

U.S. Country Commercial Guides



Tajikistan 2018

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Doing Business in Tajikistan

Market Overview

Tajikistan's small economy provides risky opportunities for exporters and investors. At the same time, Tajikistan, with a population of 9 million and number of potentially sizeable energy infrastructure, mining, and tourism projects, and regional access to Uzbekistan, Afghanistan, Kyrgyzstan and China, has the potential to become a notable transit hub and market for U.S. exporters.

Tajikistan's GDP per capita in 2017 stands at USD 818. Tajikistan's economy is heavily dependent on remittances sent by labor migrants working in Russia. According to data from the Central Bank of Russia and various estimates, remittances sent from Russia are equivalent to 30 per cent of Tajikistan's GDP. Tajikistan's economy is still facing major economic issues left from the 1992-1997 Civil War, despite official GDP growth of 7.1 per cent in 2017.

The U.S. exports to Tajikistan in 2017 totaled USD 17.9 million, down from USD 21.3 million in 2016. The U.S. exports a number of items to Tajikistan, including U.S. Government sponsored aid. Major U.S. exports in 2016-2017 included meat, poultry, other foods, nuclear fuel materials, iron and steel products, chemicals, finished textiles supplies, mineral supplies manufactured, other industrial supplies, electric apparatuses, drilling and oil field equipment, specialized mining equipment, excavating machinery, measuring testing instruments, laboratory testing instruments, medicinal equipment, civilian aircrafts, engines and parts, apparel household goods and textile, toiletries and cosmetics, automotive parts and tires, military apparel and footwear, telecommunications equipment and computers.

Tajikistan's leading export partners are Kazakhstan (27.1%), Turkey (19.5%), Luxembourg (10.4%), Afghanistan (8.32%) and Switzerland (7.46%). Tajikistan's leading import partners are Russia (32.6%), China (20%), Kazakhstan (18.5%), Germany (3.83%), and Turkey (3.79%). Tajikistan recognizes the United States as a provider of high quality equipment, and is interested in obtaining U.S. components for major infrastructure projects. U.S. EXIM Bank, IFC, EBRD, MIGA funds, OPIC funds could provide financial back up for such projects. Tajikistan's growing links to trading partners in Southern Asia could drive significant economic growth, driving up demand. Tajikistan's economy is heavily dependent on imports, and most U.S. manufacturers would not face competition from local producers, but would face strong competition from China, and to a lesser extent CIS countries.

Tajikistan has significant hydro energy generation potential, and could experience significant demand growth once that potential is developed. Tajikistan's geographical location could enable it to become a regional transit hub, once its airports are expanded to accommodate bulk air freight and passenger transfer.

According to the [Secretariat on Investment Council under the President of Tajikistan \(www.investmentcouncil.tj\)](http://www.investmentcouncil.tj) there are 73 tax and investment incentives which could be applied to selected business projects.

Market Challenges

Tajikistan has mountainous, land-locked terrain bordering China, Afghanistan, Uzbekistan, and Kyrgyzstan. The most accessible sea ports are located in Poti (Georgia), and Riga (Latvia). Geographically closer ports in Bandar Abbas and Gabahar (Iran) and Karachi (Pakistan) are difficult for Tajikistan to use due to sanctions against Iran and the lack of a transit trade agreement with Pakistan and Afghanistan. Instability in Afghanistan adds to high risks for transit of cargo from Pakistani seaports but some local businesses and distributors use Karachi ports and pay informal fees to groups controlling different parts of Afghanistan.

Tajikistan has non-transparent, cumbersome and predatory customs and tax administration. The Tajik government heavily invested in road infrastructure through state guaranteed loans from China and ADB funded projects, but it still needs major investments to upgrade transportation infrastructure in the regions, including railroads and airports, and there are certain geographical and security difficulties accessing markets in Tajikistan and neighboring states. Conducting business may be complicated by cumbersome standardization and certification regulations, poor consumer and business purchasing power, an unpredictable investment climate, underdeveloped and small banking and insurance sectors, currency fluctuations, potential liquidity concerns, and difficulty obtaining domestic loans. Interpretation of laws and regulations by local officials may be different from the centrally approved legislation, especially in the areas of taxation, collection of revenues, application of fees and penalties and customs procedures. Tax policy has a predatory nature.

The Tajik government has shown a general preference for state-led loans and investments, mainly from China and lacks experience dealing with private businesses and investment. Economic reforms in Tajikistan are often initiated by the donor community and poorly implemented by the Tajik government.

Tajikistan identified in its 2030 National Development Strategy the need to shift from an agricultural economy to an industrial economy, but this will be difficult to achieve. Tajikistan is not a member of Eurasian Economic Union (EEU), which was established on January 1, 2015 between Belarus, Kazakhstan, Armenia and Russian Federation. Competition for some U.S. goods and services comes primarily from China and to a lesser extent Russia. While Russia is the main import partner for Tajikistan, China is the major investor and lender to the Tajik economy. Corruption remains widespread on all levels of government despite the government's anti-corruption activities. Tajikistan ranked 161 out of 180 countries in [Transparency International's Corruption Perceptions Index for 2017](https://www.transparency.org/news/feature/corruption_perceptions_index_2017) (https://www.transparency.org/news/feature/corruption_perceptions_index_2017).

The National Bank of Tajikistan provides national currency floating regime and devalued the national currency (Somon) in 2017 by 11.7 per cent to the U.S. dollar and 20 per cent to Russian ruble. Recent substantial devaluation of national currency Somoni happened in 2014-2015 by almost 30 per cent to a dollar as the aftermath of crisis in Russia from where Tajik labor migrants mostly work and send money back home.

Market Opportunities

The Government of Tajikistan has undertaken some initiatives to simplify business registration processes and customs clearance, and has created on-line tax platforms and on-line tax payment models. The Tajik business community welcomed these moves, but corruption and burdensome bureaucracy remain a major concern. Tajikistan ranks 123 on the World Bank's Ease of Doing Business Report. Of the various indicators used, Tajikistan ranks higher than its overall score in protecting minority investors, starting a business, and enforcing contracts. Tajikistan has a 2030 National Development Strategy, which outlined attracting investments as key factor for development. However, over the last 25 years Tajikistan was able to attract less than an average of \$100 million annually of FDI into the country. China dominates the lending market with over 50 percent of all state guaranteed loans to Tajikistan. Compared to neighboring countries, Tajikistan's markets are less developed but offer potential to investors willing to navigate the risks. Opportunities exist in the following sectors: power generation and distribution, food processing and packaging, mining equipment and services, aviation and tourism. Tajikistan heavily borrowed and invested into road infrastructure and high voltage electricity lines. Chinese EXIM bank, U.S. OPIC, U.S. EXIM Bank, MIGA, EBRD, IFC, WB, Islamic Development Bank, Germany KfW, Kuwait Development Fund, Saudi Arabia, Qatar, UAE funds are active in Tajikistan. The short-term economic cycle in Tajikistan is dominated by the labor migration remittances of an estimated 1 million Tajiks living and working in the Russian Federation.

Market Entry Strategy

Business development in Tajikistan's market is resource and time-intensive. You may contact the U.S. Embassy to receive information on market opportunities and the business climate. Visiting and establishing contacts with potential buyers and partners is very important. Many Tajik businesses and officials do not use email and most expect face-to-face meetings. Promotional materials should be in English, Tajik and/or Russian. Many foreign businesses use local agents and distributors. Although foreign companies can establish a representative office, finding a reliable local partner is very helpful. Care should be taken, however, to establish relationships with trustworthy local agents. Gasoline, oil products, liquefied petroleum gas (LPG), food, and consumer goods, including capital goods, constitute the majority of all imports to Tajikistan. U.S. companies should be aware of some difficulties in doing business here: despite its low formal tariffs, Tajikistan's economic distance to foreign markets is among the largest in the world, due to high transportation costs, distance from seaports.

In 2018 Tajikistan and Uzbekistan opened all of their border crossing points, which make transit and supplies of goods much easier than in previous years. However, costs increased further due to corrupt customs, tax, and licensing authorities.

The majority of local businesses and consumers have some awareness of U.S. goods, in spite of the fact that products of major cosmetics and toiletry brands like Johnson & Johnson and Procter & Gamble are sold through local distributors in retail outlets in Tajikistan. The local business community often assumes U.S.-branded goods are expensive due to the United States' great distance from Tajikistan. The situation is complicated by other factors such as the time difference, language barriers, and lack of common business practices and values. U.S. companies should be aware that Tajik officials at the national, regional, and local levels consider implementation of corporate social responsibility programs important for establishing sound relations with investors.

Political Environment

Political Environment

For background information in political environment of Tajikistan, please click on the link below to the [U.S. Department of State Background Notes](#).

Selling US Products & Services

Using an Agent to Sell US Products and Services

The cities of Dushanbe, Khujand, Isfara, Istaravshan, Qurghonteppa, and Khorugh are the major population and economic centers in the country. Granting official distributor status to a Tajik company responsible for a specific region and/or expansion to other regions can be a good market entry strategy, because of the fragmented domestic market. However, this may not work well with all commodities.

A detailed market and risk analysis should be completed in advance. Very few Tajik companies have official distributor status for U.S. goods and services. Due to limited English use in Tajikistan and the distance from the United States, information about U.S. products is not widespread. Competitors from China, Russia, South-East Asia, and Europe are closer to the market. Sales of some U.S. goods originate from neighboring hubs such as Almaty, Bishkek, Tashkent, Moscow, Dubai, and Istanbul.

A local agent may have a better sense of the market and potential consumers. A local agent establishes a presence in Tajikistan with relatively little startup cost. A local agent circumvents the need to navigate the often difficult and frustrating process of establishing a new business entity in Tajikistan, which may require dealing with corrupt officials, long delays, and contradictory regulations. Local companies need training in Western business practices, including reporting, accounting, sales, marketing, customer care, and the English language. Local companies may lack the skills and resources required to manage a nationwide distribution and sales network.

Cultural and business differences may lead to misunderstandings between the supplier and distributor. There is also the potential for unscrupulous behavior. While each situation is different, the following general comments apply: Tajikistan's domestic market is fragmented due to mountainous terrain and poor transportation infrastructure; therefore, U.S. companies may want to have separate agents in each region. A local distributor will need start-up support from its U.S. partner to be able to effectively reach out to clients and transfer skills and knowledge. The U.S. company should expect to support its Tajik partner in a nationwide campaign to promote its goods. Most U.S. companies are not fully aware of the market conditions and market peculiarities in Tajikistan. Promotion and product materials must be available in either Tajik or Russian.

Establishing an Office

It is difficult to obtain reliable and detailed information about Tajik companies. U.S. companies wishing to establish a presence in Tajikistan are encouraged to contact the U.S. Embassy in Dushanbe for guidance. The U.S. Embassy website is <https://tj.usembassy.gov/>. We strongly advise interested U.S. companies to retain legal counsel to assist with the business registration process. The U.S. Embassy economic section can provide contact information for international and Tajik consulting companies that offer professional legal advice on business registration, licensing, and business operations in Tajikistan.

The first step in setting up an office is to establish a legal presence. Tajik law provides three options for establishing a legal presence: (i) a representative office, (ii) a branch office, and/or (iii) a legal entity established under the laws of Tajikistan. A representative office may perform informational and liaison functions of the company. It can open a bank account, rent an office, and provide visa support, but it cannot engage in trade and commercial activities. Branch offices maintain a close connection with the parent company. Branch offices may perform any function, including representational functions. Representative and branch offices are not separate legal entities; therefore, the parent company may be held liable. The 2010 Law (with amendments in 2012), "On State Registration of Legal Entities and Individual Entrepreneurs," establishes a relatively simplified state registration process for individual entrepreneurs and legal entities including foreign

businesses. The U.S. Embassy highly recommends that businesses solicit experienced and well-established legal counsel when registering a company. The Tax Committee of the Government of Tajikistan organizes official registration of legal entities. The Department of State Registration of Legal Entities and Individual Entrepreneurs is responsible for Single Window state registration. More information can be found on the website of the [Tax Committee of the Government of Tajikistan \(www.andoz.tj\)](http://www.andoz.tj). The 2013 Tax Code was designed with technical assistance and over 3,000 comments from international experts. The final version of 2013 Tax Code featured some reforms benefiting companies working in Tajikistan, but still requires compliance with many complicated and cumbersome elements and procedures. The Tax Committee's current strategy is focused on value-added tax (VAT) administrative capacity and promotion of a simplified general tax regime. The World Bank is currently implementing a USD 18 million modernization program with the State Tax Committee. The modernization will promote the use of online filing and taxpayer administration automation to prevent corruption. Predatory nature of tax policy in Tajikistan remains one of the biggest obstacles and one of the most time consuming regulatory tasks for foreign investors in Tajikistan. The Tax Committee's efforts to meet Tajikistan's budget revenue targets result in arbitrary tax collections, audits and penalties. Requests for pre-payment of taxes also widely implemented. In total there are eight national and three local taxes, including:

- Income Tax,
- Profit Tax,
- Value Added Tax (VAT) (several versions applied in different sectors)
- Excise Taxes (several versions applied in different sectors),
- Social Tax, Taxes on natural resource use (royalties),
- Tax on road use,
- Tax on cotton and aluminum sales;
- Transportation Tax,
- Property Tax,
- Land Tax,
- Building Tax.

According to the Tax Code, certain business categories enjoy simplified administrative burdens. Individuals, small scale businesses, agricultural producers, and gambling companies are also able to use simplified taxation procedures. The Tax Code also defines customs tariffs for imported and exported goods.

Franchising

Since 2011, the Tajik government regulates franchising activities through the Law on Concessions and Tajik Civil Code, part 2, article 49, Commercial Concession Agreement. Franchising opportunities may be discussed with the U.S. Embassy. There are three major water bottling companies operating under franchising agreements in Tajikistan. Coca Cola is operated by Turkish Company CCI. CCI Tajikistan was established in 2015 and produces, distributes and sells sparkling and still beverages. CCI Tajikistan serves a consumer base of 9 million with 1 plant and more than 100 employees in Tajikistan. Its product portfolio comprises Bonaqua, Burn, Coca-Cola, Coca-Cola zero, Fanta, Fuse Tea, Piko and Sprite. A local company has operated Pepsi Co in Tajikistan since 2017. A joint venture Obi Zulol produces RC Cola branded soft drinks in Tajikistan. There have been several inquiries from local Tajik companies about opening U.S. fast-food franchises in Dushanbe, but the parent companies have not expressed reciprocal interest in the Tajik market.

Direct Marketing

Direct marketing is one of the most effective techniques in Tajikistan, and has been demonstrably effective at major cultural or sports events and in door-to-door outreach. Tajikistan's unreliable postal system discourages

mail marketing. The Mary Kay, Avon, Oriflame, and Faberlic cosmetics distributors are active mainly in Dushanbe and Khujand, and there is opportunity for development in direct marketing. There are several local advertising firms based in Dushanbe. Television, radio, outdoor advertising, and weekly newspaper publications are the primary advertising venues. For business services, brand recognition campaigns are usually conducted using outdoor advertising. There are several media options. Although there are no private television stations with nationwide coverage, some small private television companies exist in smaller towns. In Dushanbe, there are 12 FM radio stations and one cable television network, which re-broadcasts up to 80 satellite channels in Dushanbe. Much of the population uses satellite dishes to receive a variety of TV programs, mainly from Russia and Uzbekistan. Social media is the recent instrument, which is being used for direct marketing and sales. The largest private marketing and advertisement company in Tajikistan is [Total Advertising Group \(www.tag.tj\)](http://www.tag.tj)

Joint Ventures/Licensing

Between 1998 and 2018, Tajik authorities registered more than 700 companies with foreign participation. Fewer than 220 of these companies are currently in operation, however. The majority of an estimated 35 U.S.-Tajik companies are owned by Tajik citizens who immigrated to the United States and transformed their Tajik companies into joint ventures to maintain their business activities in Tajikistan. The majority of them are not functioning. Companies with foreign participation can be established as a limited liability company (LLC) or a joint stock company (JSC). Companies with foreign participation exist in the banking, finance, mining, industry, energy, telecommunications, textiles, and food processing sectors. Most joint ventures are registered with Russian, Kazakh, Iranian, and Chinese companies. Large companies in aluminum production, aviation services, cotton, mining (gold and other metals), construction, and road maintenance conduct operations through their registered subsidiaries in Cyprus, the British Virgin Islands, and other off-shore tax havens. The 2011 "Law on Permits" reduced the number of permissions and licenses required for business activities in Tajikistan from 607 to 87. Updated information on the legal issues and processes required to obtain permits can be found at the website of the State Committee on Investment and Property Management of Tajikistan, [Single State Electronic Registry for Business Licenses and Permits \(http://www.ijozat.tj/index.php?lang=en\)](http://www.ijozat.tj/index.php?lang=en)

Selling to the Government

Many governments finance public works projects through borrowing from the Multilateral Development Banks. Please refer to Project Financing Section in Trade and Project Financing for more information.

The current system of public procurement exists since March 2006 with the adoption of the "Law on State Procurement of Goods, Works and Services" based on the United Nations Commission on International Trade Law's Law on Public Procurement. The 2006 Law on State Procurement and several amendments regulate state procurement to ministries, state agencies, and companies and enterprises in which the state holds more than 50% of the shares. [The Tajik Agency on Public Procurement of Goods, Works, and Services \(http://goszakupki.tj/\)](http://goszakupki.tj/) is the main coordinating agency in the Tajik government for state purchases, which is not regularly updated. The Government of Tajikistan has a number of infrastructure projects financed by international financial institutions and foreign governments, including China, Russia, Kazakhstan and Iran. Large-scale opportunities exist in the following sectors: transport, energy, and mining. U.S. companies considering entering the Tajik market and becoming a government supplier must take into consideration the high level of corruption within the public sector, as well as competition from foreign companies that may use political and other types of leverage during negotiations for state investments. To obtain more information on procurement opportunities, interested U.S. companies are encouraged to contact the U.S. Embassy in Dushanbe.

Distribution & Sales Channels

What works in neighboring countries may not work in Tajikistan, where distribution channels are often unstructured, non-transparent, and chaotic. Dushanbe and Khujand host major distribution centers. Most goods arrive at these centers via rail and road, reaching their final destinations by truck. Tajikistan's infrastructure poses big challenges. The northern, southern, and eastern parts of the country are separated by high mountain ranges. ADB and China heavily invested in road infrastructure projects. The roads linking the regions are subject to frequent winter closures due to snowfalls and avalanches. According to transport and logistics experts, trucks transport an estimated 20 percent of Tajikistan's imports and exports and carry over 90 percent of internal cargo. Most of the cargo travels to and from Tajikistan by rail through the Uzbekistan-Kazakhstan-Russia route or the Uzbekistan-Turkmenistan-Iran route. Air cargo is in the development process, and high costs confine it to a niche market. In June 2018, the Japanese development agency JICA completed the construction of a \$20 million cargo warehouse at the Dushanbe International Airport. Bulk rail and truck shipments of aluminum and cotton make up the majority of Tajikistan's export trade. In spring, 2018 Tajikistan and Uzbekistan improved their relations in all spheres including border transit and cargo transit. Uzbekistan significantly reduced railroad tariffs and transit tariffs for Tajikistan, and Uzbekistan restored the southern railroad connection to Tajikistan. Since April 2018, Tajik-Uzbek border crossing procedures have been made easier. Dushanbe and Khujand remain the key destinations for a variety of consumer and industrial products coming into Tajikistan. Tajikistan's transportation infrastructure is underdeveloped and in need of major upgrades.

Express Delivery

Several international freight forwarders operate in Tajikistan: AES Cargo/Move One Relocations, Globalink Logistics Group Ltd., Gosselin Caucasus & Central Asia, Dunyo LLC. In 2017, the Government of Tajikistan shut down express couriers, including DHL, UPS, and TNT. Tajikistan claims that official postal service Pochtai Tojik is capable of dealing with express service, but in reality, the international community greatly suffers from the ban of international couriers and it significantly delays official documentation delivery to and from the country.

