



CORE TOPIC:

**THE 15-TH SESSION OF THE CONSULTATIVE COUNCIL ON
IMPROVEMENT OF THE INVESTMENT CLIMATE
UNDER THE PRESIDENT OF THE REPUBLIC OF TAJIKISTAN**



August 05, 2015 – The 15-th Session of the Consultative Council on Improvement of Investment Climate under the President of the Republic of Tajikistan was held under the chairmanship of the Prime Minister of the Republic of Tajikistan, esteemed Qohir Rasulzoda.

According to the first issue of the Session’s agenda, Mr. Qodiri Qosim, the Council’s Executive Secretary and Chairman of the State Committee on Investment and State Property Management of the Republic of Tajikistan (SCISPM) has reported on the results of implementation of earlier decisions of the Consultative Council’s decisions. In particular, it has been noted that the decisions of the fourteenth session of the Investment Council focused on development of secondary market for securities and stock exchange in Tajikistan, more attraction of investments to the economy of Khatlon Province, strengthening the Public-Private Dialogue at a regional level, simplification of procedures of allocating land plots for construction of industrial enterprises.

In addition, the previous sessions addressed the improvement of investment climate in agriculture and agribusiness, introduction of the “Single Window” to streamline construction permits and improvement of the Tajikistan’s standing in World Bank’s “Doing Business” index.



In particular, a draft Action Plan of the Government of the Republic of Tajikistan to improve investment climate in the insurance sector has been approved and in line with continuing the reform draft Law of the Republic of Tajikistan “On Insurance Activity” in a new edition has been developed and submitted for consideration to the Government of the country.

The Secretariat of the Consultative Council together with SCISPM and Ministry of Industry and New Technologies completed an analysis of industry sectors and proposed a state Action Plan to support the Sectors of Industry, Supporting Domestic Producers and Development of National Production.

The work of the Working Group on Improvement of Investment Climate in Agricultural Sector and Agribusiness Development is continuing and the submission of the conclusions and recommendations will be submitted to the next Session of the Council.



To support the development of the securities market and stock exchange, JSC “Stock Exchange Osiyoi Markazi” has been established in cooperation with relevant ministries and agencies. The stock exchange has started its operations.

To increase national export capacity and support domestic exporters, a National Servicing Bureau has been established at the Chamber of Commerce and Industry of Tajikistan to clarify technical requirements of trade and phytosanitary standards. It aims to assist in obtaining the information on technical regulations, standards, and procedures of complying with the sanitary and phytosanitary requirements in foreign markets.

Farkhod Akbarov, the Head of Association of Microfinance Organizations of Tajikistan (AMFOT) outlined the role of the private sector in the implementation of the decisions of the Consultative Council, particularly in



contributing to the sustainability of financial sector AMFOT developed an anti-crisis plan and submitted for consideration to the National Bank, credit organizations, and international organization.

The activities of the SCISPM's Working Group on Private Sector Development, which brings together ministries and agencies, development partners and the country's business structures, allows for discussion of painful problems of the private sector and sharing of opinions and should contribute to the sustainable development of entrepreneurship in the country.

Akbarov suggested that the country needs to form a network of private pension funds, as well as programs of long-term life and health insurance program to accumulate resource and allow subsequent investments in capital markets.



On the second issue of the Session, Mr. Shavkat Bobozoda, the Minister of Industry and New Technologies of the Republic of Tajikistan, presented the results of the Working Group on Improvement of Investment Climate in the Sectors of Industry, Supporting Domestic

Producers and Development of National Production.

The Working Group produced a list of comprehensive recommendations and also submitted to the Council a draft Government Action Plan on supporting national producers.

As the Minister of Industry and New Technologies of the Republic of Tajikistan noted the year-over-year increase of investment in industry, as the result of the guidance of the President of the country and implementation of Government measures to improve laws and decisions and other legal acts, to



create a favorable condition for the development of industrial activity in the free economic zones and stable output of national enterprises.

At the same time, he noted the need to amend the laws and regulation requiring the establishment of the mandatory internal funds in all enterprises regardless of their form of ownership, which would allow expansion of production. In addition, he noted the importance of establishing sectoral funds to attract investment and removal of permit procedures for import of technological equipment.

