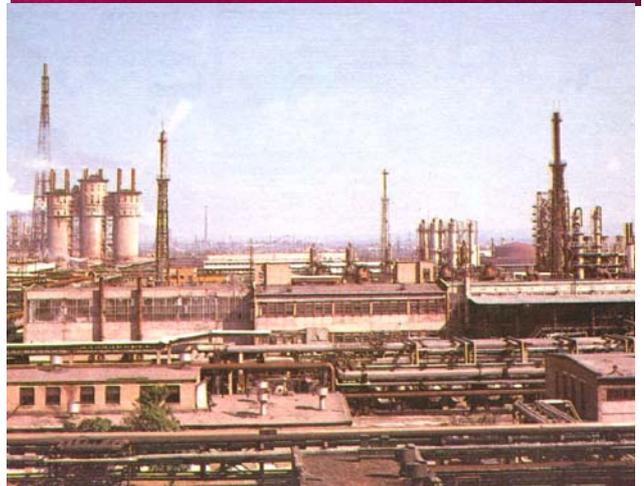


Investment Guide of
Navoi Province



GEOGRAPHICAL LOCATION. TERRITORY. CLIMATE.



Navoi province is located in the central part of Uzbekistan. Area of the province constitutes 110.8 thousand square kilometers or 24.8% of total area of the country. Population is 829 thousand.

The province borders with the Republic of Kazakhstan in the north and with Jizzakh province

in the east, with the Republic of Karakalpakstan in the west, with Samarkand, Bukhara and Kashkadarya provinces in the south.

The province includes following 8 districts: Kanimekh, Kyzyltepa, Navbakhor, Navoi, Nurata, Tamdyn, Uchkuduk, Khatyrcha and following 6 cities: Zarafshan, Karmana, Kyzyltepa, Navoi, Nurata and Uchkuduk; there are also 8 urban-type villages and 53 villages.

The north-western part of the province is occupied with Kyzylkum plateau; Nurata mountainous ridges stretch in the east and the south of the province is fringed with Zarafshan River.

The climate of the province is sharply continental and arid; summer is dry and hot, winter is relatively cold and snowless.



The administrative center of the province is Navoi city which was named in honor of the Uzbek poet and philosopher, scientist and statesman Alisher Navoi. City, located in the Zarafshan river valley and 122 kilometers from ancient Bukhara, was built using a general layout plan in 1960's. The population of Navoi city is about 129,1 thousand. The creators of the city in the desert provided a compact construction and efficient system of engineering services. The basis of architectural and planning system for residential buildings has become a principle of division into microdistricts.

Since the city needed the air humidifying system, 27 pools have been created overhere which could change the city's microclimate.

Architects of the city of Navoi became the winners of International Union of Architects Award of Patrick Abercrombe.

HISTORICAL BACKGROUND



In ancient times, the territory of the province was trespassed with important trade routes such as the Great Silk Road from China to the Mediterranean and further to Europe as well as a trade route connecting western and northern countries with India.

The Sogdian civilization which is one of the most ancient world civilizations

was born in

the Zarafshan River valley. The valley served as a passage which conducted as dialogue of cultures and communication for people of the East and West.

A brick building of Rabat Malik (The king palace) dated by 1078 and constructed by Karakhanide Ruler Shams al-Mulk is located in Navoi Region along the road connecting Samarkand and Bukhara.



Near the Rabat Malik one of the unique ancient facilities for rainwater storage Sardoba is located. It is a depth in the ground cylinder tank fairly large size (diameter about 16 meters), high ceilings stepped dome. It is composed of the plate of burned brick larger in size with water solution of Kyrgyzstan. They are built where there was no natural sources, often on the caravan routes, one of the trails the Great Silk Road was held on the territory of modern Navoi region.

Lots of various monuments of antiquity are concentrated in Sarmishsay valley 30-40 km to north-east from Navoi city, rocks processing workshops, mines, settlements, borrows, burial grounds, and petroglyphs, aging back to Stone Age, Bronze Epoch, early Iron Age, the Middle Ages and a new time. These monuments occupy a territory of 20 km² and altogether from a unique archaeological complex, which embodies in itself the history of many ancient and modern nations of our country during several millenniums.

