

Swedish Russian & CIS Chamber of Commerce

Newsletter • May 2009

In cooperation with iBIC - www.ibic.se



CONTENT

BUSINESS & INVESTMENTS	2	Russia: 10 percent without job	6
Russia	2	Russia plans to sell bonds in 2010	6
Hyundai Motor to put up a new Russian plant?	2	Citigroup revises Russia Economy Outlook	6
Hammar Invest buys Russian retail chain	2	Putin promises not to raise taxes until 2011	6
German meat producer establishes in Voronezh	2	Economic Ministry expects recovery by Q4	6
Rockwool to expand in Russia	2	Goldman Sachs renewed outlook	7
IKEA to establish in Tumen	2	Increased spending on road construction	7
Finnish company opens logistics centre near Moscow	2	Russian record harvest in 2008-09	7
Moscow stores most profitable in Europe	2	MED's worsens 2009 forecast	7
Crisis not spoiling McDonalds plans	3	Car sales to drop 60% this year	7
Media Markt to open 5-8 stores in Russia	3	Labour productivity drops	7
Finland reduces timber import from Russia	3	Russian regions' debt rises in 1Q 2009	7
Stora Enso to construct plant in Russia	3	MED sees crisis end in 2009	8
LSR Group and Mayr-Melnhof in joint venture	3	Rosstat: "GDP drops 9.5% in 1Q 2009"	8
Gaz de France intends to join Nord Stream project..	3	Reserve Fund shrinks by RUR 1 trillion	8
Shell and Gazprom to jointly develop Sakhalin-3? ...	3	Russia's forex reserves shrink	8
Czech company buys control stake of Eldorado	3	Moody's review ratings for Russian regions	8
Black Earth's first profit?	3	Inflation forecasts	8
Belarus	3	"Most of Russian economy won't survive"	8
Finnish ice cream producer to Belarus	3	Belarus	
Belarus sell banks?	4	Foreign trade in Q1	9
Belarus-German joint venture	4	Russia transfers loan to Belarus	9
Ukraine	4	Belarus' retail trade up in January-April	9
EBRD provides loan to Ukrainian enterprise	4	Ukraine	9
Dresdner Bank closes office in Ukraine	4	WB: "Ukraine's economy to shrink 9% in 2009"	9
East Capital keep investing in Nadra Bank	4	IMF updates forecasts for Ukraine's economy	9
World Bank approves credit for road development ..	4	IMF forecasts average annual exchange	9
Rental rates decreasing, activity growing	4	Average wages increases in March	10
Foreign retailers establish in Ukraine	4	Armenia	10
Leroy Merlin big plans for Ukraine	5	Iran and Armenia to construct railway	10
Nestle invests in new production unit	5	Armenia's small-medium businesses output	10
Georgia	5	Economic forecasts for 2009	10
EBRD loans to TBC Bank	5	Economic results in Q1	10
Kyrgyzstan	5	Azerbaijan	10
Russia transfers loan to Kyrgyzstan	5	IMF forecasts surplus in Azerbaijan	10
Moldova	5	Georgia	10
EU to invest in Moldovan infrastructure	5	Opposition braces for mass rallies	10
Uzbekistan	5	Kazakhstan	10
LUKoil invests in Uzbek gas and oil	5	Foreign trade turnover	10
Turkmenistan	5	Kazakhstan's economy contracts in Q1	11
East-West gas pipeline tender	5	Kyrgyzstan	11
Tajikistan	5	Kyrgyz export results: January- February	11
IMF loan to Tajikistan	5	Kyrgyzstan economic results of Q1	11
POLITICS & ECONOMY	6	IMF predicts 12 percent inflation in Kyrgyzstan	11
Russia	6	Moldova	11
Economic Ministry's tax relieves for SME:s	6	Communist victory confirmed in Moldova	11
Current account surplus in 1Q 2009	6	Tajikistan	11
		Tajikistan prepares anti-crisis measures	11
		Uzbekistan	11
		Uzbekistan economic results in Q1	11

BUSINESS & INVESTMENTS

Russia

Hyundai Motor to put up a new Russian plant?

