

September 30, 2008



### Dear USAPEEC members!

On November 4 - 7, 2008 the biggest Central Asian Food Show "WorldFood Kazakhstan 2008" will take place in Almaty, Kazakhstan, International Exhibition Centre "Atakent".

USAPEEC has successfully participated in previous WFK food shows and will have a separate pavilion this year also. USAPEEC members are cordially welcome to join us at the USAPEEC lounge.

USAPEEC members interested in participation are encouraged to contact Bella Ablaeva [usapeeckz@yahoo.com](mailto:usapeeckz@yahoo.com) or [bella\\_usapeec@yahoo.com](mailto:bella_usapeec@yahoo.com) until October 10 so that we can make your hotel reservation on time.

Notably, in 2007 the exhibition grew by 30%. 307 direct and extra-mural companies-participants from 27 countries participated in the exhibition. Evaluation of efficiency of the event showed that 56% exhibitors committed sales directly during the work of exhibition, 66% participants set up beneficial contacts with 20-50 companies.

We hope that the exhibition will meet your expectations!

All additional info on the trade show can be found at [http://www.worldfood.kz/en/2008/world\\_food](http://www.worldfood.kz/en/2008/world_food)

## Kazakhstan



### Saudi Arabia intends to invest in agriculture of Kazakhstan

In September the Governmental Delegation of Saudi Arabia Kingdom paid official visit to Kazakhstan.

"The Delegation has arrived to consider an opportunity of investing in agriculture and, first of all, in grain and cattle-breeding industries. The main strategic purpose is to establish fruitful relations between Kazakhstan and Saudi Arabia. The Kingdom sets one global goal - easing of consequences of world food crisis," - stated

Chairman of the Delegation Ahmed Al Sadhan.

In its turn Kazakhstan provided the Delegation with all information concerning current development of grain and cattle breeding production in the country.

Ahmed Al Sadhan also expressed a wish to get acquainted with the projects of the country in which businessmen of the Kingdom can take part. He noted that Kazakhstan has great opportunities for investment and the delegation is ready to discuss conditions of cooperation: such as land renting and creation of joint ventures. - *Source: Meatpoultry.com*

## 70 % of the total GDP of the Central Asian states accounts for Kazakhstan

According to the Prime Minister of Kazakhstan Karim Masimov, 70 % of the total GDP of the Central Asian states accounts for Kazakhstan.

“Annual economic growth of Kazakhstan within five last years has totaled about 10%. The share of Kazakhstan in total volume of direct foreign investments into economy of the Central Asian region makes more than 80 %. Direct foreign investments into the economy of Kazakhstan have exceeded 70 billion USD,” Karim Masimov specified.

The Prime Minister noted that since the beginning of global credit crisis (summer 2007) expected pace of economic growth in Kazakhstan has been reduced. “The measures taken by the Government of Kazakhstan are focused on maintenance of economic development stability, reduction of inflation as well as strengthening the banking sector and maintenance of fiscal discipline.”

Karim Masimov also stressed that “Kazakhstan has managed to maintain safe investment climate.” “For over half a year volume of investments into fixed capital has made more than 12.5 billion USD; it has increased by 12.5 % comparing with the same period of the last year.” - *Source: Kazakhstan Today*

## Kyrgyzstan



### Kyrgyzstan ranks among three leading import growth states in CIS

Kyrgyzstan ranks among three top CIS states in import growth rates, according to the CIS Intergovernmental Statistics Committee.

During the first 9 months of 2008 Kyrgyzstan's import growth rates reached 56%, while it was 50% last year. There are only two CIS countries ahead: they are Tajikistan and Ukraine with import growth rates 68% and 67% respectively.

The export growth rates are much lower. This year Kyrgyzstan's export within CIS states grew by 39% and to far abroad countries by 17%. Russia remains a leader in CIS export growth with 55%, leaving Kazakhstan and Belarus (54% each) behind.

Kyrgyzstan's inflation growth rates remain one of the highest in CIS states as well. The consumer price index hit 26.6% in the first seven months of 2008 comparing with the same period of the last year. The average CIS consumer price index hit 17% in 2008.

- *Source: 24.kg News Agency*

## Uzbekistan



### New poultry producing plant has been put into operation in Uzbekistan

New poultry producing plant has been put into operation in Honqa district of Khorezm region in Uzbekistan.

The poultry plant “Honqa Parrandachilik (Honqa Poultry) LLC” has all the necessary equipment for breeding about 200,000 chickens, according to the Chairman of the Board of Directors - Damin Aminov.

The Administration of the plant is also planning to organize near-by facilities producing such forages as clover and corn for supplying poultry plant. The main goal of the under taken activities is to develop the local poultry production in order to decrease the cost of eggs and poultry meat in the internal market.

