

Tajikistan Business Enabling Environment/ SME Policy Project Press Review - Issue #53

Dushanbe, 31 August 2007

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IFC PRESS REVIEW

1. News directly connected to SME Project

This weekend a new bridge, built with US funds, will be opened in Tajikistan. The hope is that the bridge will increase trade and stability in the country. The World's Mary Kay Magistad visited the bridge on the Tajik-Afghan border and filed this report.



1. the audio-link:

<http://www.theworld.org/wma.php?id=0824073>

2. the video one:

http://www.theworld.org/?q=taxonomy_by_date/1/20070824

2. News interesting for Business Environment

SAVE COTTON FROM FIRE

DUSHANBE, August 31, Minbari Halk - Saving cotton from fire is a responsibility of each citizen. The general directorate of fire protection under the Ministry of Internal Affairs with in aim of fire prevention at the time of cotton harvest and processing of the current year gives special attention to preventive measures in relevant centers and processing of cotton.

Along with the special order of directory specialists of central administration of fire protection on a selective basis examined the state of fire safety and commitment of corresponding centers to receive and process a new crop of the current year in towns and rejoinings of Hatlon district, and also in Rudaki and Vahdat regions. The inspection had detected that such companies as "Pakhtai Kulob" in Kulyab (director – Mirzokhon Murodov), «Bo ham» in Mir Sayid Alii Hamadoni district (director Bahrullo Ekubov), "Nekruz" in Farhor (director Rahimdjon Teshaboev), «Dusti» in Kumsangir (general director Shamsiddin Rassulov) compliance with proper rules of fire safety and preparative works in collecting the white gold needs an essential improve.

During the inspection the specialists of fire department held special practical training of fire safety. For managers of the companies several good suggestions were made. And for the group of firemen a special training was conducted.

SMALL AND MEDIUM COMPANIES ARE CONTRIBUTING IN NEW CONSTRUCTIONS

DUSHANBE, August 31, Jumhuriat - On the initiative of local agencies of executive power of Kairokum, a straw-hat theatre that was not functioning for a long period of time because of its disrepair, has now been restored and is ready for service.

At the same time in Kairokum and Sirdarya under the auspices of local agencies of executive power and individual entrepreneurs, new school, book store and restaurant were open.

BUSINESS IS DOUBTFUL

DUSHANBE, August 31, Business and Politic

Business environment in Tajikistan is not favorable for the entrepreneurship development – these are findings of authors of the survey report developed by WB and the experts of IFC. So, for such indicator Tajikistan is 28th in the list of South European countries and those of Central Asia in terms of private business development.

Among the factors, preventing the entrepreneurship development in Tajikistan, experts marked tough state regulations, remoteness from sea ways, gap of investments to infrastructure development, practically complete unavailability of long-term credit and absence of new technologies.

As experts say, all these problems can be solved only as a single set,. Even liquidation of one of these reasons will not lead to fundamental changes. For instance, at the experience of such field as mobile communications, it has shown that only efforts on the introduction of new technologies, not in the single unit with an improve of infrastructure, new approaches to forward enterprises to markets and etc. may not help companies or individual industries.. There was a precedent with TT mobile company when in June 2005 the country has first (passed ahead even Russia) started implementation of 3G wires (third generation of cell lines). However, despite of clear technological innovation, at the present the company ran out of resources and stopped its operation.

What can we say in such situation about small and medium enterprises?... The economy of the most developed countries at first is based particularly on small business. However, for the development of small and medium entrepreneurship, the government's support is required –tax preferences, reduction of bureaucratic procedures, and amendments in the legal base.

OR WHY DUSHANBE TOBACCO ENTERPRISE IS UNDER CRISIS

DUSHANBE, August 31, Millat

Dear Mr. President Emomali Rakhmon,

Last years disorders happened at Tobacco Factory in Dushanbe, continuous legal trials, violation of legal rights of joint-stock enterprises impelled us to apply to you, Your Excellency. In fact, it is about the important spheres of

national economy and international glory of Tajikistan attractive for foreign investors.

Some background facts..

On 21 February 1991 Law "On privatization of property in Tajikistan" was adopted and in accordance with Article 5 labor group a right on privatization of state property. So, based on Article 6 of the Law and with the permission of State Property Management and meeting that was held on 4 November 1991 with the participation of 90% labor collective, the method of privatization was selected 'On the conditions of selling of enterprise to labor collective 'and Agreement of purchase and sale was concluded.

The fact that surprised us greatly, that after 16 years the General Prosecutor Office applied to Economic Court of Dushanbe with demand to cancel the Agreement and Rights Holder Certificate. The Economic Court fully solved a query of the General Prosecutor Office....

JOINT MISSION OF WB AND IMF ASSESSES STATE OF TAJIK FINANCE SECTOR AS SATISFACTORY.

