

To Jim CAUDILL  
cc G. ROWLANDS - REES

**UZBEKISTAN - EXCISE**

**Draft note for inclusion in you report:-**

1. Facts and existing situation - I presume you will extract from my note of 19 January.
2. Future Action Plan

Ensure imports incur import duty tariff and then are taxed in line with local production i.e. excise and V.A.T.. This should cover all imports other than those from countries with whom Uzbekistan has bilateral trade agreement. [Possibly at the beginning also some CIS countries without formalised bilateral agreements might have to be excluded]. N.B. We should seek to achieve a situation whereby bilateral agreements only extend to import tariffs. Excise and V.A.T. should be levied at domestic rates to all products regardless of source.

BAT to work with Taxes Ministry in the design of the most suitable excise system for production from TTF. In the immediate future the present ad valorem excise structure is acceptable and in consultation with Dr. Abdonkadicov we can introduce a move towards the inclusion of a specific element on BAT brand strategy portfolio is clarified.

BAT will work with Taxes Ministry to design system to ensure collection. (This will also ensure that taxes have been paid in the country of origin on those imports excluded from Uzbek taxes). A tax stamp (e.g. banderole) system will be recommended (with assistance from BAT Belgium and Hungary) and implemented.

The same Taxes Ministry team can 'police' the collection of the TTF taxes as well - through the banderole system.

David Bishop  
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