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## **Tajikistan Business Enabling Environment Project Press Review - Issue #11 (81) from March 21, 2008**

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

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

- Tajikistan puts losses from unusually cold winter at \$850 mln.
- Protest of entrepreneurs in Khorog.
- Tajikistan's external trade turnover for Jan-Feb 08 exceeds \$664 million.
- WB hands over 15 generators to medical facilities in Sughd.
- Russia ready to resume flights to Georgia on March 25.
- Tajikistan produces 804.9 million somonis worth of industrial goods in Jan-Feb 08.
- Tajikistan ready to consider issue of electricity supplies to Kyrgyzstan.
- Tajik national air carrier raises passengers on flights to Russian cities.
- M&P director maintains his innocence.
- We hope for unbiased trial, says Oripov's defense lawyer.

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IFC PRESS REVIEW

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

#### **TAJIKISTAN PUTS LOSSES FROM UNUSUALLY COLD WINTER AT \$850 MLN**

**DUSHANBE, March 20, Asia-Plus** - Tajikistan's coldest winter in 25 years has cost the Central Asian state's economy \$850 million in losses, the chairman of the governmental commission on emergency situations said on Tuesday.

The situation is gradually improving with assistance arriving from neighboring states to the disaster hit country, including \$1-million worth of aid from Russia. Restrictions on energy supplies have also been partially lifted.

Khaibullo Latipov told a news conference that the total amount of losses, including lost profits, is more than the country's annual \$585-million budget revenues.

He announced that the Tajik government planned to set up a special commission to investigate the reasons why the country was unable to cope with the severe weather, which has seen the Central Asian state hit by heavy snowfall and temperatures of -20 degrees Celsius (-4 Fahrenheit).

Despite the optimism about warm temperatures, the United Nations Office for the Coordination of Humanitarian Affairs (UNOCHA) is warning that a thaw is likely to cause further disaster, predominantly floods, avalanches and landslides.

The country's health ministry said the public health risk in the country was worsening, as water supplies and sewage systems had been significantly damaged over the winter.

## **PROTEST OF ENTREPRENEURS IN KHOROG**

**DUSHANBE, March 19, Tojikiston** - In Khorog, about 300 near persons hold a mass-meeting with protest against the actions of regional prosecutor office representatives and request to return 6 districts under region subordination.

The meeting was held for an hour near to the Hukumat of Region.

The meeting participants were owners of retailers and entrepreneurs of Roshtkala district and actions of regional prosecutor office caused the meeting. As per words of participants, one group of regional prosecutor representatives during the inspections of retailers on registration and activities asked to pay tax in fuel. Thus, the fight between shop-keepers and specialists of prosecutor's office was started and as a result of the fight 4 people were wounded, including Yoraziz Gulomaliev, Deputy Head of regional prosecutor office that fell into hospital.

At the same time, as it was said in GBAO region prosecutor office, the inspection of entrepreneurs in Roshtkala was scheduled by plan. Also they denied the complaints on behavior of their representatives in relation to shop-keepers.

## **TAJIKISTAN'S EXTERNAL TRADE TURNOVER FOR JAN-FEB 08 EXCEEDS \$664 MILLION**

**DUSHANBE, March 19, Asia-Plus** - In January-March 2008, the external trade turnover of Tajikistan, including electric power and natural gas, has amounted to \$664.2 million, which 114.3 percent of the January-February 2007 level or \$82.9 million more, the State Committee for Statistics said.

The far abroad countries accounted for the trade balance was negative amounted to \$232.6 million.

Exports of goods over the same two-month period have amounted to \$215,740,500, which is more than \$31.2 million or 13.7 percent fewer than in the same period of 2007. Imports of goods into Tajikistan have to \$448,413,400, which is \$34.1 percent or \$114,104,500 more than in January-February 2007. Over the report period, the far abroad countries accounted for 87.8 percent of Tajikistan's exports. Imports mainly came from the CIS countries, and they accounted for 63.6 percent of Tajikistan's imports.

## **WB HANDS OVER 15 GENERATORS TO MEDICAL FACILITIES IN SUGHD**

**KHUJAND, March 19, Asia-Plus** - 15 generators with capacity of 5kW each have been handed over to medical facilities in the Sughd province, Furqat Mansourov, a spokesman for the Sughd health directorate, said.

According to him, the generators, handed over to the provincial health directorate yesterday, will be distributed to central hospitals in cities and districts of Sughd, except the city Khujand and the districts of Ayni and Kuhistoni Mastchoh that recently received 60 KW generators provided by the Asian Development Bank (ADB).

