

**Dear Members and Friends,**



With summer soon here and the warmer weather now upon us, there are two thoughts I would like to leave with you for our future talks and discussions. The first has to do with AmCham's activities and how we can make them more relevant to your needs and interests, while the second deals with what we, as a service organization, should be doing to promote business in general.

The past several months have seen a number of changes in the general business environment and my interest is in seeing what AmCham should be doing to assist you in coping with the effects that result from those changes. Please let me, or any of the other board members, know what you would like to see AmCham do to help.

Insofar as to what more we should be doing to promote business, your suggestions and recommendations are eagerly sought and I hope you will be candid and forthcoming in answering the questionnaire we will be sending you. Your interest and commitment are appreciated and I hope that with your inputs we will continue to make AmCham all the more relevant to your business needs.

*Best regards,  
Don Nicholson*

## Letter from the Editor



In this issue of Business Connections we continue to present features about recent changes in legislation, decrees and resolutions which affect our business community. News items from our committees and members are intended to inform our community about key issues affecting our business environment and publicize our activities. Our publication needs your inputs, suggestions and criticisms in order for it to reflect the interests of our AmCham community and to help mold the image AmCham wants to project to our friends, partners and host government.

*Charles Rudd*

## INTRODUCTION

In the system of "Schengen Agreement" visas, the Embassy of France in Uzbekistan represents the following states who are members of the Schengen Agreement: Belgium, Iceland, Luxembourg, Netherlands and Portugal.

When the Embassy acts as a representation of another Schengen state, this Embassy is not authorized to refuse a visa. In case the Embassy comes to a conclusion that the sought after visa can not be issued, the Embassy recommends the applicant to approach the nearest consulate of the concerned country (i.e. Moscow for Uzbekistan) to apply for a visa. Visa applicants who visit several Schengen countries must apply for the visa at the diplomatic representation of the country in which they will stay the longest period.

Q.: What are the different types of visa used for entry to France?

A.: There are two main categories of visas. Schengen visas (short stay - the maximum duration of validity is 3 months) and visas for a longer period of stay, which are National visas (i.e. visas which make it possible to obtain a resident permit in France). National visas allow their holders to pass in transit via another country of the Schengen agreement. With regards to visas sought by "AmCham" members it is mainly Schengen visas which are generally issued to businessmen. Such business visas are divided into two types:

- Transit visas (type B) which allow their holder to pass in transit through France. The applicant necessarily must possess a visa and a plane ticket for his country of destination.
- Visas of short stay (type C) which allow its bearer to stay in the space of the Schengen agreement.

Q.: What is the Schengen Agreement?

A.: A Schengen visa allows his/her beneficiary to move freely inside the Schengen space. For example, a traveler who obtained a single entry 15 day visa can travel from Tashkent to Paris and then may go to any other Schengen country with the single entry visa because the number of entries refers to the arrival in the Schengen space.

Q.: What is a National visa? What rights does it give and what are the restrictions or obligations?

A.: National visas for France mainly concern persons who have to go to France for a stay exceeding 3 months. Majority of such visas are issued to students, to stock-brokers of the French government, to international civil servants to be posted in France or to foreigner spouses of French citizens. They respond to very particular criteria.

Q.: What documents must the applicant submit when applying for a visa?

A.: The list of the documents to be presented for the obtaining of a business visa for France is available on the Internet site of the Embassy [www.ambafrance-uz.org](http://www.ambafrance-uz.org). I draw the attention of the applicants to the obligation to possess a medical insurance policy for repatriation. In a general way the applicant must prove his social, occupational and financial situation in Uzbekistan and have an invitation from his partner in France. However, this list is adapted to the applicant's situation and differs as the case may be. For example, a businessman who officially represents in Uzbekistan a company located in France will be known by the economic mission of this embassy. On the other hand, an Uzbek company which wishes to make contact with entrepreneurs in France for the first time will be required to present supplementary information and guarantees, with regards to its situation in Uzbekistan and as well as about its contacts in France. The visa section and the economic mission of this embassy. On the other hand, an Uzbek company which wishes to make contact with entrepreneurs in France for the first time will be required to present supplementary information and guarantees, with regards to its situation in Uzbekistan and as well as about its contacts in France. The visa section and the economic mission of this Embassy work in close collaboration on business visa applications.

**Q.: What is the content and form of and invitation required for a Shengen visa?**

**A.: The invitation must mention clearly the information relative to the invited guest, to his company and to the reasons for the visit. The company which invited the businessman to visit the France will have to send by fax to the Embassy a copy of the invitation and the original of which will be presented to the visa section by the visa applicant. For practical reasons, connected to the availability of foreign currencies, it is easier to process the application when the company who invites declares to take care of the travelers's expenses during the stay of the traveler.**

**Q.: Where and when does the applicant go to apply for a visa?**

**A.: The Embassy visa section is open every workday from 9.00 to 12.00 for the deposit of the applications. For the return of the passports, the applicants must present themselves on the same days between 17.00 and 18.00 hours. The visa section entrance is located on the side of the Embassy (25, Akhunbabaev str).**

The information contained in this publication is for general guidance only. You should neither act, nor refrain from acting, on the basis of such information. The application of laws and regulations will vary depending on particular circumstances and may also undergo frequent change. You should take appropriate professional advice relating to your particular circumstances and the current status of the laws and regulations. PricewaterhouseCoopers disclaim all responsibility, including in negligence, for all consequences of any person acting on, or refraining from acting in reliance on, information contained in this publication.

