



Tajikistan

PESTLE Analysis



- Republic of Tajikistan
- Capital: Dushanbe
- Language: Tajik, interethnic language: Russian
- Mountainous, landlocked country in Central Asia (143,100 km²)
- Population in 2016: 8.7 million





General facts:

- presidential republic
- since 1991 independent
- only Central Asian country where a religiously affiliated political party is represented in Parliament (Islamic Renaissance Party)
- president is directly elected (since 1992 **Emomali Rahmon**)
- Tajikistan is centrally controlled.



Emomali Rahmon



history:

- immediately after independence (1991) plunged into a civil war
- various factions fighting one another
- factions were supported by:
 - Afghanistan
 - Pakistan
 - Uzbekistan
 - Russia
 - Iran
- The last two influencers focused on keeping peace
- 1997 war had cooled down
- central government began to take form
- first peaceful elections in 1999





today:

- a republic (presidential system)
- Why presidential system?
 - president appoints prime minister & all members of the government (without need of parliamentary approval)
- holds elections for the presidency and parliament



- dominant party system
 - People's Democratic Party routinely has a majority
 - Emomali Rahmon has held the office of President continually since 1994

last presidential re-election was in 2013:

Emomalij Rahmon received big majority of the vote (over 80%)

¹ https://www.transparency.org/news/feature/corruption_perceptions_index_2016#table



- GDP per capita: also one of the poorest countries in the world
- state welfare entitlements are paid at a low level
- many people not able to get access to some basic services
- some of the population live below the poverty line



¹ Democracy Index 2018 (The Economist Intelligence) <https://www.eiu.com/topic/democracy-index>

² CIA (2001) The World Factbook 2001 (www.cia.gov/cia/publications/factbook/ Country listing: Tajikistan)

³ World Bank (2000a) Poverty Assessment, April 2000. World Bank.



P

- ✗ the election process offers little change
- ✓ since 1991 independent
- ✓ since 20 years freedom



Attitudes to Taxation

Commercial Income

- Tax on Profits: 17,7% (Germany: 23,2%)
- Total Tax Rate: 65,2% (Germany: 48,9%)

Payroll Tax and Social Expenditures: 28,5% (Germany: 21,4%)

Foreign Trade and Trading Bloc Membership

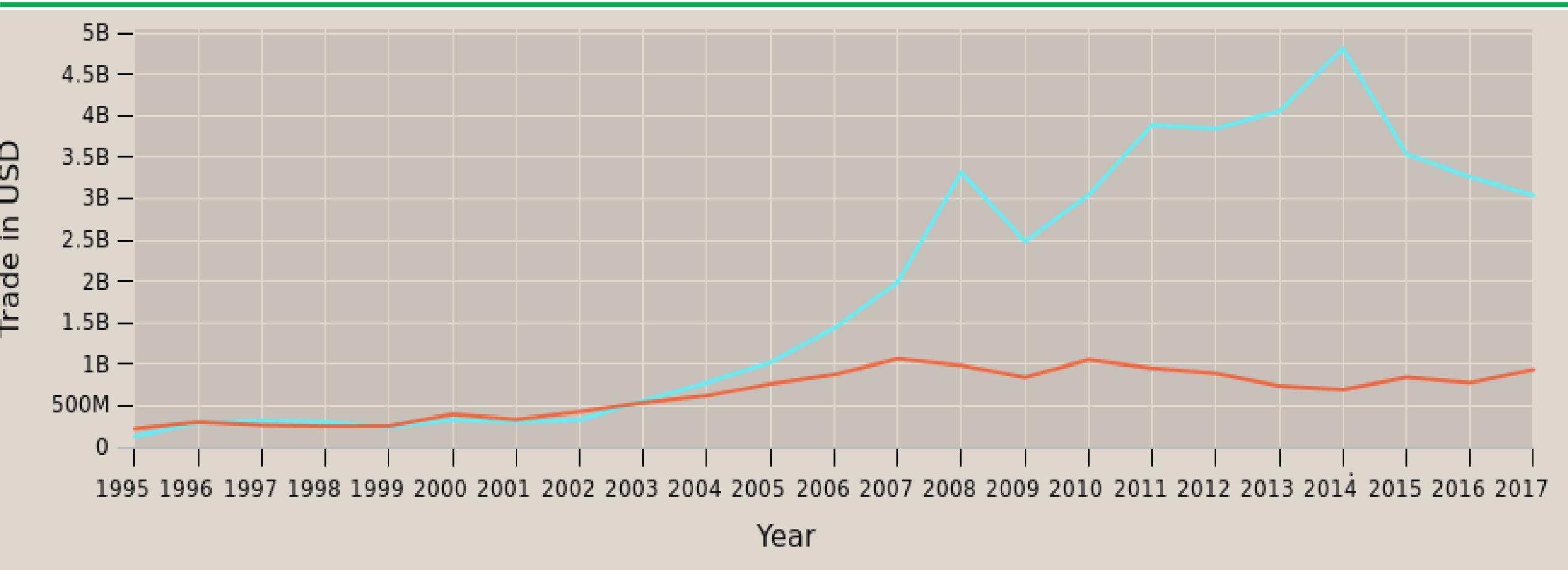
Part of the...

