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# Tajikistan Business Enabling Environment- SME Policy Project Press Review - Issue #57

Dushanbe, 28 September 2007

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IFC PRESS REVIEW

## 1. News directly connected to SME Project

### MAINTENANCE OF FIRE SAFETY IS A STRAIGHT DUTY OF ENTREPRENEURS

**Dushanbe , September 19. NIAT «Hovar»** – Recently the International Finance Corporation (IFC) and the general office of the State Fire Service of Tajikistan have held a joint presentation of the fire-prevention information board and checklist on the central market Shohmansur, which are quite essential when conducting inspection by the inspectors of Fire Service. NIAT "Hovar" has been informed about it by Rukhshona Najmidinova, the public relations consultant

As she says, the aim of presentation is to introduce to entrepreneurs the main regulations of Fire Service and new regulations of the Law "On inspection of business entities' activity in the Republic of Tajikistan", enacted in 2006. The checklists of fire safety are drafted to raise the legal awareness of entrepreneurs and to be sure they comply with the

rules of fire safety when in the process of their activity. The checklist is the result of joint work of the Project and the General Office of the State Fire Service of Tajikistan and the inspection of entrepreneurs' activity must be held only based on the checklist.

The information campaign for entrepreneurs, including the boards with fire-prevention information and distribution of checklists is one of the directions of IFC's activity and the government of Switzerland, established for effective implementation of the Law. It is planned to make such presentations and install the boards with fire-prevention information in all regions of the country.

## **SUPER PATENT IS THE FIRST STEP TO ACHIEVE A SIMPLIFIED TAXATION SYSTEM OF ENTREPRENEURS**

**Dushanbe, September 18, NIAT «Hovar»** – Questions of perfection of tax administration in Tajikistan were discussed in the course of the press-club, which was held under the auspices of International Finance Corporation (IFC) in Dushanbe.

As the head of tax administration under the Government of Tajikistan, Rustam Djaborov told, one of the important goals of tax administration is investigation of the most effective methods of taxation, reduction of administrative costs when collecting taxes and other factors. He agreed with the specialists of IFC on the fact, that the concentration of tax inspectors is too high when inspecting the individual entrepreneurs. On the average, there are at least ten tax inspections per year. It is also important, as he says, to reduce the time spent on inspections.

IFC sees the solution in introduction of a so-called "super-patent". The thing is that its difference from the current patents is in the fact, that, besides an income tax, a super-patent will include social tax and retail sales tax. Matluba Uljabayeva, the president of National Association of small and medium entrepreneurship told that the retail sales tax is a "tax from a tax", and suggested not to include it in the "super-patent".

In IFC specialists' opinion the current patent system in Tajikistan puts bounds to entrepreneur's activity. Like that, if a baker decided to widen his trade list with refreshment drinks, under the current system it is important to receive one more patent, for another good – a different patent. IFC considers that it would be also more efficient to combine the types of activity in groups, and then the same baker can legally sell all types of food products. Besides, the introduction of the super-patent will reduce materially the administrative resources of the tax bodies that will be able to redirect them to the more valuable taxpayers. In this case, the tax inspector's duty will be to make sure if an entrepreneur has a super-patent.

Rustam Djaborov, the chairman of the Tax Committee, has informed that the project of regulation on tax procedure implies introduction of the patent of the sort. He also mentioned, that for the tax bodies it is a more effective usage of their resources and an increase of tax collections from individual entrepreneurs, and for the entrepreneurs themselves and the organizations that represent them - an introduction of a simplified accounting system.

## **ESTONIA, GEORGIA AND LATVIA ARE ACKNOWLEDGED FAVORABLE FOR DOING BUSINESS**

**Varorud, September 27** - This year Eastern Europe and the former Soviet Union surpassed East Asia on the ease of doing business, according to Doing Business 2008.

This information was published in an IFC press release.

