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## **Tajikistan Business Enabling Environment Project Press Review - Issue #4 (74) from February 01, 2008**

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IFC PRESS REVIEW

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### **1. News directly connected to BEE Project**

#### **2. News interesting for Business Environment**

##### **NBT'S MINIMUM CAPITAL REQUIREMENTS STILL REMAIN THE SAME - \$5 MILLION**

**DUSHANBE, February 1, Asia-Plus** - The possibility of increasing minimum capital requirements for Tajik banks is still under consideration, Touraqul Haqnazarov, the head of bank supervision and licensing department of the National bank of Tajikistan (NBT), told Asia-Plus on Friday.

According to him, Tajik central bank's intention to increase its minimum capital requirements for local banks from \$5 million to \$15 million, which had been announced earlier, has not yet been endorsed. "Experts are still looking into this issue," Haqnazarov said, adding that it could be ruled out that new NBT's minimum capital requirements would be much lower than the announced \$15 million.

"However, NBT's minimum capital requirements for local banks still remain the same - \$5 million," the NBT official said.

Haqnazarov noted that a total capital of Tajikistan's banks rose 87 percent in the year to December 31, 2007, reaching 650 million somonis (equivalent to some \$187.5 million).

In 2006, the total capital of Tajik bank amounted to 347 million somonis (equivalent to some \$100,000), Tajik central bank official said.

"The total banks' capital is expected to increase even more this year due to issuing additional shares and received profits," said Haqnazarov, "To date, a segment of market, covered by banks, has increased and number of products offered by banks has increased as well. All this promote strengthening of a system of insurance of deposits."

At present nine banks operate in Tajikistan: Agroinvestbank, Orienbank, SohibkorBank, Bank Eskhata, Amonatbank (Tajik savings bank), Tojiksodirotbank (TSB), Tajikistan Development Bank (TDB), TajPromBank and The First MicroFinance Bank. Additionally, branches of Iran's Tejarat Bank and Kazakhstan's Kazkomertzbank also function in the country.

## **TAX INSPECTORS HAVE SECURED A "HEAVY CROP" IN 2007**

**DUSHANBE, January 31, Vecherny Dushanbe**

***The World Bank is granting the Tax Committee under the Government of RT the amount of 496 000 USD for improvement of the tax system in our republic.***

On the press-conference that has been covered on the 28th of January in the Tax Committee of RT, the chairman of the Tax Committee of the Government of RT Hakim Salimov has informed the journalists of SME that the grant is the first step to cooperation with the World Bank. Besides, the documents for the receipt of a credit on the amount of 15 millions somoni from the financial structures are in preparation.

All efforts in this direction are made for improvement of the tax system and organization of a single bank of the tax revenues and control of the activity of juridical and physical persons in the financial sphere.

The fiscal closing shows that the revenues and obligatory payments at the sum of 1273 millions somoni have been recited to the state budget. The index is higher if compared to the one of 2006 (the difference is 241 millions somoni). All tax agencies, excluding inspections of Matchin district (87.7%), Spitamen district (98.1%), the districts of Sogd province, Bohtar district (85.5%), Djilikul district (82.3), Abdurahmon Djami district (94.5%), Mirsaid Ali Hamadoni district (89.6), Vakhsh district (82.6), the districts of Khatlon oblast have implemented the plan on taxes and obligatory payments.

When Mr. Sloliev was asked about tax collections from foreign companies working in RT, he answered that the problem of taxation of foreign companies and juridical persons actually exists and actions to its solution are taken.

- We are still not strong in the technical way, especially the structure of tax system in outlying regions of Republic, but we are making all efforts in order to improve the system of centralized database. 200 computers were purchased in 2007 while in 2008 we plan to obtain 300 – as the chairman the Tax Committee has mentioned.

## **WATER INFLOWS INTO NORAK RESERVOIR NEARLY DOUBLE**

**DUSHANBE, January 31, Asia-Plus** - The water inflows into the reservoir powering the Norak hydroelectric power station (HPS) have nearly doubled over the past week, according to Barqi Tojik (Tajik electric systems) power holding.