Mansourov note that generators handed over to the health directorate yesterday are part of the Communal and Basic Health Project (CBHP) supported by the World Bank (WB). The Community and Basic Health Project for Tajikistan aims to increase access to, utilization of, and patient satisfaction with health services in project-supported areas, and to build capacity and efficiency at national levels in administering a basic package of health benefits and introducing financing reforms in primary health care. The project is being implemented in Khatlon and Sughd provinces.

## **RUSSIA READY TO RESUME FLIGHTS TO GEORGIA ON MARCH 25**

**DUSHANBE, March 19, Asia-Plus** - Russia is ready to resume flights to Georgia on March 25, the Transportation Ministry said on its website Tuesday.

In late February, Russia and Georgia reached an agreement to resume flights, halted in October 2006, once Tbilisi had repaid its \$3.7 million debt to Russia's State Air Traffic Management Corporation (Rosaeronavigatsia). On March 10, Georgia's largest air carrier paid \$2 million as part repayment of the debt. The transport ministry website confirmed the debt issue had been settled and flights would be resumed from March 25.

A source in Russia's aviation told RIA Novosti that Aeroflot and S7 will be the airlines picked to fly between the two countries. "Aeroflot and S7 will definitely be selected on that route. Other Russian companies have not been considered so far," he said.

Moscow imposed a transportation and postal blockade on Georgia in October 2006 in an apparent retaliation for the detention on espionage charges of four Russian army officers. Russian officials cited commercial reasons, while Tbilisi called the move politically motivated.

## **TAJIKISTAN PRODUCES 804.9 MILLION SOMONIS WORTH OF INDUSTRIAL GOODS IN JAN-FEB 08**

**DUSHANBE, March 18, Asia-Plus** - Over the first two months of this year, Tajikistan has produced a total of 804.9 million somonis (equivalent to some \$233.4 million) worth of industrial goods, according to figures provided by the State Committee for Statistics.

Compared to January-February 2007, the index of the volume of production of industrial goods amounted to only 85.3 percent. Enterprises subordinate to the Ministry of Energy and Industries (MoEI) have produced 118 million somonis (\$34.2) worth of industrial goods over the report period, which is 24.1 percent fewer than the in the same period of 2007.

The energy sector has produced output for only 58.829 million somonis (equivalent to little more than \$17 million) in January-February 2008, which is only was 87.5 percent of the January-February 2006 level.

There was also decrease in production in the light industry, which has reached only 65.8 percent of the January-February 2006 level. Enterprises of the light industry have manufactured only 112.371 million somonis (\$32.6 million) worth of products over the first two months of this year. The similar situation has been reported in the food industry as well. Enterprises of the food industry have produced 172.673 million somonis worth of output over the report period, which is 22.9 percent fewer than in the same period of last year.

Enterprises of the Ministry of Agriculture (MoA) have produced 74.8 million somonis worth of output over the same two-month period, which is 40.9 percent fewer than in January-February 2007. According to the State Committee for Statistics, in February 2008 there were 392 enterprises, or 53.7 percent of the overall number (730), that were not in operation due to severe electricity shortages.

## **TAJIKISTAN READY TO CONSIDER ISSUE OF ELECTRICITY SUPPLIES TO KYRGYZSTAN**

**DUSHANBE, March 18, Asia-Plus** - "We are ready to consider the issue of the supply of electrical power to Kyrgyzstan, but we have not yet received an official application from the Kyrgyz side," Rashid Gulov, the deputy engineer-in-chief at the Tajik state energy company Barqi Tojik, told Asia-Plus Monday afternoon, commenting on reports released by a number of media about Kyrgyz prime minister's intention to discuss with the Tajik government the issue of import of Tajik electricity during the summer months.

According to some Kyrgyz media, Kyrgyzstan intends to introduce electricity rationing during the whole year of 2008. The move stems from a decline in the water level in the Toktagul reservoir, Kyrgyz media said.

In the meantime, electricity rationing in Tajikistan has been partially lifted and electricity supplies to some regions have increased, according to the Barqi Tojik official. "At present Tajikistan daily imports up to 10 million kWh of electricity from Uzbekistan and more than 11 million kWh of electrical power from Turkmenistan," Gulov said, noting Tajikistan itself has generated on average more than 20 million kWh of electricity per day over the past several days.

## **TAJIK NATIONAL AIR CARRIER RAISES PASSENGERS ON FLIGHTS TO RUSSIAN CITIES**

**DUSHANBE, March 18, Asia-Plus** - Tajikistan's State Air Company Tojikiston has raised passenger fares on some flights on average by some 10 percent.

The Tajik national air carrier said the new rates went into effect March 14 on the routes from Dushanbe to the Russian cities.

