

# The Conway Bulletin.

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## Armenia irks the Kremlin with EU partnership deal

>> Kremlin-linked TV station airs programme accusing Armenia of favouring Nazis

YEREVAN – Armenia and the European Union signed a deal that will extend their cooperation and pull the Armenian government closer into the West's sphere of influence (Nov. 24).

The Comprehensive and Enhanced Partnership Agreement, an effective substitute for a deal that Russia forced Armenia to pull out of in 2013, boosts dialogue and diplomatic touch points. Importantly, though, it doesn't include any free trade agreements as Armenia is now part of the Kremlin's Eurasian Economic Union.

Speaking later at the EU's Eastern Partnership summit, Armenian president Serzh Sargsyan said that 2017 was the most significant year for EU-Armenia relations since independence in 1991.

"This Agreement is not merely a legal document, but a reflection on the wealth of values of human rights and fundamental freedoms that we share," he said.



### US director David Lynch visits Tbilisi

David Lynch, the director of *Twin Peaks*, listens to injured Georgian war veterans in Tbilisi. He was in the Georgian capital to open a new cinema school and promote transcendental meditation (Nov. 20). (Pic: Geo min of defence)

For the EU, the agreement should allow it a greater degree of influence over civil reforms in Armenia.

Analysts said Russia scuppered a more entrenched deal between the EU and Armenia in 2013 and instead forced it to join its fledgling Eurasian Economic Union. Russia is a major influence over Armenia. It has not

commented on the Comprehensive and Enhanced Partnership Agreement but a few days before it was signed a TV station linked to the Kremlin broadcast a documentary that said Armenia's leadership was favourable to the Nazis. The TV programme also made a reference to the EU-Armenia deal.

## Jeenbekov sworn in as Kyrgyz president

BISHKEK -- In a low-key ceremony full of symbolism, Sooronbai Jeenbekov was sworn in as Kyrgyzstan's third post-2010 revolution president (Nov. 24).

Commentators said the inauguration of Mr Jeenbekov was historic as it was the first peaceful transfer of power between two elected presidents in

Central Asia. With a military brass band playing in the background, Mr Jeenbekov swore an oath in a hall in front of hand-picked dignitaries and ambassadors, kissed the Kyrgyz flag and took a special presidential flag from his friend and predecessor Almazbek Atambayev in a swearing-in ceremony that lasted 15 minutes.

Mr Jeenbekov won a presidential election in October with 54% of the vote, easily beating his nearest rival, but his succession is still seen as controversial by some people who say that he is too close to Mr Atambayev, president from 2011.

Mr Atambayev has said that he still wants to be involved in politics.

Comment

# Georgia's big government shake up

>> Georgian PM Kvirikashvili has just made major changes to his government set up, writes Paul Scott.

On Nov. 13, the Georgian PM Giorgi Kvirikashvili announced one of the biggest reorganisations of the government and its ministries in recent years.

The cabinet has been reduced in size, from 16 members down to 13, by merging several ministries. The ministry of economic development is strengthened, absorbing the ministry of energy. This integration is seen as a sensible step, as energy issues are inseparable from Georgia's overall economic development, especially in country with significant energy imports and, simultaneously, major potential in hydropower.

There is less enthusiasm in the country about the dissolution of the ministry of environment, which will be split between the ministries of economic development and agriculture. Critics, among them a former environment minister, point out that Georgia has major gaps in environmental protection and that these concerns deserve full representation in the cabinet.

The absorption of the ministry for Euro-Atlantic integration into the ministry of foreign affairs is also controversial. Several civic society organisations have protested against this dissolution because they say it was pushed through without proper consultation.

That said, in many ways the broader Euro-Atlantic path for Georgia is now charted by the EU Association Agreement. At least some ministries seem to be making reasonable progress with its implementation. Arguably, no separate state ministry is needed to drive an agenda that by now is fully integrated into government policy.

The re-organisation has also fueled speculation about personalities.