The source at Barqi Tojik told Asia-Plus Wednesday evening that last week the highest rate of water inflows into the Norak reservoir was 90 cubic meters per second, "while today the water inflows were reported at the rate of 160 cubic meters per second."

According to him, warmer temperatures have increased the water inflows. However, there ought not to expect much improvement and essential increase in an amount of electricity generated by the Norak HPS, the source noted.

"Reserves of water in the reservoir have practically been exhausted and only five meters remain to the critical level: today, the water levels at the reservoir are at 862 meters above sea level," the source said, adding that the station now generates only some 40 million kWh of electrical power per day.

We will recall that 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.

According to the power holding head Sharifkhon Samiyev, the rate of water inflows into the reservoir had been 200 cubic meters per second.

## **TAJKISTAN WILL NOT BE LEFT WITHOUT COMMUNICATIONS IN CASE OF POSSIBLE SUSPENSION OF NORAK HPS**

**DUSHANBE, January 31, Asia-Plus** - In case of the possible suspension of the Norak hydroelectric power station (HPS), which provides some 70 percent of Tajikistan's population with electrical power, the fixed-line telecommunications network will remain operational, Deputy Transport and Communications Minister, Beg Zuhurov, said in an interview with Asia-Plus.

According to him, all facilities providing the country with telecommunications services will operate on stand-by units.

"All dial exchanges have charged storage batteries in reserve, which are able to keep the dial exchange operational during 12 hours," said Zuhurov, "Besides, the dial exchanges are provided with diesel-run generators and sufficient fuel supplies to ensure regular work of generators."

There is also the third version, meant for operation in emergency situations, the deputy minister said. "We have agreements with neighboring countries on the supply of electrical power for providing work of communications sector in the critical situation," he said.

## **TAJK FM, UN RESIDENT COORDINATOR DISCUSS ENERGY CRISIS IN TAJIKISTAN**

**DUSHANBE, January 30, Asia-Plus** - Issues related to ongoing energy crisis in Tajikistan were discussed at a meeting of Foreign Minister Hamrokhon Zarifi with Mr. Michael Patrick John, Resident Coordinator of the United Nations in Tajikistan, that was held in Dushanbe on January 29 according to Tajik MFA.

During the meeting, the two discussed issues of providing the population with electrical power as well as possible contribution of the UN to solution of problems facing the country.

The also considered issues related to an international conference that is expected to be held in Dushanbe in June 2008 to discuss water-related disaster risk reduction.

We will recall that the UN Resident Coordinator in Tajikistan, Michael Patrick John, presented a copy of his credentials to Tajik Foreign Minister Hamrokhon Zarifi on December 18, 2007.

Until January 2007, William Paton was the UN Resident Coordinator in Tajikistan. After that, Yerzhan Murat had been temporarily carrying out this duty.

## **ECONOMY MINISTRY PROMISES TO HALVE POVERTY LEVEL BY 2015**

**DUSHANBE, January 29, Asia-Plus** - Speaking to journalists at a press conference in Dushanbe, Economic Development and Trade Minister Ghulomjon Bobozoda said that the government has adopted a new long-term program aimed at promoting economic development and poverty reduction in the country.

Under this program, the level of poverty is expected to be halved by 2015, the minister said.

On the country's economic results in 2007, Bobozoda noted that despite high rate of inflation (19.7 percent), an actual rate of wage rise last year was 16.8 percent. Within the next few years, the government plans to maximally increase number of jobs and develop domestic production, he said.

According to him, four textile factories are currently being built in Sughd and Khatlon provinces. "These factories will be capable to process totaling 23,000 tons of cotton per year and create some 3,000 new jobs," Bobozoda said.

## **TAJKISTAN TO SPEND \$1 MILLION FOR WORKING OUT THE SINGLE WINDOW CONCEPT**

**DUSHANBE, January 30, Asia-Plus** - \$ 1million will go to working out the Single Window Concept in Tajikistan, Marouf Sayfiyev, the first deputy head of the State Committee for Investments and Management of State-owned Property, remarked at a press conference in Dushanbe on January 28.

