




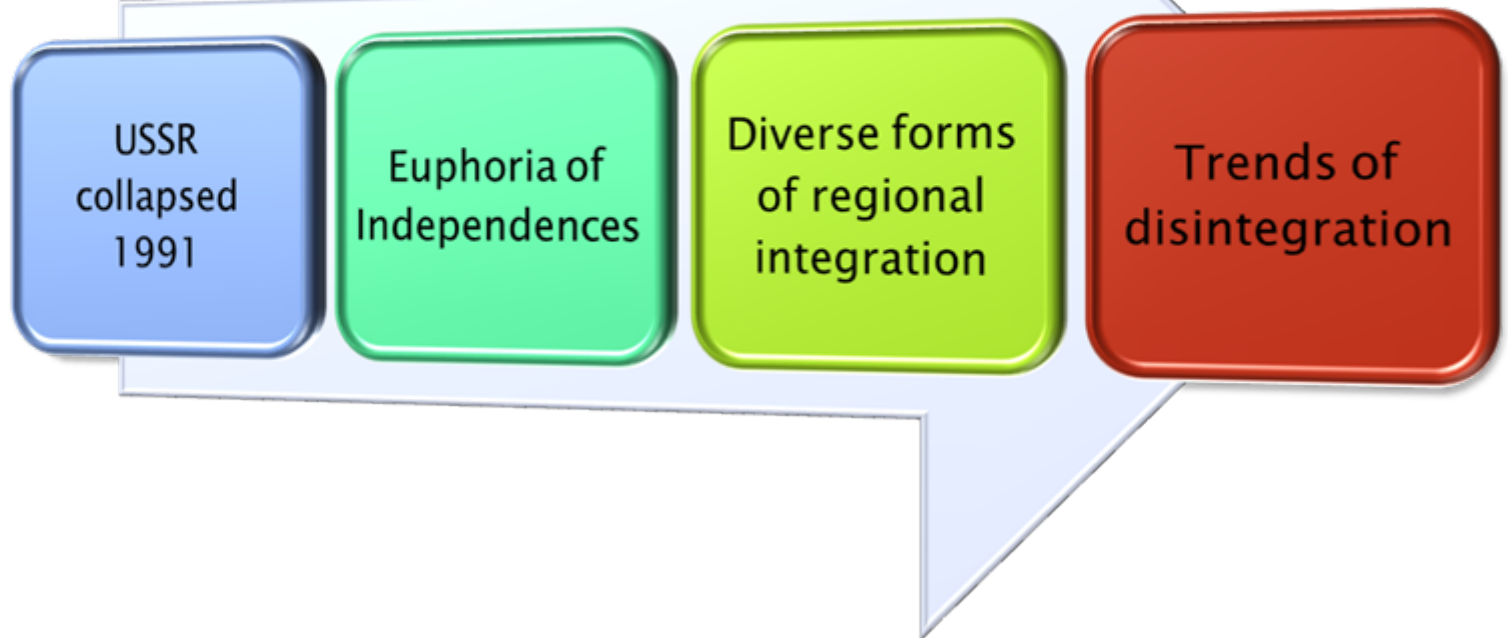
Influence of the regional cooperation on the macroeconomic efficiency: case of Tajikistan

