

Tajikistan Business Enabling Environment/ SME Policy Project Press Review - Issue #36

Dushanbe, 04 May 2007

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IFC PRESS REVIEW

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CIS STATISTICS COMMITTEE SAYS TAJIKISTAN TOPS CIS IN INFLATION RATE

DUSHANBE, May 4, Asia-Plus - According to figures provided by the CIS Committee for Statistics, Tajikistan stands in first place among CIS states in terms of the rate of growth in real average monthly wage, Russia's news agency Finmarket said.

Over the first quarter of the year, a real average monthly wage in Tajikistan has exceeded the January-March 2006 level by 33 percent with regard to growth in consumer prices, while in Kazakhstan and Russia, an 18 percent increase has been reported, Ukraine – 15 percent, Azerbaijan – 8 percent, Armenia – 14 percent, Belarus – 10 percent and Moldova – 9 percent.

Over the report period, a nominal average monthly wage in Azerbaijan has amounted to 165 manat, Armenia – 69,900 drams, Belarus – 632,800 Belarus rubles, Kazakhstan – 46,600 tenge, Kyrgyzstan – 3,315 som, Moldova – 1,782 leu, Russia – 11,924 Russian rubles, Tajikistan – 155 somonis , and Ukraine – 1,161 hryvnya.

Compared to January-March 2006, the growth has fluctuated from 20% to 57%, according to the CIS Committee for Statistics.

As far as inflation is concerned, over the report period, it has increased in the CIS states on average by 9 percent. Tajikistan tops CIS states in terms of the inflation rate as well. Compared to the first quarter of 2006, the inflation rate in Tajikistan has been 18.1 percent in January-March 2007.

Over the report period, in Azerbaijan, inflation has increased on average by 16.6 percent, Moldova – 12.1 percent, Georgia – 10.4 percent, Ukraine – 10.2 percent, Kazakhstan – 8.1 percent, and Russia – 7.7 percent. The lowest inflation rate has been reported in Kyrgyzstan – 4.7 percent.

PRESIDENT RAHMON SHAKES UP MFA

DUSHANBE, May 3, Asia-Plus - President Emomali Rahmon has signed a number of documents shaking up the ministry of foreign affairs.

By president's decree of May 2 the first deputy speaker of the Majlisi Namoyandagon (Tajikistan's lower chamber of parliament), Abdulmajid Dostiyev was appointed Tajik Ambassador to the Russian Federation, replacing Safar Safarov in this post, presidential press service said.

We will recall that Safar Safarov has been relieved of his post of Ambassador to Russia this year. He was appointed the Deputy Secretary General of the Shanghai Cooperation Organization.

According to presidential press service, by government's resolution of May 2 Saymoumin Yatimov was relieved of his post of the First Deputy Foreign Minister.

By president's decree Yatimov was appointed Tajik Ambassador to Belgium and Tajikistan's Representative to the European Community (EC - European Commission, ECSC - European Coal and Steel Community, EAEC - European Atomic Energy Community).

Besides, Nouriddin Shamsov was appointed Tajikistan's Permanent Representative to the Organization for Security and Cooperation in Europe (OSCE) and other international organizations located in Vienna, Austria.

By other president's decree Erkin Qosimov was relieved of his posts of Tajik Ambassador to Austria, Switzerland and Hungary also Tajikistan's Permanent Representative to OSCE and other international organizations.

TAJIKISTAN TO ATTRACT 43 BILLION SOMONIS IN IMPLEMENTATION OF NATIONAL DEVELOPMENT STRATEGY

DUSHANBE, May 2, Asia-Plus - Addressing the joint session of parliament, President Rahmon noted on April 30 that a draft national development strategy for 2007-2015 and a draft poverty reduction strategy for 2007-2009 will be submitted for consideration to the Majlisi Namoyandagon (Tajikistan's lower chamber of parliament) soon.

According to him, the following circumstances should be taken into account on the implementation of these documents:

- Goals, priorities and main directions of these documents are considered foundation for other national and regional programs, projected for a fixed period, as well as foreign aid programs;
- These strategies will be implemented by means of accelerated economic development, based on an efficient use of existing resources and potentials, as well as use of foreign aid;
- Coordination of activities of all partners will be based on the principle of equality of rights of state and private sector;
- To provide national development, powers, goals and objectives of central and local authorities have been reviewed, activities of local authorities have been coordinated, and services of institutions of civil society have been enlisted.

The president termed the creation of the state committee for investments and state-owned property and anticorruption agency as confirmation of this.

In connection with the creation of new agencies, the government is to project amendments to the country's legislation, according to him.

We will recall that addressing the Tajik parliament last year, President Rahmon focused on the corruption issue. He that time accused government ministries of turning into mafia clans and threatened to confiscate what he called

their “illegal property.” Rahmon said he was prepared to take “tough measures” to clamp down on corruption. He urged officials to voluntarily declare their real estate and other property -- a move he said would spare them from being confiscated.

Under the poverty reduction strategy for 2007-2009, an average annual growth in gross domestic product (GDP) should be not less than 7 percent and the volume of main investments should be brought up to 20 percent of GDP. “A share of private sector in the country’s economy should rise from 43 percent in 2005 to 55 percent by the end of 2009,” the head of state said.

According to him, 43 billion somonis, with 24 billion somonis of them being from domestic resources, are planned to be attracted in the implementation of the national development strategy for 2007-2015.

PRESIDENT DECLARES FOR OPENING FINANCIAL MARKET TO FOREIGN BANKS

DUSHANBE, May 2, Asia-Plus - To provide transparency and efficient use of state financial means all sources of financing have been united in the country’s national budget for 2007.