According to him, this amount is provided within the framework of Tajikistan's Private Sector Development Strategy, which is being implemented under financial support of the Asian Development Bank (ADB) and the European Commission. A grant package of \$2.9 million is aimed at boosting Tajik government's capacity in promoting private sector development, Sayfiyev said.

He noted that provided \$1 million would primarily go to supporting development of institutional potentials of ministries and organizations, involved in working out the Single Window Concept, and paying services of international consultants.

The Single Window System is a trade facilitation idea. As such, the implementation of a single window system enables international (cross-border) traders to submit regulatory documents at a single location and/or single entity. Such documents are typically customs declarations, applications for import/export permits, and other supporting documents such as certificates of origin and trading invoices.

The main value proposition for having a Single Window for a country or economy is to increase the efficiency through time and cost savings for traders in their dealings with various government authorities for obtaining the relevant clearance and permit(s) for moving cargoes across national or economic borders. In a traditional pre-Single Window environment, traders may have had to contend with visits and dealings with multiple government agencies in multiple locations in order to obtain the necessary papers, permits and clearance in order to complete their import or export processes.

There is no single definitive viewpoint of what a single window system should be. A common definition of the term "Single Window" is "A facility that allows parties involved in trade and transport to lodge standardized information and documents with a single entry point to fulfill all import, export, and transit-related regulatory requirements. If information is electronic then individual data elements should only be submitted once."

The concept is recognized and promoted by several world organizations that are concerned with trade facilitation. Among them are the United Nations Economic Commission for Europe (UNECE) and its Center for Trade Facilitation and Electronic Business (UNCEFACT), World Customs Organization (WCO), SITPRO Limited of the United Kingdom and the Association of Southeast Asian Nations (ASEAN).

In the meantime, according to the State Committee for Investments and Management of State-owned Property, as of December 31, 2007, an amount of drawn credit portfolios in Tajikistan has exceeded \$631 million, which is 40 percent of a total amount of Tajikistan's investment portfolio, which amounted, as of December 31, 2007, to \$1,368,319,000. The totaled includes \$1.0664 billion in loans, \$160,800 in grants, \$99,500 of budgetary funds and \$40,500 were provided from other sources.

#### **TAJIKISTAN'S EXTERNAL DEBT AMOUNTS TO \$1.1199 BILLION IN 2007: MOF**

**DUSHANBE, January 30, Asia-Plus** - In 2007, Tajikistan's foreign debt estimated at \$1.1199 billion, or 30 percent of the country's GDP, which amounted to \$3.7089 billion last year, Temourali Afghonov, the head of the department for state debt and financial assets of the Ministry of Finance (MoF), said in an interview with Asia-Plus.

The MoF official attributes the country's debt increase to newly attracted loans. According to him, long-term loans from the World Bank, the Asian Development Bank, the Islamic Development Bank, Kuwaiti and Saudi Development Funds, and China's Exim (Export/Import) Bank form the bulk of Tajikistan's debt.

The total debt also includes loans from other countries, mostly from Uzbekistan (\$63.6 million), the United States (15.3 million) and Russia (\$15 million).

"Negotiations conducted between the governments of Tajikistan and Uzbekistan in 2007 resulted in signing of an agreement on terms of the secondary debt restructuring," Afghonov said.

Afghonov noted that Tajikistan last year paid off its debt of \$2.2 million to Kyrgyzstan.

#### **RAHMON ASKS HIS TURKMEN COUNTERPART FOR INCREASING POWER SUPPLIES TO TAJIKISTAN**

**DUSHANBE, January 29, Asia-Plus** - President Emomali Rahmon yesterday had a telephone conversation with his Turkmen counterpart, President Gurbanguly Berdymukhamedov, to discuss cooperation issues, presidential press service said.

