



Investment potential of the Republic of Karakalpakstan



Republic of Karakalpakstan

- The general territory of the Republic of Karakalpakstan – **166,6 thousand sq.km.**
- The capital - Nukus city (the population - **307,6 thousand people**)
- Administrative division - **15 administrative regions and 1 city.**

Borders:

- in the West, the North, the northeast with Kazakhstan.
- in the South and the southwest with Turkmenistan.

Population:

- more than 1,8 million people, more than 60 nationalities.



Engineering communications

The electric power –
113,1 million k/watt



Natural gas –
120,1 million m³

Drinking water –
22,2 million m³



Transport infrastructure

Extent of the railroads – 845,3 kilometers

Extent of highways – 11 061 thousand km, including highways of the international, republican, regional value.

The airport - is located in the city of Nukus, regular flights to Tashkent and Moscow of the Russian Federation are carried out.

2 railway stations – trains go in the directions: Russia, Kazakhstan, Turkmenistan.





Population and manpower

Total number of the population of the Republic of Karakalpakstan as of January 1, 2017 made 1817,3 thousand people. The number of able-bodied population - 1036,2 thousand people (57,1% of the general population of the region), grew in comparison with indicators of 2015 by 1,3%.

The largest city of the Republic of Karakalpakstan is the capital the city of Nukus with the population of 307,4 thousand people. Other large cities - Hojeyli, Takhiatash, Chimbay, Beruny, Turtkul and Kungrad.

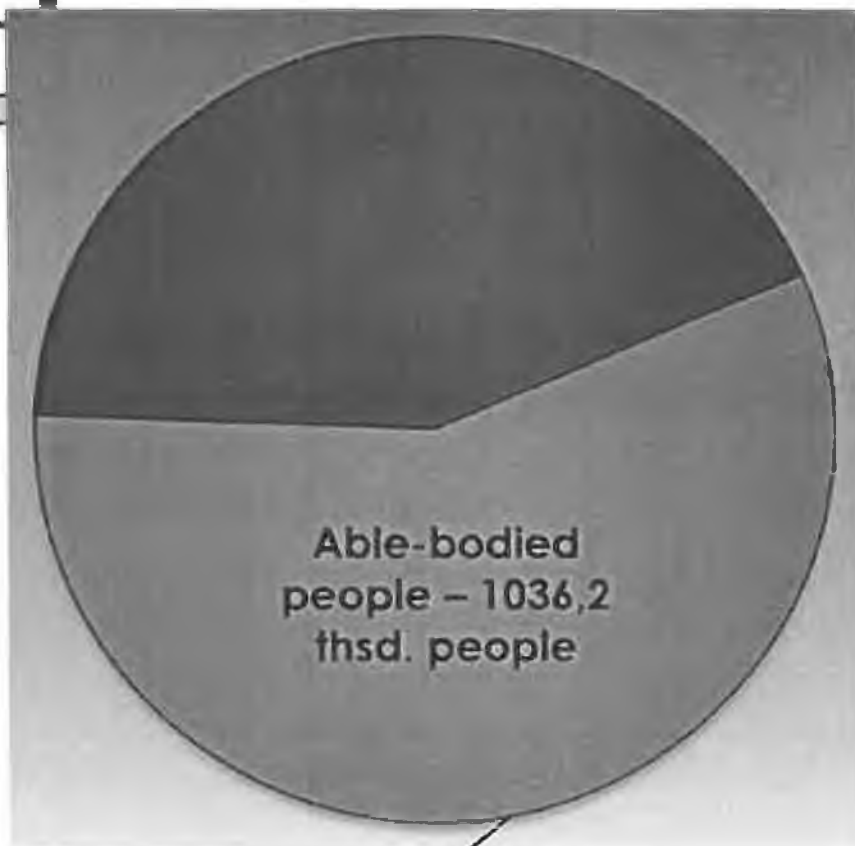
The number of the occupied population - 638,6 thousand people (61,6% of able-bodied population), including 409,5 thousand people occupied in the production sphere and 229,1 thousand people in the sphere of non-material production.

The main part of the occupied population is the share of agriculture (47,0%), education and culture (24,0%), construction (14,0%), the industry (13%), trade (12,0%) and health care (11,0%).

