

# **Ministry of Finance of the Republic of Tajikistan**

## **Economic reform and investment climate in the Republic of Tajikistan**



## General Information about Tajikistan

Independency	September 9, 1991
Territory	143 100 sq. km.; density of population 44,3 sq. km Land use: 93% - mountains, 11% of arable land from general are of agricultural land; border with Afghanistan, Uzbekistan, Kyrgyzstan and China
Population	7,8 million people
Natural Resources	coal, oil, natural gas, iron, zinc, stibium, mercury, gold, tin, tungsten, boron, table salt, carbonate, expensive and half- expensive stones.
Water resources	Tajikistan provides annually 55 % from the general water stream, running into Aral sea
Poverty rate	40%
<b>Administrative division</b>	
Dushanbe ( capital )	0,7 million citizens
Gorno-Badakshan Autonomous Oblast (GBAO)	64 200 км2; 0,3 million citizens
Sugd region	25 400 км2; 2,0 million citizens
Khatlon regiob	24 800 км2; 2,6 million citizens
Raions of Republican Subordination (RRS)	28 600 км2; 1,6 million citizens



## Economic Indexes

National currency	Somoni (1 US Dollar - 4,85 somoni, 1000 won -4,09 somoni May 2012.)
GDP nominal	30069,3 million somoni / 6536,8 million US Dollars - in 2011 year
GDP - per capita	<b>3910,0 Somoni / 823,1 US Dollars</b>
GDP Growth	7,4%
Basic agricultural products	Cooton, corn, fruit, vegetables, silk, tobacco
Staple industries	non-ferrous metallurgy, mining, hydropower, food, textile and garment
Inflation	9,3%(2011)
<b>State budget revenues</b>	<b>21,8% % of GDP (2012)</b>
<b>State budget expenditures</b>	<b>22,3 % of GDP(2012)</b>
Import/export	1256,9 million US Dollars /3186,4 million US Dollars
External debt	32,5% of GDP (2011)
Avergae monthly wage	106,7 US Dollars

# **History of economic cooperation of the Republic of Tajikistan and Republic of Korea**

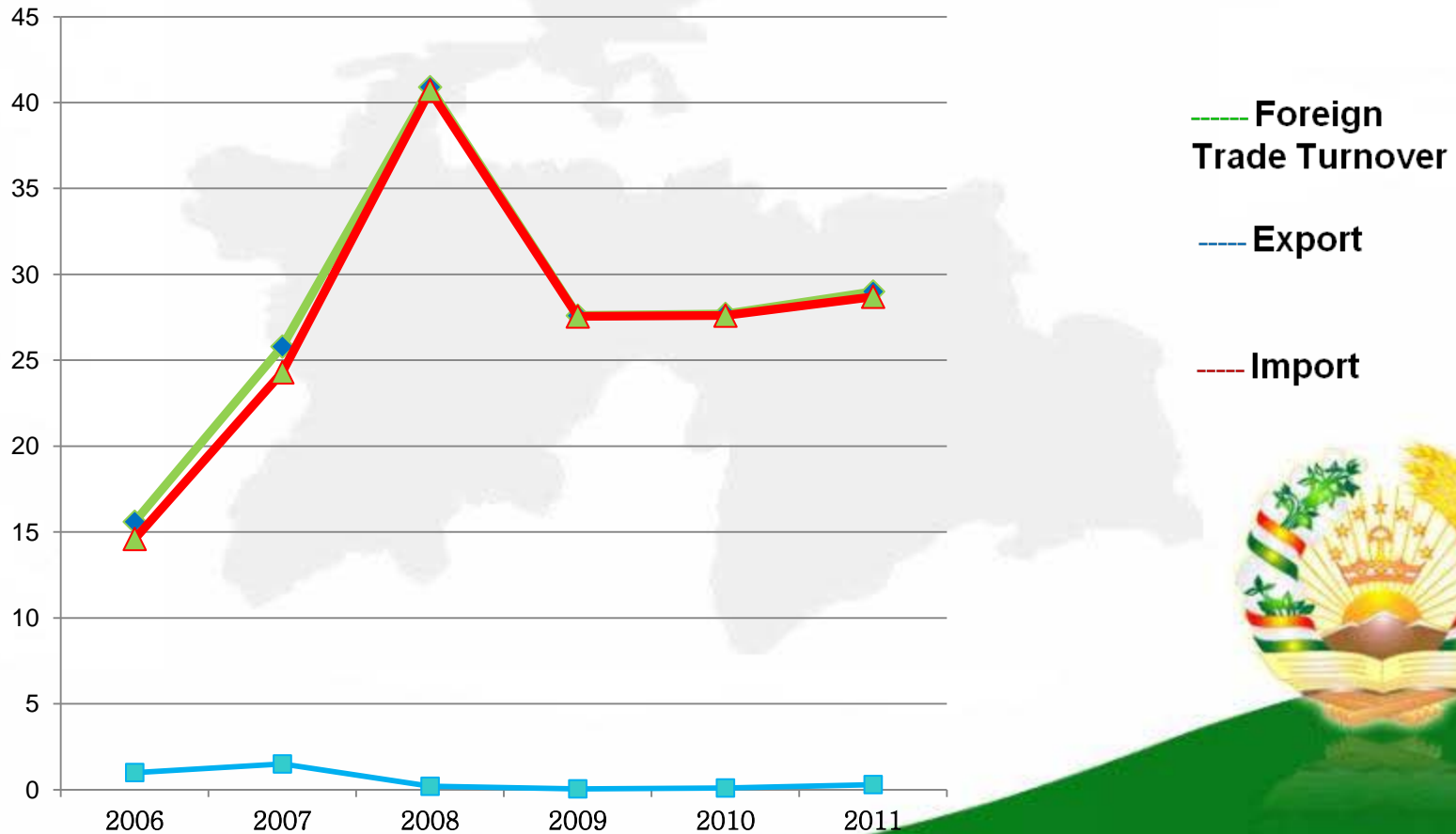
- Following the adoption of the independence of the Republic of Tajikistan in 1991, the Republic of Korea one of the first established diplomatic relations with our country (April 27, 1992).
- In July 2000 the visit of the Ambassador of the Republic of Korea to the Republic of Tajikistan in Dushanbe, during which he met with Prime Minister - Minister of Tajikistan. During this visit were determined the main directions of cooperation and development priorities of bilateral trade - economic relations.



