

TAJIKISTAN TODAY: ECONOMICS AND POLITICS AT HOME AND ABROAD

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Ten years ago, on 27 June, 1997, Emomali Rakhmon's government and the United Tajik Opposition (UTO) signed the General Agreement on Peace in Tajikistan in Moscow. S.A. Noori, the UTO head, died in the latter half of 2006; several months later President Rakhmon began another 7-year presidential term by forming a new Cabinet in which, for the first time since the Moscow Agreement, there were no members of the former opposition. The post-conflict period in Tajikistan had come to an end: in the summer of 2007 the U.N. Security Council closed the U.N. Tajikistan Office of Peacebuilding.

The decade that has passed since the end of the civil war was used to achieve relative social, economic, and political stability. Despite the fairly low GDP level (60 percent of Soviet times) and the poverty level, which remains the highest among the Soviet successor states, the nation is positive about the prospects. This is an important factor of political stability—probably even more important than the much-discussed fear of another bout of domestic unrest.

The shadow economy (migration of about a million Tajiks to Russia and the growing drug-created profits of certain groups engaged in drug trafficking from Afghanistan) plays an important role in the positive economic dynamics.

The official economy is also growing: the GDP is increasing by 6.7 to 10.6 percent every year. A successful macroeconomic policy and

balanced foreign policy allowed Dushanbe to attract investments in large-scale hydropower projects and the transportation infrastructure. There is another successful project—the Tajik Aluminum Plant (TadAP), the source of at least half of the republic's export earnings.

In November 2006, the presidential election completed the period of the final consolidation of the political system based on strong central power personified by President Rakhmon. A campaign to revise the post-1997 domestic political balance was launched by a constitutional referendum in 2003. The parliamentary and presidential elections in 2005 and 2006 squeezed the rivals and opponents of the incumbent president—former UTO members as well as those of the Kulob clan who brought Emomali Rakhmon to power—out of the country's political life.

Elbowed out of power, the Tajik opposition, which has lost its leader, is still the most effective in Central Asia. The Islamic Revival Party of Tajikistan—IRPT (which has preserved much of its former political resources) remains one of the key factors of domestic stability, not to be treated lightly by those at the helm.

In the last two years and in the changed Central Asian geopolitical context, Dushanbe has been demonstrating less dependence on the Kremlin (which did much to bring the ruling regime to power) in its foreign policy preferences: while the United States lost several points, Russia scored several points by establishing allied relations with

Uzbekistan. This cooled the relations between Dushanbe and Tashkent.

While moving closer to the West and China, as well as to Iran and to a certain extent India as the regional powers, the Tajik rulers never forget about Moscow as the guarantor of their position.

On the whole, the republic's dynamics can be described as positive even though the country remains burdened by a vast number of pending socioeconomic problems and certain negative political circumstances. This explains the cautious optimism displayed by most of the nation and all the foreign actors involved in the country.

The Socioeconomic Situation

The Republic of Tajikistan (RT) is the poorest country among the Soviet successor states with a very limited mineral resource base. It has not yet been restored after the economic collapse of the 1990s and the long civil war. The extremely negative starting conditions notwithstanding, Tajikistan's recent economic indices speak of considerable progress of the reforms. The country should obviously move in the same direction, while demonstrating balanced and well-substantiated approaches to rehabilitation.

Disintegration of the industrial and other physical infrastructure in the 1990s, the very narrow domestic market, inadequate industrial and technological base, undeveloped transport communications, and geographic isolation, which makes the country dependent on its neighbors (Uzbekistan in particular) for transit services, are all responsible for the republic's economic problems. During the years of independence, the republic lost huge numbers of specialists and skilled workers; today, it is being badly hit by the shortage of skilled workforce.

The per capita GDP (\$319) is the lowest among the CIS countries. Recent developments have not yet improved the situation: according to U.N. figures, at least 60 percent of the local population¹ is living below the poverty level, the highest share among the post-Soviet states.

The unemployment level is very high: according to government estimates, there are slightly more than 2 million jobs for the approximately 4-million-strong able-bodied population.² Government experts speak of nearly 1 million of the republic's citizens working abroad as seasonal workers.³ Nearly 1 million, or about one-fourth of the able-bodied population, can be described as jobless.

For four years running (after 2000), Tajikistan demonstrated one of the CIS's highest annual GDP growth rates (between 8.3 and 10.6 percent), but the figure remains slightly more than 60 percent of the 1990 level. Rehabilitation has not yet been completed. In the last two years, the growth rates slowed down: in 2005, the GDP increased by 6.7 percent; in 2006, by 7 percent,⁴ probably caused by the smaller volumes of cotton production and somewhat lower aluminum prices on the world market (both products are the main sources of the country's export income).

The high GDP growth rates are mainly explained by the very low starting level, but the state's recent competent macroeconomic policy and the general positive market developments in the CIS countries should not be forgotten.

¹ See: "Radostnye novosti: uroven bednosti v Tadzhikestane snizilsia do 60 protsentov," *Ferghana.Ru*, 4 June, 2007, available at [www.Ferghana.ru].

² See: Z. Vazirov, "Trudovaia migratsia: etapy sotrudnichestva," *Asia Plus*, 17 November, 2006, available at [www.asiaplus.tj].

³ See: "Tadzhikestian prosit Rossii puskat na tret bol'she trudovykh migrantov," *NewsRu.com* (Russia), 23 January, 2007, available at [www.newsru.com].