Cooperation between Tajikistan and Turkmenistan in the field of energy was focus of their talks. Rahmon, in particular, asked Berdymukhamedov for increasing electricity supplies to Tajikistan.

For his part, the Turkmen head of state assured that he would order to increase the volume of Turkmen electrical power supplied to Tajikistan as far as possible, the Tajik presidential press service said.

The same day, Emomali Rahmon had a telephone conversation with Kazakhstan's President Nursultan Nazarbayev.

The two discussed state and prospects of further expansion of bilateral cooperation between Tajikistan and Kazakhstan.

Rahmon briefed his Kazakh counterpart on an official beginning of functioning of the branch of Kazakhstan's Kazkomertsbank in Tajikistan and expressed hope that it would promote expansion of economic cooperation between the two countries.

In the course of the talks Nazarbayev invited Rahmon to pay an official visit to Kazakhstan.

## **“ALL OUR RESERVES PRACTICALLY EXHAUSTED,” SAYS TAJIK POWER HOLDING HEAD**

**DUSHANBE, January 29, Asia-Plus** - “Today, we cannot speak just about limited power supplies across the country, because we have used practically all existing reserves,” Sharifkhon Samiyev, the head of state-controlled energy company Barqi Tojik (Tajik electric systems), announced at a press conference in Dushanbe on January 28.

According to him, the government is currently taking efforts to provide the capital city with electrical power. “Dushanbe residents have driven us to so state that we thinking only of them day and night,” the Barqi Tojik top manager said.

“The capital city now receives electricity at rate of 8-10 million kWh per day,” Samiyev said, noting that electricity to Kulob, Qurghon Teppa and some districts adjoining Dushanbe is supplied at the rate of 30,000 kWh per day as far as possible.

On the water levels at the Norak reservoir, Samiyev said that water levels at the reservoir have fallen from 910 meters above sea level on September 17, 2007 to 863 meters. “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;” he said.

According to expert estimations, the present volume of water at the reservoir is sufficient to power the Norak electric power station (HPS) only until February 10. “After that, the station will work only on water inflows in the Vakhsh River,” the Barqi Tojik top manager said. In this case, the daily generation of electrical power by the station will reduce from the present 39 million kWh to some 25 million kWh. Samiyev noted that today, the only hope is for electricity supplies from Turkmenistan. “We are currently negotiating with our Turkmen colleagues the possibility of increasing electricity imports from Turkmenistan,” he said, reminding that Tajikistan now receives electrical power from Turkmenistan at the rate of some 3.25 million per day.

In the meantime, in accordance with an agreement signed between Tajikistan and Turkmenistan in October 2007, Turkmenistan is planned to supply electricity to Tajikistan during autumn-winter period at the rate of 6 million kWh per day.

## **TAJIKISTAN TO RECEIVE KYRGYZ ELECTRICITY AT THE RATE OF 500 KWH PER DAY**

**DUSHANBE, January 29, Asia-Plus** - Speaking to journalists at a press conference in Dushanbe, Sharifkhon Samiyev, the head of Tajik state-controlled energy company Barqi Tojik (Tajik electric systems), said, “Starting from January 29, Kyrgyzstan will supply electrical power to Tajikistan at the rate of 500 kWh per day.”

According to him, Kyrgyz electrical power is supplied on condition that Tajikistan will compensate Kyrgyzstan for the supplied electrical power before the end of May.

We will recall that during his meeting with his Kyrgyz counterpart, Igor Chudinov in Moscow on January 24, Tajik Prime Minister asked him for increasing an amount of Kyrgyz electricity supplied to Tajikistan.

The Barqi Tojik head also noted that the supply of Tajik electricity to Afghan province of Kunduz had been suspended for uncertain time. According to him, Tajikistan was supplying electrical power to neighboring Afghanistan at the rate of 30,000 kWh per day at request of Afghan authorities.