Hyundai Motor Co., South Korea's largest automaker, said it may borrow about EUR 250 million to build a plant in Russia. The Seoul-based automaker is in talks with banks for the loans. Hyundai in June last year began to build a EUR 330 million factory in St. Petersburg, Russia to become the top car producer in Europe's fastest-growing major auto market. (Bloomberg.com, 27.04).

Hammar Invest buys Russian retail chain

Aleksandr Katz, the owner of Santa Haus company, has sold 75 percent minus one share of Santa Haus to Sweden's Hammar Invest. The deal was closed in April. The remaining 25 percent plus one share of the retail chain will belong to the investment fund Russia New Growth Fund (stockmap.ru, 22.04).

German meat producer establishes in Voronezh

The German company Tonnies Fleisch, one of the largest European manufacturers of frozen meat, plans to build a meat-processing factory in the Voronezh region. The investment is estimated to EUR 300-400 million. (interfax-russia.ru, 03.04)

Rockwool to expand in Russia

Rockwool International plans to set up a plant for thermo insulating materials, in the special economic zone of Alabuga. The completion of construction and issuance of the first products is scheduled for 2010. The amount of investment in the plant amounts to EUR 125 million. (e-vid.ru, 08.04)



IKEA to establish in Tumen

IKEA intends to construct a shopping and entertainment complex, in Tyumen, investing USD 300 million. In accordance with the project a new transport and communal infrastructure will be developed. The terms of construction are not specified (1rre.ru, 11.05)

Finnish company opens logistics centre near Moscow

The Finnish company Tikkurila will open a logistic center in Mytishchi near Moscow city. The investment in the construction of the facility amounts to EUR 20 million. The project was launched in August 2007. (kdo.ru, 21.04)

Moscow stores most profitable in Europe

According to a new report, in 2008, the highest retail turnover in Europe was recorded in Moscow. For instance, in Moscow the turnover of the fashion shop NY, in the shopping centre Okhotniy Ryad, amounted to annually USD 25,000-26,000 per sq. m. The turnover of Zara in Moscow's Tverskaya Street, amounted to USD 30,000. In 2008, the turnover of Auchan reached USD 19,000 in Russia. On average the world turnover of IKEA makes up USD 6.300 while in Russia this index amounted to USD 14,300 sq m. (lbudget.ru, 21.04)

Crisis not spoiling McDonalds plans

In 2009 McDonalds is planning to open more than 30 new restaurants in Russia. The company is not planning to scale down investments due to the crisis. (kdo.ru, 29.04)

Media Markt to open 5-8 stores in Russia

In 2009, the electronics and home appliances retailer Media Markt is planning to open 5-8 stores in Russia. Currently, the agreements for 5 objects have been signed: In Moscow a 8,000 sq m store, in Samara a 6,200 sq m store, in Tolyatti a 6,700 sq m, in Kazan a 8,000 sq m store and in St Petersburg, a 6,200 sq m. (kdo.ru, 23.04)

Finland reduces timber import from Russia

In Q4 2008 Finland imported 24 percent less timber from Russia compared to the same period in 2007. Due to uncertainty in export duties on the unprocessed timber and the situation on Russian market, it is expected that timber industry of Finland will be less dependent on Russian timber, reports Wood Resource Quarterly (spindle.ru, 05.05)

Stora Enso to construct plant in Russia

Stora Enso is planning to put up a large pulp and paper plant in the Nizhniy Novgorod region. The decision where the plant will be located will be taken by July 1, 2009. (upakovano.ru, 14.04)

LSR Group and Mayr-Melnhof in joint venture

In April, LSR Group and Mayr-Melnhof will jointly open the Efimovskiy sawmill in the Leningrad oblast. The annual output of the sawmill will reach more than 600,000 cubic meters of industrial wood. The enterprise will become one of the largest in the region. (spbgid.ru, 21.04).

Gaz de France intends to join Nord Stream project

The French utility, GDF Suez, has been in talks with Gazprom over taking part in the Nord Stream gas pipeline project. GDF Suez chairman and CEO Gerard Mestrallet told reporters that getting a stake in the pipeline was part of its drive to secure and strengthen its gas supplies. (Moscow Times, 13.04).

