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Logistics Processes and Motorways of the Sea II

LOGMOS Master Plan – Annex 9.1

Country Profile

TAJIKISTAN

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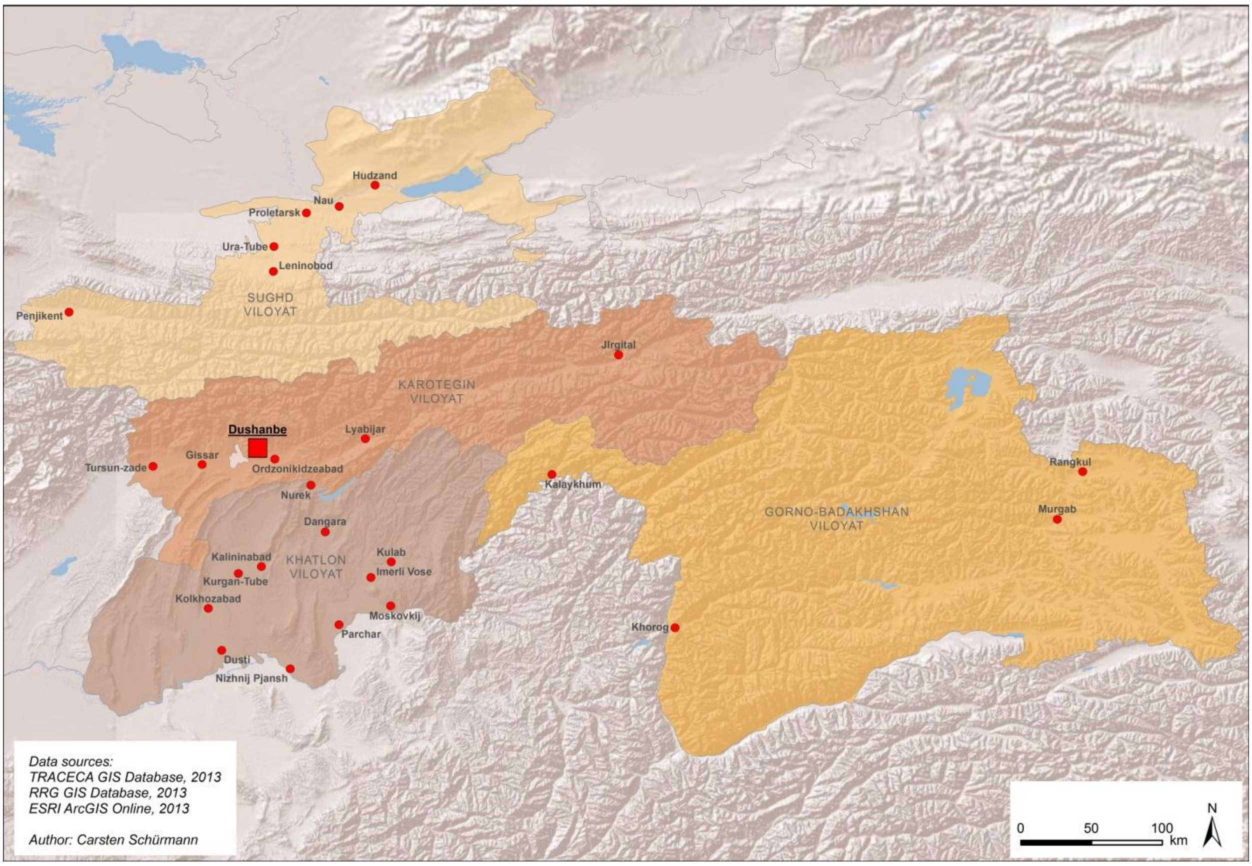


Source: TRACECA (2013)

1 INTRODUCTION

The Republic of Tajikistan is a mountainous country situated on the South-Eastern part of Central Asia, bordering Kyrgyzstan to the North, Uzbekistan to the West, Afghanistan to the South and the People's Republic of China to the East.

As a landlocked a country, Tajikistan does not possess a maritime façade and so relies on international road and rail routes to access the world market. Tajikistan is also located in the heart of major transport corridors between CIS countries, China, Pakistan, Afghanistan and India.

The transport sector is composed of rail, road and air transportation. As 93% of territory of the Republic of Tajikistan is mountainous, road transport is vital for the national economy and its development. Tajikistan's transport network dates back to the 60s80s. It was developed as part of the Soviet transport regional plan. Since the fall of USSR, the network has suffered from poor maintenance and has lacked sufficient investment.

World trade and logistics performance indicators

In 2012, Tajikistan was ranked 110th out of 132 countries in the Enabling Trade Index developed by the World Economic Forum (average score of 3.4/7). It occupied, in particular, the 100th position for access to market, the 128th position for border administration, the 92nd position for transport and communications infrastructure and the 72nd position for business environment.

In the World Bank logistics performance index of 2012, Tajikistan was ranked 136th, compared to 131st in 2010.

TRACECA Framework

Tajikistan has been an active member of TRACECA since the Brussels Conference in May 1993 where the TRACECA programme started.

The ten direct beneficiary countries under review by LOGMOS Project share a globally common legal and regulatory background for the transport sector, but also operate under different laws and rules that reflect their respective contexts and policies.

International Conventions and regional or bilateral agreements complete the framework, and there are expected moves at both national and regional (TRACECA and other groups) levels.

Any legal issues related to the LOGMOS Project focus on transport laws and regulations as well as on the aforementioned national, international, regional and bilateral conventions and agreements that have a direct or indirect impact on surface transport modes, particularly maritime and intermodal transport[1].

The TRACECA programme started out as one of the components of the intergovernmental TACIS programme. The active participation of Tajikistan started in September 1998, when it signed without any restriction the Basic Multilateral Agreement (MLA) on the development of the transport corridor Europe–Caucasus–Asia, which was also signed by Azerbaijan, Armenia, Bulgaria, Georgia, Kyrgyzstan, Kazakhstan, Moldova, Romania, Turkey, Ukraine and Uzbekistan.

[1] More detailed information can be found on the separate legal report of the LOGMOS Master Plan

After the Intergovernmental Committee and Permanent Secretariat of TRACECA were established in 2000, Tajikistan set up a TRACECA National Commission headed by a National Secretary.

Tajik representatives take an active part in all conferences and working group's meetings organised by IGC TRACECA.

2 NATIONAL TRANSPORT POLICY

A national transport sector Master Plan to 2025 was adopted on April, 1st 2011.

This was the first document of its kind in Tajikistan, and aims to integrate the transport sector into the National Development Strategy up to 2015. There are no specific road maps for each mode. The Master Plan was elaborated in line with the two Central Asia regional transport development strategies:

- CAREC transport corridors, as described in the Transport and Trade facilitation Strategy 2010-2018 of the CAREC Program.
- UNESCAP projects: Trans Asian Railway and Asian Highway Network.

As far as LOGMOS is concerned, goals for National Transport Master Plan 2025 are:

- To develop the infrastructure of each mode.
- To strengthen Tajikistan as a transit country between Central Asia, China and the Indian Sub-Continent.
- To provide adequate conditions to enable free competition between actors for international and national transport services.

The strategy developed in the National Transport sector Master Plan provides priority measures for both road transport and rail transport. Tajikistan's topography (93% of it is mountainous) grants road transport a crucial role in the development of the country by ensuring connections between all the regions of the country. This is why the major investments are allocated to road transport. These investments include:

- The acquisition of new rolling stock for road transport
- The construction and rehabilitation of roads
- The construction and rehabilitation of bridges and tunnels
- The construction of international logistics centers in Vahdat, Khodjent and Niznhy Pyandj

According to the Master Plan, railways will also benefit from significant investment. The long-term objectives are to unify the three independent sections of the current network to enhance the capacities for railways international transit.

To accompany the development of transport sector, Tajikistan is a member of many international and regional organisations:

- Central Asia Regional Economic Cooperation Program (CAREC)
- Community of Independant States (CIS)
- Economic Cooperation Organisation (ECO)
- Eurasian Economic Community (EuAsEC)
- Shanghai Cooperation Organization (SCO)
- Organization for Cooperation of Railways (OSJD)
- United Nations Economic Commision for Europe (UNECE)
- United Nations Economic and Social Commission for Asia and the Pacific (UNESCAP)
- Regional Economic Cooperation Conference on Afghanistan (RECCA)

3 LEGAL ENVIRONMENT IN THE FIELD OF TRANSPORT

The Ministry of Transport is the executive governmental body in charge of transport sector regulation. The legal environment in Tajikistan in the field of transport still is under development and some improvements are yet to reach international standards.

The Law on transport, adopted in 1997 and amended in 2000, is the main legislative text that regulates and organises transport activities in Tajikistan. There are no specific laws on road or rail transport.