President Rahmon remarked this in his address to parliament on April 30. In the aggregate, the revenue part of the 2007 budget stands at 3.3 billion somonis, according to him.

“Not all money resources have been attracted so far to replenish the budget,” he said, noting that they government ought to thoroughly study the issue of taxation and tax basis, collection of land-tenure taxes and providing tax privileges.

The head of state also proposed to consider the collection of taxes under simplified system and make amendments to the current legislation in the case of necessity.

On the activity of the country’s banking system, the president noted that the main parts of the monetary policy are to provide economy with money and loans and to curb the inflation rate.

He outlined creation of favorable conditions for attracting savings, raising sound competition by means of opening the country’s financial market to foreign countries and increase in the volume of loans, including improvement of microfinancing access for remote mountain areas, as the key tasks of banks in the country.

“In 2006, small and medium-sized enterprises (SMEs) and private persons received totaling 530 million somonis in loans from all sources of financing,” said Rahmon, “This year, a total amount of loans to SMEs and private persons should be brought up to 1.1 billion somonis.”

We will recall that Tajik central bank head Murodali Alimardonov told journalists on April 25 that five foreign banks, including Kazakhstan’s ATFBank, Kazkomertzbank and TuranAlemBank, will enter the Tajik financial market soon. According to him Tajik banks have grown quite strong to stand up to the competition with the new banks.

BEI PROJECT LAUNCHES ITS OWN SITE

DUSHANBE, May 2, Asia-Plus - The Business Environment Improvement Project (BEI) has launched its own website – www.bei-ca.net.

Aziza Mavlonova, consultant for public relations, BEI Tajikistan, told Asia-Plus that the presentation of the BEI site was held in Dushanbe on April 30. According to her, the site makes available information about the project activity in Tajikistan, Kazakhstan and Kyrgyzstan both in English and Russian.

The Business Environment Improvement Project (BEI) is a four-year initiative funded by the United States Agency for International Development (USAID) for the countries of Kazakhstan, Kyrgyzstan, and Tajikistan. The BEI Project supports USAID’s strategic objectives in these countries by providing direct consultation and support to build capacity within government and the private sector to promote effective dialogue, strengthen the free market-supporting commercial law framework, improve implementation of business-related legal reforms, streamline administrative processes and promote operational improvements for the benefit of small and medium enterprises (SMEs) in the region.

THERE WILL BE NO DEFAULT

DUSHANBE, May 2, Asia-Plus - Last Wednesday there was a press-conference of Murodali Alimardonov, Chairman of National Bank. There the Chief Banker.....

...Stated on the intention to write off the debt of cotton-growers

Tajik Government has an intention to write off the debts of cotton farms and announce land free for market using, – informed M.Alimardonov. Based on his words, writing off the cotton-growing dehkans debts will be announced

at the end of current year May. At the present cotton growers debts make up \$402 mln.that on \$100 mln. more in comparison with last year.

Tajikistan Government will work on this issue jointly with international finance institutions, particularly Asian Development Bank and World Bank. 'These days the issue of creation of the special agency that will be responsible for debt burden –said NBT Head. The Fund with international finance institutions participation will be established under the agency from the source of that the debts will be partly repaid for investors.

In addition, the Land reform will be conducted and amendments and changes will be made to Land Code of RT. Due to these changes, ekhan farmer will receive the certificate for land using- stated NBT Head. Land user's right certificate will be collateral and market document with the right to sell.

At the same time state will remain a owner of the land – stressed M.Alimardonov, and it can purchase a land plot from dekhan farmer or propose to him the another plot. 'After the making amendments to Land Code, dekhan farmer can decide by himself what he will sow and how he will live in future.

TAJIKISTAN SEEKS US\$1 BIL. IN FOREIGN INVESTMENT TO TAP HYDROPOWER POTENTIAL

Simon Wardell, 01 May 2007, Global Insight Daily Analysis (Global Insight Limited) - Tajikistan has said that it intends to attract some US\$1 billion in foreign investment by 2010 to develop the country's largely untapped hydropower resources. Associated Press (AP) has reported that the Tajik president, Emomali Rakhmon, said yesterday that the government was planning to set up an international financial and electricity consortium, funded by foreign investors, state resources and Tajik investors, to help develop the substantial hydropower potential of the central Asian country. Tajikistan is thought to hold significant potential for new hydropower projects, and the government is currently assessing up to 80 possible sites for hydropower plants. Significance: Tajikistan has not been as fortunate as its neighbours in terms of mineral wealth, but the mountainous country could become a power exporter if it targets hydropower expansion.

The key will be foreign confidence in the government's commitment to private investment, which may have been somewhat damaged by the Tajik government's decision to break a contract with the Russian aluminium company RUSAL to build a new hydropower plant. Indeed, the targeted investment is equal to the value of the contract with RUSAL that has now been shelved over ongoing disagreements related to the project. The government will need to take some big steps to convince investors that it is committed to backing such schemes before it can hope to attract the levels of investment it is seeking.

IN ONE SESSION THE PARLIAMENT ADOPTED AT 15 LAWS AIMED RELATED TO THE LAW ON LICENSING

DUSHANBE, 28 April 2007, Sadoi Mardum - On 25 April 2007 there was a third session of Majlisi Namoyandagon Majlisi Oliy Of the Republic of Tajikistan chaired by Mr.Saidullo Hairulloev.

The agenda of the session included 7 sectoral laws ('On movies', 'On museums', 'On pesticides', 'On iodine salt', 'On folk medicine', 'On protection of atmospheric air' and 'On drugs and pharmaceutical activities' relevant to unified Law on Licensing.



Schweizerische Eidgenossenschaft
Confédération suisse
Confederazione Svizzera
Confederaziun svizra

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

With best wishes,
Tajikistan SME Public Relations/Communication Department