

Tajikistan Business Enabling Environment/ SME Policy Project Press Review - Issue #38

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IFC PRESS REVIEW

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FINLAND'S HELKAMA FORSTE INTERESTED IN COOPERATING WITH TAJIK FRIDGE-PRODUCING PLANT

DUSHANBE, May 18, Asia-Plus - Finnish company Helkama Forste is interested in establishing cooperation with Tajik fridge-producing plant, Olga Haryu (phonetically spelled), the company's director for CIS, said in an interview with Asia-Plus, following the first Tajik-Finnish business forum that was held in Dushanbe today.

The forum, staged by Tajikistan's State Committee for Investments and Management of State-owned Property and Chamber of Commerce and Industries (CCI), brought together Tajik and Finnish entrepreneurs to discuss cooperation issues. Besides Helkama Forste, representatives from ABB Finland and Metso Automation also attended the forum.

During the meeting, the companies presented their products.

Olga Haryu told Asia-Plus that Helkama Forste, which is manufacturer of cold storage equipment, is ready to consider the project for rehabilitation of the Dushanbe fridge-producing plant. "It is our first visit to Tajikistan and it has

mainly fact-finding nature,” said the Helkama official, “We have to familiarize ourselves with Tajikistan’s economy and study whether there is demand for our product here.”

Helkama Forste, a leading manufacturer of cold storage equipment for professional and domestic use with several major customers in the soft drinks industry.

SWITZERLAND DELIVERS 5,140 BOOKS TO TAJIK STATE MEDICAL UNIVERSITY

DUSHANBE, May 18, Asia-Plus - Switzerland delivered 5140 books to the Tajik State Medical University named after Abu Ali ibn Sino (TSMU) for the amount of \$145'000.

The list of books comprises of over 35 titles of different medical encyclopedias, specialized atlases, as well as English language learning material.

According the Swiss Agency for Development and Cooperation (SDC) CO in Tajikistan, the purpose of the provision of books is to complement and update the existing stock of the library and enhance the training capacities of the Tajik State Medical University, which trains over 95% of the medical doctors in the country.

In the past, the TSMU received books from Moscow based on a centralized budget. With the collapse of the Soviet Union the systematic purchase of new literature was halted. Since 1991, the TSMU has been receiving from time to time only locally produced medical literature and limited support by international organizations in Tajikistan as Open Society Institute and World Health Organization.

According to the librarian of the TMSU, Salomat Ergasheva, the existing stock of the library covers only 59% of the students, whereas the minimum coverage should be at least 80%.

The Agreement between the Swiss Cooperation Office Tajikistan and the Tajik State Medical University on provision of the books was signed mid January 2007.

Provision of books to the Tajik State Medical University is one of the six projects of the Swiss Government under the domain of “Health Care Reform in Tajikistan”.

STAN V STAN – CENTRAL ASIA

19 May 2007, The Economist

A new sort of Great Game

CENTRAL ASIA has long been squabbled over by outsiders. The latest manifestation of this old imperial “Great Game” is a proposed gas pipeline linking Kazakhstan and Turkmenistan with Russia.

But a struggle for leadership has broken out between countries of the region as well.

When Kazakhstan’s president, Nursultan Nazarbayev, proposed what he called a Central Asian union last month, few people paid attention. The Kazakh leader, who was against the break-up of the Soviet Union and is keen on integration European-Union style, periodically floats ideas for a common market. They usually do not get very far because there is little support for them among the neighbours.

At first, there was no reason to think the four other former Soviet republics would like his latest initiative any better than previous ones. But the balance of power in the region is changing. Kazakhstan’s oil-fired boom-growth has averaged almost 10% a year since 2000-has imbued the country’s leadership with both self-confidence and a sense of mission. Its elite wants to take the impoverished “stans”-Kyrgyzstan, Tajikistan, Turkmenistan and Uzbekistan-under its wing. Kassym-Zhomart Tokaev, the speaker of the Senate, says that “Kazakhstan is trying to build stability in our region”-a modest claim, perhaps, but one no Kazakh official would have dared to make even a year ago.