- Commonwealth of Independent States (CIS)
- Economic Cooperation Organization (ECO)
- World Trade Organization (WTO)
- Accession Candidate for the Eurasian Economic Union (EAEU)
- One Belt, One Road – Initiative of China (new venture planned):

Economy: One Belt, One Road-Initiative of China



Economy: Trade Balance

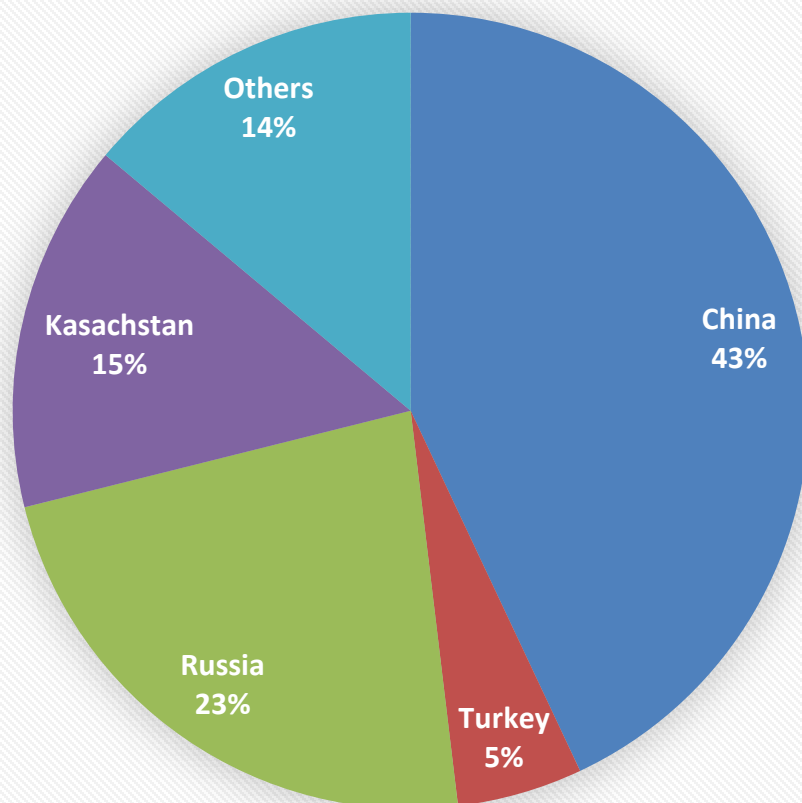


Imports

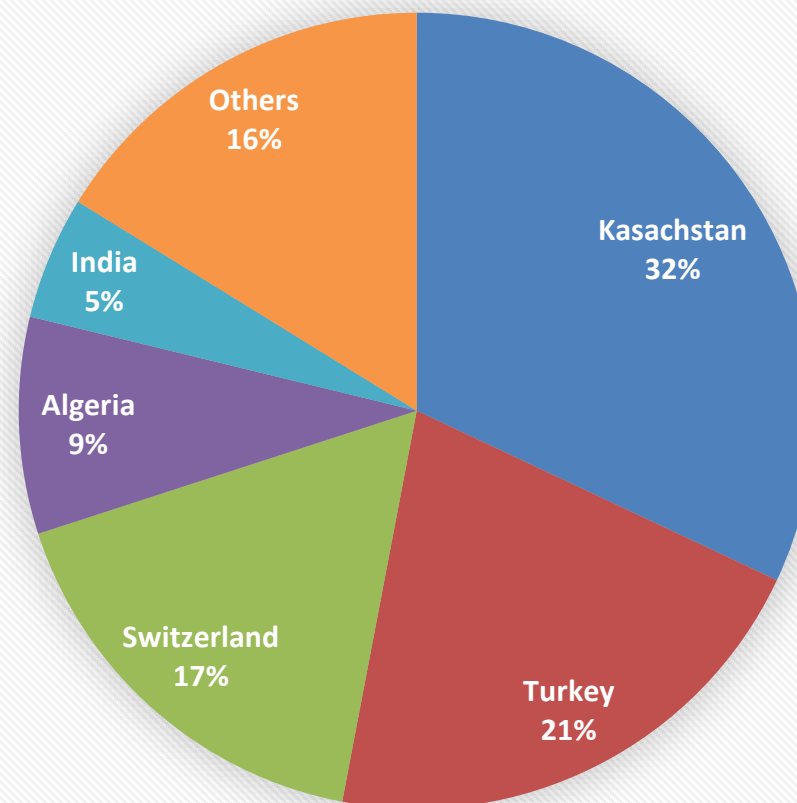
Exports



Imports (3,04 Bil.\$, 2017)



Exports (939 Mio.\$, 2017)