by Institute of Economic Researches
Tajikistan

Outline

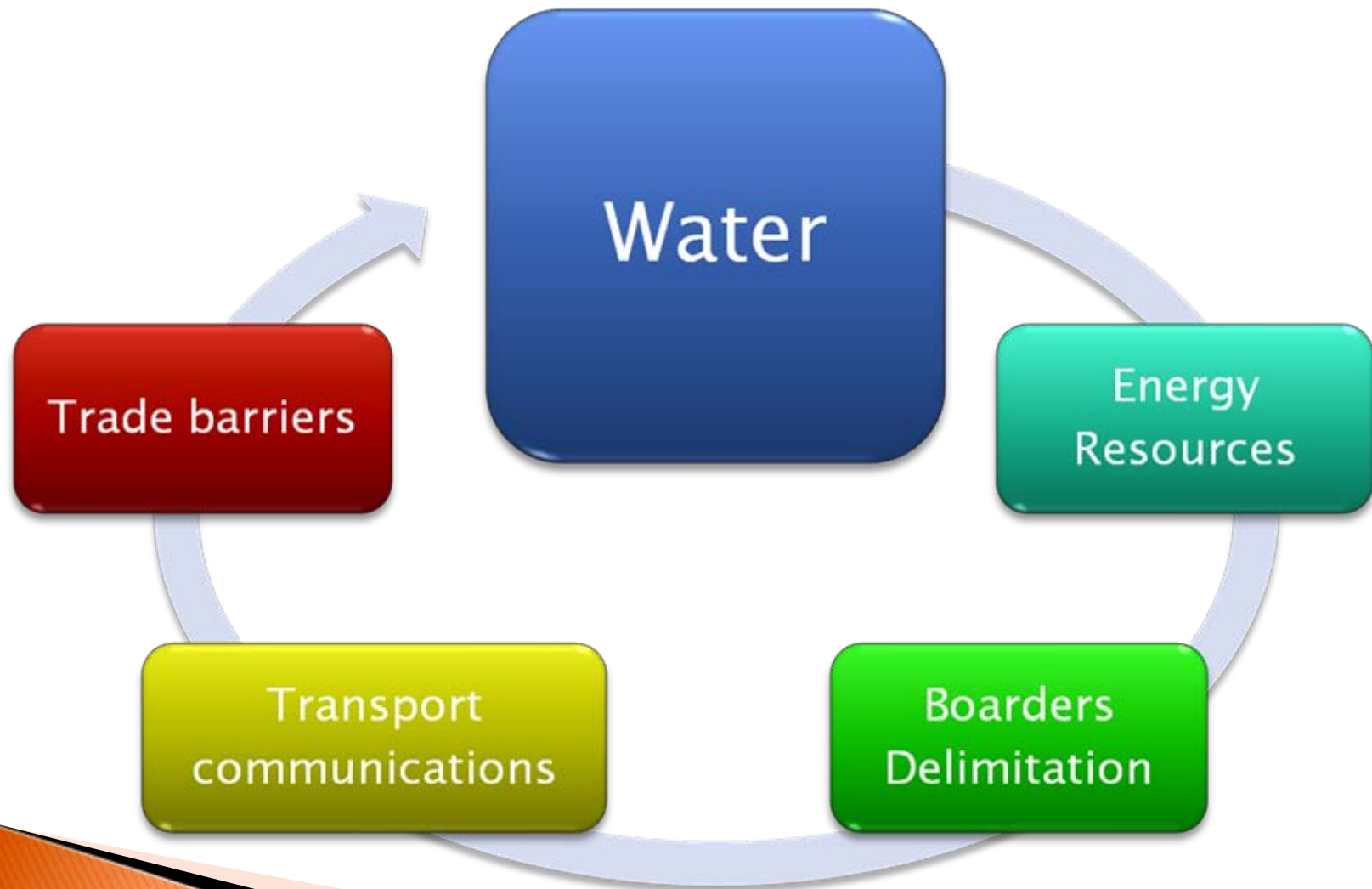
- ▶ Background to the policy problem
 - ▶ Project goals and data sources
 - ▶ Deliverables
- 