#### **Changes in Taxation Quarter I of 2006**

Below is the brief summary of the most important updates, which took place in the period 1 January 2006 31 March 2006.

##### **Development of the home-based labour force**

The New Presidential Decree "On measures for stimulation of enlargement of cooperation between large industrial enterprises and production of services on the basis of home-based labour development" was issued on 5 January 2006. The Decree is aimed to improve the effectiveness of operations of large enterprises which have lower contribution margins and are of labour intensive nature by stimulating production under home-based conditions. In accordance with the Decree home-based employees conclude labour contracts and are considered to have employment status and provided with work-books. Labour contracts should contain certain obligations by the enterprises such as employee training, compliance with safety measures, provision of equipment, inventory and raw materials, etc.

Responsibility for observance of established quality standards of production is placed on:

- home-based employees when the goods are transferred to industrial enterprises;
- industrial enterprises when the goods are sold to final consumers.

Transfer of finished goods by home-based employees to enterprises in accordance with the labour contract is not considered as wholesale trade and is not subject to licensing. The Decree stipulates that the enterprises cooperating with home-based employees are subject to the 5 year exemption from Unified Social Payment with respect to payroll related to home-based employees, effective 1 February 2006. Moreover equipment and inventory provided to home-based employees on a no-charge basis, or on a rent basis are not subject to property tax for the period of usage by home-based employees.

##### **Changes to Property Tax**

In accordance with the joint Resolution of the Ministry of Finance and State Tax Committee registered with the Ministry of Justice #1107-5 of 8 February 2006 (Resolution), the Property Tax instruction was amended. Thus, Article 5 was supplemented with the following paragraph:

*"Net book value of fixed and intangible assets is determined as the difference between historic value of the assets and the amount of accumulated depreciation calculated by method(s) specified in the taxpayer's accounting policy".*

We suggest that this change reads as allowing the application of all four depreciation methods for the Property Tax purposes: straight-line method, production-based method, double declining balance method, and the sum-of-the-years digits method, whichever is prescribed by the accounting policy of the company.

Also, Article 18 was reworded to read that the property tax calculations should be filed with the tax authorities at place of the taxpayer's registration. Previously, the property tax calculations were submitted to tax jurisdictions where respective property was located.



Taking into account distinctions which a lawmaker sets up in the tax rules, it is not fair to subject to sanctions or fulminate those ones who use these distinctions to their profit. From the speech of Lord Sumner, the English judge (1928)

#### **BUSINESS ACTIVITY OF FOREIGN LEGAL ENTITIES IN UZBEKISTAN**

According to the Instruction on the Procedure of Taxation of Income (Profit) of Foreign Legal Entities Operating in the Republic of Uzbekistan (registered with the Ministry of Justice on 05.10.2004.N 1416):

- The non-resident conducting businesses in the Republic of Uzbekistan via his permanent establishment shall pay the income (profit) tax from the sources in the Republic of Uzbekistan that are associated with such permanent establishment; the tax value shall be reduced at the amount of deductions stipulated by the current legislation of the Republic of Uzbekistan.

For purposes of taxation, the permanent establishment of the non-resident in Republic Uzbekistan is understood as any place of business aimed at deriving revenue in territory of the Republic of Uzbekistan, and also as any organizations and physical persons authorized by non-residents to accomplish representation functions in the Republic of Uzbekistan, in particular:

Any place of business connected with manufacturing, processing, completing, pre-packing, packaging, procurement and sale of the goods;

Any place of management, branch, department, representation, bureau, office, agency, factory, workshop, laboratory, shop and warehouse of the non-resident; Any place of business connected with mining operations; mines, oil wells and (or) gassers, open pits;

Any place of business (including the control or supervision activity) connected with pipelines, gas pipelines, exploration and (or) natural resources development, installation, mounting, assembling, setting-up, start-up and (or) maintenance of the equipment;

Any other place of business connected with operation of the game-playing machines (including additional attachments), computer networks and communication channels, side-shows, transport or other infrastructure. The permanent establishment is considered as formed in the day of commencement of operation (rendering of services, etc.), if this day can be expressly determined. If such day cannot be expressly determined, the day of the permanent establishment formation shall be considered as one of the below days:

The day of commencement of operation (rendering of services, etc.) specified in the contract;

The day of submission of the first invoice for payment, including the invoice for advance payment;

The day of commencement of the license, if the license has been obtained to perform any works or render services under a specific contract;

At the same time, the permanent establishment is considered as formed, if the earliest of

the above actions has been accomplished.

The non-resident conducting his businesses in the Republic of Uzbekistan via the permanent establishment is obliged to be registered with the State tax bodies no later than 10 days after the date of his activity commencement irrespective of the fact whether, in compliance with the legislation of Republic Uzbekistan and the international treaties (agreements), his further activity will be recognized by the State tax body as subject to taxation or not.