As a whole collection of petroglyphs of Sarmish gorge represents unique archive, some kind of big collection of genuine documents, which contains many various data captured in images carved on rocks, relating to live,

history, culture of our ancient ancestors, who inhabited Zarafshan side area in various periods, starting from great antiquity.

In Sarmishsay over 4000 petroglyphs remained. Major part of petroglyphs was carved in the midstream of "say" (small river), the start of a narrow stone canyon of 2-2,5 km length. The paintings were applied on vertical, sometimes horizontal flatness of basic outcrops of red-color sandstone of Cambrian age, layering by slates and limestones. Next to petroglyphs burial mounds of nomads and sacrificial places are located. Since ancient times this territory was a spiritual zone, where people came to hold ceremonies and religious holidays.

Chashma - is a place of the faithful's pilgrimage and one of the significant religious centers of Islam in the region. The complex of religious constructions "Chashma" (tadjik word "chashma" means "spring") includes the spring, a well masque "Djuma" and khamom (bathhouse).

According to legend, allegedly 40 thousand years ago a meteorite fell to the earth. The crater formed after it blocked up to miraculous healing spring.

Water temperature in the saint Nurota spring is constant, about 19,5 degrees. Fifteen microelements including gold, silver, iodine and bromine are found here. Bromine gives a sedative effect and has a wholesome influence on nervous disorder and gastrointestinal problems.

The fortress built by Alexander the Great, its represent one of the most ancient and significant archaeological monuments of the region. The monuments consists of several parts. "Shahristan of Nurota (settlement of antiquity) 500x500 meters in size, was enclosed with a large wall and towers. Entrance was located in the middle of the north wall. From the south, wall were nearly set against the rocks. The south wall was strengthened with four round and half round towers. The north-west part was vastly destroyed. A construction in the form of a corridor 130 meters long and 16 meters wide stretched from the south-east tower. It was ended with a rectangular 26x26 meters tower. Length of the tower together this corridor was approximately 130 meters"

The construction of a unique underground water-pipe near Nurota – kariz system, is connected with the name of the outstanding commander, Alexander Great. Kariz is an ancient water-pipe laid from the spring to place where it could be used. Its length may reach several kilometers.

There is a lot of possibilities for other kinds of tourism in Navoi region: hunting, fishing, camel voyages and rest on the Aydarkul lake.