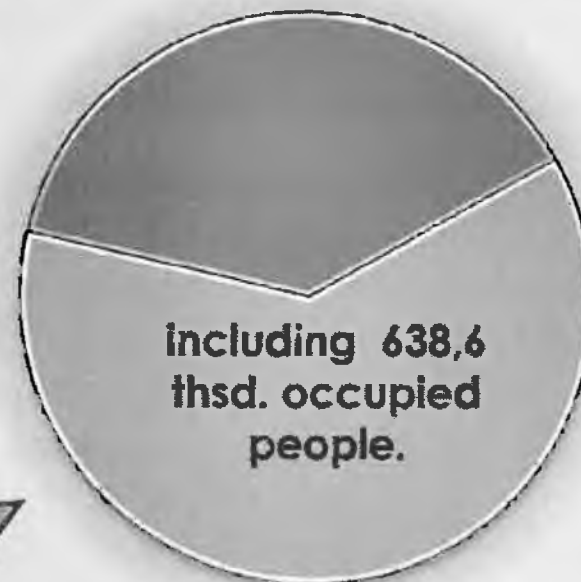
Population and manpower

Total number of the population

- 1817,3 thsd. people
(as of January 1, 2017)



57%



62%

Total number of occupied people (thsd. people)

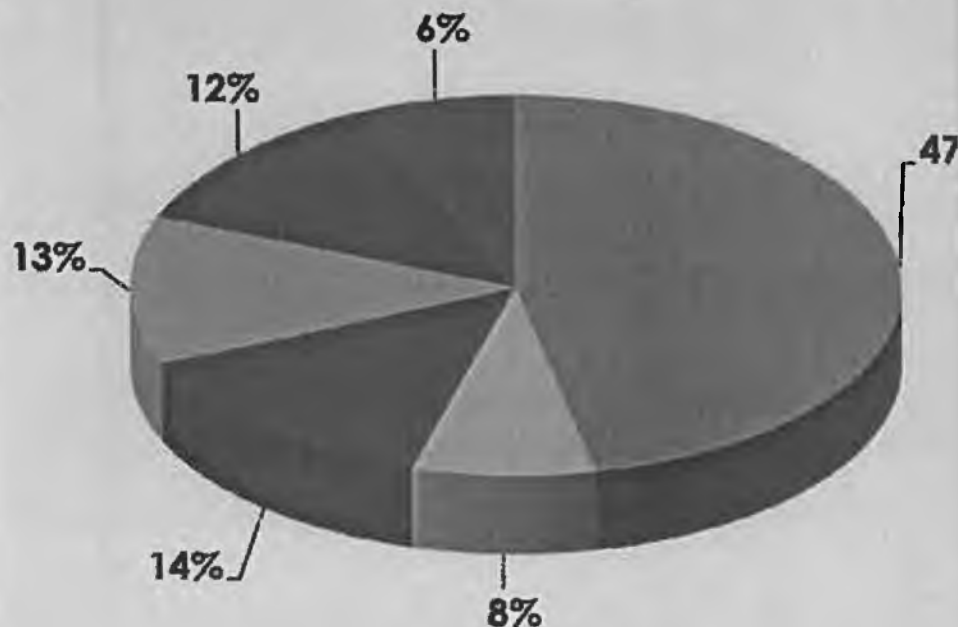


■ production sphere (409,5)

■ non-material production sphere (229,1)

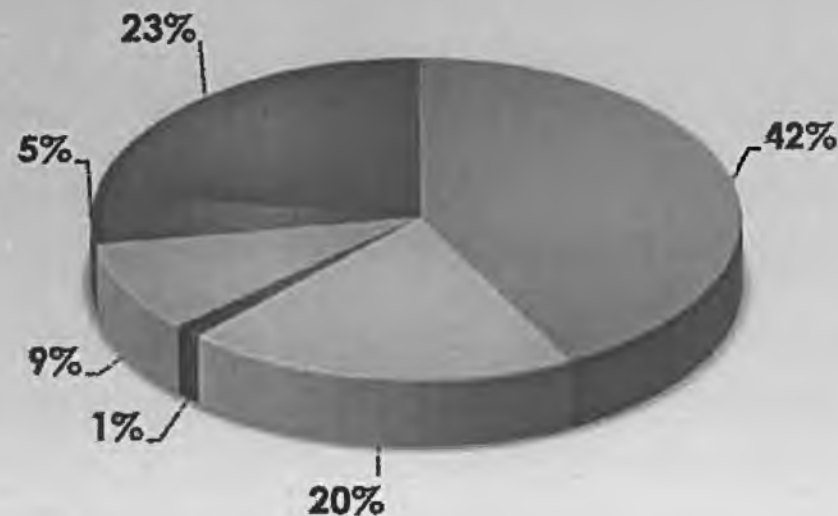
As of January 1, 2017

The main part of the busy population in the production sphere



- agriculture
- transport and communication
- construction
- industry
- trade
- others