⁴ See: *International Monetary Fund. World Economic Outlook*, April 2007, p. 72.

The international financial institutions are very positive about the RT structural economic reforms; the Tajik leaders, however, should always bear in mind Kyrgyzstan's negative experience and take international recommendations with a pinch of salt.

According to EBRD experts, Tajikistan has successfully privatized small businesses⁵; however, the share of the private sector in the GDP remains low (less than 50 percent). The aluminum plant, communication, air transport, and railways are the state's main production assets.

While agreeing that the high GDP growth rates after 2001 can be explained by the initially low economic level, some Tajik analysts point to several other factors:

- the counterterrorist operation in Afghanistan and the West's presence there increased international aid to Dushanbe, a large part of its external debt was written off;
- when the Taliban was removed from power, drug production in Afghanistan increased together with drug trafficking through Tajikistan;
- Russia's economic growth created more jobs for Tajik migrants, who send the money earned in Russia home, thus strengthening the consumer paying capacity on the domestic market.

The high growth rates, however, sent up inflation: in 2006, the consumer price index was 10.1 percent, or one-and-a-half times higher than in 2005 and much higher than the planned 8 percent. Inflation is whipped up, among other things, by the labor migrants' money.

The Tajik Cabinet cut back the state's debt burden: late in 2005 the IMF confirmed its decision to write off part of state debt (about \$120 million) of Tajikistan and another 19 poorest countries of the world. Since 2000 the foreign debt/GDP ratio shrank three-fold—from 128 to 31 percent.⁶ By the beginning of 2007, the country owed about \$866 million.⁷

Payment for Uzbek gas and energy remains a problem; the local people are too poor to pay regularly, therefore communal services are sporadic.

Nearly half of the republic's industrial production and three quarters of its export are produced by the Tajik Aluminum Plant, recently renamed the State Unitary Enterprise Tajik Aluminum Company (TALCO), in the city of Tursunzade. The republic also owns several hydropower stations and small poly-metallic mining and processing integrated works, as well as more or less developed facilities producing cement, fertilizers, cotton fiber, and canned fruit. The production level today is a mere one third of the Soviet level.

Until 2007, TALCO remained state property despite the intention to privatize it. In the past few years, the volumes of produced aluminum and its profitability have noticeably increased: in 2006, the plant produced 416,000 tons of raw metal and nearly the same amount of primary aluminum, the larger part of which goes to the Netherlands and Turkey. According to its directors, the enterprise has nearly reached its projected capacity.⁸ The plant uses 32 percent of the total amount of locally produced electric energy and some energy bought in Uzbekistan.⁹

In 2004, in an effort to procure badly needed modernization money, the government revived the talks about transferring TALCO to Russia's Rusal concern. The potential investors announced that they were ready to spend considerable sums (more than \$2 billion) to modernize the plant and its re-

⁵ See: *Transition Report 2005*, EBRD, 2005.

⁶ See: *Republic of Tajikistan: Selected Issues and Statistical Appendix*, International Monetary Fund, Washington, April 2005, p. 53; F. Salimov, "Tadzhikistan v regional'noy politike," *Mezhdunarodnye protsessy* (Russia), Vo. 4, No. 2 (11), May-August 2006.

⁷ See: "Vneshniy dolg Tadzhikistana v 2006 godu sostavil 866 mln dollarov," *Regnum*, 25 January, 2007, available at [www.regnum.ru].

⁸ See: Z. Ergasheva, "TadAZ pereimenovan," *Asia Plus*, 6 April, 2007, available at [www.asiaplus.tj].

⁹ See: "TadAZ—eto 'tadzhikskiy Gazprom'?" *Asia Plus*, No. 28 (338), 13 July, 2006.

lated branches. The money was intended for new production capacities that could have brought the plant up to its full projected capacity and for another aluminum plant in the south of the country; it was also intended for completion of the Rogun Hydropower Station, which could have supplied the aluminum industry with an adequate amount of energy.¹⁰

It turned out, however, that the contradictions between the Tajik government and the investor over the cost of the Rogun Hydropower Station proved insurmountable. In May 2006, President Rakhmon announced that his country was “not yet ready” to privatize the strategic enterprise.¹¹ Early in June 2007 it became known that TALCO instituted court proceedings in Britain against Rusal for a sum of over \$500 million. The Russian side is accused of shady dealings in aluminum deliveries in 1996-2004.¹² This means that the Tajik leaders and Rusal parted ways: Rusal instituted a counter suit.

In 2004, it was announced that the Vakhsh cascade of hydropower stations would be completed with the help of RAO UES of Russia and the Iranian government. The projects created thousands of jobs; two new concrete-mixing plants were built to supply the energy projects with construction material.

Foreign investments in hydropower would have allowed the country to realize its export potential in this sector: Afghanistan, Iran, Pakistan, and India could have bought energy from Tajikistan. In 2005, it signed the first intergovernmental agreement on energy export to the north of Afghanistan.¹³

According to optimistic forecasts, the first of the hydropower stations under construction—Sangtuda-1—will be commissioned late in 2007. The completed Vakhsh cascade is expected to accelerate economic development and help the government put an end to the country’s economy dependence on single-profile enterprises. Increased aluminum and energy export will bring considerable income to be used to diversify the industrial base.