In 2012, the Republic of Tajikistan ratified the following UNECE conventions:

- Convention on Road transport (8 November 1968)
- Convention on Road Signs and Signals (8 November 1968)
- Agreement concerning the establishing of Global Technical Regulations for Wheeled Vehicles, Equipment and Parts which can be fitted and/or be used on Wheeled Vehicles (1998)
- Convention on the Contract for the International Carriage of Goods by Road (19 May 1956)
- Convention on International Transport of Goods Under Cover of TIR Carnets (TIR Convention) (14 November 1975)
- International Convention on the Harmonization of Frontier Controls of Goods (21 October 1982)
- European Agreement concerning the Work of Crews of Vehicles engaged in International Road Transport (AETR) (1970)
- Convention on Harmonization of Frontier Controls of Goods (1982)
- European Agreement on the International Carriage of Dangerous Goods by Road (ADR) (1957)
- Agreement on International Carriage of Perishable Foodstuffs (ATP) (1970)

Tajikistan, which is a WCO member, also ratified the International Convention on the Simplification and Harmonization of Customs Procedures (Kyoto Convention, 1999).

Early in 2011, the Republic of Tajikistan ratified a Cross-border-transport-agreement (CBTA) signed with the Republic of Kyrgyzstan under the framework of CAREC programme. It enables faster border-crossing for people, vehicle and goods thanks to streamlined customs inspections and reduced requirements to transfer shipments between vehicles. This CBTA was joined by Afghanistan in August 2011.

Tajikistan signed bilateral agreements with TRACECA countries. They are listed in the following table:

Table 1: Bilateral Agreements with LOGMOS Beneficiary Countries

Countries	Transport issues				Customs
	Maritime	Road	Railway	General	
Armenia					On cooperation and mutual assistance in customs issues

					08.06.1995
Azerbaijan		On international road transport 15.03.2007			
Bulgaria					
Georgia					
Kazakhstan		On international road transport 04.05.2006			Agreement on collaboration and recognition of customs documents and customs duties 13.06.2000
Kyrgyzstan		On international road transport 12.07.1996 On transit of goods by road 22.07.2005 On international Road connections 27.05.2013			
Moldova					
Romania					
Turkey		On international road transport 06.05.1996			
Turkmenistan		On international road transport 09.12.2007			
Ukraine		On international road transport of passengers and goods 06.12.2005		On cooperation in the field of energy, industry, transport and construction 25.04.2002	On cooperation on customs issues 06.07.2001
Uzbekistan					

Bilateral agreements were also signed with non-TRACECA neighbours China and Afghanistan.

Table 2: Bilateral Agreements with non-TRACECA Neighboring Countries

Countries	Transport issues			Customs
	Road	Railway	General	
Afghanistan			On transport and transit of goods and passengers 28.04.2005	
China	On international road communication 2008			On cooperation and mutual assistance in customs issues 2003

In addition to all bilateral agreements, Tajikistan signed the following multilateral agreements with LOGMOS countries:

Table 3: Multilateral Agreements with LOGMOS Beneficiary Countries

Signatory countries	Title of the agreement	Place and date of signature
Kazakhstan, Kyrgyzstan, Tajikistan, Turkmenistan, Uzbekistan	On Principles of Cooperation and Terms of Relations in Transport Area	Bishkek, 23.04.1992
Kazakhstan, Kyrgyzstan, Tajikistan, Turkmenistan, Uzbekistan	On Coordination of the Activity of Railway Transport	Bishkek, 23.04.1992

4 NATIONAL POLICY AND LEGISLATION IN TRADE AND TRANSIT

Tajikistan national legislation in trade and transit is undergoing deep development in order to facilitate trade with neighboring countries and to meet international standards.

The main regulation body is the Customs Service under the Government of the Republic of Tajikistan. It ensures the application of the customs legislations and the realisation of customs objectives set by the Republic of Tajikistan.

The key document is the Custom Code of Tajikistan, enacted on January 1st 2007. Amendments and additions to the customs code, as well as its interpretation, are done by Parliament.

According to article 347 i.1, customs fees include:

- Customs fees for customs clearance
- Customs fees for customs escort
- Customs fees for storage of goods in customs warehouses
- Customs fees for issue of a qualification certificate of a customs clearance specialist

The rates of customs duties for the goods imported to the Republic are established by the Resolution of the Government "On customs tariff of the Republic of Tajikistan" dated October 25, 2003, № 450 and range in accordance with the type of goods at rates of: 0%, 2.5%, 5%, 7%, 10%, 15%.

In accordance with Article 345, item 3.6 of the Customs Code, certain cargoes are exempted from custom duties. Customs duties shall not be levied when importing:

- goods as humanitarian aid and goods transferred free of charge to state bodies of the Republic of Tajikistan; and
- goods intended for implementation of target projects approved by the Government of the Republic of Tajikistan on the expenses (within) of grants and (or) credits (lending) provided by legal or natural persons, foreign states, governments of foreign states or by international organisations.

In October 2008, the Republic of Tajikistan approved the Customs Development Concept aimed at modernising customs regulation and meeting international standards. The five-year development programme comprises:

- Phase I (2009-2012), which includes further harmonisation of national legislation with generally accepted customs standards and lays the foundation for the development of a fully-fledged customs infrastructure, and implementation of the Unified Automated Information System of the Tajikistan customs.
- Phase II (2012-2014), which envisages completion of construction and improvement of inland and border customs facilities establishing a fully-fledged customs infrastructure that meets international standards.

On January 1, 2010, a new format for the cargo customs declaration and transit declaration was introduced in Tajikistan, in line with the EU Single Administrative Document (SAD). This new customs document is used as a single set of the cargo customs declaration/transit declaration forms instead of the previously used separate CCD and transit declaration forms. The Republic of Tajikistan possesses 25 border crossing points (17 with Uzbekistan, 5 with Kyrgyzstan, 2 with

Afghanistan, 1 with China). Only 12 border crossing points are available for transit freight transport.

Development of customs regulation is also carried out at the international level. In addition to several bilateral agreements concluded with neighboring countries (see table 1 above), the Republic of Tajikistan is part of several regional organisations or development programmes pursuing the objective of enhancing trade by improving customs rules and infrastructures.

The Republic of Tajikistan is a state-member of the Eurasian Economic Association (EurAsEc) for which a regime of free trade has been set up and a zero rate applied for imported customs tariffs. Other state-members are the Russian Federation, the Republic of Kazakhstan, the Republic of Belarus, the Kyrgyz Republic and the Republic of Uzbekistan.

It also belongs to the CAREC regional trade facilitation programme (ADB), under which a Common Action Plan regarding harmonisation and simplification of customs procedures and documentation is being conducted. Other areas covered under the Plan include:

- developing border posts and facilities;
- developing simplified transit systems;
- data consolidation, information sharing, and ICT development for customs operations;
- developing risk management and post-entry audit;
- developing a regional intelligence system; and
- capacity building for regional customs organisations.

Within the Economic Cooperation Organization (ECO), which groups Afghanistan, Azerbaijan, Iran, Kazakhstan, Kyrgyzstan, Pakistan, Tajikistan, Turkmenistan, Turkey and Uzbekistan, a Transit Framework Agreement was signed in May 1998 in Almaty. Its main purposes are:

- to facilitate the movement of goods, luggage and passengers through the respective territories of the Contracting Parties and provide all necessary facilities for transit transport under the provisions of this Agreement;
- to ensure the safety of goods, luggage and passengers and avoid unnecessary delays during the transit through territories of Contracting Parties;
- to cooperate and coordinate the efforts of the Contracting Parties to avoid the incidence of customs frauds and tax evasion and to harmonise necessary administrative affairs dealing with transit traffic.

The Republic of Tajikistan has also ratified several UNECE conventions in the field of customs issues:

- Customs Convention on the International Transport of Goods under cover of TIR carnets (accession on September 11, 1996).
- Convention of the contract for the international carriage of goods by road (CMR, 1956).

Over recent years, the Republic of Tajikistan has shown interest in joining the Customs Union, which comprises the Russian Federation, the Republic of Belarus and the Republic of Kazakhstan. The long-term objectives of this union are:

- Creation of a single customs area.
- Elimination of customs barriers and customs duties.

- Introduction of a common currency between the member states.

The Republic of Tajikistan is currently preparing for accession but this step depends on the accession of the Republic of Kyrgyzstan as the customs union impose common land borders between its member states.

Tajikistan became a member of the WTO on March 2, 2013.

5 INVESTMENTS IN TRANSPORT AND LOGISTICS SECTOR IN TAJIKISTAN

Investments in the transport sector in Tajikistan come mainly from the Republic of Tajikistan, Asian IFIs such as the Asian Development Bank (ADB), the Islamic Development Bank or the Japan International Cooperation Agency (JICA).

To improve infrastructure, the EBRD is also helping fund the rehabilitation of the international CAREC corridor 3 from Dushanbe to Uzbekistan. The project is cofinanced with the Asian Development Bank.