Integration trends in the region

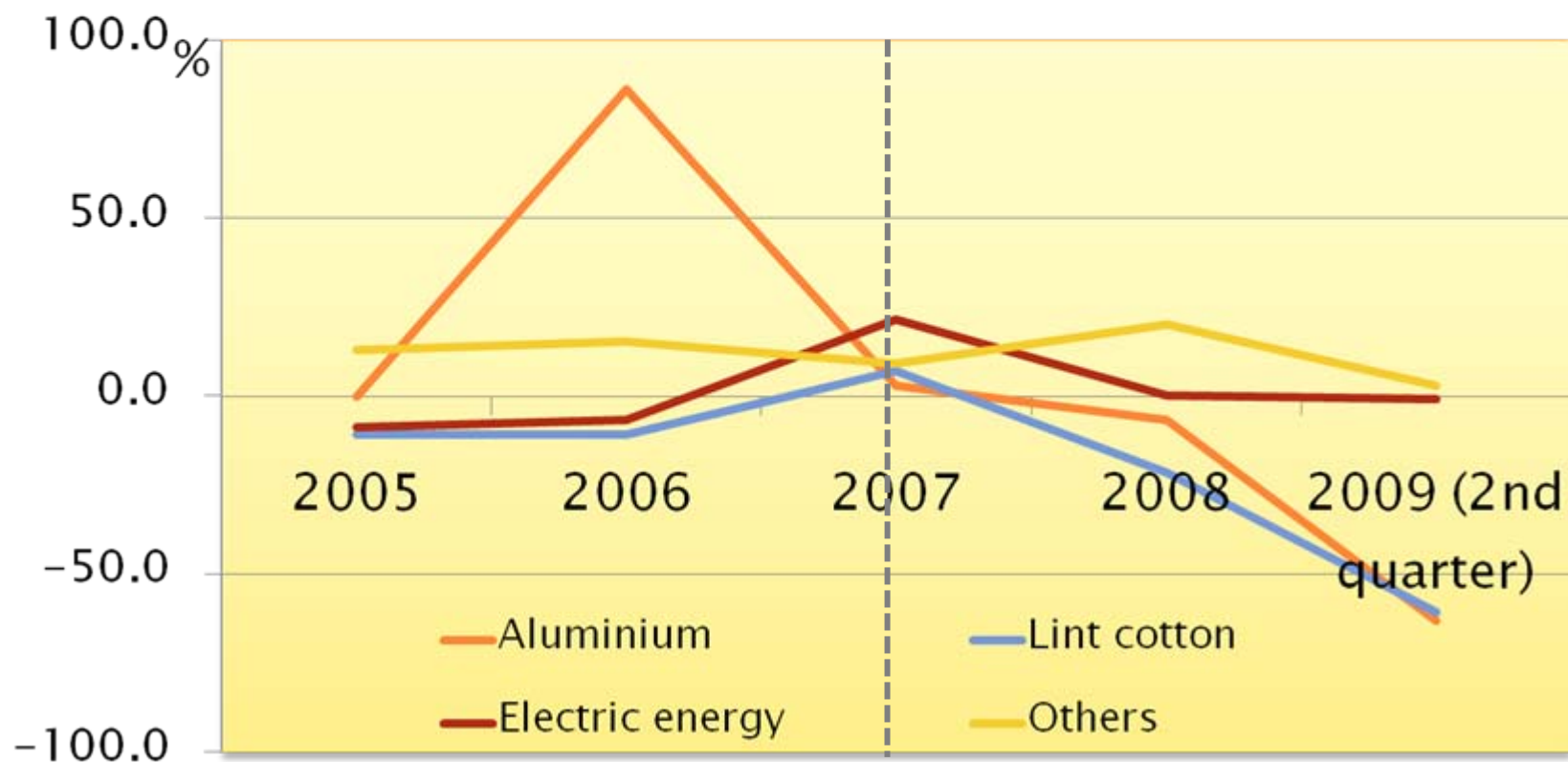


Despite the financial crisis, CA Countries did not integrate better, but intensified intraregional conflicts even further