Selling Factors & Techniques

As with any country, the marketing and selling of goods and services in Tajikistan must be adapted to its commercial climate and business practices. A U.S. Company needs to conduct a market research to identify opportunities and possible Tajik business partners. Selecting a business partner in Tajikistan should be done only after conducting sufficient due diligence. It can be helpful for U.S. companies to network with American companies already present in the Tajik market. The American Chamber of Commerce in Tajikistan (www.amcham.tj), based in Dushanbe, can also provide helpful information. Due to a weak banking and financial system and ongoing international sanctions against Iranian companies and banks operating in Tajikistan, potential U.S. exporters should be careful when selecting financial institutions, use letters of credit, and other secure financing mechanism in transactions with their Tajik counterparts. Currency fluctuations may require U.S. exporters to adjust prices on short notice. Although the official state language of Tajikistan is Tajiki, Russian remains the language of business. According to the Constitution of Tajikistan, Russian is the language of international communication. For domestic promotional and advertising campaigns, it is necessary to comply with the Law on Advertising that requires the use of Tajik language in an advertisement's content. All promotional materials should be translated into Tajik language and/or Russian language before approaching a Tajik company. The choice of Tajiki or Russian will depend on the type of product and the target audience. Finding a reliable and trustworthy local partner known in the business community will substantially ease interactions with regulators and help a U.S. company to understand local consumer customs and behavior.

eCommerce

Tajikistan has a population of 9 million with 2.6 million Internet users who could be potential buyers of on-line products and services. Access to email and the Internet is much less prevalent in Tajikistan than in many areas of the world. Many local companies have just one email address, typically registered on the free Russian based .ru domain, and their email is checked by a secretary or other designated person only on an intermittent basis. Undeveloped infrastructure, imperfect and insecure systems of on-line payments and lack of systems for delivery of goods and services in combination with low level of consumer confidence and computer literacy in e-shopping are the main obstacles for fast e-commerce development in Tajikistan. On-line trade in Tajikistan is conducted through the national payment system Korti Milli. Tajiks hold 1.4 million Korti Milli national payment cards. There are 2200 POS terminals in Tajikistan. Since 2013 KazComTajikistan launched Visa and MasterCard payment cards. As of 2017 there were only 166,000 Visa, MasterCard and American Express Cards in Tajikistan. Local microfinance organization Alif Sarmoya launched its electronic purse alif.mobi. Other electronic purses operate in Tajikistan: QIWI Wallet and Yandex.Money. The most popular e-commerce internet portal in Tajikistan is [Somon \(www.somon.tj\)](http://www.somon.tj) with over 600 thousand visitors a month. Ten first-tier companies provide Internet services in Tajikistan. As of June 2018, these companies are :

[Babilon-T \(http://www.babilon-t.tj\)](http://www.babilon-t.tj)

[Tojnet \(http://www.tojnet.tj/\)](http://www.tojnet.tj/)

[Intercom \(http://www.intercom.tj\)](http://www.intercom.tj)

[Eastera \(http://www.eastera.tj\)](http://www.eastera.tj)

[TARENA \(http://www.tarena.tj\)](http://www.tarena.tj)

[Saturn Online \(http://www.saturn.tj\)](http://www.saturn.tj)

[Tcell \(http://www.tcell.tj/en/\)](http://www.tcell.tj/en/)

[Megafon \(www.megafon.tj\)](http://www.megafon.tj)

[Beeline \(www.beeline.tj\)](http://www.beeline.tj)

[TajikTransitTelecom \(www.ttt.tj\)](http://www.ttt.tj)

The Tajik government estimated 2.6 million Tajik citizens used the Internet in 2017. An estimated 46 percent of Tajiks have regular access to the Internet either at home, work, school, Internet cafes, or by other means – including through mobile devices. Businessmen and officials are gradually getting more comfortable with using email. E-commerce may be the next niche where U.S. companies can apply their expertise to develop the market in Tajikistan.

Trade Promotion & Advertising

The mass media market in Tajikistan offers some opportunities for trade promotion and advertising. The Law on Advertising regulates advertising industry in Tajikistan. It prohibits advertising alcoholic products and tobacco. Certification is required for all advertised products. Tajik language is the official language of Tajikistan. Russian language is the international language of communication. The largest share of advertising is on TV, radio, newspapers, outdoor advertising and smallest share Internet. There are no international advertising agencies in Tajikistan. All advertising is conducted by local companies and regulated by central and local authorities. Advertising on the Internet is limited but has some potential for growth, as the number of Internet users is steadily increasing. The following is a selected list of leading media outlets and print publications in Dushanbe.

TV:

[First Tajik TV Channel \(www.1tv.tj\)](http://www.1tv.tj);

[TV Safina \(http://safina.tj\)](http://safina.tj);
[Jahonnamo TV \(http://jahonnamo.tj\)](http://jahonnamo.tj).

Radio Stations:

Radio Asia Plus (107.0 FM);
Radio Stolichnoe (103.0 FM);
Radio AFM (104.0 FM);
Radio Vatan (106.0 FM);
Radio Imruz (107.4 FM);
Radio Oriono (103.0 FM);
Radio Tajikistan (102.2 FM);
Radio Khovar (www.khovar.tj)

Newspapers and news agencies:

[Asia Plus \(www.news.tj\)](http://www.news.tj);
[Khovar \(www.khovar.tj\)](http://www.khovar.tj);
[Avesta \(www.avesta.tj\)](http://www.avesta.tj)
[SugdNews \(http://sugdnews.tj/\)](http://sugdnews.tj/)
[Ozodi \(www.ozodi.org\)](http://www.ozodi.org)
[Imruz News \(www.imruznews.tj\)](http://www.imruznews.tj);
[Reklamnaya Gazeta \(www.rg.tj\)](http://www.rg.tj);
[Vecherka \(http://vecherka.tj\)](http://vecherka.tj);
[Millat \(www.millat.tj\)](http://www.millat.tj);
[Tojikiston \(http://tajikistantimes.com/\)](http://tajikistantimes.com/)

Monthly Magazines:

[VIP Zone \(https://www.facebook.com/magazine.vipzone\)](https://www.facebook.com/magazine.vipzone);
[Reklama and Ideas \(https://www.facebook.com/groups/195702430555139/\)](https://www.facebook.com/groups/195702430555139/);
[Mir Reklami magazine \(https://www.facebook.com/mirreklamitj\)](https://www.facebook.com/mirreklamitj).

Advertising Companies:

[Total Advertising Group \(www.tag.tj\)](http://www.tag.tj);
[Purnur \(http://purnur.tj/\)](http://purnur.tj/);
[Next View \(http://nextview.tj/\)](http://nextview.tj/);
[Usto Design \(http://ustodesign.tj/\)](http://ustodesign.tj/);
[Forex \(www.forex.tj\)](http://www.forex.tj).

The Tajik Chamber of Commerce and Industry annually conducts international and local trade and industry exhibitions. Tajik Chamber of Commerce and Industry contact info: 21 Valamatzade Street, Dushanbe, Tajikistan 734012, Tel: +992 (37) 221-5284 or 227-13-78, Fax: +992 (37) 221-1480, website: www.tpp.tj

Pricing

To estimate pricing on the local market, companies should take into account transportation costs, associated import duties (customs duties, fees, certification costs), and value added tax (VAT). On March 2, 2013

Tajikistan became the 159th member of World Trade Organization (WTO). Tajikistan conducted bilateral negotiations with 13 WTO members on market access for goods, setting the average tariff for all goods at 8 percent (10.4 percent for agricultural products and 7.6 percent for non-agricultural products). Importers must pay 18 percent VAT, though certain categories of goods may qualify for exemptions, subject to Tajik government approval. Trading with Tajikistan is challenging because the country is so distant from seaports. Competition from Russian, Asian, and European producers is significant. Most consumers in Tajikistan are very price-sensitive and usually opt for lower prices over quality.

Sales Service/Customer Support

In general, customer support and service in Tajikistan is very poor. This may represent an opportunity for U.S. firms, since providing after-sales services may help create a dedicated consumer base. U.S. companies should be prepared to commit resources to intensive customer service training for local staff. U.S. companies, to the extent they are recognized, are generally associated with quality customer service. This may be a competitive advantage for U.S. companies entering the market.

Protecting Intellectual Property

While Tajikistan is a signatory to several international conventions that protect intellectual property rights (IPR), including the World Intellectual Property Organization (WIPO) Convention, the country has signed only eight of the 26 WIPO treaties, including the Patent Law Treaty and the Trademark Law Treaty. Tajikistan's enforcement of IP violations needs strengthening (regulatory authority is divided between the Ministry of Economic Development and Trade, the Ministry of Interior, the Ministry of Agriculture, and the Ministry of Culture). Most software and other media products sold in Tajikistan are unlicensed copies, and many "brand name" consumer goods are counterfeit.

Both The Constitution of Tajikistan and the country's criminal and civil codes have provisions for IPR protection, but the actual enforcement of these provisions lags behind. No new IPR related laws or regulations were enacted in 2017, though the Tajik government did formulate an action plan for the implementation of World Trade Organization (WTO) obligations, which includes IPR enforcement provisions as part of the Trade Related Aspects of Intellectual Property Rights (TRIPS) treaty requirements. The creation of the National Council on Coordination and Development of IPR in December 2014 did not lead to any major improvements in IPR enforcement.

Article 156 of the Criminal Code allows for seizures of counterfeit goods. The Tajik Ministry of Interior has declined to report statistics on criminal cases opened for consumer fraud from 2013 onward. Information on successful prosecutions is likewise unavailable.

At the end of 2015, the government established a Working Group under the Ministry of Economic Development and Trade (MEDT) to work on legal regulation that would ban the use of unlicensed software by state entities, but Tajikistan is still without such a decree. The Tajik government is currently developing an implementation work plan and attempting to attract technical assistance.

In early 2016, the Tajik government adopted a 2014-2020 National Strategy for the Development of Intellectual Property, and is seeking funding from outside donors to implement the strategy.

As part of its WTO accession process, Tajikistan amended Article 441 of its Customs Code to provide *ex officio* authority to its customs officers to seize and destroy counterfeit goods. The Department on Disclosing and Seizing of Counterfeit Products within the Customs Service of Tajikistan has the responsibility to detect IPR-related violations. In recognition of the Tajik government's actions to improve IPR protection and enforcement, including ex-officio authority to customs officials, the U.S. Trade Representative (USTR) removed Tajikistan in 2016 from the Special 301 Watch list listing governments that fail to provide IPR enforcement. USTR's 2016

out-of cycle review preconditioned Tajikistan's future status on the Tajik government adopting a presidential-level decree, law, or regulation mandating government-wide use of licensed software by fall 2017. Due to the failure to adopt the required decree or law, USTR in 2018 again placed Tajikistan in 301 Special Watchlist.

The Tajik government's inability to tackle ongoing IPR infringement – such as the government's use of pirated software – and its reticence to provide transparent IPR enforcement statistics demonstrate its political will to combat IPR violators is lacking. The Tajik government might assess that by turning a blind eye, its consumers maintain access to affordable goods, as well.

There are very few U.S. companies and brands operating in Tajikistan and they have never reached out to the embassy regarding threats to trade secrets. There are two laws that protect trade secrets in Tajikistan: Law of the Republic of Tajikistan on Trade Secrets adopted June 18, 2008, and Law of the Republic of Tajikistan on State Protection and Business Support, which entered into force May 10, 2002.

The National Center for Patents and Information (NCPI) at the MEDT is Tajikistan's primary patenting organization. One of the NPIC's main functions is to protect state interests with respect to inventions, industrial samples, trademarks, service marks, and geographical origins of goods. The Department on Authors' Rights and Related Rights at the Ministry of Culture is responsible for the protection of authors' rights. The State Commission on Grade Testing and Protection of Grades at the Ministry of Agriculture deals with licensing of agricultural products and services. The Customs Committee is responsible for cargo transit regulation and fee assessment at the state border.

Other government structures may also have roles, including the Supreme Economic Court and the Department to Combat Intellectual Property Rights Violations under the Ministry of the Interior.

To register a patent or trademark with the NCPI, applicants must submit an application with all relevant information on the IP, and pay a fee. The NCPI (www.ncpi.tj) will search its records for conflicts and, if none are found, register the IP within 30 days from the time the application is received. In general, the registration of a trademark might take four to seven months, while obtaining a patent for an invention could take up to two years.

For additional information about treaty obligations and points of contact at local IP offices, please see WIPO's country profiles at <http://www.wipo.int/directory/en/>.

Resources for Rights Holders

U.S. Embassy
Economic Section
Dushanbe-ICS@state.gov

American Chamber of Commerce in Tajikistan
+992 (93) 577 23 23 +992 (93) 577 29 29
Director@amcham.tj
Info@amcham.tj

Public [list](https://tj.usembassy.gov/u-s-citizen-services/local-resources-of-u-s-citizens/attorneys/) of local lawyers (<https://tj.usembassy.gov/u-s-citizen-services/local-resources-of-u-s-citizens/attorneys/>)

Due Diligence

The U.S. Embassy may be able to provide general or anecdotal background on a specific company or individual, but cannot conduct due diligence for interested investors. Several consulting firms offer due diligence services to investors:

[BAKER TILLY TAJIKISTAN \(www.bakertilly.tj\)](http://www.bakertilly.tj)
[RSM \(https://www.rsm.global/tajikistan/\)](https://www.rsm.global/tajikistan/)
[BDO \(http://www.bdo.tj/en-gb/locations/bdo-tajikistan\)](http://www.bdo.tj/en-gb/locations/bdo-tajikistan)

Local Professional Services

Please contact a consulting company in Tajikistan for an advice on the potential for business operations in Tajikistan. Professional counsel on taxation and legal aspects of business can save time, resources, and money. Tajikistan's economic, business, and commercial regulations are spread across hundreds of presidential, government, ministerial, and local-level decrees. It is common that these regulations overlap or conflict with one another. Dushanbe and Khujand are the primary locations for accounting, consulting and audit firms.

Legal and Tax Services

[Akhmedov, Azizov & Abdulhamidov Attorneys \(http://www.aaa.tj\)](http://www.aaa.tj)
[BAKER TILLY TAJIKISTAN \(http://www.bakertilly.tj/\)](http://www.bakertilly.tj/)
[BDO \(http://www.bdo.tj/en-gb/locations/bdo-tajikistan\)](http://www.bdo.tj/en-gb/locations/bdo-tajikistan)
[Deloitte \(www.deloitte.tj\)](http://www.deloitte.tj)
[Grant Thornton LLC \(www.grantthornton.tj\)](http://www.grantthornton.tj)
[Legal Consulting Group \(http://www.lcg.tj\)](http://www.lcg.tj)
[Lex Law Firm \(http://www.lex.tj\)](http://www.lex.tj)
[Mazars Group \(https://www.mazars.com/\)](https://www.mazars.com/)
[Nazrisho & Mirzoev, LLC \(www.nmlaw.tj\)](http://www.nmlaw.tj)
[RSM \(https://www.rsm.global/tajikistan/\)](https://www.rsm.global/tajikistan/)

Logistics

[AES Cargo \(www.aescargo.com\);](http://www.aescargo.com)
[Dunyo LLC, Jamshed.rizoev@dunyo-llc.com](mailto:Jamshed.rizoev@dunyo-llc.com)
[Globalink Logistics, LLC \(http://www.globalink-logistics.com\)](http://www.globalink-logistics.com)
[Gosselin Caucasus and Central Asia \(www.gosselingroup.eu\)](http://www.gosselingroup.eu)
[Move One Relocations \(www.moveonere.com\)](http://www.moveonere.com)
[VAVILON Transportation Company \(http://www.vavilon.tj/\)](http://www.vavilon.tj/)

Market Research Companies

[Harif \(www.harif.tj\)](http://www.harif.tj)
[M-Vector \(www.m-vector.com\)](http://www.m-vector.com)
[Total Advertising Group \(http://www.tag.tj\)](http://www.tag.tj)
[Zerkalo \(www.zerkalo.tj\)](http://www.zerkalo.tj)

Principal Business Associations

[National Association of Small and Medium Business of the Republic of Tajikistan \(www.namsb.tj\)](http://www.namsb.tj)
[National Association of Business Women of Tajikistan \(www.nabwt.tj\)](http://www.nabwt.tj)
[Association of Microfinance Organizations of Tajikistan \(www.amfot.tj\)](http://www.amfot.tj)
[American Chamber of Commerce \(www.amcham.tj\)](http://www.amcham.tj)
[Trade and Industry Chamber of Tajikistan \(www.tpp.tj\)](http://www.tpp.tj)

Limitations on Selling US Products and Services

Tajikistan is a member of WTO. There is no systemic or legal limitations on selling U.S. products and services in Tajikistan. But the Government can use temporary measures to restrict imports of some U.S. or other

countries products to Tajikistan. The most recent case was related to poultry ban from the U.S. as the Tajik Government plans to invest and develop its own poultry and egg production industry. The ban was introduced in November 2017 and lasted till May 2018.

Web Resources

[The U.S. Embassy in Dushanbe \(https://tj.usembassy.gov/\)](https://tj.usembassy.gov/)
[The President of the Republic of Tajikistan \(www.president.tj\)](http://www.president.tj)
[Majlisi Oli \(Parliament\) of the Republic of Tajikistan \(www.parlament.tj\)](http://www.parlament.tj)
[Ministry of Foreign Affairs \(www.mfa.tj\)](http://www.mfa.tj)
[Ministry of Finance \(www.minfin.tj\)](http://www.minfin.tj)
[Ministry of Economic Development and Trade \(www.medt.tj\)](http://www.medt.tj)
[Ministry of Agriculture \(www.moa.tj\)](http://www.moa.tj)
[Ministry of Justice \(www.minjust.tj\)](http://www.minjust.tj)
[The National Bank of Tajikistan \(www.nbt.tj\)](http://www.nbt.tj)
[Ministry of Health \(www.health.tj\)](http://www.health.tj)
[State Tax Committee \(www.andoz.tj\)](http://www.andoz.tj)
[Agency on Hydrometeorology \(www.meteo.tj\)](http://www.meteo.tj)
[Ministry of Education \(www.education.tj\)](http://www.education.tj)
[State Statistics Agency \(www.stat.tj\)](http://www.stat.tj)
[Customs Service \(www.customs.tj\)](http://www.customs.tj)
[The American Chamber of Commerce in Tajikistan \(www.amcham.tj\)](http://www.amcham.tj)
[Secretariat of the Consultative Council on Improvement of Investment Climate under the President of Tajikistan \(www.investmentcouncil.tj\)](http://www.investmentcouncil.tj)
[The Tajik Chamber of Commerce and Industry \(http://tpp.tj/\)](http://tpp.tj/)
[Tax Committee and The Department of State Registration \(http://andoz.tj/en/\)](http://andoz.tj/en/)
[Single State Electronic Registry for Business Licenses and Permits \(http://www.ijozat.tj/\)](http://www.ijozat.tj/)
[The State Committee on Investments and State Property Management \(http://www.gki.tj\)](http://www.gki.tj)
[The State Statistics Agency under the President of Tajikistan \(http://www.stat.tj\)](http://www.stat.tj)
[The National Bank of Tajikistan \(www.nbt.tj\)](http://www.nbt.tj)
[The Free Economic Zone Sughd \(http://www.fezsughd.tj\)](http://www.fezsughd.tj)
[The Free Economic Zone Panj \(http://www.fezpanj.tj/\)](http://www.fezpanj.tj/)

Leading Sectors for US Exports & Investments

Energy

This is a best prospect industry sector for this country. Includes a market overview and trade data.

Overview

Thousands of U.S. dollars

	2014	2015 (estimated)	2016 (estimated)	2017 (Estimated)
Total Local Production	816,000	816,000	820,000	900,000
Total Exports	43,700	45,500	46,000	90,000
Total Imports	7,000	10,000	20,000	50,000
Imports from the US	718	171	2,428	6,577
Total Market Size	779,300	780,500	794,000	860,000
Exchange Rates	4.82	5.51	7.18	8.8

(total market size = (total local production + imports) - exports)

Source: State Statistics Agency, U.S. Census, and U.S. Embassy staff estimates

Tajikistan's energy sector is the most vibrant and investment intensive sector in the local economy. Government of Tajikistan declared energy independence as the highest political and economic priority for the country. Tajikistan's total domestic electrical generation capacity is 6577 MW, including 5858 MW of hydroelectric capacity, and nearly 719 MW from a coal-fired combined heat and Chinese built and financed power plants in Dushanbe and Yovon.

The government spends on average up to \$200 million from the annual state budget to finance the largest in the country hydro energy project - the Rogun hydro power station (3600 MW). In September 2017 Tajikistan offered Rogun bonds to foreign investors by placing \$500 million at 7.15% interest rate Eurobonds.

The U.S., China, Italy, France, Germany, Russia, India, Belorussia, Kazakhstan, and Uzbekistan and number of international financial institutions actively work in the energy sector of Tajikistan as either investors or suppliers of equipment and technical services.

In addition to hydro power, Tajikistan is actively developing its coal heating power capacity with Chinese loans and technical expertise. Tajikistan continues to pioneer the CASA-1000 project in the region. Uzbekistan and Tajikistan relations substantially improved in 2017-2018 and Tajikistan started exports of electrical energy to Uzbekistan in April 2018 in addition to its increasing exports to Afghanistan.

Most of the energy generation and energy distribution system in Tajikistan was designed and built in 1960s and 1970s. Tajikistan's hydropower potential is estimated at 527 billion kWh per year, which exceeds the existing electricity consumption of the countries of Central Asia by 300%.

In terms of potential hydropower resources, Tajikistan is ranked eighth in the world after China, Russia, the United States, Brazil, Zaire, India and Canada. On specific indicators of hydropower potential per square

kilometer (3,696.9 thousand kWh per year/km²) and per capita (65.9 thousand kWh per year/person) Tajikistan respectively occupies first and second place in the world. The Tajik government is implementing a two-track strategy: (i) improvement of the domestic energy sector, and (ii) development of large scale projects to generate electricity for export. Development will generate economic growth and create opportunities for diversification of export earnings.

Tajikistan's power sector is managed by Barqi Tojik, a vertically integrated utility owned by the Government of Tajikistan. Hydropower plants generate 98% of the country's electricity. The biggest HPP's operated by the vertically integrated state power utility Barki Tojik are Nurek (3,000 MW), Sangtuda 1 (670 MW), Baipaza (600 MW), Golovnaya (240 MW), Sangtuda 2 (220MW), Qairakkum (126 MW), and Sangtuda 1 (670 MW).

