

# Tajikistan: Opportunities for Investment

**Hakim Kenjaev,**

*Head of analyses of Investment agreements and projects Division of the  
State Committee on Investments  
and State Property Management of the Republic of Tajikistan*



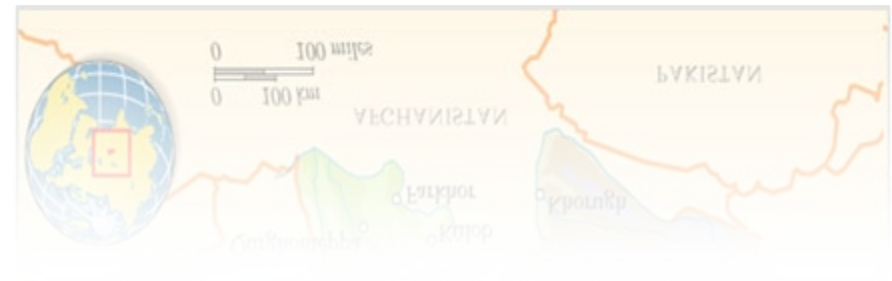
# Investment Drivers

1. Strategic Geographic Location;
2. Political and Economic Stability;
3. Positive Reform Dynamics;
4. System of Guarantees and Preferences for Investors;
5. Natural Resource Endowment;
6. High-Level Political Commitment;
7. Diverse Investment Opportunities.



# Strategic Location

- Borders China (length of border – approx. 430 km), Uzbekistan, Kyrgyzstan, and Afghanistan – it provides access to markets of Central and South Asia, as well as and CIS;
- Central Asia: Eurasian integration hub;
- Traditional transit route for cross-Asian trade. “Silk Road”.

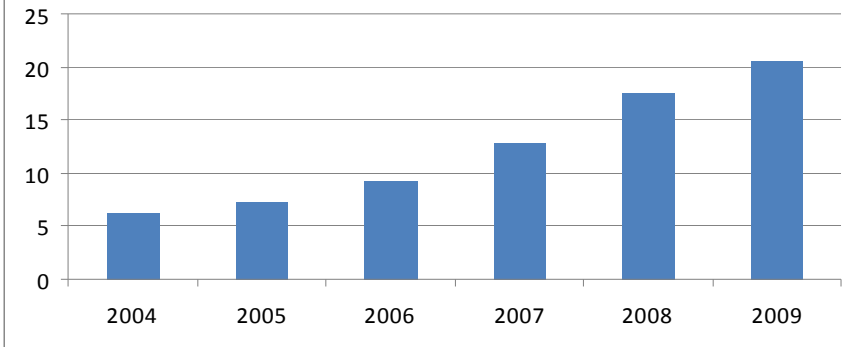




# Stability

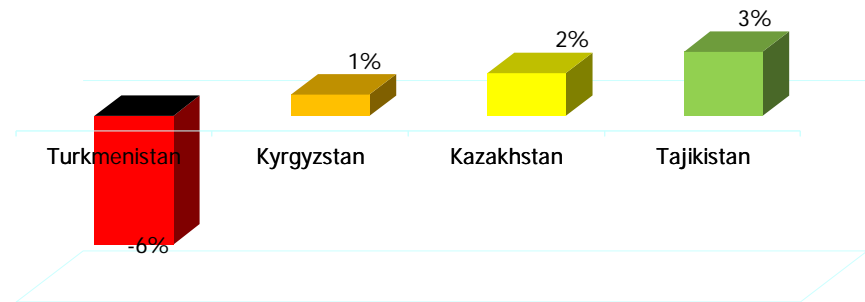
- Model of political stability;
- Sound macroeconomic management;
- Relative resilience amid global economic crisis;
- National Development Strategy Until 2015 is under implementation.

**GDP at market prices (Somoni bn)**



Source: Economist Intelligence Unit 2009

GDP trends in Central Asia in 2009



Source: National Statistics Bureaux



# Results of Reforms

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- Simplified registration procedures of business (under “One stop shop” registration principle);
- Considerably simplified procedures of bankruptcy and reduced related costs;
- Streamlined process of transactions and strengthened rights of minor shareholders;
- Reduced list of activities where licenses and permits are required;
- VAT was reduced from 20 to 18 percent and Income Tax from 25 to 15 percent;
- Tajikistan was named as a Top-Reformer by the World Bank Report “Doing Business 2010”-2011.

The top reformers

Economy	Starting a business	Dealing with construction permits	Employing workers
Rwanda	✓		✓
Kyrgyz Republic	✓	✓	✓
Macedonia, FYR	✓	✓	✓
Belarus	✓	✓	✓
United Arab Emirates	✓	✓	
Moldova	✓		
Colombia	✓	✓	
Tajikistan	✓	✓	
Egypt, Arab Rep.	✓	✓	
Liberia	✓	✓	

Source: World Bank, Doing Business 2010





# Preferences & Guarantees for Investors

Government regulations ensure:

- Equal right of domestic and foreign investor;
- Legal protection of investors;
- Guarantee of noninterference of Government in business;
- Right of using and transferring abroad revenues and incomes;
- Right to move out property and information;
- Intellectual Property Rights;
- Right to use natural resources;
- Right to use produce, income and profit from concessions; fixed terms of concession agreements.