Shell and Gazprom to jointly develop Sakhalin-3?

Gazprom and Shell are discussing a joint development of three blocs of the Sakhalin-3 project. Kommersant recalls that, back in 2006, Gazprom convinced Shell, Mitsui, and Mitsubishi to sell 50 percent plus one share in Sakhalin-2 to Gazprom (Kommersant, 13.04).

Czech company buys control stake of Eldorado

The Czech PPF Group will acquire 50 percent plus one share of Eldorado, Russia's largest electronic retailer. The amount of the purchase reaches USD 300 million. PPF is to convert part of a loan that it made to Eldorado into funds that will pay for the stake. (Vedomosti, 28.04)

Black Earth's first profit?

Sweden's Black Earth has tripled its farmland portfolio and is now switching its focus to agricultural production. The company controls 317,000 hectares, of which 95,000 hectares is owned. The rest is leased and Black Earth plans to take ownership by the year end. (Bloomberg.com, 14.04)

Belarus

Finnish ice cream producer to Belarus

Ingman Ice Cream, one of Finland's largest ice cream producers, will enter a joint ven-

ture with the state-run association Gomelmyasomolprom in Belarus. The enterprise will be set up in the Gomel region and will be based on an existing ice cream factory. (belta.by, 07.05)

Belarus sell banks?

Belarus plans to sell controlling stakes in two of its four large state-owned banks by the end of 2009. A third bank, Belarusbank, has had to postpone its plans to issue a Eurobond due to the financial crisis. It is still preparing for a European IPO and the sale of a minority stake. (reuters.com, 01.04)

Belarus-German joint venture

Belarus and Germany will set up joint venture in the Vitebsk region. The German company Bioenergy-Import-Vertriebsgesellschaft mbH & Co and the Vitebsk Hayseed (ltd.) have set up a joint venture, Vita-Bio-Energy. The company will specialize in rapeseed processing. The German investor is planning to put nearly EUR 15 million in the project. The company will start running in 2010. (belta.by, 13.04)

Ukraine

EBRD provides loan to Ukrainian enterprise

Ukraine's leading agro- and sugar producer, ASTARTA, is receiving a USD 20 million loan from EBRD, aimed at helping existing clients to weather the impact of the global economic crisis. The credit will be used to re-finance a portion of ASTARTA's short-term loans and to invest into energy efficiency improvements at its sugar plants and farms. (eastagri.org, 06.04)

Dresdner Bank closes office in Ukraine

Dresdner Bank AG has decided to close its representative office in Ukraine. Earlier this year, Commerzbank completed the deal on buying Dresdner Bank. (kyivpost.com, 14.04)

East Capital keep investing in Nadra Bank

East Capital, a minority stockholder in Kyiv-based Nadra Bank, plans to keep investing in the Ukrainian bank, according to Valentyna Zhukovska, the bank's temporary administrator. East Capital currently owns a 6.6 percent share in the bank. (kyivpost.com, 11.04)

World Bank approves credit for road development

The World Bank will issue a USD 400 million credit to Ukraine for 30 years with a five-year grace period for road development.

Of the credit, USD 300 million will be directed to reconstruct the Kyiv-Kharkiv-Dovzhansky section of the M-3 road. The rest of the money, USD 100 million will be used in order to improve the condition of the federal roads. (kyivpost.com, 08.04)

Rental rates decreasing, activity growing

In April 2009 in Kiev rental rates for shopping and office premises continues to decrease. At the same time, the vacancy rates increase. The rental rate for shopping premises decreased to USD 62.5 per q sq m per month. (zavtra.com.ua, 06.05)

Foreign retailers establish in Ukraine

Seven foreign retail chains are planning to enter the Ukrainian market. Among the companies are Kaufman and Lidl (Germany), Tesco (Great Britain), Wal-Mart (USA), Carrefour and Castorama (France), as well as Starbucks (USA). (eizvestia.com, 13.04)