DUSHANBE, August 31, Asia-Plus - A joint mission of the World Bank (WB) and the International Monetary Fund (IMF) has visited Tajikistan to assess a state of its finance sector, Asia-Plus has learned at the National Bank of Tajikistan (NBT).

The source at a NBT said that on August 29, members of the mission met with senior representatives from Tajik finance ministry and central bank and handed over the final survey on assessment of Tajikistan's finance sector to them.

The mission worked in Tajikistan from August 26 to August 29. It was the second mission on the joint program for assessment of Tajikistan's finance sector and the purpose of the visit was for the mission to determine the most vulnerable and strong positions in the country's macroeconomics, risks and system liquidity.

The mission noted that banking system is developing stably in the country, there are certain improvements in the banking supervision sphere, and access to financing resource became more open.

CENTRAL MARKETS IN THREE KHATLON DISTRICT CLOSED AND ENTREPRENEURS SENT TO COTTON FIELDS.

QURGHON TEPPA, August 31, Asia-Plus - By orders of local authorities of Jomi, Qubodiyon and Shahritus districts in Khatlon central markets in these districts have been closed and all entrepreneurs working with those markets have been sent to cotton plantations, Asia-Plus has learned at the Khatlon branch of Tojimatlubot (Tajik consumers union).

The source at the Khatlon branch of Tojikmatlubot said that this move could cause serious damage to the consumers union.

A woman from the Jomi district told Asia-Plus that village inhabitants today came to the administrative center of the district to purchase clothing and other school supplies for their children but all shops were closed. "We cannot afford to go shopping to Qurghon Teppa or Dushanbe," she said.

One of local experts, who did not want to be identified, said in an interview with Asia-Plus that closure of markets and other commercial facilities is illegal. "Practically all lands in the province were transferred to dehqan (peasant) farms," said the expert, "They should be properly paid in order to be interested in collection of cotton and they will not need assistance in gathering cotton."

He further added that during the cotton-harvesting campaign, residents of districts cannot resolve many issues at one or other administrative institution because all of them are closed during the cotton-harvesting campaign.

TAJIKISTAN BREAKS US\$1 BILLION HYDRO PLANT CONTRACT WITH RUSSIAN COMPANY.

DUSHANBE, August 30, Asia-Plus – Tajik government has broken a US\$1 billion contract with Russian aluminum group Rusal (Russian Aluminum) for construction of the Roghun hydroelectricity power station (HPS) in Tajikistan.

The government meeting passed a resolution breaking the contract with Rusal at an August 29 meeting presided over by President Emomali Rahmon.

By other resolution of the government open joint-stock company (OJSC) Roghun HPS will be set up in the country.

In the meantime, Konstantin Zagrebely, the head of the Rusal representative office in Dushanbe, said that he does not have information about this.

It is to be noted that Tajikistan was going to break the contract with Rusal earlier as well, after continuing problems with the project.

TAJIKISTAN MAKES CHANGES TO TAJIK VISA GETTING PROCESS

DUSHANBE, August 29, Asia-Plus - Tajikistan has made changes to visa getting process According to Tajik MFA, henceforth, foreign citizens will be able to get Tajik visa only in embassies and consulates of Tajikistan in their countries.

Earlier, foreign citizens had been able to get entrance visa at airports and crossing border points as well.

“Now, citizens of those countries, where our embassies and consulates are located, will be able to get Tajik visa only in the Tajik embassies and consulates,” the source at a MFA said, adding that the Tajik visa getting process changes with effect from November 2007 because many foreign citizens purchased tickets for the period until November.

The source further added that the new Tajik visa getting process would allow strengthening security in the country, because under the old visa getting process, persons prohibited from entering the country had been able to enter the country.

Tajikistan now has 21 embassies in foreign countries. Besides, Tajik consulates were recently opened in Mazar-i Sharif (Afghanistan) and Dubai (the United Arab Emirates or UAE).

We will recall that Tajik government last eased visa requirements for citizens of 68 countries. Government’s resolution of March 31, 2007 allows citizens of those countries to obtain 45-day visas within three days. The countries include France, Germany, Iran, Japan, and the United States.

TAJIK BUSINESSMEN SAY UZBEKISTAN ALLEGEDLY CLOSED ITS BORDER WITH TAJIKISTAN.

DUSHANBE, August 29, Asia-Plus - According to Tajik businessmen, Uzbekistan on August 20 closed its common border with Tajikistan for a month.

A group of Tajik businessmen has applied to Asia-Plus, complaining about actions of Uzbek border guards.

They would like to know why there was no an official notification of closure of the Uzbek border.

The businessmen said they had known about the closure of the border only at the border itself. “We spent our time and money for nothing because we failed to cross into Uzbekistan,” the businessmen said.