...The smallest states, Kyrgyzstan and Tajikistan, do not have much room for manoeuvre. Turkmenistan, the region’s other big energy producer, used to be isolated by the erratic and megalomaniac leadership of Saparmurat Niyazov. It is possible it might emerge from its shell under a new president, Gurbanguli Berdymukhammedov, who was elected in February-though there is no sign of that yet. So Uzbekistan is the main stumbling block to a Central Asian union.

The Uzbeks, who make up around half of Central Asia’s 55m people, see themselves as the region’s natural and historic leaders (though there is nothing to back up this claim today). They detest the idea that Kazakhs, whom they disdain as mere nomads, should usurp their role. The repressive Uzbek leadership does not get along with either Tajikistan or Turkmenistan, and relations with Kyrgyzstan fluctuate. Some members of the government grumble they have been too busy defending Central Asia from Islamic extremists to deal with their economy the way Kazakhs have-ignoring the contribution that their own persecution of dissenters has had in encouraging fundamentalism.

JOB SEEKERS EMPTY CENTRAL ASIA'S POORER REGIONS

May 17, Factivia, - Dressed in tattered sport coats and dirty T-shirts, Uzbek men clutching yellow job contracts squeezed into packed buses heading recently for cities to the north in fast-urbanizing Kazakhstan and on up into Russia.

"They were selling people at the market here."

Whether exploited or not, thousands of workers are abandoning southern Central Asian countries, like Uzbekistan and Tajikistan, every week for jobs on building sites and road paving crews, on factory lines and in market stalls across Kazakhstan and Russia. Any consequences have the potential to ripple across a politically unstable region that has seen sporadic ethnic clashes in recent months.

Migrant workers from Central Asia make a significant economic contribution to the region's stability by sending money back home, yet the thickening flow of migrants in a region of ethnic tensions has contributed to a general sense of unease.

In April, ethnic Kazakhs and ethnic Chechens clashed in towns in southeastern Kazakhstan, and the region had braced for possible violence this month, the two-year anniversary of a deadly antigovernment demonstration in Andijon, Uzbekistan. In Russia, anti-immigrant sentiment resulted in ugly street confrontations this spring, while President Vladimir Putin has warned in speeches against rising ethnic chauvinism and xenophobia.

POL: AT THE CROSSROADS. A NEW ROLE FOR CENTRAL ASIA

16 May 2007 - DUSHANBE, Tajikistan, and ALMATY, Kazakhstan. Planes from Moscow to Almaty or Astana in Kazakhstan are full of smartly dressed businessmen clutching laptops, but the shabby Tupolev flying to Dushanbe was entirely filled with downtrodden Tajiks wielding plastic bags. One or two were wearing badly fitting suits, suggesting that their business in Moscow might have been labor of the non-manual variety, but most of the passengers looked like they had come straight off the construction site. It was an early indicator of the economic problems that still besiege Tajikistan, the poorest of the CIS countries, a decade after the country's civil war ended. It is estimated that one in five Tajik males migrates to Russia each year for work, and the money they send back in remittances amounts to more than the state budget.

Pakistan, China and Afghanistan are all spitting distance from Dushanbe, which sits at the very edge of the former Soviet Union and the current CIS. On a recent day, white Land Cruisers belonging to the UN and other international organizations filtered through streets filled with old Russian-made Ladas and Volgas. Two French Air Force pilots from their base at Dushanbe airport walked down the main street in full uniform, grinning stupidly and looking around as if they were on Mars. At an old Soviet monument, six middle-aged women in brightly colored headscarves were digging away at the soil with huge spades - presumably, with all the men gone to Russia, women have to take care of the manual labor at home. A tanned Russian, with a large canvas bag and a row of gold teeth shining out from a mouth permanently set somewhere between a grin and a grimace, stopped me to tell a sob story that began with a knife fight three years before while on border patrol duty, and ended with his imprisonment in a Tajik jail. Now, following his release, he can't buy bread, let alone get home. Dushanbe is a strange city, simultaneously fascinating and dull - both a meeting point of empires and a dead end.

