MARKET RESEARCH ON THE MARKETS OF TAJIKISTAN

Оглавление

1. Introduction

The research was carried out by the EL-PIKIR Center for Public Opinion Research and Forecasting. Over the past 21 years the organization has specialized in research projects on a turnkey basis in Tajikistan, Kyrgyzstan, Uzbekistan, Kazakhstan, Russia (Moscow, St. Petersburg, Ural-Siberian District, Krasnodar Territory), Ukraine, Georgia, Belarus, and Mongolia.

The data was collected in the city of Dushanbe, Tajikistan and in five markets - Korvon, Sakhovat, Farovon, Khochi Sharif, Panjshanbe /Khujand. Thus the study was implemented in three regions of the country.

The study focused on consumer goods and did not specifically cover food products that are also available at the studied markets.

The complexity of the study was in the short timeframe for its implementation - four weeks from development of research tools to submission of analytical report in English.

Researchers have observed that respondents were not very open when being interviewed, especially those respondents that were somehow linked to state authorities and government. Market administrators and most surveyed merchants tried not to speak out about difficulties that exist in the country and in their markets. The most sensitive topics were ethnic issues, questions about security in the market, difficulties associated with the policy of the leadership and economic, border problems with neighboring states.

The field stage was carried out from September 9 to 29, 2021. In order to complete all works by the deadline, contracts, fieldwork, data processing, content analysis, report writing, and translation of the report into English went in parallel.

2. Summary

- Foreign trade turnover of Tajikistan in 2017-2020 increased by 13.9% and totaled $4557.8 million US dollars. It is characterized by the predominance of imports over exports. In 2021, Tajikistan had foreign trade relations with 112 countries of the world, and the turnover with the CIS countries is 45.1%.
- At the time of the survey, the absolute majority (86.3%) of merchants are ethnic Tajiks. The representation of Uzbeks is 8,8%, Uighurs – 3,4%, other nationalities – 1,5%. Ethnic composition of merchants in 2017-2020 changed towards smaller number of foreigners (Uighurs, Chinese, Kyrgyz) and their replacement with citizens of Tajikistan. The main reasons for this are the COVID-19 pandemic, border conflicts with Kyrgyzstan and the deterioration of relations with Afghanistan after the Taliban came to power in the latter.
- Since at present the Uyghurs[1] and Chinese[2] prefer not to stand behind the counter themselves, and they hire local Tajiks to sell their goods, we can assume that there are slightly more Chinese and Uyghur traders from the PRC than the respondents say.
- Uzbek merchants are mostly citizens of Tajikistan, not Uzbekistan.

- Each market has a different ratio of food and consumer goods sold. This ratio in the Korvon market is 15% to 85%, in Sakhovat - 50% to 50%, Farovon - 60% to 40%, Khochi Sharif - 60% to 40%, Panjshanbe - 50% to 50%. During the survey period, the number of merchants in all markets was increasing due to the growing number of trading places.
- As for consumer goods, there are clothing (18.8%), footwear (12%), furniture (7%), household items and carpets (7% each), tableware (6.1%), other items of clothing (4.8%), household and

[1] Hereinafter in the report, we talk about the Uyghurs from the XUAR of the People's Republic of China.

[2] Hereinafter in the report, we talk about the Chinese from the People's Republic of China.

textile products (4,7%), large and small appliances (4.3%), stationery (3.9%), children's toys (3,7%). Khochi Sharif sells the greatest number of furniture (17.5%) in comparison with other markets.