Barki Tojik has good technical skill among its staff, but suffers from weak operational and economic management systems and a worsening financial position. This severely impacts its ability to undertake its critical functions of planning, implementing, and supplying good quality reliable power to the consumers of Tajikistan. The ADB review of Barki Tojik in 2013, conducted under sector operational performance improvement program of the Regional Power Transmission Project, has made a bleak assessment of the utility and identified several critical weaknesses. These related to the organizational structure, the financial reporting systems, the accounting and audit systems, the utility's debts, the metering billing and collections system, commercial and technical losses, business planning process, management information systems, and its human resources management. Barqi Tojik's debts has reached almost three billion somoni (USD 385 million).

As of February 2017, the utility owed one billion somoni (USD 110 million) to the Sangtuda-1 HPP, which is owned by Russian energy company RAO UES, and 500 million somoni (USD 54.32 million) to the Sangtuda-2 HPP owned by Iranian Sangob company and the Iranian government.

In 2017, internal power generation was 17.1 billion kilowatts-hours (kWh) with an internal consumption of 12.8 billion kWh. The high reliance on hydropower generation results in a power surplus in summer and a deficit in winter.

Due to limited resources and low electricity tariffs, the Government of Tajikistan relies on donor resources from the World Bank, Asian Development Bank, German KfW, Islamic Development Bank, European Bank for Reconstruction and Development, Chinese government, Russian government, Iranian government, German government, U.S. government, and other donors to develop and maintain the energy production and distribution network in Tajikistan.

The commissioning of additional generating capacities and measures taken to improve efficiency of electrical use resulted in fewer electricity outages during the autumn-winter period 2017-2018 for the first time in recent years.

In accordance with the Development Strategy and Investment Rehabilitation Program of Tajikistan, a number of organizational and technical measures are being implemented in the energy sector of the Republic of Tajikistan, including: reforming the management structure of national Utility Barqi Tojik with the division of activities between generation, transmission & distribution segments; increasing the new generation capacities, by construction of new facilities and the modernization of existing generating stations; development of the transport infrastructure of the energy system; Improving energy efficiency using modern automated control systems.

The total investment in the Tajik energy sector amounted to more than three billion US dollars since 2000. Currently, a number of projects at the implementation stage that will ensure safety of work and increase the electricity export potential.

Rehabilitation of Sarband HPP is ongoing. After project completion, the total power capacity of HPP will increase from 240 MW to 252 MW. Reconstruction of Qairakkum HPP will increase generation from 126 MW to 170 MW. Currently, the project is at the tendering stage and GE Hydro is in a strong position to win this project. Within the framework of the Regional Electric Power Transmission Project in Tajikistan, two 220 kV transmission lines with a total length of 140 km have been constructed, six high voltage substations have been modernized, and the SCADA EMS system of the upper level system has been completed by GE Grid. The Energy loss reduction program has also been successfully implemented in Tajikistan's power grid.

Bidding procedures to select the winner for CASA 1000 project is at the final stage. Successful implementation of this project will enable Tajikistan to become the biggest energy exporter in Central Asia. The available volume of electricity exports from Tajikistan and Kyrgyzstan under this project, which is scheduled to commence in 2021, is about 5.5 billion kWh. One of the priorities for ensuring Tajikistan's energy security and the efficient use of available water and energy resources is integration into the energy systems of Central Asia, in particular by connecting to the power grid system of Uzbekistan. At present, the interstate power lines are connected from the Regar 500 kV substation to 500KV substation Surkhan (Uzbekistan) and Regar 220 kV to 220kV Gulcha substation. These connections are the first step to ensure mutual supplies of electricity.

Leading Sub-Sectors

Tajikistan is the next importer of energy related equipment and technologies. The following table represents some selected but not limited to energy related sub-sector categories of products:

HS Code	Item description
8402	Steam or other vapor generating boilers (other than central heating hot water boilers capable also of producing low pressure steam); super-heated water boilers.
8404	Auxiliary plant for use with boiler, condensers for steam and vapor power units.
8406	Steam turbines, vapor turbines.
8410	Hydraulic turbines, water wheels, and regulators.
8411	Turbo jets, turbo propellers and other gas turbines.
8502	Electric generating sets and rotary converters.
8503	Parts suitable for use solely or principally with the machines of heading No. 85.01 or 85.02
8504	Electrical transformers, static converters and inductors

8532	Electrical capacitors, fixed, variable or adjustable (pre-set)
8535	Electrical apparatus for switching or protecting electrical circuit, or for making connections to or in electrical circuits, for a voltage exceeding 1000 volts
8536	Electrical apparatus for switching or protecting electrical circuit, or for making connections to or in electrical circuits, for a voltage not exceeding 1000 volts

Tajikistan’s electricity system is strained financially by low tariffs, poor collection, and large receivables from major consumers, including TALCO. Tajikistan’s electricity prices were kept very low until 2007, and while they have gradually increased since then, the prices are still below the cost of supply and remain among the lowest in the world. At \$0.023 per kilowatt-hour, the current residential tariff is half that of Uzbekistan’s and 20% of Moldova’s. Although the Asian Development Bank (ADB) provided significant financial and technical assistance, the needed major rehabilitation of the dilapidated power system and adding of new capacity would require higher tariffs to cover the full cost of expansion. These highly subsidized and below cost-recovery tariffs, combined with winter shortages, reportedly result in huge economic losses of around \$200 million a year or 3% of GDP. To reduce the winter shortages, the government needs to take measures to improve energy efficiency on the demand side in addition to supply expansion. On the demand side, energy prices need to reflect the full cost of supply, which would then encourage electricity consumers to use it more efficiently. Measures should also be taken to avoid losses and minimize excessive usage. Governance at TALCO needs to be improved with the end in view of using electricity more efficiently. Likewise, efficiency improvements on the supply side could include controlling corruption and mismanagement and increasing generation capacity at power plants. Along this line, the government should also take steps to minimize the quasi-fiscal deficits of state-run generator Barqi Tojik by addressing weakness in its billing and collection mechanisms. In the long run, Tajikistan needs to generate more electricity through hydropower to improve the overall business environment and thereby address the problem of low private investment. However, this will require substantial investment as well as reliable markets for summer exports—a challenge that would require careful planning and coordination of the country’s legal, institutional, and fiscal infrastructure.

Opportunities

Tajikistan has enormous hydropower potential, but only a small fraction is being developed, primarily due regional context, trans boundary water issues, lack of regional integration of energy markets especially between North and South. Since 2017, the decline in political tensions between Uzbekistan and Tajikistan have opened up new opportunities for energy sector development in Tajikistan. The Government of Tajikistan is marketing a number of small, medium, and large hydropower projects on three main rivers: the Zarafshon, Vakhsh and Panj.

Potential hydroelectric power station projects in Tajikistan include:

	Vaksh River	Projected Capacity (MW)
1	Rogun	3,600
2	Shurob	750

	Obi Hingou River	
3	Sangvor	800
4	Urfat	850
5	Shtien	600
6	Evtaj	800
7	Kaftarguzarskaya	650
	Surhob River	
8	Djalbulak	600
9	Sairon	500
10	Gorgen	600
11	Garm	400
	Panj River	
12	Dashtijum	4,000
13	Barshorskaya	300
14	Anderobskaya	650
15	Pishtskaya	320
16	Horogskaya	250
17	Rushan	3,000
18	Yazgulem	850
19	Shirgovatskaya	1,900
20	"Granitniy Vorota"	2,100
21	Hostavskaya	1,200
22	Djumarskaya	2,000
23	Mosvoskaya	800

24	Kokchinskaya	350
25	Verhneamudarinskaya	1,000
	Zerafshan river	
26	Matchinskaya	90
27	Riomutskaya	75
28	Oburdonskaya	120
29	Pahutskaya -1	130
30	Pahutskaya -2	
31	Iskanderdkulskaya	120
32	Yagnobskaya	150
33	Ravatskaya	50
34	Fondarinskaya	300
35	Zahmatabadskaya	
36	Sangistanskaya	140
37	Vishkanskaya	160
38	Yavanskaya	160
39	Dupulinskaya	200
40	Penjikent -1	50
41	Penkikent -2	45
42	Penjikent -3	65
43	Dargskaya HPS	
	Varzob River	
44	Pugus	16.2
45	Gushar	17

	Kafirnihan River	
46	Vistan	54
47	Sarvoz	42
48	Yavroz	90
49	Bagjiddin	125
50	Lower Kafirnigan	72

Source: U.S. Embassy staff estimates and Ministry of Energy and Water Resources

Web Resources

[Project Management Group for Energy Facilities under the President of Tajikistan](http://www.energyprojects.tj/index.php?lang=en)
(<http://www.energyprojects.tj/index.php?lang=en>)

[Open Joint Stock Energy Company Barki Tojik](http://www.barkitojik.tj) (<http://www.barkitojik.tj>)

[CASA project](http://www.casa-1000.org/) (<http://www.casa-1000.org/>)

[EBRD Energy projects in Tajikistan](#)

(<https://www.ebrd.com/cs/Satellite?c=Page&c32=on&cid=1395238314964&d=Mobile&pagename=EBRD%2FPage%2FSearchAndFilterPSD&s11=on>)

(<https://www.ebrd.com/work-with-us/projects/psd/qairokkum-hpp-climate-resilience-upgrade.html>)

(<https://www.ebrd.com/work-with-us/projects/psd/cross-regional-power-trade.html>)

(<https://www.ebrd.com/work-with-us/projects/psd/sugd---energy-loss-reduction-project.html>)

[ADB energy projects in Tajikistan](#)

(<https://www.adb.org/projects/country/taj/sector/energy-1059>)

(<https://www.carecprogram.org/?event=energy-sector-coordinating-committee-meeting-mar-2018>)

(<https://www.carecprogram.org/?event=carec-senior-officials-meeting-jun-2018>)

[World Bank energy assessment projects in Tajikistan](#)

(<http://www.worldbank.org/en/country/tajikistan/brief/final-reports-related-to-the-proposed-rogun-hpp>)

Travel and Tourism

This is a best prospect industry sector for this country. Includes a market overview and trade data.

Overview

	2014	2015 (estimated)	2016 (estimated)	2017 (Estimated)
Total Local Production	160,000	180,000	200,000	215,600
Total Exports	n/a	n/a	n/a	n/a
Total Imports	n/a	n/a	n/a	n/a
Imports from the US	n/a	n/a	n/a	n/a
Total Market Size	400,000	450,000	500,000	561,500
Exchange Rates	5.30	6.50	7.00	8.8

Tajikistan's rich cultural heritage, hospitality and abundance of mountain snow peaks, rivers, lakes and recreational opportunities contribute to the development of country's tourism industry. In 2018, Tajik Government announced a year of tourism development. The tourism sector is considered a priority for the development of the Tajik economy. At the same time, undeveloped infrastructure and low levels of quality of services delay the growth of the tourism industry. According to the World Travel and Tourism Council, the direct contribution of Travel and Tourism to GDP was \$215.6 million, 3.2% of total GDP in 2017 and forecasted to rise by 0.5% in 2018 and to rise by 3.9% from 2018-2028 to \$316.5 or 2.5 per cent of total GDP in 2028. The total contribution of Travel and Tourism to GDP was \$561.5 million or 8.3 per cent of GDP in 2017 and forecasted to rise by 1.9 per cent in 2018 and to rise by 4.4% to 883.1 million or 6.9 per cent to GDP in 2028. In 2017 Travel and Tourism directly supported 71,000 jobs and indirectly almost 200 thousand jobs. Travel and Tourism investment in 2017 was \$83.1 million. It is expected to rise by 8.9 per cent in 2018 and to rise by 6.2 per cent over the next ten years to \$165.7 million in 2028.

(total market size = (total local production + imports) - exports)

Data Sources: World Travel and Tourism Council (2017), U.S. Embassy estimates for (2014 – 2016)

Leading Sub-Sectors

Tajikistan is not yet considered a major tourist destination. In 2017 Tajikistan has climbed 12 places to rank 107th among 136 nations in the global Travel and Tourism (T&T) competitiveness index. According to statistical data from the Committee for Youth, Sports and Tourism Affairs under the Government of Tajikistan, 414,000 foreign tourists visited Tajikistan in 2015 and 312,000 foreign tourists visited the country over the first nine months in 2016. Tajikistan is poorly served by international flight connections. Turkish Airlines, Fly Dubai, Air Astana, S-7 are the only major international airlines, which fly to Dushanbe. There are very few flights, and the flights that do exist are expensive. In 2016 Tajikistan introduced an e-visa, available at www.evisa.tj. In general the services at the airports and at border crossings do not meet international tourism standards. The Tourism Development Committee under the Government of Tajikistan is the primary regulator for the tourism sector. It was re-established in May 2017. This committee has approximately a dozen employees and maintains representative offices in 4 regions and 56 districts, although these representative offices are not always staffed. The Tourism Development Committee is responsible for implementation of state policy and coordination of tourism activity in Tajikistan, all state tourism programs, and international treaties and agreements in the field of tourism

Tourism Development Committee under the Government of Tajikistan
Mr. Numon Abdugafforzoda
Head of Committee
78 Rudaki Street
Dushanbe, Tajikistan
phones: +992 37 227 8480
phones: +992 37 227 8688
email: tourism.tajikistan@mail.ru
www.traveltajikistan.tj

Consultants reported over 100 officially registered tourism service companies active in Tajikistan in 2017, most with a regional focus. There are over 170 registered hotels and home stays, 25 of which are located in Dushanbe. Leading hotels for international visitors include the Hyatt Regency Dushanbe, the Serena Hotel, and the Dushanbe Sheraton Hotel. The tourism industry in Tajikistan is continuing to develop, primarily in Dushanbe, the Pamir and Fann mountain regions, which attract sightseers, climbers, and hikers. Local agencies provide all-inclusive driving tours along the Pamir Highway, Wakhan Valley, and the Zarafshan Valley, hiking expeditions in the Fann Mountains and Pamir region (with guides, porters, and mules), climbing, skiing, hang gliding, paragliding, and whitewater rafting.

Sport hunting began in Tajikistan in 1987, and continues to be organized by officially licensed Tajik companies based out of hunting lodges in the Pamir region. Packages cost vary from USD 30,000 and up per tourist/hunter to track (and kill, if desired) Marco Polo sheep, Siberian Ibex, wild boars, and brown bears. Sheep and Ibex season runs from September to December, while bear season runs from September to October. The Tajik government requires hunters to have a Tajik government license, a rifle permit, a tourist visa, and border transit permits.

Opportunities

American travel agencies with clients seeking exotic adventure vacations high in the mountains could partner with Tajik travel firms and share the commission. This could prove lucrative for firms with clients interested in game hunting expeditions.

Web Resources

[Tajikistan e-visa](http://www.evisa.tj)
(www.evisa.tj)

[Tajikistan visa](https://www.visa.gov.tj/index.html)
(<https://www.visa.gov.tj/index.html>)

[Tourism Development Committee under the Government of Tajikistan](http://traveltajikistan.tj/ru/about-us/)
(<http://traveltajikistan.tj/ru/about-us/>)

[World Travel and Tourism Council Tajikistan Report 2018](https://www.wttc.org/search-results/?query=Tajikistan)
(<https://www.wttc.org/search-results/?query=Tajikistan>)

[Trade and Tourism Competitiveness Report](https://www.weforum.org/reports/the-travel-tourism-competitiveness-report-2017)
(<https://www.weforum.org/reports/the-travel-tourism-competitiveness-report-2017>)

[Ten Reasons to visit Tajikistan](https://adventuresofilnicki.com/10-reasons-to-visit-tajikistan/)
(<https://adventuresofilnicki.com/10-reasons-to-visit-tajikistan/>)

[ITB Berlin exhibition](#)

(<https://www.itb-berlin.de/en/>)

[Orom Travel](#)

(<http://www.oromtravel.tj>)

[Pamir Adventure](#)

email pamirad@gmail.com

[LLC Pamir Silk Travel](#)

(<http://pamirsilk.travel/en/intro/index.php>)

[Tour De Pamir](#)

email ergashf@yahoo.com

[Pamir Tourism Adventure](#)

email: pamirstourism@yahoo.com

[META](#)

email: g.apandieva@rambler.ru

[Pamir Highway Adventure Travel](#)

email: ubaidulla46@mail.ru

[LLC Sarez](#)

email info@sarez.travel

[Ajam Tour](#)

email: info@ajamtour.com

[Pamir Eco-Tour Network](#), email: petnet.rashid@gmail.com

[Pamir Horse Adventures](#), email: aspamir@gmail.com

[Badakhshan Travel](#), email: info@visitbadakhshan.com

[TajGeoTour](#), email: sangin_elnazarov@mail.ru

[Pamir Lodge](#), email: pamirlodge@hotmail.com

[Drivers Association](#), email: assafar@yandex.ru

[Serena Inn](#), email: zamira.kurbonova@serena.com.tj

[Pamir Alpine Club](#), email: pamirguides@gmail.com

[Pamiri De Handicrafts](#), email: info@depamiri.org

[Hotel LaL](#), email: lalhotel@inbox.ru

[COTUS](#), email: bizmich.gh@mail.ru

[ISC Sanatorium Bakhoriston](#) (www.bahoriston.tj)

[ISC Intourist Tojikistan](#) (www.intourist.tj)

[LLC Tadjikaviatour](#) (www.tadjikaviatour.tj)

[Olami Sayokhat](#) (www.tadjikaviatour.tj)

[LLC Sogdiana-Pamir Tour](#) (www.sogdianapamir.tj)

[Zerafshan Tourism Development Association](#) (www.ztda-tourism.tj)

[LLC Pamir Travel \(www.travel-pamir.com\)](http://www.travel-pamir.com)
[LLC Tajiktour \(www.traveltotajikistan.com\)](http://www.traveltotajikistan.com)
[Rotel Tours \(www.rotel.de\)](http://www.rotel.de)
[Hauser Exkursionen \(www.hauser-exkursionen.de\)](http://www.hauser-exkursionen.de)
[Nomad Reisen \(http://www.nomad-reisen.de\)](http://www.nomad-reisen.de)
[Diamir Erlebnisreisen \(www.diamir.de\)](http://www.diamir.de)
LLC M.Tour, email: m.tour@mail.ru
JSC The Council on Tourism and Excursions, email: firuza-81@mail.ru
[LLC Dzhavohir \(www.javohir.tj\)](http://www.javohir.tj)
LLC Pandzhikent Tour, email: sharifbadalov@mail.ru
[LLC Rohat Tour \(www.rohat-tour.tj\)](http://www.rohat-tour.tj)
LLC Zurmich email: zurnach@mail.ru
[LLC Sky Tour \(www.skytour.tj\)](http://www.skytour.tj)
[LLC Aspendos Travel \(www.aspendostravel.com\)](http://www.aspendostravel.com)
[LLC Zigana Tour \(www.ziganatour.tj\)](http://www.ziganatour.tj)
[Alpinist Tourist Base Artuch LLC \(www.artuch.tj\)](http://www.artuch.tj)
[Tourism Information Center in Khorugh \(http://www.pecta.tj/\)](http://www.pecta.tj/)

Mining Equipment and Services

This is a best prospect industry sector for this country. Includes a market overview and trade data.

Overview

Unit: USD thousands

	2014	2015	2016	2017
Total Market Size	1,532,000	1,345,000	1,195,300	956,200
Total Local Production	703,000	803,000	928,000	1,011,220
Total Exports	470,200	436,200	631,500	920,000
Total Imports	1,300,000	978,000	898,800	865,000
Imports from the U.S.	2,000	3,000	n/a	n/a
Exchange Rate: 1 USD	4.82	5.51	7.18	8.80

(Source: U.S. Embassy estimates. State Statistics Agency under the President of Tajikistan, 2017.)

Total Market Size = (Total Local Production + Total Imports) - (Total Exports)

Tajikistan is a mineral rich country with more than 600 documented deposits of some 50 different minerals including silver, gold, lead, zinc, antimony, mercury, molybdenum, tungsten, iron, tin, boron, strontium, fluor spar, rock salt, precious and semi-precious stones, bituminous coal, anthracite, graphite, mineral wax, and phosphates.

Mining accounted for 22.6 per cent of the total industrial sector in 2017. The mining sector's share of GDP was 5.5 per cent in 2016. In 2016, the state budget revenue from the extractive sector amounted to \$146 million or 7.5 per cent of the revenue from tax, non-tax revenues and grants. According to the State Statistics Agency, the growth rate of the production in the extractive industry for 2014-2016 was 214.3 per cent. In 2016, exports of mineral resources were estimated at \$307.2 million, which grew 34.2 per cent compared to 2015. Exported mineral products totaled \$239.1 million and included lead and zinc, antimony, copper and silver concentrate.

Between 2007-2015, \$700.3 million has been invested in the mining sector, with a Chinese mining company making the largest investment of \$100 million in the development of Pakrut LLC and the construction of a Chinese metallurgical plant to mine lead and zinc deposits of Zarnisori Shimoli located in the eastern Tajikistan district Vahdat. The main countries that have invested in the mining sector of Tajikistan are the United Kingdom, China, Iran, Russia, Switzerland, and France. As of 2016, nearly 9,000 people were employed in the mining sector.