Emomali Rakhmonov, the country's president since the end of the civil war and winner of a third term in office after dubious elections last November, had clearly decided that after the death of Saparmurat Niyazov, the late president of Turkmenistan also known as Turkmenbashi, the position of Eccentric Central Asian Despot was now vacant, and he should fill it. While he hasn't yet reached the level of renaming the months of the year after melons, he has made a good start, by renaming himself. At the end of March, he announced that from now on he would be officially known as Emomali Rakhmon, killing the Slavic suffix from his surname, thereby reinforcing traditional Tajik culture against the post-colonial hangover of Russified names. He decreed that thenceforth it would be illegal for any newborn Tajik child to be given a surname ending in -ov or -ev. He also decided that students should be banned from bringing mobile phones to school or traveling in cars, as these luxuries distract them from their studies. He had previously launched a campaign against gold teeth, saying: "Teachers complain about their salaries, but they all have gold teeth."

In a country where the United Nations Development Program (UNDP) estimates that over 60 percent of the population lives below the poverty line, it is tempting to wonder whether Rakhmonov has his priorities wrong, cracking down on the few expressions of wealth rather than on the widespread poverty that plagues Tajikistan. One of the worst problems is with electricity. Reliable lighting is an issue even in central Dushanbe, and most of the rest of the country has electricity for only a few hours a day. One foreigner living in Dushanbe reported paying a bribe to hook up his electricity wires to the feed of a parliamentary deputy - previously his lights had been too dim for reading. "The problem of electricity is getting worse every year," said Muzaffar Olimov, the director of Sharq, a think tank based in Dushanbe. "For five months in winter, there is almost no electricity in the countryside."

Despite the endemic poverty and social problems, analysts doubt that Tajikistan is ripe for either a color revolution or an Islamic one. At least, not yet. "There are some supporters of radical Islamic groups in the Tajik part of the Fergana Valley," said Olimov. "But it's not really a serious threat. If the social problems continue to get worse every year though, who knows what could happen. As for a color revolution, this is impossible in Tajikistan because the opposition forces are weak and disorganized."

Perhaps the most popular opposition force in the country - even if this conclusion is not reinforced by the ballot boxes at parliamentary elections - is the Islamic Renaissance Party of Tajikistan, which is the only legal Islamic party in Central Asia. The party was part of the coalition that fought the government during the Tajik Civil War of 1992-1997, but after the death of its long-time leader Said Abdullo Nuri last fall, its new leader, Muhiddin Kabiri, has softened the party line. Unlike the old guard of party leaders, he's not a cleric, and he does not want to implement an Islamic state in Tajikistan. "In the constitution, it says that our country is a democratic, secular state governed by the rule of law, and that's what we are fighting for," he told me over tea at Cafe? Istanbul in central Dushanbe.

While he clearly did not agree with the direction the country's government was taking, Kabiri made it clear that the strategy for now was one of conciliation and gentle pressure. "My generation lived through the civil war," said Kabiri. "Even if the whole country is without electricity apart from the center of Dushanbe, we are ready to put up with anything to avoid more war - not because we're a party of cowards, but I don't want to risk the lives of hundreds of thousands of people. Any demonstration could end with shooting," he continued. "There is no chance of anything like Andijan happening here any time soon. But the next generation - who knows?"

Moscow-on-the-steppe

It's a short flight from Dushanbe to Almaty, but the two cities feel like different worlds. After taking off from Dushanbe's shabby refugee camp of an airport, the plane lands at the shimmering, modern terminal of Almaty, the economic hub of the region. The city is a neatly laid out set of perpendicular streets and avenues set with greenery, elegant five-story buildings and a smattering of shiny new towers. With its cappuccinos and Caesar salads, fast cars and residents with attitude, Almaty is Moscow-on-the-Steppe.

President Nursultan Nazarbayev, who has ruled the country since the fall of the Soviet Union, has overseen impressive economic growth after he opened up his country's abundant natural resources to foreign companies. "We've made great strides economically, but in terms of democracy promotion and rule of law we haven't done too much," said Evgeny Zhovtis, director of the Kazakhstan International Bureau for Human Rights and Rule of Law. On the other hand, it's debatable whether democracy is necessarily what ordinary Kazakhs want. Many Kazakhs express great respect for Nazarbayev, and people are more likely to take to the streets over state interference in their private lives than over a lack of democracy - the suspicious death of a key opposition figure last year hardly caused a whimper, while planned moves to ban right-hand drive vehicles brought hundreds to the streets. "On the whole, the people are apolitical," said Andrei Chebotaryov, director of the Alternativa think tank in Almaty.