The number of the busy population in the sphere of non-material production



- education and culture
- health care
- finance and credit
- household and household services

Tourism

In the region is available:
24 – hotels
69 - restaurants (national and
european dishes)
3 – theatres
4 – museums
9 – tourist operators



The state museum of arts named after I. V. Savitsky

The state museum of arts of I. V. Savitsky — one of the largest museums in Uzbekistan. A collection of the museum recognize the second in the world on the importance and volume among collections of works of the Russian vanguard, and also the best art collection in the Asian region.

- **Date of the basis – 1966.**
- **Location – Nukus city, Jipek joli str., n/a.**

The modern collection of the museum contains more than 90 000 various exhibits. Among them works of the Russian vanguard, pictures of the Uzbek artists, and also subjects of national applied art of Karakalpakstan and art of Ancient Khorezm. In a collection there are some copies of exhibits of Louvre.

The collection of the museum is admitted by the experts as the second all over the world for the importance and volume a collection of works of the Russian vanguard after a collection of the Russian Museum (St. Petersburg), and also one of the best collections the Asian region.





Shilpik

(II-IV centuries, IX-XI centuries AD)



Mizdakan

(IV centuries BC - XIV centuries AD)

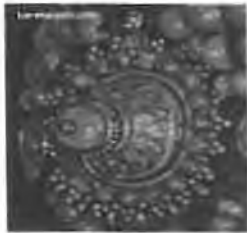
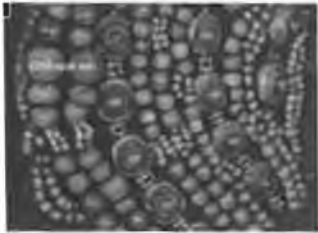


Photo from Zepak 306
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Koykrylgan-kala
(IV centuries BC - IV centuries AD)



Photo from Zepak 306
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Mausoleum of Nazlymkhan Sulu (XIV centuries AD)

Intellectual potential

- ❖ Higher educational institutions – 6
- ❖ Graduates – 4219

- ❖ Colleges – 94
- ❖ Graduates – 24182

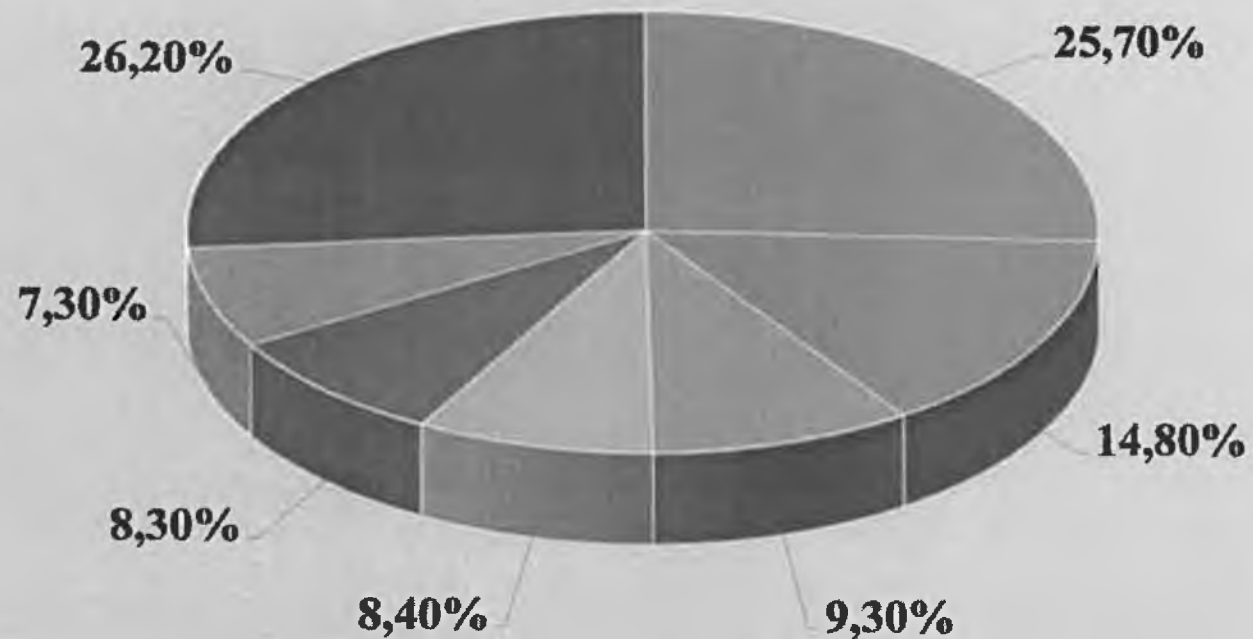
- ❖ In the sphere of the light and food industry – 2442
- ❖ In the financial sphere - 1501
- ❖ Lyceums - 10
- ❖ Graduates - 2506