Agriculture is suffering from a shortage of planting acreage, a low mechanization level, and a narrow market. In recent years, the government has been exerting efforts to increase acreage under cotton (up to 40 percent of the irrigated land), but the yield has been steadily declining. In 2006, the republic reaped 438,000 tons of raw cotton, or 80.5 percent of the planned yield.¹⁴ Tajikistan processes only 12.4 percent of the locally produced cotton; the low level of fertilizer science leaves cotton and other fields unprotected against locusts and other pests.

Early in 2006 the government announced that the acreage under cotton would be reduced in order to increase the acreage under grain, which would make it easier to distribute the resources in the agrarian sector and import less wheat.¹⁵

The highly ineffective credit financing system is another headache: loans for peasants are accessed through futures companies rather than directly from banks. By early 2006, cotton-producing farmsteads owed \$292,000 million, or over 10 percent of the GDP. This is a serious fault that calls for remedying. The people on top and the banking sector should create a better cooperation model; those Kazakhstani banks that wish to join the Tajik market can also be involved.

¹⁰ See: “Interviu s direktorom predstavitel’sstva ‘Rusal’ v Tadzhikestane K. Zagrebel’nym,” *Asia Plus*, 2 November, 2005, available at [www.asiaplus.tj].

¹¹ See: E. Batyrkhanov, “Rakhmonov otkazal Deripaske,” *Delovaia gazeta Vzgliad*, 5 May, 2005.

¹² See: Z. Ergasheva, “‘TALCO’ protiv ‘Rusala’,” *Asia Plus*, 4 June, 2007, available at [www.asiaplus.tj].

¹³ See: N. Edgori, “Minenergo: nikto ne v silakh nam pomeshat,” *Avesta*, 19 December, 2005, available at [www.avesta.tj].

¹⁴ See: M. Oripova, “Interviu s ministrom sel’skogo khoziastva i okhrany prirody Tadzhikestana Abdurakhmonom Kadyrovym: ‘Reforma proshla s oshibkamai’,” *Asia Plus*, 25 January, 2007, available at [www.asiaplus.tj].

¹⁵ See: “V 2006 godu v Tadzhikestane sokratiat posevnye ploshchadi pod khlopchatnik,” *Regnum*, 18 January, 2006, available at [www.regnum.ru].

A wide-scale program to reconstruct old and lay new roads (including two large tunnels) is underway. In the last three or four years, the country, aided by Iran and China, has been working hard to put an end to nearly complete isolation of the some of the country's regions.

The bridges across the Panj River, which separates Tajikistan and Afghanistan, built by the American military help to improve cross-border trade and seasonal communication with China. The Gorno-Badakhshan Autonomous Region (GBAR) of Tajikistan, which is isolated from the rest of the country, will gain better development opportunities.

The money which Tajik work migrants (mainly unskilled laborers) mail home from Russia helps most of the nation to survive. An unidentifiable number of Tajik citizens live on the proceedings from drug trafficking, which means that the republic largely remains dependent on the shadow economy for its economic progress.

Recently, the money sent by hundreds of thousands of labor migrants has become one of the main sources of the republic's receipts. According to the RT Ministry of Trade and Social Protection, in 2006 562,000 Tajik citizens left for Russia as labor migrants. The same source estimates the number of Tajik guest workers in Kazakhstan at 30,000.¹⁶

There is the opinion that legal labor-migration income comprises no less than 40 percent of the GDP. In 2005, guest workers sent home about \$800 million via banks¹⁷; more or less the same amount reaches the country through unregistered channels. This is a lot of money for Tajikistan and is very noticeable on the country's consumer market.

Some members of the expert community (Kh. Makhmadiev is one of them) believe that the recent economic revival was drug-induced. He is convinced that drug transit across Tajikistan supplies drug syndicates with between \$500 million and \$1 billion,¹⁸ or between 20 and 40 percent of the republic's GDP.

The republic's leaders admit that in terms of confiscated drugs their country is the first in the CIS and the fourth in the world. Over 60 percent of the drugs confiscated in the post-Soviet expanse is confiscated in Tajikistan by the Tajik law-enforcement structures.¹⁹ The future of the confiscated "product" is not always clear: it might be returned to the market and bring money to those involved. This is known to happen elsewhere.

Increased drug traffic adds clout to the clans dealing in drugs; corruption at the national and regional levels (among law enforcers in particular) is flourishing, while the general situation favors the semi-criminal nature of a large share of the republic's economy.

Domestic Policy

Tajikistan's political context is very important for Central Asian security: if destabilized it will bring numerous troubles and destroy the isolation regime in northern Afghanistan.²⁰

The November 2006 presidential election completed the three-year-long preparations for Emomali Rakhmon's long-term presidency (potentially for 14 years). The road was paved by the 2003 referen-

¹⁶ See: V. Vazirov, op. cit.

¹⁷ See: B. Abubakr, "Denezhnye perevody cherez 'Stranu-ekspress'," *Khovar* Information Agency, 16 May, 2006, available at [www.khovar.tj].

¹⁸ See: Kh. Makhmadiev, "Geroinovy VVP," *Asia Plus*, 15 September, 2005, available at [www.asiaplus.tj].

¹⁹ See: P. Bruntal'skiy, "Zaslou u 'geroinovoy reki'. Tadzhijskie udary po afganskim narkokordam," *Voeno-promyshlennyi kurier*, No. 3 (169), 24-30 January, 2007; A. Bogdanov, "Afgano-tadzhijskaia pautina. Strany Tsentrazii uzhe ne sposobny v odinokhu protivostoiat narkoticheskomu valu," *Kabar*, 5 August, 2006, available at [www.kabar.kg].

