

Part One
COUNTRY PRESENTATION

I. BASIC COUNTRY DATA

Location:	Between latitudes 36°40'N and 41°05'N, and 67°31'E and 75°14'E
Area:	The nearest port is over 3,000 km from Dushanbe 143,100 km ²
Land boundaries:	Length from west to east 700 km and from north to south 350 km Borders Afghanistan in the south (1,030 km), China in the east (430 km), Kyrgyzstan in the north (630 km), Uzbekistan in the north and west (910 km)
Airports:	Dushanbe International Airport
Railway density:	4 km per 1,000 km ² (2005)
Road density:	198 km per 1,000 km ² (2000)
Climate:	Continental
Population:	Total: 6.73 million (2007) Density: 47 people per km ² (2007) Annual growth rate: 1.4 per cent (2007)
Ethnic groups:	Tajik (65 per cent), Uzbek (25 per cent), Russian (3.5 per cent), others (6.5 per cent)
Independence:	9 September 1991
Capital:	Dushanbe
Time zone:	5 hours ahead of Greenwich mean time (GMT + 5)
Principal languages:	Tajik (official language), Russian and Uzbek are also spoken English is understood
Information and communications technology:	Number of fixed telephone lines per 100 inhabitants: 4.2 (2007) Number of cellular mobile subscribers per 100 inhabitants: 3.9 (2007) Number of internet users per 100 inhabitants: 0.3 (2007)
Education and literacy:	Adult literacy rate: 99.6 per cent (2007)
Economic growth rate:	7.9 per cent per annum (2008)
Foreign trade:	Total: 4.6 billion United States dollars (2008) Exports: 1.4 billion United States dollars (2008) Imports: 3.2 billion United States dollars (2008)
Foreign direct investment:	Net inflow: 401 million United States dollars (2008)
Currency:	Somoni; 1 somoni = 100 dirams
Measures:	Metric system
Business hours:	Monday to Friday, 8 a.m. to 5 p.m.
Holidays:	1 January: New Year's Day 8 March: International Women's Day 20-22 March: Navruz (Persian New Year) 1 May: International Solidarity Day 9 May: Victory Day 27 June: National Unity Day 9 September: Independence Day

Exchange rate: 6 November: Constitution Day
9 November: Reconciliation Day
Eid al-Adha and Eid al-Fitr are set according to the lunar calendar
1 United States dollar = 3.4 somoni (annual average in 2008)

II. COUNTRY CONTEXT

A. Government structure

The principles of the State structure in Tajikistan are defined by the Constitution adopted in 1994. The 1994 Constitution guarantees the principle of division of power into legislative, executive and judicial branches. According to the Constitution, the President of the republic is the Head of State and of the executive power (Government). The President is elected for a seven-year term on the basis of universal suffrage, but may not hold office for more than two consecutive terms.

The parliament (Majlisi Oli) is the highest representative and legislative body and consists of two chambers: (a) the upper chamber (Majlisi Milli), consisting of 33 members (25 selected by local deputies and 8 appointed by the President); and (b) the lower chamber (Majlisi Namoyandagon), composed of 63 members elected by popular vote.

The Government is the executive body and consists of a prime minister, deputy prime ministers, ministers and the chairpersons of various State committees.

The judicial power in Tajikistan is exercised by the system of courts, which are classified in hierarchical order as follows: the Constitutional Court, the Supreme Court, the Supreme Economic Court, the Military Court, the Court of the autonomous region of Kuhistoni-Badakhshon (formerly known as the autonomous region of Gorniy-Badakshan), and the courts of the viloyats (regions), Dushanbe, and other cities and districts, as well as the economic courts of the autonomous region of Kuhistoni-Badakhshon, other regions and Dushanbe.

The Constitutional Court is the supreme body of the judicial power. The Supreme Court covers the sphere of civil, criminal and administrative legal proceedings, and exercises supervision over the judicial activity of regional, city and district courts. The Supreme Economic Court is the judicial body for economic dispute settlements and other cases under the consideration of economic courts.