This report is said to be the fifth issue of the joint World Bank and IFC survey. Some countries, according to the report, surpassed even many western European countries. Results from the region show that as business regulation eases, businesses are starting up at unprecedented rates.

Croatia is the region's top reformer. Along with three other countries in the region, it also ranks among the top 10 reformers worldwide. Those top 10 are, in order, Egypt, Croatia, Ghana, FYR Macedonia, Georgia, Colombia, Saudi Arabia, Kenya, China, and Bulgaria. Reformers made it simpler to start a business, strengthened property rights, enhanced investor protections, increased access to credit, eased tax burdens, and expedited trade while reducing costs. Worldwide, 200 reforms—in 98 economies—were introduced between April 2006 and June 2007.

Eastern Europe and Central Asia saw 59 reforms over the past year—52 positive and seven negative—that affected the regulatory ease of doing business. "Results show that as governments ease regulations for doing business, more entrepreneurs go into business; and this is especially evident in Eastern Europe," said Simeon Djankov, lead author of the report. "Eastern Europe has witnessed a boom in new business entry that rivals the rapid growth in East Asia in the past."

According to the "Doing Business" report, Singapore is acknowledged as the most favorable country for doing business.

## 2. News interesting for Business Environment

### TAJIKISTAN AT 150 OF TRANSPARENCY INTERNATIONAL CORRUPTION PERCEPTIONS INDEX

**DUSHANBE, September 28, Asia-Plus** - Transparency International has released the 2007 Corruption Perceptions Index (CPI).

This year, Tajikistan, Kazakhstan, Kyrgyzstan, Belarus and Azerbaijan have shared a score of 2.1 and been ranked 150th in the CPI for 2007. Last year, Tajikistan was ranked 149th among 169 countries.

The 2007 CPI looks at perceptions of public sector corruption in 180 countries and territories - the greatest country coverage of any CPI to date - and is a composite index that draws on 14 expert opinion surveys. It scores countries on a scale from zero to ten, with zero indicating high levels of perceived corruption and ten indicating low levels of perceived corruption.

The Russian Federation has been ranked 143rd, while last year, it was at 127 of the CPI. Turkmenistan has been ranked 162nd and Uzbekistan has been ranked 175th in the 2007 CPI.

The 2007 Corruption Perceptions Index ranks 20 countries in Eastern Europe and Central Asia.

The report notes that as a problem of global scale, with global roots, fighting corruption demands action on a broad front and the urgent steps include:

- Developing countries should use aid money to strengthen their governance institutions, guided by national assessments and development strategies, and to incorporate strengthened integrity and corruption prevention as an integral part of poverty reduction programs;
- Judicial independence, integrity and accountability must be enhanced to improve the credibility of justice systems in poorer countries. Not only must judicial proceedings be freed of political influence, judges themselves must subject to disciplinary rules, limited immunity and a code of judicial conduct to help ensure that justice is served. A clean and capable judiciary is essential if developing countries are to manage requests for assistance in the recovery of stolen assets from abroad;
- Governments must introduce anti-money laundering measures to eradicate safe havens for stolen assets, as prescribed by the UNCAC. Leading banking centers should explore the development of uniform expedited procedures for the identification, freezing and repatriation of the proceeds of corruption. Clear escrow provisions for disputed funds are essential;
- Wealthy countries must regulate their financial centers more strictly. Focusing on the roles of trusts, demanding knowledge of beneficial ownership and strengthening antimoney laundering provisions are just a few of the ways that rich governments can tackle the facilitators of corruption;
- The world's wealthiest governments must strictly enforce the OECD Anti-Bribery Convention, which criminalizes the bribery of foreign public officials. Lack of compliance with the convention's provisions continues to hinder corruption investigations and prosecutions;
- The boards of multinational companies must not only introduce but implement effective anti-bribery codes, and ensure that they are adhered to by subsidiaries and foreign offices.

The annual Corruption Perceptions Index (CPI), first released in 1995, is the best known of TI's tools. It has been widely credited with putting TI and the issue of corruption on the international policy agenda. The CPI ranks 180 countries by their perceived levels of corruption, as determined by expert assessments and opinion surveys.