Development of the sector will require modern technology, exposure to market-oriented management, increased human capacity, better transportation links, and comprehensive surveys on the full potential of Tajikistan's deposits. Most of the mining surveys and research currently in use were conducted during the Soviet era, and may be outdated. The Tajik government has classified this information as a state secret, severely limiting access. The Chief Geological Department of Tajikistan expects to make geological survey information available to the public through a Geological Information Center by 2025.

Role of Government

In theory, the Tajik government supports expansion of the mining sector, diversification of mining practices, and development of existing mines. It has pledged to simplify procedures for obtaining exploration and mining permits. In practice, however, cumbersome bureaucratic procedures and wavering political will may delay permit approval by months or years. Currently, publicly available information about Tajikistan’s mineral resources is minimal, because the government considers much of this information to be a state secret.

In 2014, the Tajik government established the Commission on Approval of Mining Projects. The First Deputy Prime Minister of Tajikistan heads the Commission and reports directly to the President. The Commission has the right to either directly select companies to receive extractive rights, or to announce tenders to develop specific natural resource deposits.

Domestic Mineral Consumption

Tajikistan’s extractive industries produce primarily for export, with the notable exceptions of raw materials used for cement production, gold used to bolster national currency reserves, and coal, oil, and natural gas consumed domestically for energy.

Sub-Sector Best Prospects

HS Code	Item description
8428	Lifting, handling, loading and unloading machinery
8429	Self-propelled bulldozers, angle dozers, graders, levelers, scrapers, mechanical shovels, excavators, shovel loaders, tamping machines and road rollers.
8430	Other moving , grading, leveling, scraping, excavating, tamping, compacting, extracting or boring machinery for earth, minerals or ores; pile drivers and pile extractors.
8431	Parts for use solely or principally with the machinery of headings 84.25 to 84.30.
8704	Motor vehicles for the transport of goods

Opportunities

Silver

According to Tajik government estimates, explored and forecasted reserves of silver are more than 100 thousand tons. They are mainly located in the north of the country – in the Karamazar mining area, where there are polymetallic deposits of Great Konimansur, Konimansur, Kanjol, and others. The Great Konimansur silver, lead and zinc deposit is located in the Sughd administrative division and province of Tajikistan, 51 km northeast of the provincial capital of Khujand. The area is seismically active (Modified Mercali Scale 8). According to the Chief Geology Department of Tajikistan data, the reserves of the Great Konimansur deposit amount to 70 thousand tons of silver. In addition to silver, the mine is rich in lead and zinc.

Gold

Tajikistan ranks 67 in the list of the 100 largest countries holding gold reserves. Tajikistan holds 90 per cent of its foreign exchange reserves in gold and 10 per cent in currency. According to estimates from the Tajik Academy of Sciences, gold deposits are estimated at 429.3 tons. In 2017, Tajikistan set a record for gold production and produced 5.5 tons of the precious metal. All the produced gold was bought by the National

Bank of Tajikistan. In 2018, the government of Tajikistan expects gold production to increase to 6.6 tons, and by 2022 the annual gold production volume will be increased sevenfold compared to 2012.

Tajikistan's largest gold mining operation is located in Sughd Province, with most mines located southeast of Gharm, in the Pamir Mountains, in the Yakhsu Valley, or in Chkalovsk and Jilau. The Tajik-Chinese joint venture Zeravshan produces 70 per cent of all gold in the country, and its annual volume of gold production in 2016 was 3.3 tons. Over the past nine years, the Chinese mining company which owns 75 per cent of Zeravshan shares has invested \$306 million in the modernization of the enterprise and built two concentrators and a refining shop.

In December 2016, the Tajik Aluminum company TALCO obtained a 25 year license for the development of gold-bearing deposits Skalnoe and Konkoch that are located in Ayni district of Sughd region. According to TALCO estimates, gold reserves in these fields exceed 55 tons, and silver reserves exceed 44 tons.

In April 2018, the Chinese firm TBEA Mining obtained a permit for mining gold in Upper Kumarg in Ayni district of Sughd region. Gold reserves in the Upper Kumarg deposit are estimated at more than 30 tons. TBEA also has a license for mining gold in Vostochniy Duoba located in Ayni.

Coal

There are 35 known coal deposits in Tajikistan, with cumulative geological reserves estimated at 4.5 billion tons. There are 18 companies operating in this sector. The government is especially eager to develop this sector in the hope of alleviating Tajikistan's chronic energy crisis, and has already opened a coal-fired heating/power plant in Dushanbe, with plans for more throughout Tajikistan. 208 industrial and power enterprises use coal as an alternative technological fuel, replacing natural gas. The production of coal had a steady growth in the past years and was 1.36 million tons in 2016 and 1.70 million tons in 2017. Dushanbe Central Heating Power Plant II accounts for almost 50 per cent of the total consumption. Domestic production meets 88 per cent of domestic coal consumption needs.

The main share of coal mining is accounted by the following enterprises:

- Fon Yagnob mine, a subsidiary of SUE Angishti Tojik (57.7%)
- Talco-Resource LLC (13.1%)
- Angishti Ziddi mine, a subsidiary of SUE Angishti Tojik (11.2%)
- OJSC Angisht (5.6%)
- The Nazar-Aylok Coal Mine, a subsidiary of SUE "Angishti Tojik" (5%)
- Sayod Ltd. (3.2%)
- Other enterprises (4.2%)

Cement

There are 13 small and large enterprises operating in Tajikistan with a total production capacity of 5 million tons of cement per year. More than 80 per cent of the total volume of cement is produced by three large enterprises established with Chinese investment: Chungtsai Mohir Cement LLC (Yavan district), Huaxin Gayur Cement (Yavan district), Huaxin Gayur Sughd Cement (Bobojon Gafurov district). In 2017, 3.1 million tons of cement was produced in Tajikistan. Tajikistan currently fully meets its domestic cement needs, and since 2015, sells surpluses of production to neighboring countries. In 2015, only 500 tons of cement were exported, in 2016 this figure rose to 282,000 tons, and in 2017 to 1.022 million tons.

According to the Tajik Ministry of Industry, Tajik cement is exported to Uzbekistan, Kyrgyzstan and Afghanistan. Since the beginning of the year, 456,000 tons of cement have been exported to these countries, which is 40 per cent of the total output of this product.

Enterprises of Tajikistan produce the most popular brands of sulfate-resistant cement - M400 and M500, which are capable of withstanding loads exceeding 400 and 500 kg / cm², respectively.

Mercury and Antimony

Primary deposits of mercury and antimony are located within the Zerafshan and Gissar valleys and in the Pamir Mountains. The Jjikurt Deposit, the Shing and Magian Group Deposit, and the Konchoch deposits are estimated to be of sufficient size to support industrial development.

Ores in these deposits are complex and can include both mercury and antimony; ores in Konchoch, however, contain mostly antimony. The U.S.-owned Anzob Ore Mining and Processing Enterprise is situated at the Jjikurt deposit of Sughd region. Anzob owns a license for the extraction of antimony valid from March 2015 through March 2027. In 2015 and 2016, the company produced 467 thousand tons and 457 thousand tons of antimony respectively.

Nepheline syenite

Nepheline syenites in the Turli deposit (Gharm zone) could be processed to produce alumina, cement and other chemical products such as potash, sodium metasilicate and calcium metasilicate. Industrial reserves are estimated at approximately 300 million tons.

The Tajik Aluminum Company (TALCO) is working with the Chinese Chemical Production Company (CCPC) to build a large scale nepheline processing facility in Tajikistan's Yovon District. According to unofficial data alumina content in the nepheline raw material is about 10-15 percent. The nepheline processed in Yovon could supply both the Chinese-owned cement factory in Yovon and TALCO, which currently depends on alumina imported from Azerbaijan.

Tin

Tin has been mined at the deposit in Mushiston, Sughd since the Bronze Age. The Mushiston Tin Ore Plant was established to exploit the deposit, which is rich in both copper and tin, forming a natural bronze alloy.

Lead and zinc

Tajikistan's zinc reserves are located at the Altyn-topkan and Ak-tash deposit. There is an ore processing facility located at the latter deposit. According to expert estimates, more than 1 billion tons of lead-zinc ores have been explored only at the Great Konimansur deposit and the Altyn-Topkan ore fields.

Tungsten (W)

Tajikistan's primary Tungsten lode is at the Mayhura deposit, 95 kilometers from Dushanbe. The Tajik government estimates the deposit could profitably produce 150,000 tons per year. In 2017, Talco Fluorite LLC received a license for the production of tungsten at the Myahura deposit in Varzob district of Tajikistan (valid period from May 2017 through May 2042).

Bismuth (Bi) and Iron (Fe)

The Chokadambulak deposit contains significant amounts of Bismuth and Iron.

Nickel (Ni)

The Gumas deposit in the Vanj district is a major source of nickel ore.

Boron (B)

Boron deposits have been located in Akarhar and in Murgab, both in the Badakhshon region.

Web Resources

[Ministry of Industry and New Technologies](#)

(http://www.sanoat.tj/ru/view_soha.php?cat=1)

[Main Geology Department of Tajikistan](#)

(<http://www.gst.tj/>)

[Extractive Industries Transparency Initiative](#)

(<https://eiti.org/>)

[Exploration Services in Tajikistan](#)

(<http://www.cac-geoportal.org/en/index.php/mining-experiences/exploration-services/exploration-serv-tj>)

[Tajikistan Mining Laws and Regulations](#)

(http://books.google.com/books/about/Tajikistan_Mining_Laws_and_Regulations_H.html?id=3Y8TefmnR-IC)

[IFC: Unlocking Tajikistan's Mining Potential](#)

(http://www.ifc.org/wps/wcm/connect/region_ext_content/regions/europe+middle+east+and+north+af+rica/ifc+in+europe+and+central+asia/countries/unlocking+tajikistan+mining+potential)

[Ruby, Emerald, and Spinel mining areas in Central Asia](#)

(http://www.fieldgemology.org/gemology_percent20tajikistan_percent20ruby_percent20spinel_percent20pamir.php)

[Pakrut Gold Mine in Tajikistan](#)

(http://www.cnmc.com.cn/detailen2.jsp?article_milliseconds=1318946114079&column_no=011501)

[Geological map of Tajikistan](#)

(<http://gst.tj/ru/content/geologicheskaya-karta-respubliki-tadzhikistan>)

[Geological Map of Tajikistan](#)

(<http://www.geoportal-tj.org/index.php/maps/geological-map>)

Food Processing and Packaging

This is a best prospect industry sector for this country. Includes a market overview and trade data.

Overview

Unit: USD thousands

	2014	2015	2016	2017
Total Market Size	981810	869549	698782	700006
Total Local Production	692277	628942	512254	488200
Total Exports	2148	2275	4048	5031
Total Imports	291681	242882	190576	216837
Imports from the U.S.	6524	5194	5721	4145
Exchange Rate: 1 USD	4.82	5.51	7.18	8.8

Total Market Size = (Total Local Production + Total Imports) - (Total Exports)

Data Sources: Tajikistan State Statistics Agency, January 2018

In 2017 Tajikistan's agricultural sector produced nearly USD 2.8 billion worth of goods, comprising 40.2 per cent of the country's GDP. The food-processing sub-sector produced \$488.2 million worth of goods, comprising roughly 7 per cent of the country's GDP. Tajikistan has the potential to develop its agriculture and agro-processing sectors due to its comparative advantages including soil, water and weather conditions. Roughly 70 per cent of the population lives in rural areas, and the availability of inexpensive field labor exceeds demand, even for labor-intensive crops.

The majority of small farmers lack access to farm machinery and, although some machinery service providers exist, their equipment is often old and outdated. Farmers compete for machinery at planting and harvest time, limiting their ability to realize full production potential. Expanding existing MSPs and developing new ones will help to overcome this production bottleneck. Agribusiness value-added chains in Tajikistan are fragmented and disjointed due to low levels of farm production and a lack of raw materials for processors. Farmers often have difficulty obtaining seeds, fertilizer, and pesticides. Farmers are often unfamiliar with modern business management practices. Post-harvest losses are significant due to antiquated or non-existent transportation equipment and a lack of climate-controlled storage facilities.

The majority of domestically harvested food is consumed through the fresh market, leaving food-processing plants to operate at a fraction of their capacity. Quality control, certification, marketing, packaging, and branding of Tajik products is weak. Development of value-chains would help Tajik agribusinesses overcome some of these obstacles. Businesses all along the value-chain have reported difficulty gaining access to finance and problems with high interest rates, especially for loans denominated in Tajik somoni. Processors and other agribusinesses need assistance to develop and strengthen their businesses, adopt international quality standards and certification, form cooperatives to build and operate storehouses, and invest in new processing and packaging equipment.

Demand for products in Tajikistan's traditional markets, such as Russia and Kazakhstan, remain strong. New export opportunities are also emerging, such as China, Turkey, India, and Afghanistan, which are becoming the country's main processed food export partners. Tajik agri-business enterprises are poorly placed to respond

to these opportunities, and command low prices for exported products. It is very important that the country improve its capacity to identify and respond to market opportunities, in particular, since the regional export markets are expected to grow strongly in response to improved rail links through Kyrgyzstan into China and through southern Tajikistan into Turkmenistan, a route that also affords access to markets in the Caucasus, Middle East and Europe. A new transit trade agreement will also enable Tajik goods to travel by truck through Afghanistan to Pakistan, enabling them to reach new markets by sea via the port at Karachi.

Overall statistics and marketing analysis

In 2017 Tajikistan's food processing industry was valued at over \$488.2 million, 21.5 percent of Tajikistan's \$2.27 billion total industrial output. The food industry is one of the largest contributors to gross industrial output, processing domestically harvested fruit, wheat, tobacco, and other agricultural products.

The food-processing sector in Tajikistan has 21 sub-sectors, including canned vegetables, canned fruits, fresh and dry fruits, meat (including poultry) and dairy processing, feed and confectionary production, organic (animal) oil, vegetable oil, pasta, liquor, wine, beer, non-alcoholic drinks, salt, and tobacco production. There are 337 companies in the sector. Once wholly government-owned, the industry is now largely private, and has a strong demand for capital equipment. Most enterprises are small seasonal operators, selling to local markets. The three main State Owned Enterprises (SOEs) in the food sector are "Hurokvori," "Zerno," and "Myaso and Moloko.

Small packaging facilities in Tajikistan mainly use Chinese equipment. Heavy agricultural machinery in Tajikistan is supplied from China, Belarus, and Ukraine. In general, however, most processing and packaging equipment in the country is obsolete, with some machinery dating back to the 1930s.

The amount of land used to cultivate fruits and vegetables in Tajikistan increased by roughly 84,000 acres between 2014 and 2016, but investment into food processing and packaging has been negligible. Tajik firms can process up to 20 per cent of Tajikistan's fruit and vegetable output, but sometimes have trouble obtaining even that much, as they compete directly with the fresh market for supplies.

Sub-Sector Best Prospects

There is demand for food processing on all scales. Additional opportunities exist for U.S. investors who are willing to establish joint ventures and partnerships with existing producers to add value to products.

The best prospects for U.S. exporters and investors are:

- Machines to process fruits, nuts, and vegetables;
- Machines for cleaning, sorting, and grading seeds, grains, and vegetables;
- Juice extractors;
- Machines for filling, closing, and sealing bottles, cans, boxes, bags, or other containers, and food storage;
- Fruit dehydrators;
- Cold storage and refrigerators for fruits and vegetables.

In general the following items are in demand, arranged by International Harmonized System (HS) Product Codes:

HS Code	Item description
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8418	Refrigerators, freezers and other equipment; heat pumps
8419	Dehydrating, cooking, sterilizing, and cooling machinery
8421	Filtering and purifying machinery for liquid or gases
8422	Machinery for filling, closing, and sealing bottles, cans, boxes, bags or other containers
8423	Weighing machinery
8434	Milk and dairy machines
8435	Presses and crushers for fruit juice and beverage manufacturing
8437	Cleaning, sorting, grading machinery
8438	Machinery for industrial manufacturing of foods and drinks
8441	Paper box making and paper cutting machines

Opportunities

In general, opportunities exist in fresh fruit and vegetable production, poultry production, processing, and related services, such as cold storage facilities or transportation; there is also potential for organic production and exports to high-value markets.

Government sees domestic poultry development as a national priority, which could address domestic food security issues. In early 2018, Tajik government introduced a number of incentives to develop its domestic poultry production. The government has lifted taxes for domestic firms and customs duties to import equipment for development of local poultry production. In a hope to boost domestic poultry production in late 2017, Tajikistan banned the import of U.S. chicken claiming it is of low quality. However, realizing that it will not meet domestic demand with its own poultry production, it issued temporary import certificates to some countries, including United States, a few months after the ban.

The Tajik poultry industry is growing and now has 93 poultry farms with 5.26 million birds, which produced 341.1 million eggs in 2017. Despite the development, United Nations Food and Agricultural Organization reports that each Tajik household consumes only 5.5 pounds of poultry and about 3.7 pounds of eggs annually, of which it imports almost 90 per cent.

Various industry experts agree that Tajik food security will depend on poultry and that the domestic market has great potential. It is forecasted that Tajikistan's growing population will require more meat. With poultry an affordable option, households will likely purchase more chicken once a quality product is supplied to the market. The key to a successful poultry industry is producing quality feed, which is a complex process. Tajikistan lacks the feed factories required to generate a sufficient supply. In 2018, Tajikistan imported one million hatching eggs and more than three thousand tons of poultry feed from Uzbekistan to grow chicken production. State owned enterprise Pticeprom reported to media that Tajikistan will increase imports of these products since it needs 330 thousand tons of poultry feed annually. In addition to Uzbekistan, Tajikistan imports poultry feed from Argentina, Russia, China, Brazil, Kazakhstan and the Baltic states.

The EU-funded Enhanced Competitiveness of Tajik Agrobusiness Project is supporting Tajikistan to test soybean and corn production while also strengthening the Tajik Food Safety Committee's ability to monitor and control the quality of poultry meat. It has already provided the committee with USD 600,000 in lab equipment. There is a great potential for foreign investors to develop a cold chain system that will allow Tajikistan store high-quality fresh poultry products, rather than the frozen chickens to which Tajik consumers are accustomed.

Web Resources

[Reports on Food Security and Social-Economic Situation in Tajikistan 2017](https://stat.tj/ru/publications)

<https://stat.tj/ru/publications>

[Tajikistan World Food Program](http://www1.wfp.org/countries/tajikistan)

<http://www1.wfp.org/countries/tajikistan>

[Customs Agency](http://www.customs.tj)

www.customs.tj

[Ministry of Agriculture](http://www.moa.tj)

www.moa.tj

[Consulting firm Harif](http://www.harif.tj)

www.harif.tj

[Tajikistan Agriculture Commercialization Project, World Bank](http://projects.worldbank.org/P132652?lang=en)

<http://projects.worldbank.org/P132652?lang=en>

[Tajik Agricultural Marketing Information System](http://agroinform.tj/)

<http://agroinform.tj/>

[Asia Agricultural Marketing System](http://www.agro-asia.com/)

<http://www.agro-asia.com/>

[Enhancing Competitiveness of Tajik Agribusiness Project](http://www.ectap.org)

www.ectap.org

[Консалтинго-исследовательская компания M-Vector: Исследование рынка молочной продукции в городе Худжанд](http://m-vector.com/upload/news/22_04_15/Otchet.pdf)

http://m-vector.com/upload/news/22_04_15/Otchet.pdf

[Development of proposals on adjusting strategies of industry development on fruit and vegetable processing in Tajikistan, 2012](http://www.agroinform.tj/project2/publications/ru/tahiyai_peshnihodhoRu.pdf)

http://www.agroinform.tj/project2/publications/ru/tahiyai_peshnihodhoRu.pdf

[Strategy to develop exports - fruit and vegetable processing sector in Tajikistan 2006-2010](http://itctj.files.wordpress.com/2011/01/taj-sectoral-export-strategy-2005-r.pdf)

<http://itctj.files.wordpress.com/2011/01/taj-sectoral-export-strategy-2005-r.pdf>

[2014 project for commercialization of agriculture in Tajikistan](http://moa.tj/rus/novosti/proekt-po-kommertsializatsii-sel-skogo-hozyajstva-pksh/)

<http://moa.tj/rus/novosti/proekt-po-kommertsializatsii-sel-skogo-hozyajstva-pksh/>

[Training on the concept and design of food security 2013](http://www.foodsec.org/fileadmin/user_upload/eufao-fsi4dm/docs/Training_FSIS_March_2013_rus.pdf)

http://www.foodsec.org/fileadmin/user_upload/eufao-fsi4dm/docs/Training_FSIS_March_2013_rus.pdf

[Case Study Regarding Apricot Primary Packing in Tajikistan 2011](#)

<http://etc4ca.com/wp-content/uploads/2011/06/Apricot-Packing-Report.pdf>

[Aglinks Final Report, Kyrgyzstan, Kazakhstan, Tajikistan and Turkmenistan 2008](#)

http://pdf.usaid.gov/pdf_docs/Pdadm094.pdf

[Research on Agricultural Value Chains in Tajikistan 2011](#)

http://www.mfc.org.pl/sites/mfc.org.pl/files/Valuepercent20Chains_percent20research_percent20report_percent20Tajikistan_percent20final.pdf

[Procuring Wheat Flour, Pulses and Vegetable Oil in Tajikistan 2011](#)

<http://documents.wfp.org/stellent/groups/public/documents/ena/wfp237289.pdf>

[Economic Development, External Shocks and Food Security in Tajikistan 2012](#)

<http://www.ifpri.org/sites/default/files/publications/ifpridp01163.pdf>

[Potential of Organic Products produced in Tajikistan 2012](#)

http://www.agroinform.tj/project2/publications/en/Potential_of_organic_products.pdf

Customs, Regulations & Standards

All commercial goods entering the customs territory of Tajikistan are subject to declaration and customs clearance at customs clearance points. Information on customs services is not available in English language. Most exporters use the services of the customs brokers. The most recent available list of customs brokers is available here:

http://customs.tj/images/stories/img_text/Malumoti_FIKH/RBG/2017/01/17.01/Reestri_BG_30062017.pdf

Trade Barriers

Trade barriers are limited to quotas on the import of alcohol and tobacco products, but the Government may introduce unofficial trade barriers if it is considered a matter of protection of local market. Non-tariff barriers include excessive requirements for certification of goods for health, safety, and security reasons. Tajikistan has largely retained the comprehensive system of mandatory standards dating from the Soviet Union. Tajikistan is a member of WTO. The lack of well-equipped laboratories, trained staff, and transparent pricing and regulations make it particularly difficult to obtain required certifications. Tajikistan has no export tariffs.

