



TRADE POLICY REVIEW

REPORT BY

TAJIKISTAN

Addendum

Pursuant to the Agreement Establishing the Trade Policy Review Mechanism (Annex 3 of the Marrakesh Agreement Establishing the World Trade Organization), this addendum to the policy statement by Tajikistan is attached.

The Trade Policy Review Body (TPRB) meeting for the first Trade Policy Review of Tajikistan, initially scheduled for 22 and 24 April 2020, had to be postponed due to the outbreak of the COVID-19 pandemic. The addendum was prepared by the Government of Tajikistan to update Members on the impact of the pandemic on the economy, measures adopted by the Government, and recent economic developments. It should be read in conjunction with the Secretariat and Government reports (WT/TPR/S/399, WT/TPR/G/399) distributed to Members on 18 March 2020.

Note: This report is subject to restricted circulation and press embargo until the end of the first session of the meeting of the Trade Policy Review Body on .

1.1. The pandemic has negatively affected the world economy, including Tajikistan's national economic growth. Tajikistan has worked in a tense global economic and financial situation in 2020, and despite the challenges faced, Tajikistan have taken a number of immediate actions to prevent the consequences of the crisis and protect economic security.

1.2. In order to reduce the potential impact of COVID-19 on economy by the instructions of the Founder of Peace and National Unity - Leader of the Nation, President of the Republic of Tajikistan H.E. Mr. Emomali Rahmon, timely measures have been taken and Republican Commission has been established. At the same time, special commissions have been established and are functioning in all ministries and agencies of the country to strengthen preventive work.

1.3. In particular, the Action plan on prevention and reduction of potential impact of COVID-19 on economy was approved on 19 March 2020 and is in force.

1.4. To support certain sectors of the national economy, entrepreneurs, vulnerable groups and address social issues, the Order of the President of the Republic of Tajikistan "On prevention of the impact of COVID-19 on the socio-economic sectors of the Republic of Tajikistan" was adopted on 5 June 2020.

1.5. Also during this period, in order to prevent and reduce the negative impact of the COVID-19 pandemic on the economic and social sectors of country, grants and soft loans from international financial institutions and development partners were attracted.

1.6. Including from the International Monetary Fund (IMF) - USD 189.5 million interest-free loan, Eurasian Fund for Stabilization and Development - USD 50 million loan, Asian Development Bank - USD 122.5 million grant, World Bank - USD 11.3 million grant, Islamic Development Bank - USD 9.4 million, Government of Germany - EURO 1 million and in total more than USD 384.3 million were attracted.

1.7. The required reserve ratio for all liabilities in foreign currency was reduced from 9% to 5%, and in national currency from 3% to 1%, as a result of which TJS 241.7 million were provided to banks and credit institutions for lending to sectors of the economy.

1.8. At the same time, as a result of the above-mentioned anti-crisis measures, there has been an increase in industrial and agricultural production, and an increase in foreign trade turnover, including exports, which has contributed to the development of the country's economy.

1.9. Our economy grew by 4.5% in 2020 and the GDP reached TJS 82.5 billion, which is 3 percentage points less than in 2019 (7.5%).