The Constitution has supreme validity in the system of laws, followed by constitutional laws; laws and resolutions of the State; decrees of the President; resolutions of the Government; acts of the National Bank; acts of Ministries, State committees and administrative departments; and decisions of local state administrative bodies and local governments.

Tajikistan consists of five administrative regions: (a) Sughd (formerly known as Leninabad), in the north-west (capital city Khujand); (b) Khatlon, in the south-west (capital city Qurghonteppa); (c) the autonomous region of Kuhistoni-Badakhshon, in the south-east (capital city of Khorugh); (d) the Region of Republican Subordination, in the central area (under central administration); and (e) Dushanbe. Each region is divided into several districts which in turn are subdivided into *jamoats* (village-level self-governing units). As of 2006, there were 58 districts and colonies and 367 *jamoats* in Tajikistan.

B. Geography and natural resources

Mountain systems occupy 93 per cent of the territory of Tajikistan. Lower land, including part of the Ferghana Valley, can be found in the north; the south-west and central areas are dominated by the Turkestan, Zarafshan, Hissar and Alay mountain ridges. The Pamir range crosses the south-east area (which includes the highest point in the range—Somoni Peak, at 7,495 m); the south-eastern part also comprises lower land, including the Vakhsh, Hissar and other valleys.

Rivers and lakes are among the most important natural resources of Tajikistan. Thousands of rivers are fed by the abundant run-off from the country's glaciers, which cover more than 8,476 km² of the country's surface area. Approximately 947 rivers are longer than 10 km; if combined, those major rivers would run for more than 28,500 km. They supply more than 60 per cent of the hydro resources for the Central Asian region.

The plains in the south-west part of the country are the main cotton-producing areas. Tajikistan has also rich deposits of minerals, including gold and silver, in its mountainous areas.

Tajikistan lies in an active seismic belt, therefore earthquakes are common. The country also suffers from a number of environmental problems, such as the overuse of mountainous lands for farming and overgrazing by herds, which has led to soil erosion, frequent mudslides and flooding. The intensive farming and development of the irrigation network to grow cotton that took place during the Soviet era have led to water shortages and soil salination.

C. Recent economic development

Tajikistan experienced rapid economic growth over the past several years. According to a survey conducted by the United Nations Economic and Social Commission for Asia and the Pacific (ESCAP), the real gross domestic product (GDP) growth of Tajikistan in 2008 was 7.9 per cent, above the average growth rate in Central Asia. However, Tajikistan is one of the poorest economies in Central Asia, with a GDP per capita of about \$500.

With regard to the performance of different sectors, data from the State Committee on Statistics of Tajikistan showed that the share of agriculture in total GDP, a dominant sector of the economy, dropped from 36.7 per cent in 1995 to 19.8 per cent in 2007. The share of industry also decreased, from 34 per cent to 15.4 per cent, while the share of trade increased from 7.5 per cent to 19.8 per cent. International trade has become an important economic sector. The shares of construction and transport have increased slightly, from 3.5 per cent to 8.7 per cent, and from 4.4 per cent to 5.1 per cent, respectively.

Several international organizations have conducted economic and social surveys of Tajikistan, including ESCAP, the International Monetary Fund, the United Nations

Conference on Trade and Development, the United Nations Development Programme and the World Bank.

D. Foreign relations

Tajikistan is a member of the following international and regional agencies, organizations and programmes:

- Economic and Social Commission for Asia and the Pacific
- Economic Commission for Europe
- United Nations Development Programme
- United Nations Conference on Trade and Development
- United Nations Educational, Scientific and Cultural Organization
- United Nations Industrial Development Organization
- Universal Postal Union
- World Intellectual Property Organization
- World Health Organization
- World Meteorological Organization
- World Tourism Organization
- International Atomic Energy Agency
- International Fund for Agricultural Development
- International Labour Organization
- International Telecommunication Union
- International Civil Aviation Organization
- International Organization for Migration
- International Monetary Fund
- International Development Association
- International Finance Corporation
- Food and Agriculture Organization of the United Nations
- Asian Development Bank
- Islamic Development Bank
- Economic Cooperation Organization
- Shanghai Cooperation Organization
- Central Asia Regional Economic Cooperation

E. International trade

The high mountainous ranges separating the different economic centres of the country makes trade very difficult domestically, while international trade relies on cooperation with the neighbouring transit countries.

