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LAW OF TURKMENISTAN

On the Union of Industrialists and Entrepreneurs of Turkmenistan

(amended)

This Law defines the legal, organizational, economic basis of the Union of Industrialists and Entrepreneurs of Turkmenistan and aims to increase its role in the development of entrepreneurship in Turkmenistan.

CHAPTER I. GENERAL PROVISIONS

Article 1. Legislation of Turkmenistan on the Union of Industrialists and Entrepreneurs of Turkmenistan

The legislation of Turkmenistan on the Union of Industrialists and Entrepreneurs of Turkmenistan is based on the Constitution of Turkmenistan, the Law of Turkmenistan “On Public Associations” and consists of this Law and other regulatory legal acts of Turkmenistan.

Article 2. The Union of Industrialists and Entrepreneurs of Turkmenistan

1. The Union of Industrialists and Entrepreneurs of Turkmenistan (hereinafter referred to as the Union) is a public organization incorporating individuals and legal entities engaged in entrepreneurial activity on the basis of a private and (or) mixed (combined) form of ownership (hereinafter referred to as members of the Union), designed to express and protect rights and legal the interests of its members, promote the development of entrepreneurship in Turkmenistan.

The Union can perform its activities on the territory of Turkmenistan, as well as on the territory of other states, where a structural unit of the Union - an organization, branch (branch), and representative office is created in accordance with the legislation of Turkmenistan,.

2. The union is non-commercial legal entity.

3. The union has the solitary property belonging to it under the right of ownership, is liable to the full extent of its property, can acquire on its own behalf the property and personal non-property rights and perform duties, capable of suing and being sued.

The union is not liable for obligations of its members and members of the Union are not liable for obligations of the Union, except cases when they assumed such obligations according to the legislation of Turkmenistan.

The property provided by members of the Union is property of the Union. In furtherance of goals and fulfillment of objectives determined by this Law and the Charter, the Union according to the legislation of Turkmenistan owns and uses property which is in its property and for use.

4. The union has full name in state language and has the right to have the reduced name.

The union has the right to have also complete and (or) reduced name in one of foreign languages.

The phrase "Turkmenistanyň Senagatçylar we telekeçiler birleşmesi" can be used in the names only by the companies and the organizations which are a part of the system of the Union and also by the companies in which the Union participates as the founder. In case of use of the specified phrase by other members of the Union, this right to use can be performed on contractual and paid basis.

5. The union has seal with the symbolic and text «Türkmenistanyň Senagatçylar we telekeçiler birleşmesi». The symbolic of the Union is subject to state registration according to the procedure, stipulated by the Law, and cannot be used without the permission of the Union.

6. The location of the Union is the city of Ashgabat.

CHAPTER II. PURPOSES, MAIN OBJECTIVES AND FUNCTIONS OF THE UNION

Article 3. Purposes and main objectives of the Union

1. The purposes of the Union are:

- 1) consolidation and coordination of efforts of members of the Union in implementation of the economic policy promoting development of industrial and entrepreneurial activity of the state, adjustment of the mutually advantageous economic relations in the territory of the state and also at the international level;
- 2) participation in implementation of national and state programs of economic development by mutually advantageous consolidation of material, scientific and technical and intellectual resources of members of the Union;
- 3) comprehensive assistance to members of the Union in their active participation in economic and social development of the state;
- 4) representation and protection of the claim right, rights and legitimate interests of the members in public authorities and local self-government, in the relations with other subjects of economic activity;
- 5) creation of favorable conditions for successful business development and entrepreneurial activity, the market relations methods, implementation of the principles of social cooperation, rising economic, cultural, educational, information support of entrepreneurs;
- 6) providing and development of the active relations with the international organizations, first of all with the organizations of economic, scientific and technical, social orientation;

7) assistance to development of economy and market relations, forming of modern industrial and entrepreneurial system, development of the private sector of economy;

8) creation of new workplaces, increase in employment level and entrepreneurial activity of the population.