## **Income tax exemption:**

- For 2 years, with investment amount below \$500.000;
- For 3 years, with investment amount between \$500.000 and \$2.0 mln.;
- For 4 years, with investment amount between \$2.0 mln. and \$5.0 mln.
- For 5 years, with investment amount of over \$5.0 mln.

## **VAT and customs duties exemption:**

- For a number of goods imported within the framework of priority projects approved by the Government of Tajikistan.



# Natural Resource Endowment

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- **Inexhaustible water resources:**
  - Total length of 947 rivers is over 28500 km;
  - Around 1300 lakes, with total area of 705 sq. km;
  - Glaciers with total area of 8476 sq. km;
  - Tajikistan's hydro-resources make up 60 percent of the total in Central Asia.
- **Over 400 deposits of natural resources:**
  - Gold and Silver;
  - Iron-bismuth;
  - Antimony and Wolfram;
  - Marble, Granite, Volcanic Tuff;
  - Strontium;
  - Semi-precious stones.
- **Unique natural and climatic conditions.**





# High-Level Commitment

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- Establishment of the Consultative Council on Improvement of Investment Climate under the President of RT;
- Council membership – representatives of key Government bodies, business, foreign investors and international organizations;
- Successful implementation of the programme «Improving Business Environment - 200 Days of Reforms»;
- New Government Programme on improvement of investment climate and international rating on selected indicators.



Source: Structure of Consultative Council





# Diverse Investment Opportunities

Priority areas for investment include:

- Hydropower
- Mining sector and manufacture of construction materials
- Deep processing of cotton fibers and primary aluminum
- Agriculture development
- SME Development in processing of Agricultural products
- Tourism and service industry





# Hydropower

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- Opportunities: Tajikistan is on the 8<sup>th</sup> place in the world in terms of availability of hydro-resources, but less than 6 percent of available capacity is used;
- Market: International power transmission network is under construction;
- Preferences: VAT and customs duties exemption and a number of Government programmes;
- Examples: Sangtuda-1, Sangtuda-2 et al.







# Mining and Construction Materials Production

- Opportunities: Explored and prepared over 400 deposits of natural resources;
- Market: China, Russia, Japan. European countries et al;
- Preferences: Law «On Concessions», open international tenders («Kanimansuri Kalon»);





# Primary Aluminum Processing

- Opportunities: production of over 400 tons of primary aluminum;
- Market: China, Turkey, Iran, countries of CIS and Europe;
- Preferences: VAT and customs duties exemption on import of technical equipment.