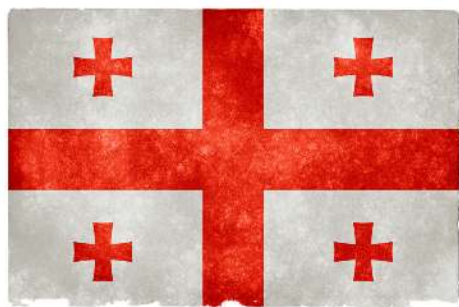
Giorgi Gakharia, previously minister for economic development, and widely seen as close to oligarch-in-chief Bidzina Ivanishvili, has shifted to be interior minister (the MIA). Many

Georgians had grumbled about the MIA, which has come across as draconian in the handling of youth, drivers, and some tourists.

The MIA may be a stepping stone to the post of Prime Minister, with a chance of building a base in a power ministry. Other figures to watch are the new minister of finance, Giorgi Bakhtadze, as well as the new economic development minister, Dimitri Kumsishvili. He has held the post before.

The other focus of political attention is the new mayor of Tbilisi, former footballer Kakha Kaladze, now considered the strongest figure in the ruling Georgian Dream party, after Bidzina Ivanishvili.

>> Paul Scott is an analyst based in Georgia



## Brainteaser no. 30

This is, possibly, the world's only quiz dedicated to Central Asia and the South Caucasus. Win a highly-coveted Bulletin branded Parker jotter pen by answering these questions:

A) Explain the list order? Why does Tajikistan top the table and Turkmenistan come in bottom?

- Tajikistan
- Kyrgyzstan
- Kazakhstan
- Georgia
- Azerbaijan
- Armenia
- Uzbekistan
- Turkmenistan

B) Where was this flag, briefly, flown in the region?



(All answers for Brainteaser no. 30 to editor@theconwaybulletin.com)

The answers to Brainteaser no. 29 are:

A) Karaganda in central Kazakhstan, where Pres. Nazarbayev grew up.

B) This is a statue of Alexander Tamanian, planner of modern Yerevan, outside the modern art museum.

The Conway Bulletin. - Independence, integrity, brevity

Editor - James Kilner

Reporting coverage in Central Asia and the South Caucasus: The Bulletin has correspondents on retainers in Almaty, Bishkek, Dushanbe and Tbilisi and part-time correspondent in Yerevan. For Azerbaijan, Uzbekistan and Turkmenistan, The Bulletin employs local reporters now based outside their home country to help with coverage. Cross Fell Ltd owns The Conway Bulletin. It is registered in England and Wales as company no. 0755115. Our ISSN is 2397-6624.

## ECONOMY

**AM:** Conscription rules tightened

Hundreds of students demonstrated in Yerevan outside the National Assembly after parliamentarians approved a law that will tighten conscription rules, making it near-impossible to duck out of (Nov. 15). Currently some students are able to indefinitely defer the country's two-year mandatory military service. Critics of the conscription tightening said that the new rules show the increasing militarisation of the country while the bill's supporters said that war with Azerbaijan over the disputed region of Nagorno-Karabakh is a real possibility after nearly a quarter of a century of peace. Of Armenia's 105 MPs, 86 voted in support of the changes.

**GE:** Shoot-out kills four

One Georgian security service agent and three gunmen died in a shoot-out at an apartment block on the edge of Tbilisi during what officials described as an anti-terrorist operation (Nov. 22). Reports said that the operation last more than 20 hours and that four other policemen were injured and another gunman arrested. Later Georgian media said that one of the killed gunmen was Ahmed Chatayev, the alleged mastermind behind the 2016 Istanbul airport attack. There has been no official confirmation that Chatayev was among the dead.

## TOURISM

**GE:** Hotel fire kills 11

A fire in the Georgian Black Sea resort town of Batumi killed 11 people at an upmarket hotel, one of the worst fire-related accidents in the country in the past few years (Nov. 23). It is not clear how the fire started but reports online said that it spread quickly through the hotel. The hotel had been due to host the Miss Georgia beauty pageant later that weekend.

## UZ ECONOMY

Correspondent's notebook

# Fuel prices jump 50% in Uzbekistan



&gt;&gt; The usually busy Bek-Baraka Centre is almost empty other than the traders



&gt;&gt;The Bulletin

## &gt;&gt; Economic liberalisation triggers price rises in Uzbekistan

TASHKENT -- Inflation in Uzbekistan is rising steeply, a consequence of policies that have started to unlock its previously tightly leashed economy.