2. The main objectives of the Union are:

1) consolidation of entrepreneurs' association;

2) organization of effective interaction of state bodies with business entities;

3) contributing to the creation of favorable legal, economic and social conditions for the implementation of entrepreneurial initiatives in Turkmenistan;

4) participation in the improvement of legislation related to business in Turkmenistan;

5) representation of members of the Union and protection of their rights and legitimate interests;

6) creation of industrial and other production structures, a chain of technology parks, technopolises, business incubators, production and technical centers, innovation centers, industrial zones, as well as transport and logistics centers and other market structures and the implementation of free economic zones in accordance with the legislation of Turkmenistan;

7) assistance to development of agroindustrial complex and entrepreneurship in the agricultural sector of economy;

8) consolidation of business entities working in the tourism system of Turkmenistan, coordination of their activities, participation in the development of international cooperation in this direction;

9) supporting the production of new types of import-substituting and export-oriented products and promoting their sale in the domestic and foreign markets;

10) assisting business entities in the training, retraining and advanced training of personnel, the creation of higher, secondary vocational educational institutions, including through the organization of vocational training and internships of specialists both in and out of Turkmenistan;

11) assistance to participation in foreign economic activity, interregional cooperation, and also to building-up of the export potential of members of the Union;

12) forming of viewpoint of the Union members on the most important issues of economic and social development of society and state;

13) facilitation of the Union members participation in public procurements of goods (works, services).

14) representation of the claim right, rights and legitimate interests of the members in public authorities and local self-government;

15) assistance, within the framework of the Union powers, to the creation and development of public-private partnership enterprises, their adaptation to the conditions of a market economy;

- 16) providing advice and assistance to the members of the Union on economic, legal, informational issues, assistance in protecting their social and other rights;
- 17) organization of the exchange of best practices and the distributing of information among members of the Union;
- 18) participation in a certain order in the preparation of interstate agreements on economic, scientific, technical, legal, environmental and social issues;
- 19) development and implementation of own programs and projects, which orientation is consistent with the goals of the Union's Charter;
- 20) creation, independently or jointly with other organizations, of foundations, consultative, information and marketing centers, research laboratories, educational, scientific, cultural, advertising, tourist and other organizations;
- 21) creation of information and editorial-and-publishing organizations and other media;
- 22) holding exhibitions, educational and scientific conferences and other events aimed at developing the economy and expanding cooperation, improving the entrepreneurial and professional qualifications of managers, specialists of enterprises, entrepreneurs.

Article 4. Functions of the Union

1. For the purposes of this Law, the Union performs the following functions:

- 1) acts on behalf of members of the Union and represents without power of attorney their legitimate interests in the relations with public authorities, other legal entities both in and out of Turkmenistan;
- 2) performs public examination of development programs of the non-state sector of economy;
- 3) participates in preparation of regulatory legal acts of Turkmenistan regarding the questions of its competence;
- 4) analyzes the state of entrepreneurship in Turkmenistan, works out the offers on measures to stimulate its development;
- 5) participates in state programs for the development of scientific and innovative entrepreneurial activities, including participation in nationwide research and development;
- 7) takes part in the state program of denationalization and privatization of state property;
- 8) implement measures to create new industrial and other production structures, a chain of technology parks, technopolises, business incubators, production and technical centers, innovation activity centers and other market structures;
- 8) performs pre-trial consideration of disputes between members of the Union for reconciliation of the parties on their requests;