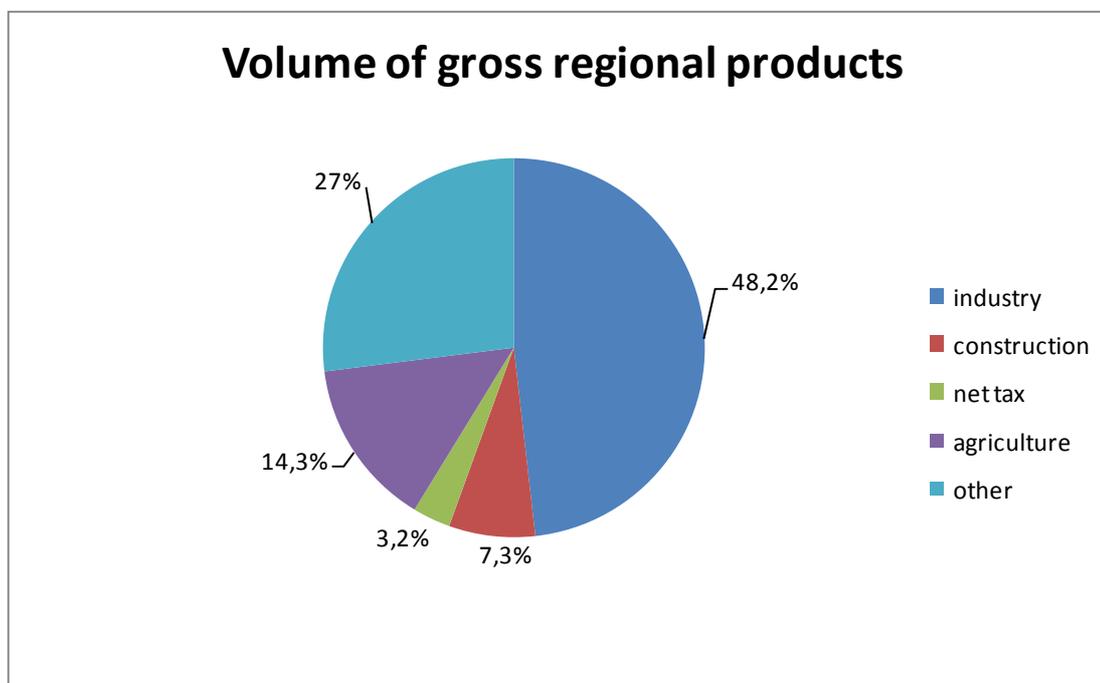
ECONOMIC DEVELOPMENT OF THE PROVINCE

SOCIAL AND ECONOMIC DEVELOPMENT



Navoi province is a large industrial and cultural center of the country and plays important role in economic development of the country.

The volume of gross regional product of the province for year 2008 amounted to 2125,4 billion soums (1515,6 million US dollars).



Consumers goods were produced in amount of 161,9 billion soums (115,4 million US dollars) in 2008, growth rate amounted to 115,7% as compared with 2007. Food products constitute 38.0% and light industry products comprise 9.8% in the structure of consumer goods.

Main purpose of economic reforms implemented in Uzbekistan is establishment and development of a diversified economy in which non-state sector shall gain priority. Non-state sector amounts to 91.3% in the structure of industrial production.

Quantity of small and private enterprises is 14.1 thousand units; and they account to 28,7% of GRP of the province.

POPULATION



As of January 1, 2009, the population of the province amounted to 829 thousands including 349.5 thousand people residing in cities and 480.0 thousand people living in rural areas. Average age of the population reaches 25.2 years.

The employed population of the province constitutes 389.2 thousand or 80.8% of able-bodied population. 68.4% of the employed population is workers and employees of enterprises and organizations, 20.8% is employed in agricultural production, 6.2% - in

small business, 9.8% constitutes the able-bodied student youth.

Quantity of unemployed population amounts to 6.4% of the able-bodied population.

BANKING AND FINANCIAL SYSTEM



The banking and financial sector of the province is represented with 11 branches of commercial banks and 8 insurance companies. Main Division of the Central Bank of the Republic of Uzbekistan, branches of following main commercial banks such as the National Bank for Foreign Economic Activity, Joint Stock Bank "Asakabank", Joint Stock Bank "Promstroybank",

Joint Stock Bank "Pakhtabank" and others function in the province.

The insurance sector of the province is represented with "Uzbekinvest" National Company of Export and Import Insurance; "Madad", "Agrosugurta" and "Kafolat" insurance agencies.

DEVELOPMENT OF AGRARIAN SECTOR

Main sectors of agriculture are cotton-growing, grain-growing, vegetable growing, melon and gourd cultivation, viticulture, astrakhan sheep breeding and silkworm breeding.



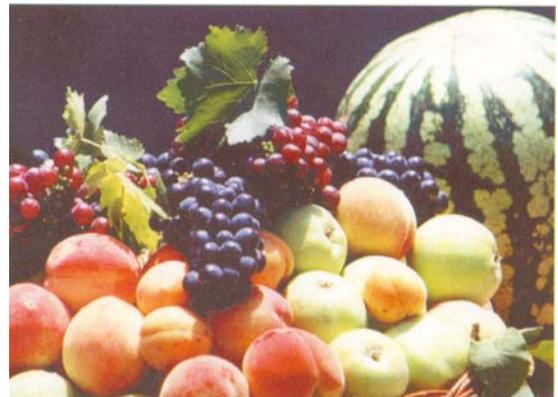
122 thousand tons of raw cotton, 266 thousand tons of grain as well as 270 thousand tons of fruit and vegetable products including more than 120 thousand tons of vegetables, 37 thousand tons of potatoes, about 40 tons of grapes, 50 thousand tons fruits and 30 thousand tons of melons and gourds are

being grown in the province annually. Approximately 20% of total amount of fruits and vegetables is processed.