In recent years, Tajikistan has experienced substantial growth in international trade, with imports growing faster than exports. The value of total trade increased from \$1.5 billion in 1995 to \$4.6 billion in 2008.

Over the period from 1995 to 2008, the annual trade balance was negative, except for the years 1996, 1999, 2000 and 2002 (see table 1). The faster growth rate of imports

against exports is a concern, as it leads to an increasing deficit in the country's balance of trade.

Over the same period, the trade deficit of Tajikistan with countries in the Commonwealth of Independent States (CIS) grew from \$186 million in 2000 to \$1.6 billion in 2008. The trade deficit of Tajikistan with non-CIS countries was \$256 million in 2008.

Table 1. Balance of trade
(Millions of United States dollars)

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Exports, f.o.b.	748	770	746	597	689	784	652	737	797	915	909	1 399	1 468	1 406
Imports, c.i.f.	809	668	750	711	663	675	688	721	881	1 191	1 330	1 725	2 455	3 270
Trade balance	-61	102	-4	-114	26	109	-36	16	-84	-276	-421	-326	-987	-1 864

Source: Based on data from the State Committee on Statistics of Tajikistan.

Abbreviations: c.i.f. cost, insurance, freight
f.o.b. free on board

1. Import performance

The value of imports to Tajikistan increased substantially, from \$809 million in 1995 to \$3.27 billion in 2008. The major imported goods include natural gas, petroleum products, electricity, grain and flour.

Imports play an important role in the economy of Tajikistan, as most consumer goods and industrial products are imported from other countries. Tajikistan was once highly dependent on the import of electricity, which represented 20 per cent of total imports in 1995. By 2006, however, electricity represented less than 4 per cent of imports. Imports of natural gas have also been falling, while imports of petroleum products have remained more or less stable, as have imports of grain and flour. The value of non-traditional imports, comprising consumer goods, rose from \$478 million in 1995 to \$1.35 billion in 2006, accounting for approximately 80 per cent of total imports.

Since 1991, the Russian Federation and Uzbekistan have been the top two sources of imports for Tajikistan. The share of imports from Kazakhstan has gained significance, reaching around 11.4 per cent of total imports in 2006. Recently, China has become an important source of imports, accounting for about 20 per cent of the total imports in 2006.

2. Export performance

Export growth in Tajikistan is irregular; however, the value of exports increased from \$748 million in 1995 to \$1.4 billion in 2008. During the period 1996 to 2002, the annual values of total exports were lower than that of 1995, due to the poor performance of cotton, one of the country's key exports.

In the past, exports from Tajikistan depended heavily on two major markets, namely, the Netherlands and Uzbekistan (see table 2). However, in 2007, more goods were exported to the Russian Federation than to Uzbekistan. In 2005, the United States of America became an important export destination for Tajik products.

Table 2. Direction of exports from Tajikistan

*Value of exports
(Millions of United States dollars)*

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Netherlands	255.2	218.0	229.4	221.4	222.3	178.2	194.4	216.9	200.8	379.2	423.4	569.4	570.5
Uzbekistan	132	191	172	126	181	98	87	73	67	66	66	67	87
Russian Federation	95	79	64	48	115	259	105	87	52	60	83	65	97
Belgium	32.7	5.5	14.7	12.8	7.0	5.1	6.0	9.5	7.6	7.2	4.9	4.2	1.4
United Kingdom of Great Britain and Northern Ireland	20.7	15.2	6.5	5.1	5.5	6.0	2.5	3.9	2.5	0.9	1.3	1	0.5
Germany	4.6	2.6	2.4	1.4	0.1	0.4	0.2	0.1	0.2	0.2	0.5	0.5	1.1
Spain	0.7	0.3	0.2	0.6	0.3	0.1	2.0	0.9	1.5	2.1	0.9	1.5	0.3
Italy	2.4	6.7	7.7	9.8	4.9	21.4	5.7	6.5	7.7	10.1	15.6	15.6	15.2

Source: Based on data from the State Committee on Statistics of Tajikistan.