- 9) creates a digital information database containing legal, economic, statistical and other information, including generalizing foreign experience;
- 10) provides legal consulting services to the members of the Union;
- 11) contributes to the creation of conditions for active production, investment and foreign economic activity;
- 12) organizes and holds exhibitions, fairs, seminars, conferences, forums and other events in Turkmenistan and foreign countries, ensures the participation of members of the Union in these events;
- 13) establishes and develops the relations with international organizations, public associations of industrialists and entrepreneurs of foreign states in accordance with the legislation of Turkmenistan;
- 14) maintains a rating of “Işewürlik ýagdaýy” as an independent check of the conditions for entrepreneurship in Turkmenistan, and also compiles a rating of business entities by industry;
- 15) performs public monitoring of entrepreneurial activity;
- 16) submits proposals on improving the work of state bodies on business issues to the Cabinet of Ministers of Turkmenistan;
- 17) prepares an annual report on the entrepreneurial activity state in Turkmenistan and provides information about it to society and the state by publishing;
- 18) According to the procedure prescribed by regulatory legal acts:
 - a) participates in the creation and (or) management of economic zones;
 - b) works together with state bodies and enterprises of Turkmenistan on the basis of public-private partnerships;
 - ç) analyzes and generalizes corporate governance experience;
 - d) submit proposals to state bodies regarding the creation of economic zones;
 - e) organizes training, provides consulting services on starting and conducting business, including organizing the creation of business incubators;
- 19) creates and manages a single Internet portal for business entities;
- 20) participates in the implementation of measures to support production in Turkmenistan and increase the share of local production in government procurement, including maintaining a single list of goods produced by members of the Union, the works and services they offer according to the procedure provided for in the regulatory legal acts of Turkmenistan;
- 21) submit proposals on the formation of a state order for personnel training and its distribution in accordance with the needs of the labor market of the economy sectors;
- 22) monitors business entities and the needs for skilled workers;
- 23) develops and implements measures to promote the employment of specialists;

- 24) create training centers for training, retraining, advanced training of specialists;
- 25) together with foreign organizations, creates business councils and other consulting organizations in accordance with the legislation and international treaties of Turkmenistan;
- 26) provides international marketing and advertising support for the promotion on the world market of goods and services produced in Turkmenistan;
- 27) collects, analyzes and provides its members with information on the state of foreign legislation on export and import regulation, fairs, exhibitions, international trade and payments, and other issues related to trade and on-farm activities;
- 28) performs other functions within its competence in accordance with the legislation of Turkmenistan.

Article 5. The principles of the Union

The activity of the Union is based on the principles of:

- 1) autonomy, self-government, legality and accountability;
- 2) the equal rights for all business entities that are members of the Union;
- 3) the conformity of decisions made to the basic principles of domestic and foreign policy of the state;
- 4) a combination of public and state interests, legality and publicity;
- 5) the specificity of work, reporting to its members, responsibility;
- 6) the effectiveness, consistency and efficiency of decisions made and their implementation;
- 7) the development of cross-sectoral, sectoral associations;
- 8) social responsibility of entrepreneurship;
- 9) contribute to ensuring the safety of goods, works and services for life, human health and the environment;
- 10) ensuring a combination of public and entrepreneurial interests.

2. The Union carries out its activity in accordance with this Law, other regulatory legal acts of Turkmenistan, the Charter of the Union.

3. The Union carries out entrepreneurial activity in accordance with the legislation of Turkmenistan in order to achieve its statutory goals, the profit derived from this activity can be used only for the purposes specified in the charter. Profit from entrepreneurial activity cannot be distributed among its members.

Article 6. Relations of the Union and the state

1. The Union is not liable for the obligations of the state and the state is not liable for the obligations of the Union, unless, in accordance with the legislation of Turkmenistan, they have undertaken such obligations.

2. In cases other than those stipulated by legal rights to carry out audit and control tasks, interference of state, public and other organizations, institutions, associations in the activities of the Union is not allowed.

3. The Union may act as a subject of public-private partnership.

CHAPTER III. ESTABLISHMENT, REORGANIZATION, TERMINATION OF ACTIVITY AND LIQUIDATION OF THE UNION

Article 7. General conditions for the establishment of the Union

1. The members of the Union may be individuals and organizations of Turkmenistan and foreign states carrying out entrepreneurial activity on the basis of private ownership.

Holdings, groups, consolidations (associations) of companies may be members of the Union and act on behalf of their structures.

2. The Union shall have constituent documents stipulated by the legislation of Turkmenistan.

3. The registration of the Union is made in accordance to the legislation of Turkmenistan, and the record is made in the Unified State Register of Legal Entities.

4. In order to protect the rights and legitimate interests of business entities, to promote the development of business in Turkmenistan, as well as to unite business entities, local business entities whose annual business turnover is more than 1250 times the minimum wage established in Turkmenistan, carrying out business activities on the basis of a private form of ownership, should join the Union.