- The markets are mainly represented by products from China (39%), from Turkey (18%), goods from Russia (13%). Goods from CIS countries occupy 31,2%. Most of the goods from CIS countries are from Uzbekistan. Among other countries of origin of goods Afghanistan, India, Iran, UAE are mentioned. The share of local goods does not exceed 9,8%. Kyrgyzstan, Kazakhstan import mostly goods from other Asian countries and China.
- In general, over the past two years, according to the estimates of the absolute majority of respondents (82%), the volume of trade in the studied markets has decreased. The largest decrease in trade volumes is observed in three markets of Khochi Sharif, Farovon and Panjshanbe/ Khujand. At the same time, 46% of the surveyed respondents of the Korvon market and 33% of the Sakhovat market have noted an increase in trade volume over the past two years. The reason for this optimism lies in the location of the markets as they are in Dushanbe.
- The main reasons for decline in trade were COVID-19, closed country borders, poverty of the consumers, rising prices for goods and inflation, unemployment, and a drop in remittances from labor migrants. Among other reasons for the decrease in trade respondents mentioned: border conflicts with neighboring countries, rising prices of fuel and lubricants.
- The decline in trade with China over the past 2 years is primarily due to the COVID-19 pandemic. Since the origin of COVID-19 was largely associated with China (Wuhan), China took unprecedented measures to combat COVID-19: border closures. Since February 2020, all visas (educational, tourist, business) have been canceled, transport and air communication between China and Kyrgyzstan, Kazakhstan, Tajikistan has stopped. Merchants of Tajikistan could no longer travel to China to buy goods. The logistics transport companies in China had not worked for almost half a year. Since they started working, customs fees have been increased. For example, if goods were delivered to Kyrgyzstan for $ 2 per kg, now they are delivered for $ 8 per kg. It has become difficult for many traders to bring goods.

- The average assessment of the safety level of trading in the market is quite high and amounted to 4.39 points out of 5 possible. The Sakvohat market (3.67 points) is in the critical zone in terms of security. Here, one in three (33%) respondents said that selling in the market is "rather unsafe". The main reasons for this are: theft and lack of security, fires due to non-compliance with safety precautions, bad wiring and arson by competitors, corruption due to bribes extortion from the market administration.
- The vast majority (93.5%) of respondents believe that there is no monopoly of one ethnic group in selling of any product. Only 6.5% of respondents noted the existence of such a monopoly. In the Farovon market, about a third (27.3%) of respondents said that there was an ethnic monopoly, while in the Khochi Sharif every tenth noted that. According to 6.5% of traders, ethnic Uzbeks have such a monopoly, they are more likely to sell clothes, tablecloths and dishes. All these goods are brought by merchants from Uzbekistan. There is also a monopoly of ethnic Uyghurs on the sale of certain bedspreads, clothing and fabrics, furniture and carpets from China. But there are no conflicts on ethnic grounds in the markets. 100% of respondents in all clusters said this.
- 15% of respondents believe that it is easier to work with some foreign businessmen, and half as many respondents say it is more difficult to work. In Panjshanba, the largest number of merchants (one in five) believe that working with traders from other countries is more difficult. There are such responders in the Korvon market, but much fewer - 7%. The difficulties of working with foreign businessmen are as follows:

- They do not deliver goods on time", "ask for money in advance", "and there are language skills problem". Its' about merchants from China
- "Aggressive", "the do not make concessions", "do not treat Tajiks well enough" – this is about merchants from Kyrgyzstan, Kazakhstan
- "Every year mutual understanding becomes less", "they do not make concessions" – traders from Russia, Kyrgyzstan

- The majority of the respondents (68%) of the studied markets did not notice any change in the national composition of merchants in recent years. A significant part (30.6%) of respondents noted a change in the ethnic composition of merchants in their market in recent years. The biggest changes in the ethnic composition of merchants occurred in the Khochi Sharif market, where one in two (55.6%) of the total number of respondents said so. In the Korvon market, 46.2% of respondents noticed a change in the ethnic composition of merchants, in Sakhovat - 44.4%, in Farovon - 18.2%, and in Panjshanbe/ Khujand - every tenth.

- According to those who noticed a change in the ethnic composition of merchants: Korvon – the number of Tajiks and Uzbeks increased by 5.2 percentage points, the number of the Uighurs decreased by 4.5 points, while Chinese and Russian merchants are no longer at the market at all; Sakhovat - the share of Tajiks in the market has not changed (67%), but the number of Uzbeks increased by 11 percentage points, Uyghurs - by 1 percentage point; Farovon – the number of Tajiks almost did not change (95-96%), but the number of Uyghur merchants decreased by 2 percentage points, the Chinese disappeared. Khochi Sharif - the number of Tajiks increased by 15 percentage points, the share of Uighurs decreased by 16 percentage points, and the Chinese disappeared; Panjshanbe - the number of Tajiks increased by 1 percentage point, the number of Uzbeks decreased by the same amount, and the Kyrgyz and Russian merchants disappeared.

- In total, in the studied markets, the number of Tajik merchants increased by about 4%, Uzbeks - more than 5 times, the number of Uyghur merchants decreased by half, and Chinese, Russians and Kyrgyz disappeared from the markets. This caused a proportional decrease in the share of Uyghur merchants.