A Conway Bulletin correspondent in Tashkent said that prices for petrol rose by 50% virtually overnight on Nov. 15, increases that have been fed into the cost of fruit, vegetables and other foods.

The fuel price rises appear to be the result of poor planning and speculators trying to make a quick profit, triggering shortages and panic-buying across the country. But they also reflect a new era of less economic certainty and sharp price fluctuations in Uzbekistan.

This year Uzbekistan scraped a series of economic and currency controls to open up the country and, commentators have said, help it shift back towards the economic centre of Central Asia. First, though, there appears to be a dose of economic pain that people living in the region's most populous country need to grit their way through.

"In my opinion, some kind of miracle is happening in our country,"

said one Tashkent resident with more than a hint of sarcasm. "There is more and more money in the pocket, and there are fewer products on the table."

And he was not alone. People in Tashkent are genuinely excited about the promise of more freedom and personal liberties, although many are reserving judgement on whether Shavkat Mirziyoyev will really deliver on pledges. He took over in September last year after Islam Karimov, who ruled Uzbekistan as his personal fiefdom from 1991, died from a heart attack.

"Tashkent City is being rebuilt with billions of dollars," said one resident. "But in some areas people are living without hot water, there is no gas. Water is fed for two hours a day in most regions. In the capital, the heating season is delayed for a month."

The government appears sensitive to how its reforms are being received by ordinary people. It has announced a plan to spend an extra \$250m buying up fuel to ease the shortage (Nov. 17) and a few days later it said that it would raise state salaries by 15% too (Nov. 20).

#### ECONOMY

### KZ/AM/AZ: Interest rates kept steady

Three Central Banks in the South Caucasus and Central Asia region left their key interest rate unchanged as inflation started to slow (Nov. 16/17/27). Economies in the region have been recovering from a slowdown triggered by a 2014 fall in oil prices. Armenia's kept its key interest rate is at 6%, Azerbaijan kept its steady at 15% and Kazakhstan at 10.25%.

#### HUMAN RIGHTS

### GE: Gulenist loses appeal

Tbilisi City Court upheld a decision by Georgia's interior ministry not to grant Turkish school employee Mustafa Cabuk asylum (Nov. 23). Police detained Mr Cabuk on Turkey's request earlier this year. The Turkish authorities accuse him of being part of a network of so-called Gulenists that attempted a coup in 2016. Georgia has tightened its clampdown on Gulenists this year while improving relations with Turkey. Mr Cabuk's lawyers said that he will appeal.

#### POLITICS

### GE: Cabinet reshuffle

Georgian PM Giorgi Kvirikashvili reshuffled his ministers and merged a handful of government agencies (Nov. 13). The biggest appointments were shifting deputy PM and finance minister Dimitri Kumsishvili to be economy minister. Mamuka Bakhtadze, the former head of the Georgian Railway company was appointed finance minister. Mr Kvirikashvili also folded the State Security and Crisis Management Council into the interior ministry's Emergency Management Centre. >> See page 2 for comment.

#### SECURITY

### GE: Missile deal with US

Georgia's military has agreed a \$75m deal to buy 410 Javelin Missiles, and

72 Javelin Command Launch Units from the US, media reported (Nov. 21). The Javelin missile is a rocket launcher designed to destroy enemy tanks. Georgia has pledged to modernise its military and wants to join NATO. It lost a brief war in August 2008 against Russia.

#### SOCIETY

KZ: Borat to pay mankini fines  
British comedian Sacha Baron Cohen who invented Borat the fictional Kazakh character that has so irked officials in Kazakhstan said that he would pay any fines handed out to men wearing the so-called mankini (Nov. 23). Mr Baron Cohen made the statement after a group of Czech tourists, possibly on a stag party, wearing mankinis and wigs in Astana were handed a 22,500 tenge fine (\$68) each for public indecency.

