



## MINING INDUSTRY AND LEGAL UPDATE

KALIKOVA  
&  
ASSOCIATES  
*law firm*

*Information for effective business solutions*

Issue 41, March - July 2018

### Industry Update

June 28, 2018

#### **Kyrgyzaltyn hold community consultations on Makmalzoloto mine extension**

Kyrgyzaltyn held public consultations with the local community on the extension of the Makmalzoloto mining project and attraction of investors.

It is reported that consultations took place in five rural government offices of the Jalal-Abad region.

The main task is to extend the life cycle of the Makmalzoloto mine and to attract investors.

The tender for selection of investors is planned to be held by the end of 2018.

The tender commission for Makmal mining project will include not only Kyrgyzaltyn and other public officials but also the representatives of five rural government offices of the Toguz-Torou district.

[www.kyrgyzaltyn.kg](http://www.kyrgyzaltyn.kg)

June 28, 2018

#### **Crude oil export ban**

The Ministry of Economy proposes to introduce a six-month ban on the export of crude oil to Tajikistan and Uzbekistan.

Oil refineries' actual workload is 50-70%. Unexplored oil and gas reserves amount to about 289 million tons of reference fuel. There are 15 oil and gas deposits with explored commercial reserves of oil and gas, specifically, 11.6 million tons of oil and 4.9 billion cubic meters of natural gas. These deposits are 70% worked out. The remaining oil reserves

### Legal Update

June 19, 2018

#### **New Mineral Resources Act of May 19, 2018 No. 49 came into force**

This Act regulates the relations arising from the use of mineral resources by individuals and legal entities.

The Act sets forth the legal requirements, powers of the public authorities, local government administrations and local self-government bodies, rights and obligations of individuals and legal entities, as well as liability for violation of the mineral resources legislation of the Kyrgyz Republic.

The main rules introduced by the new Act are about the terms of use of mineral resources, obligations of users of mineral resources, powers of local administrations and local self-government authorities, and sand and gravel mining requirements.

Under the new Act, the power to issue permits to engage in sand and gravel mining was delegated to the local state administrations, the requirement for direct negotiations in the process of issuing licenses was removed.

[www.cbd.minjust.gov.kg](http://www.cbd.minjust.gov.kg)

July 4th, 2018

#### **Draft Government Resolution introducing temporary ban (moratorium) on inspections of business entities**

The Ministry of Economy of the Kyrgyz Republic has developed a draft Resolution of the Government of the Kyrgyz Republic introducing a temporary ban (moratorium) on inspections conducted by law enforcement, tax and other authorized bodies that have the right to conduct inspections of business entities.

represent hard-to-recover reserves.

Oil refineries of domestic factories stay idle, while extracted oil is exported to neighboring republics.

The State Committee for Industry, Energy and Mineral Resources noted that the ban would help local plants increase the processing of raw materials.

Oleg Pankratov, the Minister of Economy of the Kyrgyz Republic believes that the introduction of ban will not have a significant impact on prices, but will help refineries.

[www.24.kg](http://www.24.kg)

---

May 23, 2018

## **EAEU lifts customs duties on import of precious metals**

The Board of the Eurasian Economic Union (EAEU) decided to introduce zero-rate customs duty that is specified in the EAEU Common Customs Tariff on certain types of mineral raw materials containing precious metal or precious metal compounds such as silver and gold powder, raw platinum, rhodium, iridium, etc. In accordance with the previously adopted decision of the EAEU Board, the zero-rate duty applied in 2017. But now it ranges from 3 to 15%.

The new rule, which will be effective until June 30, 2020 inclusive, will promote the development of processing and refining enterprises and increase their production capacities and competitiveness.

[www.eurasiancommission.org](http://www.eurasiancommission.org)

---

20 March 2018

## **Kara-Balta Mining Plant (KBMP) to start operations soon**

According to the Mining and Metallurgical Trade Union, the KBMP management agreed with the Canadian investors to cooperate in the development of uranium deposits of Tash-Bulak and Kyzyl-Ompul. Due to this cooperation, it will be possible to significantly increase their production volumes and gain profit.

To remind, in February 2016, Kara-Balta Mining Plant completely stopped operating. The workers were terminated without payment. The reason for the plant shutdown was the lack of raw materials.

Kara-Balta Mining Plant specializes in the processing of uranium concentrates.

[www.24.kg](http://www.24.kg)

According to the Ministry of Economy, the moratorium is introduced in order to support the economic activity of business entities, ensure their legal protection, eliminate unreasonable and excessive interference by state supervisory bodies in the activities of business entities, as well as to create favorable investment environment. The ban does not apply to inspections carried out:

- as part of the criminal, administrative or civil proceedings;
- at the request of business entities in accordance with the legislation of the Kyrgyz Republic;
- at the request of state authorities of other countries;
- at the request of individuals and legal entities in case of any threat to the life or health of people and the environment;
- in case of documented evidence of tax evasion;
- at the request of the tax service in case of payment of taxes by way of mandatory or voluntary patents;
- in case of disputes over the amount of VAT;
- at the request of the customs service in respect of the goods under customs control;
- in case of proceedings on charges of violation of the antimonopoly legislation of the Kyrgyz Republic.

