



This press-review is produced by IFC Business Enabling Environment Project in Tajikistan as a free compilation of articles issued in the mass media of the Republic of Tajikistan and in the international press. Any or all portions of this press-review may be reproduced without prior permission, provided that source is cited as: "International Finance Corporation (IFC) Business Enabling Environment Project in Tajikistan"

Tajikistan Business Enabling Environment Project Press Review - Issue #3 (73) from January 25, 2008

1. News directly connected to BEE Project

2. News interesting for Business Environment

- Critical situation emerges at the Norak reservoir, say Tajik officials.
- Business associations' union set up in northern Tajikistan.
- A "ONE-STOP-SHOP" principle is significant for the registration of enterprises.
- To join WTO Tajikistan ought to improve its legislation.
- Tajik industrial enterprises closed following electricity supply cutoff.
- New WB Resident Representative in Tajikistan introduced to President Rahmon.
- New method of issuing certificate of origin to be introduced in Tajikistan this year.
- More than half the Tajik population lives below the international poverty line.
- FEATURE-Central Asia shivers through icy winter, shortages
- Majlisi Namoyandagon board considers amendments to the 2008 budget law.
- Tajik customs officers transfer more than 1 billion TJS to the country's budget in 2007.
- Inflation stands at some 20% in late 2007.
- Tajikistan's economy impacted by foreign economic factors, says expert.

IFC PRESS REVIEW

1. News directly connected to BEE Project

2. News interesting for Business Environment

CRITICAL SITUATION EMERGES AT THE NORAK RESERVOIR, SAY TAJIK OFFICIALS

DUSHANBE, January 25, Asia-Plus - Water inflows to the reservoir powering the Norak hydroelectric power station (HPS) have declined four times, Land Reclamation and Water Resources Minister Said Yoqubzod announced at a news conference in Dushanbe on January 23.

According to him, a decline in water inflows has resulted from unusually cold weather. The minister said that a water meter at the Darband post has shown that water comes from the Vakhsh River to the Norak reservoir at the rate of only 45-50 cubic meters per second, while in the same period of last year the water inflows rate was 222 cubic meters per second.

"In the meantime, water flows out of the reservoir at the rate of 565 cubic meters per second," said the minister "This tenfold difference may lead to suspension of work of units of the station."

In the meantime, speaking to journalists at a news conference on Thursday, Deputy Energy and Industries Minister, Poulod Muhiddinov noted that the present water inflows rate in the Vakhsh River is only 18 cubic meters per second, which is the lowest rate for the whole period of monitoring.

According to him, water levels at the Norak reservoir have fallen "to record-breaking low levels."

"Today, water levels at the reservoir are at 864 meters above sea level," said the deputy minister, "In accordance with directions for operation of the plant, it is prohibited to use the reservoir for powering the plant if the water levels in the reservoir fall to 857 meters above sea level; otherwise it may lead to alarm conditions."

BUSINESS ASSOCIATIONS' UNION SET UP IN NORTHERN TAJIKISTAN

KHUVAND, January 25, Asia-Plus - A constituent conference of non-commercial organization The Union of Business Associations of the Sughd Province is opening in Khujand today.

Representatives from business associations of the Sughd province and Dushanbe, public associations supporting development of entrepreneurship, as well representatives from the Sughd regional government, international organizations and media are expected to attend the conference.

According to the Sughd Entrepreneurs' Association, the union, which is being established on an initiative of business associations of the province, aims to consolidate efforts of entrepreneurial sector to promote interests of entrepreneurs and assist with conducting national entrepreneurship development support policy.

A "ONE-STOP-SHOP" PRINCIPLE IS SIGNIFICANT FOR THE REGISTRATION OF ENTERPRISES

DUSHANBE, January 24, NIAT "Hovar" - The issues of improvement of business environment in Tajikistan and entrepreneurship development on the basis of registration of entities on a "one-stop-shop" principle were discussed on the meeting of the chairman of chamber of commerce and industry Odil Sangov with the consultant of the World Bank Boris Divjak.