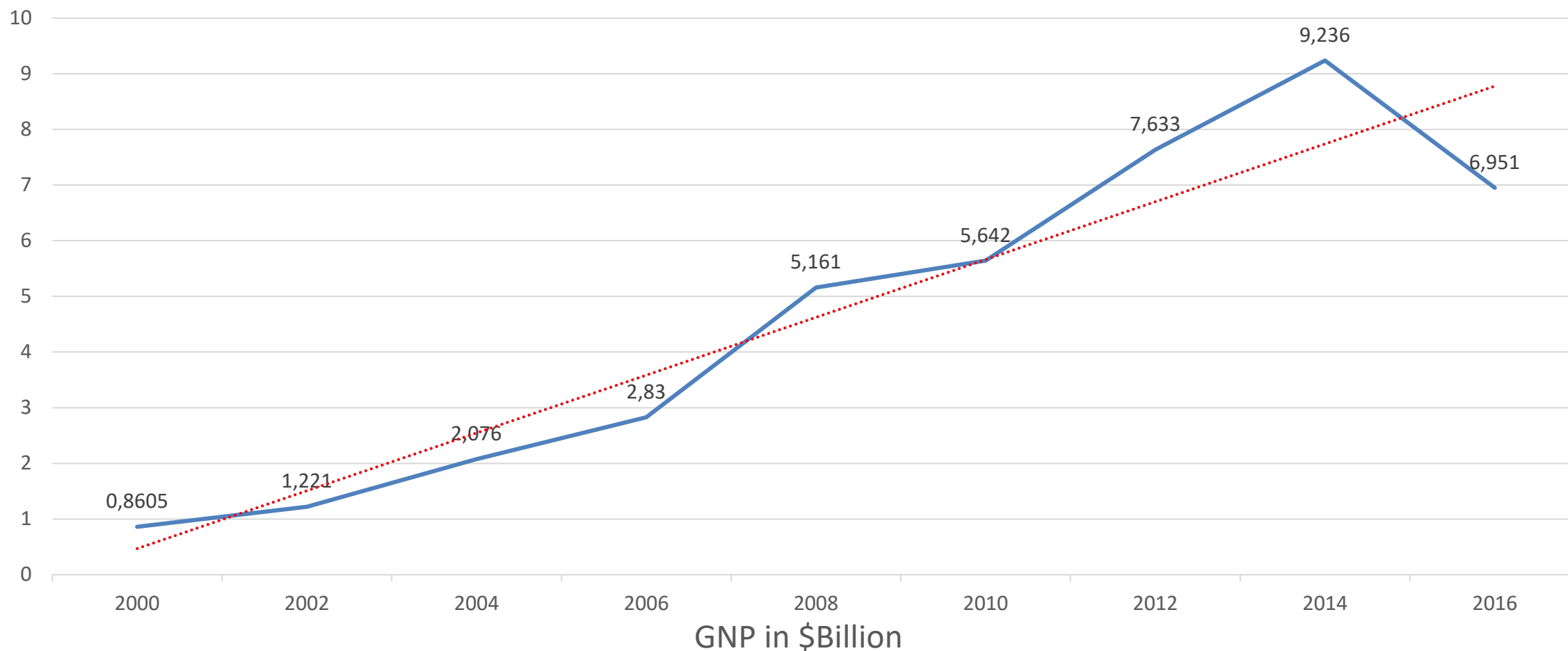


Key Industries:

- Mining
 - ◆ Tin (15% of total exports)
 - ▲ Lead (12% of total exports)
 - Aluminium (18% of total exports)
 - Antimony
 - Mercury
 - Silver
 - Gold (17% of total exports)
 - Uranium
- Oil, Coal
- Rare Earths
- Metalworking
- Agriculture