The government of Tajikistan has requested ADB assistance for the CAREC corridors 3 and 5 enhancement project, which is important for national road network connectivity, particularly in the Khatlon province, and for the socio-economic development of the country. The proposed project will improve the CAREC corridors 3 and 5 and associated sub-network by strengthening the 88 km Sayron–Karamik section, rehabilitating the 87km Vose–Hovaling sub-network connecting roads and improving road safety and roadside communities with solar energy installations.

In relation to the above TA-project, the Bank proposes a USD 70 M facility. The project outputs will be (i) improved and enhanced road safety on CAREC corridors 3 and 5 and associated sub-network totaling 177 km, Sayron Karamik road section (89km) and Vose Khovaling road (88 km); (ii) extended access to local communities through improvement of rural access roads and public facilities, provision of solar power solutions for villages with winter electricity deficiencies and associated trainings; and (iii) institutional strengthening on project management, contract supervision and efficient road maintenance through a piloting performance-based maintenance contract. The overlapping portion of CAREC corridors 3 and 5 Dushanbe to the border with Kyrgyz Republic is a two-lane highway of about 340 km. Around 160 km of the road passes along deep riverbanks and is difficult to widen due to the constraints imposed by the mountainous topography. At the time of project design, in 2006, the government was stretching its limited budget for longer road coverage and the traffic forecast was low, thus design for the Sayron-Karamik section adopted one asphalt concrete layer. Additionally, other rehabilitation work, such as rock excavation, drainage and concrete retaining walls, was reduced in quantity due to a lack of funds.

Table 4: IFI Supported Projects in Tajikistan

Title of project	Year of approval	Sub-sector	Total project cost	IFI funding
CAREC corridor III (Dushanbe–Uzbekistan border) Improvement Project	2011	Road	USD 166 M	USD 120 M (**ADB**) USD 35 M (**EBRD**) USD 11.2 M (**RoT**)
Dushanbe–Kyrgyz Border Road Rehabilitation Project, Phase I, II	2009	Road	USD 91.6 M	USD 65 M (**ADB**) USD 17.1 M (**RoT**) USD 9.5 M (**OPEC**)
CAREC Regional Road Corridor Improvement project (Tajikistan component)	2007	Road	USD 76.5 M	USD 53.4 M (**ADB**)
Road maintenance development project	2007	Road	USD 6 M	USD 4 M (**EBRD**) USD 2.675 M

				(**RoT**)
Project for the improvement of Dusty– Nizhniy Pyandj Road	2006	Road	USD 4.5 M	USD 4.5 M (**JICA**)
Construction of Murgab–Kulma pass highway	2000	Road	USD 13.98 M	USD 9.725 M (**IsDB**) USD 4.255 M (**RoT**)

6 STRATEGIC CHALLENGES

6.1 Market Challenges

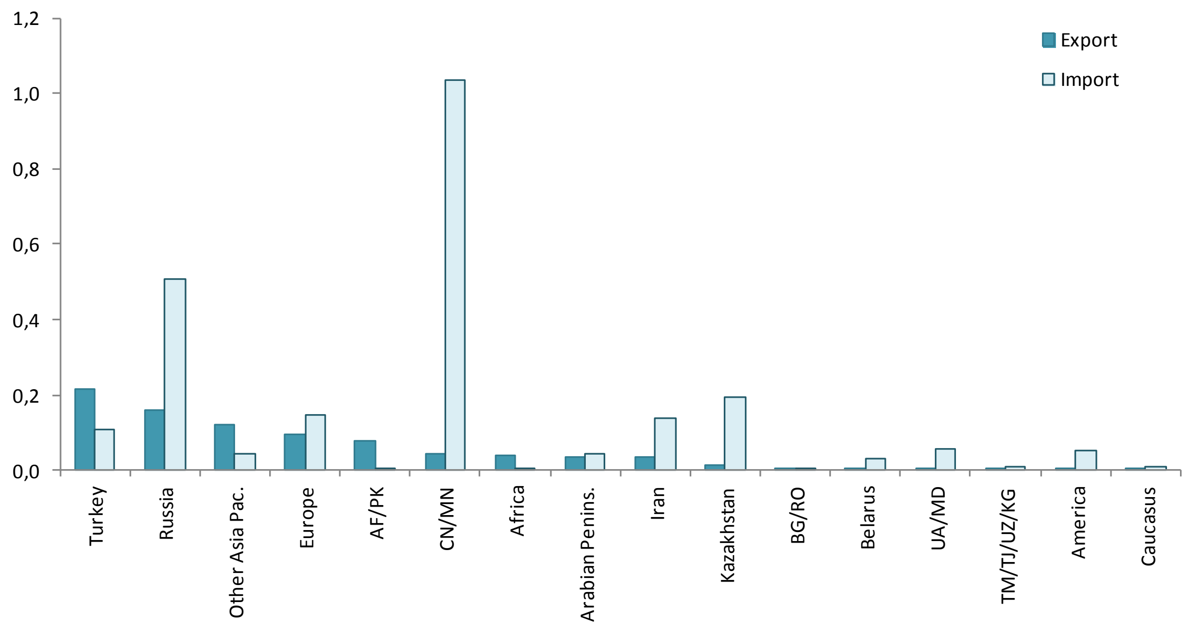
6.1.1 National Trade: Exports and Imports

World Trade Partners

Tajikistan is one of key countries located in the south east of the TRACECA region. The country is landlocked, therefore, the establishment of sustainable trade relations with neighboring countries is important for the development of trade between Tajikistan and the rest of the world.

Based on mirror data obtained from Tajikistan's trade partners, which report to UN Comtrade and Eurostat, in 2010, the value of all imports to Tajikistan exceeded that for total exports by an equivalent of EUR 1.54 bn. Among key trade partners of Tajikistan are China and Mongolia (33% of trade exchange), Russia (21%), Turkey (10%), Europe (8%) and Kazakhstan (6%). Almost all these countries trade with Tajikistan in non-bulk goods (see Figure 2 below); only 40% of trade between Tajikistan and Russia are in bulk goods.

Figure 2: Tajikistan Trade Partners, 2010, bn EUR



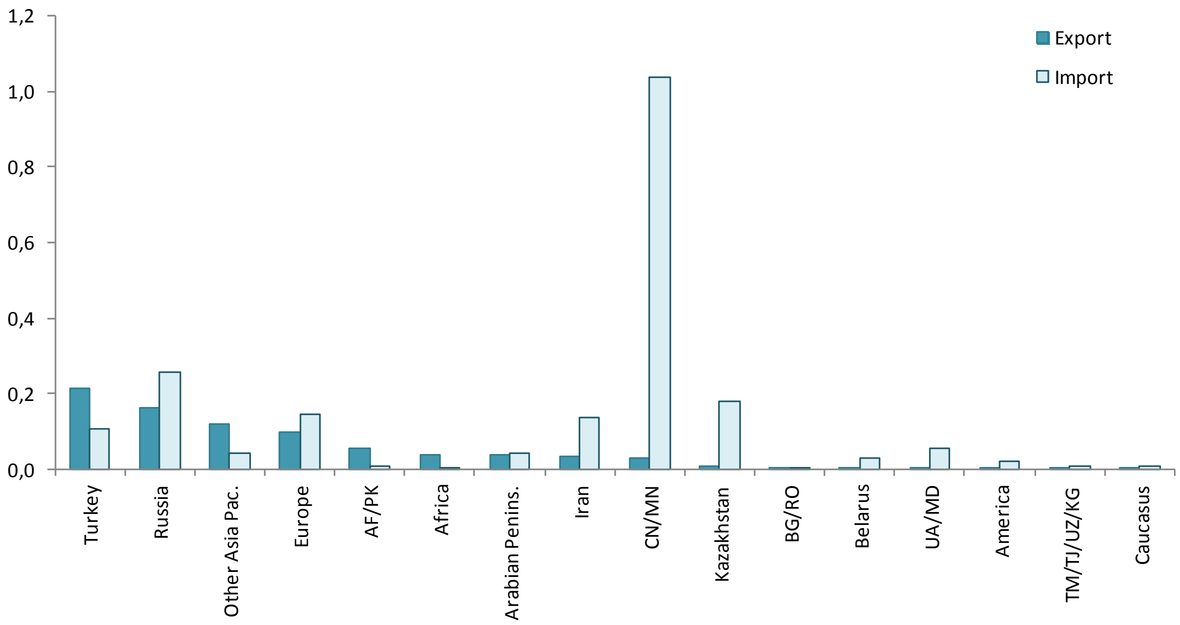
Source: Computation based on Eurostat and UN Comtrade databases

Therefore, for the perspective for LOGMOS development in Tajikistan, it is important to stress that:

- trade consists mostly in goods which are either completely or partially containerizable;
- this trade focuses on mainly the neighbouring countries, e.g., China-Mongolia, Russia and Kazakhstan;

- trade with Europe contributes up to 8% of trade in potentially containerizable goods. The remaining TRACECA countries collectively contribute 14% of potential trade.

