

Main economic events

- World Bank recommends carrying on with reforms of Uzbek cotton industry**
 Head of World Bank representative office in Uzbekistan recommends Uzbek Government to continue with reforms in the cotton industry.
- Uzbekistan exported almost 200 kt of cotton in 2004 to China**
 Share of Uzbek cotton in total volume exported to China from Central Asian in 2004 was 197 kt.
- World production of cotton fiber in the season 2005/06 will decrease by 10%**
 World production of cotton fiber in the season 2005/2006 will fall by 10% compared to the season 2004/2005 down to 23,5 Mt.
- CNPC to invest around \$600 mln. into Uzbekistan projects**
 China National Petroleum Corporation (CNPC) intends to invest around \$600 million in the development of oil and gas fields in Uzbekistan.

Official exchange rate of the CB RU to major world currencies (USZ)

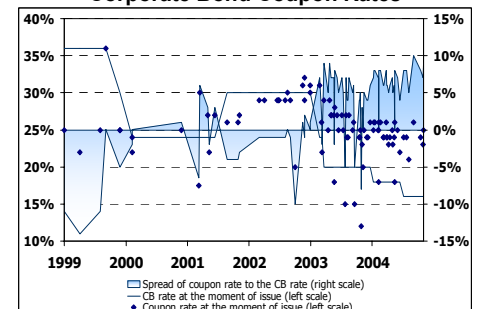
	24.05.2005	17.05.2005
1 USD	1099.73	1097.02
1 EUR	1381.70	1381.92
1 GBP	2009.87	2025.65
10 JPY	101.87	101.93
1 RUR	39.32	39.29

Key interest rates in national currency as of 24.05.2005 (in % per annum)

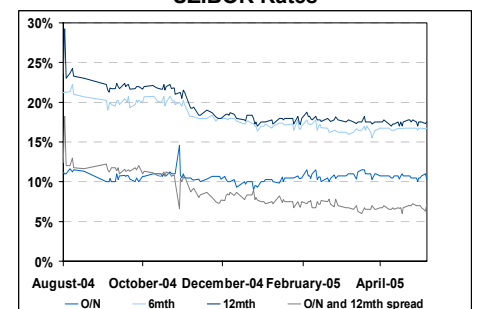
Refinancing rate of CB RU	16,00
UZIBOR (12 months)	17,50
AWACRI*	23,87

* - Avesta Weighted Average Coupon Rate Index

Corporate Bond Coupon Rates



UZIBOR Rates



Sources: Avesta Research, Central Bank of RU, Uzbekistan Banking Association

Main macroeconomic indicators of Uzbekistan (2000-2004)

Indicators	2000	2001	2002	2003	2004
GDP, trln. soum	3.25	4.92	7.45	9.84	12.2
Real GDP growth, %	3.8	4.2	4.0	4.4	7.7
State budget execution, % to GDP (-def./+prof.)	-1.0	-1.0	-0.8	-0.4	-0.4
Foreign trade turnover, billion USD	6.2	6.3	5.7	6.7	8.7
Inflation (CPI), %	-	-	-	3.8	3.7

Source: State Statistics Committee, Avesta Research

Today

Coupon payments on corporate bonds are not expected

Upcoming events calendar

- May 26:** Payment of the 6th coupon of the 2nd CB issue of CJSC "Karvon Bozori" is expected.
- May 25–27:** International exhibition "Cotton & Silk World – 2005" will be held in Uzexpocentre, Tashkent.
- May 27:** Maturity of the 2nd CB issue of JSC "Osioy Vest".
- May 27:** Payment of the 7th coupon of the 1st CB issue of CJSC "Karvon Bozori" is expected.
- May 29:** Payment of the 3rd coupon of the 1st CB issue of "Polifleks" is expected.