Import Tariff

Tajikistan's official trade regime is relatively liberal; tariff rates range between zero and fifteen percent, with the overall trade-weighted import tariff averaging out to around seven percent. The world's forty-five least developed countries are exempt from import tariffs. The Tajik Customs Code generally complies with WTO requirements on evaluation and rates and Agreement on Rules of Goods Transit. The main difference is in the evaluation methods of goods for customs purposes.

Import Requirements & Documentation

Importing goods into Tajikistan could be complicated and time-consuming. Comprehensive information on the process is on the Tajik Customs Agency website: www.customs.tj. Importers should be aware, however, that requirements may change with little notice, and that actual procedures on the border may differ substantially from official regulations. A customs inspector will begin clearing goods by creating a file containing the following documents, which the importer should have ready: Copy of the importer's certificate of registration to confirm that it is a legal entity; Copy of the taxpayer identification number (the original must be shown during each phase of the clearance process); Copy of the charter (usually not required, but should be ready if requested); Copy of incorporation documents (usually not required, but should be ready if requested; if equipment from manufacturing plants is being imported as chartered capital, a registered charter and legal statement from the Ministry of Justice should be included); Copy of the certificate of registration with the State Statistics Committee (customs agents may request to see the original during each clearance procedure). The basic document of the customs clearance process is the Customs Cargo Declaration, which includes information about the shipment contents, ownership, and destination.

List of documents that must be attached to the Customs Cargo Declaration: Power of attorney authorizing an agent – a certified staff member or customs broker – to conduct the customs clearance; International sales contract; Shipping documents (bill of lading, packing list, customs declaration of the shipping or transit country, etc.); Invoice; Certificate of Origin; Bank reference confirming 100 percent payment of the advance payment for the listed goods; Transit declaration, confirming arrival of goods to point of destination; Compliance with limits and/or prohibitions; Certificate of Quality issued by TajikStandard or one of the appropriate certified laboratories; Quarantine Certificate for agricultural products, issued by the State Quarantine Agency of the Ministry of Agriculture; Veterinary Certificate issued by the Office of Veterinary; Control of the Ministry of Agriculture; Quota and licenses for alcohol and tobacco products issued by the Ministry of Agriculture; Certificate for pharmaceutical goods issued by the Ministry of Health; Certificate for import of agricultural products, ornamental and cultivated plants (including seeds), and; silkworms issued by the Ministry of

Agriculture; Certificate for radios, electronic devices, and high frequency devices issued by the Communication Service

Labeling/Marking Requirements

Labeling and marking requirements for products depend on the type of product and the intended use. The law requires that labels must be in the Tajik language, although in practice many (if not most) labels are in Russian. Labels can be affixed to the product or on a leaflet attached to the product. Information must include the name of the product, name of the producer, country of origin, and, in some cases, instructions for use. Labels for some products, such as foods, beverages, food supplements, and textiles must also provide content and composition. Tajik importers and distributors are responsible for correctly labeling products that are put on the market, and can typically advise the U.S. exporter of specific requirements regarding labeling and marking.

U.S. Export Controls

Tajikistan adheres to international export controls and works in cooperation with the United States and other Western countries in implementing export controls on certain sensitive technologies. U.S. export controls on items exported from the United States to the Republic of Tajikistan are generally similar to those in effect on items exported to other Western destinations. The procedures for obtaining licenses differ from practices in the United States and western countries. Please contact the U.S. Embassy in Dushanbe (<https://tj.usembassy.gov/>) or the U.S. Department of Commerce, Bureau of Industry and Security (<https://www.bis.doc.gov/>)

Temporary Entry

Having arrived at a port of entry, imported goods remain in temporary storage under the control of customs officials, until they are released according to procedures. Goods can be temporarily stored in appropriate facilities or locations for a fee. Private companies can apply to the customs department for a license to operate private temporary storage facilities. A fee must be paid for the license. The Customs Service periodically publishes a list of temporary customs warehouses. In general, to place goods in a warehouse, customs officials request only documentation identifying the goods to be stored; these documents can be submitted in English. The owner of the temporary customs warehouse is responsible for payment of customs dues for stored goods. If the customs authorities own the temporary customs warehouse, the owner of the goods or entity who placed the goods in the warehouse is responsible for duties. Certain goods that are imported temporarily are fully or partially exempt from payment of customs duties and taxes. These include professional equipment, goods imported for demonstration purposes, shipping containers, and advertising materials. A firm importing goods for a temporary period should provide Customs Service with documents containing the description and value of the goods, and a written confirmation stating that the goods will be sent out of Tajikistan after a defined period.

Prohibited & Restricted Imports

According to the Customs Code, imports of some commodities may be prohibited for reasons of national security; protection of public order, morality, or health; protection of animals and plants or the environment; protection of art, historical and archaeological values of Tajikistan and foreign countries; protection of property, including intellectual property; and protection of interests of national consumers and other lawful interests of Tajikistan. Alcohol and tobacco products are subject to license and regulations limited imports.

Customs Regulations

The current Customs Code, which provides a general outline of customs procedures, became effective in March 2006 and relevant amendments from 2007 to 2016. Additional legal documents govern specific areas of the customs-related issues and procedures.

Customs Service of the Government of Tajikistan

50 Bukhoro Street

Dushanbe, Tajikistan 734025

Tel: +992 (37) 221-14-98; 221-75-33

Fax: +992 (37) 223-2723, 221-4630

www.customs.tj

E-mail: info@customs.tj

Standards for Trade

Overview

Tajikistan has been a member of WTO since 2 March 2013. More information can be found here: https://www.wto.org/english/thewto_e/countries_e/tajikistan_e.htm Tajikistan is in the process of harmonizing its standards with international norms. U.S. companies should be aware that, on paper, Tajikistan has a comprehensive system of mandatory standards but, in practice, cannot properly administer the complex and demanding standards system. The absence of well-equipped laboratories, qualified staff, and effective enforcement capacity are serious problems. In principle, Tajikistan accepts the conformity certificates issued by its major trading partners; in practice, however, some importers say this does not happen.

Standards

The Law on Certification of Products and Services and other acts regulate certification procedures in Tajikistan. According to article 12 of the Law on State Foreign Trade Regulation, all commodities imported to Tajikistan are required to meet technical, pharmacological, sanitary, veterinary, phyto-sanitary and environmental standards and requirements. All services and processes are subject to certification, the procedure for which is in theory the same for all products.

Testing, inspection and certification

Publication of technical regulations

The organization responsible for developing and maintaining standards within the Republic of Tajikistan is the Agency on Standardization, Metrology, Certification, and Trade Inspection (TajikStandard) (<http://standard.tj/>). All imported goods must be certified by TajikStandard or other appropriate agencies as specified by TajikStandard. Even if goods were certified within an international system, it is still necessary to seek TajikStandard's confirmation that the international standards are in compliance with Tajik laws.

For perishable goods (produce with up to a one-month shelf-life), produced in countries that are signatories to the WTO's Technical Barriers to Trade (TBT) Agreement, clearance is based on certification of the manufacturer/producer and its quality-control process. For imported perishable goods from countries outside of the TBT Agreement, the importer should submit proof of product safety, which must include information on product testing, including qualitative and quantitative indicators.

According to Tajikistan's law "On Certification of Products and Services" (No. 314, dated December 13, 1996, with amendment No. 24 dated May 3, 2002) TajikStandard carries out mandatory certification duties. Other entities involved in mandatory certification are authorized state certification entities, testing laboratories/centers, manufacturers (sellers and contractors) as well as central bodies of certification systems, as defined in particular cases, for coordination of activities for similar products. TajikStandard's information on certification (in Russian) is

here: http://www.standard.tj/index.php?option=com_content&task=view&id=3&Itemid=4.

Tajik laws and standards apply mandatory requirements for certification of safety, consumer health, protection of the environment, and reduction of the potential for consumer property damage to certain products and services. Products requiring such certification include:

Children's products

Food products, processed agricultural products, and feed

Pharmaceuticals and herbs

Consumer goods that have contact with skin, food products, or drinking water

Fuel

Chemicals intended for non-specialist consumer use

Perfumery and cosmetics

Poisonous chemicals and mineral fertilizers

Agricultural machinery, equipment for household purposes

Agricultural equipment

Personal defense products

Electronic and radio devices (for testing on electric and magnetic compatibility and safety)

Construction materials

Communication products

Products with materials subject to fire and explosion

Explosive materials and devices for explosive works, storage under pressure, and weight lifting machinery

Oil, oil products, gas, electric energy, and heat energy

Accreditation and supervision of laboratories is the responsibility of TajikStandard, but may involve other certification bodies, consumer unions, and manufacturers' representatives.

Technical regulations are available in the TajikStandard library upon official request, but are not generally published.

If, for safety purposes, goods require special handling in storage, shipment, or utilization, the manufacturer (or contractor) must indicate these rules in shipping documents and products markings, or in other ways, and the seller must make sure that consumers are aware of these rules.

Members of the World Trade Organization (WTO) are required under the Agreement on Technical Barriers to Trade (TBT Agreement) to notify to the WTO proposed technical regulations and conformity assessment procedures that could affect trade. Notify U.S. (www.nist.gov/notifyus) is a free, web-based e-mail registration service that captures and makes available for review and comment key information on draft regulations and conformity assessment procedures. Users receive customized e-mail alerts when new notifications are added by selected country(ies) and industry sector(s) of interest, and can also request full texts of regulations. This service and its associated web site are managed and operated by the USA WTO TBT Inquiry Point housed within the National Institute of Standards and Technology, part of the U.S. Department of Commerce.

Contact Information

TajikStandard (Agency for Standardization, Metrology, Certification and Trade Inspection)

42/2 Negmat Karabaeva Street

Dushanbe, Tajikistan 734018

Tel: +992 (37) 233-6869

Fax: +992 (37) 233-1933

<http://www.standard.tj/>

National Health Certification Center, Ministry of Health
5/5 Alisher Navoi Street
Dushanbe, Tajikistan 734025
Tel: +992 (37) 221-1945
Fax: +992 (37) 221-0895
Communications Service
57 Rudaki Avenue, 3rd floor, Office 312
Dushanbe, Tajikistan 734025
Tel: +992 (37) 221-7183

Veterinary and Phytosanitary
Ministry of Agriculture
44 Rudaki Avenue
Dushanbe, Tajikistan 734025
Tel: +992 (37) 221-1596

Trade Agreements

Tajikistan has signed bilateral agreements on trade and investment facilitation with the following countries: Austria, Bulgaria, Hungary, Vietnam, India, China, Korea, Kuwait, United Arab Emirates, Pakistan, Syria, Slovakia, the United States of America, Turkey, Czech Republic, Afghanistan, and Iran.

Detailed list available [here](#).

Tajikistan is a member of the [Commonwealth of Independent States](#) and the [Shanghai Cooperation Organization](#). CIS agreements regulate the transit of goods through relevant territories. Tajikistan is not a member of Eurasian Economic Union led by Russia and Kazakhstan. In 2004, the United States Government and the Central Asian governments signed a Regional Trade and Investment Framework Agreement. In 2015 Tajikistan joined the U.S. led initiative C5+1. This is a format for dialogue and a platform for joint efforts to address common challenges faced by the United States and the five Central Asian states. At the first C5+1 ministerial, held in Samarkand in November 2015, the six foreign ministers agreed to focus on three sectors of common interest – security, with a focus on terrorist threats; economics, with a focus on improving regional trade flows and prospects for U.S. trade and investment; and environmental challenges. At the second C5+1 ministerial, held in Washington in August 2016, the six ministers agreed to launch five projects across these three sectors, funded by a \$15 million appropriation from the U.S. Congress. Since the inception of C5+1, the Central Asian countries have been increasingly interested in regional approaches and view it as a catalyst for common action. More information available [here](#).

Licensing Requirements for Professional Services

The 2011 “Law on Permits” reduced the number of permissions and licenses required for business activities in Tajikistan from 607 to 87. Updated information on the legal issues and processes required to obtain permits can be found at the webpage of the State Committee on Investment and Property Management of Tajikistan, [Single State Electronic Registry for Business Licenses and Permits](#).

Web Resources

[Tajikistan Trade Agreements](#)

[Single State Electronic Agency for Standardization, Metrology, Certification and Trade Inspection
Registry for Business Licenses and Permits](#)

Investment Climate Statement

Executive Summary

Tajikistan presents high-risk, high-reward opportunities for foreign investors who have experience with the region and are willing to put in significant research and effort. The Tajik government has expressed interest in attracting more U.S. investment, but has not yet implemented reforms that would make the poorest of the Central Asian countries a more competitive investment destination.

Tajikistan's economy is heavily exposed to external shocks, especially to those from Russia, where it sends close to one million labor migrants whose remittances fund about 30 percent of Tajikistan's economy. Tajikistan's banking sector, which had suffered from lower remittance flows during the 2015 Russian recession, began to stabilize in 2017 despite an official non-performing loan rate of 36.5 percent in December. Some Embassy contacts believe this rate should be closer to 70 percent of the total loan portfolio. Nonetheless, the improved stability was more a result of a rebounding world economy and larger remittance volumes than a result of structural, economic changes. At present, the National Bank of Tajikistan (NBT)'s policy rate is at 14 percent, with nominal lending rates at about 27 percent for loans in local currency and 18 percent for dollar loans. A low financial inclusion rate of about 11 percent has forced commercial banks to restrict loan amounts they make available to borrowers. Loans are therefore unaffordable for small and medium sized businesses (SMEs). Although international financial institutions (IFIs) have worked to make Tajikistan's banking sector more resilient, many of the same vulnerabilities that led to Tajikistan's 2015 liquidity crisis remain.

As the Russian ruble devalued in 2014 in response to lower oil prices and Western sanctions, Tajik households received fewer somoni after their ruble-denominated remittances lost value. In addition to precipitating Tajikistan's banking crisis, the fall in remittances decreased consumption, and – in return – government revenue. This hurt the government's ability to hit its consumption targets, anecdotally a driver of the country's GDP growth. To compensate, Tajikistan's tax authority has increased business inspections and tax audits to recover the shortfall. Besides worsening Tajikistan's business climate, these policies had the double effect of hurting workers. This transfer to the government occurred as real incomes slipped more than 40 percent between 2015 and 2016 and again by 12 percent in 2017.

While the somoni appreciated against the ruble, it lost value against the dollar, causing the price of all imported goods to rise. Tajikistan's real effective exchange rate, a weighted average against its import partners, has also steadily declined. Since Tajikistan relies on imports for about 70 percent of the food needed to feed its population and 60-70 percent of consumable spending, this depreciation proved inflationary.

Despite Tajikistan's March 2, 2013 accession to the World Trade Organization (WTO), contract sanctity and adequate intellectual property right protections remain elusive. The Tajik government has not fully engaged with international stakeholders to provide these protections. The Tajik government has also imposed arbitrary trade policy to protect fledgling, domestic industries without notifying its partners, as occurred with its ban on imported chicken meat in 2017. It continues to develop its WTO post-accession plan which requires adaptation and amendment of the legislation and regulation aspects for the post-accession period. Tajikistan is still considering joining the Russian-led Eurasian Economic Union. Should they apply for membership and be accepted, it could result in higher trade tariffs and greater difficulty for U.S. firms to invest in Tajikistan. In 2017, Chinese trade, investment, and loans made China Tajikistan's dominant economic partner. Tajikistan's external debt to China as of the beginning of 2018 was \$1.2 billion or 41.3 percent of all external debt.

Tajikistan has focused heavily on energy security since a 2008 dispute with Uzbekistan left it without gas to heat its population. Since independence, Tajikistan has struggled to provide year-round electricity to its households and businesses. The Tajik government reported in 2017 however, that it had supplied uninterrupted electricity for the first time. To meet domestic energy demand while also generating surplus

electricity for export, Tajikistan has pursued the construction of Roghun Dam – the world’s tallest when construction is complete; this pursuit often occurred unilaterally and to the detriment of its public finances. In 2017, it issued its maiden, \$500 million Eurobond which propelled debt-to-GDP to about 40 percent. Many experts have warned that Roghun’s construction puts its macro-fiscal stability at risk.

Despite these challenges and risks to potential investors, Tajikistan is in the midst of historical opportunities. Some economists believe the Tajik government recognizes the harm its tax and customs policies, as well as its fragile banking sector, pose to economic growth and understands that they may not finish Roghun’s construction without sustainable economic and structural changes. Other experts are optimistic that improved regional cooperation might lead to supply and value chains and the harmonization of customs and standards.

In 2016, the government introduced a 2016-2030 National Development Strategy and a 2016-2020 Mid-Term Economic Development Strategy. These strategies emphasize the importance of investment as a driver of growth. The Tajik president conducts annual meetings with his investment council, however the council has had a limited impact boosting investment and improving the country’s business climate. In February, the newly appointed Chairman of the State Investment Committee Farrukh Khamralizoda reported that competition led 30,000 businesses to close in 2017. In reality, tight regulatory mechanisms and tax burdens were more likely to blame.

Table 1

Measure	Year	Index/Rank	Website Address
TI Corruption Perceptions Index	2017	161 of 180	http://www.transparency.org/country/TJK
World Bank’s Doing Business Report “Ease of	2018	123 of 190	doingbusiness.org/rankings
Global Innovation Index	2017	86 of 128	https://www.globalinnovationindex.org/analysis-indicator
U.S. FDI in Partner Country (\$M USD, stock positions)	2017	N/A	http://www.bea.gov/international/factsheet/
World Bank GNI per capita	2017	1280 USD	http://data.worldbank.org/indicator/NY.GNP.PCAP.CD

Openness to and Restrictions upon Foreign Investment

Policies Towards Foreign Direct Investment

Tajikistan has traditionally courted state-led investment and external loans from larger regional neighbors, including China, Russia, and Iran. In 2017, China continued as Tajikistan's largest investor, with investments totaling \$303 million, or 30 percent of total investment to Tajikistan. For the last 10 years, China remains Tajikistan's main investor, with investments over \$2.25 billion. China provided financing for the construction of a new \$200 million government office building in Dushanbe.

In 2017, the Tajik government increased efforts to attract investments from the Gulf States. In April, a delegation of Tajik officials headed by Chairman of State Investment Committee and State Property Management Farrukh Khamralizoda met in Riyadh with their counterparts to discuss establishing a Tajik-Saudi Joint Fund on FDI and Business Council. In 2007-2017, Saudi investments to Tajikistan were \$160.2 million. In addition, Qatar has invested \$384.5 million in a high-rise luxury apartment complex and the construction of the region's biggest mosque. Qatar's central bank is also investigating banking opportunities in Tajikistan. In March, Tajikistan's Finance Minister Fayziddin Qahhorzoda and Kuwait Fund for Arab Economic Development Deputy Chairman Hesham Al-Vakayam signed a loan agreement in Dushanbe that will provide \$25.5 million to Tajikistan for the construction of a road linking Kulyab-Kalaikhumb, two cities in Tajikistan's south.

Anecdotally, dozens of both foreign-owned and jointly-foreign-owned companies in Tajikistan have complained to resident European and U.S. officials about continual inspections and arbitrary and discriminatory application of the tax code to exact burdensome payments.

Despite a general deterioration in the investment climate, progressive legislative action on a few issues may yield positive results. A cotton fiber tax was abolished in June 2016, the sales tax was reduced by one per cent in January 2017, and a simplified tax system means that a larger population of small-scale entrepreneurs is now eligible for more favorable tax treatment.

Tajikistan's Investment Law (Article 4) guarantees equal rights for both local and foreign investors. According to this law, foreigners can invest by jointly owning shares in existing companies with other Tajik companies or Tajik citizens; by creating fully foreign-owned companies; or by concluding agreements with legal entities or citizens of Tajikistan that provide for other forms of foreign investment activity. Foreign firms may acquire assets, including shares and other securities, as well as land and mineral usage rights. Foreign firms may also exercise all property rights to which they are entitled, either independently or shared with other Tajik companies and citizens of Tajikistan. Most of Tajikistan's current international agreements provide most-favored-nation status.