The share of production of agricultural products in total volume of production of the country amounted to 3.0% for grain, 2% for vegetables, 2.1% for potatoes, 3.7% for melons and gourds, 2.4% for fruits, 3.6% for grapes and 32.2% karakul fur.

More than 500 thousand pieces of karakul fur are produced each year in the province. The province ranks the second place after Bukhara province in production of karakul fur in the country. Quantity of livestock amounts to more than 265 thousand and this allows developing hide processing.

Total land area constitutes 10.9 million hectares, area of agricultural lands amounts to 10.1 million hectares including 10 million hectares of pasture lands, irrigated areas comprise 91.6 thousand hectares with their portion being 0.9%.



There are more than 7 500 farm enterprises in the province.

MINERALS AND RAW MATERIALS POTENTIAL

The province possesses rich minerals and raw materials resources. Minerals and raw materials resources of the province are described with availability of such fields as Muruntau gold-bearing field, silica sand fields (of



more than 1.5 billion tons), deposits of granite (1.9 billion cubic meters) and marble (420.0 million cubic meters) as well as phosphorites (1.5 billion tons), precious and rare-earth metals, bentonitic clay, basalts, kaolin rocks, limestones, dolomites, wollastonites and feldspar.

One of the most important types of

non-metallic raw materials is silica sands. Jeroy, Aydaly and Kulatay silica fields are most thoroughly explored.

There are detected more than 50 occurrences of kaolin rocks on the territory of the Central Kyzylkums; kaolin rock deposits constitute 204.8



thousand tons for a given average yield of 35%. Kaolin concentrate is used for production of low-grade ceramics as well as in refractory industry and coarse ceramics.

Deposits of slate coal, dolomitic limestones are explored in the province; extraction of feldspar in Lyangar field which deposits constitute 9.2 million tons is made. There are also a Lyavlyakan salt field located in Kanimekh district and a Tuzkuduk salt field in Uchkuduk district.

Limestones reserves constitute 43.3 million tons according to Categories A+B+C₁ and 2.2 million tons according Category C₂ in the province.



Such fields of building semi-precious stones such as Gazgan and Nurata marble fields, Lyangar and Karasoy granite and gabbro fields, Azlartal and Karasoy fields of granite for facing materials and wollastonites fields are in the province.

Phosphorites fields such as Jeroy-Sardar, Janakhmet and Tashkura stand out with high content of P₂O₅.

Main basalts field is Aydarkul in the province, one section of which has been explored and its deposits are estimated in amount of 1.9 million cubic meters.

The share of the regional industrial production in total republican production amounts to 10%.

INDUSTRIAL POTENTIAL

The share of the regional industrial production in total republican production amounts to 10%.



The economy of the province is based on such industrial enterprises as Navoi Mining and Metallurgical Combinate, chemical industry enterprises (Open Joint Stock Company “Navoiazot”, Uzbek-Panamanian Joint Venture Joint Stock Company “Elektrokhimzavod”), enterprises producing construction materials (Joint Stock Company “Kyzylkumcement”, Joint Stock

Company “UPP”), machinery-building and electrochemical factories, a hydroelectric power plant (Open Joint Stock Company “Navoi TES”), enterprises of textile and food industries.

In total, 799 enterprises function in the province with annual production output of more than 750 billion soums (595.2 million US dollars).