The ban (moratorium) on scheduled inspections of business entities will be effective until January 1, 2021.

Representatives of the business community made a proposal to clarify the concept of monitoring, so that it did not happen that monitoring could become a new type of inspection. Other risks associated with the introduction of a moratorium can be additional taxation for example.

[www.abc.kg](http://www.abc.kg)

---

June 28, 2018

## **Draft Non-Tax Revenues Code passes its third reading**

The draft non-tax revenues code of the Kyrgyz Republic passed its third reading at the session of the Parliament held on June 28, 2018. The bill was sent for signature to the President of the Kyrgyz Republic on July 12, 2018.

It was noted that the Non-tax Revenue Code of the Kyrgyz Republic superseded all existing normative legal acts regulating the collection of non-tax revenues. The Code regulates the administration of non-tax revenues, including the procedure for introduction, control and payment. Thus, non-tax revenues of the State include public revenues that are not taxes, customs payments, state social insurance contributions and official transfers made in accordance with this Code.

Non-tax revenues include: fees and charges (administrative fees and charges such as mineral resources, natural resources, military duty, radio-

frequency charges, etc.);

[www.kenesh.kg](http://www.kenesh.kg)

---

June 27, 2018

## **Bill introducing amendments to some legislative acts of the Kyrgyz Republic.**

The bill passed its third reading by the Parliament on June 27, 2018.

Amendments are proposed to the Civil Code of the Kyrgyz Republic, the Land Code of the Kyrgyz Republic, the Code of Administrative Liability of the Kyrgyz Republic, and the Tax Code of the Kyrgyz Republic.

The bill was drafted with a view to avoid potential contradictions in the application of the provisions of certain legislative acts regarding the regulation of mineral resources sector after the enactment of the new Mineral Resources Act.

The amendments to the Civil Code are related to the formation of the reclamation fund.

The amendments to the Land Code are related to the removal of provision on the category of the State reserve of lands of mineral deposits.

The amendments to the Administrative Liability Code are related to the definition of the term "mineral resources".

The amendments to the Tax Code are related to the mandatory patent to engage in sand and gravel mining.

[www.kenesh.kg](http://www.kenesh.kg)

---

May 27, 2018

## **Government Resolution approving rules for cutting particularly valuable tree species in Kyrgyz Republic**

The draft resolution of the Government of the Kyrgyz Republic approving the rules for cutting of valuable tree species in the Kyrgyz Republic was developed by the State Agency for Environmental Protection and Forestry under the Government of the Kyrgyz Republic with a view to resolve the issues in the field of cutting high-value species and in order to bring them in line with the requirement of the Forest Code of the Kyrgyz Republic.

The bill is consistent with the Forest Code of the Kyrgyz Republic, the Environmental Protection Act of the Kyrgyz Republic and the Flora Protection and Use Act.

The purpose of this bill is to ensure protection, reproduction and increased productivity of the republic's forests.

[www.ecology.gov.kg](http://www.ecology.gov.kg)

---

## Government Resolution of April 10, 2018 No. 192 approving procedure for use and disposal of state forest fund

The procedure defines the rules for the use and disposal of the state forest fund in the Kyrgyz Republic and applies to individuals and legal entities of the Kyrgyz Republic engaged in forest management.

The lands of the State Forest Fund may be used for forest use, mineral exploration and mining activities.

Mineral exploration, prospecting, and mining activities in the lands of the state forest fund are approved in paragraph 10.

The Resolution entered into force on April 25, 2018.

[www.cbd.minjust.gov.kg](http://www.cbd.minjust.gov.kg)

---



71 Erkindik Boulevard,  
Bishkek, 720040  
Kyrgyz Republic

Tel.: +996 (312) 666060  
Fax: +996 (312) 662788  
Web: [www.k-a.kg](http://www.k-a.kg)  
Email: [lawyer@k-a.kg](mailto:lawyer@k-a.kg)

The sources of news contained in the Update are websites: [www.24.kg](http://www.24.kg), [www.kyrgyzaltyn.kg](http://www.kyrgyzaltyn.kg), [www.eurasiancommission.org](http://www.eurasiancommission.org), [www.ibc.kg](http://www.ibc.kg), [www.ecology.gov.kg](http://www.ecology.gov.kg), [www.cbd.minjust.gov.kg](http://www.cbd.minjust.gov.kg) etc.

If you would like to ensure that you continue to receive this newsletter [subscribe here](#), and make sure to add our email to your address book.

If you do not wish to receive this newsletter [unsubscribe here](#).

If you have any comments, please contact Aicholpon Jorupbekova at [ajorupbekova@k-a.kg](mailto:ajorupbekova@k-a.kg)

Kalikova & Associates does not bear responsibility for completeness and accuracy of the news contained in the Update. Update materials are for general information purposes only and should not be considered as legal advice. Transmission of information on or by use of this Update is not intended to create, and receipt does not constitute, a lawyer-client relationship between the sender and receiver.

Copyright © 2018 Kalikova & Associates