

UZBEKISTAN

THE HEART OF CENTRAL ASIA

Great historical figures like Alexander the Great, Marco Polo, Genghis Khan and Amir Temur have left their footprints in the sands of this ancient land along the Great Silk Road — the land of the Uzbek people. Heretofore an overlooked former republic of the Soviet Union, Uzbekistan has traveled a long road to economic independence. Traditionally known only for its impressive cotton production, the country has caught the eye of the international investor set owing to the government's implementation of extensive social and economic reforms.

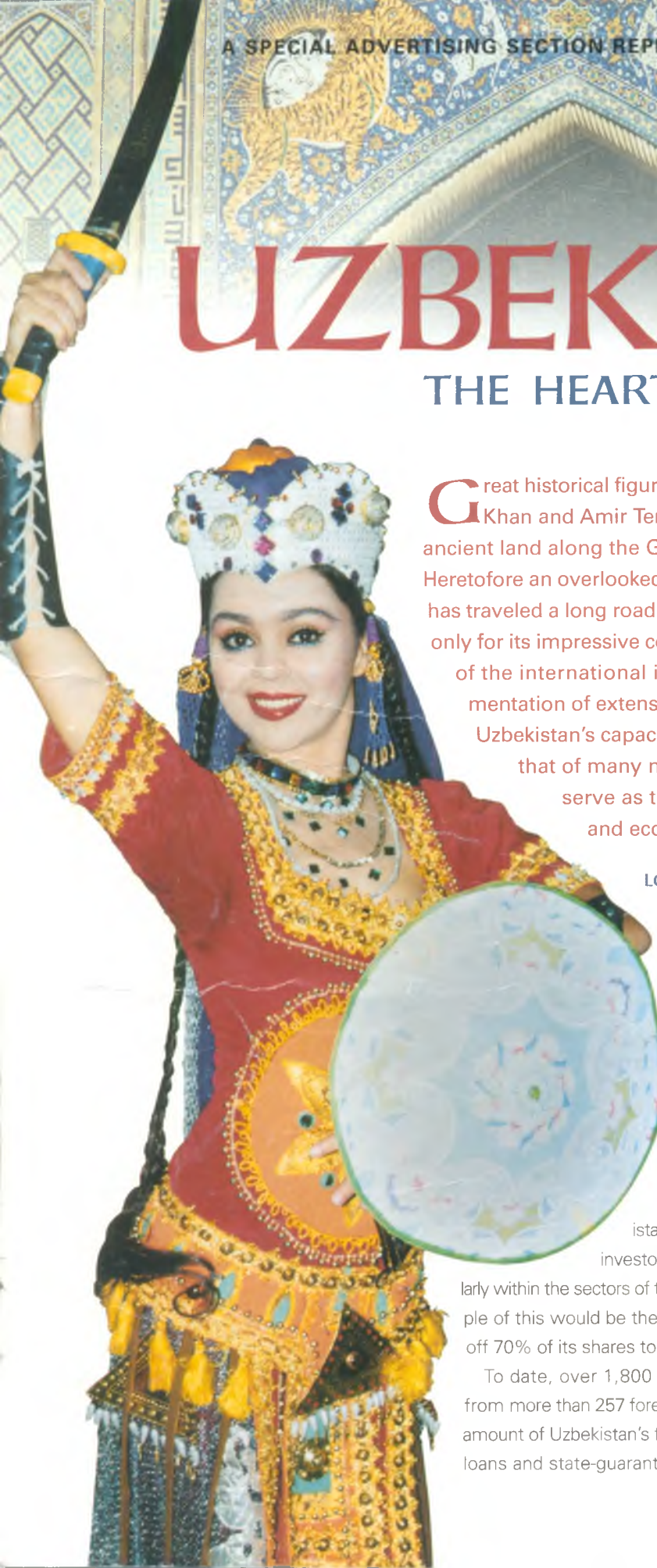
Uzbekistan's capacity for sustained political stability has surpassed that of many neighboring countries. It is this stability that will serve as the foundation for Uzbekistan's future progress and economic development.

LOOKING AHEAD TO PRIVATIZATION

Uzbekistan is an emerging market economy loaded with dynamic business potential — especially when it comes to natural resources. Legislation regarding business operations, foreign currency transactions and tax incentives has been constantly evolving as the government revises current policies in order to move toward total economic reform. Unlike other newly independent states in the region, Uzbekistan managed to avoid a drastic fall in GDP (which reached 4.4% in 1999) following its separation from the Soviet Union.

The economic foundation laid at the outset of Uzbekistan's independence has promoted confidence among foreign investors while serving as a catalyst for entrepreneurialism, particularly within the sectors of telecommunications, mining, energy and tourism. An example of this would be the privatization of Uzbektelekom, which is currently selling off 70% of its shares to foreign investors.

To date, over 1,800 joint ventures have been registered with participants from more than 257 foreign companies representing 70 foreign countries. The total amount of Uzbekistan's foreign investment exceeds US\$8 billion, including foreign loans and state-guaranteed credits. Present investors such as British American



“When the privatization of Uzbekistan’s mining industry happens, Newmont Mining Corporation would certainly like to be a part of it.”

