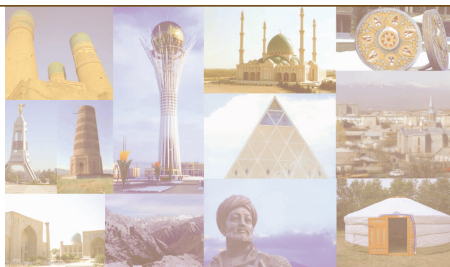


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TAJIKISTAN



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Bimonthly article

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Highlights

The most important events of the last two months of 2010 were the SCO heads of state summit and discussions of the bill on parental responsibility for educating children.

On 25 November, the Council of Heads of Governments of SCO member countries convened in Dushanbe. During the meeting, the budget for 2011 was approved. The summit discussed the development of infrastructure, transport, communications, new technologies, and creating additional mechanisms for investment, economic and infrastructure projects in various fields. Discussions also examined the important question of broader use of national currencies for mutual trade operations.

Another important topic discussed in Dushanbe was the issue of Iran joining the SCO. The first vice-president of Iran, Mohammad Reza Rahimi, attended the summit. He again expressed his country's desire to become a member of SCO and commented on SCO's imminent plans to develop economic ties and regional transport infrastructure. Rahimi said that without his country's participation, the implementation of the majority of SCO's joint projects -particularly transit of goods- appears to be unrealistic.

Iran has been trying to join SCO from the day it came into being. Iran believes that this would be economically and politically expedient and that full participation in SCO would provide it with a market for oil and natural gas, automobiles and agricultural products. In the mid-2000s the main leaders of SCO countries -Russia and China- actively encouraged Iran's desire to join the organization. However, in

preparation for the expansion of SCO, the latent geopolitical confrontation and deepening contradictions between SCO interests and NATO, and SCO and America, have been increasing. With growing pressure on Iran from the U.S. and at the same time a noticeable drift of the Russian leadership toward the West and NATO, the prospects of Iran joining SCO are increasingly unlikely.

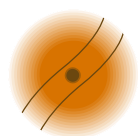
In recent years, SCO has lost its appeal to many Asian countries. The organization's high trade and transport capacity are not exploited to the full owing to the complicated relations and internal contradictions between member countries, which often forget about possibilities of multilateral cooperation within the organization, developing mainly bilateral relations instead.

On this occasion, the summit was marked by an official visit by Chinese premier Wen Jiabao, resulting in the signing of seven bilateral documents on cooperation. Wen stressed, that "China is willing, together with the Tajik side, to strengthen mutual support and coordination in bilateral and multilateral mechanisms to expand bilateral cooperation in economy, trade, electricity, transport and mining spheres, and activities related to border ports. He also said that it wants to intensify the implementation of relevant projects and to implement fully an agreement that was signed by the two countries on strengthening cooperation between the Xinjiang Uighur Autonomous Region of China and Tajikistan in order to facilitate the continuous deepening of Chinese-Tajik relations

Internal affairs

On 1 November, a limit on power consumption was introduced in the rural areas of Tajikistan. Since

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then, consumers have been limited to 10 hours of electricity a day. Difficulties in providing schools with heat and light led the education minister Abdujabbor Rahmonov to order an extension of the winter break from 1 – 31 January and to cancel the autumn and spring school holidays.

In early December, the Tajik authorities gradually began to withdraw troops from the Rasht valley. The military operation in Rasht has proved that the Tajik army is not ready to fight in mountainous regions hence the defence ministry's decision to establish training centres in the Rasht valley to prepare soldiers for combat operations in high mountain areas. The centres will be active seasonally and the fighters placed in camps.

Despite the end of military operations, all types of communication with the Rasht valley are still blocked. Transport and communications ministry officials have refused to comment on this situation or on when internet resources such as fergana.ru, centrasia.ru and tjknews.com will be unblocked.

The campaign to force the return of Tajik citizens enrolled in Islamic schools abroad continues. According to official numbers, more than 600 citizens of Tajikistan who attended religious schools in Iran, Saudi Arabia and Egypt were brought back to the country. The campaign was triggered by an announcement by President Emomali Rahmon to the effect that many Islamic schools are extremist breeding grounds. The president urged parents to bring their children back home. Security forces questioned the returning students as soon as they reached the airport, causing great resentment on the part of their parents.

Human rights activists in Tajikistan announced that the government had violated citizens' constitutional rights by restricting their freedom to access of education. The activists say the government has no evidence to support its claims that the educational

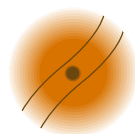
institutions of Islamic countries are preparing terrorists.

Meanwhile, speaking on behalf of Cairo's Al-Azhar University, Farhat Mundzhi said he is ready to sue anyone who claims that this university is preparing terrorists, a statement made after over 100 Al-Azhar students had been returned to Tajikistan.

The crackdown on mosques also continues in Tajikistan. In Dushanbe, a mosque that was part of the office of the Islamic Renaissance Party of Tajikistan (IRPT) was shut down following a decision to this effect by the justice ministry. On 26 October, special services and law enforcement agencies from Istaravshan conducted an inspection of five large mosques in the Sughd region, leading to arrests and beatings, and arousing the resentment of the local population and spiritual leaders. In early November, unknown individuals killed a police officer who was taking part in the mosque inspection operation. After this event, commanders of special forces and police from the area resigned voluntarily from their positions.

