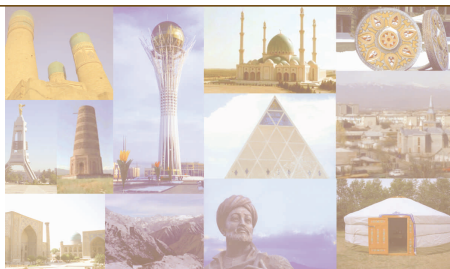


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CASA ASIA



July 2011



TAJIKISTAN



MAY - JUNE 2011

Bimonthly article

Prof. Saodat Olimova*

Highlights

The most noteworthy event in Tajikistan in May and June was rising inflation, with a sharp increase in prices of fuel and food supplies. Since the beginning of May, President Rahmon has held almost weekly emergency meetings with the government and the national development council to discuss the deteriorating socio-economic situation in the country. Price hikes began with a sharp increase in gasoline prices. Excessive demand caused prices for all fuels in the period 10-12 May to climb 10%. Dushanbe and Khujand introduced a limit for gas stations of up to 15 litres of gasoline per purchase. Currently, the cost of a litre of grade A-92 gasoline is \$1.3.

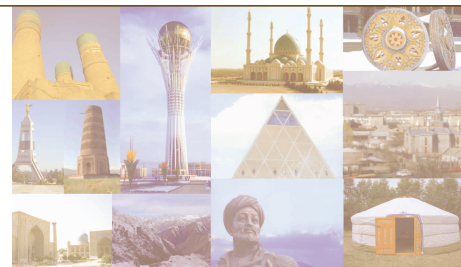
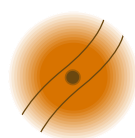
The growth of fuel prices impacted transport pricing and sparked a rise in domestic food market prices. Since 1 June, public urban transport fares have doubled. Mobile communications have also become more expensive. The increase in the prices of petroleum products sent consumer prices soaring, with the result that people have begun to hoard basic commodities, especially flour, pasta and oil. In a bid to ease public discontent, the authorities ascribed the jump in prices to extremely unfriendly actions on the part of Russia. At a meeting of the National Development Council on 28 May, President Rahmon voiced accusations against Russia, saying it had reneged on its promise to cancel export duties for Tajikistan on petroleum products -as for neighbouring Kyrgyzstan- and that it has in fact raised them. It should be noted that from 1995 until 1 May 2010, Tajikistan had been receiving oil tax-free. Export duties were subsequently introduced and have steadily been increasing. Since 1 June, the duty on petrol has been \$415.8 US per ton and for crude oil \$462.1 per ton, bringing the price of oil to nearly \$1,100 per ton.

Depreciation of the national currency is associated with the increase of fuel prices in Tajikistan, causing high demand for US dollars and Euros. The National Bank of Tajikistan did managed to save the situation to some extent by putting about \$ 10 million dollars of its reserves on the market. However, experts suggest that currency intervention can only help in the short term. Tajikistan imports all fuels and 65% of the food it consumes. Imports of increasingly expensive fuel and food are absorbing more and more dollars, and there are not many of them in the country. The situation was also worsened by a reduction of foreign exchange earnings due to a fall in world prices for cotton, which is an important export item of Tajikistan. Overall, inflation was 6.1% in the first four months of the year.

Rising prices and high inflation contributed to increase social tensions. In an attempt to rein in the situation the authorities introduced price controls for basic food commodities. Dushanbe established a ceiling price for meat of about \$5 per kg and flour of \$32 per 50 kg. With minimum wages of \$20 a month, rigid administrative price controls did not bring much relief but merely increased discontent among farmers and entrepreneurs. Some butchers did not submit to the decision of the authorities and were therefore detained for several days by the police.

The authorities found themselves obliged to allocate more than \$70 million for emergency food programmes and to use strategic stocks of flour and cereals. President Rahmon appealed to international organizations to provide assistance to Tajikistan, promising to improve the country's investment climate and provide legal protection to private businesses in return.

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Internal affairs

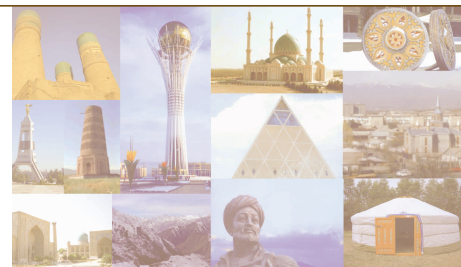
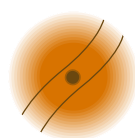
In May and June, parliament intensified law-making activities and approved several bills and amendments to laws, sparking considerable controversy in the process. The law regulating police action, for example, was amended to allow the use of rubber bullets against protesters. The Criminal Code was amended with the addition of an article that provides for prison terms of two to five years for the organizers and active participants of unlawful assemblies, rallies, marches and peaceful demonstrations.

