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### Major Economic and Financial Indicators

CURRENCY RATES (February 27, 2009)			
	US\$	EUR	RUB
UZS	1408.44	1979.56	39.04
UZS (weekly change, %)	0.14 ▲	7.65 ▲	4.08 ▼
KZT	150.26	191.45	4.21
KZT (weekly change, %)	0.85 ▲	1.62 ▲	1.45 ▲

Source: Central Bank of Uzbekistan, National Bank of Kazakhstan

COMMODITY PRICES (February 27, 2009)		
	Price (US\$)	Bi-Weekly change (%)
WHEAT FUTURE (CBT) (bu)	522.50	1.79 ▼
CORN FUTURE (bu)	365.50	3.47 ▲
NATURAL GAS FUTR (MMBtu)	4.069	1.07 ▲
BRENT CRUDE OIL FUTR (bbl)	46.17	11.76 ▲
GOLD 100 OZ FUTR	944.60	3.32 ▼
COTTON NO.2 FUTR (lb)	44.35	0.58 ▼

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

For **Uzbekistan**, the **EBRD's latest forecast** is a slight revision compared to November when the Bank predicted **7% growth in the country in 2009**.

In the Bank's view **Uzbekistan** has so far been less affected by the **global crisis** because of the lesser degree to which the country is dependant on the international financial markets.

The government noted that economic growth of **Turkmenistan** in January 2009 reached 10,5%.

EBRD reviewed its forecasts for **Kazakhstan**. According to that data, **GDP growth** rate will be around **2% in 2009**.

## EBRD presents Transition Report 2008 in Uzbekistan

The EBRD presented update version of EBRD's Transition Report 2008 in Tashkent, Uzbekistan, on 26 February 2009.

The EBRD's Transition Report tracks the economic performance and progress on reforms across EBRD countries. EBRD's Transition Report 2008 was presented in November 2008. Because of the rapidly deteriorating global economic situation the EBRD revised its forecast for the region at the end of January. The EBRD now expects average 2009 growth of 0.1 % in the 30 countries where it has investments, compared with a prediction of 2.5 % based on country forecasts made in November last year.

The Head of the EBRD Uzbekistan Regional Office Fernand Pilonel said Transition Report is annual report of the bank on the

region (which includes 30 countries from Central Europe to Central Asia, including Turkey) and prepared by EBRD's economic department led by Chief Economist Erik Berglof.

Fernand Pilonel said that the EBRD will further work to establish strategic dialogue with the authorities to improve investment climate and support reforms and anti-crisis measures in Uzbekistan.

He said that the EBRD is currently revising its activities in Uzbekistan and will adopt after consulting the authorities a new three-year strategy later this year.

Rika Ishii, EBRD's Principal Economist, said that high economic growth and was observed in transition economies in 2007 and the first half of 2008, but

global economic crisis hit the region. She said that economic growth in the region in 2009 will be lower compared to previous years and inflation rate will be high. The EBRD now expects average 2009 growth of 0.1 % in the 30 countries where it has investments, compared with a prediction of 2.5 % based on country forecasts made in November last year, she said.

Rika Ishii said that economic growth did not slow down in Central Asia and Uzbekistan [in 2008]. In 2008, Uzbekistan demonstrated high economic growth thanks to favorable international prices to main export items of the country.

Uzbekistan adopted measures on improvement of business climate, including new Tax Code. (source: [uzreport.com](http://uzreport.com))

## Turkmenistan reports stable macroeconomic situation

The macroeconomic situation in Turkmenistan remains stable despite global financial crisis, vice prime minister Tuvakmammed Japarov said at a government meeting on 20 February. This is owing to preventive measures taken by Turkmenistan, namely the establishment of Stabilization Fund and reforms in banking-financial sphere, the Turkmenistan.ru correspondent reports from Ashgabat.

"The state will continue keeping issues of economic development under vigilant control," Gurbanguly Berdimuhamedov said. He noted that it was necessary to pay particular attention to the social aspect, in particular the credit policy.

The president of Turkmenistan

also demanded that "government decisions on providing soft credits for construction and purchase of comfortable dwellings should be effectively implemented." (source: [turkmenistan.ru](http://turkmenistan.ru)).

## World financial crisis starting to affect Kazakhstan

World Bank Vice President for Europe and Central Asia, Shigeo Katz, said in Astana the consequences of the world financial crisis are just becoming apparent in Kazakhstan.