Although Tajik law recognizes the sanctity of contracts, the country's judicial system is opaque and enforcement is poor. The country's tax policy is neither predictable nor always favorable to legitimate business interests. The Tajik government typically takes an opportunistic interest in private companies that turn a profit. As one businessperson put it, "birds are only permitted to fly with the government's permission."

Tajikistan's legal code does not discriminate against foreign investors by prohibiting, limiting, or conditioning foreign investment. To receive permission and licenses for operation, however, a foreign investor must navigate a complicated, cumbersome, and often corrupt bureaucratic system.

Several Tajik government agencies are responsible for investment promotion, but they frequently have competing interests. The State Committee on Investments and State Property Management of the Republic of Tajikistan (<http://gki.tj/>) chiefly facilitates FDI. In addition to this, there is state-owned enterprise Tajinvest under the State Committee on Investments and State Property Management of the Republic of Tajikistan which is also responsible for attracting investment into Tajikistan (www.tajinvest.tj).

Tajikistan has established several formal mechanisms to maintain open channels of communication with existing and potential investors. With EBRD support, the government established a Consultative Council on Improvement of Investment climate in 2007. This annual Council provides a formal venue for dialogue with

donors, international financial institutions, and members of the private sector (<http://investmentcouncil.tj/en/>). In January 2018, President Rahmon led the 18th meeting of the Consultative Council on Improvement of Investment Climate. The government also established in January 2015 a National Entrepreneurship Day (NED), which is annually celebrated in October. Nevertheless, investors continue to claim that many of their complaints to the government go unheeded.

Limits on Foreign Control and Right to Private Ownership and Establishment

Tajikistan's legislation provides a right for all forms of foreign and domestic ownership to establish business enterprises and engage in remunerative activity. There are no limits on foreign ownership or control of firms and no sector-specific restrictions that discriminate against market access. Local law considers all land and subsoil resources to belong exclusively to the state, although initial efforts to establish a private land market are underway.

Tajikistan's legislation allows for 100 percent foreign ownership of local companies. In the context of jointly-owned companies, local partners generally seek to possess a controlling share (51 percent or more) at the initial stage of business development and in some cases may seek to increase their stake over time.

All sectors of Tajikistan's economy are open to foreign participation with the exception of aviation, defense, security, and law enforcement which require special government permission for the operation of such types of businesses or services. Tajikistan does not restrict foreign investment; it does not mandate local stakeholder equity positions or local partnering. In some cases licenses are required. There are no mandatory IP/technology transfer requirements.

Tajikistan's government maintains an investment screening mechanism for inbound foreign investments, including investments into Free Economic Zones, issuing approval or rejection statements in particular for investments requiring government financial support or state guarantees. The State Investments and Property Management Committee is responsible for filing and coordinating foreign investment project proposals as they pass through the review pipeline. The government takes particular interest in determining whether the proposed project may impact the country's national security and/or economic performance.

Investors must submit their proposals for screening to all relevant government agencies. This process can be lengthy and cumbersome. The State Committee on Investments and State Property Management circulates the investor's proposal among the relevant government offices and ministries with instructions to review and express their formal opinion. If a ministry objects to the proposed investment activity, it submits an official note to the State Committee. This procedure applies to investment projects involving privatization of state property, but not to investment projects involving the private sector.

Screening proposals often involve background checks on the company, the person(s) representing the company, and identification of a financial source to comply with anti-money laundering regulations. U.S. businesses have not identified screening mechanisms as a barrier to investment.

The purpose of the investment screening process is to ensure that a proposed investment/project does not violate Tajik laws. If a proposal is rejected during the review process, the Tajik government may flag it as "incomplete." Applicants may appeal the government's decision by submitting a claim to the Tajik Economic Court.

Other Investment Policy Reviews

The United Nations Conference on Trade and Development (UNCTAD) presented a draft Investment Policy Review of Tajikistan on November of 2015 to stakeholders from the government, local and international private sector, and civil society and development partners. The final report was published on August 10, 2016 (<http://unctad.org/en/pages/PublicationWebflyer.aspx?publicationid=1596>)

Tajikistan has not conducted a WTO Trade Policy Review and the WTO has not scheduled a review of Tajikistan in 2017.

Some international and local consulting companies in the recent years produced guides and reports on investment and business in Tajikistan:

2017 RSM Guide to Doing Business (<https://www.rsm.global/tajikistan/insights/corporate-literature/guide-doing-business-tajikistan>)

2017 Tajik Chamber of Commerce (http://tpp.tj/business-guide2017/rus/content_rus.html)

2016 Deloitte Investment and Tax Guide (<https://www2.deloitte.com/kz/en/pages/tajikistan/articles/doing-business-tajikistan.html>)

Business Facilitation

Although the Tajik government has simplified the business registration process by adopting a single-window registration system, that process still requires significant legal and human resources, government connections, and time. The Tax Committee is the primary agency responsible for business registration (www.andoz.tj). In addition to obtaining the state registration, a company must also register with the Social Protection Agency (www.nafaka.tj); Statistics Agency under the President of Tajikistan (www.stat.tj); Ministry of Labor, Migration, and Employment (www.mehnat.tj); Sanitary-Epidemiological Service at the Ministry of Health of Tajikistan (www.moh.tj); as well as with local authorities, municipal services, and other agencies. According to the country's regulations, registering a business should take less than five business days; in reality it may take several days or even months due to inappropriate and illegal actions of registering agencies. All businesses must be notarized by the Government of Tajikistan.

The State Committee on State Property Management and Attraction of Investments is the key agency that collects information and project proposals from investors. However, numerous other agencies are involved in the investment coordination process, making it cumbersome.

According to Tajik legislation, micro enterprises have less than 10 employees, small enterprises 11 to 50 employees, and medium enterprises 51 to 100 employees. The international donor community, in coordination with the government, funds a number of projects which stimulate development of small and medium enterprises in Tajikistan.

Outward Investment

The Tajik government does not promote outward investments. Private companies from Tajikistan invested in Kazakhstan, Russia, and UAE in 2017, primarily in trade, real estate, and business development.

The Tajik government does not restrict domestic investors from investing abroad.

Bilateral Investment Agreements and Taxation Treaties

Tajikistan signed bilateral investment treaties (BITs) with Austria, Azerbaijan, Belarus, Belgium, China, the Czech Republic, France, Germany, India, the Islamic Republic of Iran, Kazakhstan, the Republic of Korea, Kuwait, Lithuania, Luxembourg, the Republic of Moldova, Mongolia, the Netherlands, Pakistan, Slovakia, Spain, Switzerland, and Turkey. These BITs are in force. It has also signed BITs that have not yet come into force with Algeria, Armenia, the Belgium-Luxembourg Economic Union, Indonesia, Kyrgyzstan, Qatar, the Russian Federation, the Syrian Arab Republic, Thailand, Turkmenistan, Ukraine, the United Arab Emirates, and Vietnam. BIT information is available at: <http://investmentpolicyhub.unctad.org/IIA/CountryBits/206>

Tajikistan's other investment agreements include: the Eurasian Investment Agreement with Belarus, Kazakhstan, Kyrgyzstan, and the Russian Federation (came into force December 2, 2015); the Economic

Cooperation Organization Investment Agreement (not yet in force); the European Community-Tajikistan Partnership Agreement with the European Union; the Commonwealth of Independent States Investor Rights Convention with Armenia, Belarus, Kazakhstan, Kyrgyzstan, and the Republic of Moldova; the Energy Charter Treaty; the Organization of the Islamic Conference Investment Agreement, and the U.S.- Central Asia Trade and Investment Framework Agreement (TIFA). Tajikistan became a signatory to the Trade and Investment Framework Agreement between the United States, Uzbekistan, Turkmenistan, Kyrgyzstan, Kazakhstan, and Tajikistan in 2004, but Tajikistan and the U.S. have not signed a Free Trade Agreement or bilateral investment treaty.

Tajikistan currently has bilateral agreements to avoid double taxation with Armenia, Austria, Azerbaijan, Bahrain, Belarus, Belgium, Brunei, China, Czech Republic, Finland, India, Indonesia, the Islamic Republic of Iran, Japan, Kazakhstan, Kuwait, Kyrgyz Republic, Latvia, Luxembourg, Moldova, Pakistan, Poland, Romania, Russia, South Korea, Switzerland, Thailand, Turkey, Turkmenistan, Ukraine, the United Arab Emirates, and the United Kingdom. The provisions of double tax agreements prevail over Tajikistan domestic law. Although Tajikistan is not a member of the Eurasian Economic Union (ECC), and therefore not a party to its trade agreements, it nevertheless pledged in 1992 to uphold certain USSR treaty obligations, including an Income Tax Treaty that entered into force in 1976.

Although Tajikistan adopted a new national tax code in January 2013, its tax system remains internally inconsistent and administratively burdensome. Investors are required to pay social security taxes on non-Tajik employees' salaries. There is an exemption on paying social security tax for non-Tajik employees who work in Tajikistan for government investment projects. Investors should also be aware that any financial transfers from parent companies to branches within Tajikistan will be taxed as revenue.

Investors who qualify for a value-added tax (VAT) exemption on imported materials should be aware that applications for exemption must be submitted no later than January 1 and that any exemptions granted will expire December 31 of that year. In practice, exemptions are often not granted until October, leaving a short window to file. While the exemption applies retroactively for the calendar year, the Tajik government has said the tax code has no legal mechanism to authorize refunds of VAT paid prior to the date the exemption was granted.

The U.S. government has a bilateral income tax treaty with Tajikistan, but the Tajik government does not want to recognize this treaty and believes that Tajikistan and the United States should sign a new treaty that formally recognizes Tajikistan's independence (<https://www.irs.gov/businesses/international-businesses/tajikistan-tax-treaty-documents>).

Legal Regime

Transparency of the Regulatory System

Tajikistan's regulatory system lacks transparency. Executive documents – presidential decrees, laws, government orders, instructions, ministerial memos, and regulations – are often inaccessible to the public. Businesspeople and investors must purchase access to Adliya, a commercial legal database, to obtain updated legal and regulatory information. Each ministry has its own set of unpublished regulations and these may contradict the laws and/or regulations of other ministries.

Proposed laws and regulations are seldom published in draft form for public comment. Although the Tajik government solicited public comment on the 2013 Tax Code, it did not modify the draft law based on the input received.

TajikStandard, the government agency responsible for certifying goods and services, calibrating and accrediting testing laboratories, and supervising compliance with state standards, lacks experts and

appropriate equipment. TajikStandard does not publish its fees for licenses and certificates or its regulatory requirements.

The World Bank-funded Public Financial Management Modernization Project helps the Ministry of Finance adopt International Public Sector Accounting Standards (IPSAS). A state utility company and Tajik Air Navigation company are two pilot businesses using the IPSAS reporting standard. According to a 2017 World Bank Public Finance Management Modernization Project Report, all state agencies will become IPSAS-compliant by December 2018 (<http://documents.worldbank.org/curated/en/193691512132668403/pdf/Disclosable-Version-of-the-ISR-Public-Finance-Management-Modernization-Project-2-P150381-Sequence-No-05.pdf>).

The Tajik central government is the highest rule-making and regulatory authority. On a case by case basis, the central government will delegate some regulatory functions to state, regional, or local levels.

Regulatory procedures are not transparent. Tajikistan is now in the process of shifting to International Financial Reporting Standards (IFRS). The majority of state companies prepare their accounting and financial reports according to national accounting standards. Private sector, donor agencies, and the banking system use IFRS. If the company also operates internationally, then it is in its interest to abide by international standards as well.

The Office of General Prosecution, Anti-corruption Agency, Tax Committee, and State National Security Committee oversee government and administrative procedures.

No regulatory system and enforcement reforms have been announced in 2017. However, the International Finance Corporation Business Regulation and Investment Policy Project conducted an annual review of existing investment stimuli and preferences and concluded that there are in total 93 different investment stimuli offered to investors in Tajikistan. They are broken up by tax, customs, licensing, property management, and inspections incentives.

Government agencies submit proposed draft regulations to working group commissions, which are headed by government representatives. Once cleared, draft regulations receive final review by the relevant Ministries.

Legally the enforcement process is reviewable and could be made accountable to the public. In practice, however, Tajikistan's regulations are seldom enforced. Regulations are not reviewed on the basis of scientific or data-driven assessments. Tajikistan archives its laws, regulations and policies at www.mmk.tj.

International Regulatory Considerations

Tajikistan is a member of the CIS (Commonwealth of Independent States). To date, Tajikistan has decided against membership in the Eurasian Economic Union.

CIS and U.S. technical norms are incorporated in the regulatory system that governs Tajikistan's cotton sector. Tajikistan is a WTO member and notifies all draft technical regulations to the WTO Committee on Technical Barriers to Trade.

Legal System and Judicial Independence

Tajikistan has a civil legal system. The parties to a contract can seek enforcement by submitting their claims to Tajikistan's Economic Court. Tajikistan has written laws on commercial activities and contracts. Tajikistan's economic courts review economic/commercial disputes.

Legally, the judicial system is independent. In practice, the executive branch interferes in judiciary matters. The current judicial process is neither fair nor reliable. Outcomes tend to be decided by the government's executive branch.

Legally, regulation and enforcement actions are appealable and appeals should be adjudicated in the national court system. In practice, national courts typically carry out executive preferences, leaving business and commercial interests vulnerable to government interference.

Laws and Regulations on Foreign Direct Investment

Several government websites provide information on laws/regulations:

- President of Tajikistan (www.president.tj)
- Tajik Parliament (www.parlament.tj/ru)
- Legislation Center under the President of Tajikistan (<http://www.mmk.tj/>)
- Legal Database Adliya (http://www.adlia.tj/base_about.fwx)
- Government's newspaper Jumhuriyat (www.jumhuriyat.tj)
- Tax Committee under the Government of Tajikistan (www.andoz.tj)
- Ministry of Finance (www.minfin.tj)

The Tajik government regulates investments through a number of laws, inter alia, the Law on Investment Agreement, Law on Concessions, Law on Resources, Law on Legal Status of Foreigners, Law on Free Economic Zones, Law on Investments, Concept of State Policy on Investments and Protection of Investments, Law on Natural Resources Tenders, and Law on Privatization of Housing. The government also established the New Coordination Council of Inspection Agencies. According to the proposed draft decree, inspections will now be guided by an initial risk assessment. Historically, inspections have been undertaken without any justification whatsoever.

The government's Action Plan for the Improvement of Investment Climate of Industry Sector, Support of Introduction Entrepreneurship, and Development of National Production for 2016-2018 was approved July 27, 2016.

The Tajik government does not offer a "one-stop-shop" website for investment that provides relevant laws, rules, procedures, and reporting requirements for investors, however the Organization for Security and Co-operation in Europe (OSCE) has expressed interest in helping the Tajik government establish one.

Competition and Anti-Trust Laws

The State Agency for Anti-Monopoly Policy and Enterprise Support is responsible for providing support for entrepreneurship and regulating prices for products of monopolistic enterprises, as well as preventing and eliminating monopolistic activity, abuse of dominant market position, and unfair competition.

In November 2016, the State Agency for Anti-Monopoly Policy and Enterprise Support received a notification on the transaction between the Aga Khan Fund for Economic Development (AKFED) and Swedish Group Telia Sonera; this transaction will sell 100 percent of the shares of TCELL, a mobile provider, to AKFED. Telia Sonera and AKFED completed the deal in April 2017, giving AKFED 100 percent ownership of TCELL in Tajikistan.

Expropriation and Compensation

The Tajik government can legally expropriate property under the terms of Tajikistan's Law on Investments, Law on Privatization, Civil Code, and Criminal Code. The laws authorize expropriation if the Tajik government identifies procedural violations in privatizations of state-owned assets or determines that property has been used in anti-government or criminal activities, as defined in the Criminal Code. Under the Law on Joint Stock Companies, the government may request that a court cancel the private purchase of shares in state-owned enterprises (SOEs) if it determines that there was a violation to the procedure within the original sale.

Tajikistan has a history of expropriating land on the grounds that the properties involved were illegally privatized following Tajikistan's independence. Following an investigation by government anti-corruption,

anti-monopoly, and other law enforcement agencies, the State Committee for Investments and Property Management can issue a finding that the asset was illegally privatized, and request that the Tajik court system order its return to government control. Local domestic law requires owners to be reimbursed for expropriated property, but the amount of the compensation is usually well below the property's fair market value.

In several cases, Tajik officials have used government regulatory agencies to pressure businesses and individuals into ceding properties and business assets. The Tajik government has not shown any pattern of discrimination against U.S. persons by way of illegal expropriation. All privately owned operations are vulnerable to expropriation actions.

The Tajik government may threaten to impose inflated and baseless taxation charges on companies, and use this as leverage to negotiate the transfer of some share of a company to the government. In cases of expropriations, claimants and others have generally not had access to due process.

Dispute Settlement

ICSID Convention and New York Convention

Tajikistan is not a member state of the International Centre for the Settlement of Investment Disputes (ICSID) Convention.

Investor-State Dispute Settlement

Tajikistan became the 147th country to sign and ratify the New York Convention on the Recognition and Enforcement of Foreign Arbitral Awards (1958). Notwithstanding this, if recognition and enforcement of a foreign arbitral award would be sought in the Tajik courts, the ill-functioning judicial system of Tajikistan may cause a lot of "technical" troubles for the applicant.

Tajikistan acceded to the Convention on August 14, 2012, but it entered into force on November 12, 2012 - 90 days after the deposit of the signed text at the UN and in accordance with Article XII (2) of the Convention.

Tajikistan signed the Convention with a number of reservations regarding types of arbitration agreements and decisions that can be recognized and implemented in Tajikistan.

One of the reservations established that Tajikistan does not apply the provisions of the Convention to disputes with immovable property. A similar reservation was established by Norway, which acceded to the Convention in 1961.

Another reservation established that Tajikistan apply the Convention only to disagreements and decisions "arising after the entry into force of the Convention and to decisions made in the territory of third countries."

The decision to accede the Republic of Tajikistan to the UN Convention on the Recognition and Enforcement of Foreign Arbitral Awards was adopted by the Majlisi Namoyandagon (Lower House of Parliament) of the Majlis Oli (Upper House of the Parliament) of the Republic of Tajikistan on May 31, 2012.

Tajikistan is not a member state at the International Center for Settlement of Investment Disputes. In 2011, Tajikistan also joined the Cape Town Convention on International Interests and Mobile Equipment. The Cape Town Convention on International Interests in Mobile Equipment and the Protocol to the Convention on International Interests in Mobile Equipment on Matters Specific to Aircraft Equipment, together usually referred to as the Cape Town Treaty, is an international treaty intended to standardize transactions involving movable property, particularly aircraft and aircraft engines. The treaty creates international standards for registration of ownership, security interests (liens), leases and conditional sales contracts, and various legal remedies for default in financing agreements, including repossession and the effect of particular states' bankruptcy laws.

There have been no claims by U.S. investors under a Bilateral Investment Treaty (BIT) or Free Trade Agreement (FTA), because Tajikistan does not have a BIT or an FTA with the United States.

Disputes involving foreign investors have primarily centered on the implementation of tax incentives. In the last ten years, a minimum of three foreign investors have reported to Embassy officials difficulty utilizing promised value-added tax exemptions on imported items. Tajik procedures require businesses to submit in January of the calendar year a list of goods to be imported, the exemption then expires at the end of December in that same year.

It takes an average of 430 days to obtain a resolution on a commercial dispute/contract enforcement proceeding in Tajikistan: 40 days for filing and service, 120 days for trial and judgment, and 270 days for enforcement of the decision.

In 2013, Rusal, a Russian Aluminum company, which is owned by Russian oligarch Oleg Deripaska, prevailed over the Tajik Aluminum Company (TALCO) at the Swiss Arbitration Court with a claim of \$274 million. In response, the Tajik Tax Committee launched a case against Deripaska's companies in Tajikistan, including a Business Center and Hyatt hotel. The Tajik government accused Deripaska's businesses of failure to pay \$60 million in taxes to the Tajik state budget. Deripaska resolved this dispute by agreeing to sell the business center and hotel to TALCO for an undisclosed sum. In return Rusal declined to pursue the \$274 million claim, and TALCO agreed to pay Rusal's \$60 million of tax debts to the Tajik authorities.

The government has also been involved in disputes with the governments of Iran and Russia over revenue sharing arrangements at the jointly-owned Sangtuda-1 and Sangtuda-2 hydroelectric power plants.

International Commercial Arbitration and Foreign Courts

Tajik law recognizes the role of local courts in dispute resolution and arbitration but in reality there is not a reputable arbitration institution that is a popular venue for resolving disputes domestically among individuals and businesses. In practice, however, these courts are primarily used to resolve disputes over agricultural plot demarcations as part of the land reform process, and do not serve as venues to resolve non-agricultural commercial disputes.

Tajikistan has signed bilateral agreements with several countries on arbitration and investment disputes, but local domestic courts do not always properly enforce or recognize awards.

Bankruptcy Regulations

Under Tajikistan's Law on Bankruptcy (2003), both creditors and debtors may file for an insolvent firm's liquidation. The debtor may reject overly burdensome contracts, and may choose whether or not to continue contracts supplying essential goods or services, or avoid preferential or undervalued transactions. The law does not provide for the possibility of the debtor obtaining credit after the commencement of insolvency proceedings. Creditors have the right to demand the debtor return creditors' property if that property was assigned to the debtor less than four months prior to the institution of bankruptcy proceedings. Tajik law does not criminalize bankruptcy.

