

AGRICULTURE SECTOR IN UZBEKISTAN

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Main regulatory acts

- Law of the Republic of Uzbekistan on Agricultural Cooperative (Shirkat) dated 30.04.1998 No.600-I;
- Law of the Republic of Uzbekistan on the Dehkan Economy dated 01.04.2021 No.680;
- Law of the Republic of Uzbekistan on the Tomorka Economy dated 01.04.2021 No.681;
- Law of the Republic of Uzbekistan on Farming Economy dated 26.08.2004 No.662-II;
- Law of the Republic of Uzbekistan on Organic Products dated 25.04.2022 No.766;
- Law of the Republic of Uzbekistan on Breeding Achievements dated 28.9.2002 No.395-II;
- Decree of the President of the Republic of Uzbekistan on Additional Measures to Improve the Procedure for Leasing Agricultural Land dated 18.01.2024 r. No.15;

1. Market entry

The regulator of the field is Ministry of Agriculture of the Republic of Uzbekistan.

Apart from limited liability companies, there are several legal entities designed to carry out agriculture production such as agricultural cooperative, dehkan, tomorka and farming economies.

Agricultural cooperative and farming economy are business entities and established through state registration at registration authority, namely, the Center for Public Services (hereinafter – the “CPS”), as opposed to dehkan and tomorka economies that can function without the state registration.

1.1. Agricultural cooperative

Agricultural cooperative is a limited liability company ownership of which divided into shares.

Agricultural cooperatives are provided with agricultural land for lease for up to fifty years, but not less than thirty years with the intended purpose for conducting commercial agricultural production.

In addition, the agricultural cooperative implements measures to develop the social infrastructure of rural settlements, improve the cultural and living conditions of members of the cooperative and persons working in it.

1.2. Farming economy

A farming enterprise is a business entity with an unlimited liability engaged in agricultural production operating on a leased land. Farming enterprises can be diversified and processes, stores, and sells agricultural goods, engages in industrial production, provides services, and performs other activities.

1.3. Dekhcan economies

A dehkan economy cultivates and sells agricultural products through the personal labor of its members on land granted to the head of the farm under inheritable possession or lease. It specializes in horticulture, viticulture, or cultivating vegetables, melons, or other crops. Dehkan farming qualifies as entrepreneurial activity and may operate with or without forming a legal entity with an unlimited liability.

1.4. Tomorka economy

A tomorka economy involves cultivating or processing agricultural products for family needs or free trade on private land. It is not entrepreneurial activity and does not require state registration. Individuals engaged in such work may obtain self-employed status at CPS.

2. Land plots

In Uzbekistan, land plots are classified into two categories: agricultural land plots and non-agricultural land plots. Agricultural land plots can only be used for agricultural purposes. Agricultural lands are granted on the basis of the lease right. The landholders, land users and lessees utilizing agricultural lands have an obligation to:

- 1) provide for specific measures in business plans to improve soil fertility and rational use of lands;
- 2) introduce, in accordance with zonal conditions and farm specialization, scientifically substantiated crop rotations, the most effective and economically rational farming systems;
- 3) ensure preservation and expansion of arable lands;
- 4) to carry out complex reconstruction of melioratively unfavorable irrigated lands, watering and improvement of hayfields and pastures;
- 5) to maintain in technically serviceable condition all on-farm irrigation and collector-drainage network and structures on it;
- 6) carry out agricultural production by methods that exclude salinization and waterlogging of irrigated lands, pollution and contamination of lands and water sources;
- 7) introduce water-saving technologies for cultivation of crops and plantations, progressive methods of irrigation;
- 8) take measures on protection of lands, including prevention of unauthorized seizure of irrigated lands.

Agricultural land is leased for 30 years through online auctions, starting at its normative value (not market value).

From March 1, 2024, lessees may sublease their land rights without changing its intended use, provided:

- the lessee has used the land for at least three years (or five years in specific cases) from the date of lease registration.
- land leased directly to legal entities without auctions or tenders can only be subleased after five years.
- lessors must make proportional additional payments based on auction or tender results.

Land relations in the Republic of Uzbekistan are regulated with the following laws:

- 1) Land Code of the Republic of Uzbekistan dated 30.04.1998;
- 2) Law of the Republic of Uzbekistan “On Water and Water Use” No.837-II dated 6.05.1993;
- 3) Law of the Republic of Uzbekistan “On Soil Protection and Increase of Soil Fertility” No.903 dated 02.02.2024;
- 4) Resolution of the Cabinet of Ministers of the Republic of Uzbekistan “On Approval of the Provision on Land Monitoring in the Republic of Uzbekistan” dated 23.12.2000 No.496;
- 5) Resolution of the Cabinet of Ministers of the Republic of Uzbekistan “On Approval of the Regulations on the Procedure for the Use of Lands of Agricultural Settlements No.301 dated 30.10.2014;
- 6) Decree of the President of the Republic of Uzbekistan “On Measures to Further Increase the Efficiency of the Use of Land Resources and State Property” dated 15.07.2020 No.6027;
- 7) Resolution of the Cabinet of Ministers of the Republic of Uzbekistan “On approval of the Regulations on the order of conservation of agricultural lands” dated 17.12.2020 No.791;
- 8) Decree of the President of the Republic of Uzbekistan, “On Measures on the Effective Use of Investment Opportunities of Land Resources in the Implementation of Entrepreneurial and Urban Planning Activities” dated 06.09.2024 No.135;
- 9) Decree of the President of the Republic of Uzbekistan “On Additional Measures to Improve the Procedure for Leasing of Agricultural Land Plots” dated 18.01.2024 No.15