## **TAJIK 2007 TAX RECEIPTS REACH SOME \$367 MILLION**

**DUSHANBE, January 29, Asia-Plus** - Tajik government receipts in 2007 were 1.273 billion somonis (equivalent to some \$367 million), up 112.7 million somonis from the amount foreseen in the initial budget for the year, Hakim Soliyev, head of Tajikistan's Tax Committee, announced at a press service in Dushanbe today.

According to him, compared to 2006 Tajik government tax receipts last year increased by 266 million somonis.

Soliyev said that targets on all tax types, except the single tax for the agricultural producers, were overfulfilled last year.

We will recall that in accordance with Tajikistan's Tax Code, 17 types of taxes consisting of state and local taxes prevail in the country.

The tax committee chief added that some districts had failed to fulfill their tax collection targets. “Thus, Mastchoh district reached only 87.7 percent of the target, Spitamen – 98.1 percent, Bokhtar – 85.5 percent, Jilikul – 82.3 percent, Jomi – 94.5 percent, and Vakhsh – 82.6 percent,” Soliyev said.

The tax committee chief noted that despite measures taken to file back taxes, last year's tax arrears amounted to 70 million somonis, bringing the total amount of back taxes to 384 million somonis.

“In Dushanbe, tax arrears have increased up to 6.9 million somonis, in Sughd up to 99.5 million somonis, Khatlon up to 105.5 million, and in districts subordinate to the center (RRPs), the tax arrears have increased up to 43.7 million somonis,” Soliyev said.

## **TAJIKISTAN PLANS TO INCREASE TAX COLLECTION BY 2.5 TIMES THIS YEAR**

**DUSHANBE, January 29, Asia-Plus** - Speaking to journalists at a press conference in Dushanbe on January 28, Tajik Tax Committee chief Hakim Soliyev said that Tajikistan's Tax Committee plans to increase tax collection by 2.5 times this year.

According to him, specialists from the Tax Committee are currently studying all sources of tax receipts and appropriate document will be submitted for consideration to the government in February. Soliyev added that in the line with president's instruction they plan to transfer 600 million somonis to the national budget this year in addition to the target.

The Tajik tax office chief said they intended to increase annually tax receipts up to 3 billion somonis in the coming two or three years.

He noted that if president's instruction is fulfilled successfully, an average monthly wage will double in 2009.

Soliyev stressed that president's executive office had tasked the tax committee to increase Tajik 2008 tax receipts by 63 percent compared to the 2007 level.

## **TAJIKISTAN'S EXTERNAL TRADE TURNOVER FOR 2007 STANDS AT NEARLY \$4 BILLION**

**DUSHANBE, January 28, Asia-Plus** - In 2007, Tajikistan's external trade turnover, including electrical power and natural gas, amounted to \$3.9236 billion, Deputy Finance Minister, Sherali Safarov, announced at a news conference in Dushanbe on January 26.

The trade balance was negative and amounted to \$987.4 million.

Exports of goods in 2007 amounted to \$1.4681 billion, and imports of goods into the republic amounted to \$2.4555 billion, the deputy minister said.

Safarov noted that inflation for 2007 stood at 19.7 percent. According to him, such a high inflation rate has been reported in the country for the first time over the past five years.

He said that rise in the inflation rate had resulted from rising world prices of oil products and wheat as well as rising domestic prices of electricity and natural gas.

## **CAPITAL MAYOR ORDERS TO CUT OFF ELECTRICITY SUPPLIES TO CONSUMER SERVICES CENTERS**

**DUSHANBE, January 28, Asia-Plus** - The power supply situation was focus of a January 26 meeting of the Dushanbe mayor's office, presided over by its head Mahmadsaid Ubaidulloyev.

Shavkat Saidov, a spokesman for the capital mayor, told Asia-Plus on Monday that Ubaidulloyev ordered at the meeting that electricity supplies should be cut off to all consumer services centers irrespective of forms of property if they impede providing electricity supplies to the public.

Heads of the consumer services centers are recommended to organize operation of their facilities with use of other types of fuel, the spokesman said. They are also to provide installation of separate transformers for supplying electrical power to their centers.



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