5. Members of the Union pay entrance and annual membership fees, in the amount approved by the Board of the Union.

The Board of the Union has the right to establish other fees and (or) payments for certain services of the Union.

In the event of secession from the Union, the entrance and membership fees paid by the members, as well as the voluntary contributions made, are not returned.

6. Registration of members of the Union is carried out in the manner determined by the Board of the Union.

7. The Union has the right to create professional associations, as well as consolidations (associations) based on common business interests.

One of such association may be large associations of entrepreneurs. Following business entities can be members of such associations:

1) acting as a holding and comprising at least five entities, or:

- 2) whose annual turnover is more than 2500 times the minimum wage established in Turkmenistan;
 - 3) with staff headcount of 1000 and more people;
 - 4) whose value of real estate is more than 25000 times the minimum wage established in Turkmenistan;
 - 5) manufacturers occupying leading positions in the domestic market with the goods manufactured;
 - 6) manufacturers with annual income received from foreign trade exceeds 1,500 times the minimum wage established in Turkmenistan.
8. The decision on the entry of the Union members into the consolidations (associations) specified in part seven of this article and the exclusion from them is approved by the Board of the Union.
9. Regarding to members of large consolidations (associations) of entrepreneurs, the Union may act as a guarantor for their entrepreneurial projects, as well as for their participation in the implementation of state orders, state financing, loans and targeted privatization of state property.

Article 8. The Charter of the Union

1. The Charter of the Union is its constituent document.
2. The Charter of the Union should contain:
 - 1) the name, scope, objectives and activities of the Union, its organizational and legal form;
 - 2) the structure of the Union, its governing and control and audit bodies;
 - 3) the territory within limits of which the Union carries out its activities;
 - 4) the conditions and procedure for the acquisition and loss of membership of the Union, the rights and obligations of members;
 - 5) the competence and procedure for the formation of the governing bodies of the Union, as well as the terms of their authority;
 - 6) the location of the permanent governing body of the Union;
 - 7) the procedure for the appointment of meetings of the governing bodies of the Union and adoption of decisions;
 - 8) sources of the formation of cash and other property of the Union, the rights of the Union and its structural units for managing property;
 - 9) the procedure for amending and supplementing the Charter of the Union;
- 10) the procedure for the reorganization, liquidation of the Union, as well as the procedure for the distribution of property remaining after the liquidation of the Union;
- 11) other provisions that do not contradict the legislation of Turkmenistan.

3. The Charter is approved by the General Meeting of the Union and is signed by the Chairman of the Board of the Union.

Article 9. Reorganization, termination of activity and liquidation of the Union

Reorganization, termination of activity and liquidation of the Union is carried out in accordance with the legislation of Turkmenistan and the Charter of the Union.

CHAPTER IV. PROPERTY OF THE UNION AND PROPERTY MANAGEMENT

Article 10. The property of the Union and subjects of ownership

1. The Union possesses solitary property necessary for the implementation of its statutory goals and objectives.
2. Members of the Union do not have right to ownership for property belonging to the Union.
3. In order to achieve the scope and objectives stipulated by this Law, the Union may be the founder (participant) of local public associations or public associations in other foreign states.

Article 11. Financing of the Union

Sources of Union's funds:

- 1) entrance, annual and target contributions, amounts are approved by the Board of the Union;
- 2) all types of voluntary contributions of individuals and legal entities, including property transferred to the Union by its members;
- 3) the funds received by the Union from ongoing activities, as well as work and services performed in accordance with this Law and its Charter;
- 4) income from the property of the Union, from the activities of entrepreneurial entities created, and from civil transactions;
- 5) dividends (income, interest) received from units, bonds, other securities and deposits;
- 6) target funding and income from legal entities, including from foreign non-profit organizations (in the form of grants), target funds received for Union programs in the manner prescribed by the legislation of Turkmenistan;
- 7) cash and other property in the form of contributions, gifts, donations or inheritance from individuals and (or) legal entities that are not members of the Union;
- 8) other means not prohibited by the legislation of Turkmenistan.