Next year, Kazakhstan will find out if it will chair the Organization for Security and Cooperation in Europe (OSCE) in 2009, and this will determine a lot about the future political direction of the country. Kazakhstan's human rights record is hardly up to OSCE standards, and the measures taken by Nazarbayev to show that Kazakhstan is becoming more democratic are not particularly convincing; nevertheless, analysts believe that the chairmanship itself will promote more ties with the EU and the United States, which will allow for progress on human rights and democracy.

"The ruling elite is not monolithic, and the chairmanship would empower the liberal sector," said Zhovtis. He also believes that if people see Kazakhstan first and foremost as part of the OSCE and not part of Central Asia, the country will be judged by more exacting standards. "It will be much more difficult to compare us to Uzbekistan or Turkmenistan," he said. "This comparative approach allows people to say that Kazakhstan is 'not so bad.' But then, if you compare political pluralism to North Korea, every other country will come off looking 'not so bad' - it's a meaningless comparison."

If the country doesn't receive the OSCE chairmanship, one country that won't be celebrating is Russia, which views the organization with immense suspicion, despite being one of its members. Still, while Nazarbayev has repeatedly told President Vladimir Putin that the Russian-Kazakh relationship is crucially important for Kazakhstan, this has not stopped him from making foreign policy moves at odds with Moscow's wishes. In the last two years, as Russian-Georgian relations have gone from bad to worse, Kazakhstan has moved in, and is now one of the biggest investors in the Georgian economy. It has also sought to increase ties with other countries that Moscow might see as unfriendly. "Kazakhstan needs different export routes, like the Baku-Tbilisi-Ceyhan pipeline," said Chebotaryov. "Russia gets into arguments with Ukraine, Georgia, the Baltics, even Belarus - and then when Kazakhstan gets into negotiations with any of these countries Russia gets annoyed."

If the OSCE decides that it's not appropriate for Kazakhstan to become chairman, it's certain that not everyone in Astana will be disappointed. It is likely to bolster the portion of the elite that favors realignment with Russia. "We'll become more involved in the SCO [Shanghai Cooperation Organization], the CSTO [Collective Security Treaty Organization], and there'll be more influence from China and Russia - we'll be sliding towards further authoritarianism rather than moving in the right direction," said Zhovtis.

Regional Differences

As for the other three countries of the region, they are each at very different, but equally interesting, stages politically. In Uzbekistan, since the Andijan uprising in May 2005 and subsequent crackdown, there has not been a repeat of mass unrest, but all accounts are that the society is on edge. "Tashkent even a few years ago used to be such a wonderful place to live," said Naubet Bisenov, an ethnic Kazakh who grew up in Uzbekistan but recently decided to swap citizenship and become a Kazakh citizen. "Now, it's a miserable place. There are police everywhere, and the atmosphere is tense. There is a lot of migration. There are whole restaurants that were shut down in Uzbekistan

that have migrated to Almaty and set up here," he said. "People just want to get out."

Document Title: At the Crossroads. A New Role for Central Asia
Document Source: Russia Profile

UPCOMING DONORS' MEETING HISTORIC OPPORTUNITY FOR TAJIKISTAN TO DEMONSTRATE ITS PROGRESS: IMF MISSION HEAD

DUSHANBE, May 15, Asia-Plus - State and prospects of further expansion of cooperation between Tajikistan and the International Monetary Fund (IMF) were discussed at a May 14 meeting of President Emomali Rahmon with Carlos Pinerua, the head of the IMF mission to Tajikistan.

Following a meeting with President Rahmon, Pinerua told journalists that IMF assesses the economic development pace in Tajikistan as high and the inflation situation as changing for better.

According to him, they discussed issues related to the upcoming meeting of donors on Tajikistan. He named this meeting "a historic opportunity for Tajikistan to demonstrate the international community how far it has advanced in economic development over the past ten years."

