copyright and Neighbouring Rights” and “Legal Protection of Computer Software and Databases”.

**Question 140.**

**What additional protection, if any, is provided by the registration of computer software and databases?**

Answer:

The system of official registration established under the Law of the Republic of Uzbekistan on “Legal Protection of Computer Software and Databases” plays an important role in legal regulation of relationships in creating and using of computer programmes because it settles a number of practical issues on additional protection.

The registration is a method to documenting of these relationships; the materials of application to registration are considered by court as a primary proof in disputes about copyright, property rights etc.

Certificates of official registration are official documents that confirm powers of right-holders in transmitting property rights for computer programmes. And the publication of information serves as a notification to society.

**Question 141.**

**What is the expected timetable for adoption of the draft law on layout designs of integrated circuits?**

Answer:

The draft of the Law on “Layout Designs of Integrated Circuits” was distributed to relevant ministries and departments for reaching conformity on the draft in the end of January 1999.

**(d) Application of national and MFN treatment to foreign nationals**

**Question 142.**

**Please refer the Working Party to the specific legislation which provides national treatment for the bids of foreign companies seeking to supply product to the Republic Commission for Coordination of Tenders for the Procurement of the Main Foodstuffs for the State Needs.**

Answer:

Corresponding acts are enclosed.

**(e) Internal policies**

**Question 143.**

**Please provide more information on the current policy of payments to agricultural enterprises. What is the time schedule for eliminating.**

Answer:

According to the Decree of the President of the Republic of Uzbekistan dated 31 December 1998 No. VII-2165, the "Fund on Settling for Agricultural Products Purchased for State Needs" was established under the authority of the Ministry of Finances. Fund's means are assigned for ensuring a timely payments on products purchased for state needs.

Referring to contracts the Fund provides prepayment and final payments for products (cotton, grains, rice) purchased on the state order.

Other products are purchased on agreed prices.

## **VI. TRADE-RELATED SERVICES REGIME**

### **1. General**

#### **Question 144.**

**Uzbekistan is requested to provide the Working Party as soon as possible with a substantial initial offer on services in the GATS framework, binding liberal market access conditions and national treatment guarantees on an MFN basis for foreign service suppliers.**

Answer:

The Republic of Uzbekistan has provided sufficient favorable conditions for foreign suppliers of services.

Existing measures of state regulation for some kinds of services are caused by a necessity of control on unscrupulous competition, ensuring by national safeguards, life, health, economic interests of consumers and environmental protection as well.

#### **Question 145.**

**According to the "Regulations on the Procedure of Bank Registration and Licensing" approved by CBU (letter No. 22 of the CBU of 25 January 1997), the requirement of the minimum size of the statutory capital of the banks with a foreign participation was lifted to US \$ 5,000,000. No information is given in the text if this is the case for domestic banks as well.**

**In this context, if banks with foreign participation have stricter requirements than domestic banks, then there is incoherence with both the principles of national treatment and market access. It is essential that competition between foreign and domestic banks is done under equal conditions also in Uzbekistan. Foreign banks should hence naturally not have a higher minimum size of statutory capital than domestic banks.**

Answer:

The minimum size of statutory capital for creating banks is fixed in the Item III.1 of "Provision on requirements to adequacy of the capital of commerce banks" of Central Bank No. 420 dated 2 November 1998, and for creating banks with participation of foreign capital and branches of foreign banks - in the Item 5.8 of "Provision on order to registration and licensing of banks".

According to these Provisions a minimum size of US \$ five millions is fixed for creating banks with participation of foreign capital and branches of foreign banks, and for other commerce

banks without participation of foreign capital has been US \$ two millions since 1 January 1999, since 1 January 2000 - US \$ 2.5 millions.

The reason of this approach in setting various requirements of minimum size of statutory capital for banks is explained by early stage of the reforming of bank system of independent Uzbekistan.

At that time all existing banks in Uzbekistan had not a sufficient experience in serving of international operations and much hope has been given to banks with foreign capital. Specifics of international bank operations requires to have a sufficient amount of foreign currency that's why higher levels of minimum statutory capital have been set for these banks and only these banks were permitted to have statutory capital formed fully or partially by foreign currency.

At the present time four banks with participation of foreign capital and one branch of foreign bank are functioning in Uzbekistan. These banks have brought own contribution in increasing competition in Uzbekistan's bank system and have taken an active part in carrying out international bank operations and assisting enhancement of a general culture of banking services.

**Question 146.**

**As no schedule of commitments is given and the amount of available information in this area is scarce, we cannot comment in detail.**

**However, we would like to point out that the sectors mentioned in the memorandum are very limited (legal services, health services, pharmacy services and education services) and this is, therefore, well below the substantial width in sectoral coverage that is normally required (accounting, auditing, taxation, architecture, engineering and construction services, for instance, are lacking).**

**As regards lawyers, we would like to stress that a foreign legal consultant must be allowed at least to provide legal advice in home country law, international (and EU) law, third country law and also to have access to civil and commercial arbitration when one of those laws is applicable.**

Answer:

There are no special restrictions in activity of foreign legal entities providing legal services in the Republic of Uzbekistan.

**Question 147.**

**Which trade agreements does Uzbekistan consider will need to be notified under Article XXIV of the GATT 1994 or Article V of the GATS?**

Answer:

The Republic of Uzbekistan is ready to submit any foreign agreement of the republic connected with foreign trade and interesting the WTO bodies.

**Question 148.**

**Please provide the Working Party with the texts of all FTAs, together with Protocols on Withdrawals from Free Trade Treatment attached thereto, to which Uzbekistan is a Party.**

Answer:

The texts of indicated agreements are attached.

**Question 149.**

**For each FTA, please provide details of the percentage of trade overall and in each major sector which excluded from the free trade regime.**

Answer:

Competent authorities of the Republic of Uzbekistan do not conduct such statistics.

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