Causes of Intraregional Conflicts

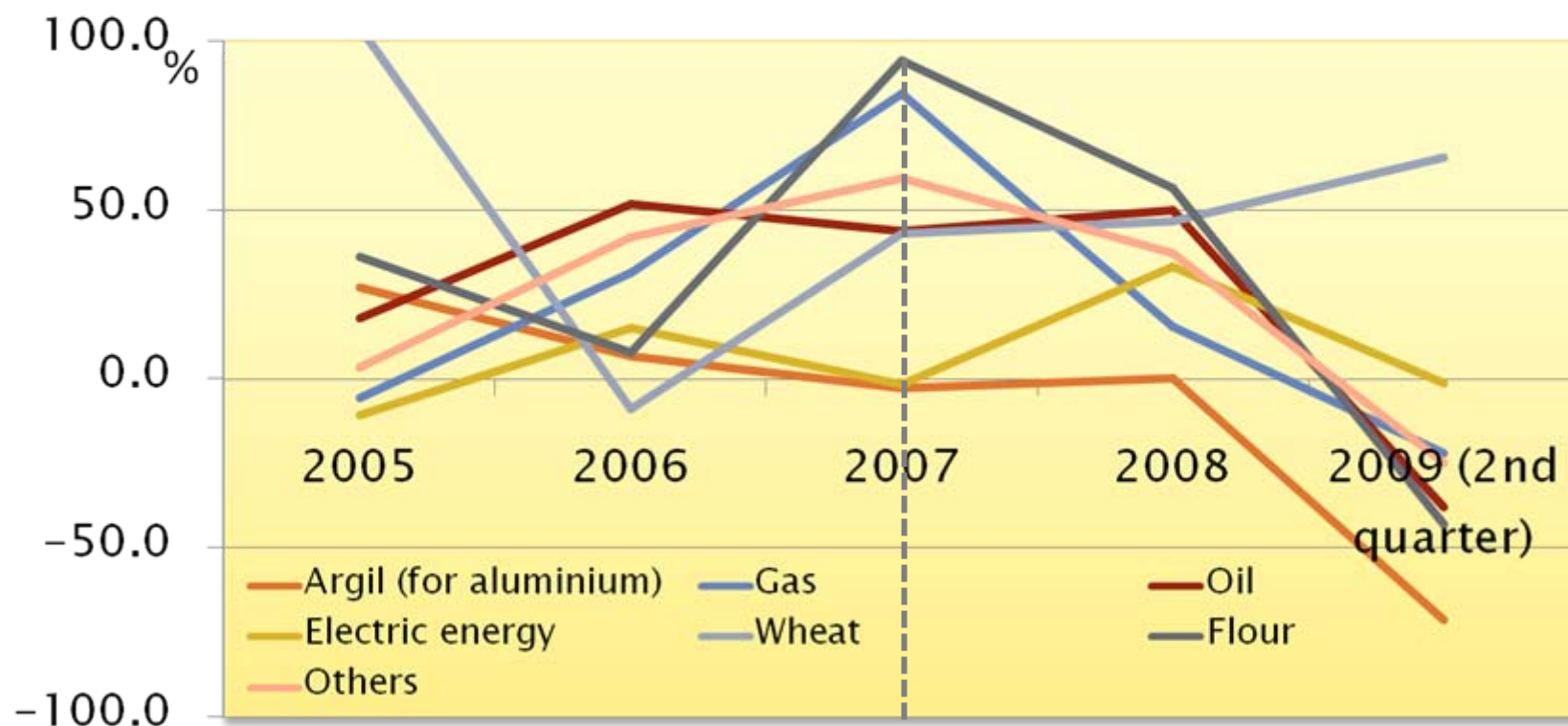


Dynamics of Tajikistan export structure in physical volume, %*



* Data of National bank of Tajikistan, www.nbt.tj

Dynamics of Tajikistan import structure in physical volume, %*



* Data of National bank of Tajikistan, www.nbt.tj

Hypotheses of the research

Taking into account the current trends of regional disintegration in CA, expansion of cross-border trade, decrease of real exchange rates volatility, and high capital mobility will positively impact:

- 1) National macroeconomic indicators in Tajikistan
- 2) Regional cooperation in CA

Project objectives & Data sources

- ▶ Content analysis will be based on the analysis of data from:
 - Statistical data
 - Media Publications
 - Reports
 - Policy Papers
 - Working Papers etc.

Project objectives & Data sources

- ▶ Comparative analysis of regional cooperation in other regions of the world (Western Asia, Gulf Cooperation Council, Southeast Asia, South Africa etc.):
 - Reports Archives
 - Media publications

Project objectives & Data sources

- ▶ Analysis of cross-border trade:
 - Available statistics from national institutions
 - Judicial precedents
 - Media publications
 - Working papers

- ▶ Analysis of exchange rates volatility, regional and bilateral real effective exchange rate:
 - Exchange rates data
 - Export and import statistical data

Measures of exchange rate volatility (by Dell'Ariccia, 1998)

$$Vol_i = \sqrt{\frac{m \cdot \sum_{t=1}^m \left[\frac{(NER_{i,t} - NER_{i,t-1}) \cdot 100}{NER_{i,t}} \right]^2 - \left[\sum_{t=1}^m \frac{(NER_{i,t} - NER_{i,t-1}) \cdot 100}{NER_{i,t}} \right]^2}{m(m-1)}}$$

where:

m – number of years for which the measure is calculated

NER – nominal exchange rate

Derivation of the regional and bilateral real effective exchange rate

- ▶ 1) Real exchange rate (by Dornbusch):

$$RER_{jt} = NER_{jit} \cdot \frac{WPI_{it}}{CPI_{jt}}$$

where NER is domestic currency of country j per country i's currency, WPI – wholesale price index.

- ▶ 2) Trade weights for a country:

$$\varpi_{ji} = \frac{im_{ji} + ex_{ji}}{\sum_k im_{jk} + ex_{jk}}$$

- ▶ where im_{ji} is imports to country j from country i, ex_{ji} is exports from country j to country i in a base year (to be chosen), and k is the list of trading partners of which partner i is included

Derivation of the regional and bilateral real effective exchange rate

- ▶ 3) Regional real effective exchange rate:

$$RRER_j = \sum_k \omega_{ji} \cdot NER_{ji} \cdot \frac{WPI_i}{CPI_j}$$


Project objectives & Data sources

- ▶ Assessment of capital mobility:
 - Data from regional Central banks
 - Regional legal base (finance law)
 - Reports of financial institutions, which have subsidiaries in the region
 - Cases of regional cooperation in joint businesses

Project outcomes:

Publication of book with recommendation on effective regional cooperation:

Core message of the book: Enhanced cross-border trade, decreased variability of real exchange rates, and high capital mobility will positively impact the: National macroeconomic policy in Tajikistan, and Development of regional cooperation



Research results will be distributed among:

- ▶ Ministry of Economic Development and Trade
 - ▶ Ministry of Finance
 - ▶ Ministry of Industry and Energy
 - ▶ Research institutions
 - ▶ Mass media
 - ▶ Interested international agencies
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Thank you!