²⁰ See: E. Tukumov, "Osnovnye etapy evolutsii ekstremizma v Tadzhikestane," *Analytic*, No. 5, 2004, p. 17.

dum on constitutional amendments, which allows the incumbent president to run for another seven-year stretch in 2013. The successful parliamentary elections in February 2005 and the presidential election in November 2006 left the regime in power for at least another 5 to 6 years.

The ruling regime capitalized on the widespread fear of another civil confrontation and tilled the soil for its continued power. In this way, it fortified its position on the domestic political field. This was accomplished at the expense of the legitimate religious and secular opposition and of the president's former allies who had probably abused their high posts and connections. Leader of the opposition Democratic Party M. Iskandarov, IRPT Deputy Chairman Sh. Shamsuddinov, former minister of the interior and head of the Customs Committee Ia. Salimov, and former commander of the presidential guard G. Mirzoev were sent to prison for long terms. Between 2003 and 2006, the ruling regime established control over the media and achieved acceptable election results, thus obviously tightening its grip on power.

It can be said that Tajikistan has moved from the postwar balance of different political interests to a rigidly centralized presidential system able to control the country's political elites. All other forces involved—the former opposition and the regional elites (including the Kulob clan)—were pushed to the margins of the state's political life.²¹

This means that at the end of the decade that has elapsed since the 1997 agreement President Rakhmon no longer believes himself to be restricted by the agreement with S.A. Noori: indeed, he easily won the November 2006 election to remain the president for seven more years.

It should be borne in mind that as the country's leaders will be more openly demonstrating the confrontational elements of their policies (this may happen toward the end of the present seven-year period), public opinion might turn away from them. While the sides involved have announced that peace and stability are their priorities, the conflict potential might gradually accumulate.

On the whole, however, the nation's majority is quite satisfied with the current situation and the country's leaders even though the production level and material well-being of Soviet times have not yet been restored. Unemployment is alleviated by labor migration to Russia and other CIS countries, while the money it produces keeps the national consumption at an acceptable level. The current situation on the world and regional markets as well as the relatively successful social and economic policies contribute to the positive trends. Today, satisfaction with the domestic situation has become much stronger than the fear of a repeated civil confrontation, which ended nearly ten years ago.

For geographic and historical reasons, Tajikistan, more than the other Central Asian countries, tends toward regional and clan division, which made it relatively easy to mobilize the clan-based opposition groups; the local opposition, in fact, grew out of the clan system. In the absence of a ramified road infrastructure in the mountainous regions, the regional political and economic elites based on clans remain isolated.

The Kulob clan that came to power is no longer a close-knit group. In an effort to preserve and extend his term in power for a long time to come, the president is pursuing his own policy, which might damage the interests of many of the prominent clan members. Dozens of top- and medium-level officials of the Kulob clan were replaced with loyal people from other regions, mainly from Khujand in the north.

The Karategin Region in the very heart of the country, the base of the Islamic opposition, is ruled directly from the Center, which means that the local elites cannot accumulate adequate economic and political resources; the region is too poor for this. The IRPT, which recently lost many of its former positions, remains the only vehicle of the Karategin elite's interests.

²¹ See: E. Tukumov, "Osnovnye etapy evoliutsii ekstremizma v Tadjikistane," *Analytic*, No. 5, 2004, p. 18.

The Gorno-Badakhshan Autonomous Region, another formerly opposition area, offered shelter to many of the former UTO warlords who refused to obey the new government. Today, much has been done and is being done to improve the Center's image among the local people: better transport communication with Dushanbe, the Xinjiang Autonomous Region of China, and Afghanistan alleviate the region's isolation. To gain a better control over the area, President Rakhmon deemed it necessary to replace Governor A. Niezmamadov, who filled this post for 12 years.

Judging by the media and the Internet, there are enough rich and influential people, some of whom hold important state posts, in Tajikistan who might be interested in domestic policy. In the absence of real guarantees of private property in Tajikistan, money is weaker than the administrative-political resource: the Tajik "oligarchs" are influential unless they remain loyal to power, their money cannot buy them political independence.

The party system is fairly developed, at least in the regional context. There is the ruling Popular-Democratic Party, as well as the Communist, Democratic, Socialist, and other parties in opposition, albeit to different degrees, to the regime. The ruling party, and other parties for that matter, have no stable party structure; they are not nation-wide parties. This can be said only of the IRPT, the most efficient opposition force.

The ruling party enjoys an absolute majority in the parliament (75 percent of the seats); the Communists and IRPT have 4 and 2 seats, respectively; 14 percent of the deputies are non-party people, but most of them are absolutely loyal to executive power.

On the eve of the 2005 parliamentary elections, the country's leaders tightened their grip on the media: some of the newspapers that gave space to the opposition were merely closed down.

Because of limited resources, the regime remains dependent, in part, on foreign aid, which means that it cannot follow in the footsteps of its neighbors which encroached on the activities of numerous NGOs, the country's second or third largest employers.²² They can still be described as a fairly efficient force that encourages grassroots initiative in the social sphere.

During the parliamentary and presidential election campaigns, the opposition parties of Tajikistan found themselves in a very difficult situation. Leader of the Democratic Party M. Iskandarov, one of the best-known politicians and a potential presidential candidate, was brought to court for the economic crimes he committed as the head of the republic's gas sector and sent to prison.