Parliament also adopted amendments to the law on meetings, rallies, demonstrations and peaceful marches, whereby police can now detain participants of unauthorized rallies and events, and punish them with fines of \$115-153 (average salaries in Tajikistanis are about \$104 per month). Hunger strikes have also been outlawed as a form of protest in public places by citizen groups and individual citizens. Parliament also endorsed the government proposal to amend the law on freedom of conscience and religious associations. Now citizens of Tajikistan have no right to receive religious education outside the country without permission from the Ministry of Education and the Religious Affairs Committee. Parliament also approved another law introducing criminal prosecution for the illegal organization of extremist religious schools, with prison sentences of five to twelve years. However, it was parliament's approval of the draft law on parental responsibilities vis-à-vis the upbringing and education of children that sparked the biggest outcry. The authorities say this law is aimed to protect children's rights and punishes parents whose children (under 18) are engaged in hard labour, not in school, drink alcohol, smoke, use or distribute pornography or "wander". One article states "parents must not allow children or teenagers to participate in activities of religious organizations except those of officially registered religious schools (except for funerals or mourning events)." Protests both inside and outside the country

were sparked by the imposition of the ban on children under 18 years, preventing them from participating in religious organizations and visiting their places of prayer, including mosques, churches, etc., except to attend funeral rituals.

The U.S. Commission on International Religious Freedom (USCIRF) urged the U.S. government to put pressure on President Rahmon to block the bill on parental responsibilities. The Permanent Mission of the United States at the OSCE also expressed concerns about the bill, stating that "if the law is passed, it will practically deprive millions of citizens of Tajikistan under the age of 18 the right to practice religion." An influential Islamic organization in India, Jamaat-e-Islami Hind, also spoke out against the law. The development of the bill began eighteen months ago on the initiative of the President. It was submitted for public discussion in December 2010 and approved on 15 June this year by the lower house of parliament. Once it has been approved by the upper house of parliament, signed by the head of state and published in the official press, it will be enforced.

In May and June, news threads revealed that harassment of journalists continued. On 13 June in Khujand, the BBC's Central Asia correspondent Urinboy Usmanov was arrested and accused of being a member of a banned Islamist radical group, Hizb-ut-Tahrir. The journalist denied the accusations, and said that a year ago he had interviewed a member of this organization for professional purposes. The charge against Usmanov was later dropped, but he remains in custody for failing to provide the authorities with information about extremists. Family and colleagues are worried about the health of the 59-year old Usmonov and say they have observed traces of beatings while he was held in custody. It should be recalled that Mukhammadyusuf Ismailov, a journalist with Nuri Zindagi, has been in jail on similar charges since November 2010.



According to official data, in the year to May over 30 members of the banned party Hizb-ut-Tahrir were convicted. In June, two influential members of Hizb-ut-Tahrir were arrested in Dushanbe.

In May and June, police carried out operation madrasah in Sughd. Eight madrasahs, 93 Friday mosques and 955 local mosques allegedly failed to comply with the new law on freedom of conscience and religious organizations. In the course of the police operation, 11 cases of illegal religious education came to light. A 40-year-old female resident of Vorukh village in the Isfara region was taken to court for teaching religious knowledge to her three neighbours without the permission of the authorities. The ongoing operation to capture the prisoners who escaped from prison in August 2010 led to the capture and killing of one of the escapees on 20 June. Six escapees remain at large.

Riots in Khorog, Kulyab and Dushanbe

On 10 June in Khorog (Gorno-Badakhshan Autonomous Region), regional court judges were beaten and regional court and prosecutors' offices destroyed. In the course of the unauthorized rally that followed, protesters clamoured at the unjust verdict passed against a resident of the city and the total corruption of the court and prosecutors. The protesters finally dispersed after negotiations with the authorities, which promised to look into the situation. A special republican committee was organized to investigate the attack on the regional court building.

Mass riots took place on 14 June after a football game in Kulyab between a local team and a team from Dushanbe that is sponsored by the President's son Rustami Emomali. A group of fans that were unhappy with the refereeing clashed with the police that were securing law and order in the stadium. Police used firecrackers to disperse the fans. During the incident, two people died, sixteen people were injured and

hospitalized, and fourteen people were arrested. On 29 June more riots involving football fans took place in Dushanbe. After a game between Dushanbe and Kulyab teams, fans unhappy with refereeing confronted the police and broke windows of cars and houses. Football fans were stopped only after the arrival of additional police forces. On that day 40 people were arrested and charged with hooliganism. Local experts ascribe the wild behaviour of football fans to the growing social tensions in the country. Monuments. In May, Central Asia's largest monument to Vladimir Lenin was dismantled in Khujand. Subsequently the world's tallest flagpole -165 meters high- was constructed in Dushanbe near the Palace of the Nation.