Leroy Merlin big plans for Ukraine

In the next 15 years, the French supermarket chain, Leroy Merlin, plans to open approximately 40-60 new outlets in Ukraine. By the year 2012 the company intends to establish in all cities with more than one million citizens. (retailstudio.org, 07.04)

Nestle invests in new production unit

The Swiss food producer, Nestle SA, has invested UAH 286 million in constructing a factory for sauces production and a distribution center, in the Volyn region. The completion of the plant will be delayed, so far, by one year. (foodretail.ru, 23.04)

Georgia

EBRD loans to TBC Bank

The EBRD is leading a USD 161 million funding package for Georgia's TBC Bank. The EBRD contribution of as much as USD 70 million will include the acquisition of an equity stake in Georgia's second- largest lender of USD 36.8 million, and an USD 18.5 million subordinated loan as well as a USD 14.7 million senior loan. the EBRD will at the same time acquire 20 percent of the bank's shares. (Bloomberg.com, 07.04)

Kyrgyzstan

Russia transfers loan to Kyrgyzstan

Russian Federation has transferred a USD 300 million concessional loan to the Kyrgyz National Bank. The President Kurmanbek Bakiev stresses that this money will be spent to creating new work places and implementation of business projects. Russia also plans to invest additional USD 2 billion in the Kyrgyz hydropower industry. (24.kg, 30.04)

Moldova

EU to invest in Moldovan infrastructure

Moldova and the European Union have agreed to build an international highway, link-

ing the Black Sea and the Baltics. Vasily Ursu, the Deputy Minister of Construction and Territorial Development, comments the agreement by "reaching the consensus on this issue demonstrates that, all parties see obvious economic benefit from the project." (omg.md, 24.04)

Uzbekistan

LUKoil invests in Uzbek gas and oil

LUKoil will invest USD 1.196 billion in the development of two oil and gas fields in Uzbekistan. The fields are located in South-Western Gissar (Kashkadarya region) and the Usturt region (north-west). (k2kapital.com, 20.04)

Turkmenistan

East-West gas pipeline tender

The Turkmen state group Turkmengaz has called for an international tender to construct the East-West gas pipeline which will link the country's eastern deposits to the Caspian Sea. The new gas pipeline will span from 800 to 1,000 km and will have an annual capacity of 30 billion cubic meters of gas. The project will be jointly financed by foreign investments and Turkmen funds (istockanalyst.com, 05.04)

Tajikistan

IMF loan to Tajikistan

The International Monetary Fund has agreed to give a USD 116 million loan to Tajikistan to help the country cope with a decline in export demand and lower remittances. A deterioration in the global economy has "adversely affected" Tajikistan's main exports of cotton and aluminum, and threatens to erode gains in poverty reduction. (Bloomberg.com, 22.04)

POLITICS & ECONOMY

Russia

Economic Ministry's tax relives for SME:s

Economic Minister Nabiullina has sent a proposal to the Finance Ministry with a suggestion to substantially alleviate the tax burden on small businesses as a part of the Government's anti-crisis plan. The Economic Ministry proposes e.g. to delay the criticised reform of the Single Social Tax, to cut at least by RUR 66 billion profits tax on SMEs and to permit regional Governments not to levy taxes on SMEs at all. (Kommersant, 09.04)

Current account surplus in 1Q 2009

According to the Central Bank the current account surplus reached USD 11.1 billion in Q1 of 2009, which is 3.4 times lower than in Q1 of 2008, but is much higher than what experts have predicted. Experts explain the higher-than-expected result by a sharp decline in imports. In the first quarter of 2009, imports declined by 1.6 times to USD 38.4 billion, and exports shrank by 1.8 times to USD 60.1 billion. (Vedomosti, 09.04)

Russia: 10 percent without job

The number of Russians who are unemployed, on forced holiday or unpaid leave has grown to 8.7 million, and the situation could deteriorate further as over a third of companies plan more job cuts. The Economy Ministry said that 7.5 million Russians were unemployed in March, or 10 percent of the workforce, suggesting that 3.5 million people have lost jobs since last August. Another 1.2 million are on forced holiday or unpaid leave. (reuters.com, 27.04)