Thus, passenger fares on the route from Dushanbe to Moscow have rose some 11 percent. An economy class ticket for the flight Dushanbe-Moscow, previously €263 (equivalent to US\$409), now costs €291 (US\$453), while the prices for the flight Moscow-Dushanbe and the roundtrip ticket have remained the same - €207 (US\$322) and €391 (\$609) respectively. The prices of the business class ticket have also remained unchanged - €322 (US\$501) for the route from Dushanbe to Moscow and €243 (US\$378).

In the meantime, the price of the economy class ticket for the flight from Dushanbe to St. Petersburg rose 4 percent, reaching €311 (US\$481). It had previously cost €299 (US\$463). The cost of the passenger fare from St. Petersburg to Dushanbe has remained the same - €227 (US\$353).

The passenger fares on the route from Dushanbe to Yekaterinburg have rose some 11 percent. A ticket for the flight Dushanbe-Yekaterinburg, previously €251 (equivalent to US\$391), now costs €279 (US\$434), while the cost of passenger fare from Yekaterinburg to Dushanbe has remained the same - €195 (US\$303).

Similar price rises have been reported on the routes from Dushanbe to other Russian cities as well. The source at TajikAir said that the introduction of the new rate is connected with a seasonal increase in passenger traffic from Dushanbe to the Russian cities and seasonal decrease in passenger traffic from the Russian cities to Dushanbe.

Tajik labor migrants usually go to the Russian Federation in the spring, and therefore the demand for tickets on the routes from Dushanbe to Russian cities increases during this season, said the source.

## **M&P DIRECTOR MAINTAINS HIS INNOCENCE**

**DUSHANBE, March 17, Asia-Plus** - Marouf Oripov, the director general of the Dushanbe-based Tajik-Dutch joint venture M&P, considers himself innocent of the charges he faces.

The trial of the director general of M&P, which owns a chain of supermarkets Orima in Dushanbe and Kulob, began in Tajikistan's Supreme Court on March 13. Proceedings started with the reading of the indictment, which charges Oripov with giving bribe, tax evasion and forgery.

Speaking at the hearing of his case, Oripov noted on March 14 that all charges brought against him are false. On his business, the M&P top manager said that he has spent more than \$10 million over the past decade to launch the enterprise and run his business. According to him, his company has had close cooperation with international financial institutions. "In 2000, we received a loan of \$1.25 million from International Finance Corporation and in 2006, we received a loan of \$5 million from the European bank for Reconstruction and Development," Oripov said, claiming that international audit companies were regularly inspecting the company.

On the tax evasion charge brought against him, he said that the company was launched as joint venture in 1997 already and under the country's tax code joint ventures were that time exempted from paying sales tax. "Later, amendments were made to the tax code, but we have had the right to continue working on the previous terms," said Oripov. Therefore, the tax evasion charge is unfounded, according to him. Concerning 1,500 tons of confectionery and other products beyond their shelf life that were stored in the M&P warehouses in Dushanbe, Oripov said he has documents under which the products beyond their shelf life are returned to warehouses. "They were stored in the warehouses for further processing because there is such a technology and appropriate documents indicate this," the M&P top manager said.

We will recall that at first, the State Committee for National Security (GKNB) instituted criminal proceedings against Oripov last summer on charge of giving bribe, but later, the case was transferred to the Agency for State Financial Control and Combating Corruption. Oripov was detained in July 2007 when he was trying to give \$10,000 in bribe to the GKNB investigator. Inspections carried out by the GKNB economic squad last July revealed that more than 1,500 tons of confectionery and other products beyond their shelf life were stored in the M&P warehouses in Dushanbe.

The trial is continuing.

## **WE HOPE FOR UNBIASED TRIAL, SAYS ORIPOV'S DEFENSE LAWYER**

**DUSHANBE, March 17, Asia-Plus** - "I have managed to familiarize myself with major part of case materials of my client and relaying of initial analysis of evidences and documents, I may express my opinion. Investigators were unable to produce direct evidence to support my client's guilt; many things have remains unclear," Sergey Mirzoyev, the Moscow defense lawyer Marouf Oripov, said in an interview with Asia-Plus

According to him, there are too many omissions, and there are no answers to many principles questions, in particular "what objective facts and events prove Oripov's guilt on the tax evasion charge." "It will also be not easy to look into this case because Tajikistan's legislation has developed dynamically over years and practice of application of tax laws is just forming," the lawyer said.

Mirzoyev noted that it is not secret that there is practice of determination of taxes and tax receipt "targets." "It means that not tax laws work but officials provide replenishment of the budget in "manual mode" rather than in tax administering mode," the lawyer said. Mirzoyev has compared the trial to a mirror, "and it would be not bad thing for tax, economic and law enforcement officials to look at themselves in that "mirror." HE expressed hope that the trial will unbiased and legal.



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