Yang Zhi Cai, General Director of LLC Tajik-China mining enterprise "Zarnisor", expressed his gratitude to the President of the state His Excellency, Emomali Rahmon, for supporting the company's activity, and underlined the most important policy of the state leadership is the issues of public private dialogue, which helps in resolving business challenges and inspire foreign investors to do business in various sectors of the economy.

Mr. Cai noted as part of the Concept of "Industrial Zone of Tajikistan and China" at the end of 2015 year, the company will start building a processing steel parts plant, and in 2016 plans to construct an explosive material plant. In 2017, Zarnisor expects to launch the first phase of construction of a metallurgical plant and in 2018 plans to commission of vehicle battery, building materials and high-quality cement plants.



Abdullo Muhamadiev, Deputy Head of the Association of Tajikistan Textile Enterprise, and Head of LLC "Nafisa", noted that the Consultative Council has become a platform of public-private dialogue with the participation of development partners and the possibility of free high-level discussion of the



issues of business development, through its proposals and suggestions of the private sector in the economic governance of the country, particularly during the development of legal acts and regulatory standards, and ensure their timely implementation.

At the same time, Mr. Muhammadiev spoke on the need to address the challenges and barriers existing in the sector, including the illegal import of finished clothe items (weaved, sewn, knitted products) without quality and phytosanitary certifications, or of the indication of product origins. Illegally imported products that pay no taxes or customs duties, create an unhealthy competition in the domestic market, he added.

In addition, he proposed to the reduction of VAT from 18% to 15%, and release from VAT children's products produced by domestic enterprises for 5 years.

Abdurahmon Ghaybullozoda, the founder of the AMIRI company, expressed his gratitude for the continuous support of the President of the country for supporting entrepreneurs and private sector noted that announcement of October 14 as a Entrepreneurs Day undoubtedly reflecting the attention of the Head of state to the needs of the private sector.

One of the main objectives of confectionery AMIRI is the production of high quality domestic products, competitiveness and import of the product and constantly expanding its activities. It was noted that due to this the full exploitation of the new enterprise has been planned on the eve of holiday Navruz 2017.

Also, it was noted, that the increase in customs duty for imports of raw materials, like sugar or palm oil, from 5% to 15%, while tariffs on imported finished products remain low, is the main problem of the confectionery industry. He suggested that the importation of raw materials should be made free from all types of payments, and taxes should instead be levied on the finished products produced in the country.



In concern with the third issue of Session Mr. Qodiri Qosim, the Chairman of the State Committee on Investment and State Property Management of the Republic of Tajikistan delivered a speech and submitted for consideration draft Law of the Republic of Tajikistan “On investment” in a new edition. It was noted that draft law has been developed with the purpose of implementation of instruction and recommendation of the President of the country during the meeting with entrepreneurs and investors on October 14, 2014 and simultaneously for more improvement of investment climate and making the current legislation comply with contemporary requirements.

In the project the new definition and provisions, including investment disputes, forms of realization of foreign investments, the principle of "Single Window" for investors, investor guarantees equality, non-intervention of the state authorities in investment activity, additional guarantees and protection of investors, to attract foreign specialists for implementation projects and other issues is provided.

Also, the draft law envisaged the introduction of the "Single Window" system to simplify the administrative processes that investors have to undergo while investing in the country. The “Single Window” would offer investors help in dealing with state and local authorities through technical and information support and by ensuring timely response to their requests.

In addition, the draft Investment Law provides guarantees to investors such as a 10-year stabilization of contract terms to shield investors from unfavorable regulatory or legal changes. The draft law also simplifies visa procedures, work permits and registration requirements of foreign investors and employees.

Qodiri Qosim, the Executive Secretary of the Council approved the agenda of the next Consultative Council Session to be investment in the energy sector and ensuring reliable energy supply for manufacturers. The Council adopted the proposed agenda for the next session.

The Council proposed to form a working group under the Ministry of Energy and Water Resources, to analyze the issues of energy access and attraction of



investment into the energy sector and submit recommendations for future Sessions.

At the completion of the Session, the Prime Minister of the Republic of Tajikistan has delivered final speech and gave relevant instructions to the responsible ministries and agencies on considered issues at the Session.

The Minutes and decisions of the 15th Session of the Consultative Council will be sent in addition.

Sincerely Yours,

*Staff of Secretariat of the Consultative Council on
Improvement of Investment Climate under the
President of the Republic of Tajikistan*