The permanent establishment shall be registered with the State tax body at the place of its business.

The very fact of commencement of the non-resident's activity via his permanent establishment in the Republic Uzbekistan shall be the grounds for his registration with the State tax bodies instead of availability or unavailability of tax liabilities complying with the legislation of Republic Uzbekistan or international treaties (agreements).

Registration of the permanent establishment with the State tax bodies shall be made irrespectively of the non-resident's registration with the other State bodies of the Republic of Uzbekistan.

In case of evasion from registration of the permanent establishment with the State tax bodies, the relevant penal sanctions shall be applied to the non-resident in the manner prescribed by the legislation of Republic Uzbekistan; such penal sanctions shall be applied via his plenipotentiary, i.e. via the permanent establishment.

The permanent establishment of the non-resident shall pay the income (profit) tax once a year without effecting current payments.

Payment to be effected to the non-resident of Republic Uzbekistan shall be exempted from taxation at a source of payment, if the below documents are submitted: Application for immunity from taxation that complies with the international treaties; such application shall be certified by the State tax bodies;

Statement confirming that the non-resident conducts his businesses and is registered with the State tax body as the permanent establishment of the non-resident; such statement shall be certified by the State tax bodies. The non-resident, having the right to a tax privilege in compliance with the international treaty (agreement), is obliged to present to the State tax body at the place of his business the official paper to confirm the above person's permanent residence in the country with which the Republic of Uzbekistan has the international treaty (agreement) on the tax matters.

The application related to reduction of the tax amount or to tax immunity shall be submitted to the State tax body prior to tax payment. For the enterprises and organizations, being legal entities of the Republic of Uzbekistan and paying their revenue (profit) to the non-resident, the mark made by the State tax body on the given application shall be the grounds for reduction of the tax amount or for tax immunity.

In case of submission of the application for reimbursement of the paid tax amounts, the State tax body shall duly consider such application and reimburse the overcharged and paid taxes in the generally prescribed manner. The application for reduction of the tax amount or for tax immunity shall be submitted to the State tax authority; it should be accompanied by the cover letter and a copy of the contract (agreement) under which the non-resident obtains revenue (profit) from the source in Republic Uzbekistan. In case such application is submitted to the State tax body not by the non-resident himself but by his plenipotentiary, the latter shall present the relevant power of attorney based on which he submits the application.

The book keeping data of the permanent establishment shall include information on the procedure of amortization of the fixed assets and intangibles, on evaluation of the finished products, production stocks and work-in - process, stipulated by the current legislation.

In order to define the taxable base complying with the Tax Code of the Republic of Uzbekistan, the permanent establishments of the non-residents shall keep books allowing to take into account the total income being obtained and relevant deductions being made.

In accordance with the Tax Code of the Republic of Uzbekistan, the taxable income (profit) of the permanent establishment shall be defined as a difference between the total income amount and income-related deductions that are directly connected with businesses being conducted by the non-resident in the Republic of Uzbekistan. The object of taxation shall be the income obtained by the non-resident as a result of his business activity conducted via

his permanent establishment in territory of the Republic of Uzbekistan.

At the non-resident's option, income (profit) of the nonresident, matching the attributes of the permanent establishment, to be obtained in the course of his business activity that lasts up to 183 days of the calendar year will be subject to taxation at a source of payment (without deductions) or via the permanent establishment (with the view of deductions).

It is natural, that for the tax payer it is more favorable to withhold from the taxable base.

The procedure for defining deductions, costs and allocations shall be specified by the Provision on the Structure of Production and Sale Costs for Products (Works, Services) and on the Procedure of Formation of Financial Results; the Provision was approved by the Resolution of the Cabinet of Ministers of the Republic of Uzbekistan on February 5, 1999 and registered under #54 (CR of the Republic of Uzbekistan, 1999, #2, p.9).

In case, if the income (profit) has been obtained by the nonresident from the source located in the Republic of Uzbekistan, and such income (profit) is not related to the nonresident's businesses conducted via the permanent establishment, and in the case the source of payment in the Republic of Uzbekistan has already withheld and transferred to the budget the tax relating to the above income (profit), recalculation of the given amounts shall not be made at the permanent establishment of this non-resident. Respectively, it is necessary for the tax payer to beforehand determine an option for taxation and develop a system of tax payments complying with the scheme of his convenience. It would be desirable to say a few words about representations.

The representation is a detached subdivision of the legal entity; it is located outside of the legal entity's principal place of business and represents and protects its interests.

Representations are not legal entities, if otherwise is not stipulated by the law. The legal entities, which have established the representations, provide them with property, and representations operate on the basis of the provisions approved by the legal entities. Heads of the representations are appointed by the legal entity and operate pursuant to the relevant power of attorney.

According to article 7 of the Law of the Republic of Uzbekistan «On Foreign Investments» dated April, 30,1998 # 609-1

«An enterprise with foreign investments shall be eligible to establish in territory of the Republic of Uzbekistan subsidiaries, branch establishments with the rights of a legal entity, as well as representations and other detached subdivisions without legal entity status pursuant to the provisions of the legislation of the Republic of Uzbekistan». Particulars related to establishment and functioning of the representations of the foreign commercial organizations are regulated by the "Provision on the Procedure of Accreditation and Activity of Representations of Foreign Commercial Organizations in the Territory of the Republic of Uzbekistan" and, accordingly, by the «Provision on the Procedure of Establishment, Registration and Accreditation of Representations of Foreign Banks in the Territory of the Republic of Uzbekistan».

