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IFC PRESS REVIEW

1. News directly connected to BEE Project

TAJIK PARLIAMENT PASSES FIRE SAFETY LAW

DUSHANBE, February 14, Asia-Plus - The lower house (Majlisi Namoyandagon) of the Tajik parliament has approved the new RT Law "On Fire Safety," which regulates legal aspects of fire safety requirements.

A regular sitting of the fourth session of the Majlisi Namoyandagon of the third convocation, presided over by its chairman, Saydullo Khairulloyev, was held on February 13.

Speaking at the session, MP Shodi Shabdolov noted that the law does not provide for social security of firefighters.

"There ought not to compare firefighters to policemen working in offices or regulating traffic," said the parliamentarian, "Their service entails great danger and risk, and therefore, the law should have provided their social security."

Khairulloyev suggested that Mr. Shabdolov should prepare his proposals and send them to the government for working out amendments to the law.

The session also endorsed amendments made to the laws on the constitutional court, courts, national budget for 2008, public associations, and education, as well as the criminal penalty execution code.

The session also ratified an agreement between Tajikistan and Turkmenistan on friendship and cooperation.

2. News interesting for Business Environment

TURKMENISTAN INCREASES ELECTRICITY SUPPLIES TO TAJIKISTAN

DUSHANBE, February 14, Asia-Plus - Turkmenistan has increased the supply of daily electrical power to Tajikistan from 3.5 million kWh to 5.9 million kWh, Asia-Plus has learned from Rashid Gulov, the deputy engineer-in-chief at Barqi Tojik power holding.

According to him, Tajik Energy and Industries Minister Sherali Gul voiced the request for increasing the volume of electricity it currently supplies to Tajikistan at a meeting with Turkmen President Gurbanguly Berdymukhammedov in Ashgabat, Turkmenistan on February 13.

According to the Russian news agency RIA Novosti, the Turkmen president reportedly agreed to provide maximal assistance within the bounds of the possible. The Turkmen head of state said that 500 tons of diesel fuel would be sent to Tajikistan in the near future.

In the course of the talks, the sides also exchanged views on state and prospects of further expansion of bilateral mutually beneficial cooperation between Tajikistan and Turkmenistan. A special attention was given to cooperation in the transportation sector, including organization of aerial communication between the two countries.

Tajik energy and industries minister heading the government delegation arrived in Turkmenistan to participate at the first session of the Tajik-Turkmen commission for trade and economic cooperation that was held in Ashgabat yesterday.

Rashid Gulov also noted that Tajikistan has received electricity supplies from Uzbekistan at the rate of 2 million kWh per day.

We will recall that Mirodil Abdurazzakov, an official with the Uzbek Embassy in Dushanbe, announced on February 12 that Uzbekistan on February 11 resumed its electricity supplies to Tajikistan. On February 11, the Uzbek electricity supplies resumed at a level of 1 million kWh and doubled on February 12.

BARQI TOJIK DENIES INFORMATION ABOUT SUSPENSION OF POWER SUPPLIES FROM KYRGYZSTAN

DUSHANBE, February 14, Asia-Plus - Tajik state energy company Barqi Tojik has denied information about suspension of electricity supplies from Kyrgyzstan as "unfounded."

Rashid Gulov, the deputy engineer-in-chief at Barqi Tojik, told Asia-Plus today that Kyrgyzstan continues supplying electrical power to Tajikistan at the rate of 500,000 kWh per day.

In the meantime, some media yesterday reported that Kyrgyz Energy and Industry Minister Saparbek Balkibekov announced suspension of electricity supplies to Tajikistan at a meeting of Kyrgyz government that was held in Bishkek on February 13.

According to reports, the Kyrgyz minister allegedly noted that Tajikistan had refused to fulfill its obligations on an agreement reached in January, and therefore, Kyrgyzstan had suspended electricity supplies to Tajikistan.

We will recall that under an agreement reached between the two countries Kyrgyzstan had exported electricity to Tajikistan at the rate of 500,000 kWh per day since January 29. Kyrgyzstan was supposed to supply totaling 11 million kWh of electrical power to Tajikistan during the winter months. Kyrgyz electrical power has been supplied on condition that Tajikistan will compensate Kyrgyzstan for the supplied electrical power by supplying 55 million kWh of electricity in April-May.