During the election campaign, the Democratic Party split (probably under outside pressure) into three groups, one of which (the minority faction headed by M. Sabirov) was registered by the RT Ministry of Justice. The Socialist Party, another secular opposition party, followed suit.

At present, the ruling regime has fortified its position to the extent that the provision of the 1997 Agreement on giving at least 30 percent of seats in the top echelons of power to the opposition was annulled. In fact most of its members have joined the ruling elite and filled lucrative posts absolutely devoid of political weight. The two ministers who filled the posts under the 1997 Agreement lost them in 2006 when the newly elected president formed a new cabinet.²³

Deprived of S.A. Noori, its leader for many years, the IRPT still remains the most efficient opposition party in the country and in the region. In fact, it is one of the stabilizing factors in the state's sociopolitical life. Despite the obvious infringement on its rights, the party has so far successfully avoided direct confrontation with power.

The pressure became too obvious on the eve of the parliamentary elections: the party lost several prominent members (deputy chairman and heads of regional structures) who were brought to court and sentenced to long terms in prison. Despite the fact that the IRPT chairman never intended to run

²² See: M. B. Olcott, *Central Asia's Second Chance*, Carnegie Endowment for International Peace, Washington, D.C., 2005.

²³ See: U. Babakhanov, "Vybor prezidenta," *Asia Plus*, 7 December, 2006, available at [www.asiaplus.tj].

for president, the heads of the Dushanbe water supply services threatened to bring him to court on accusations of calumny.

The death of S.A. Noori in August 2006 was a blow for the party, which lost the most influential post-Soviet politician. The party's future looks vague.

Mukhiddin Kabiri, the newly elected IRPT chairman, is well known as the leader of the party's modernist wing; at the same time, the party announced that it would refrain from running for presidency.

Mukhiddin Kabiri, a Moscow-educated Orientalist who speaks several foreign languages, is a relatively young and secular-minded man. He is generally considered to be acceptable to the powers-that-be: his criticism is not radical, while he, like his predecessor, prefers political compromises. He will obviously have less spiritual authority than S.A. Noori. It was expected that son of the late leader, Mukhammajon Noori, would head the Iran-oriented opposition to Kabiri.²⁴

Contrary to the pessimistic forecasts, the IRPT remained united and did not lose its more orthodox wing, however, after the death of its spiritual leader and the election of a young chairman who was not generally accepted, Tajikistan's most important opposition force has to look for new a place in the changed political context and work hard to regain its political weight in view of the 2010 parliamentary elections.

The IRPT is sticking to its policy of conflict avoidance, but the politically active believers are growing more and more dissatisfied with the government on many issues, while the trend toward Islam's stronger position is gaining momentum.

In an effort to undermine the opposition and its influence, the ruling regime is stepping up its struggle against religious fundamentalism. In 2005, control over observance of the ban on wearing hijabs in schools and for document photographs was tightened. According to government decisions, the number of mosques should not exceed the norm of one per 15,000 believers, a fairly small figure for the region's most religious nation.

The faithful are not pleased with the disappearance of unregistered prayer houses, but judging by the media reports, the government is treading cautiously (at least in the capital). Out of 70 unregistered prayer houses, 13 were closed, while the rest were either registered or given time to register.²⁵

In this way the Tajik government hopes to undermine extremism; in recent years several thousand suspected Hizb ut-Tahrir and IMU members were detained, mainly in the republic's north. Official sources describe them as citizens of Tajikistan who are ethnic Uzbeks.

The above shows that the extremist Islamist organizations are not very popular among the common people who remain loyal to IRPT and the 1997 Agreements. The IRPT leaders reject any possibility of cooperation with Hizb ut-Tahrir, which means that the radical Islamist threat in Tajikistan is much lower than in Uzbekistan.

Foreign Policy

Military-political cooperation with Russia remains the republic's foreign policy priority. It seems that the rapprochement with the United States and France that became obvious after 2001 and espe-

²⁴ See: V. Soloviev, "Tadzhikskaja opozitsia potierala lidera," *Kommersant*, 10 August, 2006; D. Glumskov, "Smert opozitsii," *Ekspert*, 21 August, 2006, No. 30 (524).

²⁵ See: N. Pisaredjeva, "Bor'ba s neofitsial'nymi tadzhikskimi mechetiami: drugaia storona medalii," Institut po ushcheniu voyny i mira, 17 April, 2007, available at [www.iwpr.net].

cially 2005 was nothing more than a diplomatic maneuver suggested by the situation in Afghanistan and other countries. Stronger economic ties with China, Iran, and Kazakhstan, on the other hand, are maintained in earnest.

The Russian 201st Motorized Infantry Division deployed in Tajikistan on a permanent basis makes the country Moscow's military and political foothold on the border with unstable Afghanistan, where NATO troops are stationed.

Some time ago the Russian border guards were replaced with Tajik forces, however, Russia's military advisors remained in Dushanbe to help build up the republic's proper border guard services. Russia owns Nurek, the opto-electronic space control center in the Pamirs; to retain it Russia wrote off \$250 million of Tajikistan's debt.

Tajikistan is the only CIS country that shares the institution of dual citizenship with Russia.²⁶ Russia is the main source of financial flows in the form of money guest workers send back home.

Despite the republic's stronger ties with China, Iran, and Kazakhstan, Russia will remain its main economic partner, at least in the near future. Russia-produced goods comprise 29 percent of the republic's import; with 7.2 percent, Russia is the third largest exporter of Tajik products, the two first places belonging to the Netherlands and Turkey,²⁷ which buy Tajik aluminum, the republic's export product that accounts for over 50 percent of the total export. Russia buys 40.4 percent of Tajik agricultural products and 39.4 percent of its cotton.

