

Tajikistan Business Enabling Environment/ SME Policy Project Press Review - Issue #31

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IFC PRESS REVIEW

1. News directly connected to SME Project

WB TO SUPPORT FURTHER MOVES OF TAJIKISTAN TO REDUCE POVERTY: WB REGIONAL DIRECTOR

DUSHANBE, March 20, Asia-Plus. A progress of economic reforms in Tajikistan and implementation of the WB-sponsored projects was in the center of a March 19 meeting of President Emomali Rahmonov with visiting World Bank (WB) Regional Director for Central Asia Annette Dixon.

After the meeting with the president, Dixon told journalists that they, in particular, discussed preparations for a meeting of the Consultative Group of Donor Countries on Tajikistan set for June this year.

Besides, issues related to enhancement of Tajikistan's energy sector were also considered, according to her.

The WB country director noted that an important meeting of representatives from international financial institutions and private sector was held in Washington in February. The meeting, in particular, considered issues related to financing of the Sangtuda-1 hydroelectricity project.

Speaking to journalists, Dixon pointed to the importance of implementation of the National Medium-Term Strategy and the Poverty Reduction Strategy Paper (PRSP). "In the near future, the PRSP will be submitted to the Bank for continuation of assistance in the implementation of it," Dixon said.

2. News interesting for Business Environment

FOREIGNERS FACE EXPULSION FROM RUSSIAN MARKETS

MOSCOW, March 30, 2007 (Agence France-Presse). Fear and confusion reigned in Russia's markets ahead of a government ban against tens of thousands of foreign stallholders that comes into force on Sunday.

"I think there will be a grand raid in all the markets on Sunday but then afterwards I think they'll let us work. We haven't done anyone any harm," said Nasiba, a literature graduate from Tajikistan selling fish at Vyatsky market.

But migration officials are vowing they will make no allowances.

"The measure will be applied fully. We have already started raids at the markets. All the foreign vendors, and especially the market directors, have been warned," said a spokeswoman for Russia's migration service.

"This is to defend Russian traders, who have long been chased out of markets or relegated to second class level by the foreigners," said the spokeswoman, who declined to give her name.

TAJIK, SWISS NATIONAL BANKS DISCUSS TECHNICAL COOPERATION ISSUES

DUSHANBE, March 30, Asia-Plus. Issues related to technical cooperation were one of major topics of a March 29 meeting of Murodali Alimardonov, Chairman of the National Bank of Tajikistan (NBT), with visiting delegation of the Swiss National Bank led Werner Herman, Director for International Studies and Technical Cooperation, according to Tajik central bank.

The source at a NBT said that during their stay in Tajikistan, representatives from the Swiss National Bank are also scheduled to hold a number of talks with senior representatives from Tajik central bank to discuss further technical cooperation between the two banks.

The Swiss National Bank delegation's visit will last till March 31, according to the NBT.

Partnership between the NBT and the Swiss National Bank was established in 1998 and since that time, 41 specialists from Tajik central bank took training courses in Switzerland.

RUSSIA'S VYPELCOM INTENDS TO INVEST \$100 MILLION IN DEVELOPMENT OF 3G NETWORKS IN TAJIKISTAN.

DUSHANBE, March 30, Asia-Plus. On March 29, major Russian cellular operator, open joint-stock company Vypel-Communications (VypelCom), better known as Beeline, announced test-commercial launch of HSDPA (High Speed Downlink Packet Access: 3.5G) standard network in Tajikistan.

High Speed Downlink Packet Access 3.5G with a bandwidth of up to 1920Kb/s downlink, 384Kb/s uplink commercially appeared in 2006.

Igor Pilyugin, director general of the Dushanbe limited liability company Tacom, integrated into Beeline as its affiliate, told a briefing in Dushanbe on March 29 that China's Huawei Softswitch will supply equipment for creation of the 3.5G network in the Tajik capital.

According to him, among their clients there are 700 3.5G users.

A total number of Tacom clients has been more than 70,000 people as of January 1, 2007. Pilyugin said that capital expenses on each client amount to some \$100. "More than \$7 million have been spent to expand Beeline operations into Tajikistan," said the Tacom director general, "Of this amount, nearly a half has been spent for creation of the 3G networks."

"Beeline plans to bring a total number of its clients to more than 1 million people in the coming five-six," said Pilyugin, "Proceeding from this, Beeline intends to invest more than \$100 million in creation of 3G networks throughout Tajikistan."

We will recall that VypelCom purchased a 60% stake in Tajik cellular operator "Tacom" for \$12 million in December 2005. Tacom is licensed to provide cellular communication services in Tajikistan in the GSM-900/1800, UMTS, CDMA-450, and AMPS standards.

As of February 1, 2007, clients of Beeline in Tajikistan have numbered 100,000 people.

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Dushanbe, March 29, 'Faraj' Newspaper, No.13 (15). On 21 March 2007 during the meeting with intelligence, President Emomali Rakhmonov changed his name and now the head of state will be named as Emomali Rakhmon. By this initiative, Soviet Union's suffixes as 'ov', 'ev', 'ovich', 'evich' will be cancelled. As soon this process will be started and at our Government it is accepted if Head of state is doing something, starting from the members of the Government, this will be followed up by everybody.

Though it is doubtful, that high level officials will change in a short time, however 'Faraj' is intended to draft a crib for the officials, heads of organizations and facilities in order that they would not spend their valuable time to turn over the pages of Tajik language dictionary and other books.

DEVELOPMENT OF TAJIK FRUIT-AND-VEGETABLE SECTOR DISCUSSED IN DUSHANBE TODAY

DUSHANBE, March 27, Asia-Plus. The first one-day meeting of the supervisory board on the Trade Promotion in Tajikistan project opened in Dushanbe today morning.