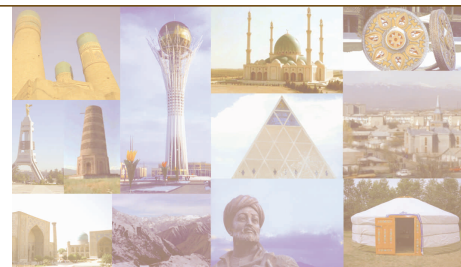
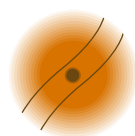
Holidays. On 27 June, there were lavish celebrations in Dushanbe to commemorate the anniversary of the signing of the peace agreement in 1997, marking the end of the Civil War.

The country is preparing to celebrate the twentieth anniversary of state independence of Tajikistan. Concerts and poetry readings will be held daily in Dushanbe after 6 p.m. until 9 September. In preparation for the celebrations, the population is working to improve residential areas under the guidance of local authorities.

Results of the 2010 Census. In May, the State Statistical Agency of Republic of Tajikistan presented the preliminary results of the population and housing census conducted in autumn 2010. The population of Tajikistan has increased 23% in comparison with the year 2000 and now stands at 7,565,000 people. This increase is ascribed to natural population growth.

Foreign and international policy

In May and June, international life in Tajikistan was exceptionally busy. The main events were the activation of contacts with the European Union and a complicated restarting of relations with the United States and Russia.



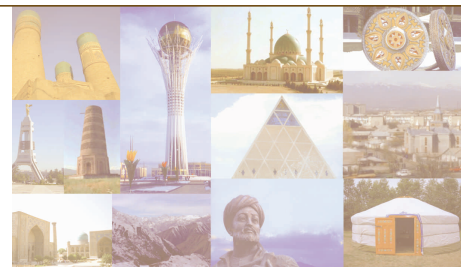
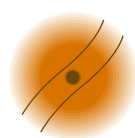
Relations with the EU. From 5-11 June President Rahmon toured Europe and participated in the World Economic Forum in Vienna, focusing on providing assistance to countries in Central Asia. He began his visit of the EU at Strasbourg, where he made a speech at the European Parliament and held several meetings with the Secretary General of the Council of Europe, parliamentarians and other EU officials. While discussing relationships between Tajikistan and the EU, President Rahmon and the Secretary General of the Council of Europe T. Yangland stressed mutual readiness to expand economic trade and investment cooperation. In particular, they noted the strategic importance of the implementation of regional projects covering Afghanistan and countries of South Asia. After the meeting, a Convention on Recognition of Higher Education of the Republic of Tajikistan in Europe was signed, and a Joint Declaration announced by Republic of Tajikistan and the Council of Europe, which identified and specified the main areas of bilateral development of relations. President Rahmon then left for Vienna where he met with the Austrian President Heinz Fischer and the head of Parliament Barbara Pramer. During the visit, a joint declaration on further strengthening bilateral relations and the agreement on avoidance of double taxation were signed. President Rahmon then went on to Luxembourg where he met with the leaders of the country and discussed the development of bilateral relations. During the visit, an intergovernmental agreement on avoidance of double taxation and tax evasion on income and capital, an agreement on air services and a memorandum on air transport were signed. President Rahmon then took part in the Joint Forum on Cooperation in the sphere of economy and investment. He completed his European tour on 10 June in Budapest, where he met with Hungarian President Pal Schmitt. Active contacts with the European Union continued after the President's return to his homeland. On 13 June, President Rahmon received a delegation from Germany's Bundestag, led by Dagmar Enekelmann. The main purpose of the German visit was to

familiarize MPs with the current state and prospects of Central Asian countries, as well as observing the progress of the implementation of the EU Strategy for Central Asia. Particular attention was paid to issues related to the democratization of society, protection of human rights and freedoms, and strengthening the fight against the threats and challenges facing the modern world.

A delegation led by Lionnel Luca, the head of the Geopolitics of Water mission of the National Assembly of France, visited Tajikistan on 17 June. At his meeting with the French delegation, President Rahmon discussed water-related issues in the region and worldwide, as well as effective use of hydropower resources of Tajikistan and Central Asia.

Relations with the United States and Russia
At the end of June, contacts with Russia and the United States were activated. Two military and political delegations arrived simultaneously in Dushanbe on 29 June to discuss issues of border security and deployment of military bases in Tajikistan.