Russia plans to sell bonds in 2010

Russia plans to borrow money on the international market next year and may arrange

loans from the World Bank to help cover its budget shortfall, according to Finance Minister Alexei Kudrin. Banks and pension funds are likely to be the chief buyers of Russian bonds, Kudrin said. Russia's budget deficit may be wider than the government's estimate of 7.4 percent of gross domestic product, Kudrin also said in an interview. (Bloomberg.com, 27.04)

Citigroup revises Russia Economy Outlook

Russia's economy will probably contract by at least 6.5 percent this year as the nation faces "a combination of shocks" amid declining capital inflows and sliding exports, according to a Citigroup forecast. The forecast replaces an earlier prediction for a 3 percent contraction. (Bloomberg.com, 29.04)

Putin promises not to raise taxes until 2011

PM Putin has met Russian businesses' expectations and promised not for the time being to raise the rate of the Single Social Tax (SST). Putin explained in his speech to the Duma that the current regressive scale of SST would be replaced with the flat rate of 26 percent starting 2010, but that the introduction of the 36 percent rate would be postponed until 2011. (Vedomosti, 07.04)

Economic Ministry expects recovery by Q4

Andrey Klepach, Deputy Economic Minister, said that the Government would not review its economic forecast for 2009 predicting a 2.2 percent fall of GDP. He said that the economy could start recovery in Q4 of 2009. Domestic demand will be the major source of growth

and the major threat to the economy comes from the banking sector's reluctance to lend to the real economy. (Vedomosti, 13.04)

Goldman Sachs renewed outlook

Goldman Sachs revisits their forecast envisages a deeper decline in Russia's GDP in 2009 than previously predicted (5.5% decline in GDP compared to the previously 3% drop). Goldman Sachs says that the economic crisis will reach its bottom already in the first quarter of 2009, and that the Russian economy will demonstrate a 2.8 percent growth in 2010. (Vedomosti, 13.04).

Increased spending on road construction

PM Putin said at a governmental meeting in St. Petersburg that the government would increase spending on building roads by 25% to USD 16 billion this year. The government intends to boost spending on transportation infrastructure to support employment and future economic growth. The state will make up for private investors in the construction of the 50-kilometer toll road in St. Petersburg. (Kommersant, 15.04)

Russian record harvest in 2008-09

In the 2008-09 agriculture year (starting on 1 June and ends on 30 July the following year), Russia gathered a record harvest of grain of 108.1 million tonne. Experts believe that a total of 20-21 million tonnes of grain will be exported in the 2008-09 agriculture year. (Vedomosti, 27.04)

MED's worsens 2009 forecast

The Ministry of Economic Development has revised the downward in its macroeconomic forecast for 2009. In the basic scenario GDP is expected to drop by 6 percent, and in the worst scenario to decline by 7.4 percent. The Ministry currently predicts that fixed

capital investment would shrink by 21.1 percent, industrial output would drop by 9.1 percent, the retail trade would drop by 4.9 percent. The foreign trade surplus is expected to be two times higher than expected, namely USD 53.6 billion, because of a more speedy drop in imports, namely by 30 percent. (Vedomosti, 27.04)

Car sales to drop 60% this year

According to Deputy Industry and Trade Minister Andrey Dementyev, the car sales in Russia would fall by 60 percent in 2009, more than the Ministry's December estimate of 40 percent. Commercial light-vehicle sales would fall even 50 percent after the Government buys 250,000 autos as part of its support for the sector. (Vedomosti, 28.04)

Labour productivity drops

According to the Ministry of Industry and Trade, the industrial production index in the first quarter of 2009 dropped to 85.7 percent as compared to the first quarter of 2008. According to the Ministry, about 447.600 people lost their jobs in the industrial sectors in Q1 of 2009. Thus, industrial output declined at a higher speed than the drop in the number of jobs in the industry. (Kommersant, 29.04)