Russia's involvement in the Vakhsh project is a new factor in the two countries' bilateral relations. RAO UES has already invested the larger part of its planned investments in Sangtuda-1 Hydropower Station; its first generating unit is expected to be commissioned in the latter half of 2007.²⁸ Rusal, another Russian investor, has big problems with the Rogun hydropower plant project because of the disagreements with the Tajik government over the dam's cost.

If the contract is annulled, other investors will be sought in Russia (probably RAO UES: under the 1993 agreement 50 percent of the plant's shares should belong to the Russian side).²⁹

In 2006, an agreement appeared under which Gazprom started prospecting for natural gas in Tajikistan.³⁰ The largest Russian companies (MTC, Vypelkom, and Megafon) are operating on the Tajik cellular communications market; other Russian companies are studying the prospects of the mining, metallurgical, and construction industries.

In the last two years, however, the relations between the two countries have been marred by disagreements. President Rakhmon repeatedly voiced his displeasure with Russia's drawing closer to President of Uzbekistan Karimov at the expense of its traditional and tested partner, by which he means himself and his country. Tajikistan is displaying more activity in meeting and talking to highly placed representatives of the United States, China, and Iran. The president abandoned the Russified in favor of the traditional version of his name, obviously to spite the Kremlin. Moscow responded by taking advantage of the fact that some of the members of the Tajik opposition whom the ruling regime of Tajikistan would like to isolate live in Russia.³¹

President Rakhmon's dissatisfaction with Rusal, the company the Kremlin supported as the investor for the TALCO and Rogun construction projects, was behind the cooling in their relations. There was another factor: Moscow's indifference to Tashkent's unfriendly treatment of its neighbors.

²⁶ See: S. Shokhzoda, "Tadzhikistan i Rossia nuzhdaiutsia drug v druge," *Ferghana.Ru*, 6 April, 2007, available at [www.Ferghana.ru].

²⁷ See: "Vneshnetorgovy oborot Tadzhikistana vyros na 28.2 protsenta," *Ferghana.Ru*, 18 April, 2007, available at [www.Ferghana.ru].

²⁸ See: S. Shokhzoda, op. cit.

²⁹ See: A. Dubnov, "U Moskvyy poiavilis voprosy k Dushanbe," *Vremia novostey*, 28 June, 2006, No. 111.

³⁰ See: S. Shokhzoda, op. cit.

³¹ See: A. Dubnov, op. cit.

It seems, however, that the Tajik president is fully aware of the fact that the Kremlin's continued support of his government is the main stabilizing factor of his own position, therefore most of Dushanbe's foreign policy maneuvering in relation to the West, China, and Iran should be regarded as an attempt to invite Moscow to deal with the priority issues without involving Russia's rivals.

Prior to 2001 the West looked at Tajikistan as a sphere of exclusively Russian interests; the counterterrorist operation in Afghanistan added to the republic's geopolitical importance. There is a French airbase in Tajikistan used to support the peacekeepers stationed in Afghanistan; however, America's interest in Tajikistan is not as intense as it is in its neighbors (Uzbekistan and Kyrgyzstan).

The results of the July 2005 SCO summit in Astana, at which Tashkent and Bishkek announced that they would like to remove the American military bases from their territories, pushed Tajikistan to the forefront. The Manas airbase is still functioning, but Washington can no longer rely on the Kyrgyz leaders, while the U-turn in Uzbekistan's foreign policy added weight to Tajikistan, which is more inclined than its neighbors toward balanced policies.

In the last two years several top American and French officials visited the republic: U.S. State Secretary Condoleezza Rice and her deputy Richard Boucher responsible for Central Asian policy, who came several times, as well as Donald Rumsfeld and Michèle Alliot-Marie, the defense ministers of the United States and France, respectively. All of them, spurred on by the worsened military-strategic situation in Afghanistan, were obviously insisting on guaranteed functioning of the French military base and stronger cooperation with the United States and NATO.

Seen from the White House, Tajikistan looks like an important link in the Greater Central Asia project and the main channel (because of the bad relations between the U.S. and the Karimov regime) through which the Central Asian countries can be drawn into the post-war reconstruction of Afghanistan.

America is lobbying the idea of energy integration among Tajikistan, U.S. allies (Afghanistan and Pakistan), and India, the U.S. relations with which have become much closer. This is being accomplished within the Greater Central Asia project. Tajikistan is expected to export its energy to the south.

In October 2006, the Tajik government and the American AES Corporation held the Regional Energy Forum in Dushanbe, which Kazakhstan and Uzbekistan did not attend. It announced that all the sides were interested in energy export from Tajikistan and Kyrgyzstan to Afghanistan and Pakistan.

It should be said, however, that the Tajik representatives never fail to point out that the country's leaders invariably discuss their foreign policy moves with Russia and the CSTO structures.

The West might have been even more active in Tajikistan, had its companies felt the republic showed an economic interest in them. Today, Western involvement in the local economy is limited to the relatively small gold mining JV Zarafshan-Gold with the British and the AES projects, which so far do not own the republic's energy-producing capacities.

Recently Dushanbe-Beijing relations received a powerful jolt: the republic badly needs a lot of money from an investor with no political ambitions (such as China).