Odil Sangov has informed his companion about the state of private sector in Tajikistan, which has been improved for the last seven years. It was noted that the country's GDP exceeds 45% and among the members of the chamber of commerce private companies make 85%. They are employed not only in the sphere of trade and services, but also in construction works and agriculture. Such an improvement of the business environment of the country has been influenced by active dialogue of the State and business groups. A vivid recognition to that is the meeting of the President Emomali Rahmon with the local entrepreneurs in 2007.

In his turn the consultant of the World Bank has mentioned that the Government of Tajikistan seriously took up the issue of registration of private enterprises, particularly based on the "one-stop-shop" principle. Boris Divjak has stressed on the fact the World Bank will assist on bringing such a progressive mechanism to life. He also mentioned that the introduction of the "one-stop-shop" principle will help Tajikistan to attract more investors and create new enterprises.

TO JOIN WTO TAJIKISTAN OUGHT TO IMPROVE ITS LEGISLATION

DUSHANBE, January 24, Asia-Plus - Tajikistan is currently on the right track to the World Trade Organization (WTO), however, it ought to remove some obstacles on the way of accession to the Organization, Mr. Klid Kull, head of the Working Party on the accession of Tajikistan to WTO, remarked at a news conference hosted by the Ministry of Economic Development and Trade on January 23.

According to him, Tajikistan has to date performed many requirements to join WTO; but there are many issues that requires additional work.

Mr. Kull noted that Tajikistan has to bring its laws on standardization of goods and services, licensing, taxes as well as issues related to sanitary conditions for the production into compliance with the WTO requirements.

The Working Party head also pointed to the necessity of providing equal terms for export and import of strategically important raw materials such as cotton and aluminum.

Deputy Economic Development and Trade Minister, Ms. Larisa Kislyakova, who also participated at the news conference, noted that special preferences had been established for cotton and aluminum, which are strategically important raw materials for Tajikistan.

According to her, sales taxes on aluminum and cotton have been determined at the rates of 3 and 10 percent respectively, while to import these raw materials to Tajikistan importer countries have to pay a 20-percent VAT. "Discrimination of importer takes place, and therefore, in accordance with the WTO requirements, we have to equalize terms for exporters and importers," the deputy minister said.

We will recall that after the third formal meeting of the Working Party, Tajikistan took necessary measures to remove obstacles on the way of accession to WTO, which were mentioned at the meeting. Among them are issues related to reforming the commodity-and-raw-materials exchange, licensing transparency, export/import of alcohol drinks and so forth.

The third formal meeting of the Working Party was held in Geneva on October 6, 2006. The meeting in Geneva focused on the regime of foreign trade of Tajikistan.

The Working Party on the accession of Tajikistan was established by the General Council on July 18 2001. A Factual Summary of Points Raised (summarizing the discussions of the group) was circulated informally in April 2005 and revised in May 2006. Negotiations conducted in October 2006 discussed revised offers on goods and services.

TAJIK INDUSTRIAL ENTERPRISES CLOSED FOLLOWING ELECTRICITY SUPPLY CUTOFF

DUSHANBE, January 23, Asia-Plus - In connection with serious power crisis that hit Tajikistan, electricity supplies to all industrial enterprises, with exception of facilities of statewide importance such as Tajik aluminum smelter, Dushanbe cement plant, bread-baking and dairy plants, have been cut off, and their staffers will go on forced vacation until February 1, Sharifkhon Samiyev, head of Tajik state-controlled energy company Barqi Tojik, announced at a news conference in Dushanbe on January 22.

According to him, power cutoff will also not affect strategic sites like hospitals, airports, railways stations, and communications centers. He said that schools will also be unaffected as far as possible.

Samiyev said that the supply of daily electricity to the Tajik aluminum plant has been reduced by 2 million kWh. The supply of daily electricity to Sughd and Khatlon provinces and districts subordinate to the center (RRPs) has been reduced by 1 million kWh.

"The introduced measures will result in the supply of daily electricity in the provinces being reduced to only 3 hours – 1.5 hours of electricity in the morning and 1.5 in the evening," Samiyev said.