Economy: Gross National Product



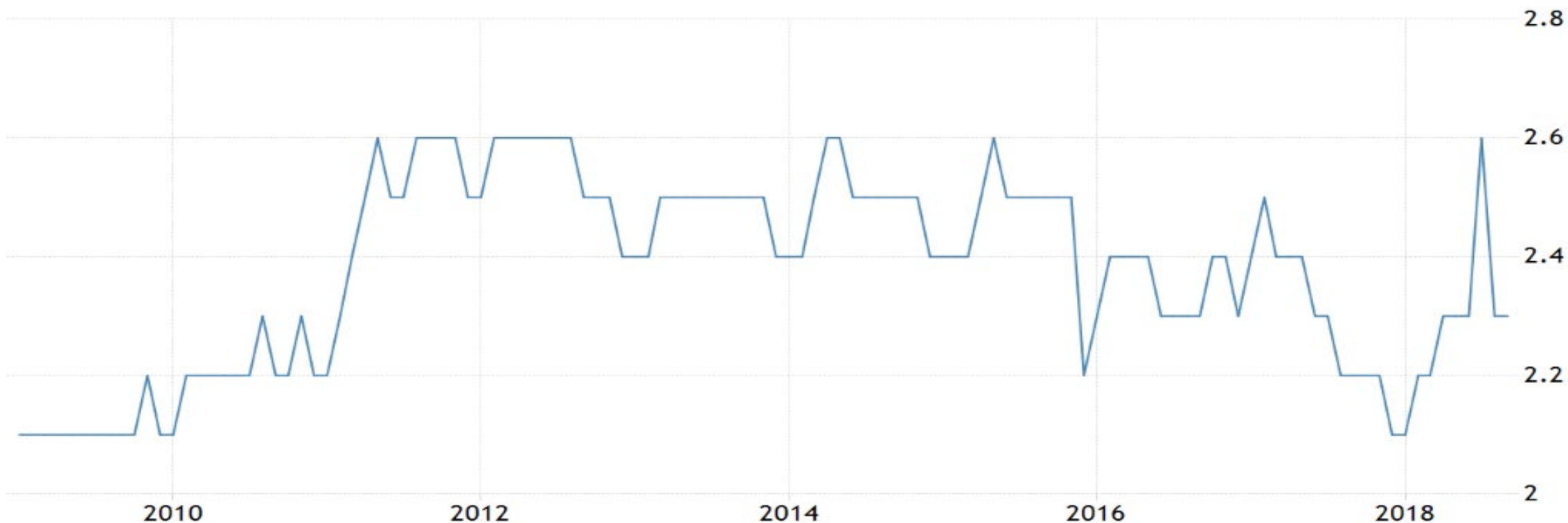
Economy: Average monthly Wages



SOURCE: TRADINGECONOMICS.COM | STATE STATISTICAL COMMITTEE OF THE REPUBLIC OF TAJIKISTAN

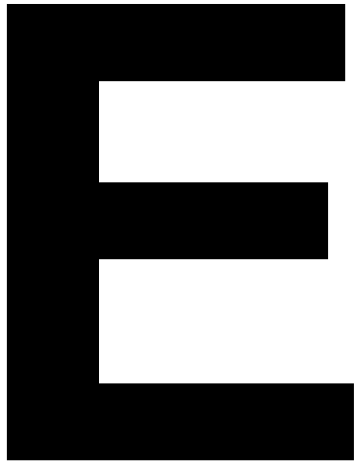
Average monthly Wages in Somoni (1 Somoni = 0,094€)

