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### Major Economic and Financial Indicators

CURRENCY RATES (February 13, 2009)			
	US\$	EUR	RUB
UZS	1404.52	1835.57	38.61
UZS (weekly change, %)	0.14 ▲	1.80 ▼	2.50 ▼
KZT	148.39	190.27	4.27
KZT (weekly change, %)	1.05 ▼	1.11 ▼	3.39 ▲

Source: Central Bank of Uzbekistan, National Bank of Kazakhstan

COMMODITY PRICES (February 13, 2009)		
	Price (US\$)	Bi-Weekly change (%)
WHEAT FUTURE (CBT) (bu)	554.00	1.77 ▼
CORN FUTURE (bu)	370.00	1.27 ▼
NATURAL GAS FUTR (MMBtu)	4.51	2.17 ▼
BRENT CRUDE OIL FUTR (bbl)	45.99	0.30 ▼
GOLD 100 OZ FUTR	941.30	2.82 ▲
COTTON NO.2 FUTR (lb)	46.47	6.31 ▼

Source: Bloomberg

ECONOMIC INDICATORS (9 months 2008)		
	Uzbekistan	Kazakhstan
GDP (US\$, bln)	18.6	96.7
GDP (% , y-o-y)	9.4	3.9
Agricultural output (US\$, bln)	5.78	9.42
Industrial output (% , y-o-y)	12.4	2.9
Foreign Trade Turn-over (US\$, bln)	15.7	84.2
Export (US\$, bln)	10.1	56.1
Import (US\$, bln)	5.6	28.1
Inflation (%)	4.5	8.8
Population (mln)	27.4	15.7

Source: State Statistics Committee of the Republic of Uzbekistan, State Statistics Committee of Kazakhstan

## Economy

*The elaboration of the main part of **Armenian Tax Code** is among the Armenian Finance Ministry's top-priority focuses*

*According to the State Customs Committee of **Uzbekistan, Turkmen** freight was transported by motor transport via Uzbek territory in 2008. Totally, 22,400 tons of freight were transported in both directions.*

## Armenian Finance Ministry manages to fulfill its key objectives in 2008

Armenian Finance Ministry has fulfilled its key objectives set for 2008. Some programs were implemented with faults said Finance Minister Tigran Davtyan while presenting its 2008 activity report to the Government.

"The 2008 governmental program implied six steps, of which five were taken and one will be taken later. It is the concept of the system controlling state funds", he said.

The minister said that the concept has already been worked out and sent to international experts.

Davtyan said that the program is being implemented in cooperation with World Bank, who said eight to ten months were needed for examination.

But the ministry asked experts to mull over the concept in a

shorter term. It means the concept will be approved earlier.

Finance Minister said that the elaboration is about over, and the first version of the document is already unveiled for public discussion.

The minister also said that this part of the code is planned to be sent to the Government and the Parliament in spring.

He said that the governmental program for 2008/2012 planned 13 actions, which were implemented in 2008 as a whole, but with certain stipulations on two of them.

In particular, the stipulations were related to the concept of enhancement of mortgage loans availability for young families and the law on internal audit. As underfulfilled objectives, Davtyan pointed out Doing Busi-

ness component, which includes export-simplifying measures.

"The thing is that the finance ministry is often coordinating processes while the real executive agencies are trade ministries", he said.

Prime Minister objected saying that there are problems in export area – comparison with similar procedures in other countries shows that red tape in Armenia comes from practice and legislation.

"This drives Armenia's rating down", the premier said. "If other countries have managed to simplify these procedures, Armenia is able to do it as well. For example, Azerbaijan showed that it is possible to implement substantial reforms in this area within one year". (source: [arka.am](http://arka.am))

## Turnover between Uzbekistan and Turkmenistan exceeds US\$ 132 mln in 2008

The fourth meeting of joint Uzbek-Turkmen commission on trade-economic, scientific-technical and cultural cooperation was held in Tashkent on 12 February.

The Uzbek delegation was headed by Minister for Foreign Economic Relations, Investments and Trade Elyor Ganiyev, the Uzbek Ministry for Foreign Economic Relations, Investments and Trade told Trend Capital.

The Turkmen delegation – Minister of Trade and Foreign Economic Relations Nokerguly Atagulyev.

According to the Ministry, volume of trade between two countries increased 37% and totaled US\$ 132.3 mln as a result of

2008 (US\$ 88.3 mln in 2007). Uzbek export increased 57%. Black ink for benefit of Uzbekistan totaled US\$ 109.9 mln.

The bilateral protocol was signed as a result of the meeting of joint Uzbek-Turkmen commission. (source: [uzreport.com](http://uzreport.com)).

## Azerbaijan and WTO agreed to report WTO membership talks

The workgroup on multilateral negotiations about full membership of Azerbaijan in WTO conducted its 6th session in Geneva on 11 December.