### TAJIKISTAN AMONG THE MOST UNSUITABLE COUNTRIES ON THE POST-SOVIET AREA FOR DOING BUSINESS: WORLD BANK

**DUSHANBE, September 28, Asia-Plus** - Thanks to reforms of business regulation, more businesses are starting up, finds Doing Business 2008 - the fifth in an annual report series issued by the World Bank and IFC.

According to the report, countries in Eastern Europe and the former Soviet Union reformed the most in 2006/07—along with a large group of emerging markets, including China and India.

In Tajikistan, conditions of doing business deteriorated in 2007, and the country was ranked 153rd among 178 countries ranked by the Doing Business 2008 report, while last year, Tajikistan was 150th among 175 countries.

Uzbekistan 138, Kazakhstan, Kyrgyzstan and Uzbekistan have been ranked 71st, 94th and 138th respectively.

This rank is explained by imperfect legal foundation, rigorous control private business, slowing down of reforms in this sphere compared to the majority of countries, as well as high taxation rates.

Press release issued by the World Bank cited Michael Klein, World Bank/IFC Vice President for Financial and Private Sector Development, as saying, "The report finds that equity returns are highest in countries that are reforming the

most.” “Investors are looking for upside potential, and they find it in economies that are reforming—regardless of their starting point,” he added. Large emerging markets are reforming fast: China, Egypt, India, Indonesia, Turkey, and Vietnam all improved in the ease of doing business.

Eastern Europe and Central Asia, as a region, surpassed East Asia this year in the ease of doing business. Several of the region’s countries have even passed many economies of Western Europe on this score. Croatia, FYR Macedonia, Georgia, Bulgaria, and Hungary are among the region’s top reformers. Estonia, the most business-friendly country of the former socialist bloc, ranks 17th on the ease of doing business. Georgia and Latvia are also in the top 25. “The results show that as governments ease regulations for doing business, more entrepreneurs go into business,” said Simeon Djankov, lead author of the report. “Eastern Europe has witnessed a boom in new business entry that rivals the rapid growth in East Asia in the past,” he said.

Doing Business 2008 ranks 178 economies on the ease of doing business. The top 25, in order, are Singapore, New Zealand, the United States, Hong Kong (China), Denmark, the United Kingdom, Canada, Ireland, Australia, Iceland, Norway, Japan, Finland, Sweden, Thailand, Switzerland, Estonia, Georgia, Belgium, Germany, the Netherlands, Latvia, Saudi Arabia, Malaysia, and Austria.

The rankings are based on 10 indicators of business regulation that track the time and cost to meet government requirements in business start-up, operation, trade, taxation, and closure. The rankings do not reflect such areas as macroeconomic policy, quality of infrastructure, currency volatility, investor perceptions, or crime rates. Since 2003 Doing Business has inspired or informed more than 113 reforms around the world.

## **TAJIK, BRITISH SPECIALISTS DISCUSS PROGRESS OF IMPLEMENTATION OF JOINT PROJECTS**

**DUSHANBE, September 27, Asia-Plus** - On Tuesday September 25, representatives from Tajik economic team met with representatives from the UK Department for International Development (DFID) to discuss a progress of implementation of joint projects in Tajikistan, Asia-Plus has learned at the National Bank of Tajikistan (NBT).

The Tajik side was represented by Matlubkhon Davlatov, State Adviser to the Tajik President for Economic Matters, Safarali Najmuddinov, Finance Minister, Sharif Rahimzoda, Chairman of the State Committee for Investments and Management of State-owned Property, and Murodali Alimardonov, Chairman of the NBT, and DFID was represented by Sue Wardel, Director of the Europe, Middle East, Americas and Asia Division, and Pauline Hayes, Head of the Europe and Central Asia Department.