#### INT. RELATIONS

UZ: Mirziyoyev flies to Seoul  
Uzbek President Shavkat Mirziyoyev flew to Seoul for meetings with South Korean leader Moon Jae-in that culminated in \$8.9b worth of deals being concluded across multiple sectors, including the start of car production for Hyundai and a deal for Samsung Engineering to modernise Uzbekistan's chemical plants (Nov. 23). Uzbekistan has a close relationship with South Korea as it is home to a large Korean diaspora transported to Tashkent by Soviet dictator Josef Stalin.

### KZ/KG/UZ/TJ: China wants SCO to become trade bloc

A few days ahead of a meeting of heads of government of members of the Shanghai Cooperation Organisation (SCO), a Chinese diplomat once again said that the group could morph into a free trade zone (Nov. 21). China has been pushing for the group, focused on Central Asia, Russia and China, but now also including Pakistan and India, to move beyond military and bilateral cooperation.

### AZ/UZ: First military deal

Possibly breaking new ground, Uzbek minister of defence Major General Abdusalom Azizov met his Azerbaijani counterpart Colonel General Zakir Hasanov in Baku for talks over developing military contacts and ties (Nov. 16). There doesn't appear to have been much, if any, military cooperation between Uzbekistan and Azerbaijan under Islam Karimov and the meeting highlights the new attitude of regional cooperation and openness in Uzbekistan since Shavkat Mirziyoyev took over as president in September 2016.

### AZ/AM: Lavrov visits

Russian foreign minister Sergei Lavrov visited both Baku and Yerevan on a brief tour partly aimed at building a consensus over the continued stand-off surrounding the disputed region of Nagorno-Karabakh (Nov. 19-21). The day after he left the region, Armenia-backed forces reported that three of its soldiers had been killed when they set off an anti-tank mine.

#### TOURISM

### UZ: 25% growth in visas

Officials in Uzbekistan said that they had approved 25% more visas in the first nine months of the year in 2017 compared to the same period in 2016 (Nov. 15). Nearly 224,000 visas were approved in the first nine months of the year, including nearly 100,000 tourist visas.

#### MEDIA

### KZ: Clampdown on media

Kazakhstan's parliament prepared the way to clamp down further on journalists by passing the second reading of a bill that will forbid news websites and newspaper from publishing allegations of corruption or money laundering without permission from the subject of their reports (Nov. 23). MPs argued that they needed to strengthen people's privacy.

Germany signs multi-million euro pledges for Uzbekistan - P.7

Kazakhstan's Kashagan oil field is delayed once again - P.7

Markets: Georgian lari falls, Central Bank threatens action - P.8

## China to build \$1.6b Tajik aluminium factory

>> The new factory will supplement Talco and be central to the country's economy

DUSHANBE -- China unveiled a \$1.6b plan to build a new aluminium factory in Tajikistan, a plan that will cement its hold over the Tajik economy (Nov. 17).

The factory would supplement Talco, the Soviet-built aluminium smelter near the town of Tursunzoda, west of Dushanbe, that is the backbone of the country's fragile economy. It is also the biggest aluminium smelter in the former Soviet Union although it has been operating far below its 500,000 tonnes per year capacity.

The Tajik economy is limping along, barely recovering from an economic downturn triggered by a collapse in oil prices and a recession in Russia in 2014. The government has bailed out its biggest banks and GDP growth has stagnated.

A spokesman for Talco said Chinese constructor Yunnan



>> The Talco aluminium plant is Tajikistan's single biggest economic asset

>>Wiki

Construction Engineering will build the smelter which will also have a capacity of 500,000 tonnes of aluminium a year and employ 1,200 people.

China has already built tunnels, roads and refineries in Tajikistan, in

a concerted effort to extend its influence into Central Asia.

The announcement that a second aluminium factory was to be built in Tajikistan came only one day after the Tajik government said that it wanted to borrow another \$850m, possibly through another bond

AM ECONOMY

## Tashir to invest \$1b in Armenia economy

YEREVAN -- Tashir, the conglomerate owned by Armenia's richest man Samvel Karapetian, said that it planned to invest around \$1b into the Armenian economy (Nov. 13).

Karen Darbinyan, Tashir vice president, said that the group wanted to manufacture and install energy measuring devices.

