

- **Requirement for the authorized capital of banks is increased again**

From January 1, 2008 minimum requirement for the authorized capital of newly established commercial banks will be 5 mln Euro.

- **Russian investments into Uzbek economy**

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- **Uzbekistan will keep winter crops at the level of 2007**

Uzbekistan plans for the harvest of 2008 to sow winter crops on 1.286 mln hectares of land.

- **Uzbekistan is attracting credits of Eximbank of P.R. China totaling 121 mln USD**

The government of Uzbekistan plans to attract finances from the government of China in the amount of 910.6 mln USD by the end of 2007.

- **Uzbekistan recycles waste of processed fruits and vegetables**

- **Uzbekistan's Navoi Mining calls tender for gold ore processing equipment**

- **Comments on trade results at RSE "Toshkent"**

Consolidated sales volume at RSE "Toshkent" was 862 mln UZS.

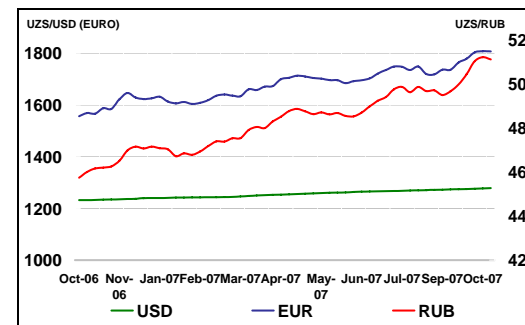
Official exchange rate of the CB RU to major world currencies (UZS)

	06.11.2007	30.10.2007	chg./%
1 USD	1281,77	1280,65	0,09%↑
1 EUR	1849,85	1828,64	1,16%↑
1 GBP	2651,08	2620,72	1,16%↑
10 JPY	104,24	111,99	6,92%↓
1 RUR	51,87	51,52	0,68%↑

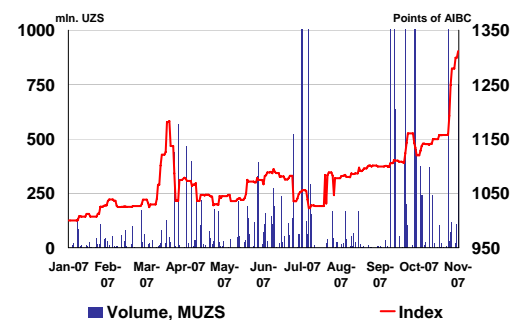
Key interest rates in national currency (in % per annum)

	07.11.2007	Change in 3 months
CBU rate	14,00	0%
UZIBOR (12 m.)	13,86	
AWACRI	20,59	-4,55%
AIBC	1311,291	+11,4%

Dynamics of exchange rates for 52 weeks



AIBC dynamic



The main macroeconomic indicators of Uzbekistan for 2002-2007.

indicator	2002	2003	2004	2005	2006	1H07
GDP, trill. UZS	7,45	9,84	12,2	15,2	20,8	10,1
Real GDP growth %	4,0	4,4	7,7	7	7,3	9,7
State budget execution % to GDP (-deficit./+surplus.)	-0,8	-0,4	-0,4	+0,1	--	+1,9
Foreign trade turnover, billions of USD	5,7	6,7	8,7	9,5	10,7	6,6
Inflation (CPI). %	-	3,8	3,7	7,8	6,8	2,7

Quotations of share prices at exchange list of UzSE «Toshkent» for 15.10.2007

Issuer	Price of last transaction (UZS)	Change (%)	Issuer	Price of last transaction (UZS)	Change (%)
Uzsanoatqurilishbanki	2 100,0	+4%	Xamkor Bank	100,0	-4%
Galla Bank	100,0	0%	Ipak Yuli Bank	100,0	0%
Ipoteka Bank	1 111,0	+11%	Kapital bank	10 500,0	0%
Pakhta Bank	1 050,00	0%	Aloka bank	117,00	0%
Turonbank	1165,00	16.5%			

Requirement for the capital of banks is increased again

On November 7, 2007 the President of the Republic of Uzbekistan has signed a decree on measures for further development of banking system, uza.uz reported.

One of the main points in the above named document is institution of new minimum level of authorized capital for newly established banks from January 1, 2008:

for commercial banks – equivalent of 5 mln Euro;

for private banks – equivalent of 2.5 mln Euro.

Commercial banks that have a license to perform banking services, in addition have a right to carry out professional activities in the securities market as an investment intermediary, investment assets manager and investment consultant. At the same time commercial banks are not required to obtain a separate license to perform the above stated activities.