Industrial Policies

Investment Incentives

According to statements by President Rahmon, there are 240 tax, regulatory, and legal incentives for businesses. According to IFC Business Regulation and Investment Policy project there are 97 incentives for investments as of April. In practice, businesses and investors cannot access or utilize most of these incentives.

The Tajik government has officially expressed an interest in attracting FDI but has taken little practical action to do so. In 2016, Tajikistan's government approved an ambitious National Development Strategy 2016-2030,

which highlights the critical role of private sector investment. According to this strategy, the Tajik government plans to attract as much as \$55 billion in FDI by 2030. Given the country's business and tax environment, however, this plan appears to be more aspirational than realistic. The State Committee on Investments and State Property Management's website lists government-promoted investment opportunities (<http://gki.tj/en/>).

Foreign Trade Zones/Free Ports/Trade Facilitation

The Tajik government has established four Free Economic Zones (FEZs), which offer reduced taxes and customs fees to both foreign and domestic businesses. To be eligible for preferential tax treatment, manufacturing companies must invest a minimum of \$500,000, trading companies \$50,000, and service and consulting companies \$10,000.

Performance and Data Localization Requirements

According to the Tajik Law on Audits, for local companies at least 70 per cent of the workforce must be local employees. If the CEO of the company is foreign, then the percentage of local staff should be at least 75 percent. This requirement is sometimes waived.

In June 2015, the Minister of Labor, Migration and Employment announced that for large-scale projects implemented in Tajikistan, which are signed between the Tajik government and either a company registered in another country or a government of another country, at least 80 percent of the workforce must be locally hired. Depending on the qualifications of the local labor force, this requirement may be increased to 90 percent.

Tajik legislation permits foreigners to hold senior management and directorial positions.

It is possible to obtain visas and residence/work permits, but applicants are required to provide documentary support, and most permits cannot exceed one year.

Relevant ministries must review and approve all investment proposals.

The government does not practice a forced localization policy. Tajikistan abandoned its plan to require IT providers to turn over source code and provide access for surveillance purposes in 2009, due both to lobbying from telecom providers and appreciation of the high cost of creating and maintaining such a monitoring system.

The government does not impede the transmission of customer or other business-related data outside the economy/country's territory unless the data violates anti-terrorist and anti-extremist laws and policies.

In 2017, Tajikistan's Telecommunication's agency formally completed a unified communication center (single gateway), monopolizing internet access.

Protection of Property Rights

Real Property

The Tajik government uses a cadaster system to record, protect, and facilitate acquisition and disposition of property, but it needs improvement. Even when secured interests in property do exist, enforcement remains an issue. Investors should be aware that establishing title may be a more involved process than in Western countries because title histories can be difficult to find.

The government passed mortgage legislation in March 2008 which allows parties to use immovable property as collateral. The government also adopted revised Land Code amendments in August 2012.

According to local domestic law, all land belongs exclusively to the state; individuals or entities may be granted first or second-tier land use rights. The government restricts foreigners' first-tier land use rights to 50 years, while Tajik individuals and entities may have indefinite first-tier land use rights. Foreigners may request

second-tier land use rights from the government similar to the first-tier rights of Tajik individuals and entities, for periods of up to 50 years. Tajik first-tier land use rights holders may also grant foreigners lease agreements for up to 20 years. Ownership of rural land use rights can be particularly opaque, since many nominally privatized former collective farms continue to operate as a single entity. Many of the new owners do not know where their land is and do not exercise their property rights.

Officially, all of Tajikistan's land is clearly demarcated by title and affiliated either with state-ownership or allocated for private usage.

Land in Tajikistan cannot be sold. All land is the property of the state. If land is not being used according to the purpose of the lease, then authorities can revert it to other owners.

Intellectual Property Rights

While Tajikistan is a signatory to several international conventions that protect intellectual property rights (IPR), including the World Intellectual Property Organization (WIPO) Convention, the country has signed only eight of the 26 WIPO treaties, including the Patent Law treaty and the Trademark Law Treaty. Tajikistan's enforcement of IP violations needs strengthening (regulatory authority is divided between the Ministry of Economic Development and Trade, the Ministry of Interior, and the Ministry of Agriculture). Most software and other media products sold in Tajikistan are unlicensed copies, and many "brand name" consumer goods are counterfeit.

No new IPR related laws or regulations were enacted in 2017, though the Tajik government did formulate an action plan for the implementation of World Trade Organization (WTO) obligations, which includes IPR enforcement provisions as part of the Trade Related Aspects of Intellectual Property Rights (TRIPS) treaty requirements.

Article 156 of the Criminal Code allows for seizures of counterfeit goods. The Tajik Ministry of Interior has declined to report statistics on criminal cases opened for consumer fraud from 2013 onward. Information on successful prosecutions is likewise unavailable.

As part of its WTO membership, Tajikistan pledged to improve IPR enforcement. At the end of 2015, the government established a Working Group under the Ministry of Economic Development and Trade to work on legal regulation that would ban the use of unlicensed software by state entities, but the government has yet to release such a regulation. The Tajik government is currently developing an implementation work plan and attempting to attract technical assistance.

In early 2016, the Tajik government adopted a 2014-2020 National Strategy for the Development of Intellectual Property, and is seeking funding from outside donors to implement the strategy. Pirated software and audio-visual media remain widely available in Tajikistan.

As part of its WTO accession process, Tajikistan amended Article 441 of its Customs Code to provide *ex officio* authority to its customs officers to seize and destroy counterfeit goods. The Department on Disclosing and Seizing of Counterfeit Products within the Customs Service of Tajikistan has the responsibility to detect IPR-related violations. According to the department's own data, there were no seizures of counterfeit products by the Customs Service in 2015. Currently, the Customs Service has only three IPR products registered in its customs registry. Tajikistan's Law on Quality and Safety of Products requires IPR violators to pay all expenses for storage, transportation, and destruction of counterfeit goods.

To register a patent or trademark with the National Center for Patents and Information (NCPI), applicants must submit an application with all relevant information on the IP, and pay a fee. The NCPI (www.ncpi.tj) will search its records for conflicts and, if none are found, register the IP within 30 days from the time the application is

received. In general, the registration of a trademark might take four to seven months, while obtaining a patent for an invention could take up to two years.

Tajikistan's weak implementation of its IP laws makes it difficult for investors to protect their rights. IPR enforcement has the potential to improve if the Tajik government effectively implements its action plan to comply with WTO TRIPS requirements.

Tajikistan was removed from the watch list of the USTR's Special 301 report listing governments that fail to provide adequate and effective protection and enforcement of IP rights in 2016 but returned in 2018 due to its failure to issue an order prohibiting the use of unlicensed software in government ministries.

For additional information about treaty obligations and points of contact at local IP offices, please see WIPO's country profiles at <http://www.wipo.int/directory/en/>.

Resources for Rights Holders

U.S. Embassy
Economic Section
Dushanbe-ICS@state.gov

American Chamber of Commerce in Tajikistan
+992 (93) 577 23 23 +992 (93) 577 29 29
Director@amcham.tj
Info@amcham.tj

Public list of local lawyers: <https://tj.usembassy.gov/u-s-citizen-services/local-resources-of-u-s-citizens/attorneys/>

Financial Sector

Capital Markets and Portfolio Investment

Foreign portfolio investment is not a priority of the Tajik government. Tajikistan lacks a securities market. According to government statistics, portfolio investment in Tajikistan by the end of 2017 totaled \$576.2 million, this includes the \$500 million Eurobond debt which National Bank of Tajikistan made in September 2017. The Tajik government does not regard this sector as a significant part of the national economy. Tajikistan's National Bank made efforts to develop a system to encourage and facilitate portfolio investments, including credit rating mechanism implemented by Moody's and S&P. There is little liquidity in Tajikistan's capital markets. Tajikistan has not established policies to facilitate the free flow of financial resources into product and factor markets.

Tajikistan does not have an official stock market. The National Bank of Tajikistan and Commercial banks in 2015 facilitated the creation of the new Central Asian Stock Exchange, but it is early development stages of development (<http://case.com.tj/>).

Tajikistan does not place any restrictions on payments and transfers for current international transactions, per IMF Article VIII. It regards transfers from all international sources as revenue, however, and taxes accordingly.

Yet, per IMF Article VIII, the government refrains from restrictions on payments and transfers for current international transactions.

Credits are allocated on market terms, but commercial banks are also under considerable pressure by the governing elites and their family and friends to provide favorable loans for commercially questionable projects. Much of the loan may be lost through corrupt channels. An estimated 70 percent of Tajikistan's commercial loans are non-performing, the official data from National Bank reports 35.8 percent as non-performing loans as of end of December 2017.

The private sector offers access to several different credit instruments. Foreign investors can get credit on the local market, but those operating in Tajikistan do not obtain local credit because of comparatively high associated interest rates.

Money and Banking System

According to the latest National Bank report in December 2017 there are 84 credit institutions, including 17 banks, 27 microcredit deposit organizations, 7 microcredit organizations and 33 microcredit funds function in the Republic of Tajikistan. Tajikistan has 343 bank branches, a 22 percent reduction since 2016.

Tajikistan's banking system is in a state of crisis. Its commercial banks lack liquidity and more than 70 percent of its loans are estimated to be non-performing; official data from the National Bank reports that 36.5 percent are non-performing loans. In 2016, President Rahmon publicly stated that the government would resolve the banking crisis, and pledged \$500 million to do so, however, in 2017, the government used those resources for fiscal purposes, including tax repayments by banks to government reserves. Some international observers have questioned how the government will be able to meet the pledge without taking steps that would lead to future inflation and balance of payment pressure. Total liabilities of commercial banks decreased in 2017 and reached \$1.7 billion. Total assets of the country's largest banks equaled \$2.37 billion as of December 2017, which is a \$400 million decrease since 2016.

The National Bank of Tajikistan is the country's central bank (www.nbt.tj). Foreign banks are allowed to establish operations in the country subject to National Bank regulations. The United States used to have correspondent banking relations with several Tajik commercial banks, but those have been discontinued.

To establish a bank account, foreigners must submit a letter of application, a passport copy, and Tajik government-issued taxpayer identification number.

Foreign Exchange Policies

Tajikistan traditionally does not restrict conversion or transfer of monies if these sums are deemed reasonable. Until 2015, "reasonable" meant no more than \$10,000 per transaction. Because of the current economic and financial crisis, the National Bank is now determining "reasonableness" on a case-by-case basis.

Tajikistan places no legal limits on commercial or non-commercial money transfers, and investors may freely convert funds associated with any form of investment into any world currency. However, in 2017, the National Bank of Tajikistan exercised stricter control of foreign currency operations and outflows due to the economic and financial crisis. According to National Bank regulations, anyone seeking to exchange an amount exceeding 1500 somoni (approximately \$200) must register the exchange, and present a passport and an explanation of the reason for the exchange (e.g., business trip abroad).

Businesses often find it difficult to conduct large currency transactions due to the limited amount of foreign currency available in the domestic financial market. Investors are free to import currency, but once it is deposited in a Tajik bank account it may be difficult to withdraw.

In December 2015, the National Bank reorganized foreign currency operations and shut down all private foreign exchange offices in Tajikistan. Since that time, only commercial bank exchange offices have been allowed to exchange foreign currency, which requires registration of a foreign passport and other personal information.

The government's policy has been to support a stable exchange rate. The National Bank maintained an exchange rate at 4.75 somoni per U.S. dollar from mid-2011 until early 2014.

Defending the somoni's rate to the dollar depleted Tajikistan's foreign currency and gold reserves, leaving the government with little capacity for future currency interventions. Whereas a dollar could buy 5.4 somoni in

2015, the currency devalued to about 8.4 somoni per dollar in the first quarter of April 2017. The government expects the somoni to slide further to 9.2 somoni per dollar by the end of 2018.

Remittance Policies

The National Bank mandated that remittances could only be received in local currency in early 2016. There are no official time or quantity limitations on the inflow or outflow of funds for remittances. Tajikistan's tax code classifies all inflows as revenue and taxes them accordingly, however remittances from labor migrants are not taxed.

Sovereign Wealth Funds

Tajikistan does not have a sovereign wealth fund. The country does have a "Special Economic Reforms Fund," but, according to official statistics, it is empty.

State-Owned Enterprises

State-owned enterprises (SOEs) are active in travel, automotive/ground transportation, energy, mining, metal manufacturing/products, food processing/packaging, agriculture, construction, building and heavy equipment, services, finance, and information and communication sectors. The government divested itself of smaller SOEs in successive waves of privatization, but retained ownership of the largest Soviet-era enterprises and any sector deemed to be a natural monopoly.

The government appoints directors and boards to SOEs, but their actions are not governed or reviewed by any internal control procedures. Tajik SOEs do not adhere to the OECD Guidelines on Corporate Governance for SOEs. Third party market analysts regard SOEs as closely connected to the Tajik government. When SOEs are involved in investment disputes, it is highly likely that the domestic courts will find in the SOE's favor. Court processes are generally non-transparent and discriminatory.

The State Committee for Investments and State-Owned Property Management maintains a database of all SOEs in Tajikistan, but does not make this information publicly available.

Major SOEs include:

- Travel: Tajik Air, Dushanbe Airport, Kulob Airport, Qurghonteppa Airport, Khujand Airport, and Tajik Air Navigation;
- Automotive & Ground Transportation: Tajik Railways;
- Energy & Mining: Barqi Tojik, TajikTransGas, Oil, Gas, and Coal, and VostokRedMet;
- Metal Manufacturing & Products: Tajik Aluminum Company (TALCO), and AluminSohtMon (TALCO subsidiary);
- Agricultural, Construction, Building & Heavy Equipment: Tajik Cement; Food Processing & Packaging: Konservniy Combinat Isfara;
- Services: Dushanbe Water and Sewer, Vodokanal Khujand, and ZhKX (water utility);
- Finance: AmonatBonk (savings bank), TajikSarmoyaguzor (insurance), TajikSugurta (insurance);
- Information and Communication: Tajik Telecom, Tajik Post, and TeleRadioCom

In sectors that are open to both the private sector and foreign competition, SOEs receive a larger percentage of government contracts/business than their private sector competitors. As a general rule, private companies cannot compete successfully with SOEs unless they have good government connections.

SOEs purchase goods and services from, and supply them to, private sector and foreign firms through the Tajik government's tender process. Tajikistan has undertaken a commitment, as part of its WTO accession protocol, to initiate accession to the Government Procurement Agreement (GPA). At present, however, Tajik SOEs are not covered under the GPA.

Per government policy, private enterprises cannot compete with SOEs under the same terms and conditions with respect to market share (since the government continually increases the role and number of SOEs in any market), products/services, and incentives. Private enterprises do not have the same access to financing as SOEs. Most lending from state-owned banks is politically directed.

Local domestic law makes SOEs subject to the same tax burden and tax rebate policies as their private sector competitors, but the Tajik government regularly writes off SOE tax debts via administrative orders or decrees. SOEs are afforded material advantages, including preferential access to land and raw materials that are not granted to private enterprises.

Privatization Program

The Tajik government conducted privatization on an ad-hoc basis in the 1990s, and then again in the early 2000s. The government plans to split national electrical utility Barqi-Tojik into three public/private partnerships, responsible for generation, transmission, and distribution, by the end of 2020, but progress has been slow.

Foreign investors are able to participate in Tajikistan's privatization programs.

There is a public bidding process, but privatizations historically have been non-transparent. Privatized properties have been subject to re-nationalization, often on the grounds that the original privatization process was conducted illegally.

Responsible Business Conduct

The Tajik government officially protects consumer rights through its Law on Consumer Protection. Citizens may file lawsuits against violators of consumer rights with the court system. Tajikistan's state Labor Union is charged with safeguarding labor and employment rights. In practice, enforcement is rarely carried out. The Tajik government does not fairly enforce domestic law to protect individuals from adverse business impacts.

The Tajik government lacks corporate governance, accounting, or executive compensation standards to protect shareholders. The Tajik government does not encourage public disclosure of these issues. The Tajik government does not enforce corporate governance practices. There are no independent NGOs, investment funds, worker organizations/unions, or business associations in Tajikistan that promote or monitor responsible business conduct.

The Tajik government does not encourage adherence to the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Afflicted and High-Risk Areas. Tajikistan was suspended from the EITI in March 2016.

Corruption

Tajikistan has enacted anti-corruption legislation, but enforcement is highly selective, and generally ineffective in combating corruption of public officials. Tajikistan's parliament approved new amendments to the Criminal Code in February 2016. Now, individuals convicted of crimes related to bribery may be released in return for payment of fines (roughly \$25 for each day they would have served in prison had they been convicted under the previous criminal code).

Tajikistan's anti-corruption laws officially extend to family members of officials and political parties. Tajikistan's laws provide conditions to counter conflict of interest in awarding contracts.

The Tajik government does not require private companies to establish internal codes of conduct that prohibit bribery of public officials. Prosecutions for corruption are primarily politically motivated.

Private companies do not use internal controls, ethics, and compliance programs to detect and prevent bribery of government officials.

Tajikistan became a signatory to the UN's Anticorruption Convention in 2006. Tajikistan is not a party to the OECD Convention on Combatting Bribery of Foreign Public Officials in International Business Transactions.

Tajikistan does not provide protection to NGOs involved in investigating corruption.

U.S. firms have identified corruption as an obstacle to investment and have reported instances of corruption in government procurement, award of licenses and concessions, dispute settlements, regulations, customs, and taxation.

Resources to Report Corruption

Contact at government agency responsible for combating corruption:

Sulaimon Sultonzoda, Head

The Agency for State Financial Control and Fight with Corruption

78 Rudaki Avenue, Dushanbe

992 37 221-48-10; 992 27 234-3052

info@anticorruption.tj; agenti@anticorruption.tj

(The agency requests that contact be made via a form on their website - www.anticorruption.tj)

United Nations Development Program

39 Aini Street, Dushanbe

+992 44 600-56-00

registry.tj@undp.org

Political and Security Environment

Tajikistan has a recent history of politically motivated violence. Its civil war lasted from 1992 to 1997, resulting in the death of over 50,000 people.

Since the end of the country's civil war in 1997, political violence has been rare. There was a minor uprising in September 2015.

Negative trends, including banking sector instability, growing total debt, declining remittances, flat or declining exports of cotton and aluminum (Tajikistan's key exports), growing unemployment (unofficially already at 25-30 per cent), rapidly expanding population (2.2 percent), a large unskilled labor force, low and declining FDI, a predatory business and investment environment, rent seeking by the political elite, and vanishing arable soil (due to salination and poor planting regimes) are ongoing concerns regarding Tajikistan's economy.

Labor Policies and Practices

As of June 2017, the official unemployment rate in Tajikistan was reported as 2.3 percent, but this does not include the roughly one million citizens (12.5 percent of the population) that seasonally migrate in search of work in other countries – primarily to Russia.

According to information provided by the Ministry of Labor, Migration, and Employment of Tajikistan, Tajikistan's labor force is 5.2 million workers strong. Due to demographic growth, the World Bank estimates that demand for jobs exceeds job growth by a ratio of two to one.

Unskilled labor is widely available, but skilled labor is often in short supply, as many Tajiks with marketable skills have chosen to emigrate due to limited domestic employment opportunities. Corruption in secondary schools and universities means degrees may not accurately reflect an applicant's level of professional training or competency.

Due to its weak education system, Tajikistan's domestic labor force is generally becoming less skilled, and is ill-equipped to provide international standards of customer service and management. Foreign businesses and nongovernmental organizations report difficulty recruiting qualified staff for their organizations in all specialties.

The Tajik Ministry of Labor and Social Protection announced a plan to expand its network of training centers at which Tajik workers can become more marketable. The curriculum at these centers is primarily focused on the migrant community, offering training in English, Russian, culture, and history. It also provides certification of a worker's existing skills, and short term vocational training as welders, electricians, tractor operators, textile workers, and confectioners.

Article 36 of Tajikistan's Labor Code gives employers the right to change workers' contracts (remuneration, hours, responsibilities, etc.) due to fluctuating market conditions. If the worker does not accept the amended contract, the worker may be terminated, but is entitled to a severance payment equivalent to two months of salary payments.

Tajikistan's Labor Code does not include any provisions for waiving labor regulations to attract or retain investments, but the Tajik government has waived the 70 percent requirement for the employment of Tajik workers in some cases.

There are no special regulations regarding treatment of labor in Tajikistan's four free economic zones.

The labor market favors employers. Although the majority of workers are technically unionized, most are not aware of their rights, and few unions effectively advocate for workers' rights. The Tajik government controls unions, and the national trade union federation has not had many disputes with the government. Tajikistan has no formal labor dispute resolution mechanisms. Although collective bargaining has been known to occur, it is rare. There have been no significant labor strikes in Tajikistan.

Tajikistan's labor code regulates employer-employee relations. The domestic labor code is designed with reference to international labor standards but employers may frequently violate or misinterpret the procedure.

No strikes were officially registered in Tajikistan in 2017.

OPIC and Other Investment Insurance Programs

OPIC is active in Tajikistan. OPIC has recently supported a potato chip factory, the campus expansion at the University of Central Asia, and consulting companies.