"The production of nearly 80% of devices in Armenia will be used as part of the investment programme. According to preliminary data, we are talking about 2,500 new jobs," he said at a press conference. Armenia's economy has rebounded after a turbulent few years. Tashir, which is based in Russia, has been a major

investor in Armenia over the past few years. In 2015, after a series of protests against potential price rises, Tashir bought a power station, Hrazdan, and the Armenian electricity distribution network off Russia's Inter RAO. Last year it also opened a high-profile shopping mall in Yerevan.

CONSTRUCTION

**KZ:** Central Asia Metals still looking for acquisitions

Central Asia Metals, which is Kazakhstan-focused and London-listed, will consider buying more companies but not for another six months, chairman Nick Clarke told Reuters (Nov. 13). This year Central Asia Metals bought Lynx Resources, a zinc mine in Macedonia, for just over \$400m. It was one of the biggest mining deals of the year. Lynx said it made the deal because it needed to diversify away from processing slag heaps for copper.

AVIATION

**KZ:** SCAT buys five Boeings

Kazakh airline SCAT Airlines agreed a deal with US aircraft maker Boeing to buy six of its 737 Max 8 passenger jets for \$674m (Nov. 17). The deal shows that confidence is growing both in Kazakhstan's economy and the tourism sector. The Boeing 737 Max 8 is a medium sized aircraft. SCAT Airlines, which is based in Shymkent, said the new aircraft would allow it to fly more flights to Far East Russia, the Middle East and Europe.

**KZ:** Airbus investigated over satellite deal

French police have interviewed senior executives at Airbus, including CEO Tom Enders, over a 2010 deal to sell satellites to Kazakhstan, media reported (Nov. 23). The investigation is focused on what reports described as a "suspect payment" made during the deal. Mr Enders was interviewed in October as a witness and not as a suspect. The investigation again highlights Central Asia and the South Caucasus' reputation for corruption.

BANKING

**AZ:** Turkey's Ziraat Bank to expand operations

Turkey's state-owned Ziraat Bank said it planned to open three more branches across Azerbaijan, part of a

strategy to increase its lending to Azerbaijani businesses (Nov. 23). The bank, which specialises in giving favourable loans to industry, currently operates from two offices in Baku. This year it opened a new Baku HQ.

**GE:** TBC Bank posts profit rise

TBC Bank, Georgia's largest lender, said that profits had risen by 29% in the third quarter compared to the same period last year, more evidence of a major economic rebound (Nov. 16). Specifically, TBC Bank said that it had recorded profit of 88m lari (\$33m) in Q3, mainly pushed up by increased lending.

**UZ:** State-owned bank to set up overseas

Uzbekistan's state-owned National Bank for Foreign Economic Activity said that it had been given permission to set up branch offices overseas for the first time, another indicator that the country is opening up to foreign investors (Nov. 20). The bank's main role is to facilitate trade into and out of Uzbekistan.

TELECOMS

**AZ:** Telecoms deal with China Azerbaijan's Smart Systems Technology company signed a deal with Chinese telecoms company ZTE to use its equipment to build and enhance mobile and telecoms networks across the country (Nov. 23). The deal highlights the inroads that China has made in the South Caucasus over the past few years. It sees the region as an important part of its Belt and Road policy which aims to boost East-West trade.

**KG:** Telecoms sale to unknown Russian dropped

The Kyrgyz government has dropped negotiations with Russian Yelena Nagornaya over the sale of Alfa Telecom, owner of the Megacom brand, Kyrgyzstan's biggest mobile phone network (Nov. 16). A potential deal with the

previously little-known Ms Nagornaya was proving complicated and controversial. Critics said that the government's new \$200m valuation was too low. Instead, the government said it was looking for a new buyer for Alfa Telecom.

ARMS

**AZ:** Israeli arms dealer investigated

Police in Israel have started investigating Aeronautics Defense Systems, which supplies weapons to Azerbaijan, for allegedly firing on Armenian-backed forces in the disputed territory of Nagorno-Karabakh earlier this year during a demonstration (Nov. 14). The allegations focus on Aeronautics Defense Systems showing off its Kamikaze drone to potential Azerbaijani buyers. It has not commented on the news.