Several years ago Dushanbe completed its border negotiations with China; the border demarcation that started in June 2006 will go on until the end of 2008.³²

The normalized border regime made it possible to open the direct transportation corridor Tashkurgan-Khorog through the Kulma Pass (4,363 m), giving Tajikistan access to Xinjiang and Pakistan via the Karakorum highway and further on to the Indian Ocean. In 2006, the trade turnover through the

³² See: V. Dubovitskiy, "Tadzhikistan-Kitay: ot nastorozhennogo otnoshenia k strategicheskomu partnerstvu," *Feghana.Ru*, 25 January, 2007, available at [www.Feghana.ru].

Kulma customs post reached over \$4,250 million³³ and amounted to nearly 10,000 tons of goods. These are good figures in view of the fact that five years ago there was no trade at all through this customs post high in the mountains.³⁴

There is the opinion that stable transport communication with China will help develop the still neglected deposits of fluorite, tin, tungsten, boron, etc. as a raw-material base for the developing Xinjiang industries.³⁵

The Chinese soft loan of \$600 million the country received within the framework of the SCO is being used to build the South-North power transmission line-500 and transmission line-220 in the Hatlon Region, as well as the tunnel under the Shar-Shar pass on the road between Dushanbe and Kulob.³⁶ Chinese money is being used to modernize the Vakhsh nitrogenous fertilizer plant.³⁷ Beijing will undoubtedly be interested in the republic's electric energy export potential for the industrial development of southern Xinjiang.

Iran and a large part of Afghanistan with its Persian-speaking population provided President Rakhmon with the chance of demonstrating its independent foreign policy course by drawing closer to both countries. In January 2006, the Tajik president visited Tehran to meet his Iranian and Afghan colleagues; the mini summit failed because, under American pressure, President Karzai of Afghanistan preferred to ignore the event. The three leaders met later, in July 2006 in Dushanbe.³⁸ The summit did not produce any important documents, however, it greatly improved the republic's image as a state with balanced and multi-vector policies.

The Iranian leaders abandoned any attempts to interfere in the RT's domestic policy: they concentrated on cooperating with President Rakhmon's demonstratively secular government in the energy sphere (hydropower projects) and transportation infrastructure.

In February 2006, the Iranian-financed project (construction of the Sangtuda-2 Hydropower Station) was launched.³⁹ Tehran will invest about \$180 million; Dushanbe is responsible for \$40 million; the commissioning date is 2009, after which Iran will use the station for 10 years as a concession project.⁴⁰

An Iranian company acts as a contractor in building the Anzob and Shakhristan tunnels, which the country badly needs: it is expected that starting in 2007 they will ensure year-round transportation between Dushanbe and Northern Tajikistan.

During President Rakhmon's visit to Tehran early in May 2007, the sides agreed on concrete forms of cooperation in metallurgy. The Iranian partners will supply TALCO with aluminum in exchange for prebaked anodes. In the past, TALCO rarely used the Iranian ports (through which only up to 5 percent of its products and 1 percent of aluminum were moved), the closest outlet to the open seas. However, this is a shorter route: today most of products and raw material are transported across the Baltic and Black seas. TALCO is prepared to take out loans to invest in the reconstruction of the Iranian ports to adjust them to its own needs.⁴¹

³³ See: "Otkrylos dvizhenie po avtotrasse Murgab-Kulma-Karakorum," *Asia Plus*, 17 May, 2007, available at [www.asiaplus.tj].

³⁴ See: V. Dubovitskiy, op. cit.

³⁵ Ibidem.

³⁶ Ibidem.

³⁷ See: "Kliucheveye otrasli ekonomiki Respubliki Tadjikistan (obzor)," Internet Publication *Evrasiiskiy dom*, 10 July, 2006, available at [www.eurasianhome.org].

³⁸ See: M. Pervushin, "Persoiazychny soiuz," Internet publication *Strana.Ru*, 26 July, 2006, available at [www.strana.ru].

³⁹ See: F. Salimov, "Tadjikistan v regional'noy politike," *Mezhdunarodnye protsessy*, Vol. 4, No. 2 (11), May-August 2006.

⁴⁰ See: "Mnogoobeshchaiushchee nachalo dlia iranskikh investitsii," *Institut po osveshcheniu voyny i mira*, 17 January, 2007, available at [www.iwpr.org].

⁴¹ See: A. Makhmudov, "TALCO stuchitsia v klub ser'eznykh aliuminiyevykh igrokov," *Avesta*, 16 May, 2007, available at [www.avesta.tj].

Relations with the Karzai government are friendly; the two countries are actively developing bilateral relations in transport communication and deliveries of Tajik energy to Afghanistan. Today Tajikistan is responsible for at least 10 million kWh supplied to Afghanistan.⁴² Energy transit to Iran, Pakistan, and India is actively discussed, but it cannot be realized earlier than 2008 and 2009 when the first of the stations of the Vakhsh cascade is completed. Relations with Uzbekistan remain fairly complicated: the neighbor is actively exploiting its geographical advantages and its relative economic might to keep Dushanbe dependent on its policies.

The information about an Indian military airbase being stationed at Aini airport looks dubious. Early in February 2007, the Defense Ministry of Tajikistan refuted the press reports about this; however, it cannot be excluded that in the future India will open its airbase on Tajik territory.

It looks as if New Delhi and Dushanbe are still discussing the issue, but so far the latter sees no political and economic advantages (except lease payments) in this cooperation. This can be described as President Rakhmon's attempt to use the "multi-vector" nature of its policy to gain Russia's stronger support.

