



# THE U.S. INVESTMENT TOOLKIT FOR CENTRAL ASIA 2025



## TABLE OF CONTENT

02	<b>LIST OF ABBREVIATIONS</b>
03	<b>EXECUTIVE SUMMARY</b>
05	<b>INTRODUCTION</b>
05	HOW TO READ THIS TOOLKIT
06	METHODOLOGY
06	DESK REVIEW
06	QUALITATIVE INTERVIEWS
07	INTEGRATION OF FINDINGS
08	<b>MARKET ENTRY</b>
08	ACCESSING INFORMATION, ESTABLISHING CONTACT, DECISION-MAKING
09	INTERNATIONAL AGREEMENTS FACILITATING FOREIGN INVESTMENTS
09	DOUBLE TAXATION
10	RESTRICTIONS FOR FOREIGN INVESTORS
11	INVESTMENT INSTRUMENTS AND LEGAL PROTECTION
12	ESTABLISHING LEGAL PRESENCE
12	BRANCHES AND REPRESENTATIVE OFFICES
12	ESTABLISHING A NEW COMPANY
13	INVESTING INTO THE EXISTING COMPANY
14	<b>RUNNING A BUSINESS</b>
15	TAXATION
15	LICENSING
15	EXPORT/IMPORT
16	ENVIRONMENTAL REGULATIONS
16	LABOR REGULATIONS
17	FINANCIAL SECTOR ISSUES
17	BANKING AND FINANCING
18	CAPITAL MARKETS
18	FOREIGN LISTINGS
19	GOVERNMENTAL SUPPORT FOR FOREIGN INVESTMENTS
19	SPECIAL ECONOMIC ZONES
20	CHALLENGES IN OPERATING BUSINESS
22	<b>CLOSING BUSINESS AND EXITING MARKET</b>
22	CLOSING A BUSINESS
23	EXITING THE MARKET
23	RISKS ANALYSIS FOR CURRENT AND PROSPECTIVE INVESTORS
24	RISKS MITIGATION STRATEGIES
26	<b>CONCLUSION</b>
27	<b>ANNEX 1. COUNTRY SPECIFIC OBSERVATIONS</b>
38	<b>ANNEX 2: INTERNATIONAL AGREEMENTS FACILITATING FOREIGN INVESTMENTS</b>
40	<b>ANNEX 3: IPR SNAPSHOT</b>
42	<b>ANNEX 4: THE PROCESS OF THE US INVESTOR'S ENGAGEMENT IN CENTRAL ASIA</b>
42	<b>ANNEX 5: INVESTMENT CLIMATE ASSESSMENT CHECKLIST</b>

## LIST OF ABBREVIATIONS

<b>AIFC</b>	Astana International Financial Centre
<b>AmCham</b>	American Chamber of Commerce
<b>BIT</b>	Bilateral Investment Treaty
<b>CA</b>	Central Asia
<b>CIS</b>	Commonwealth of Independent States
<b>EAEU</b>	Eurasian Economic Union
<b>EBRD</b>	European Bank for Reconstruction and Development
<b>EPC</b>	Engineering, Procurement, and Construction
<b>FATCA</b>	Foreign Account Tax Compliance Act
<b>FDI</b>	Foreign Direct Investment
<b>FEZ</b>	Free Economic Zone
<b>GDP</b>	Gross Domestic Product
<b>ICSID</b>	International Centre for Settlement of Investment Disputes
<b>JSC</b>	Joint Stock Company
<b>JV</b>	Joint Venture
<b>KZ</b>	Kazakhstan
<b>KG</b>	Kyrgyzstan
<b>TJ</b>	Tajikistan
<b>TM</b>	Turkmenistan
<b>UZ</b>	Uzbekistan
<b>LLC</b>	Limited Liability Company
<b>LLP</b>	Limited Liability Partnership
<b>M&amp;A</b>	Mergers and Acquisitions
<b>OECD</b>	Organization for Economic Co-operation and Development
<b>SEZ</b>	Special Economic Zone
<b>SMEs</b>	Small and Medium Enterprises
<b>STEP</b>	State Trade Expansion Program
<b>TIFA</b>	Trade and Investment Framework Agreement
<b>UN</b>	United Nations
<b>USAID</b>	United States Agency for International Development
<b>VAT</b>	Value Added Tax
<b>WTO</b>	World Trade Organization

## EXECUTIVE SUMMARY

The Investment Toolkit (Toolkit) was produced by the Center for Asia Leadership Initiatives (CALI) under the “Improving Business Environment in Central Asia” (IBECA) program funded by the U.S. Department of State and implemented by the Center for International Private Enterprise, an affiliate of the U.S. Chamber of Commerce. The program started in October 2022 and is expected to end in September 2027. IBECA supports private sector-led advocacy for business environment reforms with particular focus on building the private sector’s capacity to access finance, identify opportunities for U.S. investment, and facilitate regional networks and international connections to attract U.S. and international investments.

The methodology involved a fieldwork conducted between July-September 2024 with 95 interviews, 27 surveys, and extensive desk-study involving more than 100 documents. Legal advice concerning investment laws and regulatory process was provided by our project partner, Centil Law Firm.

The Toolkit provides a comprehensive guide for U.S. investors, both current and those exploring opportunities for Foreign Direct Investment (FDI) in Central Asia (CA). The Toolkit covers essential aspects of the investment lifecycle, including market entry, operational challenges, and exit strategies, tailored to the unique contexts of Kazakhstan, Kyrgyzstan, Uzbekistan, Tajikistan, and Turkmenistan. For maximum benefit, the Toolkit is designed to be read together with the Investment Map (Map), presented as a separate report.

The **Market Entry** section covers information accessibility, entry facilitation, international agreements, possible inhibitors, and available instruments. The Central Asian countries have enhanced transparency in recent years, making information on markets, legal frameworks, and business opportunities more accessible. The section mentions the relevant international organizations and conventions important for FDI where all five CA countries are signatories. Furthermore, the section zooms in on the availability and utility of the Bilateral Investment Treaties (BITs) between the U.S. and CA countries. The section also explains sector-specific practical restrictions and actual practices on foreign ownership in five countries, and proposes various vehicles investors can utilize to enter the market.

The **Running a Business** section covers the prevailing practices and application of the regulatory landscape, including taxation, labor and environmental laws as well as financial services. Sectoral opportunities and economic zones, priority sectors, challenges, and risks are also described in this section.

The **Exiting the Market** section explains the nuances of closing businesses due to numerous requirements to undergo audits and associated bureaucratic hurdles.

In the **Conclusion** section, there are key recommendations. In the Annexes, there is practical information that highlights specific opportunities and challenges in each country from the point of view of an investor.

Practical checklist for investment climate assessment is suggested as a starting point for potential investors.

The Toolkit provides the following Recommendations for U.S. Investors:

- Engage with local American Chambers of Commerce (AmChams), embassies, and local investment agencies;
- Seek legal and financial counsel to ensure compliance with dynamic regulations and currency controls;
- Utilize arbitration mechanisms, especially in jurisdictions like the AIFC;
- Explore SEZ to capitalize on tax and operational incentives in designated zones;
- Prepare for long-term engagement, addressing bureaucratic challenges and investing in local partnerships for sustainable success.

The Toolkit highlights Central Asia's untapped potential for U.S. investors while underscoring the necessity of informed, strategic engagements to navigate its complexities effectively.

## INTRODUCTION

Central Asia represents a compelling yet complex investment landscape for U.S. businesses. This Toolkit is designed to serve as a roadmap for navigating the region's unique opportunities and challenges, offering insights across all stages of the investment lifecycle—from market entry to business operations and eventual exit. By providing region-specific data, legal frameworks, practical resources, insights on prevailing practices of regulatory and law enforcement, the document empowers investors to make informed decisions and establish a sustainable commercially profitable presence in one of the world's most dynamic but underexplored regions characterized by high risks and ample opportunities.

Central Asia has undergone significant economic transformation in recent years. Governments have introduced reforms to attract FDI, diversify their economies, and integrate into global markets. This region offers immense opportunities in sectors like energy, agriculture, technology, and renewable resources. While the business regulatory environment and investment climates have been modernized through market reforms over the last decades, the main investors' concerns pertain to implementation gaps. The implementation of predictable rules, the creation of a level playing field among firms and greater competition in markets, in particular, could encourage both local entrepreneurs and foreign investors to invest and grow their business in the region (OECD, 2023). Potential investors must navigate a myriad of challenges, including regulatory inconsistencies, currency controls, and perceptions of corruption.

The Toolkit highlights the critical factors influencing investment decisions, such as international agreements, market access conditions, legal and financial regulations, and operational nuances. It provides sector-specific guidance and outlines the support mechanisms available through U.S. and local resources, including chambers of commerce, bilateral councils, and governmental agencies. By addressing these facets comprehensively, this document positions itself as an indispensable resource for investors seeking to unlock the region's economic potential.

### HOW TO READ THIS TOOLKIT

This document serves as an initial guide for U.S. investors exploring opportunities in Central Asia, covering all stages of the investment lifecycle – from market entry and legal considerations to operational challenges and exit strategies (see Figure 1). Information is organized at the regional level, highlighting unique context in each country, where possible.

To maximize its value, the Toolkit must be read in conjunction with the Investor Map, available as part of this package, in order to understand the overarching trends and key insights. These provide a snapshot of the investment climate, highlighting opportunities in sectors like energy, agriculture, and technology, as well as challenges such as legal inconsistencies and underdeveloped financial systems.

Use the detailed sections to address specific investment needs or questions. For example, refer to the country-specific observations for insights into localized regulations, available incentives, and key industries. The attachments on international agreements and practical investment climate checklists are especially useful for strategic planning, as they provide guidance on navigating legal frameworks, understanding bilateral treaties, and assessing political and economic risks. Approach the document with a focus on your investment goals, leveraging its insights to make informed decisions about entering and operating in this promising, complex region.

## METHODOLOGY

This Investor Toolkit was developed using a mixed-methods approach, combining an extensive desk review with qualitative interviews to ensure a comprehensive and nuanced understanding of Central Asia's investment landscape. The fieldwork took place between July-September 2024 with 95 interviews (See Table 1), 27 surveys, and extensive desk study involving more than 100 documents. Legal advice concerning investment laws and regulatory process was provided by our project partner, Centil Law Firm.

## DESK REVIEW

The desk review encompassed a thorough examination of existing literature, including national legislation, international agreements, investment climate assessments case studies, and reports from multilateral organizations. Secondary data from reputable sources such as the World Bank, OECD, UNCTAD, and WTO were analyzed to provide a contextual foundation for the Toolkit. Key areas of focus included market entry conditions, regulatory frameworks, sector-specific opportunities, and challenges unique to the region.

## QUALITATIVE INTERVIEWS

Interviews, as sampled in Table 1, represent a diverse range of perspectives, including:

- **Experts:** Academics, policy analysts, and regional specialists with in-depth knowledge of Central Asia's economic and legal environment.
- **Investors:** U.S. and local business leaders with practical experience navigating the region's investment climate.
- **Business Representatives:** Officials from Central Asian investment promotion agencies; U.S. government bodies, such as trade and commerce departments; as well as U.S. business associations active in the region.

The interviews provided rich qualitative insights into the practical realities of doing business in Central Asia, highlighting both opportunities and risks. Stakeholders shared firsthand experiences, case studies, and strategic advice, which informed the Toolkit's practical recommendations.

Table 1. Sample of Interviews

Affiliation	# of interviews	Country	# of interviews
Private Company	54	USA	27
US Government	15	KG	24
Think Tank	7	KZ	16
CA Government	6	UZ	12
US Business Association	5	TJ	9
CA Business Association	4	UZ/KG/TJ/KZ	5
DFI	4	TM	2
<b>Total</b>	<b>95</b>	<b>Total</b>	<b>95</b>

## INTEGRATION OF FINDINGS

The findings from the desk review and interviews were synthesized to create a user-centric resource. This ensures that the Toolkit addresses the priorities of U.S. investors while reflecting the complexities and nuances of Central Asia's evolving markets. The combination of data-driven analysis and stakeholder insights ensures that this document serves as both a strategic guide and a practical tool for decision-making.

Figure 1: Main Stages of the Investment Lifecycle



Source: CALI, 2020-2025

## MARKET ENTRY

### ACCESSING INFORMATION, ESTABLISHING CONTACT, DECISION-MAKING

As part of their long-time policy for attracting foreign investments, Kazakhstan and Kyrgyzstan have made significant and sustained progress in improving access to information about their markets, economies, legal frameworks, and business opportunities. Uzbekistan embarked on a similar path after 2018. Tajikistan and Turkmenistan have recently shown interest in providing greater access to official information about their respective markets and investment opportunities. Many medium and large businesses have online presence with their websites accessible in the local languages, Russian and, in many cases, in English. In the case of Kazakhstan, a potential investor can find more information in English than in any other language.

At the same time, many investors described that challenges in establishing reliable contacts, building trust, and accessing specific legal and sectoral markets information were part of their investment journey. All these necessary steps require hiring local lawyers, extra time, and expenses.

#### Box 1: Potential investors are encouraged to contact:

##### National Agencies:

- Kazakh Invest<sup>1</sup>
- Kyrgyz National Investment Agency<sup>2</sup>
- Tajik State Committee on Investments and State Property Management<sup>3</sup>
- Turkmen Ministry of Economy and Finance<sup>4</sup>
- Uzbek Investment Promotion Agency<sup>5</sup>
- Embassies of each country in DC

##### U.S. Government Sources:

- U.S. Embassies in each country
- United States Trade Administration
- Small Business Administration's State Trade Expansion Program (STEP)<sup>6</sup>
- The U.S. Department of the Treasury Outbound Investment Security Program<sup>7</sup>

##### Chambers of Commerce:

- American Chamber of Commerce in Kazakhstan<sup>8</sup>
- The U.S.-Kazakhstan Business Council<sup>9</sup>
- American Chamber of Commerce in Kyrgyzstan<sup>10</sup>
- US-Kyrgyzstan Business Council<sup>11</sup>
- American Chamber of Commerce in Tajikistan<sup>12</sup>
- The U.S.-Turkmenistan Business Council<sup>13</sup>
- American Chamber of Commerce in Uzbekistan<sup>14</sup>
- The American Uzbekistan Chamber of Commerce<sup>15</sup>

The governments of each country established specialized agencies which assist potential investors with information and facilitate preparations of documents. The business forums, conferences, and other events at home and abroad are regularly organized by these investment promotion agencies.

The Commercial Sections of the U.S. Embassies in each country can help U.S. businesses obtain useful information and introduce potential partners. They publish annual investment climate statements for each country<sup>16</sup>. The United States Trade Administration provides

1. <https://invest.gov.kz/>

2. <https://invest.gov.kg/about-national-agency/about/>

3. <https://investcom.tj/>

4. <https://invest.gov.tm/>

5. <https://dev-portal.miiit.uz/en/introduction>

6. <https://www.sba.gov/blog/take-next-step-sba-boost-your-business-overseas>

7. <https://home.treasury.gov/policy-issues/international/outbound-investment-program>

8. <https://www.amcham.kz/>

9. <https://www.uschamber.com/program/international-affairs/middle-east-and-turkey-affairs/us-kazakhstan-business-council>

10. <https://www.amcham.kg/en/>

11. <https://www.uskgzbc.com/>

12. <https://amchamsineurope.com/the-american-chamber-of-commerce-in-tajikistan-strengthens-global-ties-by-joining-the-amchams-in-europe-network/>

13. <https://www.ust-bc.org/>

14. <https://amcham.uz/>

15. <https://auconline.com/>

16. <https://www.state.gov/reports/2024-investment-climate-statements/>

plenty of resources, as do local chapters of American Chambers of Commerce, bilateral trade councils, and other platforms that can help maintain active ties with local business communities, and provide useful information and contacts. Additional useful resources are included in the individual countries section below.