GOVERNMENT INTENDS TO HOLD INFLATION RATE AT 8 PERCENT THIS YEAR

DUSHANBE, February 14, Asia-Plus - According to the National Bank of Tajikistan (NBT), inflation for January stood at 1 percent. The source at Tajik central bank said that the government intends to hold inflation rate at 8 percent by the end of this year.

However, known Tajik economist Hojimuhammad Umarov doubts that the government will be able to curb inflation rate this year.

“Unfavorable macroeconomic policy of Tajikistan and low rate of domestic production are key factors that contribute to increase in the inflation rate in the country,” said the expert, “Tajikistan should increase the volume of production of goods. The inflation rate will be curbed only in the case if some 50 percent of consumer goods are produced in Tajikistan itself.”

According to him, even if the government takes specific measures to regulate prices on consumer market and strengthens antimonopoly policy, inflation will stand at 12-15 percent but not 8 percent by the end of the year. He noted that lending encouragement would also allow curing inflation in the country.

We will recall that last year, despite government's efforts to hold inflation rate at 7 percent inflation stood at 19.7 percent by the end of 2007.

SOME ASPECTS OF THE TAX REFORM IN TAJIKISTAN

DUSHANBE, February 14, Business and Politics - The analysis made has shown that at present the level of retail sales tax, road users tax and VAT collections is quite low and are not compliant with the level of GDP. Therefore it is suggested to call for gradual reduction of rates of the taxes mentioned above. At first, starting from 2009 it is planned to reduce the rate of retail sales tax up to 2 %, the road user's tax – up to 1 %, the VAT – up to 18 %. The proposed measures, as the experience of other countries has shown, nit so much influencing the government revenues, should contribute to elimination of unsound business competition and legalization of the specific economic area.

The tax discipline is tightly connected with the transparency and simplicity of the mechanism of computation of taxes. Current order of computation of VAT and road user's tax is quite complicated and does not meet the requirements of the level of economic awareness of the majority of directors of different economic entities and entrepreneurs. For this reason, among those who violate the tax legislation there is a considerable number of those who do not know the order and mechanism of tax calculation. Taking into account the current economic situation in the sphere of agriculture and living standards of rural population, it is recommended to reconsider the rates of social tax of economic entities, connected with the agriproduct production and processing, to reduce them up to 5 % every year during the following 3 years. It is also recommended to introduce the regressive scale of taxation.

The analysis of the results of the activity of economic entities has shown that the choice of the economic entities is made without preliminary analysis of compliance with the tax legislation. As a result, good faith taxpayers and those who violate tax legislation go in one line and the possibility of tax inspection is the same for both.

It is the right time for the inspection bodies to move from total inspection of taxpayers to the inspection only of those who make violations of tax legislation. It would be good to find some criteria according to which those taxpayers who do not make violations can be dismissed from tax inspections. Such criteria can be missing of tax liabilities, profitability and other factors of economic and financial activities.

TAJIKISTAN HAS BEEN INVITED TO CREDIT RATING

The questions of assumption of sovereign credit rating in the Republic of Tajikistan were discussed by ministers of economic bloc, the representatives of state and private financial structures and the international experts in Dushanbe.

When giving his speech to the participants of the meeting held in “Kohi Vahdat” the Chief of the State Committee of Investments and State Property Management, Farrukh Khamraliev noted that the sovereign rating is a signal to the international investment community and different countries about the fact that authorities do make improvements in transparency, administration and attraction of the private investments.

“There is a considerable amount of natural resources in Tajikistan, especially in the sphere of energetics and metal mining industry.

However, the international investors do not have a full information on the investment climate and the projects attraction in the republic”, - as Mr. Khamraliev has told.

In the course of the meeting such companies as Moody's, Standard & Poors, Fitch Ratings have made their own presentations on further observance of assumption of sovereign credit rating to Tajikistan.

UZBEKISTAN RESUMES ELECTRICITY SUPPLIES TO TAJIKISTAN

DUSHANBE, February 13, Asia-Plus - Uzbekistan has resumed electricity supplies to Tajikistan, according to the Uzbek Embassy in Dushanbe.