- There are several reasons for the decrease in the share of foreign merchants in 2017-2021: the pandemic (closure of borders, foreigners left for their homelands), armed and unresolved conflicts on the border of Tajikistan and Kyrgyzstan, an unstable situation on the border of Tajikistan and Afghanistan, unfavorable climate for investors, great corruption and the monopoly of the President's family, an increase in trade places in the markets at due to the increased number of local merchants.

- The pandemic and border closure caused the decrease in the number of merchants from China. The amount of goods from China imported to Tajikistan has decreased as well.
- During the research, it was revealed that in 2015-2017 there were conflicts between Tajik merchants and foreign ones (Chinese, Afghans, Uzbeks). Local merchants were dissatisfied with the high competitiveness and low prices of goods brought by foreign traders. The government has significantly increased taxes for foreigners. By 2017, a significant part of foreign merchants dissatisfied with the new conditions left Tajikistan. Now there are foreigners who were able to adapt to the new rules in Tajikistan.

- Market managers, merchants themselves, for the most part (83.9%) believe that there is no shortage of any goods in their market. At the same time, about 16% of surveyed traders tend to believe that there is shortage of some goods. The main reasons for shortage of these goods include decrease in supply of these goods due to the pandemic, i.e. the closure of borders, especially with China, as a consequence there is a monopoly on leftover goods. Import of these types of goods has been halted. The presence of unsatisfied demand for goods has led to higher prices and will make the goods inaccessible to some population groups.

- During the pandemic, relative majority (34.4%) of traders continued to sell their goods in the market. Most of them were citizens of Tajikistan. One in five (21.1%) chose to stop tradingin the Tajik market or moved to their homeland. Significant share (18%) began to trade via the Internet. 13.3% of merchants stayed at home and stopped working. To maintain their trading business, 7.8% of merchants took out a loan. 3.1% of merchants sold their businesses, 2.3% - stopped trading in the Tajik market and began to sell in other countries. Thus, one fifth of the merchants began to think about leaving Tajikistan.
- Vast majority (93.5%) of respondents did not feel that someone was deliberately pushed out of the market during the pandemic. 6.5% of respondents had opposite opinion. The actions that were categorized as pushing out of the market were - fines, being kicked out of the market if the merchant did not wear a mask; dirty market which created unbearable conditions for trade; demanding rent even when merchants did not have the money to do so. The latter ones were common in the Panjshanbe market.
- One in ten respondents believes that the economy of their market/bazaar has remained stable for the past 5 years. At the same time, a relative majority 45.2% felt an improvement, and 43.5% felt deterioration of the economy. The biggest deterioration in the economic state of the market was felt by merchants at Panjshanbe market (65%). At the same time, the Farovon (81.8%), Khochi Sharif (66.7%), and Korvon (61.5%) have strengthened their economies over the past 5 years.

- Answering the question “Did it become more difficult to deliver goods to Tajikistan”, only 17.7% of respondents said “easier”, 6.5% of respondents found it difficult to answer this question, the remaining 75.8% said that it became “more difficult” to deliver goods. Main difficulties are closed borders (43.5%), problems with delivery, COVID, higher transportation costs, border conflicts, etc.

- In 2017 half (53%) of our respondents brought goods from abroad at an intervals of 1-2 times a month, 14.5% transported goods several times a month. However, in 2021, 71% of the same respondents began to go abroad to buy goods once every six months - once every 3 months. The number of those who went 1-2 times a month decreased almost by half 53% to 22.6%. The number of those who went several times a month decreased almost three fold from 14.5% to 4.3%.

- Difficulties in delivering goods to Tajikistan (especially from China, Afghanistan and Kyrgyzstan) are pushing local traders to consider other countries for import to Tajikistan or to look for wholesalers in Tajikistan as it allows buying goods without traveling abroad. Facing difficulties in delivering goods and unfavorable investment climate, Chinese and Uyghur merchants from the PRC are beginning to think about leaving Tajikistan.