Economy: Unemployment Rate



SOURCE: TRADINGECONOMICS.COM | NATIONAL BANK OF TAJIKISTAN

Unemployment Rate in %

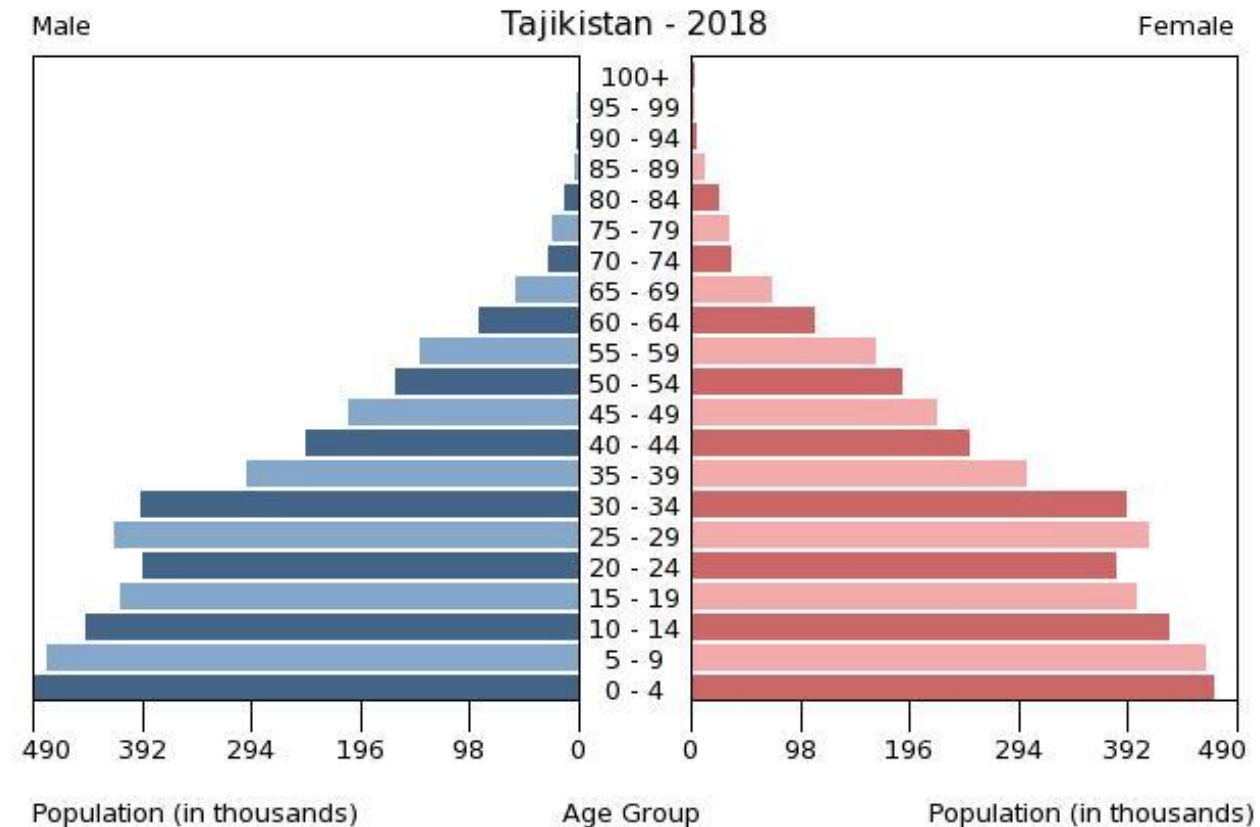


- ✗ Whole industry heavily oriented to mining
- ✗ poor trade balance and very low wealth
- ✓ ...but rising trends
- ✓ part of various trading blocs



- 9 Million inhabitants
- Growth rate of 1.6%
- Median age: 24.8 years
-> world rank 160

-> developing country without the general problem of overpopulation





Masculinity versus Femininity

- Islamic law → power to men, however constitution gives men and women equal rights
- 27% female leaders
- 2/3 salary doing the same work
- husbands may not allow to study or work
- Women raise children + responsible for household management
- men are the breadwinners and the protectors



Attitudes to work / education

- Technical and professional jobs are often unfilled
- Some youth unemployment
- 3/4 of graduates of middle schools do not enter higher education
→ Problems of finding employment
- Wages are very low, often 2 jobs necessary



S

- ✗ patriarchal system
- ✗ low female manpower
- ✓ high unemployment rate -> high potential manpower
- ✓ low wages offers potential for new investment



- Investment in education increased
 - 5,23% of GPI (2012) (Germany does not match this - 4,1%)
 - Third parties are not allowed to invest in higher education
- Communication
 - 3,013,256 Internet users in Dec/2018, 32.4% of population. Quite substantial.
 - Development through foreign investments
- Low power supply
 - Effects on health and education system
 - 6% from fossil fuels, 94% from hydroelectric power plants



- Hydroelectric power
 - Attract international investment
 - highest dam cum hydroelectric power station at Vakhsh river
 - Generate power since Jan 2008 and Sep 2011
- Power export
 - Project CASA1000 for export of surplus of hydroelectricity
 - Estimated finalization of project 2020
- Solar project with Germany
 - Since 2011
 - Ensure continuous development of state



T

- ✗ Progress in research is limited
- ✗ improvements in technology are made mainly through foreign investors
- ✓ Growing investment in education
- ✓ Hydroelectric power plants



- Evolved from the former soviet model and is largely state-owned
- Health system is generally comprehensive, but suffers from being underfinanced
- Emergency care with ambulance mostly just in the capital Dushanabe, in rural areas are less well provided for.
- Hospitals in rural areas are often underfinanced as they often have to close in wintertime, suffering from power shortages and outdated equipment



Source: WHO, CIA Factbook



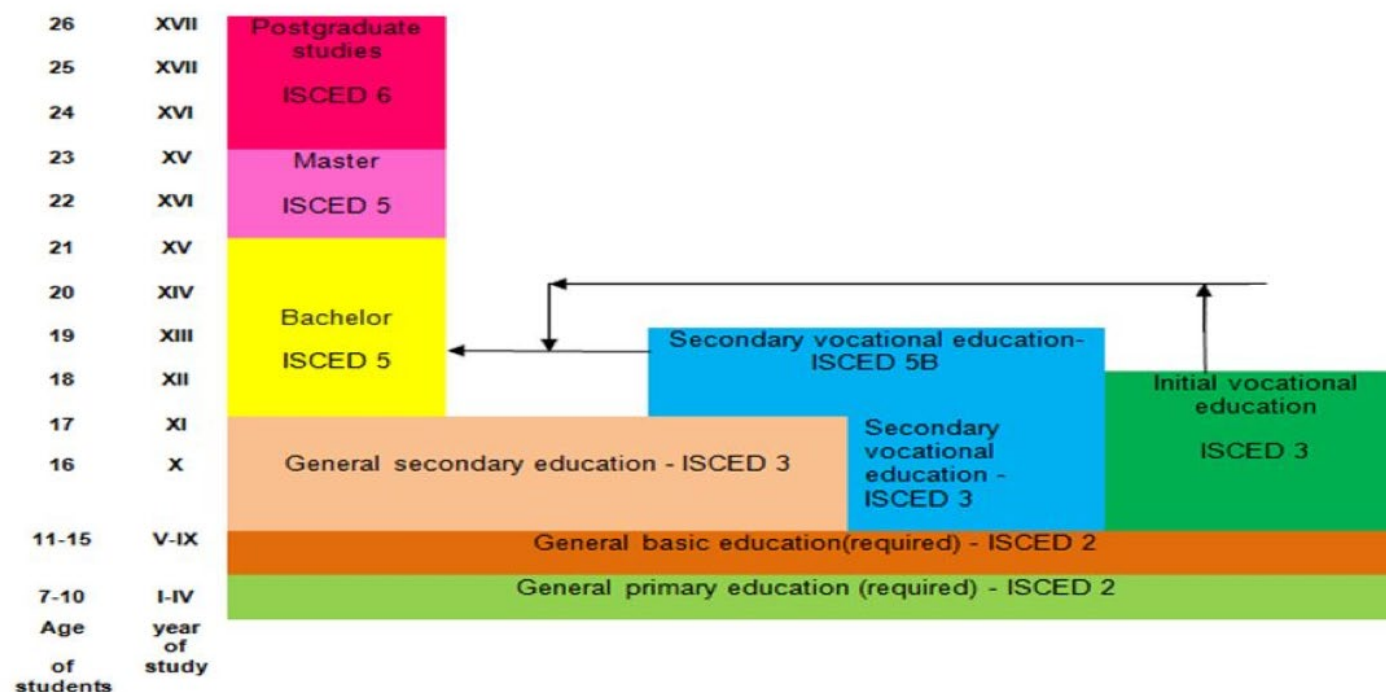
- Compulsory education is guaranteed for all children, free of charge under Article 41 of Tajikistans Constitution
- Basic education starts at age 7 and lasts for nine years
- Separated into 4 years of primary school and 5 years of lower secondary school
- Two years of upper secondary education