- In February 2005, the Ambassador of the Republic of Korea to the Republic of Tajikistan met with the Minister of Economy and Trade of the Republic of Tajikistan and during the meeting they discussed issues of bilateral trade and economic cooperation, promising areas of cooperation, and noted a lack of investment cooperation between the two countries and poor standard - legal framework.
- 23-25 May 2005 President of the Republic of Tajikistan visited the Republic of Korea to participate in the VI «World Forum for the state reform," during which he met with the President, the Prime - Minister and the Speaker of Parliament, and also visited SKC & C and Samsung companies.



# Foreign Trade Turnover of the Republic of Tajikistan and Republic of Korea (from 2006- 2011)



# Joint investment activity of the Republic of Tajikistan and Republic of Korea

So far, between our two countries have signed only one agreement on encouragement and mutual protection of investments (signed July 27, 1995). The result of that are created with the participation of Korean investment joint ventures:

- Joint Venture Company "Tajik-Textiles-Kabol" which is one of the leading companies in the country in the processing of textile raw materials and equipped with modern machinery and equipment (authorized capital - U.S. \$ 10 million);

- - LLC "Diagnostic Center Chkalovsk" (authorized capital of U.S. \$ 3 million), the scope of activity: health promotion and development of the economic base of health Chkalovsk;
- - JV "TAE BONG SUNRISE» (authorized capital of 200 thousand U.S. dollars), the scope of activities: processing of raw cotton and secondary waste;
- - JV "Bark Chiemgau" (authorized capital of 360 thousand U.S. dollars), the scope of activities: commercial and investment.



# Prospective directions of further cooperation

## **In the field of fuel-energy complex:**

- Development of coal-mining industry and new coalfields of the Republic of Tajikistan;
- Construction of small hydropower stations in the Republic of Tajikistan;
- Development of use of solar energy.

## **In the field of agriculture:**

- Establishment of joint enterprises on production of agricultural machinery and mechanisms
- Establishment of cooperation and joint enterprises on processing of agricultural products;



- The development of cooperation in the field of rice cultivation;

**In the field of transportation and communication:**

- Creating a joint venture to build cars based on the auto repair business the RT;
- The development of telecommunications technology and by attracting investment from the Republic of Korea

Also, the possibility of joint activities in the development of tourism, education and telecommunications.



# **The actions taken by the Government of the Republic of Tajikistan on improvement of investment attractiveness**

## **With regard to taxation:**

- Import of production and technical equipment and components to it are exempted from payment of VAT and customs duties;
- New enterprises, established in the field of goods production are exempted from income tax for 2 -5 years subject to investment.



- The following items are exempted from all types of taxes:
  - investment in the establishment of full cycle cotton processing enterprises from processing the raw cotton to finished products for 12 years from the date of commencement of construction;
  - construction of hydropower stations, regardless of the power for the entire period of construction;
  - leasing operations.
- The rate of income tax has been reduced from 25 % to 15 % since 2010.



- The limit size of total income is increased for taxpayers working under the simplified system.
- We have reformed the system of licensing of business, reducing the list of licenses from 650 to 86. And in the future requires that they have reduced by half.
- When creating new manufacturing facilities announced a moratorium for all types of inspections during the first three years;
- Four free economic zones are established and operating within the territory of Tajikistan.



**The Government of Tajikistan has been steadily increasing its efforts to further expand and deepen economic and trade cooperation with all countries in a spirit of mutual cooperation and peaceful coexistence, which will implement favorable economic complementarity.**



**The Republic of Tajikistan is always open for the development of diverse economic and scientific-technical ties with the Republic of Korea in various areas of the economy, as well as introducing new innovative technologies. The openness and integration into international economic processes - this is our absolute choice.**



Thank you for your attention!