- 10) Decree of the Cabinet of Ministers of the Republic of Uzbekistan "On Approval of Normative Legal Acts Regulating the Procedure of Leasing of Agricultural Land Plots" dated 24.11.2021 No.709.
- 11) Sanitary Rules and Norms of Hygienic Justification of Soil Pollution Protection Schemes in Conditions of Uzbekistan (SanPiN RUz No.0272-09)
- 12) Sanitary Rules and Norms of Hygienic Assessment of Soil Pollution Degree of Different Types of Land Use in Specific Conditions of Uzbekistan (SanPiN RUz No.0212-06)
- 13) Hygienic Requirements for Soil Quality of Populated Places in Specific Natural-Climatic Conditions of Uzbekistan (SanPiN RUz No.0183-05)

3. Licenses and permits

Even though carrying out a business activity does not require obtaining a specific kind of license, certain actions can only be carried out after obtaining specific permit, certificate or conclusion. For example, the following actions may be carried out after obtaining specific permit, certificate or conclusion:

Veterinary and sanitary conclusion on the compliance of the activities of the specialized slaughterhouse and the entity for the production, storage and sale of products and raw materials of animal origin with veterinary, veterinary and sanitary rules and norms	Slaughter of livestock at specialized slaughterhouses, production, storage and sale of products and raw materials of animal origin
Permit for export, import and transit of goods controlled by the State Veterinary Service	Registration of accompanying veterinary documents for export (veterinary certificate) on the basis of the veterinary requirement of the importing country, registration of accompanying veterinary documents for import (veterinary certificate) in the presence of a veterinary certificate and transit of goods controlled by the State Veterinary Service.
Veterinary certificate	Export and import of goods supervised by the State Veterinary Service.
Quarantine permit	Import of seeds, plants and plant products, and transit of consignments containing seeds, plants and plant products.
Phytosanitary certificate	Exports of seeds, plants and items originating from plant objects.
Examination and registration of import contracts	Import of goods (works, services)
Permit for special water use or special water consumption	Special water use or special water consumption.
Permission to cut down trees and shrubs not included in the State Forest Fund	Cutting down trees and shrubs that are not part of the State Forest Fund.
Permit for import of mineral fertilizers and chemicals used for plant protection	Import of mineral fertilizers and chemical means used for plant protection into the territory of the Republic of Uzbekistan

The procedures for obtaining the above permits are specified in the following by laws:

1. Resolution Cabinet of Ministers of the Republic of Uzbekistan on Approval of Normative-Legal Acts on the Procedure for Issuing Certain Documents of Permissive Nature in the Field of State Veterinary Control dated 10.04.2023 No.148;
2. Resolution Cabinet of Ministers of the Republic of Uzbekistan On Measures for Further Improvement of Monitoring of Foreign Trade Transactions in the Republic of Uzbekistan 14.05.2020 No.283;
3. Resolution of the Cabinet of Ministers of the Republic of Uzbekistan on Measures for Further Improvement of the Procedure for Issuance of Permit Documents for the Use of Underground Water dated 08.01.2021 No.9;

4. Resolution of the Cabinet of Ministers of the Republic of Uzbekistan on Approval of the Uniform Regulations on the Procedure for Issuance of Certain Permit Documents through a Specialized Electronic System dated 22.02.2022 No 86.

4. Contractual relations in the agricultural sector

Contracts of all types concluded between agricultural enterprises and procurement and service organizations for sale of agricultural products, supply of material and technical resources and rendering of services (performance of works) are subject to execution after their registration in the District Departments of Agriculture. The procedure for registration of such contracts is provided for in the Resolution of the Cabinet of Ministers of the Republic of Uzbekistan dated 04.09.2003 N 383 "On Measures to Improve Contractual Relations and Increase Responsibility of Parties for Fulfillment of Obligations in Agricultural Production".

5. Regulatory requirement

5.1. Reporting on production volumes

Every year by March 15, a dehqan economy must submit a report in the prescribed format to the local citizens' self-governance body at its location. The report should include information on the types of agricultural crops grown during the year, the volumes of produced and sold agricultural products, and the amount of greenhouses.

5.2. Requirement to organic products

The production of organic products prohibits the following:

- use of synthetic substances, pesticides, hormones, antibiotics, and chemical food additives;
- methods of cultivating crops without soil;
- use of ionizing radiation sources;
- chemical treatment of naturally growing plants;
- fertilizers made from sewage sludge, septic waste, or other human waste products;
- utilization of land or water bodies contaminated by waste, chemicals, or radioactive substances;
- practices involving embryo transplantation, cloning, genetic engineering, genetically modified organisms (GMOs), transgenic organisms, or products derived from them.

5.3. Taxation

The following are taxes and rates applicable to business entities in Uzbekistan:

No	Tax	Rate
1.	Income tax	15 %
2.	VAT	12 %
3.	Excise tax	vary from 5% to 30 % on certain categories of goods
4.	Personal income tax	12 % as part of payroll 10 % on dividends of residents and non-residents
5.	Social tax	12 % as part of payroll
6.	Property tax	1.5 %
7.	Land tax	depends on rating per location
8.	Tax for the use of water resources	per cubic meter