These events are particularly relevant in the context of the Law on Freedom of Conscience and Religious Associations, enacted two years ago. Under the new law people can pray only in mosques and at home; praying anywhere else is prohibited. Thus, a person who decides to pray at his or her workplace or on the street can be charged for breaking the law. By the same token, the organization and registration of mosques involves a number of significant challenges. The validation of existing mosques and closure of unregistered ones is perceived as an attack on Islam.

Another notable event in Tajikistan was the strengthening of the fight against drug trafficking and the strengthening of ties with neighbouring countries to this end. Four countries - Afghanistan, Pakistan, Russia and Tajikistan - are taking serious diplomatic, intelligence and police action to stop the



flow of Afghan heroin. On 8 December, the heads of anti-drug agencies of Afghanistan, Pakistan, Russia and Tajikistan met in Moscow to discuss ways and means of strengthening joint efforts to combat drug trafficking, eradicate global drug trafficking, exchange information and cooperate in large-scale international counterdrug operations. The main thrust of the agreements is to develop a drug policy strategy aimed at eliminating global drug trafficking of opiates and cannabis products. The heads of Tajikistan's regional counter-narcotics agencies also appealed to the UN Office on Drugs and Crime with a proposal to strengthen control of precursors of drugs and psychotropic substances by marking them as such. According to the UN Office on Drugs and Crime (UNODC), last year opium production in Afghanistan was 6,900 tons, representing 95% of global opium production. Additionally, there is a tendency in the increase of production of cannabis related drugs. This has been associated with a decrease in the production of opiates in the past two years. To combat this threat, Tajikistan has suggested creating security belts, a proposal it is actively seeking to implement and one that is supported by all of Afghanistan's neighbours.

Foreign and international policy

International politics brought a new wave of water wars between Uzbekistan and Tajikistan, sparked by the plans to complete the Rogun hydroelectric plant and disputes over the allocation of water resources. The problem is acute because of traditional -for Tajikistan- limits on power consumption due to approaching winter. Vladimir Putin visited Dushanbe on 25 November to discuss, inter alia, Russia's participation in the construction of the Tajik hydropower stations.

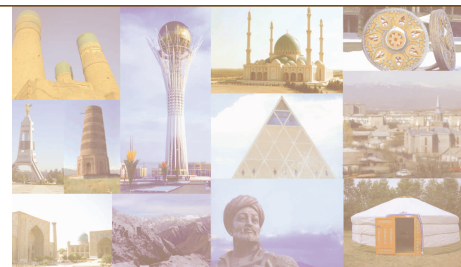
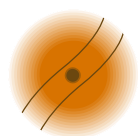
Aggravation of the information war between Tajikistan and Uzbekistan started at the beginning of October. It was sparked by the words of Uzbek President Islam Karimov, who said on 7 October

that the building of the Rogun dam to a height of 335 metres will leave Uzbek agriculture without water for as long as it takes to complete the dam, ie, eight years, during which period, farmers will be left unemployed. Responding three weeks later, the minister of land reclamation and water resources of Tajikistan Rahmat Bobokalonov said that the Rogun hydroelectric plant reservoir will be filled from the country's internal water reserves and that the "lower" countries in the region will not be affected.

Trade turnover between Tajikistan and Uzbekistan in the first eleven months of this year fell 61.4% against the same period in 2009. Tajik news agency Avesta writes that in terms of relations between Tajikistan and the CIS countries in the recent past, Uzbekistan has gone from ranking second after Russia -now Tajikistan's largest CIS trade partner- to fifth after Russia, Kazakhstan, Ukraine and Turkmenistan

Economy and business enterprises

In the recent months, the press discussed the report data on "Doing Business." In April 2010, the Tajik government announced its intention to improve the position of Tajikistan in the ranking of "Doing Business" on the basis of five indicators including "international trade." Despite some improvement in the position of the category "international trade" in "Doing Business-2011", Tajikistan is ranked 178 in the list of 183 countries, a position ascribed to its lack of access to the sea, the large distance to the nearest seaport and difficulties with border crossings. Of the 58 days required to transport cargo by land from Dushanbe to the Iranian port of Bandar-Abbas, 14 days are spent at border crossings. Tajikistan's position has improved slightly in the ranking with the establishment of the "single window" principle on export, import and transit procedures, and the abolition of some of the necessary documents for registering new businesses. The government has offset the reduction in the time it takes to register firms by doubling the cost of registration.



Another barrier to business development in Tajikistan is racketeering or raider captures by members of the security forces and more senior officials. The report "Doing Business-2011" also refers to actions targeting investor protection. Amendments to legislation concerning the disclosure of conflicts of interest in companies' annual reports have been introduced. Additionally, the expanding of access to corporate information gives shareholders without a controlling stake access to all corporate documents. Last year's tax rate on corporate income in Tajikistan was reduced from 25 to 15 per cent.

In December, the lower house of parliament approved Tajikistan's programme of external borrowing for 2011-2013. The credits will be spent on the development of infrastructure, ie, construction of roads and energy facilities, as well as agriculture, irrigation, etc. Tajikistan's main creditors are the World Bank, Asian and Islamic Development Banks, the OPEC Fund and Chinese Exim Bank.

In the first nine months of this year, Tajikistan's external debt totalled about \$ 1.8 billion, representing 31.8% of GDP. The size of country's external debt is expected to increase to roughly \$ 2 billion -36% of GDP- by 2013.

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