Tajikistan signed an investment incentive agreement with the U.S. in 1992, with provisions for issuing investment insurance, loans, and guarantees administered by OPIC.

Foreign Direct Investment and Foreign Portfolio Investment Statistics

Table 2: Key Macroeconomic Data, U.S. FDI in Host Country/Economy

		Host Country Statistical Source*	USG or International Statistical Source	USG or International Statistical Source	Source of Data: BEA; IMF; Eurostat; UNCTAD, Other
Economic Data		Year	Amount	Year	Amount
Host Country Gross Domestic Product (GDP) (\$M USD)		2017	\$6.9	2016	\$6.91 www.worldbank.org/en/country
Foreign Investment	Direct	Host Country Statistical source*	USG or International Statistical Source	USG or International Statistical Source	Source of Data: BEA; IMF; Eurostat; UNCTAD, Other
U.S. FDI in Partner Country (\$M USD, stock positions)		2017	\$13.8	2017	N/A BEA data available at http://bea.gov/international/direct_investment_multinational_companies_comprehensive_data.htm
Host Country's FDI in the United States (\$M USD, stock positions)		2017	N/A	2017	N/A BEA data available at http://bea.gov/international/direct_investment_multinational_companies_comprehensive_data.htm
Total Inbound Stock of FDI as % host GDP (\$M USD)		2017	\$354.4	2017	N/A

Table 3: Sources and Destination of FDI

Direct Investment from/in Counterpart Economy Data					
From Top Five Sources/To Top Five Destinations (<i>US Dollars, Millions</i>)					
Inward Direct Investment			Outward Direct Investment		
Total Inward	Amount	100%	Total Outward	Amount	100%

China	235	66%	N/A	Amount	N/A
Russia	63	18%	N/A	Amount	N/A
USA	13.8	4%	N/A	Amount	N/A
Great Britain	6.1	3%	N/A	Amount	N/A
Iran	9.2	2%	N/A	Amount	N/A

"0" reflects amounts rounded to +/- USD 500,000.

Agency on Statistics at the President of Tajikistan

Table 4: Sources of Portfolio Investment

Tajikistan is not listed in the IMF's Coordinated Portfolio Investment Survey (CPIS).

Contact for More Information on the Investment Climate Statement

Mr. Andrew Bury
Economic Officer
109A I. Somoni
+992 37 2292504
BuryAG@state.gov

Trade & Project Financing

Tajik banks do not have U.S. correspondent bank accounts and operate through correspondent banks accounts established in Kazakhstan, Pakistan and Russian banks. In April 2018 Uzbekistan proposed to open \$100 million trade financing line for export of Uzbek products to Tajikistan. U.S. investor or trader should take into consideration the fact is that Tajikistan is the poorest of the Commonwealth of Independent States – 19.5 percent of the population lives on less than \$1.90 a day, and 56.6 percent lives on less than \$3.10 a day. The country remains highly susceptible to external economic shocks and has suffered from recent regional economic downturns triggered by Russia’s economic crisis, resulting in a 54 percent decrease in remittances from migrant laborers working abroad, from \$4.2 billion to \$1.9 billion between 2013 and 2016. Investment rates, and in particular private investment rates, have consistently been lower in Tajikistan than in other Central Asian countries. For companies that are new to Tajikistan’s market, requesting advance payment for goods and services from a Tajik customer may be reasonable until both parties establish a positive record of payment. U.S. exporters should also keep in mind that Tajikistan firms are operating in difficult credit and finance environment and find it difficult to gain access to affordable credit lines or trade finance from local banks due to the very limited access to international financing available to these banks.

Methods of Payment

Most Tajik firms use prepayment with balance due upon delivery. Payments in cash continue to dominate sales within Tajikistan. Limited number of post-terminals and ATM machines installed in the country. Limited number of large-scale Tajik firms are familiar with letters of credit, documentary collections, wire transfers, and cash in advance. Most companies prefer not to use letters of credit due to the high cost and exposure to tax authorities. Borrowing from personal contacts and informal channels of financing are still prevalent. Average sales in Tajikistan are low by western standards, and Tajik companies often have problems finding short-term financing. A U.S. firm’s ability to provide or arrange financing is important to building significant market share. Offering sales of goods on consignment, at least for initial sales, will enable a U.S. company’s distributor to generate more funds for subsequent purchases. Leasing is undeveloped in Tajikistan, and banks are only beginning to explore this method of financing through leasing of vehicles, agricultural equipment and construction equipment. While Tajikistan enacted its Law on Leasing in 2003 and made recent amendments in 2016 and 2017, the majority of Tajik businesses have little knowledge about leasing as a financing tool.

Banking Systems

The banking structure in Tajikistan is two-tiered: the National Bank of Tajikistan performs regulatory central bank functions, while commercial banks represent the second level. The banking system in Tajikistan remains relatively undeveloped. The national currency, the somoni, was introduced in October 2000. There are several major concerns about the banking system, including: government-directed lending, insufficient capital, limited banking services, lingering mistrust as a result of the several economic and financial systemic crises in 1992, 1998 and 2009. Tajikistan banking sector experiences a number of systemic challenges since 2014 when the crisis in Russia hit. There are 17 commercial banks and 66 microfinance organizations operating in Tajikistan. German-based “Access Bank” is the only western bank with a limited presence in Tajikistan. Kazcommercebank is the branch of Kazakh based bank. Tijorat Bank is the branch of Iranian bank. Branch of National Bank of Pakistan present in Tajikistan. First Micro Finance Bank is the financial institution of the Aga Khan Fund for Economic Development. The electronic banking and the checking system is not developed in Tajikistan. Most payments are made by bank transfers; payments between two corporate entities must be made through the banking system. As of March 2018 total assets of the banking system are \$2.25 billion. Total balance of loan portfolio is \$ 885 million, which has declined by 12.8 per cent since 2017 due to

decrease in commercial and SME loans. Due to the continuous devaluations of national currency Somoni against US dollar and Russian Ruble, demand for loans denominated in Somoni is having upward trend. Average weighted rates of loans denominated in Somoni and USD is 30.54 per cent and 16.07 per cent respectively. High interest rates is one of the factors contributing to low financial inclusion level of 11-14 per cent with lack of access to financing and low financial literacy along these lines. Officially, non-performing loans are standing at 33.4 per cent of total loan portfolio, while different analysts forecast it ranges from 70 to 80 per cent.

Foreign Exchange Controls

Tajikistan is subject to the International Monetary Fund's Article VIII on Foreign Exchange controls. The National Bank of Tajikistan (NBT) controls the local currency Somoni, which is officially is fully convertible with U.S. dollar but in reality companies should inform commercial banks in advance as due to limited volumes of U.S. dollars in the Tajik banking system and market it may take up few days before exchange transaction takes place. Local currency Somoni is under administrative control of National Bank of Tajikistan but external pressures especially connected to Russia effect the exchange rate. In 2017 Somoni devalued by 11.7% to U.S. dollar. In 2014-15 Somoni devalued by almost 30%. In December 2015, the Tajik National Bank ordered the closure of all unauthorized currency exchange points in the city. After that, only banks were able to perform foreign exchange cash operations. Anybody found violating this new arrangement could face jail terms of up to nine years. Also, banks are forbidden by law from selling Somoni at more than 1.5 percent the rate established by the Tajik National Bank.

US Banks & Local Correspondent Banks

Tajikistan's National Bank and Commercial banks do not have U.S. correspondent bank accounts. In 2012 Citibank and Bank of America closed correspondent accounts in Tajikistan as well as in other 40 countries as no longer commercially viable. Russia is a major trading partner of Tajikistan also under U.S. sanctions. U.S. sanctioned Iran used to be one of the major trading partners of Tajikistan till 2015 but since then political and economic relations deteriorated to very limited interactions.

Project Financing

Most Tajik companies and government agencies have very limited experience in financing for investment or acquisition. Tajik Government's preference continues to be state led Chinese funded loans. It is critical for U.S. companies interested in doing business in Tajikistan to assist in setting up financing. U.S. Overseas Private Investment Corporation is the major potential project-financing tool for U.S. companies in Tajikistan. Historically OPIC funded 10 projects with \$40 million financing in microfinance, education, non-profit operation and agriculture. Currently OPIC has \$32 million worth of projects and \$53 million in pipeline. Domestic financing from private venture companies and investment banks is not available. For large-scale projects, however, financing may be available from international financial institutions such as the European Bank for Reconstruction and Development (EBRD), the Asian Development Bank (ADB), the World Bank, and the International Finance Corporation (IFC). Financing for feasibility studies may be available from the U.S. Trade and Development Agency (see contact information below, under Web Resources). Interested U.S. companies should also consider other sources of financing outside of Tajikistan. Lease financing has potential as a possible future approach for marketing equipment, vehicles, and other large capital items.

U.S. Commercial Service Liaison Offices at the Multilateral Development Banks (World Bank)

The Commercial Service maintains Commercial Liaison Offices in each of the main Multilateral Development Banks, including the World Bank. These institutions lend billions of dollars in developing countries on projects aimed at accelerating economic growth and social development by reducing poverty and inequality, improving health and education, and advancing infrastructure development. The Commercial Liaison Offices help businesses that create U.S. jobs learn how to get involved in bank-funded projects and how to connect to other parts of the International Trade Administration, including the U.S. Field; the overseas network of Commercial Service offices; and, in Washington, desk officers, sectoral experts and the Advocacy Center.

Financing Web Resources

[Commercial Liaison Office to the European Bank for Reconstruction and Development](http://export.gov/ebrd)

(<http://export.gov/ebrd>)

[Commercial Liaison Office to the Asian Development Bank](http://www.export.gov/adb/) (<http://www.export.gov/adb/>)

[Commercial Liaison Office to the World Bank](http://export.gov/worldbank) (<http://export.gov/worldbank>)

[Export-Import Bank of the United States](http://www.exim.gov) (<http://www.exim.gov>)

[Overseas Private Investment Corporation](http://www.opic.gov) (<http://www.opic.gov>)

[Trade and Development Agency](http://www.tda.gov) (<http://www.tda.gov>)

[Office of International Trade](http://www.sba.gov/oit/) (<http://www.sba.gov/oit/>)

[U.S. Agency for International Development](http://www.usaid.gov) (<http://www.usaid.gov>)

[European Bank for Reconstruction and Development](http://www.ebrd.com) (<http://www.ebrd.com>)

[International Finance Corporation](http://www.ifc.org) (<http://www.ifc.org>)

[Asian Development Bank](http://www.adb.org) (<http://www.adb.org>)

[Multilateral Investment Guarantee Agency](http://www.miga.org) (<http://www.miga.org>)

[World Bank](http://www.worldbank.org) (www.worldbank.org)

[National Bank of Tajikistan](http://www.nbt.tj) (<http://www.nbt.tj>)

[Amonatbank](http://www.amonatbank.tj) (www.amonatbank.tj)

[Eskhata Bank](http://www.eskhata.com) (<http://www.eskhata.com>)

[Orien Bank](http://www.orienbank.com) (<http://www.orienbank.com>)

[The First Microfinance Bank](http://www.fmf.com.tj) (www.fmf.com.tj)

[KazCommerceBank Tajikistan](http://www.kkb.tj) (www.kkb.tj)

[Branch NPB bank of Pakistan](http://www.nbp.tj) (www.nbp.tj)

[Access Bank Tajikistan](http://www.accessbank.tj) (www.accessbank.tj)

[Spitamen Bank](http://www.spitamenbank.com) (www.spitamenbank.com)

[Sohibkorbank](http://www.scb.tj) (www.scb.tj)

Business Travel

Business Customs

Traveling to Tajikistan remains difficult for international travelers. Private airline Somon Air is based at Dushanbe Airport and began operating on February 5, 2008 with regular flights to Moscow and Dubai. Somon Air has since been gradually expanding with new routes to Frankfurt, several Russian cities, and more. The only major international carrier to fly into Tajikistan is Turkish Airlines, which operates three weekly overnight flights between Istanbul and Dushanbe. Other carriers connect Dushanbe to Moscow (several flights daily), Almaty (four times a week), Dubai (twice a week), and Urumqi, China (twice a week).

Local telephone services are good, reliable and inexpensive. International calls can be made through VoIP or direct dial – which is quite expensive. Express mail is available through DHL and UPS.

Hiring a car and a driver is recommended to travel inside and outside of Dushanbe.

In general, business etiquette in Tajikistan is a mixture of European and Asian styles. For men and women business attire is recommended. Most businessmen print their business cards in English and Russian; government officials print business cards in either English, Tajik, or, depending on the agency, Russian.

Few Tajik businesses have English-speaking staff. Local companies tend to have one email address, usually through free services, such as mail.ru, on the .ru domain. It is best not to use email as an introductory means of communication because your email may not reach the decision maker.

Be patient in corresponding with potential partners. Companies may not respond to an email or fax request within 24 hours simply because the company's director may be away on a trip and other staff are not authorized to make decisions. If your potential partner has not responded in a timely manner and a follow-up call is needed, do not expect whoever answers the phone to be aware of any specifics about the issue.

Explain the purpose of your call and patiently request to be transferred to the director's office. Local phone manners may seem brusque by western standards; do not take this personally.

Tajik businesses may express their hospitality by inviting their partners "for a cup of tea." Such invitations often mean a full course dinner with alcoholic beverages such as vodka or cognac. Offering a toast and quoting Tajik poetry is very common. An experienced and competent interpreter can be very helpful.

Although the official language is Tajik, Russian remains the language of business. When it comes to promotional and advertisement campaigns, it is necessary to comply with the Law on Advertisement that requires use of the Tajik language in advertising content (many billboards in Dushanbe include two or three languages: Tajik, Russian, and English).

When scheduling meetings with government officials, it is better to avoid Monday mornings and Friday afternoons. It is harder to make business appointments and contacts in Tajikistan during major holidays like New Year's and Islamic holidays. The work week is 40 hours (Monday through Friday); some companies and government offices are also open a half-day on Saturday.

Travel Advisory

[U.S. State Department Consular Information Sheet](https://travel.state.gov/content/passports/en/country.html)

<https://travel.state.gov/content/passports/en/country.html>

[State Department Visa Website](https://travel.state.gov/content/travel/en/international-travel.html)

<https://travel.state.gov/content/travel/en/international-travel.html>

[United States Visas](#)

<https://travel.state.gov/content/travel/en/us-visas.html>

[U.S. Embassy Dushanbe Consular Section](https://tj.usembassy.gov/u-s-citizen-services/)

<https://tj.usembassy.gov/u-s-citizen-services/>

Tajikistan - Visa Requirements

A valid passport and visa are required to enter Tajikistan. American citizens can obtain Tajik visas at Tajik embassies and consulates abroad. It is possible, but difficult, to obtain a visa at the Dushanbe airport, provided that the traveler has a valid letter from the Tajik Ministry of Foreign Affairs. Up-to-date information about obtaining visas is listed on the State Department's website at <https://travel.state.gov/content/travel/en/international-travel.html>

U.S. companies that require travel of foreign businesspersons to the United States should be advised that security evaluations are handled via an interagency process. Visa applicants should go to the following links.

State Department Visa Website

<http://travel.state.gov/visa>

U.S. Embassy Dushanbe Consular Section

<https://tj.usembassy.gov/u-s-citizen-services/>

Currency

Tajikistan's national currency is Somoni. As of July 11, 2018 official Somoni to USD exchange rate is \$0.107 or USD to Somoni is TJS 9.43.

Tajikistan - Telecommunications/Electric

Tajikistan's country code is 992. In order to dial internationally from Tajikistan, dial 810 + country code + number.

The national telecommunications company is Tajik Telecom, which provides domestic and international phone communications, as well as email and Internet access, broadcasting, telegraphy, and telex. More than 90 per cent of the public telephone switch networks are digital.

Mobile phone usage in Tajikistan is very extensive. As of 2018, there are four private mobile phone companies and nearly 7.3 million registered mobile phone subscribers. Technologies used include GSM, CDMA, 3G, and 4G networks.

Internet is available in major cities through DSL, dial-up, and WiMAX. There are several private internet providers.

GSM network coverage information: http://www.gsmworld.com/roaming/gsminfo/cou_tj.shtml

DHL: +992 (37)221-0280; <http://www.dhl.com>

UPS: +992 (37) 223-5414; <http://www.ups.com>

(Note: DHL and UPS were banned in Tajikistan since July 2017. Official reason for banning was that both companies allegedly did not comply to do their postal operations according to

Transportation

There are no direct transatlantic routes to Tajikistan. Other carriers connect Dushanbe to Moscow (several flights daily), Almaty (five times a week), Dubai (twice a week), and Urumqi, China (twice a week). Western type carrier to fly into Tajikistan is Turkish Air, which operates three weekly overnight flights between Istanbul and Dushanbe.

Tickets for Turkish Airlines can be purchased online at <https://www.turkishairlines.com/>

The national carrier is Tajik Air, which, in addition to several international flights, operates Tajikistan's few domestic routes. Buying tickets from abroad is difficult. Tickets on Tajik Air can generally only be purchased in person or through an agent.

Tajik-owned private carrier Somon Air flies weekly between Dushanbe and Frankfurt, and also services routes to Dubai and Istanbul. The latest information for Somon Air can be found on their website: <http://somonair.com/>

An official timetable is available online for Dushanbe airport (IATA code: DYU) at www.airport.tj.

Tajikistan – Language

The official language of Tajikistan is Tajik, although Russian is the international language of communication, according to Chapter Two of the Tajik Constitution. Russian is widely used in major cities and is the language of business. Tajik is closely related to Farsi, although Farsi speakers should be aware that Tajik uses the Cyrillic script. Very few Tajiks can read the Arabic-origin Persian script.

Health

There are no health restrictions on travel to Tajikistan, although travelers should be aware of the very limited health care options in the country. Food and waterborne diseases are the number one cause of illness. Viruses, bacteria, or parasites that contaminate food or water can cause diarrhea. Infections may cause diarrhea and vomiting, fever, or liver damage (in the case of hepatitis). Make sure your food and drinking water are safe.

Malaria is a fatal, but preventable and treatable, infection. There is some risk of malaria in the south of the country, including both rural and urban areas. Travelers should consult a health care provider for advice on prophylactic measures. Visitors should protect themselves against mosquito bites.

For additional information on malaria risk and prevention please visit <https://wwwnc.cdc.gov/travel/diseases/malaria>

Be sure to check State Department's Travel page: <http://travel.state.gov/travel/abroad.html>.

Medical information for Americans traveling abroad is located at: http://travel.state.gov/travel/abroad_health.html.

We advise against drinking tap water in Tajikistan. Bottled water is available at grocery stores. Fruits and vegetables bought in local markets should be washed thoroughly.

American travelers are encouraged to register with the U.S. Embassy in Dushanbe via the Smart Traveler Enrollment Program (STEP) at <https://step.state.gov>. This will help a consular officer contact you in case of an emergency.

The privately-run Prospekt Medical Clinic has a Western doctor and international over-the-counter drugs available. Prices are accordingly high. To reach an emergency doctor, call (93) 503 99 03. For in-clinic appointments, please contact reception at (+992 37) 224 3092. Website: <http://www.prospektclinic.com/>. There are no other private western clinics in Tajikistan offering health services at international standards. In case of a serious emergency, visitors should contact the U.S. Embassy in Dushanbe.

U.S. Embassy in Dushanbe
109 A Ismoil Somoni Ave.
Dushanbe, Tajikistan 734019
Tel: +992 (37) 229-2000
Fax: +992 (37) 229-2050
Email: DushanbeConsular@state.gov
<https://tj.usembassy.gov>

In the case of a life or death emergency involving a U.S. citizen, call the consular section at +992 (37) 229-23-00 and press 9. During normal working hours, from 8:00 to 17:00, the call will go straight to the consular section. After working hours and on holidays, the call will be transferred to the Marine Guard at Post 1. For life or death emergencies involving U.S. citizens, you may also call the duty officer at (992-917) 70-10-32. The duty phone is only monitored after working hours and on holidays. For emergencies during working hours, please call the consular section directly.

Local emergency numbers are as follows:

Fire: 01
Police: 02
Ambulance: 03

Local Time, Business Hours, & Holidays

The local time zone is five hours ahead of Greenwich Mean Time (GMT). Tajikistan does not observe daylight savings time. Local business hours are 8am to 5pm. Lunch breaks are typically from 12 p.m. to 1 p.m.

The following is a list of national holidays observed in 2017

January 1 – New Year
March 8 – International Women’s Day
March 21-24 – Navruz
May 9 – Victory Day
June 26 – Idi Ramazan (End of Ramadan)
June 27 – Day of International Unity
September 1– Idi Qurbon
September 9 – Independence Day
November 6 – Constitution Day

Tajikistan - Temporary Entry of Materials and Personal Belongings

A foreigner can temporarily bring in audio/video equipment, transport, and other equipment by filling in a customs declaration.

Travel

Somon Air (<http://www.somonair.com/>)

Turkish Airlines (<https://www.turkishairlines.com/>)

Fly Dubai (<https://www.flydubai.com/>)

Air Astana (<https://airastana.com/global/en-us/>)

S-7 (<https://www.s7.ru/ru/>)

Tajik Air (<http://www.tajikairlines.com/en/index.php>)

Domodedovo International Airport, Moscow: <http://www.domodedovo.ru>

Almaty International Airport, Almaty: <http://www.alaport.com/ru/>