

Tajikistan Business Enabling Environment/ SME Policy Project Press Review - Issue #51

Dushanbe, 17 August 2007

1. News directly connected to SME Project

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2. News interesting for Business Environment

- Consumer asks!
- Foreign trade turnover of Sughd province increases by more than \$110 million since the beginning of the year.
- Invest in Tajikistan!
- The Owner of ORIMA is arrested
- Tajikistan to set up consultative body for development of private sector.
- Republican state-controlled oil mill has not produced any liter of cotton oil over the past two years.
- Market in Sarichashma prohibited from selling meat.
- Business Environment Improvement Project starts publication.

IFC PRESS REVIEW

1. News directly connected to SME Project

2. News interesting for Business Environment

CONSUMER ASKS!

DUSHANBE, August 17, Arguments and Facts.

1. The issue of food markets were covered in the last issue of this newspaper. Who is responsible for the condition of clothes markets where no one guarantees security? For example, on Panjshanbe market or Kairakum market?
2. Recently my grandmother and I were in the Korvon market where in the close and stuffy shops she felt that we could not go out to the fresh air immediately. Once we found the exit through steep stairs, she almost sprained her foot. We could not find a doctor. Is not the market's administration interested in consumer's comfort? What if the shops catch fire?

The front side of the bazar has a promising sign "Elegant". In the upper shops, indeed, there is stuffy air, where not only an old woman but any person would feel bad and our readers are right about fire security of the building. Before indicating the violations which we noticed we asked the authorized people of the market where they have a normative document with a list of fire security requirements. The reply was: "No". The width of the passes between counters is 1,5 -2 meters instead of the planned 4 meters. The second violation was the sellers products hanging above the exits. This makes consumers bend to enter or exit the building. This limits air circulation. As for fire security it was even worth. On the fire security board instead of fire extinguishers, shovels, and bucket there are products for selling. The sand box is used as storage. Many electrical devices that are supposed to be locked are wide opened.

...Do the employees of the State Fire Department, who come to the market on the regular basis, see all this irresponsibility? Do the controlling specialists of architecture, construction, technical condition and SES agree with such "Market building".

This concerns not only the markets of the capital. According to the letters from Kurgan-tybe, Khujand, Khorog and Gissar the situatin is the same everywhere.

FOREIGN TRADE TURNOVER OF SUGHD PROVINCE INCREASES BY MORE THAN \$110 MILLION SINCE THE BEGINNING OF THE YEAR

KHUJAND, August 17, Asia-Plus - Over the fpast seventh months, the foreign trade turnover of the northern province of Sughd, including electric energy and natural gas, has amounted to \$402.3987 million, which is 137.8 percent of the January-July 2006 level or \$101.3541 million more, according to the Sughd customs directorate.

The trade balance was negative and amounted to 223.4147 million US dollars.

The source at the Sughd customs directorate said that in January-July 2007, exports of goods have amounted to \$89.497 million, which is \$9.3876 or 11.7 percent more than in the same period of last year.

Imports of goods into the province over the report period have amounted to \$312.9117 million, which is \$100.9665 million or 47.6 percent more than in January-July 2006.

Over the same seven-month period, the Sughd province has had trade relations with 59 countries, including 10 CIS states.

The CIS states have amounted for 64.1 percent (\$257.576 million) of the Sughd foreign trade turnover for the report period, and the far abroad countries have amounted for 35.9 percent (\$\$144.822 million). In January-July 2007, the far abroad countries have accounted for 51.5 percent the Sughd exports, and the CIS states have accounted for 68.4 percent of the province's imports.

According to the Sughd agency for statistics, in January-July 2007, a share of electricity in the Sughd imports made 4.5 percent. Over the report period, the Sughd province has imported 1.4016 billion kWh of electrical power for a total amount of \$18 million.

Over the same seven-month period, the province has imported 76.5 million cubic meters of natural gas for \$7.649 million.

INVEST IN TAJIKISTAN!

DUSHANBE, August 16, Asia-Plus

Why foreign investors do not hurry to invest our country?

There is a severe fight for foreign investments in the world. All young and developing countries are making efforts to create the most attractive conditions for investors – the lowest taxes, minimal bureaucracy, stability and etc.

President of Tajikistan also makes efforts for the solving of this problem. Attracting foreign investors to Tajik economy remains one of the key topics to raise by the president during any of his visits to countries of the world. However, often his efforts come to nothing because of our Tajik bureaucracy. In fact, potential investor comes to our country and meets with a certain Tajik officials not with the head of the state. And then the problems start. Suddenly it turns out that investment climate in our country is so to say far not the most favorable one in the world.

As an example, this is how an invitation for foreign investors to work in Macedonia looks like (published in 'Economist'):

Invest in Macedonia!

New Business Heaven in Europe!

Lowest Flat Tax on profit	- 10%
Lowest Flat tax on Income	- 10%
Tax on Reinvested profit	- 0%
Fast company registration	- 3 days
Abundant and Competitive Labor	- 370 Euro/mo average gross salary
Free Access to Large Market	- 650 million customers
Macroeconomic Stability	- 3.1% inflation
Excellent Infrastructure	- Wi-Fi country
UE & NATO candidate Country	

And this is how an objective invitation to invest in Tajikistan would look like:

Invest in Tajikistan.

Risk is precious

Flat Tax on profit	- 25%
Flat tax on Income	- starting from 8% to 13%
Company registration and collection of permits documents	- 90 days
Cheap man power	- \$50 USD average gross salary
Limited Market	- 7 mln. of consumers
Annual Inflation	- 12%
Infrastructure	- under rehabilitation
Transport communications	- under rehabilitation
Power supply	- critical deficit
Legislation for investors	- 'play rules' are continuously changed

Yes, there are objective problems in Tajikistan, which need time to be solved. We need several years to solve electricity shortage, construct new good roads, create modern infrastructure and etc.