The representation office represents the foreign legal entity in territory of the Republic of Uzbekistan, and it shall comply with all the laws of the Republic of Uzbekistan. According to the Law of the Republic of Uzbekistan «On Book Keeping» dated August, 30,1996 #279-1 «The subjects of book keeping shall be the bodies of the State authority and management, the legal entities registered in the Republic of Uzbekistan, as well as their subsidiaries, branch establishments, representations and other structural subdivisions located both inside and outside of the territory of the Republic of Uzbekistan».

Thus, any representation is obliged to conduct book keeping in compliance with the procedure generally established for the enterprises of the Republic of Uzbekistan.

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## **REGISTRATION OF PROPERTY RIGHTS IN UZBEKISTAN**

Property rights are considered to be one of the most fundamental aspects of the country's legal system ensuring the stability of the economy, the development of infrastructure and institutions. Where property rights are weak, entrepreneurs are not investing as they are unable to keep the fruits of their investments. Alternatively, the strong property rights can be associated with the economic growth and better access to finance. Entrepreneurs as well as foreign investors in general, tend to reinvest more as they feel more secure that their investments will not be taken away. In this respect, it may be important to highlight the basic features of the system of property rights in Uzbekistan, or talking more specifically, what can be owned in Uzbekistan, and how such ownership rights may be perfected via registration.

Uzbek Civil Code codifies the concept of the property making a division between the immovable and movable property. The immovable property consists of the land, buildings, and the enterprise as the property complex. All other types of property are considered to be movable property (except for intellectual property rights). Whilst buildings, constructions can be privately owned, the land cannot be except for limited cases. As a consequence, for the land, a concept of limited possession and use of the land is being used, where companies can enjoy the rights of temporary or permanent possession or lease of land plots, and individuals can have rights for lifetime (and inheritable) possession, or rights for temporary use or lease of land plots.

Companies and individuals cannot sell or otherwise dispose land plots, although in case of sale of buildings, the right to the subjacent land plot is transferred simultaneously with the transfer of ownership title to the building. The rights to land plots are allocated pursuant to decisions of regional/district governors (khokims) if the buyer is Uzbek resident or pursuant to the decision of the Cabinet of Ministers if the buyer is foreign individual or foreign legal entity.

The notable exceptions to a limited possession or use rights to the land, providing for a full ownership of the land plot include cases of:

- a) privatization of commercial trade and service facilities along with plots of lands on which such facilities are located;
- b) sale of land plots and/or buildings to representative missions of foreign countries or international organizations in Uzbekistan; and
- c) sale of living premises along with land plots to foreign companies or individuals who permanently reside in Uzbekistan and work for diplomatic missions, representative offices of foreign companies, international organizations or companies with foreign investments.

Foreign citizens can buy living residences or apartments, however the ownership will be subject to issuance of alien's residence permit and execution of registration with the local police department.

In general, any individual or legal entity can purchase or obtain ownership title of a building by entering into an agreement of sale purchase of the building or construction or via either:

- a) privatization of an industrial object in accordance with privatization program; or
- b) purchase on the immovable property exchange. However, the title to the building or construction purchased should be registered.

As a rule, all transactions affecting the ownership title, use or possession rights to the land plot, building or construction must be in the written form, and contract on sale of land, construction or building must be notarized (except if the transaction is made on the immovable property exchange). The law also requires that land plots, buildings and/or construction as well as any transaction affecting the ownership title to such objects must be registered with the special organization cadastre. In case of purchase of living apartments registration with the BTI (Bureau for Technical Inventorization) is required.

Subsequent to conclusion of the agreement on transfer of the title, use or possession rights

to the property or the land, the parties submit a request to a cadastre (land or buildings) attaching the documents confirming the original ownership title, use or possession rights and a copy of the sale contract. The original document on sale (or conveyance) of rights, lease agreement constitute a legal ground for registration of the transaction and corresponding rights to the property. The cadastres will undertake a check of the information on the records and may conduct the field check up in order to determine exactly the corresponding facts to the ownership records.

The cadastres themselves are the registries that contain regularly updated information about the geographical references to and the description of the object, legal aspects (including encumbrances), qualitative and quantitative aspects of the land or building. The land cadastres also contain the information about the value of the land plot, the general or specific quality of the land plot. The reference from cadastres (an excerpt) is deemed as the valid legal document to confirm the information on the status, applicable legal rights of the itemized description of the land or the building.

Everyone with a property right to the land or the building must have the information about the state registration of the object in the cadastre. After conducting the background checking for the consistency of documents, the cadastre carries on the registration of the agreement, the title or corresponding rights of use and possession, and issue a special certificate confirming the title or the said rights.

In practice for registration purposes, the cadastre adheres to the policy of strict use of the standard forms for transactions as defined in the Civil Code, or other relevant regulations, and may refuse to register agreements if such agreements or any clauses thereof are non-standard. For example, the cadastre may register the sub-lease agreement; however the agreement on assignment of rights under the lease agreement may be refused for registration as non-conforming to the list of model agreements indicated in the relevant instruction.