Figure 3: Tajikistan Trade Partners, Potential Trade, 2010, bn EUR



Source: Computation based on Eurostat and UN Comtrade databases

Table 5: Distribution of Tajikistan Potential Trade Partners, 2010, % in trade value

Zones	All products		Total all products	No min. fuel & ores		Total no min. fuel & ores
	Import	Export		Import	Export	
Afghanistan-Pakistan	9%	0%	3%	7%	0%	2%
Africa	5%	0%	1%	5%	0%	1%
America	0%	2%	2%	0%	1%	1%
Arabian Peninsula	4%	2%	2%	4%	2%	3%
Area Nes						
Belarus	0%	1%	1%	1%	1%	1%
Bulgaria-Romania	1%	0%	0%	1%	0%	0%
Caucasus	0%	0%	0%	0%	0%	0%
China-Mongolia	5%	43%	33%	3%	50%	37%
Europe	11%	6%	8%	12%	7%	8%
Iran	4%	6%	5%	4%	6%	6%
Kazakhstan	1%	8%	6%	1%	9%	6%
KY-TM-UZ	0%	0%	0%	0%	0%	0%
Other Asia Pacific	14%	2%	5%	15%	2%	6%
Russia	19%	21%	21%	20%	12%	15%
Syria-Iraq						
Turkey	25%	5%	10%	27%	5%	11%

Ukraine-Moldova	0%	2%	2%	0%	3%	2%
Total	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**

Source: Computation based on Eurostat and UN Comtrade databases

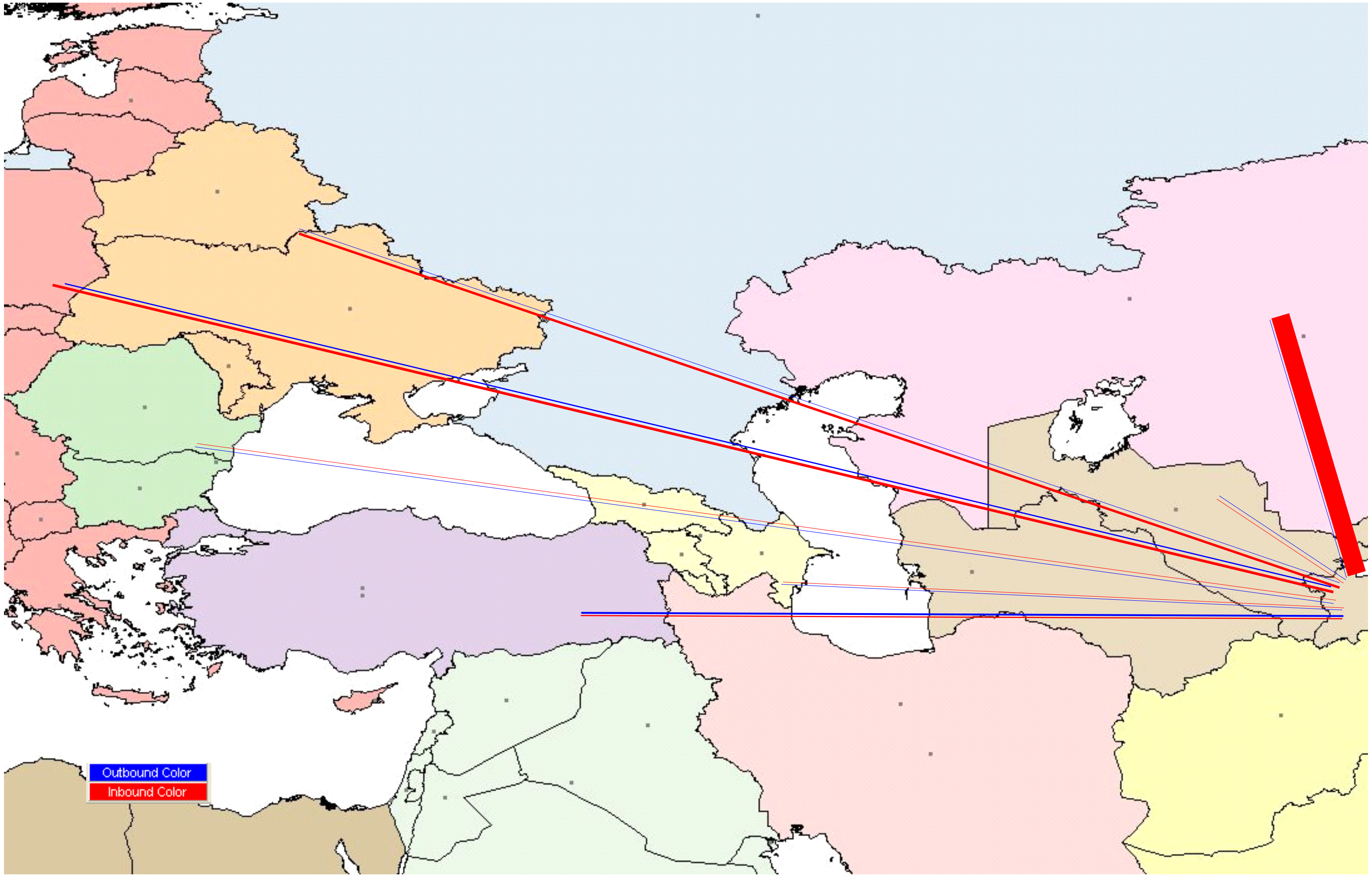
The trade between Tajikistan and TRACECA countries is quite unbalanced (see Table 6 below). In 2010, the estimated volumes of potential exports from Tajikistan constituted up to 12% of potential imports. About 60% of non-bulk goods imported to Tajikistan from TRACECA countries originated in Kazakhstan. Since the trade between Kazakhstan and Tajikistan most often happens along the North-South land corridor, it might be outside of potential interest for TRACECA. However, the trade with Europe and Turkey, which is the most significant in terms of Tajik exports, when added to trade exchange with Bulgaria/Romania and Caucasus, could potentially form a core service area along TRACECA. Based on figures for 2010, Tajikistan's trade with these countries was quite balanced: 133.8 and 171.5 th. tonnes in exports and imports respectively.

Table 6: Tajikistan Potential Trade with TRACECA Countries and Europe, 2010, in tonnes and %

Zones	Tonnage		Share in trade with TRACECA countries and Europe	
	Export	Import	Export	Import
Bulgaria-Romania	2,608.7	199.4	0.6%	0.77%
Caucasus	817.0	9,771.0	0.52%	0.75%
Europe	51,621.9	112,639.5	32.88%	8.69%
Kazakhstan	6,056.8	778,472.0	3.86%	60.07%
KY-TM-UZ	934.3	9,961.2	50.19%	3.77%
Turkey	78,792.5	48,888.5	1.01%	4.82%
Ukraine-Moldova	1,580.7	62,479.1	1.66%	0.02%
Total	**156,992.5**	**1,295,992.5**	**100%**	**100%**

Source: Computation based on Eurostat and UN Comtrade databases

Figure 4: Tajikistan Potential Trade with TRACECA Countries and Europe, 2010, in tonnes