Industrial enterprises of the province produce more than 50 types of important industrial products such as ammonia nitrate (70% of overall republican production), nitronic fiber (100%), sulfuric acid (25.4%), protective chemicals for plants (4.1%), ammonia sulfate (1%), cement (50%), precast reinforced concrete products (4.2%), cotton fiber (3.5%), hosiery (1%) and knitwear (0.5%) products, jewelry products (56%), walling materials (6%), foodstuff such bakery products (2.4%), meat and meat products (2.1%), confectionery products (1.3%) and bear (2.6%).

Mining Industry



Navoi Mining and Metallurgical Combinate (NMMC) is the biggest enterprise of the province and is included in top ten biggest world producers of uranium and gold. The Combinate is a big diversified industrial enterprise which main activity is exploration, extraction and production of uranium, gold, fluorspar, construction

materials, marble products and phosphorites.

Central Ores Division for processing of gold-containing ores from Muruntau Field functions within the NMMC structure. Purity of the gold produced is guaranteed with four nines 9999. Gold bars produced in the enterprise are awarded with the status of “optimal gold delivery” by the Arbitration Laboratory of London Precious Metals Market and Tokyo Commodities Exchange.

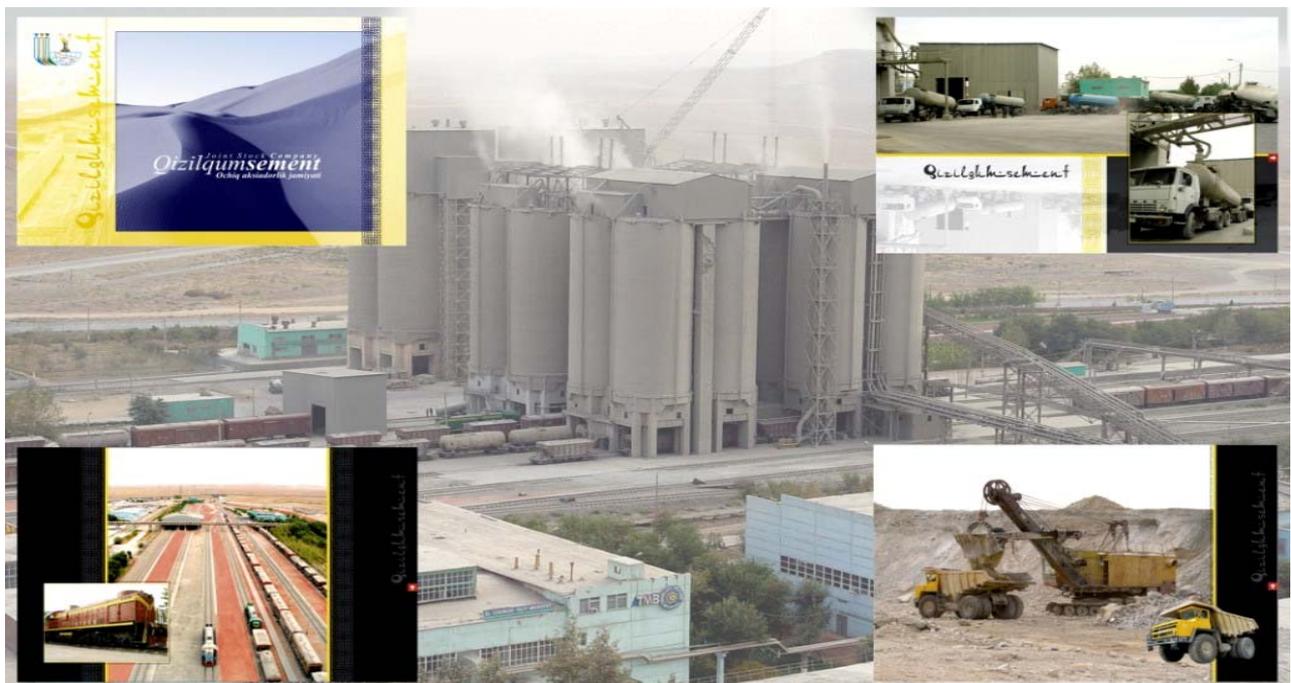
Uzbek-British Joint Venture “Amantaytau-Goldfields” also functions in the province; it processes oxidized and sulfide ores of Amantaytau Field and produces more than 7.5 tons of gold.