The land cadastre registers the transaction (and/or rights) within ten days from the date of submission of documents, and the cadastre of buildings registers the transaction within one month from the date of submission of documents.

We note that although the process of registration of ownership rights to the immovable property is rather streamlined, it may be time consuming as it may take up to 20-30 business days in order to effectuate the ownership rights on one or another type of property. This article is an overview of the current legislation of the Republic of Uzbekistan provided for information purposes only, cannot be used as a legal advice or relied on as the basis for undertaking any decision.



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**Decrees of the President of the Republic of Uzbekistan:**

**As of April 3, 2006 Mr. Shaismatov, Ergash Rahmatullayevich**

is commissioned as the Vice Prime Minister of the Republic of Uzbekistan to replace Mr Sultanov, Utkir Tukhtamuradovich who has been released from the said position due to his transfer to another job; Mr. Shaismatov will be in charge of the following branches: machine-building, ferrous and non-ferrous metallurgy, oil and natural gas, geology, electric energy, chemical products, standardization and metrology, state and mobilization resources.

**As of April 11, 2006 Mr. Golyshev, Vyacheslav Arkadyevich** is dispensed from his duties as the Vice Prime Minister of the Republic of Uzbekistan Minister of Economics, chief of the complex for issues on economics and foreign economic relations due to his appointment as the State Adviser to the President of the Republic of Uzbekistan for social and economic policy issues. The position of the Vice Prime Minister of the Republic of Uzbekistan Minister of Economics, chief of the complex for issues on economics and foreign economic relations, previously occupied by Mr. Golyshev, V.A., is abolished. The position of the Vice Prime Minister of the Republic of Uzbekistan Minister of Finance, chief of the complex for issues on economics and foreign economic relations is introduced. Mr. Azimov, Rustom Sadykovich is commissioned to the said position. The independent position of the Minister of Economics of the Republic of Uzbekistan is introduced. Mr. Khodjaev, Botir Asadillacvich is commissioned as the Minister of Economics of the Republic of Uzbekistan. **As of April 13, 2006 Mr. Shaikhov, Alisher Erkinovich** is released from the position of the Minister for Foreign Economic Relations, Investments and Trade of the Republic of Uzbekistan due to his appointment as the Chairman of the Uzbek Chamber of Commerce and Industry.

**Resolutions of the President of the Republic of Uzbekistan: As of April 17, 2006** the Presidential Resolution PP-325 defines measures to accelerate development of the service rendering sector in Uzbekistan in 2006-2010. Over the last years, as the Resolution states, the Republic has taken consistent steps to develop its service rendering sector. Structure of the service rendering market is being improved due to development of new and promising types of banking and financial, insurance, information and communication services, etc. On the other hand, development of this sector reveals serious shortcomings. The Resolution envisages measures for further expansion of entrepreneurship in the service rendering and everyday services sector. A list of services related to this priority category and subject to tax preferences is being approved. The services are as follows:

1. Financial and banking services, i.e. services related to lease, insurance, application of accounting and auditing services.
2. Everyday services i.e. repair of footwear and leather articles; repair of watches (clocks); repair and maintenance of electronic and electric household appliances (TV-sets, audio and video appliances, computing and printing facilities, refrigerators, air-conditioners, etc.)
3. Other services, including: veterinary services, services in the sphere of education including acquisition of personal computer skills; services being rendered by sports facilities and sports sections for children; social services related to child care, disabled and care of elderly people.

Starting from April 1 of the current year, as the Resolution states, economic entities involved in rendering of the above services shall be exempted from their income (profit) tax and from the single (unitary) tax. The Resolution envisages granting of tax credits to the entities of entrepreneurship. Such credits will be aimed at the development of their business activity. The Resolution regulates the other issues related to the development of the service rendering market in the Republic of Uzbekistan.

On April 26, 2006 the President issued Resolution PP-335 "On Measures for Improvement of the Activity of the State Property Committee (SPC) of the Republic of Uzbekistan". Having declared that the SPC operation is unsatisfactory, the Resolution mainly regulates organizational and structural issues of its activity. However, it contains certain elements which may be of interest for businessmen. Thus, in particular, it envisages incorporation of such a provision into legislation which allows a possibility to transfer plots of land to private ownership; such transfer will be implemented together with privatization of the State-owned facilities and enterprises located on the said plots of land. This will reduce the extent of the public ownership with regards to the land resources, and it will extend opportunities to

develop private ownership relations in this sphere. The Resolution also tightens requirements on the public agents and company managers in those economic entities with the State-owned shares, as well as on the executive directors of such enterprises. Such requirements increase their personal responsibility for implementation of the enterprise's approved business plans.