“Tajik border authorities referring to their Uzbek authorities told us that Uzbekistan had closed its border nearly for a month – from August 20 to September 15 – or “until further notice” in connection with celebrations dedicated to Uzbekistan’s Independence, which is marked on September 1,” they said.

“According to the border authorities, at present only citizens of the Russian Federation and Uzbek national, returning to homeland, can cross into Uzbekistan,” said the businessmen. “From Uzbekistan into Tajikistan, also only Russian citizens and Tajik nationals, returning to their homeland, as well as Uzbek nationals going to attend funerals of their relatives (if they have telex confirming this) can cross.” Besides, officers of diplomatic missions and UN agencies having letters confirming their status can cross into Uzbekistan.

To clarify the situation Agency-Plus’ correspondent has applied to Tajikistan’s MFA and border service as well as Uzbek Embassy in Dushanbe. However, they said they do not have any information about closure of the Uzbek border.

PRESIDENT URGES TO TAKE ADEQUATE MEASURES TO ENSURE REGULAR WORK OF COUNTRY’S ECONOMY IN WINTER.

DUSHANBE, August 28, Asia-Plus - Tajik government has considered issues related to taking timely preparations to ensure the regular work of the country’s economy in autumn-winter 2007-2008 and providing the population, economic, social and cultural facilities with electricity, natural gas and fuel in winter, presidential press service said.

A government session presided over by President Emomali Rahmon was held on August 27. Prime Minister Oqil Oqilov, senior representatives from president’s office, as well as heads of relevant ministries and organizations attended the meeting.

The meeting, in particular, heard reports by Energy and Industries Minister Sherali Gulov and heads of other relevant ministries and organizations on a progress of work done to ensure the regular work of the country’s economy in winter. They noted that the work on stocking up fuel and coals for winter is going on.

77,000 tons of coals and 12,000 tons of coke have been stocked up so far, and 330 shops for realizing coals to the population have been set up in different regions of the country. The work on stocking up necessary amount of fuel oil and liquefied gas is also nearing completion.

The president demanded at the meeting that work on constructing the Sangtuda-1 and Sangtuda-2 power plants and maintaining the Norak, Qairoqqum and Varzob hydroelectric power stations, as well as the Pamir-1 hydropower plant should be speed up. Besides, the head of state ordered to accelerate preparations for construction of the Roghun power plant and rehabilitation of the Dushanbe and Yovon cogeneration plants.

A special attention was paid to the issue of providing social facilities with fuel.

President Rahmon urged that all ministries and organizations as well as the population should take adequate preparations for introduction of power rationing in winter.

"Shortage of water and insufficient level of water in reservoirs powering the main hydropower plants force us to introduce electricity rationing in autumn-winter period," the president said.

TAJIKISTAN SEEKS KAZAKH INVESTMENTS IN DEVELOPMENT OF GOLD AND SILVER DEPOSITS.

DUSHANBE, August 28, Asia-Plus - The fifth two-day session of Tajik-Kazakh intergovernmental commission for economic and trade cooperation ends in the Kazakh capital today.

According to the Ministry of Economic Development and Trade (MoEDT) the first day of work of the commission resulted in signing of a protocol of cooperation.

The commission has considered issues related to participation of Kazakh companies in enhancement of Tajikistan's energy sector, in particular construction of a 500-kilovolt power grid in Tajikistan. The sides have also discussed the possibility of opening of branches of Kazakhstan's commercial banks in Tajikistan.

Chairman of Tajikistan's State Committee for Investments and Management of State-owned Property and co-chairman of the Tajik-Kazakh Economic Commission, Sharif Rahimzoda, telling the session noted that there are practically no any restrictions, and Kazakh banks can freely enter and operate in Tajikistan, owning 100 percent of share in branches opened in Tajikistan.

Tajik side has also sought Kazakh investments in development of gold and silver deposits in Tajikistan. Kazakhstan's national agency Kazinform reported that Rahimzoda had invited Kazakh companies to participate in production and processing of precious metals in Tajikistan.

"Tajikistan is rich in gold, silver and other precious metals and we offer projects on mutual cooperation," said Tajik official, "We offer launch of joint mining enterprises, or Kazakh investors can have enterprises with the 100-percent ownership interest."

For his part, Kazakh co-chairman of the Kazakh-Tajik Economic Commission also Kazakh Environmental Protection Minister, Nurlan Iskakov, noted that Kazakh businesspeople have been interested in participation in joint projects in Tajikistan. Tajikistan is a very attractive state and there are no any obstacles on the way of Kazakhstan's capital entering it, according to Iskakov,

According to data of the State Committee for Statistics, a two-way trade between Tajikistan and Kazakhstan in January-June 2007 has valued at US\$177,580,191. This consisted of Tajikistan's exports to Kazakhstan estimated at US\$12,886,763 and Tajikistan's imports from Kazakhstan worth US\$164,393427.



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

With best wishes,
Tajikistan SME Public Relations/Communication Department