Source: UNICEF





The structure of the education system in Tajikistan





- 18% of the schools need upgrading
- 4% in railway cars and private homes
- 2010: 1.7 Million students, 3750 schools, 93600 teachers
 - > ~18 students/teacher, ~450 students/school
- 4% of BIP is invested into education system
 - BIP/pTaji.: 800USD/P, Ger: 45000USD/P -> Taj.: 32USD/p education, Ger.: 1800USD/p
- -> basic functional school system with gaps, but when the students leave school, they are able to read, write and can do basic mathematics

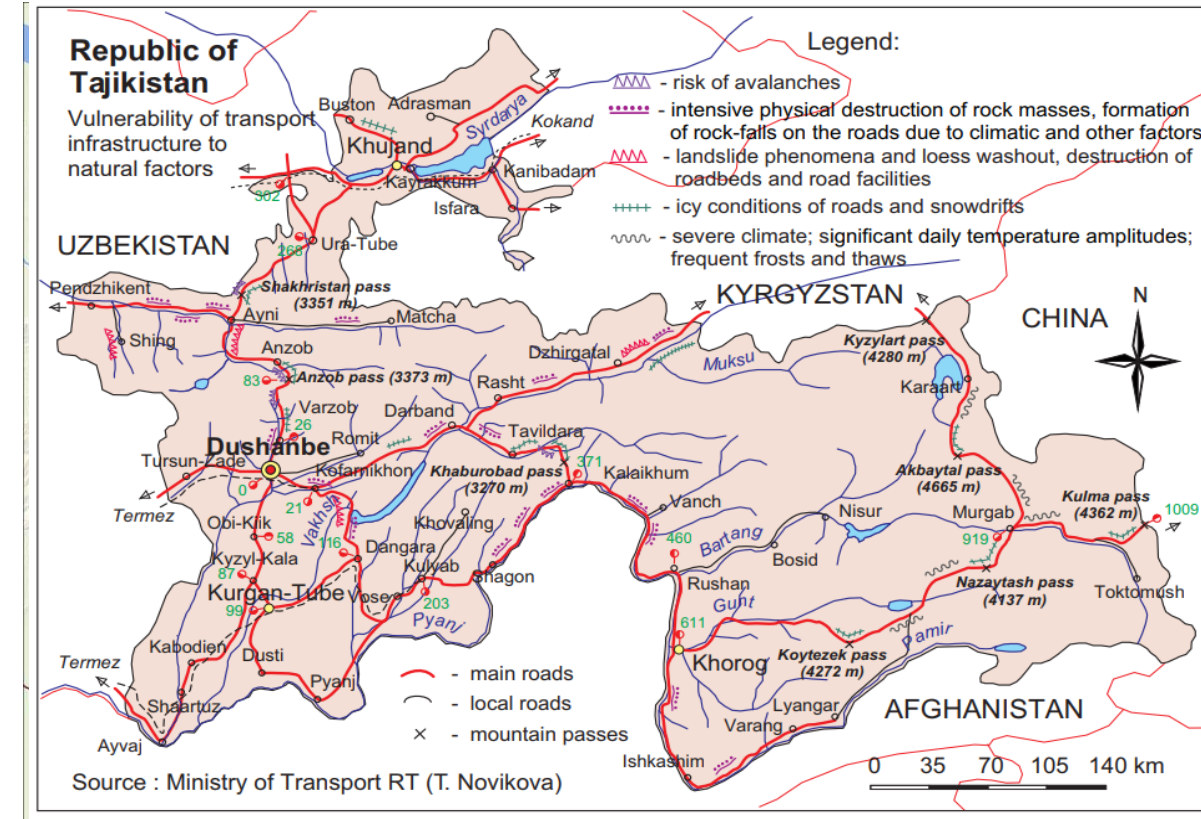
Source: Unicef



- ✗ -- underfinanced school & health system
- ✗ -- best hospital supply just in capital
- ✓ -- compulsory school free of charge
- ✓ -- 80% of school beginners complete at least the 9th grade