Russian regions' debt rises by 9 percent in 1Q2009

According to the Finance Ministry, the Russian regions' indebtedness in the first quarter of 2009 grew by 9 percent as compared with the fourth quarter of 2008, to RUR 654.5 billion. Major debtors are the Moscow region (RUR 160.6 billion), the city of Moscow (RUR 156.1 billion), and Tatarstan (RUR 25.9 billion). (Kommersant, 29.04)

MED sees crisis end in 2009

While the Economic Development Ministry's revised socio-economic forecast up to the year 2012 envisages that the bottom of the economic crisis would be reached already in 2009, it predicts a painful and long period of Russia's economic recovery. In 2009-2012 fixed capital investments are to grow by only 1.3 percent, industrial output would decline by 1 percent, retail trade would rise by 9 percent and salaries would grow 20 times slower, namely by 3.1 percent. (Vedomosti, 30.04)

Rosstat: "GDP drops 9.5% in 1Q 2009"

According to Rosstat, Russia's GDP declined by 9.5 percent in Q1 of 2009. Production of goods and services in terms of volume is declining for 5 consecutive months. E.g. production of goods and services dropped by 4 percent in November 2008, declined by 11.9 percent in February 2009, and shrank by 12.4 percent in March 2009. The construction industry suffered the most – it dropped by 20.2 percent in 1Q 2009. (Vedomosti, 30.04)

Reserve Fund shrinks by RUR 1 trillion

In March–April, RUR1 trillion were taken from the Reserve Fund in order to cover the federal budget deficit and the deficit of the oil-and-gas transfer. A total of RUR 2.75 trillion of the Reserve Fund will be spent this year on covering deficits of both the federal budget and the oil-and-gas transfer. The Wellbeing Fund lost RUR 49.88 billion in March–April due to a recalculation based on the rouble's new exchange rate versus the dollar. In dollar terms, the Reserve Fund currently stands at USD 106.81 billion, and the Wellbeing Fund is USD 86.3 billion. (Vedomosti, 05.05)

Russia's forex reserves shrink

In March, Russia's forex reserves dropped by RUR 891.1 billion to RUR 17.2 trillion, accord-

ing to the Central Bank. If gold reserves are not taken into account, the Bank's forex reserves in dollar terms by the end of March totalled USD 368.2 billion. (Vedomosti, 05.05)

Moody's review ratings for Russian regions

Moody's reviewed its ratings for all Russian regions to 'negative'. The agency believes that the regions have little chance to tackle themselves negative consequences for their financial stability resulting from the current decline in their tax revenues. However, in the short run the regions do not face a possibility of defaults on their debts, except for the Moscow region, which has been on the brink of financial collapse for already half a year. (Kommersant, 05.05)

Inflation forecasts

In April, inflation dropped to 0.7 percent, which is 2 times lower than inflation rate in April 2008, according to Rosstat. In annual terms, inflation in April 2009 was 13.3 percent, which is lower than the Government's annual inflation target of 14 percent. Experts explain the phenomenon by a substantial drop in consumer demand, and the rouble's appreciation. Merrill Lynch now predicts that the inflation for the whole 2009 will be 9%, and Renaissance Capital believes that it will be a bit higher, 10%. (Vedomosti, 06.05)

"Most of Russian economy won't survive"

The "overwhelming part" of Russia's economy is so inefficient that "it doesn't stand a chance of surviving in the next 10 years," Arkady Dvorkovich, President Dmitry Medvedev's top economic adviser, told a conference at Moscow's Higher School of Economics. (Bloomberg.com, 08.04)

Belarus

Foreign trade in Q1

In January-March 2009, Belarus' foreign trade in goods reduced by 40 percent to USD 10.073 billion, compared with the same period of 2008, , according to the National Statistics Committee. Belarus' export decreased by 51.2 percent to USD 41.03 billion and import dropped by 68.1 percent to USD 5.97 billion. In January-March 2009 Belarus' foreign trade deficit amounted to USD 1.86 billion. In January-March 2009, trade between Belarus and the CIS states amounted to USD 5.565 billion. The trade between Belarus and non-CIS countries reached USD 4.508 billion. (Belta.by, 08.05)