All countries, except for Turkmenistan, permit citizens of the U.S. to enter and stay in their territory for 30 consecutive days without the need to obtain a tourist or business visa.<sup>17</sup>

## INTERNATIONAL AGREEMENTS FACILITATING FOREIGN INVESTMENTS

The Central Asian countries are party to various international agreements that facilitate foreign investment. Kazakhstan, Kyrgyzstan, and Tajikistan are World Trade Organization members, while Turkmenistan and Uzbekistan are negotiating their accession. Kazakhstan adheres to the OECD Declaration on International Investment, offering protection for foreign investors. All five nations participate in the U.S.-Central Asia Trade and Investment Framework Agreement (TIFA)<sup>18</sup>, which aims to foster trade and investment collaboration. Additionally, Kazakhstan and Kyrgyzstan have bilateral investment treaties (BITs) with the U.S., offering investor protection, non-discrimination, transparency, and arbitration rights under ICSID, though the latter is underutilized due to high arbitration costs and associated risks. These agreements collectively enhance investment climates, despite varying levels of implementation and participation (for more, see Attachment 1).

## DOUBLE TAXATION

Kazakhstan and the U.S. have signed a treaty on avoidance of double taxation<sup>19</sup>. As for the other four countries, the U.S. IRS still considers the Convention on Matters of Taxation signed between the U.S. and the Soviet Union<sup>20</sup>, valid for taxation purposes. These countries may, however, have different interpretations and their tax authorities may need to be consulted separately to avoid misunderstanding. It is recommended to consult the investment promotion agencies for assistance in tax-related matters, however the final decision remains with the tax authorities.

### Box 2: Case in point

The U.S. IRS considers Uzbekistan to be one of the former Soviet republics now covered by a taxation treaty with the Commonwealth of Independent States (CIS), as the successor to the dual taxation treaty signed between the United States and the Union of Soviet Socialist Republics (USSR) (signed in 1973 and entered into force in 1976). However, the Government of Uzbekistan argues that this agreement cannot be considered in effect and has proposed signing a new double taxation treaty.

The tensions were supposed to be somewhat addressed by the bilateral investment treaty (BIT)<sup>21</sup>, that the U.S. negotiated and concluded with Uzbekistan in 1994.

While Article XIII generally excludes tax matters from the coverage of the treaty, it does not preclude a national or company from bringing claims under Article IX, which describes that taxation provisions in an investment agreement or authorization have been violated, or that tax matters resulted in, or constituted, an expropriation of a covered investment.

Under paragraph 2, a national or company that asserts in a dispute that a tax matter involves expropriation, may submit that dispute to arbitration pursuant to Article IX only if (1) the investor has first referred to the competent tax authorities of both Parties the issue of whether the tax matter involves an expropriation, and (2) the tax authorities have not both determined, within nine months from the time of referral, that the matter does not involve expropriation.

17. <https://travel.state.gov/content/travel/en/international-travel/International-Travel-Country-Information-Pages/Turkmenistan.html>

18. <https://ustr.gov/about-us/policy-offices/press-office/press-releases/2024/june/united-states-central-asia-trade-and-investment-framework-tifa-council-joint-statement>

19. <https://www.irs.gov/pub/irs-rtty/kazakh.pdf>

20. <https://www.irs.gov/businesses/international-businesses/united-states-income-tax-treaties-a-to-z>

21. <https://www.state.gov/investment-affairs/bilateral-investment-treaties-and-related-agreements/united-states-bilateral-investment-treaties/>

The “competent tax authority” of the United States is the Assistant Secretary of the Treasury for International Tax Policy, who will make this determination only after consultation with the Inter-Agency Staff Coordinating Group on Expropriations.

A great step forward, the treaty was ratified by the Senate in 2000 with the explicit understanding that the United States would not exchange instruments of ratification until Uzbekistan was in full compliance with the terms of the BIT, particularly regarding currency convertibility standards. As of 2024, the United States and Uzbekistan are yet to exchange instruments of ratification.<sup>22</sup>

In 2015, Uzbekistan and the U.S. signed the Intergovernmental Agreement to Improve International Tax Compliance with respect to the United States Information Reporting Provisions, commonly known as the Foreign Account Tax Compliance Act (FATCA). The FATCA agreement entered into force in July 2017.

Uzbekistan is not a member of the OECD Inclusive Framework on Base Erosion and Profit Shifting (BEPS).<sup>23</sup>

## RESTRICTIONS FOR FOREIGN INVESTORS

While all Central Asian countries mention their general openness to foreign investment in all sectors of their economy, in reality there are laws that either prohibit foreign participation or restrict it in some sectors which are considered vital to national interests. For example, foreign investors are not allowed to own agricultural and forestry land in Kazakhstan and Kyrgyzstan, cannot have shareholdings above certain limits in mass media and telecommunications sectors, and offshore companies are restricted from participation in the financial sector. Tajikistan has restrictions in aviation, defense, security, and law enforcement sectors and is only beginning to develop the concept of private ownership of land. Turkmenistan limits FDI in onshore energy projects. Uzbekistan, while having no explicit restrictions in legislation, enforces targeted restrictions on foreign investment in strategic sectors to safeguard national security, public health, and environmental integrity.

As mentioned above, certain restrictions exist on ownership of land (e.g. agricultural, forestry, etc.), water, and other resources across the region. Kyrgyzstan also requires that the winners of a mining license (particularly for large and medium-sized gold and silver deposits) establish a Kyrgyz company with at least 30 percent state ownership. Real estate ownership is more open to foreigners, with some limitations<sup>24</sup>. It is recommended to consult the FDI promotion agencies with specific questions.

### Box 3: Challenges of Investment in the Mining Sector in Kyrgyzstan

Investing in Kyrgyzstan's mining sector presents a complex landscape for U.S. and international investors, shaped by both formal regulations and practical considerations.

Legally, since 2022, Kyrgyz law requires that any company registering a mining license must include at least 30% state ownership.

The Ministry of Natural Resources, Ecology, and Technical Supervision of the Kyrgyz Republic is responsible for conducting ecological assessments of subsoil users. Although the official timeline for reviewing applications is three months, in practice, the process often takes nine months or longer.

By law, the Ministry simultaneously oversees the development of the mining industry and environmental supervision. This dual role includes issuing licenses, approving geological reports, and protecting the environment. This creates an inherent conflict of interest, as the Ministry is tasked with promoting industrial growth while also safeguarding ecological standards, resulting in a paradoxical situation.

22. <https://ustr.gov/sites/default/files/2014%20NTE%20Report%20on%20FTB%20Uzbekistan.pdf>

23. For more see: <https://www.state.gov/reports/2024-investment-climate-statements/uzbekistan/> and <https://home.treasury.gov/system/files/131/FATCA-Agreement-Uzbekistan-4-3-2015.pdf>

24. Further information is available: <https://invest.gov.kg/investors-guide/real-estate/>

Practically, the sector is prone to political and regulatory instability, with frequent changes in mining laws and political dynamics contributing to an unpredictable environment. Additionally, perception of corruption and a weak rule of law mean that legal protections for foreign firms may be inconsistently enforced, increasing the risks associated with investment.

These factors illustrate the complexities involved in developing partnerships in Central Asia's critical minerals sector.

Sources: U.S. State Department, 2024 and World Bank, 2023.

## INVESTMENT INSTRUMENTS AND LEGAL PROTECTION

Investing into all five countries can be accomplished with diverse investment vehicles. The operating legal frameworks are civil law-based, and the regional governments recognize and regulate many of the modern investment types.

In all five jurisdictions, investments can be made in the form of commercial contracts between domestic and foreign business entities (e.g. distribution agreements, supply agreements, sale contracts, engineering, procurement, and construction (EPC) contracts, loan agreements etc.). The laws of each country generally recognize a wide range of commercial agreements and allow business entities to enter into any types of agreements even if they are not directly stipulated by national laws. Furthermore, the conflict of law provisions in the Civil Codes of all five countries, permitting parties to select the law applicable to their agreement (e.g. New York or English law) subject to national laws which mandate application of the national law to particular cases. The national laws usually must apply to corporate matters, agreements for exploration and production of mineral resources, sale of real estate, and in some other cases.

Finally, Kazakhstan has established in its territory the Astana International Financial Center (AIFC) which has a separate legal framework based on the principles and precedents of English law. Thus, the companies registered at AIFC can enter into the types of agreements recognized under English law. AIFC offers additional advantages, including judicial review by renowned UK judges and application of law based on UK English law concepts and principles.

Kazakhstan<sup>25</sup>, Kyrgyzstan<sup>26</sup>, Tajikistan<sup>27</sup>, Turkmenistan<sup>28</sup>, and Uzbekistan<sup>29</sup> all have modern public private partnerships (PPP) regimes. Some are recognized by the international community to be among regional best practices<sup>30</sup>. Concessions, while not being the only ones, are the most common form of PPPs in the region. Often as part of the concession agreement, the concessionaire may be required to establish a Joint Venture (JV) or a subsidiary, instead of remaining a foreign entity operating under a concession agreement.

Agreements between foreign and domestic parties also can provide for foreign arbitration or a foreign court for dispute resolution purposes, subject to a few restrictions, such as the agreements with state-owned companies or mineral exploration agreements with the government. An investor, however, should be aware that all the countries have only a few treaties on recognition of foreign court judgements, and none with the U.S.

All five countries are signatories to the 1958 New York Convention on the Recognition and Enforcement of Foreign Arbitral Awards, leading to a more established practice of recognition of foreign arbitral awards in each country<sup>31</sup>. Specific country sections contain further details about the scope and practice of application of the above-mentioned convention in each of the countries.

25. [https://www.oecd.org/content/dam/oecd/en/publications/reports/2017/04/multi-dimensional-review-of-kazakhstan\\_g1g75326/9789264269200-en.pdf?utm](https://www.oecd.org/content/dam/oecd/en/publications/reports/2017/04/multi-dimensional-review-of-kazakhstan_g1g75326/9789264269200-en.pdf?utm)

26. <https://ppp.worldbank.org/public-private-partnership/library/law-public-private-partnerships-kyrgyz-republic>

27. <https://ppp.worldbank.org/public-private-partnership/library/ppp-laws-concession-laws-tajikistan>

28. <https://ia.tn/archives/206>

29. <https://investmentpolicy.unctad.org/investment-policy-monitor/updates/3446/uzbekistan-adopts-its-first-ppp-law-#:~:text=ZRU%2D573%20entered%20into%20force,property%20complexes%2C%20or%20public%20infrastructure>

30. <https://unece.org/economic-cooperation-and-integration/news/unece-support-kyrgyzstan-emerges-one-most-advanced-ppp>

31. <https://www.youngicca.org/voices/rdi-and-investment-arbitration-kazakhstan-turkmenistan-and-uzbekistan>

While all countries are making overall efforts to strengthen their respective property rights regimes, particular progress can be observed in their desire to join innovation economies, which manifests itself in accelerated adoption of the global intellectual property frameworks. U.S. DOC's Commercial Law Development Program, working together with the U.S. Trade Representative, the U.S. Patent and Trademark Office, and Customs and Border Control, continue to support each country in implementing the intellectual property rights (IPR) criteria of the U.S.-Central Asia Trade and Investment Framework Agreement (TIFA). In 2024 as a sign of recognition of these efforts, Uzbekistan was removed from the Special 301 Watchlist<sup>32</sup>. As of 2024, only Turkmenistan remains on the Watchlist in the same category as Canada or Vietnam<sup>33</sup>.

All five countries are Members of the World Intellectual Property Organization (WIPO). Kazakhstan, Kyrgyzstan, Tajikistan, and Turkmenistan are also members of the Eurasian Patent Office (EPO). Uzbekistan is not a member, which makes it a priority to obtain national registration and recognition of the patents, trademarks, and other intellectual property. The International Property Rights Alliance includes only Kazakhstan in its 2024 Index. The country is ranked 74th of 125 jurisdictions, with the highest marks achieved in trademarks area of assessment and the weakest marks for copyright<sup>34</sup>. None of the countries are included in the 2024 U.S. Chamber's International IP Index<sup>35</sup>.

## ESTABLISHING LEGAL PRESENCE

In the past decade, Kazakhstan and Kyrgyzstan have been making significant efforts to create a business-friendly environment for private businesses and foreign investors. Uzbekistan and Tajikistan have also started the process of liberalizing their legal regimes with an aim of developing the private sector and attracting foreign investors. As a result, the laws provide for a rather simple process of registering a business based on the principle of "one window" (i.e. one-stop shopping), and electronic submissions. Turkmenistan is less reliant on foreign investments and therefore remains further on its journey of liberalizing the FDI regime.

## BRANCHES AND REPRESENTATIVE OFFICES

Foreign investors can open either a branch<sup>35</sup> or a representative office in Kazakhstan, Kyrgyzstan, Tajikistan, and Turkmenistan. Uzbekistan offers only the option of a representative office to foreign investors. In Turkmenistan, a local representative must be a Turkmen national, who will need to register a company seal, notarize some documents, and open a local bank account<sup>36</sup>. Registering a branch or representative office is a simpler process than registering a legal entity. However, typically, U.S. investors choose between establishing a wholly-owned subsidiary or a joint venture with the local partners.

## ESTABLISHING A NEW COMPANY

In case of establishing a wholly-owned subsidiary or a joint venture, investors will choose between two forms of companies: limited liability companies (LLCs), ("limited liability partnership" in Kazakhstan), and joint-stock companies (JSCs).

The regulation of LLCs (or LLPs in Kazakhstan) are most closely related to U.S. LLCs, while JSCs are regulated closely to U.S. corporations. In contrast to LLCs/LLPs, JSCs are subject to a wider spectrum of corporate rules and regulations governing the structure and functioning of the management bodies, protection of minority shareholder rights, and reporting on the

32. <https://cidp.doc.gov/programs/cidp-in-action/central-asia-regional-intellectual-property-working-group>

33. <https://ustr.gov/sites/default/files/2024/205Special%20301%20Report.pdf>

34. <https://internationalpropertyrightsindex.org/>

35. <https://www.uschamber.com/intellectual-property/2024-ip-index>

36. <https://www.healyconsultants.com/turkmenistan-company-registration/setup-llc/>

company's major business and financial matters even if the company has only one shareholder. Notably, the regulation of partnerships is different from that of the U.S. Essentially, all partnerships (other than consortia) are incorporated legal entities. U.S. investors should note that Kazakhstan, Kyrgyzstan, Tajikistan, and Uzbekistan laws do not permit different classes of shares in a JSC (only ordinary or preferred shares can be issued) nor different classes of participants in an LLP.

The registration process is straightforward and usually takes from one to five business days from submission of all required documents. The relevant documents generally include the analogues of memorandum and articles of association of the new company, resolution of the parent company on its establishment, notarized and apostilled or legalized copies of the documents confirming registration and current status of the parent company, documents for the new company's CEO, and confirmation of address. At the same time investors note that in Tajikistan, despite the declared possibility of registering a company within 24 hours, in practice, lack of experience and/or decision-making power in the governmental bodies leads to extension of this process for two to three weeks from the date when all documents are submitted.

## INVESTING INTO THE EXISTING COMPANY

M&A transactions are a standard practice in Kazakhstan and Kyrgyzstan. The practice of M&A transactions with foreign investors is smaller in Uzbekistan, and emerging in Tajikistan and Turkmenistan. Therefore, foreign investors may experience difficulties in negotiation of some modern western forms of M&A transactions or standard western terms for M&A agreements in these two countries. In Kazakhstan, Kyrgyzstan, Uzbekistan, and Tajikistan share sale and purchase agreements with foreign investors can be governed by foreign law, provided they do not involve corporate matters regulated by the national law respectively and excluding the purchase of interests in Kazakhstan LLPs, which must be governed by Kazakhstan law.

Accepting new participants into an LLC (LLP in Kazakhstan) will require a re-registration of the relevant entity. However, this process is still simpler than registration of a new company in the relevant country.