- *Source: UzReport.com*

### Central Asia's economic growth to slow-down, says ADB

Asian Development Bank (ADB) said in its new major report that economic growth in Central Asia is slowing. The Asian Development Outlook 2008 Update (ADO Update) said the growth in the region in 2008 is expected to moderate to 7.6% from 11.6% in 2007.

The report expects that the pickup in 2009 predicted in April's Asian Development Outlook 2008 (ADO 2008), will be more muted - it revises downward the projection for 2009 from 8.4% to 8.0%.

A slowdown is under way in the Central Asian subregion in an external environment of global financial turmoil as well as rising fuel and food prices.

In several countries, strong remittance inflows are helping sustain private consumption (Kyrgyzstan, Tajikistan, and Uzbekistan). Foreign direct investment inflows (Armenia) and ramped-up public spending (Azerbaijan) are supporting investment activity. Nevertheless, across the subregion, the expansion in domestic demand is weakening.

Tajikistan is likely to see its economic situation improve by 2009 with a return to prudent macroeconomic management.

Inflation was in double digits in June 2008 year on year for all countries in the subregion except Armenia, and even there it was well above the central bank's target rate. It exceeded 32% in Kyrgyzstan and 20% in Azerbaijan, Kazakhstan, and Tajikistan. The main drivers were increases in food and fuel prices.

Food prices, a category that has the largest weight in overall consumer price index baskets, have surged across the subregion, touching 48.2% in Kyrgyzstan and 33.1% in Tajikistan in June 2008. Wheat and wheat products, edible oils, meat, and dairy products have seen the largest price increases. Higher energy prices have also been a contributory factor to overall inflation and to higher food prices (through higher transport costs and fertilizer prices).

To address rising inflation expectations, some central banks are tightening monetary policy.

Subregional inflation is expected to remain high in 2008 before easing in 2009, determined largely by supply factors. Available forecasts for food

prices suggest that wheat prices are likely to fall with better harvests in the large grain-exporting countries of the subregion, but that edible-oil prices will remain high. Energy prices are expected to remain at elevated levels in 2008-2009, reflecting tight supply conditions.

With few exceptions, monetary policy frameworks are not robust enough to act counter cyclically. The Update revises upward the subregion's inflation forecasts for 2008 from 14.4% to 15.4% and for 2009 from 10.2% to 11.4%.

The subregional current account surplus is climbing because higher prices are boosting the current account surpluses of the hydrocarbon exporters.

For the fuel and food importers, the main risks are higher than anticipated price increases in these categories. The reserve positions of Georgia, Kyrgyzstan, and Tajikistan are vulnerable to shocks in fuel and food prices. An oil price shock (Kyrgyzstan), a food price shock (Tajikistan), or both types of price shock could see these countries' reserve position in terms of months of import cover fall to very low levels, according to recent simulations by the International Monetary Fund (IMF).

Tajikistan is currently following a staff-monitored program of IMF that aims to provide a framework for macroeconomic stability. Following a poor harvest, growth of the agriculture sector for 2008 is expected to decline, and industrial production has been hit by winter electricity shortages.

The Update has therefore lowered GDP growth projections for 2008 and 2009 to 5.0% and 7.0%, respectively.

High inflation has reduced purchasing power and adversely impacted private consumption, although stronger remittance inflows have had a mitigating effect. Inflation accelerated to 25.3% in June, year on year, with food price inflation reaching 33.1%. Prices of bread and wheat have doubled in the 12 months to June 2008.

Meat prices are also up because of livestock deaths caused by the severe winter. The annual contract price of natural gas imports from Uzbekistan is up by 50%. Higher fuel prices have added to food transportation costs. The Update revises the inflation projections for 2008 and 2009 from 17% and 10% to 18.5% and 10.5%, respectively.

Food shortages and high prices have affected an estimated 2 million people, with those living in rural areas particularly hard hit. Targeted support for the poor will need to be combined with a prudent fiscal policy to restore macroeconomic stability in the short term.

The Update expects a somewhat better current account outturn than projected in April, as part of the authorities' strategy of winding down unsustainable imbalances. It forecasts the deficits for 2008 and 2009 to be narrower than earlier indicated, down from 15.3% and 11.1% of GDP in 2008 and 2009 to 10% and 8.1%, respectively. - *Source: AsiaPlus*

[www.usapeec.kz](http://www.usapeec.kz)

### Visit us at the Global Trade Show - "SIAL 2008"!



USAPEEC and our members will participate in the "SIAL 2008" Food Industry Show on October 19-23, 2008. USAPEEC Pavilion will be in Hall 6, Stand 6J102 of the Paris Nord Villepinte France Exhibition Center. You are welcome to visit USAPEEC pavilion! If you have any questions please contact: Jean Murphy [jmurphy@usapeec.org](mailto:jmurphy@usapeec.org) tel: 1 770 413 0006 or Lisa Lindblad [usapeec-eu@telia.com](mailto:usapeec-eu@telia.com) tel: 46 8776 2427