ECONOMY

**UZ:** Gold and currency reserves revealed

Uzbekistan has gold and foreign currency reserves worth \$26b its Central Bank said, the first time that the country has ever revealed the value of its reserves (Nov. 16). Central Bank chief Timur Ishmetov said that it would publish the value of these reserves on a semi-regular basis.

RETAIL

**TM:** Coca-Cola shortage reported

Reports from Turkmenistan said that Coca-Cola was in short supply, a casualty, perhaps, of the country's worsening economic conditions (Nov. 23). An AFP report said that there was no Coca-Cola in the shops because the bottling company was facing a shortage of raw materials, but an opposition website went further and said the bottling company had had to close. Turkmenistan's economy has worsened significantly since a collapse in energy prices in 2014.



# German car-maker VW to start production in Uzbekistan

>> Uzbekistan has opened up to foreign investment since the death of Karimov in 2016

TASHKENT -- German banks agreed to lend up to 950m euro to business in Uzbekistan, a watershed investment deal from the West that underlines Uzbekistan's re-emergence as a place to do business (Nov. 16).

The funds -- 500m euros from Deutsche Bank, 350m euros from Commerzbank, and 100m euros from by AKA Bank -- will be the single biggest injection of cash by a group of private Western companies. Most of the loans will be for small and medium-sized enterprises.

At the German-Uzbek business forum in Munich, German car-maker Volkswagen also agreed a deal to produce its Amarok pickup trucks in Samarkand from 2019.

VW signed a deal with MAN Auto-Uzbekistan. "This agreement means the arrival of a new world-famous brand Volkswagen, one of the world's three leading manufacturers and sales of vehicles," MAN Auto-Uzbekistan said in a statement.



>> Delegations sign deals at the Uzbek-German business forum

>>Uzbek Central Bank

GM currently operates a factory out of Uzbekistan. Its car manufacturing sector is dependent on the Russian economy where GM sells most of its cars. VW will hope to both be able to tap into the Russian market from Uzbekistan and also the wider Central Asia market.

The Uzbek delegation, lead by PM Abdulla Aripov, also met with senior officials from Germany's tourism

sector, energy sectors and industrial conglomerate Siemens.

Since Shavkat Mirziyoyev took over as president in September 2016 from Islam Karimov, who ruled from 1991, Uzbekistan has been opening to investors.

This year, most of the big investment moves have been made by the institutional banks such as the EBRD.



# Kashagan hit by another production delay

ALMATY -- Kashagan, the Kazakh Caspian Sea oil field, will not hit its planned optimum output of 370,000 barrels/day until the end of 2018, a year later than planned, officials from the company leading the project said (Nov. 13).

The great hope of Kazakhstan's oil industry, Kashagan has been plagued with hold-ups, frustrating government officials. The partners developing the field, which lies in the northern section of the Caspian Sea

and has been dubbed as one of the most technically challenging fields to exploit, have already spent \$55b on the project.

A source at the company told Reuters the main hold up was the gas reinjection process which was making production figures erratic. In September Kashagan produced 200,000 barrels/day but this dropped to 182,000 barrels/day in October.

"I expect that we will need 2018 to fully accomplish this (370,000 bpd)

capacity, and we will study options to accelerate this timing," NCOG managing director Bruno Jardin said in a statement.

NCOG is the North Caspian Operating Company. It is made up of Kazmunaigas, Eni, ExxonMobil, Royal Dutch Shell, Total, China's CNPC and Japan's Inpex. The start of production at Kashagan was delayed in 2013 by about a year because of faulty gas pipes running between the field and the mainland.