Production of Building Materials



Open Joint Stock Company “Kyzylkumcement” is the biggest cement producer in the country and is one of leading enterprises in the province; its design capacity comprises 3.08 million tons of cement per year.

Production of marble slabs was organized at the enterprise in 1995 with production capacity of 25 thousand square meters of facing slabs; a production line for thermo-activated mineral additive production was put into operation in 1998.



The accomplishment until 2011 of the reconstruction of the existing capacities and building of the fourth technological line for production of cement that would increase production capacity of the enterprise up to 4.08 million tons per year is planned.

Such enterprises as Subsidiary Enterprise “Karrara-mramor” and Private Production Firm “Nuratamramor” where marble slabs are cut and polished using Italian technology also function in the province. Raw materials base is the multi-colored Gazgan marble which has 22 colors and about 200 various color tones and which obtained its international recognition.

Chemical Industry



The biggest producer of mineral fertilizers in Uzbekistan Open Joint Stock Company “Navoiazot” functions in the province; it also produces synthetic fiber “nitron”, resins, caustic soda, acetum and methanol. Building of a new nitric complex for production of 550 thousand tons of ammonia and 450 thousand tons of carbamide per year on the basis of the enterprise during 5

years is planned.

Uzbek-Panamanian Joint Venture Closed Joint Stock Company “Elektrokhimzavod” also functions in the province and it is the only specialized enterprise in Central Asia for production of protective chemicals for plants. The enterprise also produces iodized table salt and superphosphates for field works.



Textile Industry



Following light industry enterprises perform activity for production of cotton and knitwear products:

- Production Commercial Firm “Agama” which is a state knitting factory at NMMC specializing in production of upper knitted garments and socks;

- Zarafshan Spinning and Knitting Combinat for production of yarn and acrylic fiber;
- Uzbek-Russian Joint Venture "Velan" for production of quilted blankets made of silk, cotton fabric with camel's hair padding, camel's hair medical belts and sleeping sacks;
- Uzbek-Liechtenstein Joint Venture "BAHT-TEXTILE" for production of cotton manufactures. The company introduced the most advanced technology. This year is done processing for more than seven thousand tons of cotton fiber. Products will be exported mainly to Russia and other CIS countries. This year exports amounted to 300 thousand dollars.

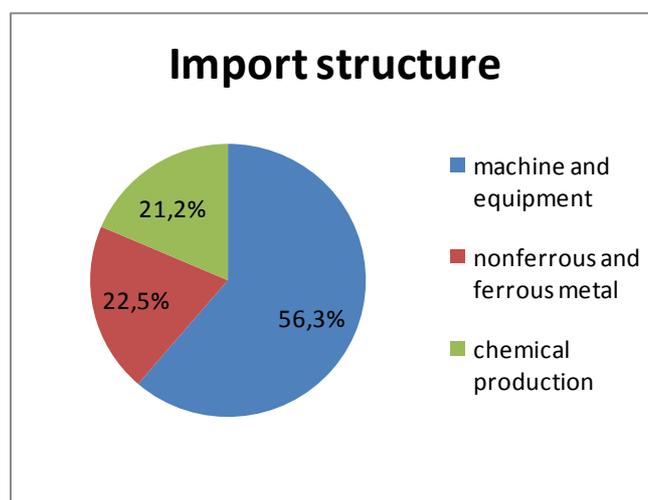
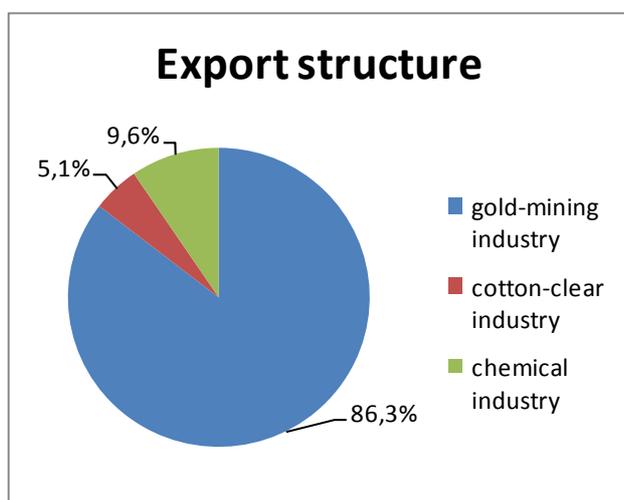
EXTERNAL ECONOMIC ACTIVITY