On the electricity supply situation in Dushanbe, the Barqi Tojik top manager noted that cyclic power cutoffs had been introduced in Dushanbe and electricity rationing in the Tajik capital had been increased by one hour. Under the introduced cyclic power regime, electricity supplies to residential buildings and organizations are cut off every other day, from 10:00 p.m. to 5:00 a.m.

Samiyev noted that measures, introduced to curb rising consumption, resulted from a decline in the water level the reservoir powering the Norak hydroelectric power station (HPS). According to him, water level at the Norak reservoir has fallen to critical levels and "will be enough for powering the station only until February 10."

According to him, the power crisis may worsen in the second part of February even more and then a state of emergency may be declared.

He also noted that fuel resources of the Dushanbe heat and power plant might be over before February 10. "At present the Dushanbe heat and power plant uses up to 930 tons of fuel oil per day to generate electricity and heat, and the remaining stock of fuel oil will be enough for only 10 days," Samiyev said, adding that the plant has received only some 10,000 cubic meters of natural gas per day instead of the planned 50,000 cubic meters.

NEW WB RESIDENT REPRESENTATIVE IN TAJIKISTAN INTRODUCED TO PRESIDENT RAHMON

DUSHANBE, January 23, Asia-Plus - New Head of the World Bank's Country Office in Tajikistan was introduced to President Emomali Rahmon yesterday during his meeting with Ms. Annette Dixon, the World Bank's Country Director for five countries of Central Asia (Tajikistan, Kazakhstan, Kyrgyzstan, Turkmenistan and Uzbekistan).

Speaking to journalists after a meeting with President Rahmon, Ms. Dixon noted that Ms. Kiara Bronki (phonetically spelled) had previously worked in other countries on the issues of tax and monetary policy.

Asked about creation of consortium for completing the construction of the Roghun hydroelectric power station (HPS), Ms Dixon noted that work on conducting feasibility study for the Roghun hydroelectricity project had started and it would include details of parameters of the dam. The World Bank has provided necessary funds for this, according to her.

"Besides, new markets for export of electrical power are currently being studied," said Ms. Dixon, "Last November a decision was made in Kabul to create a market of electricity exports from Central to South Asia."

Commenting on measures taken by the World Bank to assist the Tajik government with resolving the debt crisis among cotton producers, she pointed to the necessity of making the agrarian sector profitable.

Ms. Dixon noted that the World Bank had endorsed a \$15 million credit for Tajikistan's Cotton Sector Recovery Project. The project, funded by the International Development Association, aims at improving the livelihood of cotton farmers and supporting the cotton production in selected, low-income areas of Tajikistan. The project will assist the Government with resolving the debt crisis among cotton producers, improving the policy environment, and increasing cotton output and profitability.

At present, work on a new project for supporting the cotton harvest is being carried out. The estimated budget for this project is \$7.5 million.

NEW METHOD OF ISSUING CERTIFICATE OF ORIGIN TO BE INTRODUCED IN TAJIKISTAN THIS YEAR

DUSHANBE, January 23, Asia-Plus - A new method of issuing a certificate of origin for exported goods will be introduced in the first quarter of this year, Ms. Maya Davlatova, chairperson of the examination and certification department of Tajikistan's chamber of Commerce and Industry (CCI), told Asia-Plus on Wednesday.

According to her, the new certification method is connected with requirements of the World Trade Organization (WTO).

She noted that under the present method, certificates "A" and "ST-1" had been issued for cotton and other goods with interest of 0.1 percent, while for Tajik Aluminum Company (TALCO) a preferential interest of 0.03 percent for exported aluminum had been determined.

"Under the new method CCI will issue certificates of origin by a fixed price," Davlatova said, noting that the interest rate (0.03 percent) for exported aluminum has remained unchanged

MORE THAN HALF THE TAJIK POPULATION LIVES BELOW THE INTERNATIONAL POVERTY LINE

DUSHANBE, January 23, Asia-Plus - More than half the Tajik population lives below the international poverty line, Labor and Social Protection Minister Shukurjon Zuhurov remarked at a news conference in Dushanbe yesterday.

