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## Presidential Decree to Benefit the Meat and Milk Product Producers

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The president of Uzbekistan has issued a new decree on 26 January 2009 titled “On additional measures to expand the production of consumer foods and to saturate the domestic market”.

The new decree is a stimulus package of its own, and is part of the larger program to keep the economy accelerating beyond 2009.

The aim of the new decree is to further stabilize the market for consumer foods through increasing and localizing production, increasing production efficiency, strengthening of the price stability in the consumer market, and weakening the dependence of the domestic consumers from imports. The main beneficiaries of this decree are the producers of the meat and milk products, although entities involved in the production of fruits and vegetables, and also some engineering firms will be affected by the new decree.

The new presidential decree offers a wide range of benefits to local producers of consumer foods aimed at stimulating production, and increasing the reinvestment in capital projects. Among the most significant benefits offered to food producers are the reduction of income taxes by 50% of small and micro-firms principally specializing in the processing of meat and milk, and exemption of “Mevasabzovodtaylorlovsavdo” – a company specializing in the production of certain kinds of food - from payment of tax on income. These indefinite tax breaks are offered with the view that companies will reinvest the saved amount of tax in different capital projects.

The decree further offers to food producers an exemption from payment of custom duties for imported technologies and their spare parts used in the processing of milk or meat, ingredients and components not produced domestically, but used in the processing of milk and meat. The list of items exempted from the customs duty can be found in the list approved by the Ministry of Finance of Uzbekistan.

According to the new decree, from 1 July 2009 only entities having a legal form may be involved in the industrial production of finished meat and milk products.

The document advanced further by recommending to all commercial banks to open special credit lines, and expand leasing operations to food producers at an annual interest rate of no greater than the base interest rate of 14% set by the central bank of Uzbekistan.

The decree also contains other less significant points. Among them is the construction of additional greenhouses powered by alternative energy sources in each suburban district. The producer benefits found in the program for localization of the production of finished goods for 2009 have been made applicable for enterprises involved in the production of machinery, mechanisms, and equipments for use in drip irrigation.

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