Kazakhstan<sup>37</sup>, Kyrgyzstan<sup>38</sup>, Tajikistan<sup>39</sup>, and Uzbekistan<sup>40</sup> have long-standing antitrust regulations (known as "anti-monopoly" legislation), which include a requirement for a governmental consent for so-called "economic concentration" (i.e. antitrust clearance). In Turkmenistan, Article 17 (Development of Competition and Anti-monopoly Activities) of the Law on State Support to Small and Medium Enterprises, as well as a number of other statutory documents, play this role<sup>41</sup>. The cases in which consent of the regulator is required for an M&A transaction will differ in all countries. However, in all countries the process remains rather formal in practice and involves substantial bureaucratic effort.

37. <https://www.morganlewis.com/pubs/2024/05/kazakhstan-adopts-law-introducing-changes-to-antimonopoly-regulations>

38. <https://mineconom.gov.kg/en/document/170>

39. <https://cis-legislation.com/document.fwx?rgn=31333>

40. <https://aqobat.gov.uz/en/>

41. [http://www.rulg.com/documents/Antitrust/country/Turkmenistan/ch2\\_1.html](http://www.rulg.com/documents/Antitrust/country/Turkmenistan/ch2_1.html)

## RUNNING A BUSINESS

The legal frameworks of all five countries are civil law, influenced by German law and Soviet legal principles, which have been adapted over the past 30 years to address modern business needs. Laws and subordinate regulations, except those classified as state secrets, are publicly accessible, often through government-maintained online resources, some of which are free. Legislative processes involve national Parliaments passing laws, with executive branches authorized to issue edicts and decrees which in some cases, may have the force of law, and ministries authorized to issue rules and regulations which must comply with overarching laws.

Kazakhstan and Kyrgyzstan engage stakeholders in discussions of major legal changes, although information about these consultations is not always widely disseminated. Membership in business councils and associations, such as AmChams, provides valuable insights into upcoming reforms, and membership in industrial associations provides opportunities to propose or comment on the proposed regulations. Uzbekistan posts all proposed regulations or amendments to a designated website open for public review and comment. Tajikistan and Turkmenistan lag behind the other three countries in issues of open discussion of the policies and regulatory changes. In Tajikistan, the government agencies can post draft laws and regulations for public review and comments but do not always do so.

Civil Codes across the region define the principles for commercial transactions, contracts, and legal entity operations, complemented by laws on public-private partnerships, competition, price and tariff regulation, consumer protection, trade, mandatory insurance, and government oversight of private businesses. Kazakhstan has streamlined its commercial regulations within its Entrepreneurial Code<sup>42</sup>, while other countries continue to use separate laws on commercial matters, with Kyrgyzstan set to introduce its own Entrepreneurial Code in February 2025.

### Bank Accounts, Conversion of Currency, Repatriation of Dividends

Domestic companies (including those with foreign participation), as well as branches and representative offices of foreign companies, can open bank accounts in local and foreign currencies. Although all Central Asian states have currency control regulations, dividends and interest on loans or other income of a foreign investor can be converted into foreign currency and transferred out in some cases. However in Tajikistan, similar to company registrations, practice does not match the law. Despite the declared liberalization, some currency restrictions remain in practice. For example, foreign investors are legally permitted to convert earnings received in the national currency into foreign currencies and transfer them abroad. However, the National Bank of Tajikistan may impose administrative barriers, such as delays in processing conversion requests and limitations on the availability of foreign currency. In Turkmenistan, investors' revenue in foreign currencies that are a party to the Production Sharing Agreements are in a better position vis-à-vis currency controls than those who trade in the national currency<sup>43</sup>.

Across the region, regulations distinguish between national residents and non-residents or foreign residents and provide that transactions between national residents be denominated and effected in the local currency. Transactions between national residents and non-residents (i.e. foreign companies) can be in local or foreign currency, subject to certain requirements and reporting obligations.

42. [https://adilet.zan.kz/eng/docs/K1500000375#:~:text=2022\],regulation%20and%20support%20for%20entrepreneurship](https://adilet.zan.kz/eng/docs/K1500000375#:~:text=2022],regulation%20and%20support%20for%20entrepreneurship).






43. <https://www.state.gov/reports/2024-investment-climate-statements/turkmenistan/#:~:text=Exchange%20and%20Remittances,-Foreign%20Exchange,well%20as%20other%20related%20issues>.

In some countries (e.g. Kyrgyzstan, Tajikistan, and Turkmenistan), currency controls and lack of U.S. corresponding banks pose an issue for transactions of foreign investors.

## TAXATION

In all countries, rules of taxation are stipulated in the Tax Codes, which simplify understanding of taxation regimes and interaction with tax authorities. However, many investors note that the Tax Codes are amended frequently, their interpretation is far from consistent, and that tax inspectors are more focused on identifying violations rather than cooperating with taxpayers and explaining practical application of the tax rules. In Kazakhstan and Kyrgyzstan, major international tax advisers have presence, along with many national licensed auditors who provide tax advice and mitigate the risks discussed above. Retaining a team of local tax professionals full-time is a standard practice. See specific rates in Table 2.

Table 2. Tax Regime in Central Asia

Country	Corporate Income Tax Rate	Dividend Withholding Tax	Personal Income Tax
 KAZAKHSTAN	20% for domestic companies	15% on dividends	10%
 KYRGYZSTAN	10% general rate	10% non-residents	10%
 TAJIKISTAN	13% for producers of goods; 23% for others	12% on non-residents	Residents 12%; Non-residents 20%. Other income 15%
 TURKMENISTAN	Domestic 8% Foreign 20 %	15%	10%
 UZBEKISTAN	15%	Residents 5% Non-residents 10%	12%

Source: National Tax Authorities, Elaborated by CALI, 2024

Note that all the countries have VAT regimes and other taxes such as property tax, minerals extraction tax, etc. Retaining a tax professional either full time or on a consistent basis will be necessary.

## LICENSING

All five countries impose requirements for licenses, permits, accreditation, approvals, or registrations from or with governmental bodies to a rather broad spectrum of industries and services. By law, most of the periods for issuance of a license or a rejection letter should take no more than 30 days from submission of all documents. However, the requirements can be complex, sometimes quite divergent from U.S. norms. As a result, in practice, the process of obtaining licenses and permits may be subject to the discretion of the relevant government officials or may take 2-3 times longer than the legally prescribed period. Due to this factor, some investors prefer to invest in existing businesses which already hold all necessary licenses and approvals, or find local partners with expertise and experience in obtaining the same.

## EXPORT/IMPORT

The Customs Code of each Central Asian country, along with various subordinate legal acts, govern the import and export of goods to and from their territories. Imported goods must

undergo declaration and customs clearance, with required documentation, such as customs declarations and labels, typically provided in the national and/or Russian language. Foreign entities are not permitted to directly interact with customs authorities in Kazakhstan, Kyrgyzstan, Tajikistan, and Uzbekistan. However, their local subsidiaries can manage these processes, or they can engage licensed customs brokers to provide guidance and handle the necessary formalities.

Kazakhstan and Kyrgyzstan, as members of the Eurasian Economic Union (EAEU), alongside Russia, Belarus, and Armenia, benefit from the elimination of internal customs borders. These countries adhere to the EAEU's Customs Code and regulations, which complement their national customs rules. Additionally, both national and EAEU regulations on goods certification and conformity assessment must be strictly followed.

Most recently, U.S. investors have faced challenges of exports control and sanctions compliance. The complexity of following the current and potential future rules may deter potential U.S. investors from making investment decisions and exporting technology and know-how to Central Asia.

#### Box 4: Challenges of Export Control and Sanctions Compliance

In addition to the long-standing sanctions on certain Afghan and Iranian entities, in the wake of the Russia-Ukraine conflict and the subsequent restrictions on Russian and Chinese entities that may be active in the region, U.S. exporters to Central Asia have adopted a more cautious approach. Interviews show that investors and associates report allocating increased time and resources to ensure compliance with export controls and regulations. This heightened scrutiny, in turn, may deter potential U.S. investors from pursuing opportunities and exporting technology and expertise to the region.

Concurrently, trade data indicate a significant rise in exports from Central Asian nations to Russia since 2022. This surge suggests that dual use goods, including those with potential military applications, are being re-exported to Russia, thereby undermining the intended impact of Western sanctions. The EBRD reported that exports from the EU and the UK to Armenia, Kyrgyzstan, and Kazakhstan increased by 90% after sanctions were introduced.<sup>44</sup>

## ENVIRONMENTAL REGULATIONS

Environmental regulations have a different scope and are at different stages of development in each of the countries. Investors are encouraged to seek local legal advice on these issues since the penalties and damages for environmental harm and violations can be significant and obtaining environmental permits can be time consuming.<sup>45</sup>

## LABOR REGULATIONS

U.S. investors operating in Central Asian countries should be aware that local labor laws are more regulated and formal compared to those in the United States. These laws strictly govern aspects such as working hours, rest periods, maximum work-days per week, allowable leave, and specify limited grounds for employee dismissal. Given the extensive documentation required for employment matters, consulting with in-house or external human resources legal counsel is advisable.

Hiring foreign nationals necessitates obtaining work permits for employers and business or work visas for prospective employees. In Uzbekistan and Tajikistan, foreign employees must also secure individual work authorization documents in addition to the employer's work permit. The issuance of work permits often requires demonstrating the absence of qualified candidates within the local labor market. In Kazakhstan and Kyrgyzstan, legal limitations

<sup>44</sup> For more see: <https://www.fpri.org/article/2024/12/the-impact-of-russia-sanctions-on-central-asia>

<sup>45</sup> <https://oilprice.com/Energy/Energy-General/Kazakhstan-Fines-Oil-Firm-for-One-of-the-Largest-Emissions-of-Methane-in-History.html>, <https://www.bloomberg.com/news/articles/2024-10-01/oil-majors-restart-talks-with-kazakh-state-on-5-billion-kashagan-sulfur-fine>, <https://www.barrons.com/news/kazakhstan-fines-oil-firm-28-mn-for-environmental-breaches-a279d2ed>

may further restrict the number of foreign hires. Although Uzbek law allows for government-imposed quotas on work permits, no such public regulations currently exist. Investors should account for these processes when planning to employ foreign workers.






## FINANCIAL SECTOR ISSUES

The financial sectors of the Central Asian countries are divided into two primary areas: (a) financial and payment organizations and (b) capital markets. National or Central Banks in each country are responsible for developing monetary policy, ensuring financial stability, regulating currency, and overseeing payment systems. Regulation of financial institutions and capital markets is managed by the following government agencies:

- **Kazakhstan:** Agency for Regulation and Development of Financial Markets
- **Kyrgyzstan:** Service for Regulation and Supervision of Financial Markets under the Ministry of Economy and Commerce
- **Uzbekistan:** Ministry of Economy and Finance
- **Tajikistan:** The Agency for Development of Securities Market and Special Registrar under the Ministry of Finance
- **Turkmenistan:** The Central Bank (aka the National Bank) and The Ministry of Finance and Economy.

The stock exchange market is in various stages of development. Kazakhstan and Uzbekistan lead the regional market in terms of capitalization, as shown in Table 3.

Table 3. Regional Stock Exchanges

Country	Exchange/ Year of Establishment	Market Cap	Number of Listings
 KAZAKHSTAN	Astana International Exchange (AIX)/ 2018 <sup>46</sup> Kazakhstan Stock Exchange (KASE)/ 1993 <sup>47</sup>	\$62.6 bln \$45.3 bln	153 194
 KYRGYZSTAN	Kyrgyz Stock Exchange (KSE)/1994 <sup>48</sup> Stock Exchange of Kyrgyzstan (BTS)/1999 <sup>49</sup>	\$407 mln ~\$500 mln	37 52
 TAJIKISTAN	Central Asian Stock Exchange (CASE)/2015 <sup>50</sup>	\$286 mln	40
 TURKMENISTAN	Ashgabat Stock Exchange (ASX)/1997 <sup>51</sup> State Commodity and Raw Material Exchange of Turkmenistan (SRCMET)/1994 <sup>52</sup>	N/A N/A	5 N/A <sup>53</sup>
 UZBEKISTAN	Tashkent Stock Exchange (UZSE) (1994)	\$18.2 bln	91

## BANKING AND FINANCING

Kazakhstan and Kyrgyzstan each have 21 private banks, with nearly half of Kyrgyzstan's banks involving foreign investors. Tajikistan has 14 private banks, while Uzbekistan has 36. There are 11 licensed banks in Turkmenistan out of which 6 are state owned and industry specific, 3 are joint stock banks with state participation and 2 are branches of foreign banks (Turkmen-Turkish Bank and Deutsche Bank AG)<sup>54</sup>. Financing through national private banks and financial institutions is available in all countries but is typically limited to local currencies and subject to higher interest rates than those offered by foreign financial institutions. As a result, businesses often seek financing from foreign banks, international financial institutions, or overseas capital markets.

46. <https://aifc.kz/wp-content/uploads/2024/07/1-january-report-eng.pdf>

47. <https://kase.kz/en/presentations/>

48. <https://www.kse.kg/>

49. <https://en.bts.kg/about/>

50. <https://www.case.com.tj/en/>

51. <https://invest.gov.tm/news/view?id=646>

52. <https://www.exchange.gov.tm/gtstbt>

53. "Turkmenistan requires that import/export transactions and investment projects be registered at the State Commodity and Raw Materials Exchange (SCRME) and the Ministry of Finance and Economy. The procedure applies not only to contracts and agreements signed at SCRME, but also to contracts signed between third parties. The contract registration procedure includes an assessment of "price justification."

<https://www.state.gov/reports/2024-investment-climate-statements/turkmenistan/#~:text=Turkmenistan%20requires%20that%20import%2Fexport,contracts%20signed%20between%20third%20parties.>

54. <https://infotrade.gov.tm/menu/19?l=en> and <https://turkmenportal.com/en/catalog/business-directory/banks-of-turkmenistan>

In Tajikistan and Turkmenistan, companies rely heavily on domestic banks for short- and long-term financing due to the underdeveloped financial services market. However, domestic terms tend to be shorter and more expensive due to high interest rates and limited capital. International financing remains challenging for businesses from these countries due to insufficient collateral and lack of credit history at the international level.

Leasing companies and microfinance organizations are also present in all five countries, offering additional financing options, although these financing tools may not be accessible to U.S. businesses.

While most countries allow the conversion and transfer of funds in foreign currency, administrative barriers, such as delays and transaction caps, may occur. For instance, Tajikistan's currency controls often slow down the repatriation process. Kazakhstan and Uzbekistan have relatively streamlined procedures, particularly for businesses operating within SEZs or the AIFC. Capital gains and dividends from the sale of business assets or shares may be subject to local taxation. Investors should consult with local tax advisors to ensure compliance and optimize tax liabilities. Limited banking options and underdeveloped financial systems in countries like Turkmenistan can pose challenges. Investors may need to rely on international banks or financial intermediaries to facilitate large transactions.

## CAPITAL MARKETS

The capital markets across these countries are still developing, with limited liquidity and low retail investor participation. Kazakhstan's capital market is the most advanced, though many securities issuances and transactions on its stock exchanges are incentivized by tax benefits rather than aimed at public offerings.

The second largest-Uzbekistan's capital market is in its infancy, with low liquidity and a corporate bond market comprising less than 0.2% of GDP. As of late 2022, only 24 corporate bond issuers existed, with a combined nominal value of about \$90 mln. Short-term funding is primarily sourced from domestic banks, while international institutions provide longer-term capital. Recognizing these challenges, Uzbekistan has undertaken reforms, including the creation of the Capital Market Development Agency in 2019 and the "Uzbekistan - 2030" strategy, aiming to expand the capital market to \$10 bln and raise the free float-to-GDP ratio to 10.5%.

Governments in the region remain interested in developing their capital markets, introducing new financial instruments, and attracting portfolio investors.

## FOREIGN LISTINGS

Kazakhstan and Kyrgyzstan allow issuers to list securities on foreign exchanges, provided they are simultaneously listed on a domestic exchange. Uzbekistan permits foreign listings under specific conditions, such as capping foreign listings at 25% of a company's total issued securities and meeting regulatory requirements. For state-owned or strategically important companies, prior approval from designated commissions is required.