Moreover, there were introduced tax privileges. From January 1, 2008 for 3 years will be released:

from taxation interest earnings of legal persons, received from investment into deposits and bonds of commercial banks with duration more than 1 year;

Republican association of money collection – from paying value added tax and property tax, with freed funds aimed at strengthening material-technical base of the association.

Russian investments into Uzbek economy

In upcoming years Russian investments in Uzbekistan may exceed 2 bln USD. Today in Uzbekistan 450 JV's operate with participation of russian investors. And in Russia 284 JV's, established in partnership with Uzbekistan, vesti.uz informed.

In the Uzbek market successfully operating companies include "Gazprom" (Gazp), "Lukoil" (LKOH), "Soyuzneftegaz" and others. Commodity turnover between Uzbekistan and Russia was 3 bln USD in 2006 and keeps growing; it has grown already by 40% this year.

More than 30% of the foreign trade of Uzbekistan is done with Russia. Export and import includes machinery and equipment, energy, black and nonferrous metals, cotton fibre, plastics, products of tree and food processing industries and many others.

In the previous year Russia has bought more than 1 mln tons of agricultural products in Uzbekistan. Cooperation is developing very successfully in the spheres of trade, power engineering, metallurgy, insurance, finance, food, pharmaceuticals, and tree processing industry. Cooperation is developing in such important spheres as electrical engineering, machine and aircraft building. There is a significant potential in the spheres of telecommunication and software, production of chemical goods, construction materials, light industry, tourism, thus the task of full utilization of it is one of the main.

Uzbekistan is attracting credits of Eximbank of P.R. China totaling 121 mln USD

Eximbank PRC and Uzpromstroybank have signed a credit agreement for the sum of 41.7 mln USD, news.kkb.kz reports. Credit is given under the guarantee of the Government of Uzbekistan from the sources of credit line in the amount of 900 mln USD, reserved by the government of the China for member countries of the Shanghai Cooperation Organization (SCO). The credit is given for 20 years with 5 year grace period at 2% interest rate. Funds are being obtained for the construction of potassium fertilizers plant in Uzbekistan. Besides, the Ministry of Finance and Eximbank PRC have signed a memorandum on mutual understanding, providing the reservation of credit funds of the chinese bank in the amount of 79.3 mln USD for realization of 3 investment projects in Uzbekistan.

In particular, it is planned to obtain 57.9 mln USD for the purchase of locomotives for State Joint-Stock Railroad Company "O'zbekiston Temir Yullari", 19.2 mln USD for a project of reconstructing drainage clearing buildings of Namangan city (regional center of Namangan region), 2.2 mln USD for improvement of sanitary system of Samarkand and Bukhara cities.

Memorandum specifies initial amount of the credit. Exact amount of the credit and its terms will be clarified and negotiated later. Credit funds will be reserved within the limits of second credit line of the government of PRC for member countries of SCO in the amount of 1.2 bln USD announced during Bishkek summit of SCO.

Dekhkanabad plant of potassium fertilizers with estimated capacity of 200 thousand tons per year is planned to construct by the summer of 2009 on the basis of Tyubektagan deposit of potassium salts, which is in Kashladarya region on the border with Turmenistan.

In total, by the end of 2007, Uzbek government plans to attract 910.6 mln USD of Chinese government funds for 46 joint projects with total cost of 1.467 bln USD.

By results of 2006, Assets of Uzpromstroybank were ranked at 150th position among CIS banks and 2nd among Uzbek banks, as indicated by "Interfax-1000: Banks of CIS" ranking.

Uzbekistan will keep winter crops at the level of 2007

Uzbekistan plans for the harvest of 2008 to sow winter crops on 1.286 mln hectares of land, news.kkb.kz reports.

Grain will be sowed on 1.083 mln hectares of irrigated land, and 203 mln hectares on 'bogor' (non-irrigated land). Currently in Uzbekistan winter crops are massively being sowed. It is expected to finish sowing in the middle of November. It was reported earlier that in 2007 1.296 mln hectares of land was sowed though it was planned 1.286 mln hectares. It was collected 6.350 mln tons of grain from these lands. Final results of collecting grain will be announced at the end of the current year. In 2006 grain was sowed on 1.286 mln hectares, yielding 6.1 mln tons of grain.

Uzbekistan recycles waste of processed fruits and vegetables

Uzbek scientists developed a new technology of the utilization of waste of fruit and vegetable processing in food industry. Till this moment food producers have had no technologies able to effectively utilize wastes of processing. The content of essential substances in rind, seeds and mill cake was considered to be too small to use it in food industry. That's why they are used as forage on cattle and poultry farms; bio-fuel or fertilizers are produced on the basis of these products; sometimes they are just thrown out.