The Ministry of Foreign Affairs of Azerbaijan informs that in the session Azerbaijan was represented by the delegation headed by Makhmud Mammadgulyev, deputy foreign minister of Azerbaijan and deputy chairman of the Commission on Azerbaijan's WTO Membership.

"The subject of debates was the course of bilateral negotiations on goods and services, answers to the WTO member countries' questions on trade regime of Azerbaijan, Factual Summary and bringing of national legislation in accord with the WTO requirements.

Azerbaijan confirmed its will for integration into world trade system, indicated submission of new proposals for tariffs and services and emphasized holding of bipartite negotiations," it was informed.

Azerbaijan is likely to be at the stage of signing of protocols following bilateral talks with South Korea and Japan.

Earlier it finished negotiations with Turkey, Georgia, Moldova, Oman and UAE. (source: [CBN](http://CBN))



## Financial Markets

**Microcreditbank JS Commercial Bank** was established basing on Decree #UP-3750 of the President of the Republic of Uzbekistan dated May 5th, 2006

**Aloka Bank JS commercial bank** was founded on 12 October 1994 to finance enterprises of the Uzbek Agency for Communication and Information, as well as small and private businesses

According to the **Central Bank of Armenia (CBA)**, time deposits of Armenian banks decreased by 5.4% in December 2008, with time deposits attracted from residents rose 0.1%, due to foreign currency deposits.

## Microcreditbank to support financing SME and Aloka bank to increase interest rates

### Microcreditbank issues US\$ 39.5 mln to small businesses in Uzbekistan

Microcreditbank earmarked micro finance resources for US\$ 39.5 mln in 2008, of which US\$ 29.0 mln fell to share of micro credits and US\$ 10.5 mln to micro leasing.

The bank issued credits for US\$ 3.48 mln to 4,439 low income families to stimulate growth of cattle in ancillary, dehkan (farmer) and farm entities and expansion of production of cattle products.

Microcreditbank allocated US\$ 0.80 mln to purchase cattle and US\$ 1.04 mln to buy seeds of potato, melons and gourds, vegetable and saplings.

The bank allocated US\$ 123.4 mln of soft credits to farms from the resources of Finance Minis-

try, including US\$ 100.57 mln to cotton producers and US\$ 22.82 mln to wheat producers.

Microcreditbank launched 25 types of deposits for population and attracted US\$ 22.82 mln to them.

The bank also worked on introduction of plastic cards. At the end of 2008, the bank issued 134,000 plastic cards and transaction on them comprised US\$ 22.32 mln. (source: *uzreport.com*)

### Uzbekistan's Aloka Bank raises interest rates on deposits

To actively attract the idle funds of the population to its deposit accounts, Aloka Bank had made the decision to raise a number of interest rates in its deposit product line.

Thus, starting 1 February 2009 the interest rate on the Commu-

nal Plus deposit is raised to 30%, on Alokada Yangi Yil, Alokachi, Bolajon, Vizitka, Yoshlar, Sayohat, Sog Buling, Tuyona, Bahtli Bolalik – to 26%, on Navnihol and Nihol – to 25%, and on Ochil Dasturhon, Takdim Etuvchiga – to 24%. The bank has recently introduced a new deposit plan Sulim Kishlogim.

Today Aloka Bank offers more than 20 types of deposits with different deposit terms and interest rates, which allows the clients to choose the deposit with the most attractive terms and conditions, and interest earnings.

It is worth pointing out that according to the Legislation of the Republic of Uzbekistan on banking activity, population is provided guarantees on return of the deposits in banks. (source: *uzreport.com*).

### Ameriabank posts 119.3% rise in deposits

Total time deposits of Ameriabank grew by 119.3% in December 2008, the bank's press service reports. Corporate time deposits rose 150.4%, with retail deposits increasing by 14.6%.

Though Armenian banks posted a considerable plunge in deposits, Ameriabank has increased its deposits thanks to its program of deposit insurance aiming at strengthening trustworthiness of the country's banking system, Ameriabank says.

In January, the bank's time deposits grew by 10.8%, with retail deposits rising 46.4%. Year-over-year comparison also shows considerable positive shift: as of January 31, 2009, time deposits grew by 3.7% year-on-year. Retail deposits increased by

4.3% year-on-year in January 31, 2009.

Ameriabank CJSC is an investment bank offering a comprehensive set of corporate and limited range of retail bank services and products.

The Chairman of the Ameriabank Board of Directors is Ruben Vardanyan, and the Chairman of the Management Board-General Director is Artak Hanesyan.

### Pakhta Bank announces contest of investment projects

On the occasion of pronouncement of the year 2009 "The Year of Rural Development" and for the purpose of providing financial support to the development in the regions, helping raise the income and living standards of rural residents and creating new jobs, Pakhta Bank

has announced a contest of investment projects.

To participate in the contest, investment projects should be aimed at production and full processing of agricultural and farming products, including fruit and vegetables, melon and gourds, dairy and meat products.