Source: Computation based on Eurostat and UN Comtrade databases

6.1.2 Regional TRACECA Trade

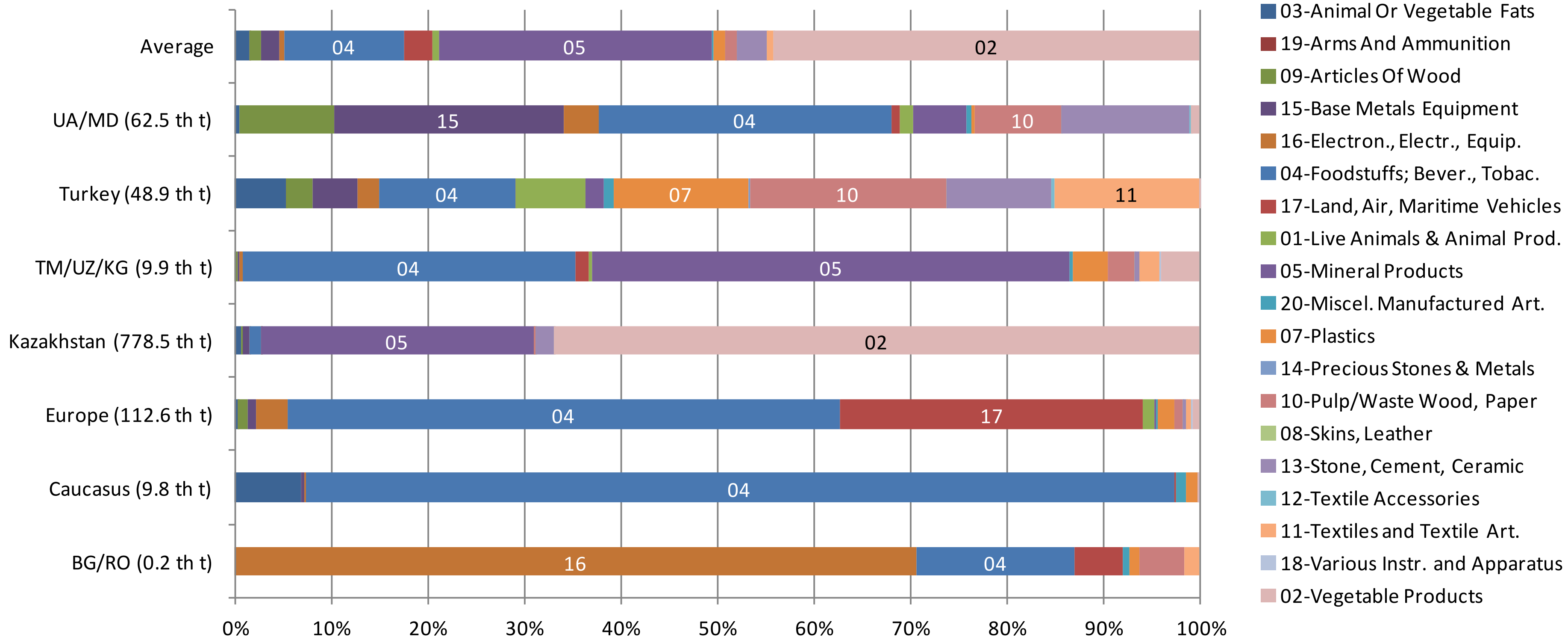
As mentioned above, Tajikistan's potential trade with Europe and other TRACECA countries is considerably unbalanced. Imports from TRACECA and Europe to Tajikistan are not only much more significant in volume (according to project estimates in 2010, the amount of potential imports exceeded 1.3 M tonnes) but also more diverse, both in terms of commodity structure and countries concerned (see Figure 5 and Table 6 below):

- Vegetable products (41%), namely cereals and milling products, come from Kazakhstan.
- Mineral products (26%), including salt, sulphur, etc., are mainly imported from Kazakhstan and other Central Asia countries.
- Foodstuff, beverages, tobacco (11%) consist of sugar and confectionary products imported from Europe, Ukraine/Moldova and Caucasus.

According to project estimates, in 2010, Tajikistan exported about 0.16 M tonnes into the TRACECA region and Europe. Its exports included two key categories of potentially containerizable goods (see Figure 6 and Table 7 below):

- Base metals and equipment (77%). This group included mainly aluminum and articles that were destined for Europe, Bulgaria/Romania and Turkey, but also iron and steel transported to Caucasus; and
- Textiles (16%), namely cotton, meant for Europe, Turkey, Ukraine-Moldova.

Figure 5: Potential Trade with TRACECA Region – Commodity Structure of Imports to Tajikistan, 2010, in tonnes and %



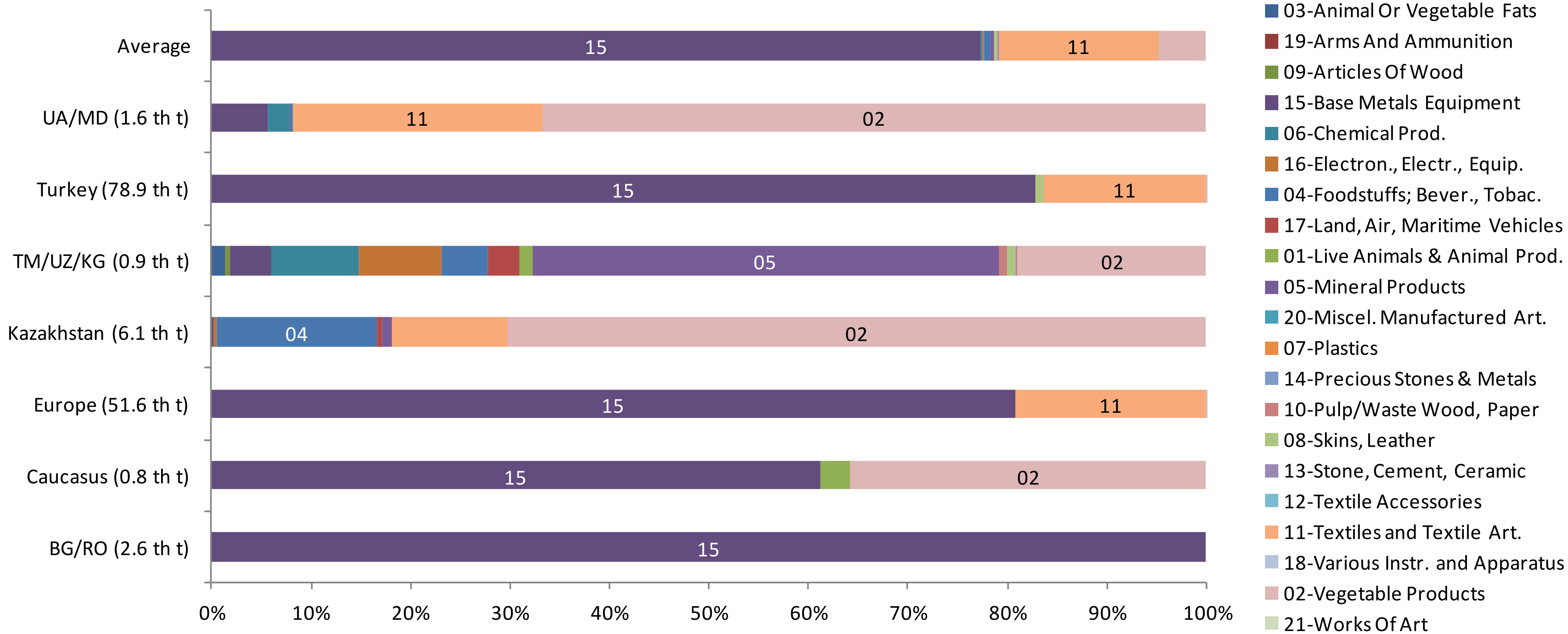
Source: Computation based on Eurostat and UN Comtrade databases

Table 7: Potential Trade with TRACECA Region – Commodity Structure of Imports to Tajikistan, 2010, in tonnes

Commodity Groups	Bulgaria-Romania	Caucasus	Europe	Kazakhstan	KY-TM-UZ	Turkey	Ukraine-Moldova
Animal Or Vegetable Fats	n/a	669.4	272.1	5,533.9	n/a	2,249.0	111.5
Arms And Ammunition	n/a	n/a	3.5	n/a	n/a	0.3	n/a
Articles Of Wood	n/a	n/a	1,156.0	31.7	22.3	1,184.2	2,074.0
Base Metals Equipment	0.0	32.9	894.9	5,505.1	17.8	1,976.7	5,124.4
Chemical Prod.	63.0	20.4	5,222.0	3,839.2	105.1	6,404.7	41,067.5
Electron., Electr., Equip.	96.4	9.9	3,502.1	395.7	36.2	948.7	770.9
Foodstuffs; Bever., Tobac.	22.3	8,775.3	61,617.0	9,535.7	3,407.4	6,017.3	6,489.3
Land, Air, Maritime Vehicles	6.9	19.0	33,701.7	37.5	137.4	11.3	195.3
Live Animals & Animal Prod.	n/a	n/a	1,217.7	215.8	31.6	3,017.4	288.9
Mineral Products	n/a	n/a	178.0	218,704.5	4,881.8	852.4	1,172.8
Miscel. Manufactured Art.	0.9	98.4	268.2	10.8	26.8	414.1	100.7
Plastics	1.3	130.2	1,828.9	487.9	356.1	5,956.8	109.5
Precious Stones & Metals	n/a	n/a	0.0	n/a	n/a	26.3	n/a
Pulp/Waste Wood, Paper	6.4	0.0	923.5	745.3	275.3	8,655.2	1,896.5
Skins, Leather	n/a	n/a	1.0	0.3	0.1	2.5	0.0
Stone, Cement, Ceramic	n/a	n/a	274.1	14,728.3	44.8	4,627.6	2,867.0
Textile Accessories	n/a	n/a	3.0	8.4	4.4	139.3	16.7
Textiles and Textile Art.	2.2	n/a	682.9	20.3	209.9	6,365.5	15.2
Various Instr. and Apparatus	n/a	2.6	73.0	0.6	5.3	5.2	2.6
Vegetable Products	n/a	13.0	819.9	518,671.1	398.9	33.9	176.1
Works Of Art	n/a	n/a	0.0	n/a	n/a	n/a	n/a
Total imports	**199.4**	**9,771.0**	**112,639.5**	**778,472.0**	**9,961.2**	**48,888.5**	**62,479.1**

Source: Computation based on Eurostat and UN Comtrade databases

Figure 6: Potential Trade with TRACECA Region – Commodity Structure of Exports from Tajikistan, 2010, in tonnes and %