- **Poorly developed infrastructure**
- Roads most important part (90%)
- 3 isolated segments of railway system
- Aviation is hindered by geography
- Economic development will increase the intensity of road traffic
- Isolated population of mountain regions in wintertime





- **94%** Hydropower, 6% Fossil
- Potential hydropower resources
527 billion kWh/a
- 5% in use
- Summer abundance - Winter deficit
- 10% of population does not have access to electricity



→ **decentralization** of energy production (Wind, Solar, small hydropower)



- climate warming
- impact on herbal vegetation
- desertification
- decrease of river flow
- increase in temperature and fire risk
- development and increased use of alternative and renewable energies
- improvement of transport infrastructure + electrified transport



the initial situation:

- Place **182** in the **CO₂-emissions-per-capita-world-ranking**¹
- Greenhouse gas **emissions increase** since the beginning of the 2000s
- long-term **socioeconomic threat**:
 - melting glaciers
 - more frequent droughts
 - major and more frequent environmental disasters
 - changing formation and distribution of precipitation



¹ <https://www.novastan.org/de/tadschikistan/tadschikistan-und-der-klimawandel/>



- more than **95% of electricity comes from hydropower**
- 1990: largest producer of greenhouse gases **energy sector** (almost 70%)
- 2000: **agricultural sector** (60%)
- **Very positive**: more than **50% of cars** in Tajikistan use **natural gas**
- **Wood** is an important raw material for heating and cooking
- In winter, people are **not adequately supplied with electricity**





Contradictions

- In winter, people are **not adequately supplied with electricity**
- **Hydropower potential is enormous** (estimated at 527 terawatts)
- **Poverty, lack of environmental awareness and population growth⁴** are a negative factor in preserving biodiversity³
- Tajikistan supplied approximately \$ 77 million in **energy exports** to neighboring countries in 2018¹
- currently used only **less than 4%²**
- Establishment of a "**National Center for Biodiversity**" (2003)



¹ <https://www.novastan.org/de/tadschikistan/trotz-energieknappheit-tadschikistan-nimmt-77-millionen-dollar-durch-stromexporte-ein/>

² <https://www.liportal.de/tadschikistan/ueberblick/>

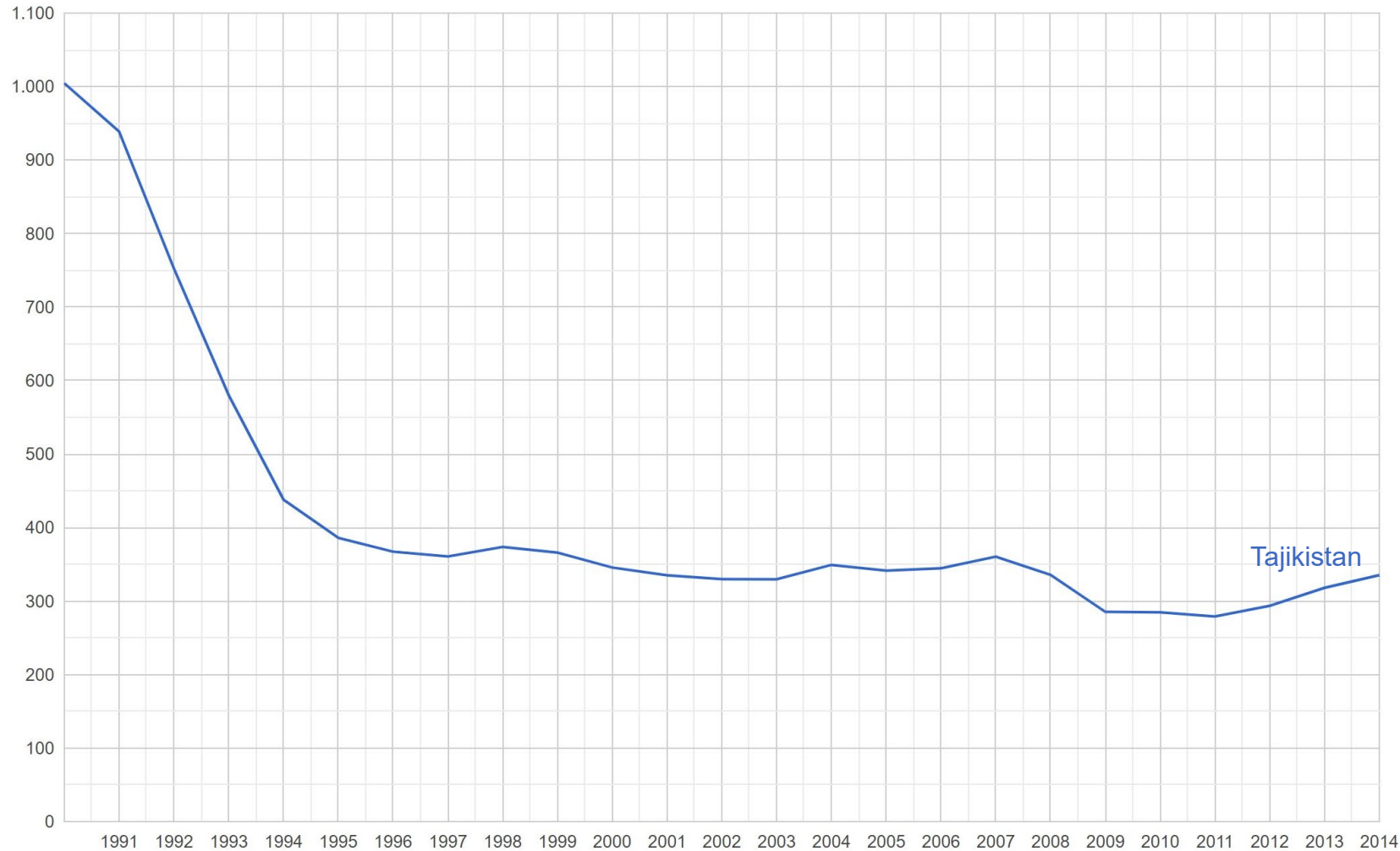
³ <https://www.cbd.int/countries/?country=tj>