The volumes of wasted biomass amount to million tons in a global scale. Possibly, in the nearest future this quantity will reduce thanks to know-how developed by a group of specialists of Namanganskiy Engineering-Pedagogical Institute (Uzbekistan) under management of Shukhrat Atakhanov. At least, this is the opinion of innovators, who have recently won one of the main awards of the first Uzbek contest "Innovative business solutions".

According to estimations done by the specialists, the share of essential substances (vitamins, micro-elements, pectins, hydrocarbons and others) amounts to 62-65% in the waste of fruit and vegetable production. The main idea of the know-how suggested by the specialists: after the production of primary juice, fruit waste is pressed, purified, and soaked in a special solution. The mass is dried and finally crushed in a mill. We get a food powder which can be used in food-concentrate and cannery industries. In addition to juice, including pulpy juice, the powder may serve as the basis for marmalade, fruit paste and various jams. Also it can be used as a component of the formulation of bread, confectionary products, candy paste. To the creators' opinion, the powders-semi products are characterized by high nutritive and biological value - they are highly competitive with the powders produced on the basis of fresh raw materials.

Innovators are sure in the economic attractiveness of their technology, because their developments lets solve at once three problems: getting cheap and quality semi-ready product, eliminating the problem of secondary raw materials utilization (producers do not bear expenses for transportation and recycling), and working food industry plants in off-season period.

The buyer can purchase such equipment for around \$75,000. Raw materials are also inexpensive. For example, in 2006 juice plants sold 1 kg of fruit waste for \$0.047. I.e., the processor can purchase 1 ton for \$ 4.07 at the current exchange rate. According to Mr. Atakhanov, this volume may be processed into an average of 200 kg of ready food powder.

Uzbekistan's Navoi Mining calls tender for gold ore processing equipment

Uzbekistan's Navoi Mining and Smelting Enterprise called a tender for equipment to process and enrich gold ore under a project to build a mining complex at the Zarmitan gold deposit in the Samarkand region, the company said in an announcement published in the media.

The tender has been called under the first phase of the project, which will cost a total of about \$280 million, a company executive told Interfax.

Bids must be submitted within 30 days of the publication of the tender announcement. The Navoi Mining and Smelting Enterprise plans to carry out a \$324 million project by 2015 to develop deposits in the Zarmitan gold zone in the Samarkand region, a government source told Interfax.

The project calls for expanding the mine at the Zarmitan deposit, and building mines at the Guzhumsay and Promezhutochnoye deposits, as well as a gold recovery plant.

Gold production at deposits in the Zarmitan area is expected to increase to 10 tons per year by 2011, according to preliminary estimations.

The Navoi Mining and Smelting Enterprise is the monopoly operator that mines, enriches and exports Uzbek uranium. It incorporates three enterprises that mine uranium by the in situ leach method. The uranium is milled at the No.1 Hydrometallurgical Plant in the city of Navoi.

Source: Interfax

Comments on trade results at RSE “Toshkent”

On November 7, 2007 consolidated sales volume at RSE “Toshkent” amounted to 862 mln UZS. Transactions occurred with 5 098 067 shares of 9 issuers.

Leader in sales volume was “Ipak Yuli Bank” which placed 5 mln shares at a price of 120 UZS per share on the primary market. Sales volume of the transaction was 600 mln UZS. The realized package is about 30% of 15 issues for 2 bln UZS of the bank.

During the day 15 thousand shares of JSC “UzPSB” were traded in the primary market and 34 thousand in the secondary market. It is significant to note that share of the bank in the primary market were placed at a price of 2 400 UZS while in the secondary market shares were traded at a price of 2 475 UZS.

The biggest ratio of price to par value was registered on shares of “Kizilkumcement” – 20.83 times.

Trading results at RSE “Toshkent” (30.10.2007)

Emitter	Region	Sector	Max price, Soum/\$	Number of shares, units	Volume, Soum	P/NBV
Ipak Yuli Bank	Tashkent city	Bank	120	5 000 000	600 000 000	1,20
UzPSB	Tashkent city	Bank	2 475	49 000	120 150 000	1,24
Turon Bank	Tashkent city	Bank	1 165	25 321	29 498 315	1,17
Ravnak bank	Tashkent city	Bank	1 400	19 334	27 067 600	1,40
Uzbektelecom	Tashkent city	Communication	2 000	44	88 000	2,00
Kizilkumcement	Navoi	Construction	15 625	249	3 890 625	20,83
Uzelektromontaj	Tashkent city	Construction	5 000	49	245 000	1,00
Uzmetkombinat	Tash. reg.	Construction	2 000	9	18 000	2,50
Okhangaronshifer	Tash. reg.	Construction	20 000	4 061	81 220 000	20,00
Total:				5 098 067	862 177 540	

Source: RSE «Toshkent», Calculations: Avesta Investment Group

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