- To make it easier to do business, traders need help – lower taxes, increased access to credit through lower interest rates, affordable rent.
- Help to improve the economy of Tajikistan on the part of neighboring states includes opening borders with Kyrgyzstan and Uzbekistan, mutual understanding and mutual cooperation with neighboring countries, and lower customs duties.
- Limiting factors for the growth of Tajikistan's economy are border conflicts, especially with Kyrgyzstan and Afghanistan. Sanctions against Russia are increasing agricultural exports to Russia. Respondents did not feel the sanctions against China.
- Internal risks to economic growth include: border conflicts, the change of leadership of the country, struggle for political power of opposition movements, impact of terrorist organizations from Afghanistan.

- The most important risk for economic growth is the closure of borders and the difficulty of delivering goods to Tajikistan. The pandemic has clearly shown it. Tajikistan is landlocked and poor transport links through its neighbors, especially with China, can severely undermine the economy. The trade balance of Tajikistan is always negative, therefore imports into the country are the basis for the stable economy in the country.

- Considering the decrease in the share of Chinese merchants (Hansi) from the PRC and Uighurs from the XUAR of the PRC and the growth of Uzbek merchants, it can be assumed that Uzbek goods replace some Chinese ones. However, Uzbekistan is not able to compete with Chinese goods in terms of the assortment, renewability of goods, and price range. Therefore, the difficulties and the closure of borders by China is one of the risks for economic growth in Tajikistan.

3. Research Methodology and Respondent Profile

The purpose of this marketing research was to study the situation in consumer markets/bazaars of Tajikistan. Five markets were selected for the study - Korvon, Sakhovat, Farovon, Khochi Sharif, and Panjshanbe/Khujand Market. Each market in Tajikistan is divided into at least two large parts. In one part consumers can find fruits, vegetables, and other food items, in the other part - consumer goods such as clothes, carpets, household appliances, etc. In the first part of the market, one can mostly find agricultural products produced in Tajikistan. Due to this and the limited time frame (4 weeks), this study focused on parts of the markets where consumer goods were sold. When describing each market authors of this report have indicated approximate ratio of food products and consumer goods at the market.

Overall, 74 respondents were interviewed during the survey, these were divided into several clusters:

Cluster A. (in each market) One representative of market administration and one key informant - well informed about the situation on the market in the 2017-2021 period, the security of the market, source country of goods before and now, destination country, market problems, informal information about the market and other issues. In total, 10 such respondents were interviewed in the 5 target markets.

Cluster B. In the course of the study we interviewed one civil servant informed about foreign economic activity (Tajikistan's export-import). As well as one expert who was well informed about foreign economic activity of the country, the current state and Tajikistan's strategy of trade, challenges and successes of foreign economic activity of the country. The main criteria for selecting respondents was expertise/knowledge of foreign economic activity of Tajikistan for at least 5 years. Two respondents were interviewed in this cluster.

Cluster C. Survey of merchants/traders. From nine to ten merchants were interviewed in each market. Merchants were selected depending on the country of origin of goods that they sell. At least two criteria were used to select respondents – the first one was 1) different countries of origin of goods (Uzbekistan, Kazakhstan, Kyrgyzstan, Russia, Turkey, China, Europe, USA); the second was 2) presence of different but basic types of goods that are sold in this market. In total, 62 respondents from this cluster were interviewed.

Table below presents more details on respondents by clusters and markets.

Table 1. Number of respondents, by clusters and markets

Cluster	TOTAL	Dushanbe	Markets name				
			KORVON	**SAKHOVAT**	**FAROVON**	**KHOCHI SHARIFF**	**PANJSHANBE / KHUJAND BAZAR**
Market administration	5	-	1	1	1	1	1
Key informant	5	-	1	1	1	1	1
Civil servant	1	1					
Expert	1	1					
Merchant	62	-	12	10	11	9	20
TOTAL surveyed	74	2	14	12	13	11	22

A questionnaire was developed for each cluster of respondents (4 in total):

- Market leader
- Key informant
- Merchant
- Expert and government official

The questionnaires were approved by the Client. All conducted interviews were audio-recorded and later transcribed into Russian, since the analysts worked in Russian language. In addition, the merchant questionnaires were entered into the database via CS-pro software, which provides for logical and arithmetic checks. This allowed conducting comparative analysis and analysis of distribution of responses.