External trade turnover amounted to 924,7 million US dollars for year 2008 including 570,2 million US dollars for foreign countries and 315.8 million US dollars for neighboring countries.

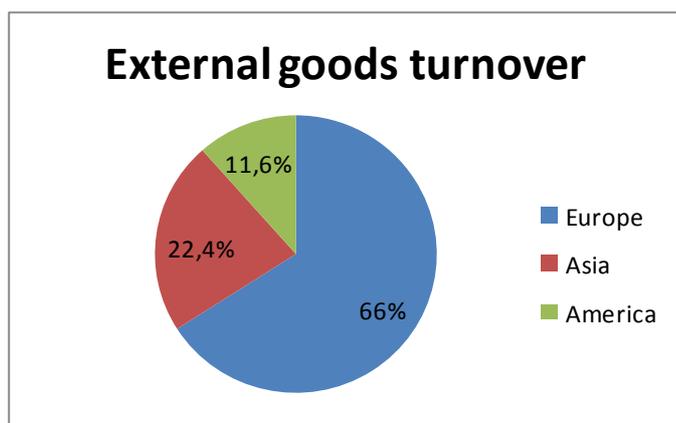
Increase in external trade turnover by 22.0% as compared with 2007 took place due to growth of exports of chemical products, ferrous and non-ferrous metals, machinery and equipment, cement as well as due to import of technologies.

Export amounted to 553.4 mln. USD.

Import amounted to 371,2 mln. USD.



External economic relations were conducted with 62 foreign countries and neighboring countries in 2008.



External trade relations are predominantly maintained with industrial developed countries which account 64.5% of total goods

turnover. 59,8% of total volume of export products was shipped to these countries and 40,1% of total import products were delivered from these countries. Significant volume of external goods turnover account to countries of Europe (66.0%), Asia (22.4%) and America (11.6%).

TRANSPORT INFRASTRUCTURE AND COMMUNICATION



Infrastructure of transport communications is well developed in the province: there are 8 railway and 9 automobile stations, 2 airports and developed network of automobile roads in the province. Length of railways constitutes 390.7 kilometers. Tashkent-Turkmenistan and Tashkent-Uchkuduk railway lines trespass the territory of the province.

Length of automobile roads amounts to 4.1 thousand kilometers of which 3.3 thousand kilometers with hard surface, 300 km for the international value, 2878 km for the regional interest, and 814 km for local importance. Electric main airline : 220 kV, 23,43 km, 110 kV-891,5 km, 35kV- 935,69 km, 6-10kV-5247,33 km, 0.4 kV-3748,98km. Cable: 6-10kV-26,37 km, 0,4kV - 15,06 km.



A large modern airport is situated in the city of Navoi that can receive different types of aircrafts including Airbus and Boeing. A big major project of establishing a sub regional air hub and logistics centre is expected to be implemented on the base of this airport.

Its creation is based on the following objectives:

- Advantageous geographical location of Navoi airport in the centre of sustained international air routes of aircargo between Europe and Asia, at the intersection of transports crossroads West-East and North-South;
- Positive prospects of market development of air transportation between Russia and the States in the subregion, CIS, the Middle East, Africa and India;
- A high level of development of industrial and



agricultural production, proximity to international transport corridors the availability of transport communications infrastructure, proximity to world-famous historical monuments of architecture in Bukhara and Samarkand, the availability of highly skilled labor forces.

