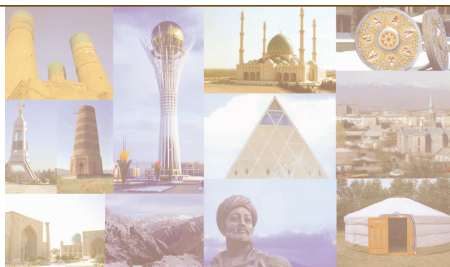


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CASA ASIA



May 2010



TAJIKISTAN



MARCH-APRIL 2010

Bimonthly article

Prof. Saodat Olimova*

Highlights

The transport blockade introduced by Uzbekistan is one of the highlights of March-April. Since January cargo cars heading to Tajikistan have been stopped under different excuses on the territory of Uzbekistan. Currently there are more than 2000 cargo railway cars waiting to leave on the territory of Uzbekistan. They contain oil products, food, construction materials, equipment, and others materials that are vital for Tajikistan. The blockade of the cargo trains in Uzbekistan led to complications of diplomatic relations between the two countries.

On March 22 the Ministry for Foreign Affairs of Tajikistan handed over to the ambassador of Uzbekistan a note of protest regarding the delay of cargo trains on the territory of Uzbekistan. The Uzbek party declared that the reasons of delays of transiting cargo trains through the territory of Uzbekistan are technical problems that are related to «an increase in traffic of goods and a big congestion of the railway infrastructure of Uzbekistan due to its obligations to ensure transit of nonmilitary and humanitarian cargoes heading to and from Afghanistan».

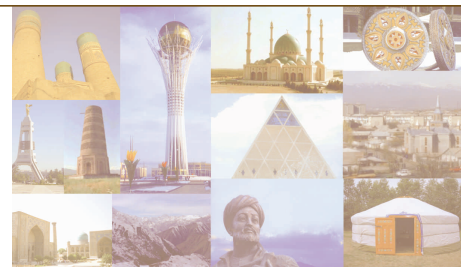
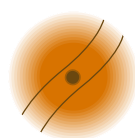
The transport blockade led to a rise in prices for different commodities in Tajikistan and to a threat of shut down of a number of enterprises operating in Tajikistan. In particular, farmers cannot conduct some agricultural activities because of a lack of fuel and fertilizers. In order to resolve the conflict situation, the prime minister of Tajikistan Aqil Aqilov, while being in the United Nations headquarters, addressed the general secretary of the United Nations Pan Gi Moon and asked him to assist in the prompt resolution of the Tajik-Uzbek crisis. The issue regarding the blockade of railway cargo

trains was resolved during Pan Gi Moon's visit to Uzbekistan and Tajikistan. In the end of March the first trains were allowed to pass from Uzbekistan to Tajikistan. Currently Uzbekistan lets 4-5 trains to Tajikistan, retaining all the other cargo trains on its territory.

On April 27th the government delegation of Tajikistan visited Tashkent. The focus of the negotiations was the transit of cargo trains through the territory of Uzbekistan. The Uzbek party offered that Tajik government suspends construction of Rogun Hydroelectric Power Plant (Rogun HPP) in return for letting the cargo trains to pass to Tajikistan. Thus, it has become clear that the transport blockade initiated by Uzbekistan is a part of the hydro-power conflict in Central Asia. The current stage of the conflict is related to the ongoing of construction of Rogun HPP and to the fund-raising campaign for financing of this construction project. Tajik authorities hope to end the energy crisis and to expand the national economy by completing the construction of Rogun HPP. In order to achieve this, officials have collected more than \$180 million dollars through compulsory and voluntary sales of Rogun HPP's shares among the population of Tajikistan.

Uzbek authorities demand the suspension of construction of Rogun HPP until implementation of evaluations by an international examination commission. According to Uzbek officials, the erection of Rogun dam will cause deficit of water on the territory of Uzbekistan and will lead to an ecological disaster. This position voiced by the president of Uzbekistan Islam Karimov was supported by the head of Kazakhstan Nursultan Nazarbayev, whereas the intention to continue construction of Rogun HPP expressed by the president of Tajikistan Emomali Rahmon was supported by the president of

*Deputy Director, Research Center Sharq, Dushanbe.