CHAPTER V. RIGHTS AND RESPONSIBILITIES OF THE UNION

Article 12. The rights of the Union

1. The Union has the rights necessary to implement the scope, objectives and functions in accordance with its Charter.
2. The Union has the right:
 - 1) to represent and protect its rights, act on behalf of the members of the Union and represent their legitimate interests in relations with public authorities and other legal entities both in and out of Turkmenistan;
 - 2) to initiate on issues of public and state life, to make proposals on these issues to state bodies;
 - 3) to carry out an entrepreneurial activity, including investment, in accordance with the legislation of Turkmenistan;
 - 4) to own, to use, to dispose of the property of the Union in accordance with the legislation of Turkmenistan;
 - 5) to create, in accordance with the legislation of Turkmenistan:
 - a) structural units - organization, branch (branch), representative office in the territory of Turkmenistan and foreign states;
 - b) enterprises, organizations and institutions, including credit institutions, institutions of higher and secondary vocational education, as well as advanced training and retraining of personnel;
 - 6) to establish mass media, to perform publishing and advertising activities in the manner established by the legislation of Turkmenistan;
 - 7) to participate in shared construction in accordance with the legislation of Turkmenistan;
 - 8) to determine the methods of performing its activities, the structure of the Union, approve its staff schedule, form, system and size of remuneration and incentives for employees of the Union in accordance with the legislation of Turkmenistan.

Article 13. The responsibilities of the Union

The Union is obliged to comply with the legislation of Turkmenistan, including legislation on public associations, on licensing in the implementation of licensed types of activities, generally recognized principles and norms of international law concerning the scope of its activity, as well as the norms provided for by the Charter of the Union.

CHAPTER VI. BUSINESS ACTIVITY AND TAXATION OF THE UNION

Article 14. Business activity of the Union

The Union may carry out business activities in accordance with the legislation of Turkmenistan to achieve its statutory goals. Profit from such activity can be used only for the purposes specified in the Charter.

Article 15. Taxation of the Union

The taxation of the Union is performed in accordance with the legislation of Turkmenistan.

Article 16. State support of business activity of the Union

The state guarantees the observance of the rights and legitimate interests of the Union and its members, and supports its activities.

CHAPTER VII. GOVERNING AND SUPERVISING BODIES OF THE UNION

Article 17. Governing bodies of the Union

1. The Governing bodies of the Union are:

1) The General Meeting of the Union

2) The Board of the Union

2. The supreme governing body of the Union is the General Meeting, convened at least once a year.

At the request of at least one tenth of the members of the Union or by decision of the Board of the Union, an extraordinary General Meeting may be convened.

3. The competence and the procedure for the formation of the governing bodies of the Union, as well as the terms of their powers are established by the Charter of the Union.

Article 18. Powers of the General Meeting

1. The powers of the General Meeting include:

1) approval of the Charter of the Union, making amendments and (or) additions to it;

2) election and dismissal of members of the Board of the Union, members of the control and audit commission;

3) approval of reports of the Board of the Union and the control and audit commission;

4) approval of the annual report on the results of the Union to be published in the media.

2. The General Meeting has the right to make decisions with the participation of a majority of the total number of elected delegates of the General Meeting.

Decisions on issues relevant to the powers of the General Meeting shall be taken by a majority vote of the delegates participating.

It is not allowed to transfer the voting right to another person, as well as voting for another person.

3. The procedure for the election of delegates to the General Meeting from the regions and the city of Ashgabat is established by the Charter of the Union.

Article 19. The Board of the Union and its Chairperson

1. The Board of the Union (hereinafter - the Board) carries out the routine management of its activity.

2. The Board reports to the General Meeting. The term of office of members and the number of members of the Board are established by the Charter of the Union.

3. The Board is chaired by a Chairperson elected by the General Meeting.

4. The powers of the Management Board in accordance with this Law and the Charter of the Union include consideration and adoption of decisions on issues that are not included in the powers of the General Meeting, including:

1) making decisions on the establishment of legal entities with the participation of the Union as a founder, determining their goals, objectives and powers;

2) approval of the financial plan of the Union;

3) making decisions on the establishment of branches and representative offices of the Union on the territory of Turkmenistan and foreign states;

4) approval of the list of services provided to members of the Union;

5) making decisions on exemption from the payment of mandatory membership fees;

6) approval of the number of delegates to the General Meeting from the regions and the city of Ashgabat.