The sum of the loan issued for the financing of the project should not exceed 500 million soums (about US\$ 356,000), in which the share of the initiator should not be less than 25% of the total budget of the project, and the value of the collateral should make up at least 120% of the sum of the loan.

The time of the project repayment should not exceed 5 years. (source: *uzreport.com*)

**Company & Industry**

In 2008 **Bank Respublika** expanded cooperation with international organizations, including Austrian Raiffeisen Zentralbank Oesterreich AG at US\$ 50 mln, Standard Bank Plc. (London) - US\$ 25 mln, German DEG investment company - US\$ 12.5 mln, and EBRD - US\$ 10 mln.

The last two agreement which were signed during the economic crisis testify leading international organizations' trust in Bank Respublika.

**Armenia and Russia** have signed a preliminary agreement on a US\$ 500 mln loan as an anti-crisis fund.

The **Kumtor Gold Company**, formally known as the Kumtor Operating Company (KOC), was established in 1995 as a joint venture between the state enterprise Kyrgyzaltyn and a private Canadian company.

**Assets of Azerbaijani Bank Respublika up by 53.2 % in 2008**

Assets of Azerbaijani Bank Respublika increased by 53.2 % and totaled US\$ 473 mln in 2008, the bank said. Loan portfolio of the bank increased by 63.4 % and reached US\$ 317.6 mln.

Clients' deposits to Bank Respublika increased by US\$ 29.6 mln - to US\$165.6 mln in 2008. Amount of urgent deposits in the bank for accounting period increased by US\$ 14.4 mln and totaled US\$ 78.3 mln. It proves clients' high trust.

On Jan. 1, 2009, the number of Bank Respublika's operating plastic cards exceeded 35,500 units, which by one and half times more than early 2008. Amount of people's urgent money transfer in 2008 also increased by exceeding US\$ 180 mln. One of the priorities of 2008 was further increase of

the bank's capitalization. Total capital of Bank Respublika reached US\$ 52.8 mln in 2008. Bank Respublika's incomes totaled US\$ 72 mln. Profit after tax payment totaled US\$ 11.5 mln in this period.

The European Bank for Reconstruction and Development (EBRD) conferred premium "The most active bank on trade financing in Azerbaijan" on Bank Respublika for 2008. Bank Respublika has long-term rate of deposits in national and foreign currency at level of B2 with forecast 'stable' from Moody's Investors Service international agency.

Pursuing innovation strategy, in 2008 Bank Respublika offered to clients new products - İlk Kart plastic cards for persons under 7-17 age in Azerbaijan for the first time, as well

as VirtualCard for Internet payments, co-brand SubaruCard; VISA Business and VISA Business Gold cards for corporate clients, MobilBank service and sale of gold bullion through loans. Furthermore the bank offered a discount program for its card owners which envisaged discounts for goods and services at the Azerbaijani trade-service companies.

Bank Respublika held lottery campaigns amongst clients on Travel to Malta, Travel to European Football Championship, Travel to Disneyland, as well as lottery campaigns amongst depositors, whose prizes were gold bullion and Honda Accord brand of car. Bank Respublika expanded client service network to 32 branches and departments, by opening 8 new offices in 2008. (source: Trend Capital).

**Armenia getting US\$ 500 mln as an anti-crisis fund from Russia to develop infrastructure**

Russia's stabilizing loan will help Armenia develop infrastructures, RA Minister of Economy Nerses Yeritsyan told ARKA.

The funds will be allocated for implementation of planned projects and new programs, the minister said.

Yeritsyan did not mention the day of getting the loan, saying he is not authorized to reveal that kind of information.

He denied rumors about Armenia joining the ruble zone in exchange for the Russian loan. "One may choose to create myths and believe them to be true," the minister added.

According to the RA Ministry of Economy, Armenia does not have to fulfill any non-financial

obligations to Russia under the financial agreement. (source: arka.am).

**Kumtor Gold Company transferred US\$ 700,000 to the Social Development Fund**

This sum is the last tranche paid under the four-sided agreement entered between the government, Kyrgyzaltyn, Centerra Gold Inc companies and the Kyrgyz State Committee in 2006.

This document obliged Kumtor to pay US\$ 4.4 mln to the residents of Djети-Oguz district suffered from Barskoon incident in 1998.

The news agency "24.kg" turned to Andrei Sazanov, the President of Kumtor Gold Company asking why the last tranche was delayed. "The agreement stipulates several compensation

payments, stages and the last tranche terms were detailed as a separate section", he said.

According to the agreement this money was transferred only after government's request, received at the end of 2008.

According to the Kyrgyz government the Kyrgyz gold export rates doubled in January-November 2008.

"We are in process of summarizing our activity in 2008. Final reports about achievements and future plans of our company are expected to be brought to the people's notice in February 2009", the company president said.

Partly funded by the IFC and the EBRD, the mine is the largest single business in Kyrgyzstan. (source: khabar.kg and the IFC).

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