President Rahmon met with the members of the Russian delegation on 29 June, while the U.S. officials inspected the southern borders of Tajikistan, meeting with the President the following day. On the Tajik border, the U.S. Assistant Secretary attended the opening of the Border Guard Detachment barracks in Shuroabad and the new Yahchi-Pun frontier. The Department for Drug Control and Law Enforcement of the United States spent more than \$ 1.6 million on the construction of this facility. This is not the first project to be implemented by the American authorities on the Tajik-Afghan border. Since the Russian border guards left six years ago, the Americans began to modernize and rearm outpost personnel. According to the U.S. Embassy in Tajikistan, over \$ 984 million has been earmarked for development, law enforcement and security programmes since 1992.



Meanwhile Tajik-Russian military cooperation was being discussed in Dushanbe, including the terms of the status of 201 Russian military base in Tajikistan, use of Aini military airfield and the upcoming visit of President Dmitry Medvedev to Tajikistan in early September. The visit of the Russian delegation is the culmination of the third round of consultations for a draft new agreement on cooperation on border issues between Tajikistan and Russia. As a result of the previous two meetings in February and March, the parties prepared a new agreement that will replace the current agreement, which has been in force since 2004.

The visit of the Kremlin administration and Russia's defence minister took place during a prolonged crisis in relations between Dushanbe and Moscow, and a notable warming of relations between Dushanbe and NATO. James Appathurai, NATO Secretary General's Special Representative for the Caucasus and Central Asia, visited Tajikistan a week earlier.

Discussions of border security with the U.S. and Russian military go hand-in-hand with the sharp increase in tension on the country's borders. There is a significant increase in cases of shootings on the Tajik-Afghan border and incursions into Tajikistan, as well as the capture of Tajik hostages who were delivered to Afghanistan. In June, security officials of Takhar province of Afghanistan freed two citizens of Tajikistan who had been taken hostage on 31 May. The border with Uzbekistan is also unstable. On 12 June a Tajik border guard was returned to his homeland after being disarmed and taken to the territory of Uzbekistan. To strengthen and improve borders, a new international crossing point through the Tajik-Uzbek border was built in Kanibadam, in northern Tajikistan. The border post has been equipped with modern technology with a help of the European Union Border Management in Central Asia (BOMCA).

Relations with Uzbekistan. Relations between

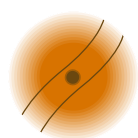
Tajikistan and Uzbekistan are still cold. On 14 and 18 June the two countries' embassies in Moscow posted mutual accusations on their official websites. In June, the Permanent Representative of Tajikistan in the UN Sirojiddin Aslov circulated a letter as a document for the 65th session of UN General Assembly dealing with issues of water and hydropower development in the Aral Sea basin. He stated that Uzbekistan "leads an unprecedented campaign to discredit the project of construction of the largest in Central Asia Rogun hydropower plant on the Vakhsh river." According to official statistics, trade between Tajikistan and Uzbekistan fell 47.2% in the first four months of this year.

Foreign and international policy

In the first half of the year, economists predict real GDP growth for Tajikistan of 6%, slightly lower than last year's figure of 6.5%.

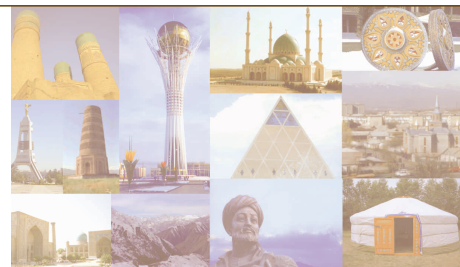
In June, World Bank experts presented a report, "Tajikistan's desire for growth: promotion of private investment", which indicates that the country exhausted its reserves of post-conflict and post-crisis recovery, stating that without reforms it would be difficult to move on. According to the World Bank study, Tajikistan has reduced its poverty levels. "The number of people living in poverty declined sharply from 72% in 2003 to 47% in 2009, and more than one million people overcame poverty. Over the same period, the proportion of extremely poor fell from 42% to 17%." In relation with these positive dynamics, the Tajik government was advised to accelerate the reform process to achieve the planned ambitious growth rates, doubling GDP by 2020.

2011 kicked off with good momentum in Tajikistan, but the sharp increase in fuel prices and food was a real shock to the country. While the situation with agriculture is not bad, industry is experiencing a decline. The noticeable increase in income was absorbed by the rise in prices in May and June of this



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year. Representatives of the World Food Programme in Tajikistan noted the deteriorating food situation in the country, especially in Rasht and Zaravshan valleys, stating that almost a quarter of the population is at risk of a food crisis.

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