Structure of the GRP of the Republic of Karakalpakstan

2016

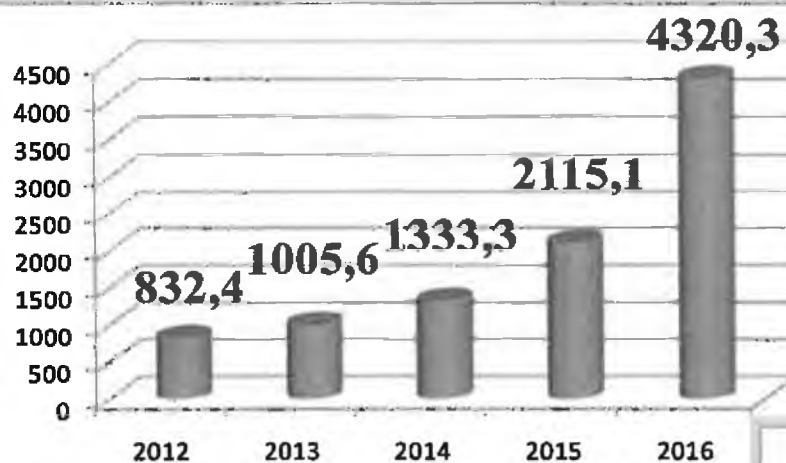
- industry
- construction
- trade and catering
- others
- agriculture
- transport and communication
- tax



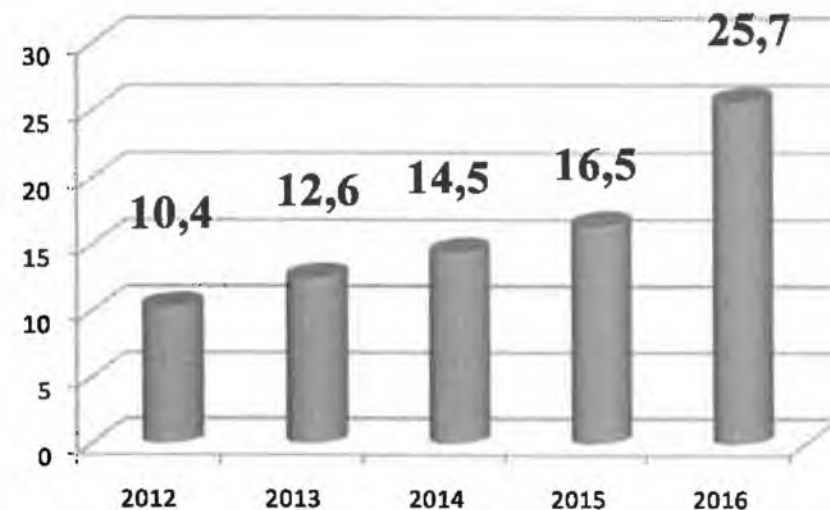
Industry in the economy of the Republic of Karakalpakstan

2016

Volume of the industry
(bln. sum)



Share of industry in the GRP (%)





Agriculture

Climatic conditions:

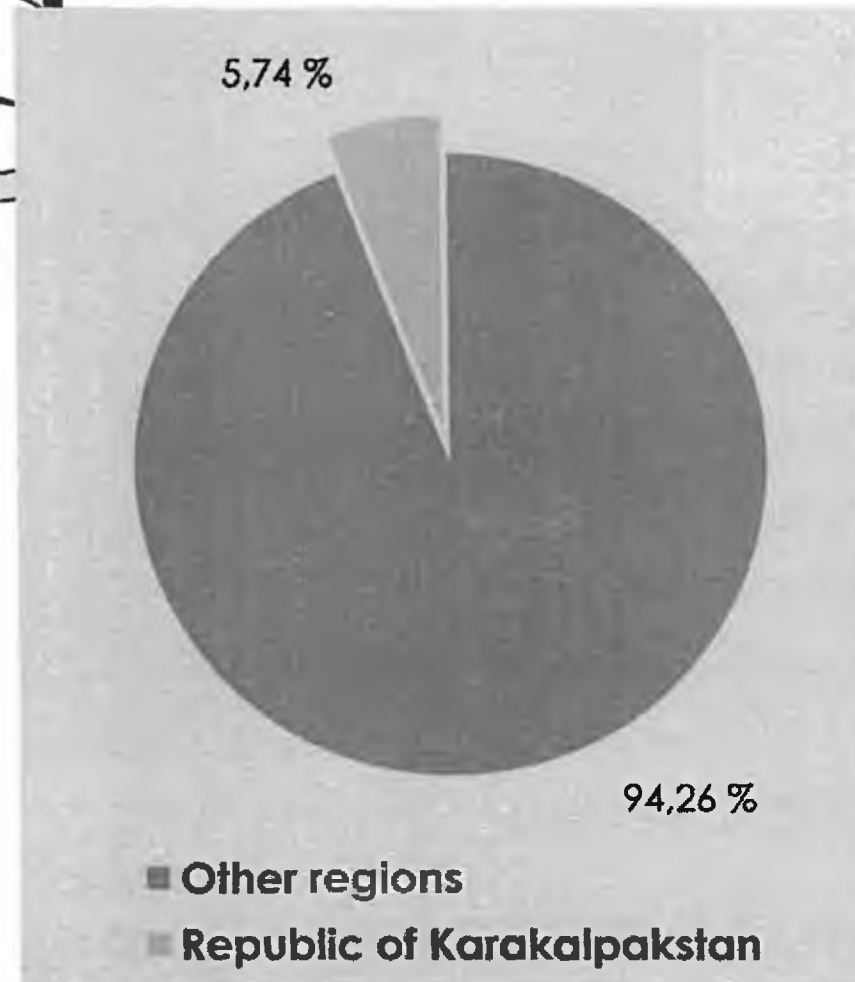
- Climate in Karakalpakstan sharp and continental with roasts and in the dry summer, and also in the cold winter with some insignificant rainfall. Average temperature in January makes from -5 to -8 C. The minimum temperature makes -38 C in the winter. Average temperature in June reaches from $+26$ to $+28$ C, and in July and in August - $+50$ C. The average level of rainfall makes 100 mm a year.

Main types of the grown-up fruit and vegetables

- Following the results of 2016 256,3 thousand tons of vegetable cultures, 52,5 thousand tons of potatoes, 127,5 thousand tons of a melon field, 43,7 thousand tons of fruits and berries and about 6 thousand tons of grapes are prepared.
- In 2017 preparation of 355,9 thousand tons of vegetable cultures, 109,0 thousand tons of potatoes, 146,6 thousand tons of a melon field, 80,5 thousand tons of fruits and berries and 12,8 thousand tons of grapes is expected.

Condition of production and processing of cotton fiber

As of January 1, 2017



Production of cotton fiber - more than 62,0 thousand tons. in a year (2016).

From cotton fiber it is annually made:

- 5,8 tons of lint;
- 230 thousand pieces of knitted products;
- 17,5 million US dollars of ready garments;
- 8,5 thousand tons of a cotton yarn.



