

### Highlights

On 10 December, President Rahmon and WTO Director-General Pascal Lamy signed a protocol of accession for Tajikistan's membership of the organization, making it the 159th member. Parliament has until 7 June to ratify the signed protocol, indicating Tajikistan's acceptance of all the conditions laid down by WTO. Tajikistan will become a full WTO member 30 days after the ratification.

Tajikistan is the second republic in the region after Kyrgyzstan to be accepted for WTO membership. Tajikistan was also the second ex-Soviet state after Russia to become a member of WTO this year. Tajikistan applied to join the organization in May 2001. Since then, negotiations have taken place between Tajikistan and WTO members regarding the liberalization of legislation on foreign trade, investment and reduction of customs duties.

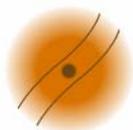
In September 2012 Tajikistan adopted a new tax code that significantly eases legislation, in line with WTO requirements. The tax code has been in effect since 1 January 2013. The new tax code reduces the number of taxes from 21 to 10, and from 1 January 2017 it will be reduced to 9. Between now and 2017 the country is expected to reduce tax rates for manufacturers of products

from 15% to 13%, and for other activities from 25% to 23%.

### Internal affairs

Towards the end of 2012, political parties intensified preparations for the upcoming 2013 presidential election. The Democratic Party and the Social Democratic Party held rallies in November. Meanwhile, the leader of the opposition Islamic Renaissance Party and member of parliament Muhiddin Kabiri introduced a bill "On Amendments to the Law On Presidential Election of the Republic of Tajikistan," with a view to increasing election transparency, including an equal representation of political parties in local and district election commissions, changing the rules for nominating presidential candidates, and changing the way votes are counted. Parliament rejected the bill after a two-month review.

After a brief debate, parliament adopted a law "On prevention of violence within the family," prepared on the basis of recommendations by the UN Council on Human Rights and with considerable technical support from UN agencies. The adoption of this law has provided Tajikistan with an effective mechanism for preventing and dealing with the consequences of domestic violence.



On 12 December, parliament passed a new law “On periodicals and other media” amid heated debates about political censorship on the Internet following frequent blockades of certain websites in Tajikistan.

In late November, Tajik authorities once again ordered the closure of access to a range of local and international web-based information resources including Facebook, presumably because citizens were using the social network to criticize the president. According to Socialbakers.com, Tajikistan has 41,160 Facebook users, representing 0.55% of the total population of 7,487,000 and 5.87% of the total number of Internet users in the country. Users with Facebook pages include the president’s press service, foreign affairs minister Hamrokhon Zarifi and the mayor of Dushanbe Mahmadsaid Ubaydulloyev.

On 21 December, the state communications agency ordered the country's Internet service providers to block access to 131 websites for “technical reasons.” These websites included Twitter.com, a number of popular Russian social networks and many lesser-known entertainment portals. A week later the authorities decided to lift the order blocking access to these sites. Experts say this was a trial block of Internet resources deemed unfavourable to the authorities in the light of the upcoming presidential elections. Since Tajikistan does not have independent television stations or daily newspapers, the Internet is a unique opportunity for citizens to receive and respond to independent information.

Information technology is one of a few fast-growing industries in Tajikistan. According to the Association of Internet Providers of Tajikistan there are about 10 operators, four of which are

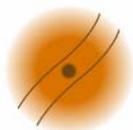
relatively large with a combined annual income of about \$350 million (over 5% of GDP). However, unpredictable actions by the authorities threaten to choke the sector.

The decision of the authorities on 6 December to dismiss retirement age employees from state institutions caused a huge public outcry. The measure was designed to attract young people to administrative positions and jobs in science, education and medicine. Once the seniors had been dismissed, it soon became apparent that the vacant positions do not appeal to young people owing to low wages and the high qualifications required. In a number of institutions, the administration was forced to ask the retirees to return to work.

According to the labour ministry, the number of people who have reached retirement age in Tajikistan is 589,000, 7.6% of the population, and 37,000 of them continue to work. Average pensions in the country are roughly €32. Generally, those that choose to continue working earn lower wages for jobs where it is difficult to find a replacement. Young professionals are not willing to work for \$40 as a nurse or \$100 as a schoolteacher.