The Europe and Central Asia Department is responsible for DFID-supported activity in Albania, Armenia, Azerbaijan, Bosnia and Herzegovina, Georgia, Kazakhstan, Kosovo, Kyrgyzstan, Moldova, Serbia, Tajikistan, Turkmenistan, Ukraine, and Uzbekistan.

In the course of the talks Davlatov briefed the DFID officials on the present socioeconomic situation in Tajikistan, investment climate, priorities and main directions of development of production, as well as construction of hydropower plants.

For her part, Ms. Wardel noted that the DFID office in Tajikistan has successfully worked in partnership with other donors and the Tajik government on supporting implementation of programs aimed at alleviating poverty in the republic.

The Department for International Development (DFID) is the part of the UK Government that manages Britain’s aid to poor countries and works to get rid of extreme poverty.

Tajikistan is one of DFID’s focal countries in the 2004-2007 Regional Assistance Plan for Central Asia. DFID has been present in Tajikistan since 2003 and is working with the Government and donors to support the eradication of poverty and promote sustainable development.

DFID has provided J6.3 million to Tajikistan during the period 2003 to 2007, with an allocation of J3.5 million for 2006-2007. Its program has focused on the following areas: raising living standards and integrating the Zarafshan Valley into the national economy through “Pro-poor” regional development (implemented by the United Nations Development Program (UNDP)); developing the Micro and Small Enterprise Facility in Tajikistan (TMSEF) through the European Bank for Reconstruction and Development (EBRD); the resolution of land and property disputes through Third Party Arbitration Courts (TPAC); supporting the World Bank’s National Social Investment Fund (NSIFT); and, Providing technical assistance to the Government’s Poverty Reduction Strategy Process (PRSP) and Medium Term Budget Framework (MTEF).

In addition, DFID provides regional support to HIV/AIDS programs in the country, a part of which is the promotion of harm reduction activities for high-risk groups. The program will complement World Bank and United States Agency for International Development (USAID) Regional HIV/AIDS projects by supporting the implementation of the Government’s own strategies.

DFID works through other donor agencies and supports the Government’s Poverty Reduction Strategy. Our program focuses on the two core areas of governance and economic growth.

## **WORKSHOP ON PERFORMANCE-BASED BUDGETING AND MEDIUM-TERM EXPENDITURE FRAMEWORK HELD IN KHUJAND**

**DUSHANBE, September 27, Asia-Plus** - A two-day workshop on "Performance-Based Budgeting and Medium-Term Expenditure Framework" for high-level government officials and key donor agencies was held in Khujand, the capital of the Sughd province, on September 18-19.

The workshop was funded from the Japanese Government by the Programmatic Human Resources Development (PHRD) grant managed by Mr. Migara De Silva, Senior Economist at the World Bank Institute (WBI) and co-organizer of the event.

According to the World Bank Dushanbe Office, the event was organized by the World Bank and World Bank Institute (WBI) in collaboration with the Government of the Republic of Tajikistan, where nearly 50 participants attended the two-day event including high-level government officials from the Executive Office of the President, Ministry of Finance, key line ministries, Institute for Higher Qualifications of Civil Servants, local budget units and finance departments, and international donor agencies.

The objectives of the two-day workshop were to discuss the first year experience of MTEF implementation in Tajikistan, refine and strengthen commitment of senior government officials to the MTEF implementation process and share experiences from other ECA countries. The case studies and presentations made by international experts from Armenia, Georgia, Slovakia, and Latvia provided general lessons, best practices in performance-based budgeting and prioritization, as well as insights into linking macro framework with strategic sector priorities and overcoming institutional challenges in implementing MTEFs.

Tajik government's first year of MTEF implementation showed significant progress and clear institutional and legal challenges, which need to be fully addressed in the next budget cycle. Adoption and dissemination of the first MTEF document for 2008-10 by the Ministry of Finance with the support of international expertise also brings about the basis for development of the next comprehensive three-year macro framework and established link between sector-specific priorities and aggregate expenditures with breakdown by functional classification, republican and local budgets, and types of funding. Mr. Nematjon Buriyev, Senior Economic Advisor to the Tajik President, confirmed government's commitment in implementation of the MTEF and continuing the pilot in the education sector as outlined in the first three-year document.