"On Monday, Uzbekistan Monday supplied 1 million kWh of electricity to Tajikistan," said Mirodil Abdurazakov, the head of the consular section of the Uzbek Embassy. "Yesterday, power supplies were increased to 2 million kWh of electricity per day."

According to him, Uzbekistan suspended electricity supplies to Tajikistan on February 4 because unusually cold weather has led to a higher demand for power in Uzbekistan itself.

"Today the situation is gradually improving and we now have an opportunity to help our neighbors," Uzbek diplomat said, noting that electricity supplies to Tajikistan will gradually increased.

KAZAKHSTAN RESPONDS TO TAJIK PRESIDENT'S REQUEST FOR HELP

DUSHANBE, February 12, Asia-Plus - Kazakhstan intends to provide humanitarian aid to Tajikistan to mitigate effects of ongoing energy crisis and severe electricity shortages, Kazakh Ambassador to Tajikistan Yerlan Abildayev announced at a press conference in Dushanbe on February 11.

According to him, such a decision was made after a telephone conversation of President Emomali Rahmon with his Kazakh counterpart, President Nursultan Nazarbayev, that was held at the end of last week.

"The Kazakh government is currently considering this issue," said the ambassador, "Kazakhstan plans to send to Tajikistan fuel to provide work of its heat and power plants as well as wheat flour and grains for the population."

CAPITAL MAYOR URGES STRICT OBSERVANCE OF POWER SUPPLY SCHEDULE

DUSHANBE, February 12, Asia-Plus - Capital mayor Mahmadsaid Ubaidulloyev yesterday held a meeting to discuss observance of the power supply schedule introduced in Dushanbe.

Shavkat Saidov, a spokesman for the Dushanbe mayor, said that during the meeting it had been noted that instances of failure to strictly keep the schedule of electricity rationing introduced in the city have been recorded in some areas of Dushanbe.

The mayor demanded at the meeting that administration of the Dushanbe electric systems should take adequate measures to ensure observance of the power supply schedule set for the city, under which residential consumers should have electricity ten hours per day -- five hours in the morning (from 5 a.m. to 10:00 p.m.) and five in the evening (from 5:00 p.m. to 10:00 p.m.), the spokesman said.

The meeting also discussed a number of other issues.

USE OF GAS FOR HEATING APARTMENTS CAUSES DECLINE IN PRESSURE IN GAS PIPELINES

DUSHANBE, February 12, Asia-Plus - Because of unusual cold weather and severe electricity shortages people in Tajikistan are forced to use natural gas not only for cooking but also for heating their apartments that leads to decline in pressure in gas pipelines, according to Tajik state natural-gas distributor Tojkgaz.

The source at Tojkgaz noted that under the signed contract Tajikistan now imports natural gas from Uzbekistan at the rate of 2.4 million cubic meters per day.

"We have signed the contract proceedings from the fact that gas will be used only for cooking but not for heating houses," the source said, adding that the supply of Uzbek gas has increased from 60,000 cubic meters per hour on February 1 to 80,000 cubic meters per hour.

"It has become possible due to the fact that Tojkgaz has paid off its roughly \$7 million debt to Uzbekistan.

We will recall that Uzbekistan in late January cut natural-gas shipments to Tajikistan by one-third due to the roughly \$7 million in arrears that Tojkgaz owes to Uzbekistan.

Since the beginning of the year, Uzbekistan has supplied more than 95 million cubic meters of gas to Tajikistan. This year, Tajikistan plans to import 650 million cubic meters of natural gas from Uzbekistan.

In the meantime, the public debts for gas consumption have to date exceeded 140 million somonis. State-owned enterprises now owe more than 15 million somonis to Tojkgaz and federally funded organizations owe some 1 million somonis.

34 OF 990 ELECTROLYSIS BATHS AT TAJIK ALUMINUM SMELTER DISCONNECTED FROM POWER SUPPLY

DUSHANBE, February 12, Asia-Plus - Severe electricity shortages have led to a 20 percent reduction in electricity supplies to the Tajik aluminum smelter, and therefore, Tajik Aluminum Company (TALCO) has been forced to suspend 34 of 990 electrolysis baths from operation, according to TALCO's press service.

The aluminum plant now receives electricity supplies at the rate of little more than 16 million kWh per day, while before that, the supply of daily electricity to the smelter had been 21 million kWh, the press service said.

