

Event Report

Tajikistan: A Land of Opportunities

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Tajikistan is a land of great opportunities and potential across many sectors. It enjoys a strategic geographic location in the heart of the Eurasian landmass and the historical Silk Road, political and economic stability, positive reform dynamics, a very rich natural resource endowment (hydropower, coal, natural gas, gold, silver etc) and rapidly developing infrastructure. In order to attract investments and develop industrial entrepreneurship, new investment projects are being implemented under the framework of the ambitious National Development Strategy 2030. through this overarching framework, Tajikistan is carrying reforms of its public administration, improving the investment and business climate, developing its private sector, attracting more and more foreign direct investments, and furthering regional and global interaction of its economy.

Moderator's remarks

Frédéric Carlier, Senior Associate, European Institute for Asian Studies

Mr Frédéric Carlier opened his remarks by underlining the importance of Tajikistan's National Development Strategy 2030. This national development strategy is founded on four strategic development objectives, which include: to ensure energy security and sufficient use of electricity; to turn Tajikistan into a transit country; to ensure food security and people's access to good quality nutrition; and to expand productive employment to private sector development.

A unique window of opportunity has emerged today to transform its economy for the better thanks to its favorable geographic location, at the intersection of Central, South and East Asia. The rapprochement between Tajikistan and its neighbor Uzbekistan was lauded as a great development for the region. This had a great influence on bilateral trade and cross-border interchanges.

As Tajikistan is proceeding with the construction of the Rogun Dam, the tallest in the world, energy production will be doubled within the country and contribute to the eradication of power shortages as were previously suffered during the winter months, Mr Carlier noted.

Mr Carlier went further by mentioning the WTO accession of Tajikistan in 2013. This accession has made it possible for the country to gradually improve its private sector.

The EU is also incrementally engaged in Tajikistan through the ongoing Central Asia Strategy and the recently published EU-Asia Connectivity Strategy. Through its projects and assistance, the EU is happy to create a conducive environment for the development of the private sector and small and medium enterprises.

Mr Carlier concluded by stressing the cultural and touristic potential of the country. As 2018 has been declared Year of Tourism in Tajikistan, the EU has declared it as the Year of Cultural Heritage. This situation demonstrates another area for potential cooperation

between the EU and Tajikistan as well as for cultural heritage preservation within the Central Asian country.

Panel discussion

H.E. Mr Erkinxon Rahmatullozoda, Ambassador of Tajikistan to the European Union, Belgium and Luxembourg

His Excellency Mr Erkinxon Rahmatullozoda opened his remarks by talking about investment opportunities within Tajikistan. Investments are always useful for developing countries. In the case of Tajikistan, these investments are particularly welcome as the country is in the process of rapid modernization.

His Excellency Mr Erkinxon Rahmatullozoda said that Tajikistan would mobilize all its capabilities to ensure the countries sustainable development.

His Excellency concluded his remarks by citing a World Bank report that stated that Central Asian countries would be very interesting for foreign investors, if only they would integrate in a single market. Until a couple of decades ago, integration into a single market seemed unthinkable for Central Asian countries. Today, however, things are different, with countries in the region increasingly moving towards more integration. Tourism, rare metals, clean energy resources and raw materials are only few of the many investment opportunities the country has to offer.

Mr Luc Devigne, Director for Russia, Eastern Partnership, Central Asia and OSCE, European External Action Service

Mr Luc Devigne opened his remarks by underlining the positive developments that have been taking place within Tajikistan the last couple of years. Tajikistan, and by extension the whole region, is currently witnessing substantial economic growth.

Mr Luc Devigne stated that the European Union could be a partner but also an example for strong regional cooperation leading to a more prosperous and peaceful region. As

economic growth is intrinsically related to trust, a pathway to increased regional development can be beneficial for all involved.

Mr Luc Devigne briefly mentioned how WTO accession of Tajikistan in 2013 sent a positive signal to the world, as WTO membership is a prerequisite for participation in international trade. Since then, the economy has grown, and Mr Luc Devigne expressed his hope that this will further improve the environment for the private and financial sector.

The EU's position is to prioritize regional development over national development. Mr Devigne made mention of the new EU-Asia Connectivity Strategy, wherein Tajikistan is playing an incremental role as a subject of connectivity, not as an object. Mr Devigne noted that Europe is very ambitious in showing the way to regional integration to Central Asia with the European Union's experience as a guideline. Rule of law, good governance and sustainability in the realm of social, fiscal and environmental spheres, should be key components of this regional development strategy. With the bilateral relationship between the EU and Tajikistan being positive, the EU has committed itself to bring further development projects on the national level as well. In this regard, Mr Devigne has said that financial cooperation is projected to deepen the coming years. In this vein, the EU is supporting private sector development through the investment facility that has been put in place for Central Asia. Through this investment facility, 160 million euros has been mobilized, leveraging over 1 billion euros.

Mr Devigne further stated that he wants to see a network of small to medium enterprises developed within the region, especially in the tourism sector, and an increasingly robust export industry. In order to do enhance this export industry the Generalized Scheme of Preferences Plus (GSP+) will play a role.

Mr Devigne concluded by saying that indeed the country of Tajikistan represents economic opportunities and that the EU is ready to support positive developments.

Mr Oriol Freixa Matalonga, Project Officer for Culture, UNESCO Liaison Office in Brussels and Representation of UNESCO to the EU

Mr Oriol Freixa Matalonga opened his remarks by underlining the natural and cultural beauty that Tajikistan has to offer, alongside its prior mentioned economic opportunities. Mr Oriol Freixa Matalonga rests assured that enhancing social, human and economic development will lead to direct opportunities to attract people from around the world.