Source: Computation based on Eurostat and UN Comtrade databases

Table 8: Potential Trade with TRACECA Region – Commodity Structure of Exports from Tajikistan, 2010, in tonnes

Commodity Groups	Bulgaria-Romania	Caucasus	Europe	Kazakhstan	KY-TM-UZ	Turkey	Ukraine-Moldova
Animal Or Vegetable Fats	n/a	n/a	n/a	n/a	13.0	n/a	n/a
Arms And Ammunition	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Articles Of Wood	n/a	n/a	n/a	n/a	4.1	n/a	n/a
Base Metals Equipment	2,608.7	499.8	41,702.9	11.5	39.0	65,277.7	90.3
Chemical Prod.	n/a	n/a	15.0	n/a	81.6	n/a	34.1
Electron., Electr., Equip.	n/a	0.0	16.9	24.0	77.7	3.0	0.1
Foodstuffs; Bever., Tobac.	n/a	n/a	n/a	975.4	43.8	1.1	4.0
Land, Air, Maritime Vehicles	n/a	n/a	7.0	31.9	29.5	n/a	0.1
Live Animals & Animal Prod.	n/a	25.2	0.0	n/a	12.1	n/a	n/a
Mineral Products	n/a	n/a	n/a	53.4	438.2	n/a	n/a
Miscel. Manufactured Art.	n/a	0.0	0.2	0.3	0.0	n/a	0.6
Plastics	n/a	n/a	0.6	0.9	n/a	1.0	0.0
Precious Stones & Metals	n/a	n/a	0.3	n/a	n/a	n/a	0.0
Pulp/Waste Wood, Paper	n/a	0.0	0.0	n/a	8.1	n/a	0.6
Skins, Leather	n/a	0.0	0.0	n/a	7.6	589.1	n/a
Stone, Cement, Ceramic	n/a	0.0	0.2	n/a	1.2	0.3	0.5
Textile Accessories	n/a	n/a	0.0	n/a	0.0	n/a	n/a
Textiles and Textile Art.	n/a	0.1	9,832.3	703.9	1.8	12,881.3	394.9
Various Instr. and Apparatus	n/a	n/a	0.2	0.1	0.2	0.0	0.0
Vegetable Products	n/a	291.9	46.4	4,255.4	176.2	38.9	1,055.6
Works Of Art	n/a	n/a	0.0	n/a	n/a	n/a	n/a
Total exports	**2,608.7**	**817.0**	**51,621.9**	**6,056.8**	**934.3**	**78,792.5**	**1,580.7**

Source: Computation based on Eurostat and UN Comtrade databases

Based on above observations, it can be concluded that:

- Tajikistan is an important value attractor in Central Asia. It has well-established trade relations with its neighbouring countries, e.g. China and Mongolia, Kazakhstan, Russia.
- Tajikistan trades actively in non-bulk commodities (about 90% of total trade exchange) and therefore has considerable potential for developing LOGMOS services. However, given that trade volumes in an eastbound direction dominate that of the westbound direction, it is important to attract additional transit trade to make this service sustainable in the long term.
- Tajikistan's trade with Europe and TRACECA countries make up 21% of the potential trade exchange. Trade flows are close to balance (133.8 and 171.5 th. tonnes for exports and imports, respectively) and include a considerable share of potentially containerizable goods.

6.2 Intermodal Maritime Based Transport Challenges

LOGMOS aims to developing seamless door-to-door intermodal services, where all components of the transport chain may be considered as possible segments of LOGMOS projects, depending on their relevance for potential LOGMOS trade flows.

Port interfaces for operations, services, procedures etc. between land and sea are among the most critical points.

6.2.1 Port System and Maritime Links

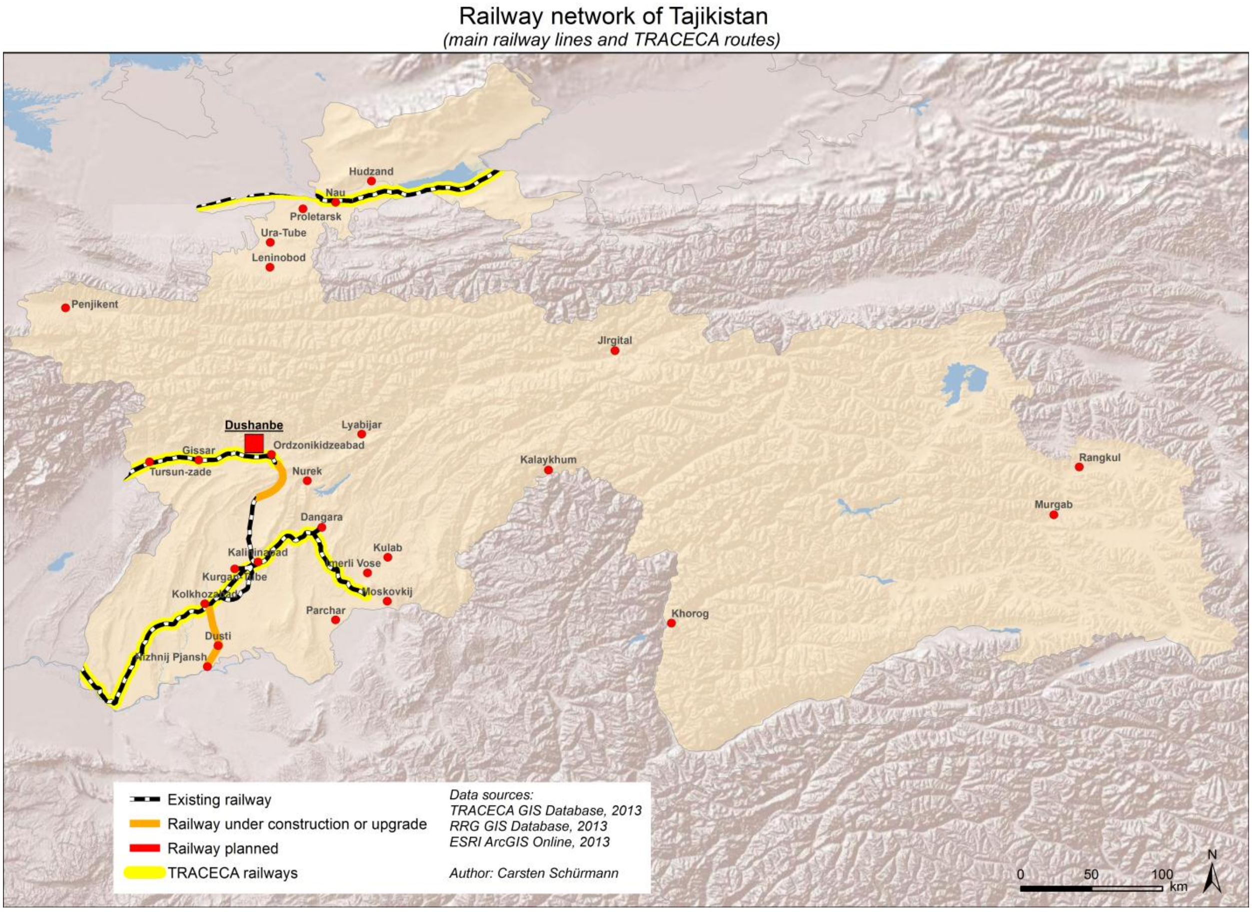
Tajikistan is a landlocked country and the development of multimodal and intermodal transportation in the country is weak. The transportation potential of Tajikistan and adjacent countries, especially as transit markets, is among the key factors that will determine the region's success in increasing its importance and prominence. The region is ideally located on the crossroads of the European and Asian trunk railways with access to the Persian Gulf via Iran, to the Indian Ocean via Afghanistan and Pakistan, and the rest of the Asia and Pacific Region via China. Tajikistan can expect real benefits from the international transit potential, but the utilisation of this potential would require joint co-ordinated and long-term effort from all countries in terms of expanding the existing networks of motor and rail roads, the construction of new logistics and transportation centres in key locations, and, afterwards, the development of efficient and improved transportation corridors.

There are plans for the establishment of a logistics centre in Nizhniy Pyandj. Nizhniy Pyandj, on the Tajik/Afghan border, is the most important road border crossing for Tajikistan. The Nizhniy Pyandj Logistics Centre will provide a modern logistics terminal, initially for single-modal truck delivery, but eventually allowing multi-modal shipment by truck and rail, and multi-functions such as transshipment, storage and processing goods for general container cargo. The logistics centre will be a gateway for international export, import and transit container cargo, and will also store and process consumer goods needed by local people in the Khatlon region.

The objective of the project is to support international trade and foster the traffic of goods within the TRACECA corridor on the basis of the expansion of logistical opportunities, the interaction of networks and multimodal transportation facilities.