Tajikistan does not mandate domestic listings for foreign issuers but requires authorization from its securities regulatory body. Foreign issuers can offer securities in Tajikistan by meeting certain legal and procedural requirements, such as registering a prospectus and working with local market participants.

Turkmenistan, with support from USAID's Future Growth Initiative, is working to develop its capital market. The country's stock market is projected to reach a market capitalization of approximately \$1.58 mln by 2025, with the number of trades expected to total around \$279 mln.<sup>55</sup>

<sup>55</sup> [https://www.statista.com/outlook/fmo/stocks/turkmenistan?utm\\_source=chatgpt.com](https://www.statista.com/outlook/fmo/stocks/turkmenistan?utm_source=chatgpt.com)

## GOVERNMENTAL SUPPORT FOR FOREIGN INVESTMENTS

Kazakhstan guarantees equal treatment for foreign and domestic investors, ensuring freedom to convert dividends and other income into foreign currency and allowing unrestricted transfer of funds out of the country.

Similarly, Kyrgyzstan provides equal status for all investors, with additional protections for foreign investors. For example, any new restrictions on foreign currency transfers do not apply to foreign investors, except in money laundering cases. Kyrgyz law also permits investors to apply a more favorable previous legal framework for up to ten years in cases of changes to investment, tax, or customs laws, excluding areas like national security, healthcare, and environmental protection. In 2021, Kyrgyzstan introduced legislation enabling foreign investors with recognized international reputations and expertise to negotiate investment agreements with the government for projects involving \$10 mln or more. Moreover, the Kyrgyz authorities may offer additional incentives to specific foreign investors based on the strategic importance of their projects.

Both Kazakhstan and Kyrgyzstan offer government support for qualifying investment projects, whether led by foreign or domestic investors. Such support, formalized through investment agreements, may include exemptions from customs duties, VAT, and other taxes, as well as the free transfer of state assets for project use. Eligible projects typically involve constructing new facilities or upgrading existing ones to produce goods, services, or works.

Uzbekistan and Tajikistan law also declare equal treatment for foreign and domestic investors. Uzbekistan also guarantees free conversion and repatriation of income. The government of Uzbekistan has significant flexibility to negotiate directly with foreign investors, providing tailored preferences, guarantees, and incentives under its legal framework, particularly through the Tax Code.

## SPECIAL ECONOMIC ZONES

Kazakhstan and Kyrgyzstan have established special legal regimes within “special economic zones” (SEZs) and “industrial zones” to attract investors in priority sectors or specific industries, with the list of eligible industries periodically updated by the governments. These zones offer favorable conditions, including tax incentives, special customs regimes, preferential access to land, and simplified procedures for obtaining work permits for foreign specialists. Private businesses can propose the creation of new SEZs or establish private industrial zones, subject to government approval. Notably, Kyrgyzstan has introduced High-Tech and Creative Parks to support digital and creative industries, offering members reduced tax rates and assistance in exporting goods and services.

### Box 5: Kazakhstan’s Astana International Financial Center

Kazakhstan established an international financial center which has a separate legal framework based on common law, i.e. the regulation of companies and types of agreements as well as regulation of the terms of agreements which is very similar to that of the United Kingdom. The financial center has a special court and arbitration, accessible not only to the members of the financial center. Decisions of the court have equal status and direct enforcement in Kazakhstan as decisions of Kazakhstan courts.

Uzbekistan and Tajikistan also have developed free economic zones (FEZs) with significant benefits. In Uzbekistan, businesses operating in FEZs enjoy tax exemptions on profits, property, and customs duties for imported equipment and raw materials used in

production. These benefits are granted for three to ten years, depending on the investment amount. Additionally, companies exporting products from FEZs are exempt from export customs duties, and imports into FEZs are free from excise taxes. Land leases in these zones are offered at competitive rates.

Tajikistan has established five FEZs where companies are subject only to income tax and social tax obligations<sup>56</sup>. Businesses in these zones are exempt from import duties, taxes on equipment, and customs charges on exports. Both domestic and foreign goods brought into the zones are free from excise duties. Furthermore, land leases within Tajikistan's FEZs are set at a nominal rate of \$1 per square meter per year, making them particularly attractive for investors. However, as in the other areas, the regulation on these FEZs, and particularly on the companies and projects qualifying for operation within FEZ, is not sufficiently developed. A company wishing to operate under the FEZ regime needs to obtain an approval from the government which will involve coordination among several agencies and take time.

While Turkmenistan passed a law on FEZs<sup>57</sup>, it is unclear whether any are in operation as of 2024<sup>58</sup>. Some transborder Zones with its neighbors are planned as well.<sup>59</sup>

## CHALLENGES IN OPERATING BUSINESS

### Nationalization and Expropriation

Kazakhstan, Kyrgyzstan, Uzbekistan, and Tajikistan allow the nationalization or expropriation of investors' assets only in the public interest, on a non-discriminatory basis, and with the provision of fair compensation to the affected investors. However, concerns about fair compensation are common among foreign investors in these countries, with perceived risks being higher in Kyrgyzstan and Tajikistan.

In Kyrgyzstan, a law permits the government to impose temporary external management on companies whose operations violate environmental laws, pose threats to human life and health, or cause significant damage. This provision was invoked in the case of the Kumtor mine, where the government took control of operations from Canadian mining company Centerra Gold. Additionally, in an ongoing ICSID arbitration case, a U.S.-based mining company claims that the Kyrgyz government indirectly expropriated its uranium mine and failed to meet fair and equitable treatment standards during the revocation of its license.

Tajikistan also has a history of nationalization and expropriation cases, further contributing to investor concerns about the stability and fairness of investment protections in the region.

Article 21 of 1993 Turkmen Law on FDI protects investors from nationalization attempts but stipulates that foreign property can be confiscated in case of illegal activity.<sup>60</sup>

### Application of Law and Perception of Corruption

Foreign investors, validated through interviews and other studies, frequently cite the inconsistent application of laws by government authorities as one of the primary challenges of doing business in Kazakhstan, Kyrgyzstan, Uzbekistan, and Tajikistan. Despite efforts by the governments of Kazakhstan, Kyrgyzstan, and Uzbekistan to simplify procedures for obtaining approvals, permits, and licenses, as well as to streamline governmental oversight of private businesses, investors report varied interpretations and enforcement of regulations by local authorities.

Across the region, government authorities are perceived to adopt a controlling and inspection-driven approach rather than one of assistance and cooperation. In Uzbekistan

56. Social tax obligations in Central Asia are akin to payroll taxes in the United States, such as contributions to Social Security and Medicare, where employers pay a percentage of employee wages to fund state welfare programs like pensions and healthcare.

57. <https://invest.gov.tm/inorm/view?id=24>

58. <https://www.state.gov/reports/2024-investment-climate-statements/turkmenistan/>

59. <https://turkmenistan.gov.tm/en/post/8100/uzbekistan-turkmenistan-free-trade-zone-be-established>

60. <https://wipolex-res.wipo.int/edocs/lexdocs/laws/en/tm/tm013en.html>

and Kyrgyzstan, some foreign investors feel they face stricter scrutiny compared to domestic companies at every stage of their operations. In Kazakhstan, investors often believe that supervisory authorities focus on reviewing company operations and documents primarily to impose and collect fines. Tajikistan is regarded as the most challenging jurisdiction due to significant gaps and inconsistencies in its regulatory framework, which result in arbitrary interpretations and applications of rules across various business processes, from taxation to tenders. These inconsistencies are accompanied by a strong perception of corruption, which is a concern in all five countries but particularly acute in some.

Frequent amendments to laws and regulations across all five countries further exacerbate these challenges, making compliance more difficult for businesses. This factor also requires prospective investors to verify or reconfirm the applicable regulations at the time of their investment decisions.

In Kyrgyzstan, investors also point to excessive bureaucracy and frequent changes in government leadership as factors undermining investor confidence and causing delays in resolving issues. In Tajikistan, investors observe that long bureaucratic processes result from either the lack of decision-making capacity or reluctance of lower and mid-level government officials to make any decisions.

For investors in Kazakhstan and Kyrgyzstan, it's important to note that local laws grant CEOs significant authority. While the authority of CEOs in JSCs is limited by Boards of Directors and Shareholders' Meetings, this is not the case for LLCs or LLPs. As a result, investors are advised to include detailed "checks and balances" in the articles of association and shareholder or participant agreements for LLCs and LLPs to manage corporate officers' powers effectively.

## **Dispute Resolution and Enforcement**

The national judicial systems are constitutionally independent of their respective executive branches. However, many investors report that, in practice, government interference in the judiciary is common, with judges often favoring state authorities or government-linked businesses. In Uzbekistan and Kyrgyzstan, investors have raised concerns about the use of criminal investigations as a tool for political interference or as a means to exert pressure during commercial disputes. A widely used mechanism in these countries for resolving disputes is foreign commercial arbitration. While the recognition of foreign arbitration awards is legally established, enforcement remains inconsistent in some cases. In Kazakhstan and Kyrgyzstan, investors report difficulties in enforcing arbitration awards under certain circumstances. National laws in both countries allow denial of enforcement if: (1) the arbitration award pertains to disputes not covered by the arbitration agreement or falls outside its terms, and (2) the award addresses matters beyond the scope of the arbitration agreement. Additionally, Kyrgyzstan law permits denial of enforcement if one party provided reasonable arguments that the arbitration agreement was invalid, yet the arbitration court proceeded with the case. These grounds together with the public policy argument are sometimes invoked to delay or avoid enforcement of an arbitration award.

In Uzbekistan, the law provides clear procedures for enforcing foreign arbitral and court decisions, which courts generally follow. If foreign investors comply with these procedures, they can usually expect recognition of their judgments and awards. However, enforcement may be denied if the decision conflicts with Uzbekistan's public policy. The interpretation of "public policy" in this context is stringent, applying only to fundamental legal norms essential to the constitutional order, human rights, national defense, security, and economic stability.

## CLOSING BUSINESS AND EXITING MARKET

The laws grant shareholders and participants the right to decide on winding up and liquidating their businesses at any time and for any reason. However, in practice, closing a branch, representative office, or company can take a year or longer. This lengthy process is due primarily to the comprehensive liquidation tax audit, which tax authorities may not perform promptly. Employers must also address employee rights during liquidation. Advance notice and compensation for dismissal are required, and if any employees have sustained workplace injuries resulting in disability, the company must deposit funds to cover periodic payments to those employees before liquidation can proceed. If a company is unable to pay all its liabilities and creditor obligations before liquidation, it must initiate bankruptcy proceedings. This involves appointing a bankruptcy administrator and receiver, court involvement, and the creation of a creditors' committee. Foreign investors should note that if bankruptcy is proven to have been premeditated by shareholders or participants, they may face criminal liability. Exiting a business in Central Asia involves a combination of legal, financial, and operational processes that vary significantly across the region. Investors need to prepare for a complex landscape marked by bureaucratic procedures, regulatory scrutiny, and potential delays. A well-structured exit strategy is crucial for minimizing risks and ensuring compliance with local laws.

### CLOSING A BUSINESS

Closing an enterprise typically requires a thorough tax audit by local authorities. In many cases, this process can take several months to more than a year, depending on the jurisdiction and the complexity of the business's financial and operational structure. Key steps include notification and approvals, audit, employee rights, and assets liquidation.

Investors must notify relevant government bodies, including tax authorities, labor agencies, and municipal offices, about their intention to close the business. Approval from tax authorities is often contingent upon completing a liquidation audit to ensure all tax obligations are fulfilled. Tax audits are a mandatory component of the liquidation process in most Central Asian countries. Auditors review financial statements to confirm that all taxes, employee compensations, and creditor obligations are settled. In some cases, discrepancies may lead to delays or fines, particularly in jurisdictions like Tajikistan, where regulatory inefficiencies are common.

Local labor laws require that employers provide advance notice and severance payments to employees. Any unresolved disputes, such as workplace injuries or unpaid wages, must be addressed before liquidation can proceed. Liquidation of physical assets, such as equipment or real estate, must be conducted transparently and in accordance with local laws. Regulatory permissions may be needed for certain types of asset transfers.

Repatriation of funds from a business closure can be complicated by currency control regulations and banking limitations in Central Asia. Key considerations include currency conversion and repatriation, taxation on profits and transfers, and banking infrastructure reliability.

If a business cannot meet its financial obligations, liquidation of a company will be conducted through the bankruptcy proceedings governed by national laws. The process requires filing for insolvency with the local courts and appointing a bankruptcy administrator to oversee the proceedings. The administrator is responsible for liquidating

assets and distributing proceeds to creditors in accordance with a court-approved plan. Shareholders and participants may face criminal or civil liabilities if bankruptcy is deemed premeditated or fraudulent. Creditors often have priority claims over shareholders. Foreign investors may face additional hurdles in recovering their investments due to local biases or procedural delays.

## EXITING THE MARKET

For investors seeking to sell their stake in a business or transfer ownership, mergers and acquisitions (M&A) offer a viable exit strategy, albeit with some constraints. In Kazakhstan and Kyrgyzstan, M&A activity is relatively mature, and share transfer agreements can be governed by foreign laws, subject to national restrictions. In Tajikistan, Turkmenistan, and Uzbekistan, M&A practices are less established, often requiring extensive negotiations and government approvals. Government consent is often required for the transfer of stakes in certain industries deemed strategic, such as energy, telecommunications, and natural resources. Anti-monopoly regulations in all five countries necessitate approvals for transactions that meet the thresholds of economic concentration. Investors are advised to include robust exit clauses in shareholder agreements and opt for arbitration mechanisms, such as the AIFC Court or international forums, to resolve disputes.

## RISKS ANALYSIS FOR CURRENT AND PROSPECTIVE INVESTORS

Investing in Central Asia presents significant opportunities, but also a variety of risks that must be carefully evaluated. These risks include regulatory, financial, operational, security, and geopolitical challenges that may have an impact on both current and prospective investors. More specifically:

- **Inconsistent Law Application:** Variability in the interpretation and enforcement of laws across jurisdictions increases operational uncertainty.
- **Frequent Amendments:** Rapid changes in tax codes, investment laws, and industry regulations disrupt business planning.
- **Expropriation Concerns:** While rare, instances of nationalization or asset expropriation have occurred, particularly in industries like mining and energy.
- **Currency Controls:** Restrictions on currency conversion and repatriation of funds in countries like Tajikistan and Turkmenistan pose financial challenges.
- **Banking Sector Limitations:** Underdeveloped financial systems and limited access to international capital markets hinder investment liquidity.
- **Bureaucratic Hurdles:** Lengthy and complex processes for obtaining permits, licenses, and approvals.
- **Corruption and Governance Issues:** Perceptions of corruption and lack of transparency increase compliance risks.
- **Regional Instability:** Proximity to conflict zones and dependence on external powers like China, Iran, and Russia create geopolitical vulnerabilities for U.S. investors.
- **Workforce Challenges:** Skills shortages, labor restrictions, and high regulatory burdens on employment complicate operations.

## Corporate Governance

While many countries in the region are advancing privatization and supporting private sector development, corporate governance remains nascent. Companies often have complex, opaque ownership structures linked to politically exposed persons (PEPs). Boards, though labeled independent, are frequently dominated by family members, government appointees, or insiders, limiting oversight, hindering transparency of beneficial ownership, and enabling self-serving decisions. Foreign independent directors may over-rely on contractual protections, neglecting proactive stakeholder engagement and underestimating governance risks in politically sensitive sectors. Additionally, few boards anticipate or address evolving regulatory demands, such as increased local content requirements.

These issues erode confidence in financial disclosures and governance, elevate due diligence costs, and complicate fair arbitration in disputes, affecting the investment lifecycle. The international development community has prioritized engaging local stakeholders in corporate governance reforms, leading some countries to establish networks for independent directors<sup>61</sup>. However, local non-executive directors (NEDs) often lack knowledge of international best practices, while international NEDs may be unfamiliar with local contexts, languages, or other essential skills, limiting their effectiveness.