# MARKET NEWS

>> Commodities prices rise >> Georgian lari falls in value pulling down banking stocks >>

## CURRENCIES

Armenian dram	484/\$1	↑ 0.6%
Azerbaijani manat	1.6988/\$1	—
Georgian lari	2.6951/\$1	↓ 1.7%
Kazakh tenge	330.34/\$1	↑ 0.7%
Kyrgyz som	69.75/\$1	↓ 0.2%
Tajik somoni	8.8144/\$1	↓ 0.1%
Turkmen manat	3.5/\$1	—
Uzbek soum	8,085/\$1	↓ 0.2%

## STOCKS

Centerra Gold	C\$7.57	↓ 0.8%
Central Asia Metals	265.75p	↑ 7.6%
KAZ Minerals	837p	↑ 3%
Tethys Petroleum	Delisted	—
Nostrum Oil & Gas	336p	↓ 9.4%
Caspian Sunrise	11.25p	↓ 2.17%
Bank of Georgia	3,334p	↓ 6.25%
Georgia Healthcare	336.75p	↑ 0.82%
TBC Bank	1,628p	↓ 4.23%

## COMMODITIES

Oil (Brent)	\$63.86/b	↑ 0.5%
Gold (spot)	1,288.37/oz	↑ 1.15%
Copper	\$319.15/lb	↑ 3.75%
Cotton	\$71.93/lb	↑ 4.1%

Editor's note: These tables normally measure the weekly change in the price of stocks, commodities and currencies. In this instance, the data measures the change for the fortnight ending Nov. 24 2017.

## Georgian lari falls again, Central Bank threatens to take action

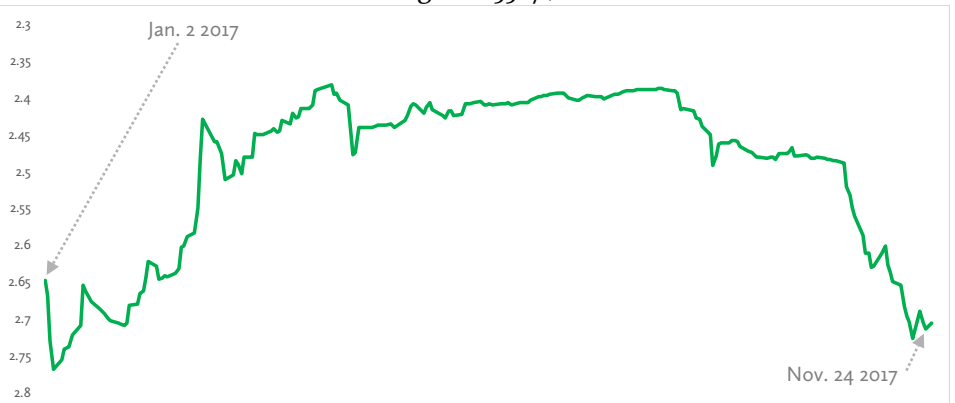
Georgia's Central Bank said that it would have to tighten monetary policy if the lari continued to lose value. The warning came as the lari hit its lowest value since mid-January. At the end of the week it was trading at 2.6951/\$1. This is a fall of 12.6% since mid-August.

Despite the Central Bank's assertions that the economy is picking up and that only a negative consumer mindset was to blame for the steep fall in lari's value, people are beginning to lose confidence in the currency. Economists have said that although

the economy is buoyant, pushed up by a steep increase in tourism, inflation is rising and threatens to undermine growth.

The turbulent state of the Georgian economy is highlighted in the graph which shows the value of the lari rising throughout the first half of the year and crashing in the past three months.

Other currencies in the region have been steady with the Kazakh tenge even rising in value. At the beginning of October it was valued at 345/\$1 but has since pulled back to 330/\$1.



>>Georgian lari vs US dollar in 2017

## Georgian currency woes pull down banks; copper prices boost miners

This was a fortnight in which commodities and currency prices dominated. Georgia's two banks listed on the London Stock Exchange – Bank of Georgia and TBC Bank – both fell because of continued weakness in the Georgian lari. Bank of Georgia fell by over 6% and TBC Bank, despite posting strong Q3 profit results, fell by 4%.

On the other side of the spectrum commodity-orientated companies saw their stocks rise.

Central Asia Metals, which processes copper from slag heaps, and KAZ Minerals, which mines copper, both saw their share prices rise by 7% and 3% respectively.

Nostrum Oil & Gas, which has production in west Kazakhstan, was the big loser, though, falling over 9% on its Q3 results. It said that profit was higher than expected because of strong oil prices but that its operations were poor because of delays to updates.