6.2.2 Inland Transport Mode: Railways[2]

Figure 7: Tajikistan Railway Map



Source: TRACECA (2013)

The railways network of Tajikistan comprises 960.6 km of tracks, including 684.8 km of main tracks, 75.6 km of access tracks and 200.2 km of station tracks. Only 61.5 km are double tracks.

Table 9: Features of Tajikistan Railway Network

Total route length (km)	Gauge (mm)
960.6	1,520
Electrified lines (km)	**Electrification system**

As shown in the above map, the network is not unified. It is made up of three distinct sections that were formerly part of the Soviet Central Asian railway network. The track gauges applied are 1520 mm. The three sections are:

[2] More detailed information on the railway sector of Tajikistan, figures and state of projects can be found in the separate railway report of the LOGMOS Master Plan

- Northern section: the 109 km line links the provinces of Ferghana and Andijan to the provinces of Jizzakh and Samarkand in Uzbekistan. 66.7% of the total railway cargo volume and 100% of the railway transit volume use the northern section.
- The 89 km central section links Vahdat and Dushanbe to Pakhtaabad and the Sourkhan-Daria province in Uzbekistan.
- Southern section: In 1999 the Khoshchadi–Kulab railway line was built with a total length of 296 km.

Today, all three sections are connect together in Uzbekistan.

Railways play a crucial role regarding international transport and transit for Uzbekistan national market. From 1991-1996, freight turnover was divided by 3.7 times, goods transport by all means of transport by 2.7 times. From 2000-2008, thanks to a boom in the construction and industrial production sectors, the demand for freight transport service increased by 2.5%/3%.

The state owned company Tajik Railways, which was created in 1994 after the division of Central Asian railways, is the only company operating in the network. They have ownership of 2,100 freight waggons. Tajik Railways are under a process of self-restructuration. The policy of the state is to liberalise the market and create conditions for the emergence of private operators. Tajikistan plans to create a separate infrastructure company by 2018, which would optimise the cost of upgrading railway tracks by eliminating cross-subsidies that are hampering equal access to the railway network for all market players. Currently, the level of investment into the rail infrastructure of the country is very low, despite the fact that the tariffs are set by the Company itself.

In 2010, 10,439,900 tonnes of goods were transported throughout the network. 47.2% of the volume were destined to transit (4,927,100 tonnes). 95.9% of international cargo transport is ensured by rail.

The national transport plan forecasts an ambitious development of the railway sector in Tajikistan. The major investments programmed concern:

- Renewal of old tracks and shunts of the whole network
- Improvement of the heads of the rail tracks on three sections (142 km)
- Reconstruction and maintenance of railway bridges (sections on rivers Khonako, Vahdat and Kafernigan)
- Acquisition of modern rolling stock as 50-70% of rolling stock are declared in poor state
- Completion of feasibility studies for new routes:
  - Kolkhozabad–Nizhniy Pyandj–Border with Afghanistan
  - Vahdat–Karamyk (border with Kyrgyzstan) 296 km
  - Dushanbe–Kurgantube, on the section Vahdat–Yavan
- Construction of a railway, connecting the Republic of Tajikistan with Turkmenistan via the Islamic Republic of Afghanistan (Ayvadj–Khulm section)
- Construction of a regional railway, connecting the Islamic Republic of Iran, the Islamic Republic of Afghanistan, the Republic of Tajikistan, the Kyrgyz Republic and the People's Republic of China

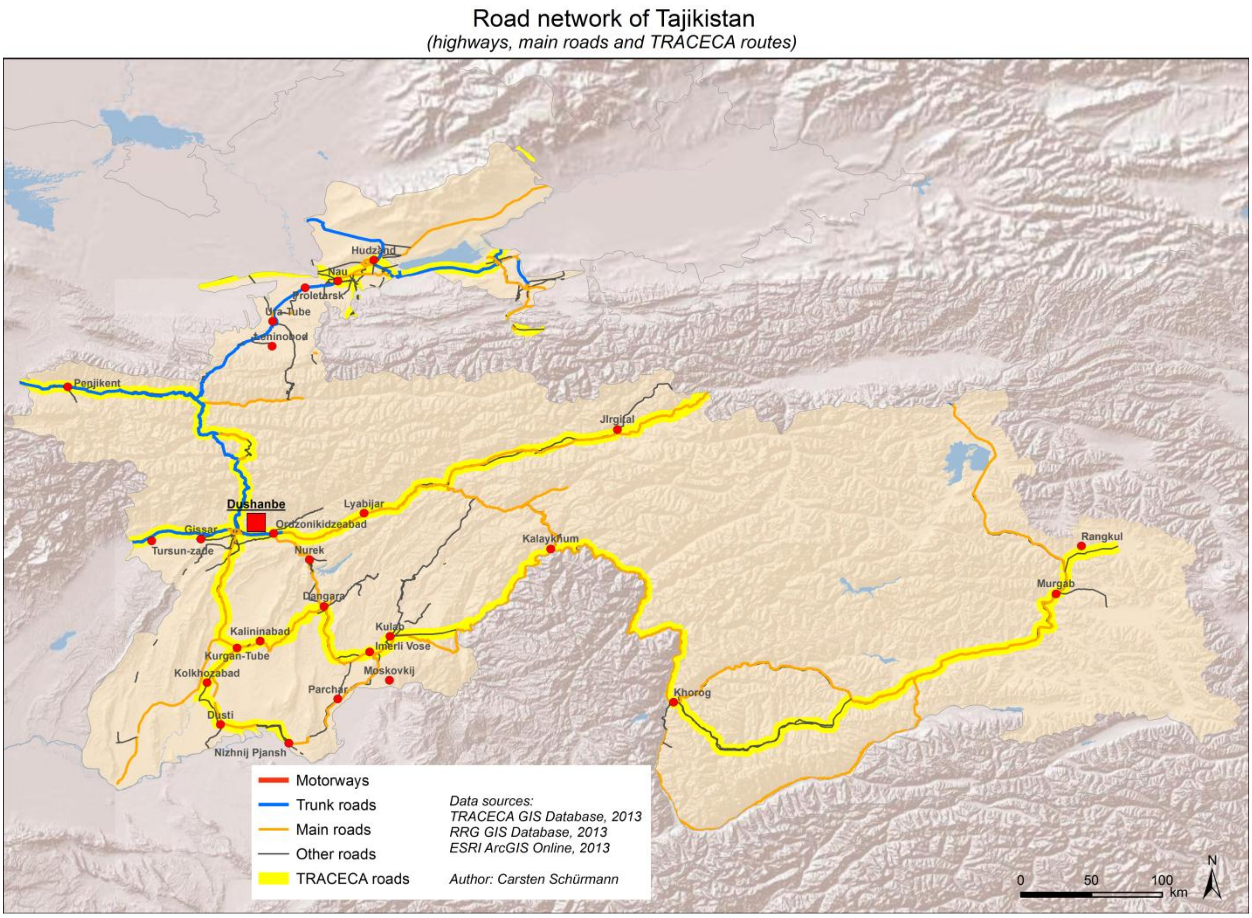
The central and the southern part will be connected when the railway line Vakhat–Kurgan–Tube is completed. Development started in 2009 and should last 10 years. The distance for traffic between Vakhdat and Yavan will be 469.7 km shorter than the existing route via the territory of Uzbekistan, thus reducing transportation costs.

The long term railway development perspective as presented in the national transport strategy foresees linking the independent sections, thus creating a unified and coherent railway network for Tajikistan.

Tajikistan is actively promoting the Tajikistan-Afghanistan-Turkmenistan project. In March 2013, the MoU on the construction of the railway was signed between the three countries. Tajikistan, experiencing a shortage of energy resources, would get access to the energy resources of Turkmenistan, including fossil fuels. It would benefit tremendously by overcoming its current transportation deadlock and its dependency on Uzbek railroads for transit. Relations between the two countries have been strained for an extended period of time.

6.2.3 Inland Transport Mode: Roads[3]

Figure 8: Tajikistan Road Map



Source: TRACECA (2013)

Due to the predominancy of mountains, road transport plays a major role in Tajikistan's economy. About 95 % of cargo and 97 % of passengers are transported by road transport.

The network consists in 14,000 km of public roads (2012) which are divided between:

[3] More detailed information on the road sector of Tajikistan, figures and state of projects can be found in the separate road report of the LOGMOS Master Plan

- 5,351km of republican roads (38%)
- 8,723 km of local roads (62%)

There are another 12,791 km of non-public roads (industrial or private, so not financed by the Ministry's budget). 28% of roads are covered with asphalt, 45% are covered with gravel bitumen and 27% with gravel. The length of motorways and dual carriageway roads is negligible. With 98.4 km/,000 km², the road densities in Tajikistan (entire network) is the second in Central Asia after Uzbekistan (100.2 km/,000 km²). It is more than twice the regional average (47.6 km/,000 km²).