Russia transfers loan to Belarus

Belarus expects to get the remaining USD 500 million part of the Russian loan in May, according to the Chairman of the Board of the National Bank. Belarus and Russia have signed an agreement to allocate a USD 2 billion stabilisation loan to Belarus in 2008-2009. The loan is provided to Belarus for 15 years at LIBOR +3% per annum, with the principal redemption delayed by five years. (belta.by, 30.04)

Belarus' retail trade up in January-April

In January-April 2009, the Belarus retail trade increased by 5.5 percent, y-o-y, to reach Br16.250.5 trillion, according to the National Statistics Committee. Furthermore, in Q1 2009 the volume of paid services to the population grew 7.8 percent to total Br3.438.2 trillion. (belta.by, 12.05)

Ukraine

WB: "Ukraine's economy to shrink 9% in 2009"

Ukraine's economy will shrink by 9 percent this year, more than double previous fore-

casts, according to The World Bank. The World Bank also criticises the Ukrainian government's inability to implement measures to stem the recession. (bbc.co.uk, 07.04)

IMF updates forecasts for Ukraine's economy

According to the latest forecast from the International Monetary Fund (IMF), the Ukrainian GDP will fall by 8 percent in 2009. However, IMF expects the country's economy to resume growth next year. In 2010, Ukraine's GDP will grow by 1 percent. According to the forecast, Ukraine's average annual inflation will slow from last year's 25.23 percent to 16.8 percent this year and 10 percent in 2010. (kyivpost.com, 23.04)

IMF forecasts average annual exchange

The International Monetary Fund forecasts the average annual hryvnia exchange rate to amount to 8.68 UAH/USD in 2009. The relevant outlook for 2008 was 5.29 UAH/USD and 5.03 UAH/USD for 2007. The IMF said that in 2010, the exchange rate will be about 9 UAH/USD. The official hryvnia exchange rate as of April 23 was set at the level of 7.70 UAH/USD (finchannel.com, 23.04)



Average wages increases in March

In March, average monthly wages rose by 5.6 percent to UAH 1,818 in comparison with February, according to the State Statistics Committee. The highest rate of average wages was registered in the city of Kyiv at UAH 3,101 per month, an increase by 8.3 percent over February. The lowest rate of average wages was registered in the Ternopil region at UAH 1,313 per month, an increase by 3.7 percent compared with February. (finchannel.com, 24.04)

Armenia

Iran and Armenia to construct railway

Armenia and Iran have agreed to build a railway to link the two countries as part of a new transit route from Central Asia to the Black Sea. According to Hamid Behbahani Transport Minister Iran, the 470 kilometres railway will take 5 years to put up and cost USD 1.2 billion. The project will be financed by the World Bank and the Asian Development Bank. (steelguru.com, 05.04)

Armenia's small, medium businesses output

The total output of small-and-medium-sized businesses in Armenia amounts to 42 percent of the national GDP, according to a report from USAID. Some 40.7 percent of the Armenian population work in small and medium enterprises. (arka.am, 15.04)

Economic forecasts for 2009

Preliminary estimates show that Armenia's economic downturn may range from 3% to 8% in 2009, according to the Armenian Minister of Labour and Social Affairs. (arka.am, 15.04)

Economic results in Q1

According to the National Statistical Service of Armenia, the GDP contracted by 6.1 per-

cent (y-o-y) and reached USD 1429.9 million in Q1. (arka.am, 20.04)

Azerbaijan

IMF forecasts surplus in Azerbaijan

In 2009, Azerbaijan's surplus of current account balance will reach 10.8 percent of GDP, according to a report from the International Monetary Fund (IMF). The report says that in 2010, GDP growth may reach 18.4 percent. (abc.az, 24.04)

Georgia

Opposition braces for mass rallies

In Georgia, the political opposition has held mass demonstrations against President Mikhail Saakashvili. The opposition accuses Saakashvili of an authoritarian streak that has stifled democratic reforms promised in the 2003 Rose Revolution that swept him to power in Georgia. (reuters.com, 09.04)