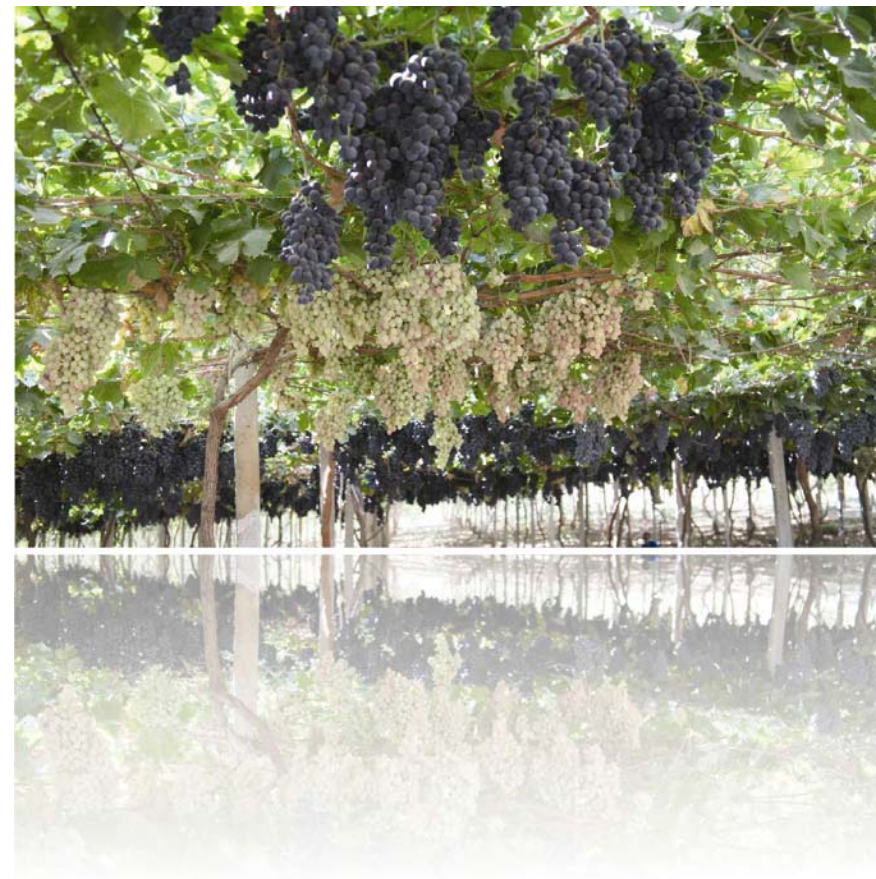


# Agro Processing

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- Opportunity: up to 20 percent of agricultural produce is lost due to lack of storage and processing capacity;
- Market: CIS Countries and European Union;
- Preferences: Programme of Export Promotion for Tajikistan until 2015;
- Cotton: In addition, there are significant opportunities in cotton processing, as production is approx. 400 thousand tons, but only 15 percent is being processed.







# Tourism

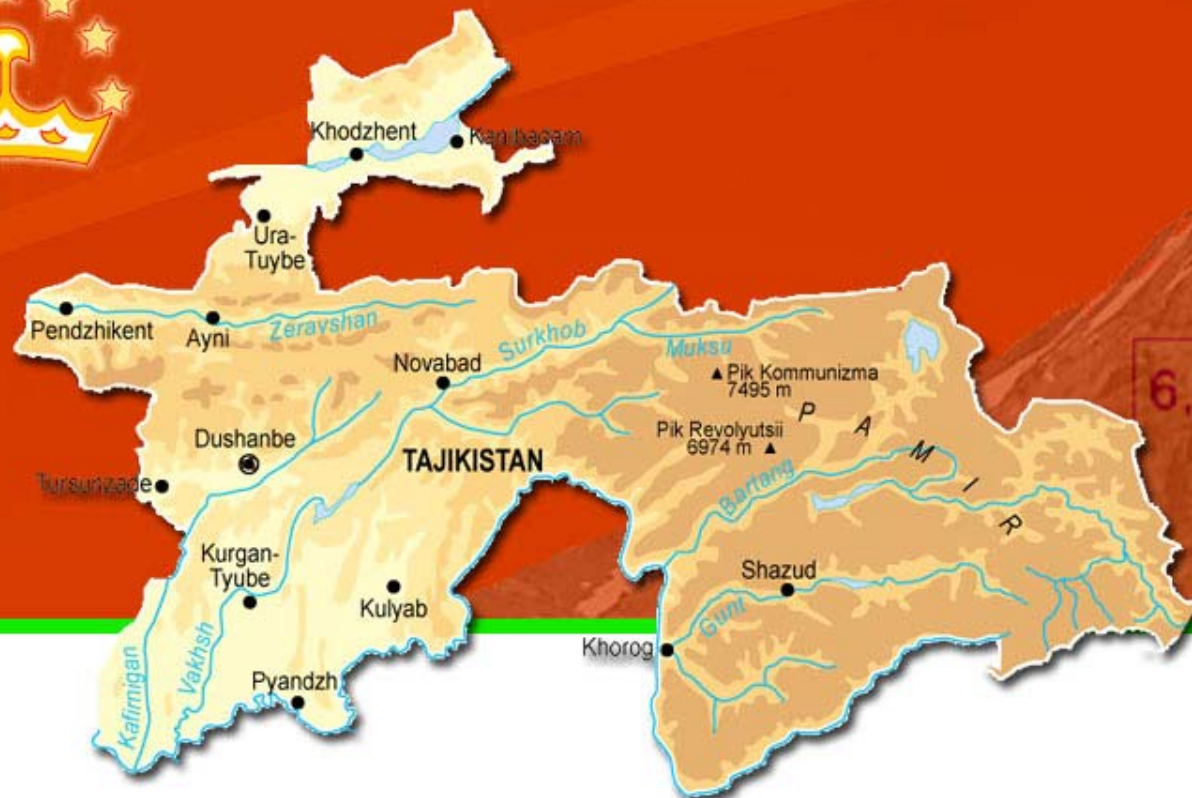
- Eco-Tourism;
- Health & Spa;
- Mountain Hiking and Hunting;
- Rich Cultural Heritage.





# Summary

The Republic of Tajikistan  
possesses unique natural and economic resources  
necessary for international cooperation. Its  
Government makes every effort to create proper  
conditions for participation of all investors and  
effective use of investment opportunities



# Thank you for your attention !

State Committee on Investments and State Property Management of the  
Republic of Tajikistan

27, Shotemur str., Dushanbe, Tajikistan

Phone: +992 37 221 57 29, Fax: +992 37 221 01 21

[www.gki.tj](http://www.gki.tj) e-mail: [info@gki.tj](mailto:info@gki.tj)