### Box 6: Cases of Corporate Governance Lapses: From Obstacle to Catalyst for Compliance and Ethics

Over the years, there have been several well publicized cases of corporate governance shortcomings, weak compliance frameworks, and poor business ethics involving U.S. businesses. They have added to the real or perceived investment risks in Central Asia and underscore the necessity for robust compliance and ethical standards in international business operations.

In 2016, VimpelCom, a telecom company with U.S. investors' participation, admitted to paying bribes to Gulnara Karimova, the daughter of Uzbekistan's former president, to secure business deals. The company violated the U.S. Foreign Corrupt Practices Act (FCPA) and Dutch anti-corruption laws. VimpelCom agreed to pay about \$795 million in penalties<sup>62</sup>.

AOI-Kyrgyzstan, a subsidiary of the U.S.-based tobacco company Alliance One International, pleaded guilty in 2010 to violations of the U.S. FCPA. The company admitted to paying approximately \$3 million in bribes to Kyrgyz officials between 1996 and 2004 to secure favorable treatment in tobacco purchasing. These bribes were directed to officials in the state-owned enterprise Kyrgyz Tamekisi and local provincial government officials. The company paid \$4.5 million in fines to the U.S. Government<sup>63</sup>.

TeliaSonera, now known as Telia Company, engaged in transactions that were inconsistent with sound business practices and ethical requirements in Kazakhstan. An external review found that several actions during 2007-2013 may have been conducted in violation of the law. This is in addition to TeliaSonera's involvement in a corruption scandal in Uzbekistan. The company was accused of making substantial payments to gain access to the Uzbek telecom market, which led to extensive investigations and legal actions<sup>64</sup>.

## RISKS MITIGATION STRATEGIES

In order to mitigate the risks identified above, investors can adopt proactive strategies to optimize opportunities in CA. For **legal and regulatory compliance**, it is important to engage local legal counsel to ensure adherence to evolving regulations. Furthermore, it is advisable to design robust dispute resolution mechanisms in contracts and develop contingency plans to address regulatory changes or enforcement actions.

61. <https://www.ifc.org/content/dam/ifc/doc/mgrt-pub/eca-cg-success-stories-russian.pdf>  
<https://www.ifc.org/content/dam/ifc/doc/mgrt/kyrgyz-cg-board-evaluation-manual-russian.pdf>

62. <https://www.sec.gov/newsroom/press-releases/2016-34>

63. <https://web.archive.org/web/20120509025047/http://www.justice.gov/usao/vae/news/2010/08/20100806allianceone.html>

64. [https://eurasianet.org/kazakhstan-operations-under-scrutiny-amid-fresh-teliasonera-revelations?utm\\_source=chatgpt.com](https://eurasianet.org/kazakhstan-operations-under-scrutiny-amid-fresh-teliasonera-revelations?utm_source=chatgpt.com)

U.S. investors should consider partnering with international financial institutions for secure funding and hedging against currency risks and leveraging tax advantages and streamlined procedures offered by SEZs. Needless to say, due diligence on banking partners to ensure efficient repatriation and cash flow management is of utmost importance in the region.

Among operational best practices, strong relationships with local partners and stakeholders are crucially important. This also means that adopting transparent practices and participating in anti-corruption initiatives to mitigate compliance risks is mission-critical. Investing in workforce development programs to address skill gaps often may be necessary.

Geopolitical awareness is the key skill for the U.S. investors in the region, as they need to monitor regional developments and maintain flexible supply chain strategies. Engaging with U.S. embassies in the region and CA embassies in DC, AmChams, and trade organizations to access diplomatic and commercial support is always advisable.

Long-term commitment and adaptability are necessary for any investor in the region. U.S. investors may consider a phased investment approach to test the market while scaling operations gradually, and prioritizing adaptability to accommodate regulatory and market changes while maintaining a focus on sustainable growth. Community engagement is critical to long-term presence of the investor. By understanding risks and implementing these mitigation strategies, investors can successfully navigate the complexities of Central Asia, unlocking its potential as a frontier market for sustainable and profitable investments.

Mitigating Risks for U.S. Investors could include enhanced due diligence that incorporates political risk analysis and on-ground intelligence; collaborating with international development banks to mitigate governance risks through co-investment; encouraging local reforms through public-private dialogue and supporting corporate governance improvements; and finally, political risk insurance from entities like the Multilateral Investment Guarantee Agency (MIGA) or private providers.

Some useful resources for those interested in advancing good corporate governance in the region include:

**Business integrity in Eastern Europe and Central Asia 2022** analyses measures that governments, companies and business associations are taking to prevent corruption in business transactions.

**Anti-Corruption Ethics and Compliance Handbook for Business** serves as a useful, practical tool for companies seeking compliance advice in one, easy-to-reference publication.

**Remuneration of boards of directors and executive management in state-owned enterprises in Asia** reviews recent developments in establishing and implementing policy or regulatory frameworks for the remuneration of SOE boards and executive management across six Asian economies (the PRC, India, Indonesia, Korea, the Philippines and Viet Nam).

**Responsible business due diligence and government procurement** analyses the implications of responsible business conduct due diligence regulation for government procurement.

**A Resource Guide on State Measures for Strengthening Business Integrity** provides States with a framework for identifying and implementing an appropriate mix of sanctions and incentives for encouraging business integrity.

**The OECD Guidelines on Corporate Governance of State-Owned Enterprises** provide advice to help governments better manage the companies they own.

## CONCLUSION

As Central Asia continues its trajectory toward economic liberalization and development, it remains a region of both opportunity and complexity for U.S. investors. The Toolkit underscores the importance of strategic foresight, robust local partnerships, and meticulous compliance with regional legal and regulatory frameworks. Success in this market demands a nuanced approach that balances the promise of significant returns with the realities of operating in diverse and evolving environments. Key recommendations for investors include retaining local legal and financial advisors to navigate regulatory complexities and optimize exit strategies; ensuring dispute resolution clauses favor internationally recognized forums to mitigate risks; accounting for delays in audits, regulatory approvals, and fund repatriation; and staying informed about evolving laws that may impact exit conditions or profitability.

By aligning their strategies with the insights provided in this Toolkit, U.S. investors can mitigate risks, capitalize on emerging opportunities, and contribute to the sustainable growth of Central Asia. The path forward requires long-term commitment, adaptability, and collaboration with local stakeholders. With careful planning and execution, investors can establish a meaningful presence in this strategically vital and resource-rich region, reaping the rewards of a frontier market poised for growth.

## ANNEX 1. COUNTRY SPECIFIC OBSERVATIONS

### KAZAKHSTAN<sup>65</sup>



#### Snapshot

Kazakhstan, the largest landlocked country in the world, is strategically located and serves as a bridge between Europe and Asia. With vast natural resources, including oil, gas, and minerals, Kazakhstan is a key economic player in the region. About the size of Alaska, Texas and California (the three largest U.S. states) combined, it has a population similar to New York state (4th state by population) and is as rich as Nevada (32nd state in US by GDP). The country has pursued a market-oriented economic policy, attracting significant foreign direct investment, particularly in the energy sector. Kazakhstan has been dealing with challenges in diversifying its economy away from its dependence on hydrocarbons, as well as addressing social inequalities and ensuring sustainable development. Politically, Kazakhstan has undergone significant changes with the transition of power from Nursultan Nazarbayev to President Kassym-Jomart Tokayev, who has introduced a series of political reforms aimed at modernizing the political system and promoting a more open and democratic society.

#### Accessing Information, Establishing Contact, Making Decision

From the U.S. side, the American Chamber of Commerce in Kazakhstan<sup>66</sup> and the U.S.-Kazakhstan Business Council<sup>67</sup> are an excellent starting point for a U.S. investor considering market entry in the country. The International Trade Administration<sup>68</sup> has many useful resources as well.

The best source of information from Kazakhstan's side is the state FDI attraction agency-Kazakh Invest<sup>69</sup>. Additionally, Kazakhstan has many sectoral industrial associations such as Kazakhstan Mining and Smelting Association, KazakhEnergy, Kazakhstan Power Association, Association of Renewable Energy of Kazakhstan, Kazakhstan Financial Association inter alia that all have extensive materials and resources including on the market participants and on the industry trends in the country. Further information about the companies operating in a certain sector can be found on the web-sites of the Kazakhstan ministries. The list of ministries and links to their websites can be found at: <https://www.gov.kz/>.

The Kazakhstan Chamber of International Commerce<sup>70</sup> provides services related to finding local partners for foreign investors, as well as for collection of other data regarding Kazakhstan companies and market. It can assist with the introduction of foreign goods or services to the Kazakhstan market.

The National Information and Analytical Center maintains a database of leading suppliers and reliable companies. The center is a non-governmental organization which provides analytical services, including provision of information regarding projects and companies. The publicly available database is searchable only by names of companies. However, investors may contact the center with a request for more specific information.

65. Further information: <https://doingbusiness.kz/en>  
[https://www.bakermckenzie.com/~/media/files/insight/guides/2024/doing-business-in-kazakhstan-2024.pdf?sc\\_lang=en&rev=9e6e93f654744bc48d6c060e2229147&hash=A0C587152E6BF2379CCE4A2791E45BA](https://www.bakermckenzie.com/~/media/files/insight/guides/2024/doing-business-in-kazakhstan-2024.pdf?sc_lang=en&rev=9e6e93f654744bc48d6c060e2229147&hash=A0C587152E6BF2379CCE4A2791E45BA)  
<https://www.denton.com/en/services-and-solutions/global-tax-guide-to-doing-business-in-kazakhstan>  
[https://assets.kpmg.com/content/dam/kpmg/kz/pdf/2019/09/Doing-business-in-Kazakhstan-2019\\_eng.pdf](https://assets.kpmg.com/content/dam/kpmg/kz/pdf/2019/09/Doing-business-in-Kazakhstan-2019_eng.pdf)  
66. <https://www.amcham.kz/>  
67. <https://www.uschamber.com/program/international-affairs/middle-east-and-turkey-affairs/us-kazakhstan-business-council>  
68. <https://www.trade.gov/kazakhstan-country-commercial-guide>  
69. <https://invest.gov.kz/>  
70. <https://atameken.kz/en/departments/46-vneshnetorgovaya-palata-kazakhstana>

Kazakhstan Ministry of Finance regulates tender procedures for the purchases by governmental institutions and quasi-government sector and maintains databases of participants of state purchases, unreliable suppliers and future tenders. These databases provide the names of existing suppliers of certain goods and services and their contact details.

There is also a public database of all holders of Kazakhstan licenses at: [www.elicense.kz](http://www.elicense.kz). The database is searchable by a key word identifying the licensed type of activity. There are a number of other non-governmental business databases, some of which offer basic due diligence of companies: <https://www.kps.kz/> or <https://biznesinfo.kz/>.

Once a foreign investor identified the name or the Kazakhstan business identification number of its potential partner, it can make its basic due diligence by doing searches in the databases of (a) currently existing legal entities at [www.egov.kz](http://www.egov.kz); (b) the State Revenue Committee (i.e. tax service) at <https://kgd.gov.kz/>; (c) unreliable suppliers at [www.eoz.kz](http://www.eoz.kz), [zakupki.kz](http://zakupki.kz) and <https://www.goszakup.gov.kz/>; (d) holders of licenses at [eliense.kz](http://eliense.kz); (e) court cases involving the relevant partner at <https://office.sud.kz/>; and (f) the database of enforcement orders against debtors at <https://aisoip.adilet.gov.kz/>.

For broader macroeconomic and forecasting information, a sophisticated investor may turn to a number of governmental think tanks like Kazakhstan Institute for Strategic Studies (KazISS)<sup>71</sup> or governmental entities like the National Bank.<sup>72</sup>

## Registration and Market Entry

Kazakhstan law must apply to agreements between the participants of or the sale agreements for participatory interests in Kazakhstani LLPs but there is no such requirement for agreements between shareholders in a Kazakhstani JSC.

This rule affects the choice of law for and/or scope of the sale and purchase agreements for either the shares or participatory interests in a Kazakhstani company.

Private companies in Kazakhstan tend to have a rather small number of shareholders or partners, respectively. The shares and participatory interests are rarely offered to the public; therefore the companies are usually closely controlled by shareholders/partners. This tendency is believed to result from inadequate practice and regulation of minority shareholder rights, responsibility of corporate officers and resolution of shareholder disputes. Furthermore, disclosure of information by the companies in their securities offering documents and thereafter is significantly smaller than information disclosed in the U.S. standard offering documents.

## Running a Business

Environmental (Ecological) Code of Kazakhstan and subordinate regulations cover a wide range of issues such as (a) environmental impact assessment of planned activity and obtaining environmental approvals and permits for business projects and activities which have a significant impact on the environment, (b) obtaining permits for emissions into the air, water, and ground, (c) rules for mandatory environmental control by business entities, (d) liability for excessive emissions and liquidation of environmental contamination, (e) greenhouse gases regulation, (f) extended producer's liability, and (g) waste management. Projects which cause major impact on the environment will be subject to obtaining preliminary approvals from environmental authorities and the process of obtaining them, together with public hearings and public comments, may take a significant period of time.

A special zone of the Astana Financial Center (AIFC) has been established in the capital of Kazakhstan. The legal regime adopted in the AIFC differs significantly from the general legal framework of Kazakhstan. The AIFC was established to create an investors' hub, operating

71. <https://kisi.kz/en/home/>

72. <https://nationalbank.kz/en#>

under the legal framework similar to English Law. As a result, it offers legal structures which are either not directly recognized in or not available under Kazakhstan law, including trusts and the companies' forms and regulations similar to the UK. In addition to the special legal regime, the AIFC also offers a number of benefits to businesses registered in the AIFC. The benefits include tax preferences, special visa and work permit rules for foreign nationals and members of their families, and special foreign currency regime, etc. Finally, a special court and arbitration center were established under the AIFC. The court is independent of the judicial system of Kazakhstan and its judges are appointed from the experienced and distinguished judges of common law jurisdictions. Decisions of the AIFC court have the same direct effect as decisions of the other Kazakhstan courts and do not require recognition by any other Kazakhstan courts for their enforcement. The parties to a contract do not need to be participants of the AIFC to select the AIFC court for resolution of their disputes. The International Arbitration Center operates based on the procedures, practices, and standards similar to those adopted in other major financial centers. Foreign investors are encouraged to consider registering their businesses in the AIFC and select the jurisdiction of the AIFC court or the International Arbitration Center for dispute resolution purposes under their Kazakhstan contracts.

In Kazakhstan, transactions between residents and non-residents involving payment of money or transfer of property are subject to prior registration with the National Bank of Kazakhstan if they exceed a threshold of \$500,000 and the receipt of consideration or repayment of funds will not occur within 180 days. Furthermore, while Kazakhstan residents can receive and keep their business proceeds in foreign currency, such proceeds must be repatriated to Kazakhstan save for a number of exclusions. Companies registered with the AIFC are not subject to these currency and settlement restrictions. Furthermore, the currency control regulations define participation of foreign entities in the capital structure of Kazakhstan legal entities as a type of currency transactions, subject to the registration with the Kazakhstan National Bank as discussed above. Kazakh currency control regulations in general have a wide coverage and national banks are obligated to either inform the National Bank of all payments and transfers which are subject to currency control rules, or decline any payments or transfers for which no evidence of compliance with the currency control rules have been provided.

Not only domestic companies but also branches and representative offices of foreign companies are considered to be national residents for currency control purposes. Foreign entities cannot directly deal with customs authorities, however, their national subsidiaries can. Alternatively, licensed customs brokers can be hired to advise on and complete the necessary procedures. Customs declarations, labels, and sometimes other documents must be in Kazakh and/or Russian.

One of the financing challenges to Kazakhstan projects is the unavailability of project financing similar to that which exists in many western jurisdictions, as well as instruments to enforce step-in rights under Kazakhstan law. While there is a special Law on Project Financing and Securitization, both of these financing types can apply to a limited number of cases.