— Wayne Murdy, President, Newmont Mining Corporation

Tobacco, Newmont, UzDaewoo, CASE, Coca-Cola, Oxus Resources Corporation, Daewoo Unitel, Siemens and Ericsson will agree that Uzbekistan is welcoming to foreign interests with its increasing commitment to economic reform.

TRANSPORTATION: A SUCCESSOR TO THE ANCIENT GREAT SILK ROAD NETWORK

Home to the most extensive network of roads and railways in the whole of Central Asia, Uzbekistan benefits from its strategic and profitable geographic location. While the

current transportation infrastructure is capable of meeting general domestic needs, there are a number of projects under way to increase regional coverage and revive the ancient Great Silk Road.

In a double landlocked country like Uzbekistan, railways play a major role with regard to commercial transportation. The percentage of goods exported via railways is as high as 80%, making the state joint-stock company Uzbek Railways a significant contributor to the economy. Created in 1994, the company is eager to attract more foreign

investors for a range of projects to be implemented from now until 2010. According to the chief executive officer of Uzbek Railways, Ravshan Zakhidov, “The company is primarily concerned with the completion of construction projects that are within our current budget. On the other hand, we are looking to attract foreign investment.”

TELECOM SPREADS ITS WINGS

The Uzbek government has not always viewed telecommunications as a priority investment sector. In 1995, however, steps were taken to update the network, and today there is a great deal of foreign investment activity. A successful example is Uzbektelekom, which has decided to release 70% of its shares for privatization. The cellular telephone industry is also one of the fastest-growing markets in Uzbekistan, having expanded from 8,000 subscribers in 1997 to 70,000 in 2000.

Naytov, one of the largest Internet providers in Uzbekistan, has been operating in the country since 1994. A computer engineering firm as well as a services provider, Naytov has increased its client base over the last five years from 20 to more than 5,000. “Our main objective is to train a core group of specialists who would possess a unique set of skills capable of attracting new clients,” affirms Naytov’s General Manager, Sergey Tsoy.

GLOBALIZATION TAKES OVER

In the wake of its break with the former Soviet Union, the Uzbek government suddenly found itself face-to-face with the diversity and potential of a global market economy.

**STATE JOINT-STOCK RAILWAY COMPANY
“UZBEK RAILWAYS”**





Uzbek railways currently:

- All cargo services along international corridors
- All types of modern maintenance services for passenger carriages, and diesel and electric locomotives
- Production and prolongation of cargo locomotives
- Tourist carriages along the Great Silk Road cities of Samarkand, Bukhara, Khiva and Tashkent

Welcoming investors in:

- Electrification of lines: Tukumachi-Angren (114 km), Marrakand-Bukhara (263 km), Bukhara-Karshi line (141 km), Marrakand-Karshi (140 km)
- Construction of new lines: Guzar-Baisun-Kumkurgan (220 km) and Angren-Pap (130 km)
- Reconstruction of Tashkent-Chinara line (70 km) for higher speed passenger carriages
- Renewal of wagon and locomotive garage

T. Shevchenko str.7, 700060 Tashkent, Uzbekistan
Tel: +998-71-136 44 00, Fax: +998-71-133 69 24. E-mail: roadlaw@online.ru



ARDUS
THE LARGEST SUPERMARKET NETWORK

Rather than pursuing an aggressive campaign for foreign capital, however, the state chose to turn inward and tighten up a number of unfinished business ventures at home.

"One means of attracting foreign capital is to make your company as self-sufficient as possible," explains Shakhlo Abdullaeva, deputy minister of foreign economic relations. "The government provides guarantees, incentives and other favorable business conditions only to those ventures that are truly self-sufficient. While exports are obviously important, local demand must first be supplied."

Ardus, an Uzbek, American and Swiss joint venture company (JVC), is the largest supermarket network in the country. "Our country is young, which means that the market is also young," explains Jahangir M. Usmanov, general director of Ardus. "There are a number of general market rules that simply don't apply to our economy."



Mining plays a crucial role in Uzbekistan's growing economy.

MINING: A GOLDEN OPPORTUNITY

As the fourth-largest deposit holder and the ninth-largest gold producer in the world, Uzbekistan has traditionally held top positions with regard to mining. A majority of the Soviet Union's uranium was produced

in Uzbekistan, while Uzbek gold is reputed to be among the best in the world. Mining currently makes a substantial contribution to the country's economy, which has a total estimated mineral wealth of US\$3.5 trillion. Specializing in gold and uranium produc-

Gold and base metal exploration and mining on the Great Silk Road

OXUS MINING pic
Griffin House, West Street, Woking,
Surrey, GU21 1BS, UK
Tel.: +44-(0)-1483 714411, fax: +44-(0)-1483 714014.
E-mail: oxus@oxus.demon.co.uk

AMANTAYTAU GOLDFIELDS AO
18 Maryam Yokubova Street,
Tashkent 700031, Uzbekistan
Tel.: +998-(3)71-120 6864, fax: +998-(3)71-120 6564.
E-mail: oxustas@online.ru

NOROX MINING COMPANY LTD
66 Osipenko Street,
Bishkek 720014, Kyrgyzstan
Tel.: +996-312-670 802, fax: +996-312-670 736.
E-mail: oxusbish@imfiko.bishkek.su



OXUS MINING plc

