



Legal Alert

Overview of key legislative changes in Uzbekistan in June 2020

Subsoil use licensing

The Cabinet of Ministers issued Resolution No. 403 on 23 June 2020 approving a procedure for issuing licenses for the right to use subsoil plots, stipulating:

- a procedure for issuing subsoil use licenses to businesses on the basis of electronic online auctions;
- the terms and conditions for using subsoil plots containing strategic minerals;
- a procedure for registering and issuing licenses to use subsoil blocks, as well as for the state registration and registration of subsoil use rights;
- the grounds and procedure for limiting, suspending and terminating subsoil use rights.

The Regulation does not cover the licensing of the right to use subsoil blocks containing non-metallic minerals or for the prospecting of valuable metals. Licenses to use subsoil blocks containing strategic minerals are provided for:

- Geological exploration;
- Mining;
- The use of technogenic mineral formations;
- The construction and operation of underground structures not related to mining;
- The formation of protected geological objects;
- The collection of gemstone samples, paleontological remains and other geological materials.

Licenses are issued according to both the results of electronic bidding and direct negotiations with the authorised bodies in individual cases.

Expected changes in national codes

The “Road Map” adopted by presidential resolution on 22 June 2020 stipulates the development of five new codes, namely:

- Entrepreneurial Code;
- Code of Non-Governmental Non-Profit Organisations;
- Environmental Code;
- Information Code;
- Health Code.

The Road Map also provides for the development of a draft Civil Code, Labour Code, Housing Code, Administrative Liability Code, Criminal Code, Criminal Procedural Code and Criminal Executive Code.

Shared construction of apartment buildings regulated

In a resolution from 27 May 2020 the President approved the regulation of the shared construction of multi-apartment buildings. Only developers with legal entity status and included by the Ministry of Construction in an electronic list of developers raising funds for shared construction are entitled to raise funds from equity holders - individuals and legal entities – to construct apartment buildings. According to the resolution, developers eligible for inclusion in the electronic list should:

- have duly allocated land available for construction, and primary work permits;
- have own financial resources available of at least 20% of construction project cost or a bank letter of guarantee for the required loan amount;
- have design estimates and a positive expert opinion (does not apply to fast-track projects) available;
- have concluded contracts in place to implement technical and field supervision, as well as state control;
- have opened a separate bank account for interest holder funds.

Developers are included in the electronic list for each building complex separately.

Developers should regularly inform interest holders of expenses through official websites or social network pages and provide interest holders with the opportunity to monitor construction sites online.

After a construction project has been fully commissioned, equity holder funds are transferred to the developer’s main settlement account for their independent use.

Fundraising is carried out on the basis of an agreement between the developer and equity holder.

Pricing caps for medicines

According to regulations for setting medicine prices based on a reference pricing system from 10 June 2020, approved by the

Ministry of Health, medicine prices will be based on the costs for the same medicine in the following 10 reference countries with different income levels:

- Hungary;
- Russia;
- Ukraine;
- Poland;
- Tajikistan;
- Slovenia;
- Kazakhstan;
- Bulgaria;
- Belarus;
- Kyrgyzstan.

Pricing caps are published on the website of the Ministry of Health’s Agency for the Development of the Pharmaceutical Industry.

Retail value at wholesale distributors cannot exceed the reference value by more than 15%, and at retail organisations - by more than 20%.

Benefits and innovations in the tourism industry

On 6 June 2020, the President signed a resolution to introduce additional measures to develop the tourism sector in strict compliance with enhanced sanitary-epidemiological safety requirements.

Firstly, between 1 January 2021 and 31 December 2023, accommodation facilities will be entitled to receive a 50% reimbursement of the tourist (hotel fee).

Likewise, from 1 August 2020:

- “Open Skies” procedures have been implemented at the Andijan, Bukhara and Urgench international airports, whereby by international law, restrictions on the number of flights and destinations are cancelled, and foreign airlines are granted category five “air freedom”, which means they meet International Civil Aviation Organisation standards.
- The charges and tariffs set for Uzbekistan airlines will apply for three years to foreign airlines operating “Open Skies” flights.
- Investor costs to build and set up new passenger ropeways (this does not apply to the Charvak free tourist zone) will be partially reimbursed for the first 50 projects - 1 billion soums for every 500 m of ropeway, subject to commissioning before 31 December 2023 and a length of at least 500 m.
- Businesses will be eligible to compensation of up to 5 million soums for each bed in accommodation facilities built from prefabricated structures, up to 50 thousand beds for this type of accommodation or until 31 December 2023.
- The costs of businesses in the “Uzbekistan. Safe travel GUARANTEED” Register of Safe Facilities to conduct

sanitary and epidemiological activities will be compensated until 31 December 2020.

The resolution provides for the following innovations:

- The “Uzbekistan. Safe travel GUARANTEED” sanitary and epidemiological safety system;
- A Safe Tourism Fund and a mechanism for paying compensation of 3 thousand US dollars if a foreign tourist

is infected by coronavirus during a trip organised by an Uzbekistan tour operator.

In addition, the Cabinet of Ministers is expected to make proposals on the implementation of an immigration programme, “Uzbekistan - my second home” to attract permanent residents with significant capital, academic knowledge or special skills in demand to help accelerated socio-economic development in Uzbekistan.

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