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### **Dear Participants of the Seminar!**

Let me, first of all, to welcome organizers and participants of the given seminar with all my heart on behalf of delegation of the Republic of Tajikistan.

Arrangement of such meetings and seminars is useful and plays an important role in the development of bilateral and multilateral cooperation.

Tajikistan is predominantly an agrarian country, therefore, namely the agricultural sector was placed in the center of the most sensitive problems challenging the accelerated implementation of its available capacity.

Development of the Tajik economy and the effective solution of social problems rely heavily on problem-solving in the area of heavy use of land and water resources.

Scarcity of gross acreage accounts for rather intricate landform and geographical environment. Total land area makes 14 million 300 thousand hectares. Mountains occupy almost 93 percent of the territory of Tajikistan. Farmland makes 32,1% of the territory of the country, while the remaining part of land is inarable agriculturally and unusable for residential areas.

According to the land inventory as on January 1, 2008 the area of 851 thousand hectares belong to highly farming lands. Total irrigated arable lands make 713,7 thousand hectares.

Annually Tajikistan faces serious problems arising because of delayed water transport to land areas due to lack of electric power, malfunctions of hydraulic engineering constructions and bucket pumping works. Over 40% of the irrigated lands are used on the pumping irrigation basis. The irrigated water is pumped up to of 250-300 meters high which is associated with increase in energy consumption. Further expansion of the land acreage under irrigated areas depends on the electric power production growth rates. At sufficient power generation it will be possible to bring the irrigated arable lands up to 1,6 million hectares due to irrigation of vast land areas in plain, foothill and mountainous territories.

In the Republic of Tajikistan agriculture is considered to be one of leading and priority sectors of the national economy that plays a significant role in provision of food safety of the country and poverty reduction.

Agricultural development is closely monitored by the Government of the Republic which pay offs correspondingly. Year after year the increase in agricultural produce output has been observed.

With the purpose of ensuring the sustainable indicators in the sector over last years there have been adopted a number of normative and legal acts regulating activity of this sector.

In particular, among there are the Land Code of the Republic of Tajikistan, the Water Code of the Republic of Tajikistan, Laws of the Republic of Tajikistan «On Dekhan Farms», «On Plant Quarantine, « On seed farming», «On Land Management», «On a Personal Subsidiary Plot», «On Bee-keeping», «On Veterinary Service», «On Land Valuation», «On Livestock Breeding», «On the Association of Water-Users», «On Fish Breeding», «On State Support to Agro-Industrial Complex Industries of the Republic of Tajikistan», and a number of Resolutions of the Government which promote laying down of the legal framework for the sector development.

The policy of the Government of the Republic of Tajikistan in agricultural branch is implemented through attraction of foreign investors and allocation of money resources for the sector development.

Today the Republic of Tajikistan has established and maintained relations and cooperation in many branches of agriculture with the CIS, SCO, EurAzEC, and ECO member-states and will continue to develop them.

The Ministry of Agriculture of the Republic of Tajikistan which was assigned the task of the public policy development and realization in agriculture has concluded Agreements, Memorandums and Protocols with many countries on development of certain branches of agriculture. At present there are 8 ongoing investment projects in the agricultural sector of the country. Cooperation has been established with many international organizations, such as the Food and Agricultural Organization of the United Nations, SIDA, UNDP, European Commission, World Bank, Asian Development Bank on problem solution in agriculture, in particular, mitigation of the past winter difficult conditions consequences, measures to prevent spread of agricultural pests, especially that of locust and so on.

With the purpose of establishing of mutually beneficial cooperation in various branches of agriculture the Ministry of Agriculture of the Republic of Tajikistan has signed into Agreements and with the counterpart ministries of the Republic of Kazakhstan, Kyrgyzstan and Turkmenistan which are being implemented.

At the III Tajik and Chinese Intergovernmental Commission session with participation of experts from the Chinese People's Republic the issues were considered and discussed in relation to further cooperation on modern cotton production technology introduction in rayons of Sugd oblast and Dangarin rayon of the Hatlon oblast. Also, the issues of setting up of joint ventures for agricultural produce processing and veterinary supplies production, pharmacutists' professional training, and processing equipment delivery for veterinary supplies production have been considered and discussed.

As of March 1, 2008 65 million 557 thousand US dollars have been disbursed to the project implementation centers, or 42,6 percent of funds stipulated for investment projects implementation in the agricultural sector.

Over past year 15 investment projects have been developed for various branches of agriculture which were submitted to the Ministry of Economic Development and Trade of the Republic of Tajikistan and the State Committee for Investments and State Property Management of the Republic of Tajikistan to be financed by donor agencies.