The Government has established the Kazakhstan Development Bank and from time to time introduces financing programs which offer local financing at more favorable rates than those offered by private banks.

There are two stock exchanges currently operating in Kazakhstan: Kazakhstan Stock Exchange and Astana International Exchange (operating under the Astana International Financial Center), although last year the President of Kazakhstan announced the intention of the Government to merge both exchanges.

There is also a bilateral U.S.-Kazakhstan treaty on avoidance of double taxation, which will be applicable to income of U.S. investors in Kazakhstan. Major international tax advisers have opened offices along with many national licensed auditors, who provide tax advice and mitigate the risks discussed above.

## Main Risks and Challenges

**Regulatory Risks** include frequent amendments to the Tax Code and business regulations which create uncertainties for investors; sector-specific restrictions, particularly in energy and natural resources; limitations on foreign ownership and participation; and inconsistent application of laws remain concerns, despite recent reforms aimed at improving governance.

**Financial Risks** may take the form of currency controls that require prior registration for large foreign transactions, posing potential delays for investors; limited project financing options in local markets, with high reliance on international institutions.

**Operational Risks** such as bureaucratic inefficiencies and lengthy processes for obtaining permits; environmental regulations impose significant compliance requirements, particularly for projects with ecological impacts, which may provide additional challenges.

**Geopolitical Risks**, including regional instability, dependence on neighbors for trade and infrastructure development, and perceptions of favoritism toward domestic enterprises in disputes involving foreign investors.



## Snapshot

Kyrgyzstan, a landlocked country nestled in Central Asia, is known for its mountainous terrain and rich cultural heritage. Kyrgyzstan, as big as South Dakota in territory and Indiana in population, produces only about a quarter of Vermont's GDP. Once known as the "Switzerland of Central Asia," it currently bears a reputation for political volatility and frequent changes in government, which have often disrupted economic progress. Kyrgyzstan was first in the region to initiate a broad range of economic reforms to attract FDI. The country's economy relies heavily on agriculture, remittances, and gold mining, particularly from the Kumtor mine. The country's political landscape has been shaped by a series of revolutions and political unrest, with the most recent change in leadership occurring in 2020. Despite efforts to strengthen democratic institutions, Kyrgyzstan continues to grapple with issues of corruption, weak governance, and social unrest. Economically, the country struggles with high levels of poverty and unemployment, and it remains one of the least developed in the region.

## Financial Sector

There are two stock exchanges currently operating in Kyrgyzstan: the Kyrgyz Stock Exchange and the Stock Exchange of Kyrgyzstan (BTS), with the latter having resumed activity this year after a period of inaction. Like in Kazakhstan, Kyrgyz issuers can list their securities at foreign stock exchanges, subject to the requirement to simultaneously list them at one of the domestic exchanges.

Also, similar to Kazakhstan, in Kyrgyzstan not only the domestic companies but also branches and representative offices of foreign companies are considered to be national residents for currency control purposes and foreign entities cannot directly deal with customs authorities.

Investors into Kyrgyz companies should note that Kyrgyzstan laws grant CEOs significant authority. Their authority is limited by the authority of the Boards of Directors and Shareholders Meetings under the laws on JSCs, but is practically not limited by laws applicable to LLCs/LLPs. Therefore, all necessary and desirable "checks and balances" on the authority of corporate officers should be set out in the articles of association and participants/shareholders' agreements for LLCs/LLPs.

73. Further information: <https://remotepople.com/countries/kyrgyzstan/>  
<http://www.k-a.kg/eng/tips-foreign-investors-entering-kyrgyz-market>  
<https://www2.deloitte.com/content/dam/Deloitte/kz/Documents/kyrgyzstan/Tax&Investment%20Guide.pdf>  
<https://invest.gov.kg/>  
<https://www.trade.gov/country-commercial-guides/kyrgyz-republic-business-travel>

There are 21 private banks in Kyrgyzstan, with almost half of them having foreign investors.

Kyrgyzstan's laws include special regulations dedicated to governmental support of investment projects, including those implemented by foreign investors. Support is granted to projects that meet certain criteria and is provided on the basis of investment agreements with the authorized body for support of investments. Forms of support include exemption from customs duties and VAT, exemption from other taxes, and even transfer of state assets for free-of-charge use in an investment project. Investment projects eligible for this support must include construction of a new or expansion or upgrading of existing commercial facilities for production of goods, work, and services.

In addition to the general legal framework briefly described above, Kyrgyzstan created special legal regimes within so-called "special economic zones" and "industrial zones". These special economic and industrial zones provide advantageous conditions for investors looking to engage in priority sectors or specific industries, the list of which is revised from time to time. Furthermore, Kyrgyz laws permit private business entities to bring proposals regarding establishment of special economic zones and establish private industrial zones subject to the approval of authorized government bodies. Participants of the special economic and industrial zones will enjoy tax preferences, special customs regime, preferential rules for obtaining land plots, and work permits for foreign specialists.

## Main Risks and Challenges

**Regulatory Risks**, manifested by political volatility and frequent changes in government leadership, result in unpredictable regulatory environments; nationalization concerns, particularly in mining and energy sectors, where government interventions have occurred; and by the gaps in regulatory frameworks, which create challenges in resolving disputes.

**Financial Risks** include currency controls and high borrowing costs, and underdeveloped domestic capital markets which limit local financing options.

**Operational Risks** encompass excessive bureaucracy that slows down business registration and licensing processes, as well as the inadequate infrastructure and inconsistent access to utilities that add operational hurdles.

**Geopolitical Risks** involve the dependence on remittances and foreign aid that leave the economy vulnerable to external shocks. Regional tensions and internal unrest contribute to investor uncertainty.



## Snapshot

Tajikistan is heavily dependent on remittances from labor migrants, particularly those working in Russia. Tajikistan shares borders with Afghanistan, China, Kyrgyzstan, and Uzbekistan. The economy is also reliant on aluminum production and agriculture, but it faces significant challenges such as outdated infrastructure and limited access to global markets. Politically, Tajikistan appears to be in the midst of a power transition initiated by the long-term President Emomali Rahmon. The country is rich in hydropower and minerals. The government's focus on large infrastructure projects, such as the Rogun Dam, aims to boost economic growth, but financing these projects remains a significant challenge.

## Running a Business

In Tajikistan, the State Committee on Investments and State Property Management is responsible for offering practical support and facilitation of interactions between foreign investors and state authorities.

<sup>74</sup> Further information:  
<https://www.trade.gov/country-commercial-guides/tajikistan-market-entry-strategy>  
[https://www.granthornton.tj/globalassets/\\_markets\\_/tjk/media/final-of-doing-business-in-tajikistan\\_2015.pdf](https://www.granthornton.tj/globalassets/_markets_/tjk/media/final-of-doing-business-in-tajikistan_2015.pdf)  
<http://businessguide.tpp.tj/pages/index.html>

Tajikistan has established several mechanisms to support business and investment activities. The Entrepreneurship Support Fund provides financing at rates more favorable than private banks, making it particularly attractive for small and medium enterprises and businesses in priority sectors. The government offers significant tax incentives in the agricultural sector, where companies engaged in processing cotton fiber into final products can receive exemptions from profit tax, real estate tax, and customs duties for up to twelve years. The country has successfully implemented major infrastructure projects through international cooperation, particularly with Chinese partners and the Asian Development Bank. However, investors seeking an investment agreement with a government for the implementation of a significant project must submit their proposals to all relevant government agencies. Screening of investors by these agencies and receiving their feedback takes time.

Any earnings of a domestic company in foreign currency shall be placed into an account in a national bank, subject only to a few exceptions. Investors also find it difficult in practice to conduct large currency transactions due to the limited amount of foreign currency in the domestic financial market. Although investors are legally free to import currency, it may be difficult to withdraw funds after they have been deposited in a Tajik bank account.

Funds transferred from a foreign head office to a branch or subsidiary in Tajikistan will be considered revenue and subject to Tajikistan income tax. In order to receive the legislative exemption from the VAT, a company must file an application before the year in which the exemption should apply, and the approval will be valid only through the end of that year.

Tajikistan law views all land and subsoil resources as owned by the state and private ownership of land is only beginning to develop.

In Tajikistan, prospective foreign employees must obtain individual work authorization documents in addition to the work permit of the employer. Granting of work permits is subject to showing that the relevant employees cannot be found in the national labor market.

Tajikistan has fourteen private banks and has established five Free Economic Zones, with companies operating within these zones subjected solely to income tax and social tax obligations. Furthermore, such companies are granted exemption from import duties and import taxes on equipment, as well as customs charges on export operations. Import of domestic and foreign goods into these zones is released from excise duties. Finally, land lease rates within these zones are established at \$1 per square meter per annum.

Tajikistan does not currently require resident issuers to list on a domestic exchange if they seek a foreign listing. Instead, Tajikistan resident issuers in such cases must obtain an authorization from the country's securities regulatory body. Furthermore, Tajikistan's regulations only allow foreign issuers to offer securities within the country provided they meet certain legal and procedural conditions, such as registering a prospectus and partnering with local securities market participants.

Investors in Tajikistan note an excessive number of inspections carried out with respect to their business, and there are usually issues with compliance due to regulatory gaps or unclear requirements.

## Running a Business

While reforms have improved the investment climate, implementation of new laws is inconsistent. Informal practices and entrenched bureaucracy create additional barriers for

for foreign businesses. Restrictions on foreign ownership in strategic sectors remain a challenge. Currency conversion and repatriation, though liberalized, are still subject to administrative delays. High interest rates, limited access to international credit markets, land ownership restrictions and complex leasing procedures hinder long-term projects. Slow-moving governmental processes for approvals and contracts further affect investment projects. Regional dependencies on water resources and border conflicts could have an impact on business operations. Legacy issues from the former Soviet Union, including outdated infrastructure and governance models, persist.

## TURKMENISTAN<sup>75</sup>

### Snapshot

Turkmenistan, larger in area than California, with a population size similar to that of Missouri, and to the economy of Rhode Island, is one of the most closed economies in the world. The country is rich in natural resources, particularly natural gas, with the 6th largest confirmed deposits<sup>76</sup>. The economy is heavily dependent on natural gas exports, primarily to China, which accounts for the majority of its revenue. Despite its vast natural resources, the country faces significant economic challenges, including a lack of diversification, high unemployment, and poor infrastructure. The government is actively working to diversify its economy across both the public and private sectors. This includes significant investments in infrastructure and large-scale public projects designed to promote economic growth and address unemployment. While the government of Turkmenistan prioritizes safety and security, its policies and strict economic controls have limited foreign investments and have hindered the country's integration into the global market.

### Accessing information, establishing contacts, and decision-making

For successful navigation of Turkmenistan's complex business environment, establishing a partnership with a local Government Relations specialist is highly recommended. The U.S. Embassy in Ashgabat has strengthened its support for American businesses through its 2024 Investment Climate Statement<sup>77</sup>, offering to help U.S. companies connect with suitable local partners. Before venturing into the Turkmen market, companies can take advantage of the Embassy's comprehensive Business Facilitation Services<sup>78</sup>, which provides valuable insights and connections for market entry. Success in this market often depends on establishing partnerships with local agents or representatives. It's essential to invest time in building these relationships and ensure mutual alignment of business objectives. For U.S. businesses looking to explore opportunities or bid on tenders, several local consulting firms offer support services.

While Ashgabat serves as the country's main commercial hub, companies in the oil and gas sector primarily operate from Balkanabat and Turkmenbashi. Many international businesses choose to manage their operations through regional offices based in Türkiye or the UAE.

Turkmenistan actively seeks to attract foreign investments by sponsoring various Investment Forums in the country and abroad. Oil and Gas Turkmenistan (OGT) is the Annual event sponsored by government agencies such as Turkmengaz (Turkmen natural gas corporation), and Turkmenneft (Turkmen petroleum corporation), and organized by Turkmen Forum and UK-based Gaffney Cline, to attract foreign investments in the Hydrocarbon industry of Turkmenistan. The Ministry of Finance and Economy of Turkmenistan launched a website to attract foreign investments. The website lists 156 projects across various industries including Oil & Gas, Textile, Agriculture, Health, Education,

75. Further information: [https://hexia.tn/files/Doing\\_Business\\_Guide\\_Turkmenistan\\_2023\\_eng.pdf](https://hexia.tn/files/Doing_Business_Guide_Turkmenistan_2023_eng.pdf), <https://taxsummaries.pwc.com/turkmenistan>, <https://invest.gov.tn/guide/view?id=29>, <https://bti-project.org/3de/reports/country-report/TKM>, <https://infotrade.gov.tn/?l=en>, <https://www.pwc.com/uz/en/assets/pdf/doing-business-guide-in-turkmenistan-2012-2013.pdf>, <https://business.com.tm/articles/2019/legal-significance-of-turkmenistans-consumer-protection-law-and-its-scope>, <https://www.trade.gov/turkmenistan-country-commercial-guide>, <https://www.business.com>.

76. <https://www.worldometers.info/gas/gas-reserves-by-country/>

77. 2024 Investment Climate Statement: <https://www.state.gov/reports/2024-investment-climate-statements/turkmenistan/>

78. US Embassy in Turkmenistan, Ashgabat. Business Facilitation Services: <https://tm.usembassy.gov/business/getting-started-turkmenistan/business-facilitation-services/>

and the Construction & Industrial complex, and contains some useful links on Turkmenistan's legal regime related to investment activities.<sup>79</sup>

### Choosing the right form of legal presence

While Turkmenistan operates under civil law-based systems that recognize various modern investment types, it maintains its own distinct approach to foreign investment structures. Legal Forms of Investment include commercial contracts between domestic and foreign entities such as: distribution agreements, supply agreements, EPC contracts, loan agreements, and their recognized commercial agreements.

Business entity options for foreign companies include branches, representative offices, and franchise joint ventures with local partners (also known as consortium).

Primary corporate structures tend to be Limited Liability Companies (LLCs), most similar to U.S. LLCs with more flexible operational requirements. Joint-Stock Companies (JSCs) are regulated similarly to U.S. corporations and subject to broader corporate rules, and require detailed reporting on business and financial matters, with stronger minority shareholder protection.

### Registration and market entry

While there are no publicly available regulations on investment restrictions, in practice, foreign investors' share in any enterprise must not exceed 49%. The country has various legal acts governing business operations, including: laws on investment activity, regulations on foreign investments, laws on enterprises and joint-stock companies, and regulations on licensing certain types of activities.

Though these legal acts exist, their effectiveness remains untested. Turkmenistan has no Bilateral Investment Treaty (BIT) with the United States, though international law is recognized as the dominant legislative power when not contradicting national laws. Although Turkmenistan is a signatory to the 1958 New York Convention on the Recognition and Enforcement of Foreign Arbitral Awards, its scope for Turkmenistan is limited. Pursuant to Article 1(3) of the Convention, Turkmenistan will limit the application of the Convention to the recognition and enforcement of awards made within the territory of another contracting state. Additionally, Turkmenistan has specified that the Convention will only apply to disputes arising from legal relationships, whether contractual or otherwise, that are deemed commercial under its national laws. Furthermore, Turkmenistan has reserved the right to restrict the Convention's application to awards issued after its entry into force in the country, thereby excluding retroactive applicability.<sup>80</sup>

Regulatory Requirements for market entry include licenses, permits, and approvals required across numerous industries. Standard processing time is 15-30 days, though the practical timeline often is double or triple that. Government official discretion can have an impact on the processing. Complex requirements may diverge significantly from U.S. norms.

### Running a business

While laws and regulations are technically public, access to comprehensive legal information can be more limited compared to neighboring Central Asian countries. The legislative framework follows a hierarchical structure where Parliament-passed codes and laws take precedence, followed by presidential edicts and government decrees, with subordinate legislation by government agencies forming the tertiary level of regulation.