Asked about the agenda of the upcoming meeting of donors, the IMF mission head said that the WB-sponsored meeting of donors will be held in Dushanbe on June 2. According to him, energy and agricultural reforms, as well as Tajikistan's national development program for the coming ten years are supposed to be discussed at the meeting.

On the inflation situation in Tajikistan, Carlos Pinerua said that inflation in Tajikistan last year was at the rate of 12 percent, while the authorities' inflation target for 2006 had been determined at 7 percent. Increase in the inflation rate resulted from low yields of some agricultural crops in the country, including potatoes, according to him. "We expect inflation to be at the rate of 9 percent this year, mainly because of change in electrical power tariffs," Pinerua said, noting that rise in electrical power rates is necessary for improvement of financial state of Barqi Tojik power holding.

On prospects of further expansion of cooperation between the Fund and Tajikistan, the IMF mission head reminded that IMF has supported Tajikistan over the past six years and intends to retain cooperation with Tajikistan in future as well. "Technical assistance will be provided and we are ready to finance in case of necessity," said Pinerua. "But at present the situation in the country is improving; finances are attracted from other countries and our financing is not required."

IMF MISSION MEETS WITH TAJIK OFFICIALS TO DISCUSS COUNTRY'S ECONOMIC DEVELOPMENT RESULTS

DUSHANBE, May 15, Asia-Plus - The International Monetary Fund's (IMF) mission led by Carlos Pinerua has been in Tajikistan since May 10 to discuss with Tajik officials Tajikistan's economic development results.

According to the National Bank of Tajikistan (NBT), the main purpose of a seven-day visit is for the IMF mission to inform Tajikistan's political leadership of the results of discussion by the Fund's Executive Board of Article IV of the IMF's Articles of Agreement in Washington on March 29, 2007.

Under Article IV, the IMF holds bilateral discussions with members, usually every year. In the context of the 2006 Article IV consultation with Tajikistan, the following documents have been released and are included in this package: the staff report for the 2006 Article IV consultation, prepared by a staff team of the IMF, following discussions that ended on February 1, 2007, with Tajik officials on economic developments and policies. Based on information available at the time of these discussions, the staff report was completed on March 7, 2007. The views expressed in the staff report are those of the staff team and do not necessarily reflect the views of the Executive Board of the IMF; a Public Information Notice (PIN) summarizing the views of the Executive Board as expressed during its March 28, 2007 discussion of the staff report that concluded the Article IV consultation; and a statement by the Executive Director for Tajikistan.

During its stay in Tajikistan, the IMF mission has already held meetings with Tajik ministers of economy and finance, as well as the country's central bank head and tax committee chief. The talks focused on the economic development indices, according to the NBT.

The Fund's mission is also scheduled to discuss at Tajik central bank issues related to monetary policy, payment balance and banking oversight.

Pinerua also intends to meet with senior representatives from a number of commercial banks and international organizations active in Tajikistan.

TAJIKISTAN ENDORSES AMENDMENTS TO THE LAW ON LICENSING CERTAIN TYPES OF ACTIVITIES

DUSHANBE, May 14, Asia-Plus - The lower house of the Tajik parliament has endorsed a bill requiring amendments to the country's law on licensing certain types of activities. The bill has been approved in order to bring licensing into compliance with the RT Law "On Inspection of Activities of Economic Entities in Tajikistan."

A regular sitting of the third session of the Majlisi Namoyandagon (Tajikistan's lower chamber of parliament) of the third convocation presided over by its chairman Saydullo Khairulloyev was held on May 11.

Latofat Sharipova, member of the Majlisi Namoyandagon Committee on Energy, Industry, and Construction, presenting the bill noted that under the amended law on licensing certain types of activities, license will be granted for not less than five years (the previous edition of the law provided for granting license for the period of up to five years). According to her, amendments were made to the law in order to bring it into compliance with licensing with the RT Law "On Inspection of Activities of Economic Entities in Tajikistan."

The session also considered and endorsed as well as amendments to the laws on state regulation of production and circulation of ethyl alcohol and alcohol drinks, seed-growing and environmental protection.



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