Dilya Zoirova, Public Information Assistant, World Bank Country Office in Dushanbe, said that the workshop allowed participants to also share their views on different MTEF implementation models, costing and budgeting exercises and, most importantly, to agree on following steps for the next MTEF cycle. These agreements included the elaboration and approval of amendments to the Law on Public Finances and annual Law on State Budget, joint capacity building activities in the pilot education sector, and further synchronization and coordination of related institutional activities between all stakeholders.

The representatives from the World Bank, European Commission, United Nations Children's Fund (UNICEF) and UK Department for International Development (DFID) reinstated their pledges for continuing the provision of technical and financial assistance for the second year implementation of the MTEF in the Republic of Tajikistan.

## **WB URGES TAJIKISTAN TO CARRY OUT INSTITUTIONAL REFORMS IN PUBLIC FINANCE MANAGEMENT SYSTEM**

**DUSHANBE, September 27, Asia-Plus** - Tajikistan ought to carry out institutional reforms in the system of public finance management, Sudharshan Canagarajah, Senior Country Economist for Tajikistan and head of team for preparation of the Program Survey of Public Expenses in Tajikistan, remarked at a meeting to present the survey in Dushanbe on September 26.

According to him, Tajikistan should also create favorable climate for private investment flows. He noted that the country's public finance management system should be drastically improved. If it is not done it will lead not only to increase in public expenses that will probably be not productive but will also impede economic growth.

According to Mr. Canagarajah, a long-term fiscal sustainability of Tajikistan will be in danger if the external debt volume limitations are not introduced and large quasi-fiscal deficiency in electricity is not removed through increasing electricity rates.

He noted that priorities should include public services for improvement of human capital and rehabilitation of the present infrastructure but not capital expenditure on basic assets.

## **MAIN CONCLUSIONS OF PROGRAM SURVEY OF PUBLIC EXPENSES IN TAJIKISTAN TO BE PRESENTED IN DUSHANBE TODAY**

**DUSHANBE, September 26, Asia-Plus** - Presentation of main conclusions of the Program Survey of Public Expenses in Tajikistan will be held in the World Bank Dushanbe Office today afternoon.

The source at the WB Dushanbe Office said that the surveys consider issues of economic growth and public investments, government spending and financial accountability, as well as implementation of Tajikistan's medium-term budgetary program public expenses.

### **ITC TO HELP TAJIK EXPORTING COMPANIES FIND SELLER'S MARKET THROUGH INTERNET**

**DUSHANBE, September 25, Asia-Plus** - On Monday September 24, Sharif Said, the head of Tajikistan's Chamber of Commerce and Industry (CCI), received representatives from the International Trade Center (ITC), Martin Labbe, an expert one-business and Saidmoumin Kamolov, manager of the Trade Promotion Program in Tajikistan.

The CCI press service said that in the course of the talks the sides had discussed prospects of further expansion of co-operation between CCI and ITC on implementation of the Trade Promotion Program in Tajikistan. The project targets Tajik companies, primarily small and medium-sized enterprises, dealing with export of fruit and vegetable products. The new direction on this project is work with foreign partners through Internet

During the meeting, the CCI head noted that Tajikistan annually losses some 50 percent of fruit and vegetable harvests because of problems with processing, packaging and transportation of the fruit-and-vegetable product. Investments are needed for launching joint ventures in the provinces.

Sharif Said added that shortage of information had negatively impacted foreign economic and trade ties of the country, and "to tackle informational problems it is necessary to set up special sub-divisions," the CCI head said, noting that CCIS had set up information center but financing is necessary to make its work operational.

For his Part, Martin Labbe noted that a workshop formally titled "Integrating Tajikistan's Exporters into the World of e-Business" will be held at the Ministry of Economic Development and Trade (MoEDT) on September 26.