The country's Civil Code serves as the cornerstone for business operations, establishing fundamental principles for commercial transactions, contract formation and enforcement,

<sup>79</sup> Invest in Turkmenistan. The Ministry of Finance and Economy of Turkmenistan website: <https://invest.gov.tm/>  
<sup>80</sup> <https://arbitrationblog.kluwerarbitration.com/2022/12/05/turkmenistan-accedes-to-the-new-york-convention/>

and legal entity operations. Additional regulatory layers address public-private partnerships, competition issues, price and tariff controls, mandatory insurance requirements, and government supervision of private businesses. This comprehensive regulatory framework creates a complex operating environment that requires careful navigation.

Currency and banking operations present particular challenges for foreign businesses in Turkmenistan. The country maintains strict currency control regulations, with complex restrictions on currency conversion. Foreign currency earnings must be deposited in domestic bank accounts, and businesses often face significant obstacles in profit repatriation. The banking sector's limited engagement with foreign entities further complicates financial operations for international businesses.

In Turkmenistan, land and real estate are owned exclusively by the Government. They are leased for a maximum period of 99 years, including to the citizens of Turkmenistan and, in exceptional cases, to foreign legal entities.

### **Main risks and challenges in managing operational, legal, labor, tax, and regulatory compliance**

Taxation is governed by the Tax Code, with an additional layer of complexity arising from the 1976 Convention with the USSR on Matters of Taxation, which the United States still considers in effect. However, Turkmenistan's position on this treaty remains ambiguous, and the absence of a bilateral treaty on double taxation with the U.S. creates additional uncertainty for U.S. investors.

Customs and trade operations require careful attention for regulatory compliance. All imports must undergo customs clearance, with documentation requirements in the national language. The system includes complex certification and conformity assessment procedures that can have an impact on business operations and timelines.

While Turkmenistan has established a legal framework for intellectual property protection, enforcement practices remain limited, and protection mechanisms may prove unreliable.

Environmental regulations demand significant attention, with substantial penalties for violations and time-consuming permit acquisition processes. Engaging local legal counsel is strongly recommended for navigating these requirements effectively.

Labor law in Turkmenistan presents a stark contrast to U.S. standards, with highly regulated employment relationships and strong employee protections. The system mandates strict adherence to work hours, rest periods, leave entitlements, and dismissal restrictions. Foreign companies must navigate additional complexities when employing foreign workers, including obtaining work permits and satisfying local labor market testing requirements.<sup>81</sup>

For successful operation in Turkmenistan's market, businesses must maintain a delicate balance between regulatory compliance and operational efficiency, while staying attuned to the unique characteristics of the local business environment. Understanding and adapting to these conditions, while maintaining appropriate legal and financial counsel, is crucial for long-term success in the market.

### **Profit expropriation and financial sector issues**

The financial landscape presents unique complexities, particularly regarding currency exchange mechanisms. This distinctive currency framework affects various aspects of business operations, including international profit transfers, procurement, financial planning, and reporting.

---

81. <https://business.com.tm/post/12784/turkmenistan-amends-its-code-on-administrative-offenses>

Among eleven banks, nine are state-owned. Only Rysgal Joint Stock Commercial Bank was established by private entrepreneurs and registered at the end of 2011. The latest Financial Statement was published in 2022 by Baker Tilly auditors. However, it is unclear what share of the bank is private capital, and the audit was unable to obtain sufficient and appropriate audit evidence regarding certain assumptions used by the Bank in recognizing and classifying preferred shares as Bank equity.<sup>82</sup>

The only financial sector entity with foreign participation is the Turkmen-Turkish Bank – a joint venture with state-owned Daikhan Bank and Turkish Ziraat Bank and known to have correspondent accounts in USD and EUR.

Although, Fitch Ratings upgraded the Local Currency Long-Term Issuer Default Rating of Turkmenistan from “B+” to “BB-” in August 2024, based on the overall positive dynamics, it is advisable for foreign investors to develop a business model focused on exports rather than relying on internal market revenue.

## Closing a business and existing market

If a company cannot pay its debts in full before liquidation, it must declare bankruptcy. This triggers a formal bankruptcy procedure, where a court appoints both an administrator and a receiver to oversee the process.

## UZBEKISTAN<sup>83</sup>



### Snapshot

Uzbekistan, comparable to California in size and population, and with the GDP the size of Maine's, is the more populous of the two doubly land-locked countries in the world. The country is important for its strategic location in the region and connecting the East and West. Rich in natural resources, including natural gas, gold, and uranium, Uzbekistan plays a vital role in the region's economy. In 2016, after the death of its long-time president, Islam Karimov, Uzbekistan embarked on a series of economic and political reforms. Under President Shavkat Mirziyoyev, the country has taken steps to liberalize the economy, improve the business environment, and attract foreign investment. These reforms have led to increased economic growth and improved relations with neighboring countries and the international community. However, Uzbekistan still faces significant challenges, including corruption, a large informal economy, and limited political freedoms. The government has also prioritized major infrastructure projects and economic diversification efforts to reduce the country's reliance on agriculture and textiles. Despite these positive developments, the pace of reform remains gradual, and the country continues to grapple with legacy issues from its authoritarian past.

In Uzbekistan, companies in which foreign investors own 15% or more and have a minimum capital of approximately \$50,000, qualify as “companies with foreign participation.” Companies with foreign participation are granted specific privileges. For example, such companies producing goods or providing services in designated economic sectors are eligible for tax exemptions, including corporate income tax, property tax, and unified tax payments. The duration of exemptions varies based on the amount of foreign investment.

Uzbekistan has implemented a range of tax incentives to bolster its agricultural sector. Agricultural enterprises benefit from tax holidays and duty exemptions aimed at promoting value-added production and enhancing export capabilities. For instance, companies in the electrical industry are granted tax benefits from January 1, 2024 to January 1, 2027, including

82. Financial Statement. Rysgal JSCB 2022. [https://rysgalbank.com.tm/storage/files/Content\\_files\\_er/BDO\\_independent\\_Auditors\\_report\\_RB\\_2023\\_EN.pdf](https://rysgalbank.com.tm/storage/files/Content_files_er/BDO_independent_Auditors_report_RB_2023_EN.pdf)  
 83. Further information: [https://assets.ey.com/content/dam/ey-sites/ey-com/f1\\_f/pdf/ey-doing-business-in-uzbekistan-2022.pdf](https://assets.ey.com/content/dam/ey-sites/ey-com/f1_f/pdf/ey-doing-business-in-uzbekistan-2022.pdf)  
<https://www.dentons.com/en/insights/articles/2023/march/31/doing-business-in-uzbekistan-2023>  
<https://archive.doingbusiness.org/content/dam/doingBusiness/country/uz/uzbekistan/UZB-LITE.pdf>  
[https://www2.deloitte.com/content/dam/Deloitte/kz/Documents/uzbekistan/brochures\\_2020/Doing%20Business%20in%20Uzbekistan\\_2020.pdf](https://www2.deloitte.com/content/dam/Deloitte/kz/Documents/uzbekistan/brochures_2020/Doing%20Business%20in%20Uzbekistan_2020.pdf)  
<https://www.trade.gov/uzbekistan-country-commercial-guide>  
<https://www.pwc.com/uz/en/assets/investment-guide-uzbekistan.pdf>  
[https://www2.deloitte.com/content/dam/Deloitte/kz/Documents/uzbekistan/UZ\\_Tax\\_and%20Investment\\_Guide\\_ENG.pdf](https://www2.deloitte.com/content/dam/Deloitte/kz/Documents/uzbekistan/UZ_Tax_and%20Investment_Guide_ENG.pdf)

a 50% reduction in income tax and property tax rates, provided that at least 80% of their revenue comes from the sale of electrical products.

In Uzbekistan, the Economic Procedural Code and the Law On the Execution of Judicial Acts and Acts of Other Bodies, provide mechanisms for the enforcement of foreign legal decisions. Uzbek courts generally follow these procedures, although enforcement may be denied if a decision conflicts with public policy. Investors typically can expect foreign judgments and arbitration awards to be recognized in Uzbekistan if legal procedures are followed.

Uzbekistan created several Free Economic Zones. The companies operating in such zones benefit from tax exemptions with respect to profits, property, and customs duties on imported equipment and raw materials used in production operations. These benefits are granted for a period from three to ten years, depending on the volume of investments. Companies exporting products manufactured in a Free Economic Zone are exempt from export customs duties. Imports into Free Economic Zones also are exempt from excise taxes. Land lease rates within Free Economic Zones are set at competitive levels.

Uzbekistan has 36 private banks that provide financing in the national currency only and in most cases will be subject to higher interest rates than those offered by foreign financial institutions. Therefore, businesses usually seek financing from foreign banks, foreign or international financial institutions, or in overseas capital markets. In addition to private and government banks and financing institutions, Uzbekistan is experimenting with leasing companies and microfinance organizations.

Uzbekistan's capital markets are in their infancy, marked by low liquidity and minimal retail investor involvement. The corporate bond market in Uzbekistan is particularly limited, comprising less than 0.2% of GDP. As of late 2022, there were only twenty-four corporate bond issuers with a combined nominal value of approximately \$90 mln. Companies in Uzbekistan depend primarily on domestic banks for short-term funding, while international financial institutions often are the preferred source for longer-term capital. Recognizing these limitations, Uzbekistan has implemented reforms, such as establishing the Capital Market Development Agency in 2019 and introducing the "Uzbekistan – 2030" strategy, which aims to expand the capital market to \$10 bln and increase the free float-to-GDP ratio to 10.5%.

Uzbekistan permits resident companies to list securities on foreign exchanges, provided they meet specific regulatory conditions. Companies may list up to 25% of their total issued securities of a given type abroad, typically through depositary receipts issued by a foreign depository. Foreign listings must adhere to the host country's securities laws, and ownership transfers are finalized once funds are confirmed in a local bank account and the Central Depository is notified. For strategically important, state-owned companies, prior approval from a designated commission is required before pursuing foreign listings.

## Main Risks and Challenges

The use of international arbitration as a method for resolving disputes is a relatively recent development in Central Asia<sup>84</sup>. Although reforms have enhanced the investment climate, inconsistent implementation of new laws continues to pose challenges. Informal practices and deeply rooted bureaucracy add hurdles for foreign businesses. Restrictions on foreign ownership in strategic sectors remain a significant obstacle. Despite some liberalization, currency conversion and repatriation processes are still hindered by administrative delays. Restrictions on land ownership and complicated leasing procedures also impede long-term projects. Governmental approvals and contract processes are often slow. Dependence on regional water resources and unresolved border conflicts may affect business operations.

84. 25 J. Int'l Arb. 809 (2008)

Application of Article V of the New York Convention - A Central Asian Perspective. <https://heinonline.org/HOL/LandingPage?handle=hein.kluwer/jia0025&div=76&id=8&page=>

## **ANNEX 2: INTERNATIONAL AGREEMENTS FACILITATING FOREIGN INVESTMENTS**

### **World Trade Organization (WTO)**

Kazakhstan, Kyrgyzstan and Tajikistan are already members of WTO which provides these countries with certain benefits and requires them to maintain certain investment standards. Turkmenistan and Uzbekistan are still negotiating the membership.

### **The Organization for Economic Co-operation and Development (OECD)**

While not a member of the OECD, Kazakhstan is the only Central Asian state that adheres to the OECD Declaration on International Investment and Multinational Enterprises, providing additional protection to foreign investors.<sup>85</sup>

### **U.S. - Central Asia Trade and Investment Framework Agreement (TIFA)**

Signed by all five countries and the U.S., the 2004 agreement is declarative and does not cover any specific obligations of its parties. It sets the basis for establishment of the TIFA Council consisting of the senior officials from all six parties. At the end of 2024 the Council had about 15 meetings. During these meetings, the representatives of all parties “exchanged views on their respective government’s priorities for increasing and diversifying trade and investment opportunities between the United States and Central Asia..... The participants also discussed the implementation of certain policy reforms intended to facilitate trade and create a predictable business environment.”<sup>86</sup> It is often suggested that these agreements are important steps to a free trade agreement and investment facilitation.<sup>87</sup>

### **Bilateral Investment Treaties (BIT)**

Only Kazakhstan and Kyrgyzstan currently have effective bilateral investment treaties with the United States. The BITs contain a few basic investor protections, which owing to their status of international obligations should prevail over the national regulations. The BITs also provide for several obligations which were implemented in the national legislation and have been maintained in the laws and regulations for almost 30 years.

According to the treaties: (a) each of the parties must permit investments from another party and must grant to such investments the most-favored-nation regime or national treatment (i.e. screening of proposed investment on the basis of origin or any discriminatory measures after investments have been made are prohibited); (b) guarantee of "fair and equitable" treatment in accordance with international law; (c) guarantees of entry for nationals of one country into the other country in connection with the investments, subject to each party's immigration laws; (d) each of the Parties must publish all laws, regulations, procedures and practices which relate to foreign investments; (e) guarantees of no expropriation or nationalization of investments except for cases when such measures are undertaken in the interests of public, on a non-discriminatory basis and with payment of a fair market value as compensation; (f) permission by each party to use US Dollars in cross-border transactions and make transfers of certain funds connected with foreign investments without barriers and delays; (g) consent of the relevant government for International Centre for Settlement of Investment Dispute (ICSID) arbitration.

<sup>85</sup> <https://mneguidelines.oecd.org/oeecddeclarationanddecisions.htm>

<sup>86</sup> <https://ustr.gov/about-us/policy-offices/press-office/press-releases/2024/june/united-states-central-asia-trade-and-investment-framework-tifa-council-joint-statement>

<sup>87</sup> <https://ustr.gov/trade-agreements/trade-investment-framework-agreements>

## ICSID

Part of the World Bank Group, ICSID's work is based on the Convention on the Settlement of Investment Disputes between States and Nationals of Other States. The convention permits foreign investors to initiate disputes with the Governments of receiving states using this international forum for dispute resolution. All Central Asian states except for Tajikistan are parties to the ICSID<sup>88</sup>. While ICSID is known as a measure facilitating foreign investments, in the Central Asian practice it has not been often used or invoked by foreign investors. The reasons are probably related to a rather high level of damages which must occur, high costs of arbitration, longer time and the potential outcome of the need to leave the country after this type of dispute with its Government.<sup>89</sup>



---

88. <https://icsid.worldbank.org/sites/default/files/ICSID-3.pdf>

89. <https://aria.law.columbia.edu/exploring-international-investment-law-and-disputes-in-central-asia/?cn-reloaded=>

## ANNEX 3: IPR SNAPSHOT

Country	Responsible Agency	WIPO-Administered Treaties
 <p>KAZAKHSTAN</p>	<p>Committee for Intellectual Property Rights, Ministry of Justice</p>	<ul style="list-style-type: none"> <li>• Berne Convention</li> <li>• Budapest Treaty</li> <li>• Locarno Agreement</li> <li>• Madrid Agreement (Marks)</li> <li>• Madrid Protocol</li> <li>• Nairobi Treaty</li> <li>• Nice Agreement</li> <li>• Paris Convention</li> <li>• Patent Cooperation Treaty</li> <li>• Patent Law Treaty</li> <li>• Phonograms Convention</li> <li>• Rome Convention</li> <li>• Singapore Treaty</li> <li>• Strasbourg Agreement</li> <li>• Trademark Law Treaty</li> <li>• WIPO Convention</li> <li>• WIPO Copyright Treaty</li> <li>• WIPO Performances and Phonograms</li> </ul>
 <p>KYRGYZSTAN</p>	<p>State Agency of Intellectual Property and Innovation under the Cabinet of Ministers (Kyrgyzpatent)</p>	<ul style="list-style-type: none"> <li>• Berne Convention</li> <li>• Budapest Treaty</li> <li>• Hague Agreement</li> <li>• Locarno Agreement</li> <li>• Madrid Agreement (Marks)</li> <li>• Madrid Protocol</li> <li>• Marrakesh VIP Treaty</li> <li>• Nairobi Treaty</li> <li>• Nice Agreement</li> <li>• Paris Convention</li> <li>• Patent Cooperation Treaty</li> <li>• Patent Law Treaty</li> <li>• Phonograms Convention</li> <li>• Rome Convention</li> <li>• Singapore Treaty</li> <li>• Strasbourg Agreement</li> <li>• Trademark Law Treaty</li> <li>• UPOV Convention</li> <li>• Vienna Agreement</li> <li>• WIPO Convention</li> <li>• WIPO Copyright Treaty</li> <li>• WIPO Performances and Phonograms</li> </ul>
 <p>TAJIKISTAN</p>	<p>Agency of Copyright and Related Rights Ministry of Culture and National Center for Patents and Information Ministry of Economic Development and Trade</p>	<ul style="list-style-type: none"> <li>• Berne Convention</li> <li>• Budapest Treaty</li> <li>• Hague Agreement</li> <li>• Locarno Agreement</li> <li>• Madrid Agreement (Marks)</li> <li>• Madrid Protocol</li> <li>• Marrakesh VIP Treaty</li> <li>• Nairobi Treaty</li> <li>• Nice Agreement</li> <li>• Paris Convention</li> <li>• Patent Cooperation Treaty</li> <li>• Phonograms Convention</li> <li>• Rome Convention</li> <li>• Singapore Treaty</li> <li>• Strasbourg Agreement</li> <li>• WIPO Convention</li> <li>• WIPO Copyright Treaty</li> <li>• WIPO Performances and Phonograms Treaty</li> </ul>

