
AMERICAN COMPANIES EXPAND ACTIVITY IN UZBEKISTAN

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The American-Uzbek business ties are expected to grow as a number of U.S. companies seek to enter the market of Uzbekistan, a Central Asian nation of over 30 million.

U.S. Eximbank resumes cooperation with Uzbekistan after a 13-year pause, Sukhrob Holmuradov, chairman of the board of the National Bank for Foreign Economic Affairs (NBU), said during a meeting on September 27.

He specified that the leadership of the American Eximbank informed the Uzbek side that it was ready to cooperate in financing the purchase of equipment, in particular, Boeing aircraft.

Moreover, Visa Inc., American multinational financial services corporation, is interested in entering the Uzbek market.

Management at Visa is interested in opening a new market. They recognize that unification of exchange rates and liberalization of foreign exchange market open a very big market for them, Holmuradov said.

Earlier, the government announced that it will allow the sale of cash foreign currency to the public from October 1, for the first time in decades.

Foreign Trade Minister Eler Ganiev, in turn, informed that McDonalds and other world catering brands are currently considering entering the Uzbek market directly and through franchising.

He also noted that Uzbekistan received official information about the existing interest through the regional representatives of McDonalds.

The Uzbek market is open not only to McDonald's, but also to other brands such as KFC, Baskin-Robbins and others, the minister added.

In addition, Uzbekistan will begin supplying uranium to the U.S. and plans to obtain a sovereign credit rating, according to a report prepared following the results of the regular meeting of the International Press Club (IPC).

Eler Ganiev said that Uzbekistan will supply U.S. Nukem company with uranium concentrate worth \$300 million in the next seven years.

The contract with Nukem was signed at the end of the Uzbek-American business forum last week in New York during the visit of the Uzbek President Shavkat Mirziyoyev to the United States.

"We can say that the agreement is signed on very favorable terms, much more profitable than signed by some other countries-suppliers of uranium concentrate," he noted.

Uzbekistan started preparations for the procedure of obtaining a sovereign credit rating, Deputy Prime Minister Jamshid Kuchkarov said.

We are at the very beginning of obtaining a sovereign credit rating. The New-York based Citibank will become our consultant, maybe it will be a consortium of banks - the nearest future will show he said.

He informed that the program for processing an application to get a sovereign credit rating is awaiting approval by Uzbek President Shavkat Mirziyoyev in the near future.

Kuchkarov said that the Uzbek government considers sovereign credit rating as one of the ways to diversify sources of raising funds from abroad.

Sovereign credit rating is needed, first of all, not to obtain money in the market, we need it in order to determine a kind of benchmark, the deputy prime minister said.

He added that after receiving the sovereign credit rating, big companies and banks of Uzbekistan will be able to obtain a similar rating and raise funds in the market.

Obtaining sovereign credit rating of Uzbekistan will promote the growth of foreign direct investments, expansion of cooperation with foreign partners, as well as creation of favorable conditions for banks and enterprises for attraction of loans in the global financial markets at lower interest rates.

The cumulative inflow of FDIs is still relatively low in Uzbekistan due to a range of factors, such as an underdeveloped and overregulated banking sector and trade restrictions. According to official statistics, the share of companies with participation of foreign capital is only 1.8 percent (or about 5,135) of the total number of entities operating in the country.

There are several official limits to foreign investment. Foreign ownership and control are prohibited for airlines, railways, power generation, long-distance telecommunication networks, and other sectors deemed to be related to national security. Foreign nationals cannot obtain a license or tax permission for individual entrepreneurship in Uzbekistan.

Restrictions also apply to media, finance, and insurance. Foreign investment in media enterprises is limited to 30 percent. In finance, foreign investors may operate only as joint venture partners with Uzbek firms, and banks with foreign participation face minimum fixed charter funding requirements (\$10.7 million for commercial banks, \$5.3 million for private banks, and \$1.6-\$6.4 million for insurance companies), while the required size of charter funds for Uzbek firms is set on a case-by-case basis.