In 2004 6 million 282 thousand Somoni were allocated from the national budget with the to render the state support to agriculture, and in 2008 38 million 996 thousand Somoni are earmarked for allocation to agriculture, thus exceeding by 6,2 times in comparison with 2004.

Today Tajikistan has a good scientific base for agriculture. Research-and-development institutes of the Academy of Sciences, Academy of Agricultural Sciences, research centers and the Agrarian University alone employ over one thousand highly qualified research officers, academicians, corresponding members, doctors and candidates of science who carry out research scientific work on selection and seed-growing of agricultural crops, breeding, effective use of land and water resources, improvement of land reclamation work and soil fertility, preservation and processing of agricultural produce.

Carrying out of comprehensive and well-directed efforts allowed to reach the gross output of of agricultural produce in 2007 by all categories of farms up to 4 billion 613 million Somoni (in real prices). These indicators increased in comparison with 2006 by 6,5%, including: crop production by 6,1% and animal produce by 7,6%.

Crop production by all categories of farms of the republic made 925,5 thousand tons of grain, 420 thousand tons of raw cotton, 660 thousand tons of potatoes, 828 thousand tons of vegetables, 254 thousand tons of watermelons, 157 thousand tons of fruit and 117 thousand tons of grapes. The crop production growth rate as compared to 2006 made the range from 102 percent up to 116 percent except for raw cotton and fruit.

### **Planting of gardens and vineyards**

Particular emphasis is put in the republic on further development of gardening and viticulture, and the special Governmental Program was adopted to that end.

In 2007 in all categories of farms new gardens were planted on the area of 3180 hectares that exceeds by 2,1 times the target indicator stipulated in the Program on restoration and further development of gardening and viticulture in the Republic of Tajikistan for 2005-2010. The breakdown of the total area of gardens is as follows: seed fruit plantings -1180 ha, large fruits - 1686 ha, nut trees - 148 ha, and subtropical trees - 165 ha. From the total garden acreage 333 hectares were planted on the dry farmland (boghara). 1044 hectares of new vineyards were planted, from them 184 hectares were planted on the dry farmland (boghara).

### **Livestock sector**

As of January 1, 2008 the number of cattle in all categories of farms made 1865 thousand heads that is by 5,8 percent more than the number over the corresponding period of the last year. Over this period the stock of sheeps and goats has increased by 4 percent, and the population of poultry - by 5,4 percent.

In 2007 the meat production output in all categories of farms made 119 thousand tons that is by 6,3 percent more than that over the similar period of the last year.

The total dairy products output made 584 thousand tons that is by 7,1 percent more than that in 2006. 92,7 percent from total volume of dairy products was the share of farms of of the population. In agricultural enterprises and dehkan farms the average yield of milk made 1387 kg, which is less by 105 kg as compared with the 2006 average yield.

The eggs production output makes 111,2 million pieces which is by 6,2 percent more than the 2006 output. As a whole it was received 118 pieces per each laying hen countrywide, the indicator being less in comparison with 2006.

### **Export**

In 2007 the export of agricultural produce from the Republic of Tajikistan made 195 million 331 thousand US dollars. The export of agricultural produce growth rate made 16% as compared with 2006.

The share of the exported agricultural products in the total volume is as follows: ginned cotton - 70,5%, raw leather - 1,3%, tobacco products - 0,2%, mineral fertilizers - 2%, silkworm cocoons - 0,5%, fruit-and-vegetable production - 30%, fruit-and-vegetable tinned products - 2,7%.

According to the Customs committee data, export to China in 2007 made 8 million 328 thousand US dollars, and import made 275 million 289 thousand US dollars.

Exports to Mongolia made 93 million 493 thousand US dollars, without return imports.

Exports to Kazakhstan made 24 million US dollars, and imports reached 332 million 779 thousand US dollars.

Exports to Kyrghyzstan made 3 million 315 thousand US dollars, and imports made 63 million 643 thousand US dollars.

Exports to Uzbekistan made 37 million 493 thousand US dollars, and imports made 182 million 929 thousand US dollars.

In the long-term prospects the Government of the Republic will pursue the course towards achievement of food independence. The program stipulates sufficiently high development growth rates of agriculture to provide full satisfaction of needs of the population of the country for food stuffs, of the industries - in raw materials along with strengthening of the national export capacity.