The revitalization of a logistic centre at the Navoi airport will effectively contribute to attract foreign investment, as well as the development of other sectors of industry, including natural resource development and processing of agricultural products.

Navoi TES is located in the central part of the Republic of Uzbekistan and is the most important station for electric power supplied to Samarkand city as well as consumers in Navoi province. It also supplied heat to Navoi city and industrial steam to adjacent chemical plants.

Navoi TES is supplied with natural gas using 4 gas pipelines from 2 different sources of natural gas which are located approximately 23 kilometers from each other. The existing flow rate of each gas pipelines is 0,32 million nm^3 / hour and the total flow rate is 1,28 million nm^3 / hour.

There are telecommunications, telephone communication (including cellular) in the province; 75 telephone stations function. Cellular communications services are rendered by following 5 operators: "MTS-Uzbekistan", "Beeline", "Coscom" (U-Cell), "PerfectumMobile" and "Uzmobile". 400 kilometers of fiber optic cables are laid.

SOCIAL INFRASTRUCTURE AND RECREATIONAL SERVICES



Branches of Tashkent State Pedagogical University, Tashkent Technical University, 362 secondary schools, 48 colleges and lyceums, specialized sport and musical schools function in Navoi province. Number of graduates from higher institutions over 2227 and secondary education exceeds 7866. There are more than 120 clubs, 300 libraries and 2 museums, 13 hotels, 40 hospitals in the province. Navoi city is planted well with greenery; it has a lot of umbrageous squares with fountains. There are no dull squat outskirts and repeated typical projects creating monotonous constructions of residential districts in the city.

Zarafshan and Uchkuduk cities in the Central Kyzylkum were established on the basis of fields of nonferrous metal ores. The cities are supplied with transmission facilities lines and water supply pipeline. Artificial lakes for recreation of residents of these cities are created there.

INVESTMENT POTENTIAL

FOREIGN INVESTMENTS IN THE REGION

Total volume of investments amounted to 463 billion soums (330,2 million US dollars) in 2008 including attracted foreign investments in amount of 80.3 million US dollars or 20% of total volume of investments.

Volume of foreign investments per capita amounted to 97.0 US dollars.

In the Republic of Uzbekistan, national treatment regime has been established which ensures provision for foreign investments the treatment which is not less favorable than those conditions for investments made by legal and natural persons of the republic.

The enterprises, which attract direct private foreign investments and which are located in rural residential settlements of Navoi province as well as which conduct activity in following sectors of economy: production of radio electronics products and spare parts for computer and computing equipment, light industry, silk production industry, building materials industry, industrial production of poultry and eggs, food industry, milk and meat industry, chemicals and pharmaceutical industry; those enterprises are exempt from income (profit) tax on main activity, property tax, tax for development of social infrastructure and land improvement of territories, single tax for micro firms and small enterprises as well as compulsory payments to the Republican Road Fund.

The stated tax privileges are given according to following volumes of direct private foreign investments:

- for a period of 3 years for investments from 300 thousand US dollars up to 3 million US dollars;
- for a period of 5 years for investments above 3 million US dollars up to 10 million US dollars;
- for a period of 7 years for investments above 10 million US dollars.

FOREIGN INVESTMENT ENTERPRISES

40 foreign investment enterprises function on the territory of Navoi province; most of these enterprises are concentrated in Navoi and Zarafshan cities and are established with participation of investors for USA, Panama, China, Russia and Ukraine. These enterprises perform activity in following sectors: 6 enterprises in chemical industry, 4 enterprises in production of building materials, 2 enterprises in nonferrous metallurgy, 4 enterprises in machinery building, 7 enterprises in food industry, 4 enterprises in light industry, 5 enterprises in transport and communication, 3 enterprises in trade and 1 enterprise in agriculture.



Total volume of products produced by foreign investment enterprises amounted to 111.7 billion soums (88.7 million US dollars) in 2008. The highest volume of products produced is attributed to enterprises producing marketable goods products.

Volume of exported products by foreign investment enterprises reached 55.1 million US dollars in 2008.