3. Port facilities and trading routes

The major transit route for exports from Tajikistan to the west and north passes through Uzbekistan then Kazakhstan to reach the Russian Federation. The southern route passes through Afghanistan, then either Pakistan or Iran before reaching a seaport. The eastern transit route crosses the Pamir Mountains and goes through China. Imports follow the same routes, in reverse.

There are no direct transatlantic air routes to or from Dushanbe. The closest airports connecting Dushanbe with other international cities are in Almaty, Kazakhstan, and Moscow.

4. Trade agreements and preferential schemes

(a) Multilateral and regional framework

The CIS consists of 10 former Soviet republics: Armenia, Azerbaijan, Belarus, Kazakhstan, Kyrgyzstan, Moldova, Russian Federation, Tajikistan, Ukraine (de facto member) and Uzbekistan. It was established in December 1991 with the aim of creating economic and social integration for inclusive development in its members.

The Eurasian Economic Community consists of five countries in CIS: Belarus, Kazakhstan, Kyrgyzstan, Russian Federation and Tajikistan. At present, traded goods flow almost freely among Community members. Formal tariffs and non-tariff barriers between Tajikistan and other member countries have been removed for certain goods. For more details, see www.evrases.com/en.

The Shanghai Cooperation Organization (SCO), consisting of China, Kazakhstan, Kyrgyzstan, the Russian Federation, Tajikistan and Uzbekistan, was formed in June 2001. The objective is to strengthen mutual confidence and good neighbourly relations among the member countries. In terms of trade and economic relations, in 2001 the members of SCO signed a memorandum on the basic objectives and orientation of regional economic cooperation and the launching of a process of trade and investment facilitation. Membership in the Organization facilitates efforts by Tajikistan to promote trade and investment activities with all SCO members.

In 2003, Tajikistan, together with Afghanistan, Azerbaijan, the Islamic Republic of Iran, Kazakhstan, Kyrgyzstan, Pakistan, Turkey, Turkmenistan and Uzbekistan signed the Economic Cooperation Organization Trade Agreement.

In June 2004, Tajikistan, together with Kazakhstan, Kyrgyzstan, Turkmenistan and Uzbekistan, signed a trade and investment framework agreement with the United States.

Tajikistan is also in the process of acceding to the World Trade Organization (WTO); the last working party meeting on its accession was held on in October 2006. Tajikistan submitted information on agriculture, the TRIPS [Trade-related Aspects of Intellectual Property Rights] checklist, and a legislative action plan in August 2008. The most recent market access negotiations on goods and services were conducted in March 2009.

(b) Bilateral frameworks

Tajikistan signed a bilateral agreement in 1993 with Turkey, one of its major export markets. Tajik-Turkish bilateral cooperation includes many aspects, including political, economic, cultural, academic and technical ties.

Trade relations between Tajikistan and the United States have also been strengthened since 1993. The trade and investment agreement mentioned above focuses on a preference programme under the Generalized System of Preferences.

Tajikistan has also signed bilateral agreements on trade and investment facilitation with the following countries: Afghanistan, Austria, Bulgaria, China, Czech Republic, Hungary, India, Islamic Republic of Iran, Kuwait, Pakistan, Republic of Korea, Slovakia, Syria, United Arab Emirates, United States and Viet Nam.

5. Government procurement

The public procurement system in Tajikistan has been gradually decentralized since the first law on public procurement entered into force in 1997. The Law of the Republic of Tajikistan on Public Procurement of Goods, Works and Services, approved in 2006, provides for the gradual decentralization of procurement responsibilities to ministries, committees, regional administrations and municipalities, among other bodies,

at all government levels, with a view to establishing a transparent, fair and competitive procurement system and thereby ensuring the efficient use of public funds. According to Resolution No. 246 of the Government of the Republic of Tajikistan of 2 May 2007, public procurement must be under the control of the Central Office for the Administration for Procurement of Goods, Works and Services (Procurement Agency). This Agency is charged with implementing the policy provisions for government procurement in order to enhance the effectiveness of government funds, foreign credits and grants.