### Foreign and international policy

In the recent months Tajikistan intensified its foreign policy towards Europe. In late November, the EU High Representative for Foreign Affairs and Security Policy, and Vice-President of the European Commission, Catherine Ashton, visited Tajikistan. During her meeting with President Rahmon a wide range of issues was discussed, including the situation in Afghanistan and the issue of supporting Afghanistan after 2014. Mrs Ashton said that the EU intends to maintain its presence in



Afghanistan beyond 2014 and that it also intends to continue supporting the development of Tajikistan. An agreement was signed in Dushanbe on 29 November to earmark €16 million for the development of the agricultural sector and to support reforms in agriculture. Mrs Ashton also said the EU was proud to have invested \$600 million in the development of Tajikistan in the last 20 years.

Before Mrs Ashton's visit, Dushanbe hosted Tajik-German intergovernmental negotiations on financial and technical cooperation. Both sides agreed that the main direction of bilateral cooperation in coming years would be to continue supporting the sustainable economic development of Tajikistan. At the same time Germany will further assist in the fields of health, microfinance, energy, technical and vocational education, environment and development. Tajikistan has been a partner country of German development cooperation since 2002. Germany is supporting Tajikistan's poverty reduction strategy for the period 2013-2015. According to the economic development and trade ministry, by 2011 Germany had provided technical and financial assistance to Tajikistan amounting to over €170 million.

At the end of December, the EU launched a new project "Technical Assistance to Support the Strengthening of the Health Information System" in Tajikistan. The €3.4 million project will last 42 months and focuses on the roll-out of a country-wide electronic reporting system and the compilation of medical data to improve the management of the health sector in Tajikistan. In mid-December, President Rahmon paid an official visit to Turkey during which the expansion of Tajik-Turkish cooperation in the fields of economy, trade, industry, energy, transportation, agriculture, health, education, science,

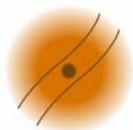
technology, culture and investment was discussed. After the talk 16 documents were signed focusing on enhancing cooperation between the two countries.

### Economy and business enterprise

In November, most seasonal migrants returned from Russia. The estimated number of seasonal migrants is nearly 700,000. Overall, more than one million Tajik citizens work in Russia. Unofficial data put the volume of migrant remittances to Tajikistan in 2012 at \$3.595 billion, considerably more than the previous year. According to preliminary estimates, the aforementioned amount equals almost 48% of Tajik GDP, which was over 36.1 billion somoni (about \$7.6 billion) in 2012.

On 31 December, neighbouring Uzbekistan stopped gas supply to Tajikistan, which then accused Tashkent of reneging on its contract to supply it with 145 million cubic metres of gas, since it had only received 132.4 million. Tajikistan and Uzbekistan generally agree on gas issues at the end of each year. This year, however, the Uzbek government ignored the request made by Tajikistan in November for a contract for 2013. A similar situation arose twice in 2012 -in January and in August- when Uzbekistan terminated gas supply upon which a delegation from Tajikistan was sent to Tashkent to negotiate a new gas contract.

According to the country's national statistics agency, the imported volume of natural gas in January-November 2012 was 24.6% less than in the same period in 2011, coming to 124.5 million cubic metres amounting to \$36.2 million dollars. Tajikistan's largest industrial enterprises are the main consumers of Uzbek natural gas, namely the Tajik Aluminium



## CENTRAL ASIA OBSERVATORY

<http://www.asiacentral.es>



The Central Asia Observatory (CAO) was established in 2007 by three institutions that are interested in the area: Casa Asia, CIDOB Foundation and Royal Institute Elcano



Company (Talco) and Tajikcement, its largest cement producing company. A price of \$380 per 1,000 cubic metres of natural gas was set for these enterprises this year. Tajikistan itself produces a small volume of natural gas, the overall figure for 2012 being 1.8 million cubic metres. Interruptions in Uzbek hydrocarbon supply caused the Tajik authorities to order enterprises to switch to coal, in turn leading to a ban in May on coal exports. Coal production in 2012 increased almost twofold. The governments of Tajikistan and Uzbekistan are presently negotiating new contracts for natural gas supplies.

---

The opinions expressed here are those of the authors and do not necessarily reflect the positions of the Central Asia Observatory (CAO). The institutions that constitute the CAO are not responsible for the use of these contents.

© Central Asia Observatory