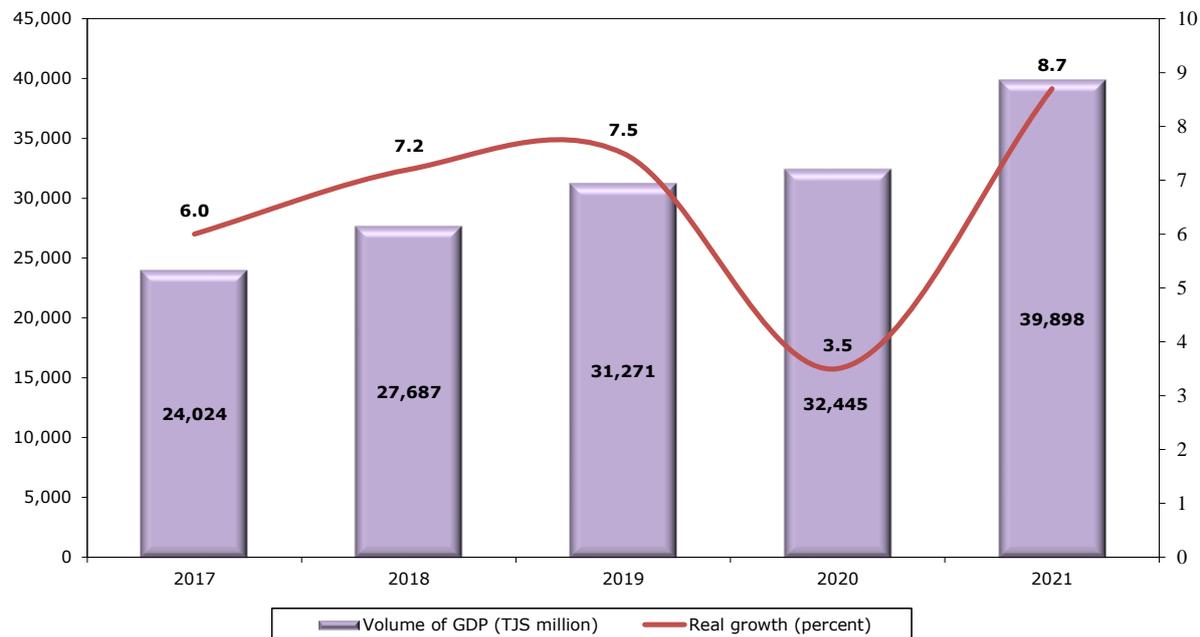
1.10. The analysis shows that the anti-crisis measures of the Government of the country to reduce the impact of negative external factors, attract domestic and foreign investment in sectors of the national economy, the establishment of new factories and industrial enterprises, the restoration of existing capacities in 2020, as a whole has laid a real foundation for the positive economic development of the country.

1.11. It should be noted that the International Monetary Fund considers the anti-crisis measures taken by the Government of the Republic of Tajikistan to prevent the spread of COVID-19 as effective and efficient as compared to other countries.

1.12. In January-June 2021, the GDP amounted to TJS 39.9 billion and the real growth rate was 8.7%, which is 5.2 percentage points higher than in the first half of last year and is the highest indicator for the last 5 years.

Nominal volume and real growth

GDP in the first half of 2017-21



1.13. During this period, GDP growth was formed due to a significant increase in industry by 23.4% (9.2% in the same period of 2020), fixed capital investment 22.1% (decrease by 4.6% in the same period of 2020), passenger transportation 19.6% (decrease by 8.7%), domestic trade turnover 17.2% (5.2% decrease), transportation 14.8% (0.2% decrease), agriculture 8.1% (8.2%), paid services to the population 13.2% (14 percentage decrease in the same period of 2020) and foreign trade turnover was provided by 42.8% (1%), including exports by 1.9 times (14.6%).

1.14. In 2020 the plan of the general part of the state budget revenue fulfilled at the level of 100.1% and the inflow of funds amounted to TJS 24,325.1 million, which is TJS 20.3 million more than it was planned. The total amount of state budget revenues in relation to GDP is 29.5%.

1.15. In order to reduce the impact of external risks on the banking system and to reduce the impact of the COVID-19 pandemic on the country's economy, as well as to support real sectors of the national economy, the refinancing rate in 2020 was reduced by 2 percentage points and was set at 10.75% per annum.

1.16. As of 1 December 2020, the number of ATMs and electronic terminals in the country amounted to 1,249 units and 5,648 units, which is 381 units of ATMs and 440 units of electronic terminals more than the same period in 2019.

1.17. In the field of industry for the implementation of anti-crisis measures of the Government, the fourth national goal - the rapid industrialization of the country, increasing production, commissioning of new capacities, the use of production and export capacities, a number of relevant measures have been implemented.

1.18. 142 new industrial enterprises with 2428 new jobs created in the country in 2020.

1.19. As a result of the measures taken in 2020, the volume of industrial production reached to TJS 30,820.8 million, the growth rate was 9.7%, which is 3.9 percentage points less than in 2019.

1.20. Despite the difficult situation, foreign trade turnover continued to grow in 2020 due to the spread of the coronavirus COVID-19, which limited the financial situation of trading partners and the import of goods and services.

1.21. According to statistics, the foreign trade turnover in 2020 amounted to USD 4,557.8 million, which is 0.8% or USD 34.1 million more than in 2019. During this period, the foreign trade turnover with the CIS countries amounted to USD 2,357.9 million, which makes 51,7% of the foreign trade turnover of the republic.