In light of the aforesaid the agrarian policy of the Government of the Republic of Tajikistan is aimed at:

- Ensuring of sustainable and high agricultural production growth rates based on use of high technologies;

- Creating of conditions for provision of food independence of the republic, cotton-growing priority development, fruit-and-vegetable complex and poultry farming;
- Developing of effective functioning mechanisms of the agro-industrial production based on market principles;
- Outstripping development of export-oriented branches of agriculture;
- Deepening of processing level and quality improvement of agricultural raw materials;
- Raising the level of agricultural crops yield and productivity of animals by breeding and seed-growing development, and introduction of new technologies;
- Assisting in development of the market of material resources, radical modernization of agricultural facilities and equipment, developing of modern industrial-engineering capacity in agriculture and other branches of agrarian and industrial complex;
- Strengthening of the role of agrarian science and technological progress in raising of efficiency of agroindustrial production, and introduction of the "green revolution» practices;
- Carrying out of the support policy towards domestic commodity producers on the threshold of Tajikistan's accession to the WTO;
- Major changes of social policy in rural areas focused on increase of incomes of the rural population, poverty reduction by increase in employment, infrastructure development and alternative kinds of activity, construction in rural areas of small shops and enterprises of processing industries.

In compliance with Article 12 of the Law of the Republic of Tajikistan «On the state regulation of foreign trade activity» commodities imported in the Republic of Tajikistan should meet technical, pharmacological, sanitary, veterinary, phytosanitary and ecological standards and requirements established in the Republic of Tajikistan.

The policy of the Government of the Republic in the area of development and support of sanitary norms is protection of life or health of human beings, animals and plants rather than creation of technical barriers to foreign products or protection of domestic producers.

In line with the Law of the Republic of Tajikistan "On the state sanitary inspection" as of July 20, 1994 the Ministry of Health carries out hygienic certification and examination of some imported consumer goods (food stuffs, medical supplies, raw materials, chemicals and mineral substances). The above mentioned commodities should meet medical and biological requirements. In case of inconsistency with the specified norms import and use of the goods shall be forbidden to the Republic of Tajikistan.

The veterinary activity in the Republic of Tajikistan is carried out on the basis of the International Veterinary Code (Paris, 2000). The Republic since 1993 is a member of the International Epizootic Bureau (OIE) and CIS Intergovernmental Veterinary Council. Organization and realization of veterinary control is carried out according to the Law of the Republic of Tajikistan "On Veterinary Service " and other acts issued on its basis.

The State Veterinary Service under the Ministry of Agriculture of the Republic of Tajikistan is responsible for management of the network of veterinary services. The veterinary service management at the border and transport is carried out by its divisions.

The State Veterinary Service conducts the assessment of the epizootic situation in the republic, exercises control over protection of the territory of the Republic from entry of infectious diseases of animals from abroad by taking of corresponding control measures over preparation, transportation, export and import of animals, products and raw materials of animal origin, forage, biological preparations and other products used in animal industries. The specified service set requirements to legal entities and natural persons of the Republic of Tajikistan, other states, to take

measures stipulating for prevention of spread and eradication of infectious diseases, and providing of the information necessary for assessing risks for the epizootic situation among animals.

No restrictions are imposed on import of meat and meat products.

There functions the State Plant Quarantine Inspection Service under the Ministry of Agriculture of the Republic of Tajikistan which exercises control over import and export of plants, along with overall state quarantine control over plants. The State Inspection organizes the work at determining plant quarantine requirements to application of various state, public and special measures in relation to protection of plants and prevention of spread of their diseases.

Criminal liability is stipulated for violation of veterinary rules and requirements established to prevent plant diseases and pests (Article 225 of the Criminal Code) as fine payment in the amount ranging from 500 till 1000 minimal wages or custodial restraint for the term of up to three years.

There are requirements set to submission of licenses and phytosanitary certificates at export and import of animals, goods of animal origin and plant (phytogenous) products. Licenses are issued in accordance with the existing Licensing Regulations. In the republic the requirements are set to merchandise export and import to comply with provisions of the International Veterinary Code (veterinary certificates), laws of the Republic of Tajikistan «On Veterinary Service», «Veterinary Charter of the Republic of Tajikistan», «On Plant Quarantine » and so on.

The world practice knows numerous examples of huge losses and serious damages incurred to agriculture as a result of diseases of animals, entry and spread of harm-causing organisms.

Protection of the territory of the Republic of Tajikistan from prevalence of diseases of animals, entry and spread of specially dangerous pests, plant pathogenic organisms and persistent weeds comes out as the key task of veterinary services and the State Plant Quarantine Inspection Service.

Sanitary measures relating to import of goods of animal origin are applied in the republic in compliance with the International Veterinary Code requirements.

The country environment is favorable for export and import of animals, goods of animal origin and and plant (phytogenous) products at observance of international norms, codes and laws of the Republic of Tajikistan.

The agricultural produce sale volumes depend, first of all, on its quality.

The following agricultural products are considered to be up to world standards in quality in the republic: ginned cotton, fresh and dried apricots, fresh and dried grapes, lemons, pomegranates, astrakhan fur, particularly of grey coloration, sheeps of the Gissar and Karakul breeds.