Abdulfattoh Shafiyev, the project national consultant for public relations, said that the board members are discussing issues related to the implementation of the project as well as problems and obstacles facing processing and export of fruits and vegetables.

According to him, processing of fruits and vegetables and export of them are one priorities of agricultural sphere in export potentials of Tajikistan.

Experts hold that development of this sphere will facilitate enhancement of other branches of the country's agrarian sector and make contribution to reduction of poverty in the republic.

Shafiyev said that the supervisory board had been set up for the purpose of supporting the implementation of the Trade Promotion in Tajikistan project. The board includes representatives from the ministries of economic development and trade, agriculture and environmental protection, energy and industry, as well as other relevant organizations.

Exporting companies often realize higher profit margins and have a larger and more diverse customer base than those who sell only to the domestic market. They can benefit from economies of scale, specialize more, and protect themselves better against cyclical and seasonal variations in demand. Moreover, their competitiveness is strengthened because by being exposed to international markets, they find it easier to develop their technologies and their marketing skills. Through these activities at the enterprise level, external trade can be a forceful stimulant to economic growth and to rising living standards of nations.

Tajikistan is in the process of WTO accession. So far only few, mainly large companies in Tajikistan export, and the country's exports are dominated by two products – aluminum and cotton. This makes it vulnerable to economic shocks and their social and economic consequences.

In view of Tajik enterprises' difficulties to take advantage of foreign market opportunities, the Swiss Government (SECO) decided to fund the Trade Promotion in Tajikistan project. SECO chose the International Trade Center (ITC), with its 40 years of experience in trade related technical assistance, as its partner.

ITC developed and is now implementing a practical, results oriented project, where assistance is provided at three levels: at the enterprise level, where the main focus of the project lies; at the level of trade related business services providers, and at the level of public-private partnerships that assist in creating a favorable business and export environment.

ITC works in close cooperation with the Government of Tajikistan and with Tajik enterprises and business sector representatives.

AGROINVESTBANK TO DOUBLE ITS DECLARED CAPITAL

DUSHANBE, March 26, Asia-Plus. Open joint-stock company (OJSC) AgroInvestBank plans to have increased its declared capital from 27 million somonis to 54 million somonis this year.

Sharif Qaraqulov, the head of the AgroInvestBank department for deposits and attracted resources, said in an interview with Asia-Plus that the bank plans to issue 270,000 other shares for a total amount of 27 million somonis and 27,000 privileged shares for 2.70 million somonis.

According to him, a decision on this subject was made at the last general meeting of the bank's shareholders that was held in Dushanbe on March 24. "Any citizen of Tajikistan coming of age may become shareholder of the bank," Qaraqulov said.

He added that dividends paid by the bank to its shareholders on simple shares amount to 30 percent. "But this rate is unfixed and may change through the year, depending on a profit earned by the bank," the AgrolInvestBonk official said, noting that holders of simple shares have the vote at the general meeting of the shareholders.

"As far as the privileged shares are concerned, their holders do not have the vote at the general shareholders' meeting but they receive stable fixed income"

According to Qaraqulov, thereby the bank intends to strengthen its financial potentials and expand its relations with other banks at international level.

Founded in 1992, AgrolInvestBonk, with headquarters in Dushanbe, has main branches in Khorog, Khujand, Kulob and Qurghon Teppa and 57 other branches across the republic. At present AgrolInvestBonk's declared capital includes 270,000 shares, valued at 27 million somonis. The face value of one share is 100 somonis. Some 1,500 shareholders, with 97.8 percent of them being physical entities, currently participate in management of the bank.

As of January 1, 2007, the bank's regulative capital has amounted to 56.2 million somonis.

TAJIKISTAN'S EXTERNAL TRADE TURNOVER AMOUNTS \$581.3 MILLION IN JANUARY-FEBRUARY

DUSHANBE, March 20, Asia-Plus. Over the first two months of 2007, the external trade turnover of Tajikistan, including electric power and natural gas, has amounted to US\$581.3 million, which is 128.9 percent of the January-February 2006 level or US\$130.2 million more, according to the State Committee for Statistics.

The trade balance was negative and amounted to US\$87.3 million.

The committee said that exports of goods over the same two-month period have amounted to US\$247 billion, which is 18.8 percent more than in the same period of last year. Imports of goods to Tajikistan have amounted to US\$334.3 million, which is 37.5 percent more than in January-February 2005.

Compared to January 2007 exports in February 2007 decreased by 11.3 percent and imports by 4.3 percent.

In January-February 2007, Tajikistan's main export partners were the far abroad countries. They have accounted for 85.1 percent or US\$210.3 million of Tajik exports.

Imports came mainly from the CIS countries, which have accounted for 66 percent or US\$220.6 million of Tajik imports over the past two months.

In January-February 2007, Tajikistan has had trade relations with 68 countries around the world, including 11 CIS countries. The CIS countries have accounted for 44.3 percent or US\$257.3 million of Tajikistan's external trade turnover, and the far abroad countries have accounted for 55.7 percent or US\$324 million.

Compared to January-February 2006 the trade with CIS countries over the report period has increased by 21.2 percent or US\$45 million and the trade with the far abroad countries has increased by 35.7 percent or US\$85.2 million.

The balance in the trade with the CIS countries was negative and amounted to US\$183.9 million, while the balance in the trade with the far abroad countries was positive and amounted to US\$96.6 million. Export of cotton fiber has decreased by 23.1 percent or US\$6.4 million over the report period. Import of electrical power in January-February 2007 decreased by 42.5 percent or US\$8.4 million.



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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