The country, at the beginning of the crisis, possessed very stable financial situation. The governmental anti-crisis program includes strong strategic measures directed at increase of stability to the crisis phenomena of all spheres of economy, "including fiscal, financial, agricultural, construction sectors,

and small and medium business," Katz said.

"Now you need to quickly, effectively and transparently start implementing the stipulated measures."

On February 25, 2009, during a meeting between the World Bank delegation and Prime Minister Karim Masimov, Moto Konishi, the World bank's new regional director for Central Asia presented himself to his new assignment. The talks were held on the important questions of further development of partner relations between the government of the Republic of Kazakhstan and World Bank. (source: [Kazakhstan Today](http://Kazakhstan Today)).

In our opinion, the level of consequences will depend on commodity prices in the world market.



## Financial Markets

**Bank Republic owns 8.6% of the customer market share in deposits and 7.6% in loans. In 2007 its assets grew by 45%, leaving the Bank with GEL 4.65 million (about US\$ 3 mln) net profits, according to BR report.**

**In UzSE, IPO market turnover comprised US\$ 2.03 mln (27.1% of total turnover) and the secondary market – US\$ 5.49 mln (72.9%).**

**The consortium's contract value is US\$ 998,243, and will last 31 months, including 17 months for design activities and 14 months for field supervision.**

## Bank Republic to Raise Market Share in 2009, including in Georgia

In 2009 Bank Republic (BR) will take additional market shares, according to Gilbert Hie, Chief Executive Officer of Bank Republic. In terms of corporate and retail activities, the plans of Bank Republic for 2009 are dynamic and growth oriented.

“In 2009, the Bank is planning an active development push in all directions. Taking additional market shares, increasing the number of branches, offering new products to customers and improving the service quality are Bank Republics' biggest challenges for 2009,” Gilbert Hie said.

“With a background of high level liquidity, we invite all corporate companies and individuals to visit BR and get credits. The confidence of Bank Republic belongs to Societe Generale Group, the 60% owner of Bank

Republic's shares, which made EUR 2 billion profit in 2008,” Gilbert Hie says.

According to the officials of Bank Republic, the cooperation between EBRD and Societe Generale proves that Bank Republic is a serious, stable and reliable financial group, which can offer its customers universal banking services despite the global economic and local political crisis.

Societe Generale Group is one of the largest groups in the Euro-zone in terms of financial services. Today the group serves more than 22.5 million consumers throughout the world.

In France, the Bank operates two complementary distribution networks, namely Société Générale and Crédit du Nord. The Group is represented in more

than 80 countries and employs more than 120,000 persons worldwide.

Bank Republic has 45 branches in Georgia already. One new branch of Bank Republic has been opened at 37 Vakhtang Gorgasali Street, Ortachala, Tbilisi. They are going to open 3 branches in the next 3 months.

“Bank Republic is in third place with its actives on the Georgian banking sector. Our aim is to raise the shares of the market in every direction on the local market,” Irakli Aslanishvili, Commercial Director of Bank Republic, states.

“Bank Republic is developing its vision and missions day by day. Our main missions are team working, professionalism and innovations,” Irakli Aslanishvili says. (Source: finchannel.com).

## Uzbekistan Stock Exchange (UzSE) registers deals for US\$ 852,273

Uzbek Stock Exchange (UzSE) registered 190 deals with 637,217 shares of 40 public companies for US\$ 852,273 on 16-20 February 2009.

Deals were registered in IPO and the secondary market, both in national and hard currency platforms.

The average size of deals made up US\$ 4,474 in the reporting period compared to US\$ 6,250 previous week. The highest ratio of price to par value was observed in chemical industry (25).

Since January 1, 2009, financial sector led in terms of the share in total turnover. The sector attained 43.8% of total turnover in the reporting period.

Enterprises of Tashkent city were popular among investors this year. The share of Tashkent city enterprises in total turnover comprised 76.6% or US\$ 5.77 mln. Bukhara and other regions were also popular.

Total turnover of the UzSE comprised US\$ 7.52 mln in 2009. Overall 734 deals with 4.518 million shares were recorded in 2009 so far. (source: uzreport.com).

## Millennium challenge account Armenia, German Gitec Consult Gmbh sign contract

The Millennium Challenge Account – Armenia SNCO announced the award of a consulting contract to the joint venture consortium of GITEC Consult GmbH (Germany) in association with HGSN Ltd (Armenia).

The consortium will provide consulting services for the design solutions for rehabilitation of Ararat Valley Drainage System under the MCA-Armenia Irrigated Agriculture Project Infrastructure Activity.