The questionnaire for each cluster had its own specifics. Thus, the interviews with experts, government officials, which lasted up to 1.5 hours, helped to explore underlying explanations of the trends that were revealed by the survey of merchants and market administrators. The value of market administration interviews was in obtaining formal statistics about the market over several years. Key informants were able to provide informal unofficial information. The merchant questionnaire focused on personal experience in this market, experience of importing and selling goods from *different countries*: Russia, Kazakhstan, Uzbekistan, Kyrgyzstan, Europe, USA, Turkey, and other.

Quality Control of Field Stage

Quality control of work was performed by the presence of EL-PIKIR representative in Tajikistan, organizing and supervising the entire field stage. As a control element, we attach audio recordings of all interviews conducted, transcripts of audio recordings in Russian and the analytical report itself.

4. Brief information about Tajikistan

The Republic of Tajikistan is located in the southeast of Central Asia. The mountainous country has no access to the sea and is landlocked. This is a serious consideration when looking at development of trade relations. Tajikistan shares borders with Uzbekistan, Kyrgyzstan, China and Afghanistan. The area of the country is 141.4 thousand km.[3] The length of the state borders is 3000 km. The administrative structure includes: Gorno-Badakhshan Autonomous Oblast/Region, Khatlon Oblast, Sughd Oblast, Districts of Republican Subordination and the city of Dushanbe. There are 18 cities and 61 villages in the country.

[3] databank.worldbank.org/views/reports/reportwidget.aspx?Report_Name=CountryProfile&Id=b450fd57&tbar=y&dd=y&inf=n&zm=n&country=TJK https://.

As of January 2021, the population of Tajikistan was 9506.3 thousand individuals[4], which is 763.5 thousand more than in 2017. With that, 34.3% of the resident population is below working age, 59.6% are of the working age and 6.1% are older than the working age.[5] 73.7% of the country's population lives in rural areas. Over the past 30 years, the annual population growth has varied from 2.6% in 1990 to 1.6% before 2000 and 2.3% in 2020.[6] Ethnic composition of the population is represented mainly by Tajiks (about 85%[7]). Data on ethnicity post 2010 are not presented in official statistics.

Tajikistan ranked 125th out of 156 in the Human Development Index (HDI) in 2019[8]. Poverty remains widespread in Tajikistan. According to the World Bank, Tajikistan has one of the highest poverty rates in the region. In 2020, 26.3% of the population lived below the established national poverty line[9]. In 2017, the poverty level was 29.5%[10], in 2010 it was 7.7 points higher than in the level in 2020. In 2017, 2% of the resident population lived on less than US$1.9 per day (in recent years, Tajikistan's statistics has not provided data on this indicator). The average monthly wage in the country, according to the national statistics agency, in June 2020 was $140 (1,447 somoni), which marked a 3.4% decline compared to the same period in 2019. During the pandemic, an increase in poverty has been recorded, as 2 out of 5 households reported a reduction in food consumption, which is much higher than the level of 2019.[11]

High poverty leads to significant labor migration of the population, which is of an increasing and seasonal nature. In 2019, more than half a million people (85% are men) were in labor migration, but according to unofficial data, the number of labor migrants exceeds 1 million citizens of the country.[12] According to the Asian Development Bank, in 2019 Tajikistan received US$2.7 billion in remittances, which was equivalent to 33.4% of Gross Domestic Product (GDP).[13]

In 2020, the country's GDP had an upward trend: the growth was 8.6% over the 2017-2020 period and reached 8.19 billion US dollars. GDP per capita also has an upward trend and was US$858.5 in 2020. For comparison, GDP per capita in the neighboring Kazakhstan was 9 thousand US dollars, Uzbekistan - 1.8 thousand US dollars, Kyrgyzstan - 1.3 thousand US dollars[14].

According to the World Bank, Tajikistan's foreign debt increased in 2017-2020 by 9.9% and reached USD6.631 billion.[15] However, in his speech the Minister of Finance of Tajikistan, Fayziddin Kakhkhorzoda, reported an almost three times lesser figure of foreign debt, US$2.888 billion as of January 1, 2020. According to him, the ratio of Tajikistan's foreign debt to GDP in 2019 was 35.8%. Tajikistan's top

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[4] https://stat.ww.tj/posts/August2021/macmuai_sumorai_aholi_01.01.2021_.pdf Statistical publication "People of the Republic of Tajikistan as of January 1, 2021", Statistics Agency of Tajikistan.

[5] https://stat.ww.tj/posts/August2021/macmuai_sumorai_aholi_01.01.2021_.pdf Statistical publication "People of the Republic of Tajikistan as of January 1, 2021", Statistics Agency of Tajikistan.