*(Material from published articles compiled by Uzbek A. Rustamov, General Representative, Interconcepts Inc. Translation to English: Lyubov Be/okon)*



**Uzbek Agzamovich Rustanov, Interconcepts Inc.**



On 27 April 2006 AmCham in Uzbekistan held its April monthly meeting at the Hotel Intercontinental. Guest speaker for the evening event was His Excellency, Farit Mukhametshin Ambassador Plenipotentiary and Extraordinary of Russian Federation to Uzbekistan. Ambassador Mukhametshin was accompanied by representatives of Russian Trade House, Zarubezhneftgas (Gazprom), Souzneftegas, "Kamaz", "Agromashholding", "SintezTashkent", Official Representative of the Republic of Tatarstan, and the Russian Trade Representation in Uzbekistan. The topics of his talk included Uzbekistan's EurAsEC accession, proposed currency integration and an overview of political and economic dialogs and cooperation between Russian and Uzbekistan.



The program outlined by Ambassador Mukhametshin is ambitious, comprehensive and encompassing all the sectors of government policy, private interests and regional interests. The Russian program consisting of a long term engagement and integration of Uzbekistan into the regional and world economy will, if successful, benefit all business interests regardless of nationality and can lead to a more open, transparent and balanced playing field for all existing and future investors and stakeholders in the Uzbek economy. At the same time our guests were promoting further cooperation of businesses operating in Uzbekistan with the regions of

the Russian Federation. The Representative of the Republic of Tatarstan has outlined possibilities in doing business with the main industrial conglomerates of Tatarstan, while representatives of Saratov have praised an establishment of a successful link between UzBAT leaf operation and tobacco factories in Saratov province.

AmCham looks forward to a continuing dialog and stands ready to support and cooperate with our Russian counterparts to effect changes which will improve the economic and investment climate here in Uzbekistan. It is important to draw attention to the symbolic and substantive significance of the spirit of cooperation and outreach expressed by AmCham and its membership. Contrary to popular views and disinformation, the AmCham community sincerely welcomes and extends its support and encouragement to our Russian colleagues' willingness to enlist the entire foreign business community into its program to seriously engage, support and consul the government of Uzbekistan and the Uzbek business community.



## Tashkent International School



Tashkent International School is a not-for-profit foundation operating an internationally accredited and acclaimed school, Tashkent International School (TIS), in Tashkent serving the diplomatic, international mission and foreign nongovernmental organization population in Tashkent. The school was founded in 1994 by representatives of the United Nations, the Diplomatic Corps, International Corporations and their families then stationed in Tashkent as a non-religious, apolitical, international organization designed to serve the education needs of the international and Diplomatic Community in Tashkent. This was formalized in the Founder's Declaration registered with the Ministry of Foreign Affairs of Uzbekistan in August of 1997 and signed by the then United Nations Representative and Ambassadors from 12 Embassies accredited to Uzbekistan.

TIS is owned and operated by the diplomatic and foreign nationals (the parents) who enroll their children in the school and is managed by a Board of Governors elected from among the parent community. The Board appoints a Director to administer the school in accordance with defined international standards.

The school owns buildings in Tashkent that were legally purchased from the State Railway Company through the offices of the State Property Company and the city Hokimiyat. The school is currently in the process of repaying a small business development loan to the Overseas Private Investment Corporation (OPIC). The school is financed entirely through the collection of fees from expatriates who wish to enroll their children in the school. As a not-for-profit foundation! income must be re-invested into the school. The aim is to provide the best teachers, facilities, programs and resources to support a world-class education for the children.

The School serves students from Elementary through Secondary and has 22 different nationalities represented by the student body. The approximate breakdowns are as follows: 17% European, 24% Korean, 22% Indian, 17% United States, 15% Uzbek, 5% other. TIS recruits the best English speaking international teachers it can find at the annual international recruiting conferences held in various locations around the world and from the local market. The school also recruits and trains local educators to teach and work in English their specialist subjects and areas to recognized, accredited international standards.

Tashkent International School enjoys an international reputation as being one of the best international schools in all of Central Asia. The presence of an internationally accredited and recognized school unit in Uzbekistan allows many Diplomatic and International Business

Missions to advertise Tashkent as a good posting for families. We think this adds to the already considerable prestige of this country. In addition, the school currently operates a merit-based scholarship program for local Uzbek students to study in the equivalent of Uzbek grades 10 and 11. The school works in partnership with many Uzbek local schools sponsoring teacher and student exchanges, sporting and cultural exchanges and we hope to expand this partnership with the Ministry of Public Education in many spheres in the future. The school is currently accredited by the Council of International Schools (based in Europe; [www.cois.org](http://www.cois.org)), by the Central and Eastern European Schools Association ([www.cccsa.org](http://www.cccsa.org)) and by the New England Association of Schools and Colleges (based in the North America; [www.neasc.org](http://www.neasc.org)). This means that the courses, curriculum and examinations offered by the school are recognized as accredited primary and secondary education courses, curriculum and examinations in Europe, North America and, indeed, most of the developed world. 100% of TIS graduates attend university in North America, Europe, India, Korea and around the world. Many of them receive full scholarships. With the advent of Westminster International University in Tashkent some now also have the chance to remain here. The school will launch the International Baccalaureate (IB) Diploma Program in August 2006 ([www.ibo.org](http://www.ibo.org)). This prestigious international program is accepted as valid for university entry in 90 countries around the world and it will further add to the prestige of the school and Tashkent that we are able to offer IB courses here. The first school in Uzbekistan to be authorized to offer the IB Diploma! In addition, the elementary school is in the process of adopting the International Baccalaureate Primary Years Program the world leader in elementary education. In January of this year, Tashkent International School became one of only four international schools in the Central and Eastern European Schools Association (CEESA: [www.ceesa.org](http://www.ceesa.org)) geographic region (basically the international schools located between Vienna and Vladivostok!) to have its programs, facilities, teachers, courses and curriculum declared fully adequate and equivalent to US schools by the US Department of State Office of Overseas Schools ([www.state.gov/nva/os](http://www.state.gov/nva/os)). Other International schools with some degree of adequacy status in the CEESA region are:

Belgrade	K-8	Prague	K-11
Vilnius	K-8	Moscow	K-12 (1,176 students)
Zagreb	K-8	Warsaw	K-12 (836 students)
Bucharest	K-8	Budapest	K-12 (736 students)
Sofia	PK-6	Tashkent	K-12 (203 students)

The others do not have any adequacy status at all. This is a very significant achievement and has long-term positive implications for school enrollment. Tashkent is now listed as a family posting with a fully adequate school K-12. There are not so many of these worldwide! Thus we should see more US families with school-age children bidding upon a Tashkent posting in the future. TIS has always enjoyed close links with the local community. Indeed we run partnership programs with local schools our students and teachers visit local schools and local students and teachers come and spend the time in our school sharing best practices and ideas. We also run all sorts of local sporting and cultural events and will host, once again, the Tashkent Gold Conference Soccer Tournament in which schools from Tashkent (local and international schools) and from other Central Asian countries come together to compete here in Tashkent every October/ November.

In addition, we work with local orphanages and the local Mahalla on a variety of community projects each year, for example presents for the Mahalla's disabled orphans. We have always been ready and willing to open our campus and facility to local school and youth groups soccer and rugby teams for practice and inviting local schools and orphanages to the various cultural and social events we run throughout the year such as Uzbek Studies Week, UN Day Celebrations and our Spring Bazaar. We have always enjoyed a good working relationship with the Ministry of Public Education and the Ministry of Foreign Affairs and hope to expand on this relationship in the future hosting teacher training conferences and seminars for example and forming Tashkent Schools Soccer, Basketball and Volleyball leagues to name but a few. Tashkent International School hopes to continue and expand this tradition of close collaboration with our Uzbek community both at the local and the

ministerial level. We will continue to ensure that Tashkent is recognized in the region and beyond as having a world class accredited international school, thus ensuring the city is firmly on the list of attractive family postings for diplomats, UN and international organizations and global business corporations, thus helping to attract business and investment to Tashkent and Uzbekistan. The school, together with the International Medical Clinic and the International Community intend to work with Uzbek officials at all levels to preserve TIS' unique character and maintain the high quality of international education and health services for which both are known around the world, and for which Tashkent is now famous as an international family posting.

*Kevin Glass Director, Tashkent International School.*

Q. Who can join AmCham (American Chamber of Commerce in Uzbekistan)?

A. AmCham welcomes big and small companies, joint venture companies, non-profit institutions and individuals; American, Uzbek or International, practically any organization or person sharing our interest in promoting business and trade links between the USA, Uzbekistan, and the rest of the world. For detailed information on all aspects of AmCham membership, please refer to our Membership section on our website [www.amcham.uz](http://www.amcham.uz)

Q. What is the purpose of AmCham?

A. AmCham was formed to advance the interests of the business community. AmCham brings together business representatives of AmCham members and their counterparts in Uzbekistan to promote mutual business interests. AmCham serves as a forum for its members, who can collectively fulfill their goals and missions easier than on their own.

Q. What is AmCham doing?

A. AmCham seeks to support the business interests of our member companies in several ways, including:

- Providing to its members information and education on the legal and regulatory issues that affect their business activities in Uzbekistan.
- Maintaining a dialogue with the Government of Uzbekistan on a wide range of issues that affect the business community and pursuing a cooperative approach to improving the investment climate.
- Broadening the understanding of how foreign investment activities make important contributions to economic growth, employment, education, and technological development in Uzbekistan.
- Communicating with U.S. Government officials regarding the political, economic and business environment in Uzbekistan and the issues affecting the daily operations of foreign investors.

Q. How do I find background information about a USA firm?

Could you please help us to get more information about these companies as follows?

Is this a valid Company in USA?

Is this a good company and can we trust making a relationship with them?

Is their financial situation OK and they are not blacklisted or have a poor credit record?

Who are the owners or principals?

Any more information about the company?

A. Here are some convenient sources for you to use when looking for business-related information about companies in the USA.

D & B This should be your first step. D & B has a very long history of providing credit and background information on companies. There is a fee for this information. Their Business Information Report on over 100 million companies worldwide provides information on the company overview, history and operations, payments, banking and finance, and public filings. You should consider registering (free of charge) your company on the D&B database so that your business partners will have confidence in doing business with you. For more info contact our Member Interconcepts Inc. who is the official representative of D&B in Uzbekistan.