The workshop, organized the ITC and the MoEDT will present a new ITC's project on e-business for Tajikistan to enhance online competitiveness of agro-processing SMEs (small and medium enterprises) including development of e-business websites, sector's portal, and facilitating access to relevant e-marketplaces. It will also initiate dialogue between export managers and strategy-makers to narrow the gap between decision-makers and industries in national and international e-business.

The International Trade Centre (ITC) is the joint technical cooperation agency of the United Nations Conference on Trade and Development (UNCTAD).

### **CAREC PROGRAM DELEGATION TO ARRIVE IN TAJIKISTAN THIS WEEK**

**DUSHANBE, September 25, Asia-Plus** - A delegation comprising senior representatives from the Central Asia Regional Economic Cooperation (CAREC) Program is expected to arrive in Tajikistan on September 27 for a four-day working visit, Asia-Plus has learned at the Asian Development Bank's Mission to Tajikistan.

During their stay in Tajikistan, the delegation members Johannes Linn, Special Adviser to the CAREC Program, and Creit Steffensen, Head of the CAREC Unit (CARECU or the Program Secretariat), are scheduled to hold talks with President Emomali Rahmon and other high-ranking Tajik state officials to discuss cooperation issues. Besides, the visit schedule also includes meeting with journalists.

According to the ADB Mission to Tajikistan, the talks will focus on the sixth ministerial conference of countries participating in the CAREC that is supposed to be held in Dushanbe in November.

The delegation's visit to Tajikistan will last till September 27

The Central Asia Regional Economic Cooperation (CAREC) Program was initiated in 1997. CAREC's goal is to improve living standards and to reduce poverty in CAREC countries through more efficient and effective regional economic cooperation. To date, the Program has focused on financing infrastructure projects and improving the region's policy environment in the priority areas of: transport, energy; trade policy; and trade facilitation.

These areas are critical to improving the region's economic performance and livelihoods of the people, especially of the poor.

Spanning nearly 4,000 kilometers across Central Asia, the CAREC Program includes 8 countries namely: Afghanistan, Azerbaijan, China, Kazakhstan, Kyrgyzstan, Mongolia; Tajikistan; and Uzbekistan.

In addition, invitations to participate are under consideration by Turkmenistan and Russian Federation.

CAREC is also an alliance of multilateral institutions active in promoting economic cooperation in Central Asia. CAREC is also an alliance of multilateral institutions comprising Asian Development Bank, European Bank for Reconstruction and Development, International Monetary Fund, Islamic Development Bank, United Nations Development Program, and World Bank. ADB's CAREC Unit (CARECU) has served as the Program Secretariat since March 2000.

CAREC operates in partnership with other key regional cooperation programs and institutions, including the Shanghai Cooperation Organization (SCO) and the Eurasian Economic Community (EAEC).

CAREC indeed represents a true, robust development partnership; a concrete example of countries and institutions cooperating; one which also achieves the ideals set out in the Paris Declaration on Aid Effectiveness – namely: ownership, harmonization, alignment, results and mutual accountability.

CAREC is a powerful platform to marshal financial resources. The combined assistance of the multilateral institutions in the priority areas of transport, energy and trade during 2006-2008 totals \$2.3 billion for 42 projects.

## **HIGH ECONOMIC COURT OVERTURNS INJUNCTION BY DUSHANBE COURT UPHOLDING SUSPENSION OF TV STATION**

**DUSHANBE, September 24, Asia-Plus** - Tajikistan's High Economic Court has handed down a ruling overturning the injunction granted by the Dushanbe City Court a month ago. The injunction had upheld ruling by the licensing commission of the Committee for TV and Radio-broadcasting on revoking Somoniyon's operating license.

The station head Ikrom Mirzoyev said that they had appealed to the High Economic Court and "asked to invalidate illegal suspending order made by the licensing commission in March 2005."