[6d]atabank.worldbank.org/views/reports/reportwidget.aspx?Report_Name=CountryProfile&Id=b450fd57&tbar=y&dd=y&inf=n&zm=n&country=TJK https://

[7h]ttps://ru.wikipedia.org/wiki/%D0%9D%D0%B0%D1%81%D0%B5%D0%BB%D0%B5%D0%BD%D0%B8%D0%B5_%D0%A2%D0%B0%D0%B4%D0%B6%D0%B8%D0%BA%D0%B8%D1%81%D1%82%D0%B0%D0%BD%D0%B0

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[9]https://databank.worldbank.org/views/reports/reportwidget.aspx?Report_Name=CountryProfile&Id=b450fd57&tbar=y&dd=y&inf=n&zm=n&country=TJK

[10] https://www.vsemirnyjbank.org/ru/news/infographic/2020/10/15/poverty-in-tajikistan-2020

[11] https://www.vsemirnyjbank.org/ru/news/infographic/2020/10/15/poverty-in-tajikistan-2020

[12] https://www.adb.org/sites/default/files/publication/681666/support-labor-migration-tajikistan-ru.pdf

[13] https://www.adb.org/sites/default/files/publication/681666/support-labor-migration-tajikistan-ru.pdf

[14] https://roscongress.org/materials/makroekonomicheskaya-situatsiya-v-stranakh-tsentralnoy-azii-kak-kazakhstan-uzbekistan-kirgiziya-i-ta/

[15] https://databank.worldbank.org/reports.aspx?source=2&country=TJK

lenders in 2019 included the Chinese Eximbank ($1.163 billion), the World Bank ($325.7 million), the Asian Development Bank ($259.1 million) and the Islamic Development Bank ($134.9 million).[16]

Exhibit 1. Tajikistan's GDP **growth** (in million US dollars),[17] GDP

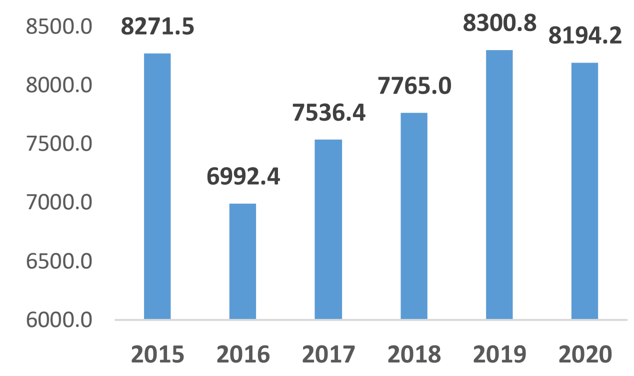


Exhibit 2. Tajikistan's GDP per capita, by years (USD)[18]

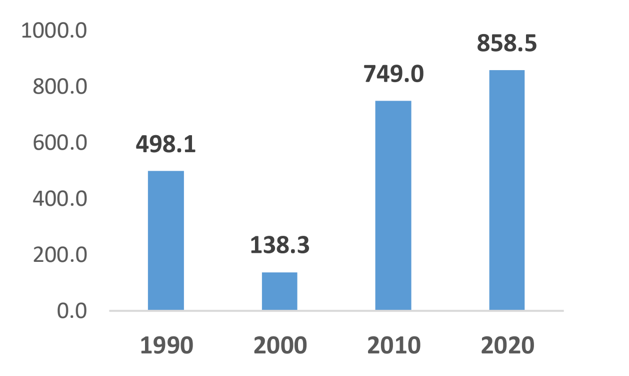
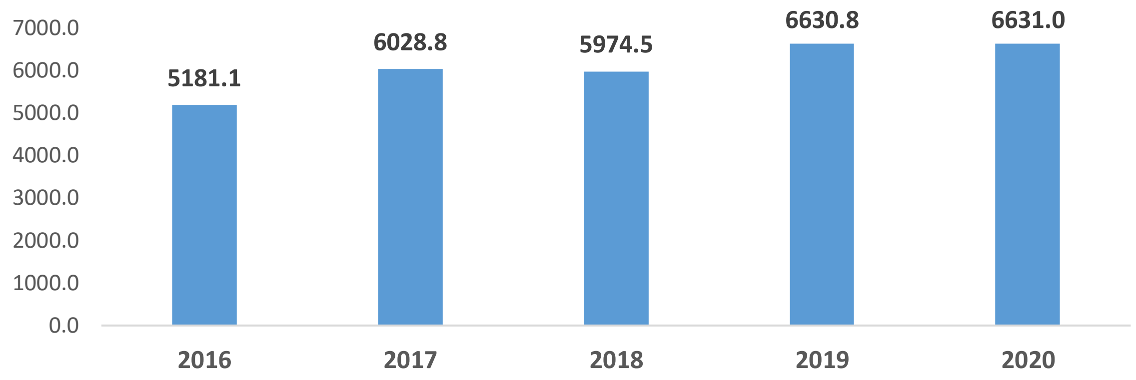