The contract was signed at the MCA-Armenia office on February 20, 2009 by Mr. Ara Hovsepian, MCA-Armenia CEO and Mr. Wolfgang Jendrischewski, Director of Water Resources and Sanitary Engineering Department of GITEC Consult.

The contract includes analysis of the ecological situation, hydrology, surface and subsurface horizontal drainage systems and wells in the Ararat Valley, social and health assessment, as well as designer's field supervision. (source: arka.am).

## Company & Industry

**Midget power plants** are expected to provide 5% of the overall volume of energy produced in Armenia.

**Energy savings field** is also in its initial stage despite the respective strategy developed by the government. Yet, use of energy saving technologies will help Armenia save up to 15% of primary energy resources.

The Azeri state energy company Socar said production had resumed at seven out of the platform's 11 wells since December, but average production dropped to 14,000 tonnes a day, threefold less than previously. Socar is a part of the BP-led group.

## Armenian nuclear power sector will produce 40% of electricity of the country by 2025

Armenia is to get 40% of its electricity produced by the nuclear power sector by 2025, Armenian Deputy Minister of Energy and Natural Resources Areg Galstyan said at a round-table discussion with a Russian delegation from Sverdlovsk.

By the same time, renewable energy sector will be providing 30% of energy produced in Armenia with the remaining share provided by thermal radiation power sector, he said.

Galstyan reported that for this a number of strategic documents were adopted based on four principles - nuclear power development, maximal use of own renewable resources, diversification of routes of energy resource supplies and maximal integration in regional energy markets. He added that Armenia has also the obligation

to close down its current nuclear power plant (NPP).

Galstyan reported that a tender was announced for management of the NPP closing-down process and a feasibility study was conducted.

Achievements in wind power sector are less tangible, yet several licenses were issued for this activity, Galstyan said.

The Deputy Minister said that Armenia is making attempts to move forward also in development of geothermal power plants. In particular, territory is assigned for construction of such a plant and the issue is to be settled by the end of the year.

The Deputy Minister also reminded that Armenia had the most developed export-orientated energy system in the

South region and that it was exporting 30% of its energy production. This structure is maintained in Armenian energy sector despite the hard period.

Energy production totaled 6,114.3mln kilowatt-hours in Armenia in 2008, which is a 3.7% increase against the level of 2007. Energy yield of Armenian NPP was 2,461.6mln kilowatt-hours in January-December 2008, which constituted 40.3% of the overall volume of energy production over the period under period.

Heat stations produced 1,831.9mln kilowatt-hours or 30% of overall production. Midget power plants generated 1,818.9 mln kilowatt-hours of electricity or 29.8% of the overall yield in the country. (source: arka.am).

## Azerbaijan Cuts 2009 Oil Output Forecast by a Fifth

Azerbaijan has cut its 2009 oil production forecast by a fifth to 45 million tonnes due to production problems and low oil prices, potentially ending a decade of rapid output growth.

The revision comes after Azerbaijan in December became the only non-OPEC nation to offer output cuts at the group's meeting in Algeria, saying it was ready to cut output by 300,000 barrels per day to 540,000 bpd, its lowest output level in two years.

If Thursday's forecast proves accurate, 2009 would mark the first year in which production has stayed flat in a decade that has seen the country raise production more than fivefold. Azerbaijan extracted 44 million tonnes of oil in 2008.

Most of Azeri oil production is controlled by a BP-led consortium, which since September has experienced technical problems at the giant Azeri-Chirag-Gyuneshli (ACG) deposit, the main source of oil for the BP-operated Baku-Ceyhan pipeline running from the Caspian Sea to the Turkish Mediterranean coast.

Azerbaijan's International Oil Company, AIOC planned to produce more than 49 million tonnes of oil at the ACG in 2009. (source: Reuters).

## Tbilisi to host international economic forum in April

The Tbilisi Municipality plans to hold several events aimed at increasing awareness of business environment in Tbilisi.

In March, a delegation from Vilnius, Lithuania will visit Tbilisi

and meet government officials and Georgian businessmen, Zviad Archuadze, head of the Economic Policy Development Service of Tbilisi City Hall, told GBC.

Furthermore, Tbilisi will host a tourism fair on 3-5 April. Parallel to the event, an international economic conference will be held.

In addition, Tbilisi City Hall and the Batumi Municipality plan to take part in a real estate fair in Cannes, France in March.

Several development and construction companies will also take part in the fair.

In May, Tbilisi City Hall officials plan a further visit France and meet with French businessmen. (source: GBC)

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