Turkmenistan Gurbanguly Berdymukhamedov. It is necessary to recognize that these opposing positions of the presidents of Kazakhstan and Turkmenistan are not determinate. In addition, Russian officials express support for the official position of Uzbek authorities. Therefore, the only "true" ally of Tajikistan in its "water" conflict with Uzbekistan is Kyrgyzstan.

The issue of the ongoing and the projected construction of Rogun HPP was discussed with the IMF and the World Bank officials. It was decided that an independent construction feasibility report and socially-ecological evaluation of consequences of construction of the plant should be conducted first. The government of Tajikistan also made a decision to stop advertising the fund-raising campaign for construction of Rogun HPP. According to the memorandum which was signed by the government of Tajikistan and the World Bank, the World Bank should assist in financing the construction of Rogun HPP if the independent examination commission concludes that construction of Rogun HPP entails no negative consequence.

Internal affairs of the country

Main events of internal policy of Tajikistan in March-April were parliamentary elections and the annual presidential address in the parliament.

At the end of March elections in the upper chamber of parliament of Tajikistan (Majlisi Milli Majlisi Oli) took place. Majlisi Milli consists of 33 members: 25 of them are elected by local governmental authorities on the basis of territorial division, and 8 members of upper chamber of parliament are assigned by the president of Tajikistan for the period of service of the chamber. According to the voting legislation, each member of Majlisi Milli is in service for 5 years.

After the elections, on April 24, 2010, president Rahmon gave a speech at the first joint session of both chambers of parliament of Tajikistan. In his speech, president Rahmon named major directions and prospects of domestic and international politics of Tajikistan. At the beginning of the speech President analyzed how social and economic activities of the country helped to achieve three major goals: achievement of independence in the sphere of energy, development of communications, and achievement of food security. President Rahmon expressed gratitude to the people of Tajikistan for financial and moral support for the construction of Rogun hydroelectric power plant (Rogun HPP) and prohibited compulsory sales of Rogun HPP's shares.

The president expressed concerns about the lack of connection between ordinary citizens and heads of ministries, departments, cities, and regions of the country. The president pointed out that many officials are unavailable for regular people and that officials should have regular meetings with ordinary citizens every Saturday.

Another issue of concern in the president's speech was improvement in management of labor migration. President Rahmon pointed out the necessity of a new state agency responsible for migration problems.

The president also expressed concerns about the lack of knowledge of laws and legal procedures, education for youth, and healthy life style. In addition, the president suggested that the marriage age should be raised from 17 to 18 years old for women.

When addressing international politics, president Rahmon confirmed the principle of "open doors," which was announced 8 years ago. The president stressed out the sharpening of the geopolitical situation in Central Asia and the necessity of rational and careful international politics for Tajikistan. "We are planning to consolidate and enlarge cooperation, especially with Central Asian countries and Russia,



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The president specifically dwelled on the events in Kyrgyzstan. Rahmon pointed out that the change of leaders in Kyrgyzstan is an internal business of this country; Tajikistan, in turn, hopes for normalizing of the situation in Kyrgyzstan in the near future and development of regional cooperation.

In March-April, 2010, after 13 years of absence of poliomyelitis, several people were diagnosed with this disease in Tajikistan. In 2002, Tajikistan was certified as a country free from poliomyelitis. The infected individuals were registered in South-Western part of the country. By April 22, 2010, World Health Organization received information about 128 cases of poliomyelitis infection in Tajikistan, 12 of which had lethal outcomes. World Health Organization urgently delivered 4 million doses of oral vaccine from poliomyelitis. The Ministry of Public Health of Tajikistan started mass immunization of children under 6 years old in the country.

Foreign and international policy

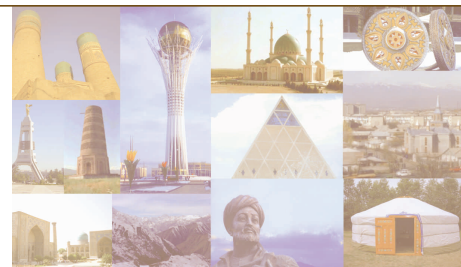
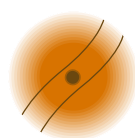
The main topic of international relations in March-April, 2010, was worsening of relations between Tajikistan and Uzbekistan in the context of the "water-energy" conflict in Central Asia. The conflict between Tajikistan and Uzbekistan was reflected in the commercial and economic relations between these two countries. During the first quarter of 2010, the trade turnover between Tajikistan and Uzbekistan fell down to \$19,4 million, which is only 36,6% of the trade turnover in the first quarter of 2009.

