

Uzbekistan Legislative Alert

Amendments to legislation on the production and sale of alcohol and tobacco products.

The President of the Republic of Uzbekistan (the "RUz") has signed decree "On Improving the Management System in the Field of Production and Regulation of Alcohol and Tobacco Products" No. 6033 dated 23 July 2020 (the "Decree").

The Decree introduces a number of changes to Uzbek legislation aimed at further development of the wine industry, implementing modern information systems in the production and sale of alcohol and tobacco products, increasing production and export volumes, and strengthening the procedure for preventing the illegal sale of alcohol and tobacco products in the RUz.

In accordance with the Decree, a new Agency for Alcohol and Tobacco Market Regulation and Wine Development (the "Agency") was established on the basis of the Agency for Viticulture and Wine Development under the Ministry of Agriculture and the Inspection for Alcohol and Tobacco Market Regulation under the Ministry of Finance of Uzbekistan. The Decree also provides for the establishment of the Fund for the Development of Winemaking (without legal entity status) (the "Fund").

The Agency is authorized to:

- issue licenses for the **wholesale**¹ trade of alcohol products;
- monitor compliance of the producers of alimentary and technical ethyl alcohol, alcohol and tobacco products, as well as wholesalers of alcohol products, with the licensing requirements;
- distribute alimentary ethyl alcohol in accordance with the established procedure among producers of alcohol and other products.

The Fund was created to assist the Agency and is expected to finance the development of the industry, including by issuing loans.

The following amendments were introduced by the Decree to regulate the alcohol and tobacco market:

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¹ A permit for the **retail** of alcohol products is issued by special commissions for issuing permits for the retail of alcohol products under the Council of Ministers of the Republic of Karakalpakstan, regional khokimiyats (municipal governing bodies) or the city of Tashkent.

- permits for the retail of alcohol products, as well as permits for the sale of alcohol by restaurants, are now issued for an indefinite period (previously, the maximum validity period was only 2 years);
- natural wine products (except those that are packaged) which are sold by producers in wine-tasting areas (places) organized along tourist routes are now subject to excise tax at a zero rate;
- producers are now entitled to sell alimentary ethyl alcohol with an advance payment of 50% of its total price (previously, the advance payment was set at 100%).

Starting from 1 October 2020, the Agency is authorized to conduct audits of:

- enterprises producing alimentary and technical ethyl alcohol, alcohol and tobacco products;
- organizations engaged in wholesale or retail sale of alcohol products.

Audits will be carried out to detect unlicensed production and sale of alcohol and tobacco products or without labeling, with fake excise stamps or without excise stamps. One of the requirements to be met when conducting an audit is the obligatory notification of the Commissioner for the Protection of Rights and Legitimate Interests of Entrepreneurs under the President of Uzbekistan.

Further, the Decree introduces new rules for the transportation of alimentary and technical ethyl alcohol. In particular, vehicles transporting the relevant products should be equipped with:

- an automatic real-time geolocation surveillance system (GPS) starting from 1 July 2020;
- an electronic counter integrated with the information system to record the volume of production and turnover of alimentary and technical ethyl alcohol, alcohol and tobacco products, as well as integrated with the unified register of vineyards. This is to be implemented by 1 January 2022.

In order to regulate advertising of alcohol products, the Antimonopoly Committee of Uzbekistan has been tasked with developing a draft law on the advertising of domestic sparkling and natural wines within two months:

- in hotels, in the interior of retail and catering halls, as well as in places where products are displayed and tasted;
- on the official websites of trade enterprises and producers, with a requirement to indicate the age classification of the information material;
- in rail and air transport;
- in the media from 11 p.m. until 7 a.m. local time.

We hope that the provided information will be useful to you. The following specialists are available to answer any additional questions which you may have:

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