

## Part I – TAJIKISTAN - Economics

By the Resolution of the Tajik Government (of 1 March 2004 № 86) the program of economic development of the Republic of Tajikistan was adopted for a period up to the year 2015. There is a plan to lead the country out of the crisis situation.

The formation of socio-political and socio-economic life for the Republic of Tajikistan was very difficult. Not only the civil war but the collapse of such powerful and centralized state as the Soviet Union negatively influenced the republic's economy.

In the meantime, during the 10 years from 1991 to 2000, the industry decreased by 2,6 times and rural economy increased with 28,6%. The mainly agrarian employment structure diminishes labor productivity on a national scale, and deepens agrarian overemployment, leads to the industrial backwardness of the country and low life level among population.

After the signature of the common agreement on peace and national consent in 1997 the Government of the Republic of Tajikistan focused its attention on economic restoration and on conducting reforms in different spheres of socio-political and economic life. The legislative and legal base for the formation of market relations is appearing, the reforms of economy management system are conducted.

Economic reforms are directed to the stable development in all spheres of economy in combination with market and administrative regulators.

At the heart of economic policy, there is the principle of state system strengthening with development of economy independence among commodity producers.

The reforms in the sphere of economy are carried out on the basis of many legislative acts. The Constitution of the Republic of Tajikistan adopted in 1994 was the legislative foundation for institutional reorganizations that fixed different forms of property, legal protection of private property and free entrepreneurs' activity.

Due to the transition to market relations there is a development in the sphere of bank and finance systems, in budget and tax policy, and economic reforms are carried out in the sphere of industry, agriculture and service industry.

The agrarian reform started in 1991 on basis of the laws on "farmers' households", "land reform", "land payment", "privatization of state organizations and reorganization of households". But in 1993 it was stopped because of the unstable situation in the country. In 1995 the program on economic reforms was adopted. Its basis were the problems of privatization and reorganizations of households and since this moment the reform process in agriculture renewed, though it was carried out on the background of deep crisis, global decrease and lack of private land property solution.

The agrarian reform is carried out in accordance with article 13 of the Constitution of the Republic that land and its deposits, water and other nature resources are considered to be state property and the government guarantees its rational use in the interests of the nation. At the same time, it provides free economic property protection of all kinds including private property.

On the basis of existing collective farms and state farms there appeared farmers associations, joint-stock companies, rented farms, collective enterprises, dehkan farms, and other forms of management that should correspond to market economy conditions.

The aim of structural reorganization contains the following: liquidation of state farms, reorganizing them to collective farms, strengthening of collective farms and organization of small private farms, guaranteeing access to land, rendering the land for long-term period and using inherited lands, supporting newly created farm groups on a voluntary basis and private farms owners.

It should be marked that the rates of production growth in the non-governmental sector is much higher and the production part in the social sector is falling down every year. As a whole, in spite of all the efforts on agricultural industry stabilization, the average annual industry level per employer does not reach the level of 1991 and in 2000 it was 50% of the level of 1991.

This shows that reforms in the agricultural sector are not fully used and the main reason is the imperfection of the management system and maladjusted managers' work to market economy conditions.

The other reason is that the dehkans themselves do not participate in monetary finance relations and more over they are not fully getting the money they earned. They are also removed from familiarization process with market mechanisms, regulations, terms and mechanisms of their product realization, learning of market economy, gaining work skills in market conditions.

During the period of state sovereignty in the Republic of Tajikistan, monetary reforms were held two times. In 1995 there was a necessity to bring national currency in, as the Russian monetary unit spread over the country brought many problems: it was impossible to convert pay-sheets to CIS countries, the gap between cash and cashless currency also took place and many other problems. But the main reason of bringing in national currency was the formation and functioning credit-monetary policy of the Republic of Tajikistan. The second monetary reform was held in October 2000.

During the years of reforms there was a great shift in national economy sphere evoked by the irregular rates of industry and investment reduction in separate sectors. First of all, part of the industry sphere reduced with the proper growth of service industry role.

A negative tendency is gaining strength in the structure of the industrial production. The main tendency is the change in correlation between extractive and processing

branches in favor of the first. The more important thing is the growth of the fuel and energy complex. Other negative tendencies are the considerable reduction of engineering industry, wide circle of branches producing consumer goods, forestry and woodworking industry, building materials industry and chemical industry.

The Presidential Decree of the Republic of Tajikistan of 8 April 1996 № 459 had great influence on small business development: "About state support of small business in the Republic of Tajikistan". State support of small business is considered to be one of the main trends in the sphere of economic reforms that promotes competition development, filling the market with commodities and services, creation of new working places, wide layer formation of owners and businessmen.

For the execution of the Presidential Decree of the Republic of Tajikistan of 20 February 1998 "about State support of small business in the Republic of Tajikistan" and to accelerate the process of small business development in the republic, the Tajik Government issued the Resolution "about State support of strengthening measures of small business in the republic of Tajikistan". The economic development program foresees real support and development of small business in the republic by the year 2015.

In 2000 there were 1342 small enterprises in Tajikistan where 14,8 thousands people were employed. 38,5 % of all enterprise work in the sphere of trade and purchasing. 12,6 thousands farms (dehkan farms) appeared in the country, 62,2 thousands people are engaged in labor activity. But the part of small business product in GDP is not considerable – 2, 3%

The transition to new economic relations may not be effective without foreign investments. The Republic of Tajikistan was not experienced in market economy and had not enough means for economic restructuring. Output production on existing industry equipment face big difficulties because of lack of modern techniques and technology, sudden price changes to purchased raw materials, half-stuff products, and component goods. As a result, production output on existing equipment is not competitive and brings losses instead of profit. In these conditions it is very important that foreign investors, participating in the process of economic recovery in the Republic of Tajikistan, aim at the renovation of technological processes in existing enterprises through new techniques and technological bases directed at high quality production and the creation of new working places.

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