Kazakhstan

Foreign trade turnover

Kazakhstan's foreign trade turnover in January - February amounted to USD 9.1 billion and in comparison with the same period of 2008, a decrease by 38.8 percent, according to the State Statistics Agency of Kazakhstan. Export amounted to USD 5.3 billion (-48.4 %) and import amounted to USD 3.8 billion (-17.4 %). (Gazeta.kz, 20.04)

Kazakhstan's economy contracts in Q1

Kazakhstan's economy shrank a preliminary 2 percent in the first quarter of 2009, according to the Economy Minister, Bakhyt Sultanov. The government's forecast for full-year growth of 1 percent has not been changed. (Bloomberg.com, 20.04)

Kyrgyzstan

Kyrgyz export results: January- February

Kyrgyzstan's export and import rates significantly decrease within the two first months of 2009, by 29.4 and 19.5 percent respectively, according to the National Statistic Committee. In monetary terms export rates amounted to USD 127.5 million and import to USD 401.8 million. The trade balance of the period ended up with a deficit of USD 274.3 million. (24.kg, 10.04)

Kyrgyzstan economic results of Q1

Kyrgyzstan's economic growth is higher than the average CIS countries' index for the first quarter of 2009, according to the Interstate Statistic Committee of the Commonwealth. The GDP growth in the republic reached 0.2 percent. (24.kg, 06.05)

IMF predicts 12 percent inflation in Kyrgyzstan

According to the International Monetary Fund (IMF), the Kyrgyz inflation rate can exceed 12 percent in 2009. However, the Kyrgyz National Statistics Committee reports that the price increase for Q1 reached 0.4 percent. (24.kg, 23.04)

Moldova

Communist victory confirmed in Moldova poll recount

Moldova's ruling Communist party was declared the winner in Moldova's disputed parliamentary election, also after the votes were recounted. According to the Central Election Commission, the results differed little from the original figures issued after the April 5 election, which gave the Communists just short of 50 percent of the vote. The Communists won 60 of 101 seats, one

short of the number needed to elect their candidate the new president. (reuters.com, 21.04)

Tajikistan

Tajikistan prepares anti-crisis measures

Tajikistan's Finance Ministry has approved a package of measures to help the country survive the economic crisis. According to some figures, the GDP has shrunk by as much as 50.9 percent in January 2009, compared with the month before. The same month, the industrial output fell 18 percent compared to the previous month.

The sharp decline in the Tajikistan economy is partly due to the low demand for their main export – aluminium - which has slashed Tajikistan's export revenues. (businessneweurope.eu, 15.04)

Uzbekistan

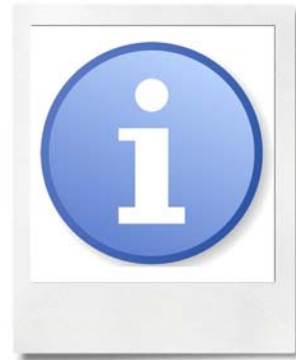
Uzbekistan economic results in Q1

The Uzbekistan GDP growth made up 7.9 percent in Q1 of 2009. In the same period, the industrial production increased by 9.9 percent, consumer goods production by 12.5 percent, agricultural production by 5.7 percent, services by 16.6 percent and construction works by 12.1 percent. In Q1, the total volume of investments increased by 31.4 percent while foreign direct investments grew 2.5 times. (Uza.uz, 15.04)

Swedish Russian Chamber of Commerce

The Swedish Russian Chamber of Commerce is an information, contact and service organisation. The mission of the Chamber is to promote trade between Sweden - Russia and the CIS, as well as to work as a forum for new ideas and exchanging of experiences.

To order suppriction of this newsletter, please contact Swedish Russian Chamber of Commerce. See contact information below.



Swedish Russian Chamber of Commerce Contacts

Secretariat: Swedish Trade Council, Gunnel Pohl
Box 240
101 24 Stockholm
Tel+46 70 266 29 79
info@swedishrussian.com
www.swedishrussian.com

About Newsletter Content

The Swedish Russian Chamber of Commerce newsletter is produced by *iBIC Sweden AB*, a business information and PR company. The newsletter contains information from selected media sources. iBIC does not take responsibility for incorrect information originated in the source material.

www.ibic.se
info@ibic.se