However, there are some problems that can be solved today – reduce taxes, simplify registration procedures; take measures to protect investors from unofficial payments and bureaucracy. All this is in the process but a very slow one.

.... In the meantime, if we solve these problems very promptly, we could already place such announcements in world's mass-media and invite foreign capital....

And the investors would come as our country, despite its existing problems, has a number of competitive advantages.

Meanwhile, volume of aggregate foreign investments in Tajikistan makes up more than \$900 mln. from 1991 till 2007. This is not sufficient. According to National Development Strategy, it is required to attract \$5 billion and \$30 mln. USD in Tajik economy till 2015.

THE OWNER OF ORIMA IS ARRESTED

DUSHANBE, August 16, Asia-Plus

Businessmen Maruf Oripov, General Director of company M&P, the owner of Orima Supermarkets Network, is arrested in Dushanbe.

During the inspection of shops in the capital, conducted on last week jointly by commission of State National Security Committee and State Agency 'Tajikstandard' at the warehouses of company M&P, 24 types of confectionery with expired dates were found out. The weight of the low quality products is 1 ton and 547 kg for a total amount of 46,000 Somoni (more than \$13,000).

...Meanwhile, based on the information of Russian Agency 'Regnum', M. Oripov was arrested during the handing of bribery for a total amount of \$10,000.

The company M&P opened its first supermarket in Dushanbe in 1994. ...30% of shares belong to Holland company. Some time ago, the company received a credit of \$4,6 mln. from European Bank for Reconstruction and Development.

Meantime

During the inspections, 84 tons of low quality foreign produced chicken minced meat is revealed at warehouses and shops of the capital.

...Public Relations Center of State National Security Committee informed that a large deal of low quality chicken meat was found at the warehouse of Tajero Ltd. in Kushteppa of Rudaki district. "Further laboratory analysis showed that the meat contained disease-producing micro-organisms" the centre informed... In general, the cost of revealed low-quality products from chicken meat is 420,000 Somoni.

The information source believes that the results of inspections could be even more effective, but most of the shop-owners were informed about the inspections and took the expired products from their counters in time.

TAJIKISTAN TO SET UP CONSULTATIVE BODY FOR DEVELOPMENT OF PRIVATE SECTOR

DUSHANBE, August 16, Asia-Plus - To promote further development of the private sector Tajikistan intends to set up a consultative council, Sharif Rahimzoda, Chairman of the State Committee for Investments and Management of the State-owned Property, told journalists in Dushanbe on August 15 following a ceremony of presentation of the report on a role of the committee in development of the private sector and attraction of investments.

According to him, the consultative council, which will consists of representatives from state bodies, directly dealing with development of the private sector, will provide assistance with tackling any problems facing the private sector in the country as well as take necessary measures to remove shortcomings and obstacles on the way of development of entrepreneurship in Tajikistan.

The committee head noted that at present they are working on laying legal foundation of this structure's activity in cooperation with the European Bank for Reconstruction and Development (EBRD), which funds this project.

The president is expected to be member of this consultative council, Rahimzoda said.

REPUBLICAN STATE-CONTROLLED OIL MILL HAS NOT PRODUCED ANY LITER OF COTTON OIL OVER THE PAST TWO YEARS

DUSHANBE, August 15, Asia-Plus - Inspection by economic security department of the State Committee for National Security (GKNB) has revealed numerous gross violations at the country's state-controlled open joint-stock company (OJSC) Ravghani Tojik (Tajik [Vegetable] Oil).

According to the GKNB center for public relations, Ravghani Tojik, which is Tajikistan's main producer and supplier of cotton oil, has not manufactured its own product over the past two years.

"The company has been purchasing cotton oil from entrepreneurs, who deliver it from other countries, and selling it on the domestic market as its own product," the source said, noting the company purchased the cotton oil from entrepreneurs at the rate of 4.37 somonis per one liter and sold it at the rate of 5.70 somonis per one liter.

Inspection of the OJSC Ravghani Tojik is under way.

MARKET IN SARICHASHMA PROHIBITED FROM SELLING MEAT

KULOB, August 13, Asia-Plus - By ruling of the Kulob Center for Sanitary and Epidemiological Supervision a market of the settlement of Sarichashma in the Shuroobod district has been prohibited from selling meat and two canteens in this settlement have been closed for failing to meet elementary sanitary requirements and having no appropriate conditions (refrigerators) for keeping meat and meat products, Asia-Plus has learned from the Kulob Head Sanitary Physician Said Davlatov.

"Besides, local farmers were selling meat on the market without appropriate veterinary certificates," Davlatov said.

According to him, offenders have been fined three minimal wages each.

"Inspections conducted by our specialists in seven districts of the Kulob region over the last week have recorded numerous instances of violation by local public catering facilities of sanitary norms," said the Kulob head sanitary physician, "23 persons have been fined three minimal wages each."

BUSINESS ENVIRONMENT IMPROVEMENT PROJECT STARTS PUBLICATION.

Business Environment Improvement Project starts publication of series of articles devoted to entrepreneurship in the Republic of Tajikistan.

First article "Entrepreneurship in the Republic of Tajikistan" is developed by Shamsiddin Karimov under BEI technical support. The article shows the key problems of doing business in the RT, the ways of problems solving and contains a lot of interesting for small and medium enterprises information.

The article will be published in five editions in article "Facts and Comments". After its publishing the full version will be accessible on BEI web site: www.bei-ca.net.

You may leave your comments on article on BEI web site forum:
http://www.bei-ca.net/SF2000RU/default.asp?CAT_ID=4.



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With best wishes,
Tajikistan SME Public Relations/Communication Department