Uzbekistan's EurAsEC and CSTO membership has done nothing to improve the relations between the two capitals in the last two years. In 2006, citizens of both countries were accused of spying in favor of the other country. The so-called independent ecological NGOs of Uzbekistan became even more critical about the plans to increase TALCO's productive capacities. According to the Tajik side, Uzbekistan cut short energy and gas supplies to the republic late in 2006 and early in 2007, which interfered with aluminum production at TALCO and disrupted the performance of other industries.⁴³ Tashkent refused to lower its gas prices (early in 2007, they were increased two-fold to \$100 per 1 thousand cu m) as Dushanbe asked it to do.

President Rakhmon reciprocated with increased criticism of the Uzbek leaders, who fail to live up to the EurAsEC obligations: it has not yet lowered the transit tariffs for the Tajik products carried across Uzbek territory and insists on the previous visa regime. So far nothing has been done to improve transport communication between the two countries and remove the landmines on certain stretches of their common border.

President Rakhmon has repeatedly objected to Uzbekistan's special regime in EurAsEC,⁴⁴ which will perpetrate the visa regime for Tajik and Kyrgyz citizens (in the latter case the regime is slightly milder).

The republic's relations with Kazakhstan, another regional neighbor, are much better: there are no political disagreements probably because the two countries have no common border. In fact, the Tajik-Uzbek contradictions make Astana's political and economic support even more desirable.

There is another important factor: the Tajik leaders are guided by the Kazakhstani model of state development, which proved to be the most effective in post-Soviet Central Asia. Dushanbe is very interested in the regional integration move that Kazakhstan is diligently promoting.

Trade and investment relations between the two countries are rapidly developing—the prospects are even brighter. Kazakhstan's share in Tajikistan's imports is 14.2 percent; this ensures Kazakhstan second place (after Russia). Uzbekistan, a transit country, comes third.

Two large mining projects with Kazakhstan's involvement are currently underway in Tajikistan: the Charyn Altyn JV and Kazinvestmineral Joint-Stock Company. The former mines silver in Gorny Badakhshan, the latter, which in the summer of 2006 acquired the Adrasman metal-dressing lead

⁴² See: F. Salimov, *op. cit.*

⁴³ See: S. Shokhzoda, *op. cit.*

⁴⁴ See: A. Asrorov, "Chem nedovolen Tadzhiestan?" *Kazakhstan Today*, 19 July, 2006, available at [<http://www.gazeta.kz/art.asp?aid=78077>].

combine in Northern Tajikistan, mines lead and processes it into lead-silver concentrate.⁴⁵ It is planned, under the Kazakhstani Investment Fund programs, to build a 500-kV power transmission line between Khujand and Shymkent to move cheap Tajik energy to energy-deficient Southern Kazakhstan and three small hydropower stations on the Zaravshan River.⁴⁶ Tajikistan's domestic market is growing. So far it is still relatively narrow and far from perfect, but it has good prospects for the Kazakhstani banks.

The ATF Bank of Kazakhstan is still in the process of buying the controlling interest in the Tajik Sokhibkorbank. Since 2005 the Turan Alem Bank and Kazkommertsbank have been present in Dushanbe mainly as observers.

Early in June 2007, the latter of the two announced that it planned to open a subsidiary branch in Tajikistan.⁴⁷ The National Bank of Tajikistan has already received an application, which will be reviewed within two months.⁴⁸

C o n c l u s i o n

An analysis of the current situation in the RT suggests fairly optimistic conclusions. The socio-economic dynamics, taking into account all the negative factors, can be described as positive. Labor migration alleviates unemployment and related tension and creates a fairly large money flow. Foreign investments into the Vakhsh cascade, the transportation infrastructure, and successfully functioning TALCO allow the country to use its industrial potential to a much fuller extent than is the case in Kyrgyzstan.

The country has acquired a stable centralized political system headed by Emomali Rakhmon; however, even the president cannot ignore the interests of the fairly active IRPT-supported Muslim community. To fortify its position, the government should take into account the fragile regional and elite balance on the domestic scene.

On the foreign policy stage, the regime is using all the tools of its multi-vector diplomacy to attract Russia's attention to Dushanbe as its key Central Asian ally. The Tajik leaders are pursuing purely pragmatic aims when inviting the geopolitical actors to the republic's domestic economic projects (mainly in the hydropower and transport infrastructure).

On the whole, Tajikistan today is a fairly interesting phenomenon, an example of a pragmatic domestic and balanced foreign policy course that should receive more attention.

⁴⁵ See: V. Dubovitskiy, "Kazakhstan v Tsentral'noy Azii: Priznanie regional'nogo liderstva," *Ferghana.Ru*, 10 April, 2007, available at [www.Ferghana.ru].

⁴⁶ See: "Investfond Kazakhstana nameren postroit LEP Khujand-Shimkent. Kazakhstanskije predprinimateli gotovy vlozhit sredstva v energetiku Tadjhikistana," *Avesta*, 9 October, 2006, available at [www.avesta.tj].

⁴⁷ See: "Kazkommertsbank nameren sozdat 'dochku' v Tadjhikistane," Interfax-Kazakhstan, 1 June, 2007, available at [www.interfax.kz].

⁴⁸ See: Z. Ergasheva, "Kazkommertsbank khochet sozdat v Tadjhikistane svoju 'dochku'," *Asia Plus*, 4 June, 2007, available at [www.asiaplus.tj].