The General Secretary of United Nations Pan Gi Moon paid close attention to controversies between Tajikistan and Uzbekistan during his visit to Tajikistan on April, 5, 2010. The General Secretary of UN came to Tajikistan from Uzbekistan where he visited disappearing Aral sea. While discussing the construction of Rogun hydroelectric power plant, he pointed out the importance and necessity of "independent and objective scientific estimation of seismological, hydrological, and other issues related to the construction of Rogun HPP." The General Secretary said, "Leaders of Tajikistan as well as of Uzbekistan will have to reconcile with the final decision made by the World Bank concerning technical evaluation of construction of Rogun HPP." The General Secretary also urged Uzbekistan to resolve the problem of blocking cargo trains heading to Tajikistan; he pointed out that Tajik farmers should be receive fuel, fertilizers, and seeds on time. The delay in delivery of cargo may hinder the work of Tajik farmers and lead to future negative consequences for Tajikistan.

Another issue of the talks between General Secretary Pan Gi Moon and the president of Tajikistan Emomali Rahmon was de-mining of the border territory between Tajikistan and Uzbekistan (the border was mined by Uzbek border guards unilaterally). Pan Gi Moon named the mining of the border as anti-humane.

Other important issues of international politics included the official visit to Tajikistan by the president of Turkmenistan *Gurbanguly Berdimukhamedov* on March 18-19, 2010; the contacts between Tajikistan and leaders of Persian-speaking countries during the celebration of Navruz; talks between Tajikistan and China during official visit of the Minister of Foreign Affairs of Tajikistan to China.

During the visit of the president of Turkmenistan *Gurbanguly Berdimukhamedov* to Tajikistan the prospective bilateral relations between the two



countries and issues of regional and international politics were discussed. The key themes of discussion were the following: use of water resources and Afghan problems including possible integration of Afghanistan into regional infrastructure projects. Presidents of Tajikistan and Turkmenistan discussed participation of Afghanistan in realization of such projects as road construction from Turkmenistan to Tajikistan through the territory of Afghanistan detouring Uzbekistan, as well as construction of electric power lines and gas pipeline along this route. President of Tajikistan also met with many regional leaders of Iran during the celebration of Navruz, which took place in many Muslim countries.

On February, 2010, the General Assembly of United Nations passed a resolution where March, 21, was announced to be an international day of Navruz. In previous years, presidents of Persian-speaking countries (Iran, Afghanistan, and Tajikistan) celebrated this day at joint meetings in each country by taking turns. A similar meeting was supposed to take place this year in Afghan city of Mazari-Sharif, but it did not happen. Instead, the celebration took place in Iran, where the following leaders were present: leaders of Iran, Afghanistan, and Tajikistan, president of Iraq Jalal Talabani and president of Turkmenistan *Gurbanguly Berdymukhamedov*, Deputy Prime Minister of Turkey Cemil Cicek, and Minister of Foreign Affairs of Azerbaijan Elmar Mamediarov.

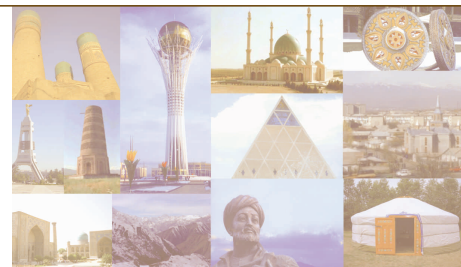
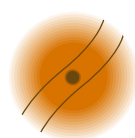
One of the significant events of the international politics was talks between Tajikistan and China during the official visit of the Minister of Foreign Affairs of Tajikistan Hamrokhon Zarifi to China on April 25 – 29. The parties discussed the level of bilateral cooperation between Tajikistan and China as well as cooperation of two countries in the framework of SOC (Shanghai Organization for Cooperation). The realization of economic and commercial projects and further prospects of relations between Tajikistan and China were also

discussed. The parties pointed out that despite the financial crisis the turnover between two countries has been growing at a high rate. In 2009, it exceeded \$1.450 billion. The turnover between Tajikistan and China increased 116 times during the past 16 years, which is also an evidence of developing economic relations between two countries.