"Because of a 4 million kWh reduction the plant's administration has been forced to gradually disconnect 34 electrolysis baths from the power supply; moreover, current intensity in other baths has been reduced by 176 to 148 kiloampere," the source at TALCO's press service said.

The Tajik aluminum smelter has some 990 electrolysis baths.

US TO PROVIDE HUMANITARIAN AID TO TAJIKS AFFECTED BY COLD WEATHER AND ELECTRICITY SHORTAGES

DUSHANBE, February 12, Asia-Plus - This year, the US Government intends to provide humanitarian food assistance through its partners to Tajik families, which have been affected by cold weather and electricity shortages, Ms. Jaclyn MacKennan, Press Attaché, the US Embassy in Dushanbe, said.

She noted that the US Government provides humanitarian aid to Tajikistan's population regularly, and within the framework of food programs, foodstuffs worth \$8.5 million are annually provided to Tajikistan.

In the meantime, Ms. Roziya Qirghizbekova, Economic and Cultural Assistant, Japan's Embassy in Dushanbe, noted that the embassy has not yet received any specific request from the Tajik Government for help in connection with ongoing energy crisis and severe electricity shortages. "However, at request of the Ministry of Health (MoH), the Government of Japan has provided 2,200 blankets for a total amount of some \$92,900 to the ministry through JICA," Ms Qirghizbekova said.

A source at President's Executive Office told Asia-Plus today that the government has not yet made any official appeal to foreign countries for help. In the meantime, Iran's news agency IRNA reports that international aid workers and foreign diplomats have been meeting with Tajik officials, urging them to declare a state of emergency and to make a public appeal for help.

BBC's Natalia Antelava reported on February 6 that the deteriorating food situation is part of the energy crisis which hit the mountainous nation in the middle of its coldest winter for five decades. The cost of food has tripled in recent months, partially because of rising world prices. Some humanitarian agencies claim Central Asia's poorest nation is heading towards catastrophe.

According to BBC, Zlatan Milisic, the country director for the World Food Program in Tajikistan, says it's not just the rural population that's being affected, but people in the cities too. "We are seeing more and more people who are eating just one meal a day. And we only expect the food situation to deteriorate. This is already a real emergency," said Mr. Milisic. He added additional funding was urgently needed to assist the people.

Even at the best of times, tens of thousands of people are malnourished. But this winter is affecting a huge proportion of the population. People are spending all they have on trying to keep warm. And the worst is still to come - Tajikistan is currently using up its last energy resources, and it may face a total blackout.

TURKMENISTAN NEARLY HALVES ELECTRICITY SUPPLIES TO TAJIKISTAN

DUSHANBE, February 11, Asia-Plus - Turkmenistan has nearly halved electricity supplies to Tajikistan.

According to the Ministry of Energy and Industries (MoI), since Sunday, Turkmenistan has supplied electrical power to Tajikistan at the rate of 3.5 million kWh per day instead of the previous 6.6 million kWh.

The source at a MoEI noted that Turkmenistan has reduced electricity supplies because cold weather has led to a higher demand for power in Turkmenistan itself.

Central Asia has for several weeks been experiencing unusually cold weather that has increased domestic electricity consumption across the region and led to widespread power outages across Tajikistan. Turkmenistan is supposed to supply totaling 1.2 billion kWh of electricity to Tajikistan in autumn-winter 2007-2008.

In the meantime, the Norak hydroelectric power station (HPS) has reduced generation of daily electrical power from 40 million kWh to 20-22 million kWh. According to the source, the reduction has resulted from a decline in the water levels in the Norak reservoir.

According to the MoEI, Uzbekistan has not yet resumed electricity supplies to Tajikistan.

SEVERE POWER SHORTAGES AFFECT WORK OF GAS-FILLING STATIONS IN TAJIK CAPITAL

DUSHANBE, February 11, Asia-Plus - Ongoing energy crisis and severe power shortages have affected work of gas-filling stations in Dushanbe.

It is already two days that residents of residential buildings, which are not provided with gas stoves, have not been able to fill their gas cylinders to cook hot meals.