Tajikistan possesses 19 international roads and 91 republican roads. 1,907 km of routes crossing the territory of the Republic of Tajikistan are part of the Asian Highways network, a project created by UN ESCAP (see table 10 below).

Table 10: Asian Highway Routes in Tajikistan

AH No.	Route	Kilometre
AH 7	Nizhniy Pyandj–Chanok	550
AH 65	Karamyk–Tursunzade	414.3
AH 66	Kulma Pass–Dushanbe	1023.1

Source: UNESCAP, 2003, Asian Highway Handbook

According to national statistics, 70% of freight transport bound to national economy arrives by road. From 2008-2010, road freight transport increased by 21.7%.

The main problem related to road transport in Tajikistan is the insufficient level of infrastructure maintenance due to hard climatic conditions in winter. The global state of roads is unsatisfactory. 75% of republican roads either entirely or partially lost their asphalt cover up to 2008. As a result, the average speed for 48% of all roads in Tajikistan is not higher than 35 km/h. Regarding the rolling stocks, in 2010, 50-70% of Tajikistan's 42,000 trucks is in a poor state and 80% is 10 years old or more.

Over the past 20 years, 24 road projects were completed, bringing the overall network to 1,643 km of republican importance roads. Major road projects included reconstruction of following roads:

- Dushanbe–Khodjent–Chanak (border with Uzbekistan)
- Vahdat–Rasht–Djirgital (border with Kyrgyztan)
- Dushanbe–Kulab–Khorog–Kul'ma (border with China)
- Dushanbe–Kurgan–Tube–Nyzhny Pyandj (border with Afghanistan)

Future investments in road transport detailed in the National Transport Strategy include rehabilitation of international roads, bridges and tunnels. In total, 4,165 km of roads (2,423 km of international roads) are to be constructed until 2025, which represents a total investment of USD 898 M.

Most notable projects concerning international roads (IR) are listed below:

- Short term (2011-2015):
  - IR2: Dushanbe–Hisor–border with Uzbekistan (56km)
  - IR4: Vahat–Nourek–Dangara–Gulistan–Kulob–Kalai–Khum (299 km)
  - IR9: Kizil–Kala–Kabadyan (47 km)

- IR11: Kurgan–Tube–Nizhniy Pyandj (94 km)
- IR12: Ayni–Pendjikent–border with Uzbekistan (113 km)

- Mid term (2015-2020):
  - IR3: Labi–Djar–Kamai-Khum (135 km)
  - IR4: Kalay–Khum–Rushan (240 km)
  - IR8: Gulistan–Dusti (132 km)
  - IR9: Kabadyan–Aiwanj (85 km)
  - IR10: Aiwanj–border with Uzbekistan (33 km)
  - IR 13: Kanibadam–Spitamen (70 km)
  - IR 16: Isfara–border with Kyrgyztan (44 km)
- Long term (2020-2025):
  - IR4: Khorog–Tuzkul'–Murgab–Kul'ma (401 km)
  - IR6: Khorog–Ishkashim–Tuzkul' (315 km)
  - IR9: Dushanbe–Obi–Kiik–Kizil–Kala (78 km)
  - IR13: Spitamen–border with Uzbekistan (65 km)
  - IR15: Isfara–border with Kyrgyztan (10 km)
  - IR17: Isfara–border with Uzbekistan (24 km)

Road development projects with regional significance are included in the CAREC Action Plan and financially supported by the ADB and other IFIs.

Out of the 1,880 km of TRACECA roads in Tajikistan, about 494 km, equivalent 26% of the length of the TRACECA roads, are concerned by development projects, let them be recently completed, ongoing or planned. The total cost of these projects is estimated to about USD 937 M of which USD 892 M have already been secured.

Note that, since 15% of TRACECA roads have been rehabilitated between the beginning of the 2000s and 2013, the percentage of Tajik TRACECA roads expected to be rehabilitated during the period 2000 – 2015 is 41%.

6.3 Trade and Transit Facilitation

6.3.1 General Presentation

- **Procedures and formalities** are among the **main barriers** that hamper the development of Motorways of the Sea:
  - Several **border points** must be crossed, mostly at ports but also on land routes e.g. along the central land corridors: there is a minimum of 2 points in a single/one sea service, up to 5 points in inter-seas services linking western Black Sea Countries and Eastern Caspian Sea Countries, and possibly more in the case of longer multicountry transit and transshipments trades.
  - Several physical mode transfers, handling movements and intermediate storage operations are taking place along the sea-based transport chains: commonly 3 transfers and a minimum 6 handling plus 2 storages in the case of a single sea leg, and several more handling operations in the inter-seas services

  - Previous and ongoing experiences of Motorways of the Sea in other regions as well as the global worldwide transport system of containers have demonstrated that the resolution of difficulties in this field is an essential factor for success.
- The procedural process in ports and at other border crossing point are **dominantly related to Trade Laws and Regulations**, but actors of the transport and transit chain are responsible for their fulfillment. A significant part of their activities is to deal with these complex issues and draw the corresponding revenues out of their capacities.
  Relationships between institutions on one side, Customs first, but also other Ministries and inspection bodies, and operators and users on the other side, are affected by these functions that mix with the physical transit and transport operations.
- The **impacts of administrative and regulatory barriers** are generally more important when there is a sea leg since:
  - maritime transport and port transits require more formalities than land transport modes, including specific exchange of information, paper documentation etc., which are rightly perceived as a factor of complexity;
  - this adds to the weakness of intermodal sea based transport, particularly when compared to the most simple unimodal road transport;
  - transit times are increased if and when formalities and operations are mismatching, e.g. when the transport means of one mode is not coordinated with those of the next mode, which is a frequent situation between the maritime and railways legs in the TRACECA Region;
  - costs are not only direct but also indirect, not only formal but also informal, and unofficial transit levies and other transaction costs add to the sum of official tariffs, taxes and dues.
- **Common Weaknesses/barriers** have been identified in all LOGMOS project Countries to various extents and at different degrees. This diagnosis has been shared under the key word "Facilitation" by Country stakeholders and at bilateral and regional levels. Barriers in this field are referred to in the "W" (Weaknesses) list of the various SWOT analyses summarised in the following project documents:
  - Country profiles, as synthesised hereafter
  - Presentations for workshops and meetings
- Among the **solutions** discussed in the diagnosis phase, the following is a series of common **recommendations and targets** that are partly implemented, planned, or contemplated for future LOGMOS projects and, more generally, for the development of intermodal transport including port/border crossing points:
  - I.T. systems and solutions electronic solutions/EDI for:
    - information (for users and operators)
    - declarations
    - pre-alert (for Customs and other)
    - duties, taxes and fees
  - One stop shop scheme and extension to Single Window System (SWS)
  - Risk management system and methods
  - IT interchange solutions between MoS port/communities
  - Tracking and Tracing (in coordination with operators)
  - Upgrading/Redesigning border point layouts

- Training (management, IT organisation…)

6.3.2 SWOT Analysis

The following table summarises key findings for national SWOT analysis in trade and transit facilitation procedures that have been adopted in Tajikistan.

Table 11: SWOT Analysis in Trade and Transit Facilitation Procedures

STRENGTHS	• Member of several international organisations (CIS, ECO, OSJD, UNECE, UNESCAP, EurAsEC, SCO, RECCA). • Adoption of Law on Modification and Amendments of the Customs Code of the Republic of Tajikistan. • Comprehensive reform process (second wave under implementation). • Adoption of SAD (2010). • Bilateral agreements with China, Kyrgyzstan, Uzbekistan, and Afghanistan on border crossing points. • Accession of the Republic of Tajikistan to the World Trade Organization (02.03.2013).
WEAKNESSES (BARRIERS)	• Few bilateral agreements signed on transport and customs issues with LOGMOS beneficiary countries. • Slow Identification of follow up TA project to the completed ADB project. • Slow implementation of recomendations of the ADB project.
OPPORTUNITIES	• New Customs Code provides sound legal basis for modern customs concepts (single window, etc). • Recomendations from ADB project and LOGMOS provide basis for new TA projects.
THREATS	• Slow mobilisation of TA, for example SUE Single Window Centre needs support. • Administrative culture in Tajikisan (resistance to change).

7 PILOT PROJECTS SELECTED FOR MOS I AND ILC PROJECTS

To address the existing challenges for MOS and ILC promotion, two TRACECA projects ran a pre-screening for potential pilot projects. The pre-screening was based on the multi-criteria analysis of the proposed pilot, which helped to narrow down the pilot projects list.

The list of retained pilots included the following projects:

Table 12: Selected Pilot Projects in Tajikistan

Pilot project	Service proposed	Countries involved directly	Concerned TRACECA project
Nizhniy Pyandj ILC	Cargo facilities, warehousing and other logistics related investment	Tajikistan	ILC project

As a result of the first phase of MOS I and ILC implementation, a feasibility study was elaborated for the above pilot project. A short summary of this project can be found here.