Since 2005, China has become one of the three major economic partners of Tajikistan. Currently, China is the major investor into economy of Tajikistan. Government of China supports large-scale infrastructure projects realized in Tajikistan, which, according to experts, is related to rapid development of bilateral commercial and economic relations between Tajikistan and China. According to Minister of Foreign Affairs of Tajikistan Zarifi, since 2006 Chinese corporations have been trying to participate actively in most important fields of economy of Tajikistan: metal mining and textile industry, telecommunications and construction.

Minister of Foreign Affairs of Tajikistan Zarifi and Minister of Foreign Affairs of China Yang Jiechi discussed issues interesting for both parties and the overall situation in Central Asian region, especially in Kyrgyzstan. The ministers shared the opinion that the situation in Kyrgyzstan is an internal issue, which does not require external interference. Another issue of discussion during the talks was a prospective meeting of Ministers of Foreign Affairs of participants of SOC. After the meeting between Ministers of China and Tajikistan, bilateral agreements including the program of cooperation between Tajikistan and China were signed.

During the period, Tajikistan took part in activities ensuring security in the region. At the end of April, Tajik military participated in joint military exercises of heads of staffs of the collective forces of rapid response of the system of collective security of Central Asian region. The name of the military exercises is "Rubezh 2010." The military exercises were under



command of the Minister of Defense of Tajikistan Sherali Hairulloev.

More than a thousand soldiers from participating members of Organization of Agreement of Collective Security (OACS) which includes Tajikistan, Russia, Kazakhstan, Kyrgyzstan, Uzbekistan, and Byelorussia took part in the exercises. The goal of the exercises was to practice counter-terrorist activities in regions along the border with Afghanistan.

Economy and business enterprises

A stable growth of economy was observed in the first quarter of 2010. GDP increased by 6,8 % and currently is \$909 million. Currently GDP consists of manufacturing sector - 30 % of GDP, services – 57.9 % of GDP, and tax collections - 12,1 % of GDP.

The rate of inflation over the three months was 1,6 %. Somoni appreciated with respect to the US dollar by 0.09% since beginning of the year. The foreign trade turnover of Tajikistan in January-March 2010 reached \$793,9 million, which is 0,9 % less than in the same period last year. The press-release of the State Statistical Agency informs that over this period the trade balance is negative \$288.3 million.

Exports of goods reached \$252.8 million and imports of goods reached \$541.1 million. In general imports of goods exceeded export 2.1 times, or by \$288.3 million. The main trading partners of Tajikistan among the CIS countries are Russia with \$196,5 million of total trade turnover, Kazakhstan - \$62,1 million, Ukraine - \$28,4 million. Among other countries the main trade partners are China with \$138,5 million of total trade turnover, Turkey - \$99,6 million and Iran \$49,8 million. The volume of remittances in this period was increased by 5.6 % in comparison to the similar period last year. Currently the bank refinancing rate is 8%.

Despite the negative consequences of the world financial crisis the bank system of Tajikistan continues to develop. According to National Bank of Tajikistan the number of banking organizations in has 2010 increased. Currently there are 14 banks, 7 non-bank credit organizations, 31 depositary microcredit organization, 42 microcredit organizations, 43 microcredit funds. In the first quarter of the current year the volume of deposits has grown by 31.5%.

In the first quarter of 2010 the price index for food products increased by 1.1%, the price index of non-food consumer goods increased 1.4%, the prices of services increased by 3.9%. The cost of a monthly consumer basket per person at end of March reached \$23.5 dollars.

Prices for air service on internal airlines were drastically raised by 12-20%. The introduction of a paid Dushanbe-Chanak road, which connects northern Tajikistan with the capital city Dushanbe, also raised prices of transportation services . The government decided to introduce tolls for the use of this newly constructed road to repay the Chinese loan of 280 million US dollars which was spent on reconstruction of this road.

The government of Tajikistan hired the company titled Innovative Road Solution (IRS) to manage the tolling booths and collect fees. IRS was registered in the end of 2009 on Virgin islands, which is one of the offshore zones. Residents of settlements located along the road were forced to pay daily hefty fees to used the road. However, after the local residents blocked traffic on the road, the fees for using the road by local residents were lowered. Nevertheless, local residents and journalists continue arguing to cancel or lower the toll fees.

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