Logistical costs in Tajikistan are the highest in the world. Such cost burden is due to the geographical position (overland trade routes, land-locked location) and high administrative barriers, particularly, between the Central Asian republics. Based on the ADB data, cost of transportation in Tajikistan makes 14% from the export volume and 10% - from imports. It is the highest indicator in the Central Asian region. Other import and export logistical related costs are estimated within the range of 5-10% from the total trade turnover.

A number of serious researches which were conducted in this area, have revealed in Tajikistan an urgent necessity to take measures on advancement of trade-related reforms. However, measures recommended by international organizations, lack prompt implementation in practice as it is a rather complicated exercise to translate the strategy into practical actions in administrative bodies where regulatory procedures would proceed slowly and constrain the private sector development.

The disadvantageous geographical location turns up to be the most negative factors in economy. Major transit routes for the Tadjik trade pass through the territory of Uzbekistan. Access of Tajikistan to the favorable market in the future in the south of the region will depend not only on positive changes in Afghanistan, but also on the course of developments in such countries as Pakistan and Iran.

It is clear that opinions of trading partners about “friendliness” of the logistical infrastructure in various countries may be evaluated from different points of view. In fact in trade and transport operations there are numerous participants both from private and public sectors. Besides, banks, insurance agencies and various companies providing logistical services are involved in the process. In addition, the participants involved in trade would estimate quite often practical actions on the basis of individual cases.

Logistical services delivery in Tajikistan is rather limited that might be explained by low demand for such services. The companies rendering the logistical support are usually small entities characterized by the narrow area of specialization.

The logistical services sector is poorly organized. For example, there is no association of international carriers of cargoes in the country. In many countries such associations would play an important role in promotion of trade and facilitation of transportation issues. Besides, it undertakes the “counterpart” (partner) function in the dialogue on development projects implementation, representing the "user" side.

In Tajikistan the following key logistical services are lacking:

- Consolidated or "palletized" transportation - transportation of cargo in volume less than full container load / less than truckload (LCL/LTL).
- Services of customs brokers.
- Warehouses for regional logistics.

With the purpose of the effective logistical solutions development and promotion of the favorable business environment Tajikistan needs an active association of international carriers. In order to establish international cooperation such an association should join the International Federation of Freight Forwarders Associations (FIATA) which is the leading organization uniting international carriers of cargoes from various countries. One of the main functions of the Federation is to arrange the standard quality training for carriers. The FIATA certified training is a service which, as a rule, is rendered by member-organizations located in the country. Very often the training is delivered on the basis of educational institutions, for example, institutes of higher education. One might become a trainer after passing of special examination and obtaining of the FIATA diploma which is recognized at the international level and is certified by the Federation (FIATA).

In the Central Asia transport logistics costs vary from 8% - in Azerbaijan up to 14% - in Tajikistan from export volume; and distribution of these costs in import vary from 7% - in Azerbaijan up to 10% - in Kyrgyzstan and Tajikistan. Total transportation costs make 17-21% from total amount of export and import. At the data comparing it was found out that in 2001 transport logistics costs in Asia as a whole made 8.4% from import volume and 6.1% from import volume worldwide<sup>1</sup>.

Transit problems are characteristic for the Central Asia due to its disadvantageous geographical location. In this situation the International Road Transport (TIR) is the most popular transit means, despite of increase in transportation costs up to 150 US dollars per cargo transport. However, in comparison with the Central European countries, after their joining the TIR Convention in 1996, the Tajik carriers apply very rarely to the International Road Transport.

Companies engaged in the transportation of cargoes, complain of difficulties which they face, particularly, in territory of Kazakhstan and Uzbekistan. In Europe drivers face problems at obtaining of the Schengen visa. If it was not for visa issue, the trucking route - European Union, Russia and Central Asia - would be possible to head through the third countries that would cut down the export-related expenses to Europe up to 2000 US dollars.

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<sup>1</sup> ADB, 2006, 31

As to estimates, in Tajikistan transportation costs make 14% from volume of export and 10% - from imports. It is the highest indicator throughout the entire Central Asian region.

In Central Asia other logistics costs relating to export/import, make 7-10% from volume of export and 5-8% - from imports.

Based on the above figures, the overall transport logistics costs in trade of Tajikistan may be estimated at the level of 21-24% from volume of export and 15-18% - from volume of import.

These indicators are very high in comparison with international figures. For example, transportation costs for volume of import are estimated at 8,4% - in Asia, and only 6,1% from total amount of import - in the world<sup>2</sup>.

Thanks for attention.

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<sup>2</sup> 14 % from the import volume and 10 % the export volume