

**ENERGY CHARTER
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Related documents: CC 302, CC 309

DECISION OF THE ENERGY CHARTER CONFERENCE

Subject: Conclusions of the In-Depth Reports on Investment Climate and Market Structure (ICMS) for Uzbekistan

[The Energy Charter Conference at its 16th Meeting held on 9 December 2005 approved the conclusions circulated in document CC 302 with regard to the Report on the Investment Climate and Market Structure (ICMS) of Uzbekistan (Annex).]

Keywords: ICMS, Uzbekistan

**Conclusions on the In-Depth Review on Investment Climate
and Market Structure of Uzbekistan**

as adopted by the Energy Charter Conference
at its 16th Meeting on 9 December 2005

The Charter Conference,

Having regard to the Report from the Investment Group with respect to the In-depth Review on Investment Climate and Market Structure of Uzbekistan

NOTED

- a) That the Review of Uzbekistan has shown progress in important areas following-up on the Conference's policy conclusions of 2001, and generally in improving the legal framework for foreign investors, and in moving to more competitive market structure in the energy sector;
- b) In particular:
 - Welcomed that Uzbekistan recently has taken steps to establish a more favourable and non-discriminatory investment climate, including the provision of legal guarantees to foreign investors, and the facilitation of administrative procedures;
 - Encouraged the Uzbek authorities to make further efforts to improve conditions for foreign investors, in particular with regard to remaining restrictions concerning land acquisition, administrative procedures and the level of bureaucracy, the consistency and implementation of a transparent legal framework, and took note of the intention to adopt a new package of laws and regulations by the end of 2005 pursuing these policies;
 - Took note with satisfaction that the first steps have been taken in the energy sector towards a regulatory system that is less dependent on the political system, is transparent, and is directed at the implementation of measures needed for the creation of a competitive market, but also noted that further action is needed, including the introduction of cost-reflective tariffs and prices, the elimination of subsidies, the improvement of the collection rate, and the setting up of an independent regulator;
 - Took note of the intention of the Uzbek authorities to accelerate the process of restructuring and privatisation in the energy sector, including market-oriented structural changes that have already given more scope for FDI, and by making investment requirements accompanying privatisation offers and post-privatisation conditions less stringent;
 - Encouraged the efforts in pursuit of formulating a coherent strategy for the restructuring of the power sector, welcomed the progress achieved in approaching electricity and gas prices to costs, in reducing non-payments by, *inter alia*,

banning barter payments and improving metering, consumption accounting and control, and expressed hope that these policies will continue and be enhanced;

- Welcomed the efforts undertaken to improve the technical conditions and the operation of the international transportation routes for export of oil and gas, but noted that the operation of networks would be most efficient when access to transit is granted to facilities for all parties on fair conditions in accordance with the principles of the Energy Charter Treaty, by further development of regional interconnection and transit capacities, and by the harmonization of legal and regulatory frameworks for cross-border energy flows.