Resident of one of such housing estates, who introduced himself as Rahim Oqilov, told Asia-Plus on Monday that he stood the whole day yesterday to fill his gas cylinder yesterday. "Yesterday, I stood the whole day at the gas-filling station [from 10:00 a.m. to 4:00 p.m.] to fill my gas cylinder, which is the only salvation for our family these days," said Oqilov "The queue was so huge that I managed to fill my cylinder only in the evening."

In the meantime, operators at the gas-filling stations say that they have sufficient liquefied gas but because of power disruptions they cannot work regularly.

At present the price of one liter of liquefied gas in Dushanbe is 2.10 somonis and filling a 20-liter cylinder comes to 40 somonis (equivalent to \$12.00)

ELECTRICITY SHORTAGES AFFECT TAJIK MEDIA

DUSHANBE, February 11, Asia-Plus - Electricity rationing introduced in Dushanbe on February 7 also affected the state-controlled publishing house Sharqi Ozod, which prints all the state-run and many private newspapers.

The publishing house has electricity only ten hours per day – five hours of electricity in the morning (from 5:00 a.m. to 10:00 p.m.) and five in the evening (from 5:00 p.m. to 10 p.m.).

The publishing house is under jurisdiction of president's executive office and the Sharqi Ozod director Manzourkhon Dodokhonov told Asia-Plus on Monday that they already informed president's office of the power supply situation, "however, no measures have been taken to provide regular electricity supplies."

In the meantime, even the introduced rationing is not observed properly. Today, for example, electricity supplies to Sharqi Ozod were cut off at 7:30 a.m. instead of the planned 10:00 a.m. Many weeklies and news agencies are forced to work in snatches. It is cannot be ruled out that many weeklies will not be brought out this week.

SUPPLY OF DAILY ELECTRICAL POWER TO TAJIK CAPITAL REDUCED BY 14 HOURS

DUSHANBE, February 8, Asia-Plus - Barqi Tojik (Tajik electric systems) power holding introduced electricity rationing in Dushanbe yesterday night.

The Barqi Tojik head Sharifkhon Samiyev yesterday evening appeared on Tajik national TV to give details of a new power supply schedule introduced in the capital city. He announced new measures rationing electricity supplies. According to him, the measures have been introduced in all districts of Dushanbe and seek to curb the city's rising electricity consumption.

The rationing was introduced yesterday night and resulted in the supply of daily electrical power being reduced to 10 hours – five of electricity in the morning (from 5:00 a.m. to 10 a.m.) and five in the evening (from 5:00 p.m. to 10:00 p.m.). Samiyev noted that the rationing affects all residential buildings and enterprises, with the only exceptions limited to "facilities of statewide importance."

The power holding top manager noted that before that Dushanbe had received electricity supplied regularly, while residents of other regions of the country have had electrical power only for three hours per day – 1½ hours in the morning and 1½ in the evening.

He added that strict power supply limitations would affect all cities and districts of the country. "Beginning on February 8, the supply of daily electrical power in the Khatlon province will be reduced from 3-3.5 million kWh to 2 million kWh, districts subordinate to the center will receive totaling only 1 million kWh of electricity per day," Samiyev said.

Commenting on reasons for introduction of the electricity rationing, Samiyev noted that it had been introduced due to electricity shortages and a critical situation at the Norak hydroelectric power station (HPS). According to him, the water levels at the Norak reservoirs have neared critical level, and over the first six days of February, the inflow of water inflow in the reservoir has been 80-90 cubic meters per second, while the normal rate for this period is 150-200 cubic meters per second.

"Meteorologists says it will get warmer next week and we will plan to raise power imports from neighboring countries," Samiyev said, noting that power imports will increase up to 10 million kWh of electricity per day by the end of this week.

He also noted that the first of four units of Russian-funded Santuda-1 power plant that was introduced into operation on January 20 currently generates 2.5 million kWh of electrical power per day. In all, it has generated 35 million kWh of electricity since January 20.

Samiyev apologized to the city residents and said that power holding appreciates their understanding and wishes to assure its customers that it is doing everything under its control to resume regular power supply as soon as possible.



Schweizerische Eidgenossenschaft
Confédération suisse
Confederazione Svizzera
Confederaziun svizra

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

With best wishes,
Tajikistan BEE Public Relations/Communication Department