World Bank recommends carrying on with reforms of Uzbek cotton industry

Head of the World Bank (WB) representative office in Uzbekistan, Mr. Martin Reiser said that the Government of Uzbekistan should continue reforming cotton industry, "Uzreport.com" reported from the international conference on cotton and textile, that took place in Tashkent on 24 May 2005.

First project of WB in this field was directed to improvement of cotton industry subsection through lending a loan in amount of \$66 mln., which was completed in 1995-2000. Currently, from 2003 a project for improving drainage and irrigation system and development of water-logged ground, which envisages a loan for \$60 mln at the initial stage, is being carried out.

With support of WB there was introduced quality certification of cotton in bales, that improved the system of international sales of Uzbek cotton and attracted foreign investments into seeds production. So, before launching the WB projects Uzbek cotton was priced under the Cotlook A index, and after completing the project it is sold for the price higher than Cotlook A. On national scale this change made up income growth of about \$50 mln.

Mr. Reiser emphasized the significance of cotton for the country, since from economic point of view cotton brings 13% input of GDP and around 25% of foreign currency inflow. From the social point of view cotton industry provides almost 20% of workplaces in rural area, which goes beyond 30% in harvest times.

Uzbekistan exported almost 200 kt of cotton in 2004 to China

Uzbekistan became the largest cotton exporter to China among Central Asian countries, said "Uzreport.com" on its website, referring to the information provided by the editor of "Cotton Outlook" magazine G. Fisher at the cotton conference.

Share of Uzbek cotton in total volume of Central Asian cotton dispatched to China in 2004 made up 197 kt out of 208 kt. However strong competition from the USA, West African countries, Australia and Brazil was the reason for declining of share of Uzbek cotton sold to South Korea.

As mentioned by representatives of Agency for Foreign Economic Relations of the Republic of Uzbekistan (AFER) during the cotton conference in Tashkent, export of cotton fiber from Uzbekistan will grow up to 700 kt in 2004/05 compared to 570 kt in 2003/04. Internal consumption of cotton fiber in Uzbekistan in 2005 is planned to grow by 8.5% up to 295 kt due to implementation of investment program in textile industry in the period of 2005-2008.

World production of cotton fiber in the season 2005/06 will decrease by 10%

World production of cotton fiber in the season 2005/06 will fall by 10% compared to the preceding season down to 23.5 Mt, said Terry Townsend – executive director of International Cotton Advisory Committee (ICAC) during the cotton conference in Tashkent, reported news agency "Prime-TASS".

In the season of 2004/05 the world production of fiber will increase up to estimated 26 Mt, which will be on 26% higher than in the previous season, world processing will grow by 8% to 23.1 Mt, the highest growth from the middle of eighties. According to ICAC data under crop fields reached 36 mln. hectares, the highest figure from 1995/96 season, while crop productivity surged to 20-year record 726 kg/hectare.

As a result due to excess of production over consumption in 2004/05, world end stocks will grow to about 10.4 Mt, while forecasted prices will go down to 53 cent per pound or by 22% after 6-year record. Townsend thinks that lowered prices on cotton will probably lead to decrease of world production in 2005/06 as well as its growth rates. After all, world production could fall less than world consumption.

CNPC intends to invest around \$600 mln. into Uzbekistan projects

According to "Interfax", Chinese National Petroleum Corporation (CNPC) intends to invest around \$600 mln. in the development of oil and gas fields in Uzbekistan, a representative of Uzbek national oil and gas company Uzbekneftegaz informed the agency.

CNPC and Uzbekneftegaz will form a joint venture to develop fields with liquid hydrocarbons that are hard to access, Savkat Mazhitov, the holding company's first deputy CEO and general manager, said at the international Oil & Gas exhibition in Tashkent recently.

It is expected that two sides will form a 50:50 joint venture with charter capital of about \$96 million. The founding agreement could be signed by the end of May. CNPC and Uzbekneftegaz signed framework agreement on oil and gas sector cooperation in Uzbekistan in the middle of 2004.

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