⁴ <http://lib.icimod.org/record/28848/files/8HAR.pdf>

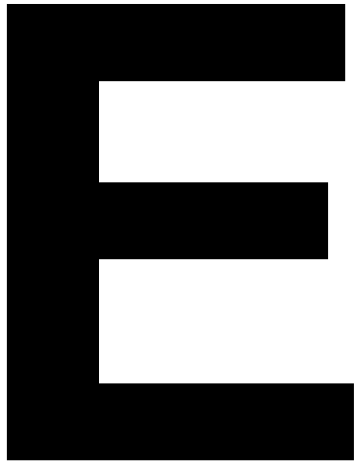
⁵ <http://www.biodiv.tj/en/>



Energy consumption per capita



- Energy consumption has been **falling since the beginning of the 90s**
- **Reasons:**
 - economic downturn
 - more energy efficient appliances
 - civil war



- ✗ Greenhouse gas emissions increase since the beginning of the 2000s
- ✗ Poverty, lack of environmental awareness and population growth are a negative factors
- ✓ approximately 95% of electricity comes from hydropower
- ✓ Energy consumption has been falling



- P**
- ✗ low place in Corruption Perceptions Index
 - ✓ since 20 years freedom
- E**
- ✗ Industry is very homogenous
 - ✓ Rising trends in wealth, wages and GNP
- S**
- ✗ Patriarchal System
 - ✓ high unemployment rate -> high potential manpower
- T**
- ✗ Progress in investment relies heavily on foreign investments
 - ~ Improvements are made, but slowly
- L**
- ✗ education & health system are underfinanced
 - ✓ school system free of charge
- E**
- ✗ Poverty, lack of environmental awareness and population growth are a negative factors
 - ✓ Energy consumption has been falling, but there is large supply and potential



- <http://www.factfish.com/de/statistik-land/tadschikistan/gesamter%20steuersatz%20der%20gewerbeertr%C3%A4ge>
- <https://atlas.media.mit.edu/en/profile/country/tjk/>
- <https://tradingeconomics.com/tajikistan/indicators>
- http://tpp.tj/business-guide2017/images/deposits_map.jpg
- <http://data.uis.unesco.org/?queryid=181>
- http://www.economywatch.com/world_economy/tajikistan/
- https://www.daad.de/medien/der-daad/analysen-studien/bildungssystemanalyse/tadschikistan_daad_bsa.pdf
- <http://www.solardach-tadschikistan.de/solardach/solardach-projekt.html>
- <https://internetworldstats.com/asia.htm#tj>
- *National Action Plan of the Republic of Tajikistan for Climate Change Mitigation*, Kayumov, A. (2003)
<https://unfccc.int/resource/docs/nap/tainap01e.pdf>
- <https://www.cia.gov/library/publications/the-world-factbook/geos/ti.html>
- <https://www.cia.gov/library/publications/the-world-factbook/fields/344rank.html#TI>
- https://www.cia.gov/library/publications/the-world-factbook/attachments/images/large/TI_popgraph_2018.jpg?1554226024
- https://www.unicef.org/tajikistan/overview_27465.html
- http://www.euro.who.int/_data/assets/pdf_file/0007/308833/HiT-Tajikistan.pdf
- <https://www.casa-1000.org/>



1. For which businesses do you see a high potential to be placed in Tajikistan?
2. How can Tajikistan become even more attractive to companies?
3. Does Tajikistan benefit from the various trade organization memberships?
4. What incentives should be given to the people to promote environmentally conscious behavior?
5. Do you see a benefit in investing in power supply to improve the business possibilities?