1.22. The main trade partners of the Republic of Tajikistan in 2020 are Russian Federation (21.4%), Kazakhstan (20%), Switzerland (15.3%), China (10.4%), Uzbekistan (7.3%), Turkey (7.1%), Germany (2%), Afghanistan (1.6%), Iran (1.3%), Japan (1.1%), Korea (1.2%) and Italy (0.8%).

1.23. On 1 September 2020 Single Window System for Registration of Export-Import and Transit Operations in the Republic of Tajikistan was officially launched.

1.24. In order to overcome the difficulties of foreign economic entities in joining the EU Exporter Registration System (REX), in December 2020 the Republic of Tajikistan was officially issued a certificate of use of the REX system by the European Union. This initiative is one of the most important achievements in the development of exports.

1.25. To simplify trading procedures and reduce shipping and transit costs, an Action Plan on reduction of time and costs of the foreign economic activities' participants for the export, import and transit of goods was adopted by the Government. The Customs Service under the Government of the Republic of Tajikistan was identified as the national coordinating body with regard to transit operations.

1.26. Furthermore, the notifications under articles 1.4, 10.4.3, 10.6.2 and 12.2.2 of the Trade Facilitation Agreement were successfully submitted to the WTO Secretariat on 10 July 2020.

1.27. In order to implement Article 7.7 of the WTO TFA by the relevant Decree of the Majlisi Namoyandagon Majlisi Oli of the Republic of Tajikistan (No. 1518, from 28 November 2019) the amendments to the Customs Code were adopted, which introduces the Authorized Economic Operators (AEO). After fulfillment of a number of conditions the entrepreneurs are included in the Special list and have the right to use the customs clearance preferences.

1.28. According to preliminary data, in January-June 2021 the plan of the general part of the state budget revenue was fulfilled at the level of 106.5% and the inflow of funds amounted to TJS 13,245.1 million, which is TJS 809.4 million more than it was planned. The total amount of state budget revenues in relation to GDP is 33.2%.

1.29. In the Republic of Tajikistan as of 31 May 2021 64 credit financial institutions operate, including 15 traditional banks, 1 Islamic bank, 17 microcredit deposit organizations, 4 microcredit organizations and 27 microcredit funds. As of 31 May 2021, the total amount of issued loans amounted to TJS 5.4 billion that in comparison with the similar period of the last year is more than 54.2%.

1.30. Out of the total amount of issued loans, 38.5% or TJS 2.1 billion provided to production entrepreneurs.

1.31. In the first half of 2021, 78 new industrial enterprises with 963 jobs created in the country.

1.32. In January-June 2021, the total volume of agricultural production amounted to TJS 12,375.2 million and in comparison, with the similar period of the last year increased by 8.1%.

1.33. In the first half of 2021, the country received USD 309.9 million of foreign investments. Foreign investments received from the People's Republic of China amounted to USD 111.4 million (35.9%), Luxembourg - USD 76.5 million (24.7%), Turkey - USD 18 million (5.8%), the Philippines - USD 14.4 million (4.6%), Switzerland - USD 13.1 million (4.2%), Saudi Arabia - USD 11.3 million (3.6%), Uzbekistan - USD 7.1 million (2.3%), the United Kingdom - USD 7.9 million (2.3%), Cyprus - USD 4.6 million (1.5%), Kuwait - USD 4.1 million (1.3%), Germany - USD 3.7 million (1.2%), France - USD 1.3 million (0.4%) and Russian Federation - USD 1.1 million (0.4%).

1.34. In order to develop the export of domestic products by the Decision of the Government of the Republic of Tajikistan dated 30 April 2021, No. 169 the State Program of export development of the Republic of Tajikistan for 2021-25 was adopted and is in the process of implementation.

1.35. In January-June 2021 the foreign trade turnover amounted to USD 3,082,4 million which is 42.8% or USD 923,7 million more than the same period of the last year.

1.36. During this period, the foreign trade turnover with the foreign countries amounted to USD 1,733.9 million, which makes 56.3% of the foreign trade turnover of the republic.

1.37. According to the Customs Service data, in the first half of 2021 70 types of goods were exported from the Republic of Tajikistan.