Foreign economic activity of the region

- From 2011 the tendency of growth of volumes of foreign trade is observed. So, if in 2011 this indicator made 158,2 mln. dollars, in 2016 it reached the level of 655,5 mln. dollars of the USA. Also growth of volumes of export with a tendency of decrease in volumes of import is observed. The positive balance of a foreign trade turnover increased from 54,0 mln. dollars in 2011 to 244,7 mln. dollars in 2016.
- The main exporters in 2016 - JV LLC «Uz-Kor Gaz Chemical», unitary enterprise «Kungradskiy Sodoviy Zavod», JV «Lanekstrakt», JSC «Ellikkala Paxta Tozalash», JSC «Xalkabad Paxta Tozalash», JSC «Amudarya Paxta Tozalash», JSC «Beruniy Paxta Tozalash», JSC «Turtkul Paxta Tozalash», JSC «Xodjeli Paxta Tozalash», LLC «New Fresh», LLC «Nukus Agro Impeks», LLC «Elite Stars Textile».

Mineral resources

In the territory of the Republic of Karakalpakstan there are rich natural mineral resources, including:

titanium magnetite iron ores;

talc stone;

cement raw materials;

sulphatic salts, marble, kamnetsvetny raw materials, kaolinic and bentonite clays, plaster.



LIST of public facilities put up for competitive bidding at zero cost for investment and social obligations

#	Name of objects	No. and date of resolution	Locations of objects	Nominal owners	Minimum investment and social obligations		
					The minimum amount of investment to be made (mln. sums)	Term of investment (year)	The minimum number of jobs created (person)
1	2	3	4	5	6	7	8
1	The building of the store of the liquidated agro-industrial company "Karakalak Tutynyu"	Decree of the President of April 28, 2015 No. PP-2340	Takhtakupir region, Doshq qozari str., n/a	Hakimiyat (authority of the region) of Takhtakupir region	250,0	2	17
2	The buildings and the structures of the former district central hospital	Decree of the President of February 28, 2017 No. PP-2803	Muynak region, MSG "Muynak" I Jahimbetov str.	District medical association of Muynak region	550,0	2	100
3	Unused building of feldsher-obstetric station "Kenderli"	Decree of the Cabinet of Ministers of August 05, 2016 No. PKM-252	Takhtakupir region	Hakimiyat (authority of the region) of Takhtakupir region	200,0	2	3
4	Unused building of House of Culture	Decree of the Cabinet of Ministers of August 05, 2016 No. PKM-252	Takhtakupir region	Hakimiyat (authority of the region) of Takhtakupir region	350,0	2	10
5	Buildings and structures of boiler house, garage and canopy	Decree of the Cabinet of Ministers of May 19, 2017 No. PKM-295	Kegeyli region, Khalkabad qozari str.	Khalkabad College of industry and Transport	880,0	1,5	5
6	Buildings and constructions of consumer services	Decree of the Cabinet of Ministers of May 19, 2017 No. PKM-295	Kanlykul region, MSG "Dustlik, Gomezizlik str.	Hakimiyat (authority of the region) of Kanlykul region	400,0	2	10
7	Buildings of warehouses No 1 and No 2	Decree of the Council of Ministers of September 09, 2017 No. 630	Kungrad region, MSG "Sanoat"	Hakimiyat (authority of the region) of Kungrad region	1900,0	2	100
8	Store building	Decree of the Council of Ministers of September 09, 2017 No. 630	Takhtakupir region, SSG "Kungirotkul"	Department of accomplishment of Takhtakupir region	60,0	2	6
9	Store building	Decree of the Council of Ministers of September 09, 2017 No. 630	Takhtakupir region, SSG "Daukara"	Department of accomplishment of Takhtakupir region	100,0	2	8



Foreign investments in the region

- In 2016 to the Republic 13,8 mln. dollars of foreign investments are attracted.
- In the Republic of Karakalpakstan 73 enterprises with foreign investments are registered, from them the most part is organized due to foreign investments from China, Russia, South Korea, Great Britain and Kazakhstan. The main field of activity of the registered enterprises are processing of a root of a glycyrrhiza, production of light industry, production of construction materials, oil and gas branch and a services sector
- Now work 67 PII. The foreign trade turnover of the enterprises with foreign investments in 2016 made 436,1 mln. dollars.

Tax privileges for foreign investors

(The decree of the President #UP-3594 from 11.04.2005.)

