

Avesta Research

UZBEKISTAN DAILY

Business update

23 August 2005

Main economic events

- GDP growth in 1st half of 2005 comprised 7.2%**
 GDP in Uzbekistan in period of January-June 2005 made 5.677T soum.
- The process of exporting goods was simplified**
 Uzbekistan simplified the procedure of exporting goods through trading companies and representatives abroad established by exporters.
- 6 new textile mills to launch in Uzbekistan**
 By the Independence Day it is planned to launch a number of textile objects with the assistance of foreign investors.
- Wimm-Bill-Dann finished the modernization of Tashkent milk processing plant**
 The production at "Tashkentsut" starts in the beginning of September 2005.

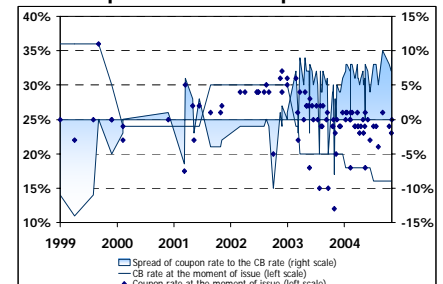
Official exchange rate of the CB RU to major world currencies (USZ)

	23.08.2005	16.08.2005	Chg./%
1 USD	1130.74	1128.87	+0.17 ↑
1 EUR	1378.03	1401.27	-1.66 ↓
1 GBP	2034.43	2045.85	-0.56 ↓
10 JPY	102.66	103.01	-0.34 ↓
1 RUR	39.54	39.87	-0.83 ↓

Key interest rates in national currency as of 23.08.2005 (in % per annum)

Refinancing rate of CB RU	16.00
UZIBOR (12 months)	17.81
AWACRI	23.24
CBCAP* (UZS)	195.09
CBCAP* (USD)	169.19

Corporate Bond Coupon Rates

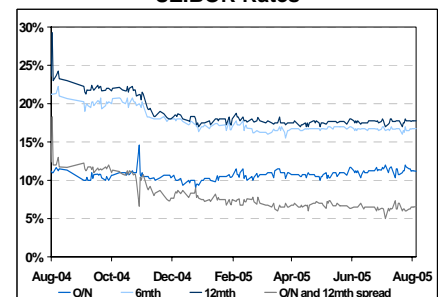


Main macroeconomic indicators of Uzbekistan (2000-2004)

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

UZIBOR Rates



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

Today

Coupon payments on corporate bonds are not expected

Upcoming events calendar

August 23 – 25: 2nd Uzbek International Exhibition «Transportation and logistics – TransUzbekistan 2005» will be held.

August 24: Payment of the 7th coupon of 2nd CB issue of CJSC «Karvon Bozori» is expected.

August 27: Payment of the 4th coupon of 1st CB issue of SE «Polifleks» is expected.

GDP growth in 1st half of 2005 comprised 7.2%

GDP in Uzbekistan in the period of January-June 2005 increased by 7.2% compared to the same period in 2004 and made up 5.677T soum, reported "PRIME-TASS" with a reference to Goskomstat. At the same time index-deflator of 1st half of 2005 decreased down to 116.5% against 118.8% of the same period of 2004.

In branch structure of GDP the production made up 44.3% (41.8% in January-June of 2004), including the share of industry – 24% (20.7%), agriculture – 14.1% (15%), construction – 5.9% (5.8%).

Production of services constituted 43.3% (41.7%) consisting of transportation and communication services – 12% (11.1%), trade and public catering – 10.4% (10.9%), non-material services – 20.9% (19.7%).

The amount of taxes on products and export-import operations in GDP structure for 6 months of 2005 made up 12.4% (16.5%).

In GDP structure for January-June 2005, consumption expenses fell down to 74.1% against 74.8% of the same period of 2004 at the expense of growth of gross savings – 24.6% against 24.4%. The portion of export grew up to 1.3% against 0.8%.

The process of exporting goods was simplified

The government of Uzbekistan made a decision on simplification of the procedure of exporting goods through trading companies and representatives abroad established by exporters, also through investment companies of Chamber of Commerce and Industry of Uzbekistan in foreign companies, informs PRIME-TASS.

According to the resolution of the state, the registration of exported goods through trading companies and representatives in the regime of "temporary exports" was cancelled and registration of these goods in single customs regime – "export" was brought in.

This decision allows enterprises that do not have opportunities to establish own representatives, trading companies and other similar organizations abroad to enter international markets through investments companies of Chamber of Commerce and Industry.

At present time Ministry of Foreign Economic Relations Investments and Trade of Uzbekistan registered approximately 500 enterprises, established by residents of Uzbekistan abroad for promotion of their products and services in external markets. Out of these enterprises 40 are in the USA, Germany, South Korea, Turkey, 270 - Russia, 81 – Kazakhstan, 32 – Kyrgyzya, 23 – Ukraine.

6 new textile mills to launch in Uzbekstan

By the Independence Day it is planned to launch 6 textile objects in partnership with foreign investors. Newly found enterprises are established together with the companies originating from USA, Turkey, Germany and Switzerland. Total amount of investments into these projects made up USD 68M whereas total amount of exporting potential is USD 48.8M. Foresaid enterprises are planned to produce a wide range of textile products. Besides, it is significant to mention that there will be 2.8 thousand new work places established in these plants.

3 projects of 6 are financed by the loan, provided by the bank "Asaka". All these projects are accomplished by the attraction of direct foreign investments and credits not secured by the government of the Republic, mainly at the expense of foreign investors own funds. Thus, own funds of foreign investors constitute almost USD 49.4M or 73% of total amount of the projects.

Furthermore, by the end of current year it is planned to launch 3 more textile production companies with shares of foreign investors that makes up USD 42M and exporting potential of USD 30.5M.

Wimm-Bill-Dann finished the modernization of Tashkent milk processing plant

Russian concern "Wimm-Bill-Dann Foodstuff" (WBD) completed the modernization of milk processing plant "Tashkentsut". Total amount of investments made up USD 7.3M. At first stage, production capacity of the plant at milk processing will be 150 tonnes a day.

Dealing on purchase of almost 77% shares of the plant "Tashkentsut" was completed by WBD in April 2004. According to the decision of government of Uzbekistan subsidiary company of WBD – "Wimm-Bill-Dann Tashkent" is exempt from income tax and also custom duties on import of technological equipment.

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