According to him, in the ruling handed down on September 21 at the High Economic Court, the deputy court chairman, Salimboy Fathulloev, overturned the injunction granted by the Dushanbe city court, invalidated suspending order by the licensing commission, and charged the licensing commission to extend and reissue Somoniyon's broadcasting license in accordance with procedure established by law."

"Now we should submit application to the licensing commission for reissuing our license," said Mirzoyev, "But to continue our work we have to assess our financial opportunities. Probably, we will be able to go on the air at the beginning of the ext year."

The Dushanbe independent TV station Somoniyon was founded in 1991, and went on the air on September 9, 1993. But since March 2005, its activity has been suspended.

We will recall that Tajik tax police closed the Somoniyon television station on 17 May, 2005. Somoniyon's broadcasting license was previously revoked but the station was granted an additional three months in April pending an attempt to re-register.

Somoniyon's license expired in late 2004, but it was granted a three-month extension in connection with the 27 February 2005 parliamentary elections. According to the licensing commission the station failed to submit the required paperwork and therefore it lost its license.

## **AFGHANS TO GET POWER SUPPLIES EVEN IF TAJIKS LOSE OUT**

### **News Briefing Central Asia, 18-Sep-07**

The Tajik power industry is worried about losing its market in Afghanistan if it cannot maintain exports of electricity over the winter, and is prepared to cut supplies to domestic consumers to avoid this happening. However, NBCentralAsia analysts say there is little substance to these fears.

On September 12, the deputy chairman of the state-run power company Barqi Tojik, Rashid Gulov, told the Regnum news agency he backed plans to continue supplying electricity to Afghanistan throughout the winter even if Tajikistan went short.

During winter, electricity shortages in Tajikistan mean that many domestic customers only receive power for a few hours a day.

Tajikistan currently supplies Afghanistan with ten megawatts of electricity, all year round. It charges an export price of two US cents per kilowatt-hour, whereas Tajiks pay 0.68 cent.

Barqi Tojik's head Sharifkhon Samiev said earlier that the supply to Afghanistan will be maintained over the winter to ensure Tajikistan does not lose its share of the market.

Possible competitors include Turkmenistan and Uzbekistan, which now supply the Afghans with 20 megawatts each.

Afghanistan's electricity needs are grow by leaps and bounds every year. Gulov said that even now, Tajikistan could be supplying its neighbour with 300 megawatts in the summer period; the problem is that Afghanistan does not have the infrastructure to cope. This will change when high-voltage transmission lines are in place between the two in 2009.

NBCentralAsia analysts argue that Tajikistan has a secure footing on the Afghan electricity market, and it would not lose out even if it had to suspend supplies temporarily.

Georgy Petrov, the head of hydroelectricity research at the Institute for Water Issues in Tajikistan, says Uzbek and Turkmen electricity is too expensive for them to be able to displace Tajik power.

Tajikistan's cheap hydroelectricity and close geographical proximity to Afghanistan will always keep it competitive, said Petrov. Kyrgyzstan is the only possible challenger, but it would first have to build larger hydroelectric stations such as the Kambarata plant, but this is still at the planning stage.

An NBCentralAsia economic analyst who asked to remain anonymous said even the small amount of power that Tajikistan now exports is enough to make it a player.

Sayfullo Safarov, the deputy director of the Centre for Strategic Studies, said Tajikistan will secure a strong position in the Afghan market, and mitigate the effects of any outages in its exports, if it adopts a prudent and reasonable pricing policy.

"We have to bear in mind that the situation there [in Afghanistan] is difficult," he said. "To maintain our market there in the long term, we must have predictable and stable policies, selling energy at a price that benefits both parties."

(NBCentralAsia draws comment and analysis from a broad range of political observers across the region)

Details:

Document Title: Afghans to Get Power Supplies Even if Tajiks Lose Out

Document Source: News Briefing Central Asia



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With best wishes,  
Tajikistan SME Public Relations/Communication Department