Country	Responsible Agency	WIPO-Administered Treaties
 <p><b>TURKMENISTAN</b></p>	<p>State Service for Intellectual Property, Ministry of Finance and Economy</p>	<ul style="list-style-type: none"> <li>• Berne Convention</li> <li>• Hague Agreement</li> <li>• Locarno Agreement</li> <li>• Madrid Protocol</li> <li>• Marrakesh VIP Treaty</li> <li>• Nairobi Treaty</li> <li>• Nice Agreement</li> <li>• Paris Convention</li> <li>• Patent Cooperation Treaty</li> <li>• Patent Law Treaty</li> <li>• Rome Convention</li> <li>• Strasbourg Agreement</li> <li>• Vienna Agreement</li> </ul>
 <p><b>UZBEKISTAN</b></p>	<p>The Agency on Intellectual Property, Ministry of Justice of the Republic of Uzbekistan</p>	<ul style="list-style-type: none"> <li>• Berne Union Assembly</li> <li>• Budapest Union Assembly</li> <li>• Hague Union Assembly</li> <li>• Locarno Union Assembly</li> <li>• Madrid Union (Marks) Assembly</li> <li>• Marrakesh VIP Treaty Assembly</li> <li>• Nice Union Assembly</li> <li>• Paris Union Assembly</li> <li>• PCT Union Assembly</li> <li>• Patent Law Treaty Assembly</li> <li>• Singapore Treaty Assembly</li> <li>• IPC Union Assembly</li> <li>• WIPO Copyright Treaty Assembly</li> <li>• WIPO Performances and Phonograms Treaty Assembly</li> <li>• WIPO Coordination Committee</li> <li>• Berne Union Executive Committee</li> <li>• WIPO General Assembly</li> <li>• WIPO Program and Budget Committee</li> </ul>

## ANNEX 4: THE PROCESS OF THE US INVESTOR'S ENGAGEMENT IN CENTRAL ASIA

Engagement Channel	Pros	Cons	Example
<b>Direct Engagement with Governments for Large Strategic Projects</b>	Governments can fast-track large-scale projects, offer regulatory clarity, and provide incentives. Direct access to strategic sectors such as mining, energy, and infrastructure.	Dealing with government bureaucracy can delay project timelines. High risk of political influence or sudden regulatory changes.	A U.S. energy company negotiated directly with the Kazakh government to secure an exclusive deal for a large wind power project, benefiting from tax breaks and long-term land leases.
<b>Investment &amp; Business Forums (Outside/Within Region)</b>	Broad exposure to investors, governments, and businesses. Ability to form multiple connections and showcase projects. Informed about market trends and investment opportunities.	High competition at forums makes it hard to stand out. Expensive participation, especially for smaller companies, and potential for mismatched connections.	At the Tashkent Investment Forum, a U.S. manufacturing firm connected with Central Asian distributors, leading to expanded operations in Uzbekistan and Kazakhstan.
<b>American Chambers of Commerce &amp; Business Organizations</b>	Access to a wide network of businesses and investors. Advocacy on behalf of businesses for better market conditions. Credibility and improved visibility.	Membership fees and costs. Requires active involvement to see results. Networks may not always align with specific business needs or sectors.	A U.S. tech company joined the American Chamber of Commerce in Uzbekistan, gaining valuable insights into local regulations and securing a partnership with a regional telecom provider.
<b>Partnerships with Local or Regional Partners (Turkey/EU/Middle East)</b>	Regional partners can offer established local networks and understanding of market conditions. Reduced entry barriers, especially for SMEs, and access to shared resources.	Partnerships can result in shared risks and diluted control. Cultural differences or conflicting priorities can cause issues. Potential for increased costs in profit-sharing arrangements.	A U.S. automotive parts manufacturer partnered with a Turkish firm, allowing it to enter Central Asian markets by leveraging the Turkish partner's distribution network.
<b>US Embassy &amp; US Government Agencies</b>	Facilitates connections with high-level officials and strategic introductions. Can provide diplomatic leverage, legal guidance, and government-backed initiatives.	Limited capacity to provide direct investment opportunities. More useful for governmental relations than for immediate investment needs or private sector contacts.	A U.S. defense contractor utilized contacts from the U.S. Embassy in Turkmenistan to secure a deal for supplying equipment, backed by U.S. government advocacy for the project.

The following is the process for Central Asian Businesses engaging US Investors:

Engagement Channel	Pros	Cons	Example
<b>American Chambers of Commerce &amp; Business Organizations</b>	Direct access to a network of influential U.S. and international businesses. Networking events, workshops, business advisory services. Enhances credibility.	Membership fees and related costs may be prohibitive for SMEs. Requires active participation for benefits.	A Kazakh logistics firm joined the American Chamber of Commerce, resulting in a partnership with a U.S. shipping company, expanding their North American reach.

<b>Trade Missions to the USA</b>	Direct engagement with U.S. companies. Showcase products/services. Build strategic alliances with high-level connections.	High costs of participation and travel. Visa challenges. Potential mismatch between industry focus and the mission's theme.	Uzbek textile manufacturers secured long-term supply contracts with U.S. fashion brands after attending a trade mission to New York in 2022.
<b>Investment &amp; Business Forums (Outside/Within Region)</b>	Large audience including investors. Stay informed on market trends and policies. In-country forums reduce travel costs.	High competition for attention at large forums. High attendance costs, especially for international forums.	At the Astana Economic Forum, startups secured venture capital funding for tech innovations, while others received valuable feedback on their business models.
<b>Direct Contact with Potential Investors ('Cold Call')</b>	Cost-effective. Allows businesses to target specific investors directly. Personalized outreach can create unique opportunities.	Often viewed as unprofessional. Difficulty establishing trust. Requires significant research and follow-up before seeing results.	A Kyrgyz agriculture company secured a small investment after cold-emailing investors and following up persistently for months.
<b>Other Channels (e.g., Online Platforms &amp; Marketplaces)</b>	Global reach to investors. Direct interaction via digital platforms. Reduced need for travel and participation in physical events.	Crowded platforms with intense competition. Fees or percentage of investments taken by platforms. Limited effectiveness in sectors needing due diligence.	A Tajik software startup raised \$100,000 in seed funding through an online crowdfunding platform but had to invest significant time marketing their campaign.

## ANNEX 5: INVESTMENT CLIMATE ASSESSMENT CHECKLIST

Factor	Key Considerations	Checklist
<b>1. Political Stability</b>		
Governance and regime stability	Stable government, low risk of upheaval	<input type="checkbox"/> Stable <input type="checkbox"/> Moderate risk <input type="checkbox"/> High risk
International relations	Diplomatic relations with U.S., China, Russia, EU	<input type="checkbox"/> Favorable <input type="checkbox"/> Neutral <input type="checkbox"/> Unfavorable
Political risk index	External political risk ranking	<input type="checkbox"/> Low risk <input type="checkbox"/> Medium risk <input type="checkbox"/> High risk
<b>2. Legal Environment</b>		
Foreign investment protections	Protections for foreign assets, profit repatriation	<input type="checkbox"/> Strong <input type="checkbox"/> Adequate <input type="checkbox"/> Weak
Regulatory framework	Clarity of laws for foreign investors	<input type="checkbox"/> Clear <input type="checkbox"/> Inconsistent <input type="checkbox"/> Opaque
Contract enforcement	Ease of enforcing contracts	<input type="checkbox"/> Easy <input type="checkbox"/> Moderate <input type="checkbox"/> Difficult
Global Competitiveness Index	Position in ranking	<input type="checkbox"/> Top 50 <input type="checkbox"/> 51-100 <input type="checkbox"/> Below 100
<b>3. Corruption and Transparency</b>		
Corruption Perceptions Index (CPI)	Transparency International's corruption rankings	<input type="checkbox"/> Low <input type="checkbox"/> Moderate <input type="checkbox"/> High
Rule of law	Legal enforcement and governance	<input type="checkbox"/> Strong <input type="checkbox"/> Developing <input type="checkbox"/> Weak
Anti-corruption measures	Presence of anti-corruption bodies and reforms	<input type="checkbox"/> Strong <input type="checkbox"/> Moderate <input type="checkbox"/> Weak
<b>4. Infrastructure Development</b>		
Transportation and logistics	Quality of roads, railways, airports, and ports	<input type="checkbox"/> Well-developed <input type="checkbox"/> Developing <input type="checkbox"/> Poor
Energy infrastructure	Availability of reliable power sources	<input type="checkbox"/> Reliable <input type="checkbox"/> Inconsistent <input type="checkbox"/> Inadequate
Digital infrastructure	Internet access, mobile networks, fintech services	<input type="checkbox"/> High <input type="checkbox"/> Moderate <input type="checkbox"/> Low
Regional connectivity	Participation in Belt and Road Initiative, regional trade links	<input type="checkbox"/> Strong <input type="checkbox"/> Moderate <input type="checkbox"/> Limited
<b>5. Economic and Financial Factors</b>		
Macroeconomic stability	GDP growth, inflation, foreign reserves	<input type="checkbox"/> Stable <input type="checkbox"/> Moderate <input type="checkbox"/> Unstable
Sovereign credit ratings	Ratings from Moody's, S&P, Fitch	<input type="checkbox"/> Investment-grade <input type="checkbox"/> Below <input type="checkbox"/> Investment-grade
Taxation and incentives	Competitive corporate tax rates, investment incentives	<input type="checkbox"/> Favorable <input type="checkbox"/> Average <input type="checkbox"/> Unfavorable
Access to financing	Availability of capital, financing options	<input type="checkbox"/> High <input type="checkbox"/> Moderate <input type="checkbox"/> Low

Factor	Key Considerations	Checklist
<b>6. U.S. Investment Presence</b>		
Presence of U.S. companies/brands	U.S. companies actively operating in the market	<input type="checkbox"/> High <input type="checkbox"/> Moderate <input type="checkbox"/> Low
Trade with the U.S.	Bilateral trade agreements, trade volume with the U.S.	<input type="checkbox"/> Strong <input type="checkbox"/> Moderate <input type="checkbox"/> Limited
Bilateral Investment Treaty	BIT with US and country	<input type="checkbox"/> Signed <input type="checkbox"/> Ratified
Membership in World Trade Organization		<input type="checkbox"/> Yes <input type="checkbox"/> No
<b>7. Sector-Specific Opportunities</b>		
Natural resources	Abundance of oil, gas, critical minerals, metals	<input type="checkbox"/> Significant <input type="checkbox"/> Moderate <input type="checkbox"/> Limited
Agriculture	Agricultural development, government support for farming	<input type="checkbox"/> High potential <input type="checkbox"/> Moderate <input type="checkbox"/> Low
Technology and innovation	Growth in IT, fintech, and e-commerce sectors	<input type="checkbox"/> Rapid <input type="checkbox"/> Emerging <input type="checkbox"/> Nascent
Renewables	Wind, solar, hydro	<input type="checkbox"/> Rapid <input type="checkbox"/> Emerging <input type="checkbox"/> Nascent
<b>8. Workforce Factors</b>		
Workforce skills and availability	Local talent pool, availability of skilled labor	<input type="checkbox"/> High <input type="checkbox"/> Moderate <input type="checkbox"/> Low
Labor laws	Flexibility of labor regulations	<input type="checkbox"/> Flexible <input type="checkbox"/> Moderate <input type="checkbox"/> Restrictive
Social stability	Risk of social unrest, income inequality	<input type="checkbox"/> Low <input type="checkbox"/> Medium <input type="checkbox"/> High
<b>9. Geopolitical and Regional Dynamics</b>		
Regional stability	Neighboring conflicts, terrorism risks	<input type="checkbox"/> Stable <input type="checkbox"/> Moderate <input type="checkbox"/> High risk
Multilateral agreements	Trade agreements (e.g., Eurasian Economic Union)	<input type="checkbox"/> Strong <input type="checkbox"/> Developing <input type="checkbox"/> Weak
<b>10. Environmental and Sustainability</b>		
Climate risks	Vulnerability to climate change, water scarcity	<input type="checkbox"/> Low <input type="checkbox"/> Medium <input type="checkbox"/> High
Sustainability policies	Government commitments to renewables and carbon reduction	<input type="checkbox"/> Strong <input type="checkbox"/> Moderate <input type="checkbox"/> Weak
<b>11. English Language Proficiency</b>		
Workforce proficiency	Availability of English-speaking professionals	<input type="checkbox"/> High <input type="checkbox"/> Medium <input type="checkbox"/> Low
Ease of business communications	Government and business communication in English	<input type="checkbox"/> Widespread <input type="checkbox"/> Limited <input type="checkbox"/> Rare

**DISCLAIMER:**

This report was produced with support from the Center for International Private Enterprise (CIPE). CIPE is not responsible for the content of this report or for any use that may be made of it. The views expressed herein are those of the author(s) alone and do not necessarily reflect those of CIPE.

The information provided in the Toolkit offers a broad guide to aspects of national legislation and business practices throughout the investment cycle. It is intended to provide a general understanding of the subject and to help U.S. investors, both current and potential, assess the context for further research and investment decision-making. The material is not and should not be regarded as legal advice, which the investors should seek on their own where appropriate. While every effort is made to ensure accuracy, no guarantee or warranty can be provided regarding the information's accuracy, completeness, or currency.

**Authors and Acknowledgements:** This report was produced by Umar Shavurov, Danil Kerimi, Bakyt Omurzakov, and Leonid Demidov. Elena Pestereva and Azim Usmanov along with numerous staff from Centil Law Firm, our project partner, provided advice concerning investment laws and regulatory processes in Central Asia. Aizhan Tairova and Daniyar Dosmatov provided support in formatting and visualization of the data, enhancing the clarity and presentation of this work.



The Center for Asia Leadership Initiatives (CALI) is a non-profit organization founded in 2014, originating from Harvard scholars' efforts to address social, business, and policy challenges in Asia and beyond. CALI empowers leaders through research, training, coaching, and publications, focusing on leadership, innovation, and organizational transformation. Having served over 48,000 individuals across 31 countries, CALI draws on methodologies from Harvard, Stanford, and MIT to help organizations and governments drive meaningful change and growth. For more information, visit [www.asialeadership.org](http://www.asialeadership.org).



The Center for International Private Enterprise (CIPE) is a global organization that works to strengthen good governance and build competitive markets in many of the world's most challenging environments. Working alongside local partners and tomorrow's leaders, CIPE advances the voice of business in policy making, promotes opportunity, and develops resilient and inclusive economies. CIPE currently operates in more than 100 countries. Over the past four decades CIPE has carried out more than 3000 programs and grants in 138 countries.