According to him, the international poverty line obtained was equal to \$1.20 per day in 2007.

"If cardinal measures to curb inflation are not taken, efforts of authorities to reduce poverty will not yield desired results," the minister said.

He added that an average monthly wage in 2007 rose 41.1 percent year on year, reaching 156.74 somonis (equivalent to \$44). "However, inflation that last year stood at 19.7 percent has practically devoured this achievement," Zuhurov said, noting inflation led to considerable rise in prices of basic food products and oil products in the country.

Compared to 2006, prices of flour last year rose by some 70 percent and prices of oil products rose by more than 50 percent, the minister said.

FEATURE-Central Asia shivers through icy winter, shortages

By Roman Kozhevnikov

625 words

22 January 2008, 21:33

Reuters News, English, (c) 2008 Reuters Limited

DUSHANBE, Jan 22 (Reuters) - With no heating and just three hours of electricity a day, Malokhat Atayeva is struggling to survive the coldest winter in three decades in her small town in western Tajikistan.

"It's so cold that water turns into ice in the kettle overnight," Atayeva, a mother of two, said by telephone from Tur-sunzade, as temperatures outside, normally above subzero, plunged to -20 degrees Celsius (-4 Fahrenheit).

"We sleep fully clothed, wrapped in blankets. Children stopped going to school because it's too cold in the classroom."

Like Atayeva, millions of people across energy-rich Central Asia are scrambling to find refuge from one of the harshest winters in living memory. Extreme cold is no surprise to the 60 million people scattered across a region wedged between Russia, China and Iran, but this year's winter has exposed the poor state of crumbling Soviet-era utilities and pipelines and sparked energy shortages.

Lying on some of the world's biggest energy reserves, Central Asia has attracted billions of dollars of foreign investment as the European Union and other powers seek energy deals in the region.

But the cold snap caught impoverished Tajikistan off guard, forcing the government to resort to daily rations of electricity and gas. Central heating has all but stopped working across Tajikistan, its utilities ruined by a 1990s civil war.

Governments across Central Asia have pledged to carry out urgent repairs and build new electricity generators. But there were no signs of relief as the severe weather has entered a second month.

In Uzbekistan, temperatures fell to lows not seen since the 1920s, when it became part of the Soviet Union.

WOOD AND DUNG FUEL

Despite official reports that the government was ready for the onset of winter, people outside the Uzbek capital Tashkent resorted to heating methods such as wood or dung fuel.

"In a nearby house people had no electricity for four days and used fire to prepare food," said Galina, a pensioner from the Uzbek city of Angren who asked not to use her last name.

"My neighbour has complained to the city government in (the Uzbek capital) Tashkent but she was told to be patient."

The cold snap took a political undertone this month when Uzbekistan cut gas supplies to Kazakhstan due to higher domestic consumption caused by the cold spell.

In Turkmenistan, a gas-rich desert nation bordering Iran, the coldest snap in 40 years froze up parts of the Caspian coast, disrupting local shipments, and ruined a bridge over the Amudaria river due to rising ice levels.

"Gas heaters, electric devices, nothing can save us," said Kerim, a 40-year-old resident of the Turkmen capital Ashgabat where temperatures, usually around 0 degrees Celsius (32 Fahrenheit), dropped twenty degrees this winter.

"Yesterday electricity supply was very low, same with gas. A week ago, we had no water after waterpipes burst due to frost".

In Kazakhstan, a nation the size of Western Europe, schools near the financial capital Almaty were shut until warmer times.

In Kyrgyzstan, an impoverished nation of five million, a parliament deputy complained he was unable to conduct his duties because it was too cold in the chamber, local media reported.