Tajikistan has two properties inscribed on the UNESCO World Heritage List, one cultural and one natural: The Site of Sarazm and the Tajik National Park. Taking into account this richness, Mr Oriol Freixa Matalonga noted that Tajikistan has a lot of opportunities to offer in the perspective of regional development.

Mr Oriol Freixa Matalonga also noted that tourism brings further challenges of itself. The biggest challenge tourism brings further is to keep the sector and the country sustainable. With over 1.2 billion people crossing international borders each year, tourism has grown as a sector. By now one in eleven jobs worldwide is related to tourism, accounting for 10 per cent of global GDP. Preserving cultural heritage plays an important role in achieving the sustainable development goals.

However, Mr Oriol Freixa Matalonga noted, when tourism is mismanaged, cultural heritage can come at risk, undermining its potential for sustainable development. UNESCO therefore watches tourism developments closely to safeguard cultural heritage as a foundation for sustainability.

The EU has made 2018 the Year of Cultural Heritage to recognize and celebrate cultural heritage

Situated at the cross-road of the Silk Road, Central Asia is ideally situated in the vast network of land trade connecting the East and the West. With its increasing importance in world trade, its cultural heritage may be left behind. In this context the Silk Road Cultural Heritage Corridor Initiative was launched to give an international dimension to

cultural heritage preservation in the heart of Eurasia. This framework should promote international cooperation and cultural interchanges between the EU and Central Asia. The valorization of the Silk Road Cultural Heritage Corridors in the region could create opportunities for local development. This regional initiative is funded through the Development Cooperation Fund from the European Commission. This project is a very concrete example of the implementation of the EU Strategy for International Cultural Relations which was published in 2016, proposing a framework for cultural cooperation and understanding between the EU and Central Asia.

Mr Oriol Freixa Matalonga concluded his remarks by stressing the importance of the preservation of cultural heritage as a tool to build bridges between people, communities and countries, reinforcing cultural dialogue and understanding.

Ms Anna Bullock, Policy Officer, European Investment Bank Permanent Representation to the EU

Ms Anna Bullock opened her remarks by explaining how all activity of the European Investment Bank is directed and led by EU policies. The European Investment Bank is increasingly active in Central Asia since the EU's first Central Asia Strategy outline in 2007. Back then Tajikistan was the first country that signed an agreement with the EU in 2009. Now the EU has signed agreements with all Central Asian countries, leading to investments of around 500 million euros to the region.

The European Union has a limited scope in terms of lending to the region, however the EU has increased their efforts towards Central Asia. Its key priorities in Tajikistan are on hydropower and electricity. The lending facilities are further focused on climate change mitigation and adaptation.

Ms Anna Bullock stated that she sees a lot of potential for further regional cooperation and integration between Central Asian countries.

Currently the European Investment Bank is financing two projects in Tajikistan. While the country is estimated to have one of the largest energy potential for hydropower in the world, only three per cent is currently used. This offers great opportunities for Tajikistan to become an energy exporter in the future.

A lot of the local Tajik population has suffered from energy shortages during wintertime, the implementation of investments towards hydropower plants therefore would benefit the local population as well. In order to support this the EIB is involved in the Central Asia South Asia Electricity Transmission and Trade Project of the World Bank.

Ms Anna Bullock concluded her remarks by stressing that all projects financed by the European Investment Bank fit into the external action policies of the EU and the regional integration of Central Asia.

Mr Marat Terterov, Knowledge Centre Principal Coordinator, Energy Charter

Mr Marat Terterov gave his speech on the energy potential of Tajikistan through the prism of three key words, being: history, geography and development.

While Central Asia is well-known for its gas resources, Tajikistan could be better labelled as a 'water power', as the country is sitting on vast water resources. In order to make good use of these resources, the Rogun Dam project has been developed as a game breaking initiative in terms of exploiting the energy capacity the country has to offer. According to Mr Terterov, once fully completed, the Rogun Dam has the potential to change the regional energy market completely.

Mr Marat Terterov went further saying that understanding the history of Tajikistan, a former Soviet state, is very important as well. When Tajikistan became independent, the country inherited a lot of state-owned energy companies. Within Soviet states, the state-enterprises represented the whole market. Since the end of the Soviet Union these enterprises have been through a long transitional phase, from state- to market-oriented. The question remains how to steer this transition. Finding an answer to this question

remains a very difficult task to this day. As Tajikistan went through a civil war during the 1990s, finding a good starting point for this transition has been difficult.

In terms of geography, Mr Marat Terterov blamed the Eurocentric approach in Brussels for not fully understanding the viewpoint of Tajikistan. According to Mr Marat Terterov it is inevitable that the partnerships that the country has are more pointed toward China and Russia than they are towards the EU. As an example of this Mr Marat Terterov explained how Gazprom is still the main international oil company active in Tajikistan. Also, China has an important pipeline route project coming from Turkmenistan where Tajikistan can play a role as a transit country.

Mr Marat Terterov lauded the improvement of relations between Tajikistan and Uzbekistan, stating that this is good news for further regional cooperation and integration. As there is now visa-free travel between the two countries, this can enhance energy market development.

When it comes to development, Mr Marat Terterov noted that Tajikistan is still a donor-driven economy. This could be seen as a part of the transitional process – from state- to market-led economy – the country is still in. However, this is not a long-term solution, so he recommended to diversify the Tajik economy in order to make it an investment-driven economy in the long term.

Mr Marat Terterov concluded his remarks by underlining the importance of new legislation on renewable energy in Tajikistan, which offers great opportunities for the hydro-energy sector and developments in energy access in the country.

Report by Victor De Decker