The enterprises placed in regions of the republic (except for Tashkent and the Tashkent area) and the attracting direct foreign investments, are released from:

- Income tax of legal entities

- Property tax

- Tax on improvement and development of the social infrastructures

- Uniform tax payment

- Obligatory contributions to Republican road fund and Fund of reconstruction.



The Decree of the President # UP-3594 from 11.04.2005.

Terms of granting tax privileges:

from 300 thousand dollars of the USA to 3 mln. dollars of the USA - for a period of 3 years

over 3 mln. dollars of the USA to 10 mln. dollars of the USA - for a period of 5 years

over 10 million US dollars - for a period of 7 years

Free Economic Zone «Nukus - farm»

FEZ «Nukus-Farm» it is created according to the Resolution of the President of the Republic of Uzbekistan of July 25, 2017 # PP - 542



Total area – 50 hectares.

Distance:
To the airport – 20 km
To the nearest railway station – 2,3 km
To Tashkent – 1134 km



Main objectives of creation of FEZ «Nukus-Farm»

- Ensuring complex and effective use of production and resource capacity of the Republic of Karakalpakstan regarding cultivation of medicinal vegetable raw materials in a special environment for the subsequent its processing.
- Attraction of direct foreign investments and domestic investors for creation of modern productions on release of pharmaceutical production and medicines with a high value added, first of all on the basis of medicinal substances (substances) and medicinal vegetable raw materials made on the plantations created in accordance with the established procedure.
- Creation of new modern productions and capacities for processing of medicinal vegetable raw materials and production of medicines, products of medical appointment, auxiliary and packing materials.
- Deepening of processes of localization of production of pharmaceutical production on the basis of local medicinal vegetable raw materials and materials on the basis of establishment of close cooperation connections and development of industrial cooperation between the organizations of free economic zones and in general the republics.
- Creation of the research centers for studying of an introduction and to cultivation of medicinal vegetable raw materials with skilled and experimental laboratories.



FEZ «Nukus - Farm»: Privileges and preferences

Residents of FEZ are exempted from payments/assignments:

- land tax
- property tax of legal entities
- income tax
- uniform tax payment for microfirms and small enterprises
- Republican road fund
- off-budget Fund of development of material base of educational and medical institutions at the Ministry of Finance of the Republic of Uzbekistan

Are exempted from customs payment delivered for own production needs for:

- equipment
- raw materials
- materials and components
- the construction materials which are not made in the republic and delivered within implementation of projects according to the lists approved by the Cabinet of the Republic of Uzbekistan



FEZ "Nukus-Farm": Terms of the provided privileges

Privileges are provided for a period of 3 till 10 years depending on the volume of the brought investments, including in an equivalent:

from 300 thousand US dollars to 3 million US dollars —
for a period of 3 years;

from 3 million US dollars to 5 million US dollars —
for a period of 5 years;

from 5 million US dollars to 10 million US dollars —
for a period of 7 years;

from 10 million US dollars and above — for a period of 10 years, with application within the next 5 years of a rate of income tax and uniform tax payment in a size at 50 percent below current rates.

Small industrial zone "Muynak"

SIZ "Muynak" is created according to the Resolution of the President of the Republic of Uzbekistan of February 28, 2017 # PP-2803



Total area – 20,5 hectares.

Distance:
To the airport – 210 km
To the nearest railway station – 100 km
To Tashkent – 1314 km



Main objectives of creation of SIZ "Muynak"

- ❖ Increase in production of finished knitted goods, development of textile and sewing production;
- ❖ The organization of production of the modern power effective equipment of a drop irrigation, water pumps, plastic pipes by implementation of the water preserving projects;
- ❖ Adjustment of production of electrotechnical and pharmaceutical production;
- ❖ Organization of industrial processing and production of finished fish goods;
- ❖ Transformation of the Muynak area to one of the attractive centers of tourism of Uzbekistan.

SIZ "Muynak": Privileges and preferences

Subjects of business of the Muynak area from April 1, 2017 to January 1, 2027 are released from:

payments of all types of tax – again created subjects of business which are carrying out activity in the industry sphere in the territory of SIZ "Muynak";

payments of the fixed tax – the individual entrepreneurs registered and who are carrying out activity in the territory of the Muynak area;

tax on the income – profit of founders of the legal entities registered and which are carrying out activity in the territory of the Muynak area, received in the form of dividends.



THANK YOU!