"We can all get ill," he said, according to the 24.kg news agency. The parliament speaker replied: "It'll get warmer soon." (Writing by Maria Golovnina; Editing by Ibon Villeda) (Additional reporting by Roman Kozhevnikov in Dushanbe; Maria Gordeyeva in Almaty; Marat Gurt in Ashgabat; Shamil Baigin in Tashkent, Olga Dzyubenko in Bishkek)

CENTRALASIA-COLD/ (GENERAL FEATURE, PIX)

[LANGEN|AFA|CSA|LBY|RWSA|RWS|REULB|GNS|G|RBN|ABN|O|OIL|RNP|PGE|PEN|SXNA
Document LBA0000020080122e41m001jk

MAJLISI NAMOYANDAGON BOARD CONSIDERS AMENDMENTS TO THE 2008 BUDGET LAW

DUSHANBE, January 22, Asia-Plus - The board (Shuro) of Tajikistan's lower chamber (Majlisi Namoyandagon) of parliament considered amendments to the RT Law "On the National Budget for 2008" at a January 21 meeting presided over by its head Saydullo Khairulloyev.

Muhammadato Sultonov, a spokesman for the Majlisi Namoyandagon, said that the board had also considered amendments to the law on inspection of economic entities as well as criminal-procedural, family and forestry codes.

Some of the issues were submitted for resolution to the Majlisi Namoyandagon committees and some others will be considered at a sitting of the fourth session of the Majlisi Namoyandagon of the third convocation that will be held on January 30, the spokesman said.

TAJIK CUSTOMS OFFICERS TRANSFER MORE THAN 1 BILLION TJS TO THE COUNTRY'S BUDGET IN 2007

DUSHANBE, January 22, Asia-Plus - In 2007, Tajik customs officers collected 1.11 billion somonis (TJS) in customs duty, which is 50 percent more than in the previous year, Nematboy Rahmatov, the first deputy chief of Tajik Customs Service, announced at a news conference in Dushanbe on January 21.

According to him, it has become possible due to enhancement of personnel policy, expansion of cooperation among customs services of the region, as well as creation of favorable conditions for development of export-import operations.

In 2007, the external trade turnover of Tajikistan, including electric energy and natural gas, amounted to \$3.9 billion, Tajik customs official said.

The trade balance was negative and amounted to \$1.1 billion. In 2007, exports of goods amounted to \$1.4 billion and imports of goods into the country amounted to \$2.5 billion.

INFLATION STANDS AT SOME 20% IN LATE 2007

DUSHANBE, January 21, Asia-Plus - In 2007, inflation exceeded all expectations and had stood at 19.7 percent by the end of the year, despite government's efforts to hold it at the rate of 7 percent.

According Ghafurjon Rasoulov, a spokesman for the Ministry of Economic Development and Trade (MoEDT), the ministry specialists attribute high inflation rate to world market trends and rising prices of main consumer goods imported to the country.

"In the first half-year of 2007, inflation rate was relatively stable, but beginning from July world prices of flour and fuel rose sharply and affected the inflation rate in the country," the spokesman said, noting that inflation rate rose from 6.3 percent in September to 12.3 percent in October. By the end of the year, inflation had stood at 19.7 percent according to him.

Surge of inflation caused 25.5 percent rise in prices of basic food products, 7.5 percent rise in prices of nonfoods and 17.1 percent rise in prices of the paid rendered services.

In the meantime, according to the National Bank of Tajikistan (NBT), the government intends to curb inflation and hold it at the rate of 8 percent this year.

TAJIKISTAN'S ECONOMY IMPACTED BY FOREIGN ECONOMIC FACTORS, SAYS EXPERT

DUSHANBE, January 21, Asia-Plus - Unfavorable macroeconomic policy of the government and low level of domestic manufacture led to rise in inflation rate in the country last year, known Tajik economist, Professor Hojimhammad Umarov, said in an interview with Asia-Plus.

According to him, the domestic manufacture is now not able to meet requirements of Tajik consumers in the main consumer products. "Therefore, we are under influence of foreign economic factors," the expert said.

According to him, it is possible to curb inflation only in the event if 50 percent of consumer goods are produced inside the country. "While for the time of being, it is impossible to regulate prices on the domestic market," Umarov said.

He named rising world prices of energy resources and grains among main factors that contributed to rise in the inflation rate last year.



Schweizerische Eidgenossenschaft
Confédération suisse
Confederazione Svizzera
Confederaziun svizra

Federal Department of Economic Affairs FDEA
State Secretariat for Economic Affairs SECO