Telephone: 998 71 139-1302 or email: [dnb@dnb-uzbekistan.info](mailto:dnb@dnb-uzbekistan.info)

AmCham Member Legal and Financial Service Firms in Uzbekistan can check with their branches or associates in the USA to provide you information. There may be a fee for this service. To get a list of AmCham Members providing legal and financial services please call 998 71 140-0877 or email: [amcham.director@amcham.uz](mailto:amcham.director@amcham.uz)



I was born in Gravenhage, The Netherlands in 1956. The first seven years of my life I lived in Asia where my father was stationed. He was a banker and worked for the ABN Bank. In 1990 the ABN would merge with AMRO and become ABN AMROBank.

I studied Law at the University of Leiden in The Netherlands. After serving (mandatory in these days) in the Dutch army for 18 months I started to work for a specialized bank in the securities markets in Amsterdam and then a few years later in 1984 I joined AMRO Bank. After various functions at head office I started to get involved with our new operations in Central and Eastern Europe just before the Berlin Wall came down. I traveled extensively to Poland, Hungary and the Czech Republic

before I was transferred to the office of the ABN AMRO Bank in Moscow in 1994. After spending two years in Moscow, I was transferred to Uzbekistan to set up our new joint venture bank in Tashkent. I was the first employee of the bank to be based in Tashkent on a permanent basis.

After more then 10 years I recently handed over management responsibilities to my successor Igor Pakan, but decided to stay in Uzbekistan to pursue other career opportunities. I am also the Honorary Consul of The Netherlands and report to our embassy in Moscow. I have been the Treasurer of the American Chamber for over five years and according to Tatiana Okunskaya this makes me the longest serving treasurer on the board (!) My sport is running and I have ran many half marathons and one marathon. Hugo Minderhoud.

### Board of Directors 2006

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Andrea Leuenberger is on the forefront of tourism development in Uzbekistan. As a CIM (Center for International Migration and Development) Integrated Expert on behalf of the German Government, Andrea is permanently based in Bukhara in her 4th year, where she works with the Bukhara Tourism Association to set whole new standards for private tourism enterprise in Uzbekistan. Andrea has been involved in various aspects of tourism development in Uzbekistan for the last 9 years and has seen the private sector taking great strides to make Uzbekistan a better place to visit.

"Born in Switzerland to a Swiss father and a Danish mother, traveling the world and communicating in different languages have always been essentials in my upbringing. With a background in business, my first job was at the local Chamber of Commerce, followed by a couple of years working in Geneva for Du Pont de Nemours in the 80's. My interest in Central Asia and romantic notions of far flung and ethereal destinations such as Kazakhstan, Kyrgyzstan, and Samarkand were sparked by travel tales by such famous authors as Ella Mailland, who ultimately made me understand that my greatest fear was to find myself stranded with no credit card, no hotel reservation and little luggage on unknown territory.

A fear I promptly set out to overcome by traveling solo around the world for over a year in my early 20's. I made it to the heart of Central Asia via extensive travels in Xinjiang Province of China and a year in the Hunza Valley in the Northern Areas of Pakistan and first got to Samarkand as a consultant for the then newly opened Hotel Afrosiab, with a degree in international hotel and restaurant management from one of Switzerland's finest institutions in my pocket. The perfect challenge and a wonderful experience on a human level." Hopping back and forth between cultures over the last 10 years, Andrea is a great believer in "one thing leads to another" and in seizing an opportunity fast when it comes your way. She has held a position as Executive Assistant at the legendary Drake Hotel at Park Avenue in New York, with the five-star Hotel Mont Cervin in Zermatt and Scrono, one of the world's leading Biotech companies in Geneva. As an American Hotel & Motel Association certified hospitality trainer, she has been a hands-on consultant at Cham Palace Damascus, Muskoka Sands Resort in Canada, 1291 Inc. and their various [www.1291.com](http://www.1291.com) hospitality concepts in New York City, yet frequently returned to Uzbekistan to bring acquired know-how to private entrepreneurs on short term projects. Andrea is most happy when through her talents and her knowledge she can make a constructive difference to those who are committed to helping themselves.

As secretary of the AMCHAM tourism committee, Andrea seizes yet another opportunity to work with government representatives, advising on much needed measures to improve Uzbekistan's image abroad and to raise awareness what enthusiastic yet demanding, well traveled tourists like herself are looking for on the trip of a lifetime in one of the exciting and undiscovered parts of the globe.



For a Dutch citizen, Igor Pakan is not a typical Dutch name, which indeed is correct. I was born in former Czechoslovakia. My parents left the country in 1969 and settled down in the Netherlands. I started my career with ABN AMRO Bank in Prague in 1994. Ever since I fulfilled several assignments for ABN AMRO in the Czech Republic, Netherlands, Switzerland and Germany. I am a MBA graduate from Simon Graduate School of Business Administration, Rochester University, USA. In my spare time I enjoy playing tennis and golf. I like to capture moments in life which means that photography is part of

my family life. Further, I have a real passion for Gipsy Jazz. I met my lovely wife Valeria in Prague and we have two wonderful sons Maxim (7 months) and Sergei (5 years). The Pakan family is looking forward to settle in as soon as possible and enjoy the Uzbek hospitality and culture. Igor Pakan Country Executive Chairman of the Managing Board ABN AMRO Bank NB Uzbekistan A.O.