5. The meeting of the Board has legal force with the participation of more than half of its members. Decisions are made by a majority vote of the members of the Board participating in the meeting. With the same number of votes, the vote of the chair of the meeting is decisive.

6. Other members of the Board, except for the chairperson and his/her deputies, may not be elected to other governing bodies of the Union.

7. The Chairperson of the Board:

- 1) represents the interests of the Union both in and out of Turkmenistan and acts on its behalf without a power of attorney;
- 2) concludes agreements on behalf of the Union related to its core business, and accepts other documents;
- 3) carries out cooperation with state bodies and other organizations;
- 4) appoints and dismisses deputy chairpersons from among the members of the Board;
- 5) organizes the work of the Union, approves the staff schedule, size of remuneration, hires and dismisses employees in accordance with the labor legislation of Turkmenistan, uses incentive measures against them or applies disciplinary sanctions;
- 6) manages the funds and property of the Union in accordance with this Law and the Charter of the Union;
- 7) organizes the maintenance of the list of members of the Union;
- 8) organizes the publication of information on the activities of the Union, the results of the work of its General Meeting, the Board and the Control and Revision Commission in the media, including the Internet;
- 9) carries out other tasks in accordance with the legislation of Turkmenistan and the Charter of the Union.

Article 20. Control and Revision Commission of the Union

For the audit of the financial and economic activities of the Union, the General Meeting of the Union shall elect from among persons not included in the Board a control and audit commission, which is the control body.

The number of members of the control and audit commission is determined by the General Meeting of the Union.

The activities of the control and audit commission are performed on the basis of the Charter of the Union.

CHAPTER VIII. ACCOUNTING AND REPORTING OF THE UNION

Article 21. Accounting and Reporting

The Union carries out accounting, compilation and presentation of financial and statistical reporting in accordance with the legislation of Turkmenistan.

Article 22. Register and storage of documents by the Union

The Union is obliged to maintain records and storage of documents in accordance with the legislation of Turkmenistan.

CHAPTER IX. RIGHTS AND RESPONSIBILITIES OF MEMBERS OF THE UNION

Article 23. Rights and responsibilities of members of the union

1. Members of the Union have the right:

- 1) to enjoy the professional support and protection of the Union, as well as the services specified in its Charter;
- 2) to elect and be elected to the governing bodies of the Union;
- 3) within the framework of the powers of the Union, to apply with a written request to the Union and receive a reasoned response, make proposals for improving the organization of its work;
- 4) to participate in the management of the Union in the manner prescribed by this Law and the Charter of the Union;
- 5) to study, improve their qualifications, retrain in courses organized by the Union, including on a paid basis;
- 6) to receive professional information and evaluation support, including the services of independent experts in various fields;
- 7) to hear a report on the activities of the Union in the manner prescribed by the Charter of the Union;
- 8) enjoy other rights provided for by the legislative acts of Turkmenistan.

2. Members of the Union are obliged to carry out the requirements of the Charter of the Union by paying mandatory contributions, as well as to provide information on their activities of a non-confidential nature at the request of the Union.

3. Members of the Union are equal.

4. The Union has no right to interfere in the activities of business entities, violate their rights and legitimate interests.

Article 24. Mandatory contributions and other fees

1. The amounts of mandatory contributions approved by the Board are published by the Union in the media, including posted on the Internet.

2. In order to approve the size of mandatory contributions by the Union, the sequence may be determined by groups within the members of the Union.

3. By decision of the Board, other payments may be determined for members of the Union, including on the basis of agreements with members of the Union.

CHAPTER X. CONCLUDING PROVISIONS

Article 25. Settlement of disputes

Disputes arising in the course of the Union's activities are resolved in the manner established by the legislation of Turkmenistan.

Article 26. Responsibility for violation of this Law

Violation of this Law shall entail liability established by the legislation of Turkmenistan.

Article 27. Enforcement of this Law

This Law shall enter into force from the date of its official publication.

The President of Gurbanguly

Turkmenistan Berdimuhamedov

Ashgabat,

October 5, 2019

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