Exhibit 3. Foreign debt of Tajikistan over years, million US dollars[19]



Coverage by mobile communications and the Internet: there are 111.5 mobile phones per 100 individuals, 22% of population in Tajikistan use the Internet.[20]

Armed conflicts: Since April 2021 there has been a border conflict between Tajikistan and Kyrgyzstan with the use of firearms and military equipment. The conflict fades and flares up intermittently. A feature of this conflict is the use of border troops by the armed forces on both sides. However, after Taliban took over the Afghanistan, Tajikistan began to pay more attention to strengthening its borders with Afghanistan, and informal assistance to the resistance from the Afghan Tajiks in Panjshir.

[16] https://www.aa.com.tr/ru/%D0%BC%D0%B8%D1%80/%D0%B2%D0%BD%D0%B5%D1%88%D0%BD%D0%B8%D0%B9-%D0%B4%D0%BE%D0%BB%D0%B3-%D1%82%D0%B0%D0%B4%D0%B6%D0%B8%D0%BA%D0%B8%D1%81%D1%82%D0%B0%D0%BD%D0%B0-%D0%B4%D0%BE%D1%81%D1%82%D0%B8%D0%B3-2-9-%D0%BC%D0%BB%D1%80%D0%B4/1736309

[17] https://databank.worldbank.org/reports.aspx?source=2&country=TJK https://databank.worldbank.org/views/reports/reportwidget.aspx?Report_Name=CountryProfile&Id=b450fd57&tbar=y&dd=y&inf=n&zm=n&country=TJK

[18] https://databank.worldbank.org/reports.aspx?source=2&country=TJK https://databank.worldbank.org/views/reports/reportwidget.aspx?Report_Name=CountryProfile&Id=b450fd57&tbar=y&dd=y&inf=n&zm=n&country=TJK

[19] https://databank.worldbank.org/reports.aspx?source=2&country=TJK

[20] https://databank.worldbank.org/views/reports/reportwidget.aspx?Report_Name=CountryProfile&Id=b450fd57&tbar=y&dd=y&inf=n&zm=n&country=TJK

Public administration: Tajikistan has a presidential form of governance. President Emomali Rahmon has been the head of Tajikistan for the past 27 years. The leader is 69 years old. The country has an authoritarian governance style with tight control over the media. The opposition in the country is persecuted by authorities and is practically absent. It is difficult to conduct research in such a country. Respondents do not show openness during interviews. Conducting a market research requires an official permission from the Ministry of Foreign Affairs of the Republic of Tajikistan. In order to start the survey of merchants, we received permission from the market administrator to conduct the survey.

5. Foreign Economic Activity of Tajikistan in 2017-2021

GDP of Tajikistan increased in 2020[21] compared to 2017[22] by 8.7%. With 22.6% share agriculture was the main GDP component in 2020. Industry accounted for 17.4%. Third major GDP sector was 'Wholesale, Retail Trade, Car Repair, Household Goods, Hotels and Restaurants'[23] - 15.9% of GDP. During the period under review, this particular sector of GDP showed the greatest growth (1.9 points), while Agriculture grew by only 0.5 points, Industry and Energy - by 0.4 points. The next largest share of GDP is Construction Sector which accounts for 9.3% of GDP. After 2017 the State Statistics Agency of Tajikistan changed reporting on GDP structure. Now, instead of the GDP structure one can find the indicator 'Short-term indicator of the development of economic sectors',[24] which includes an item "Other" that covers, among other, four sectors - Financial Sector, Public Administration, Education, and Health. See Exhibit.

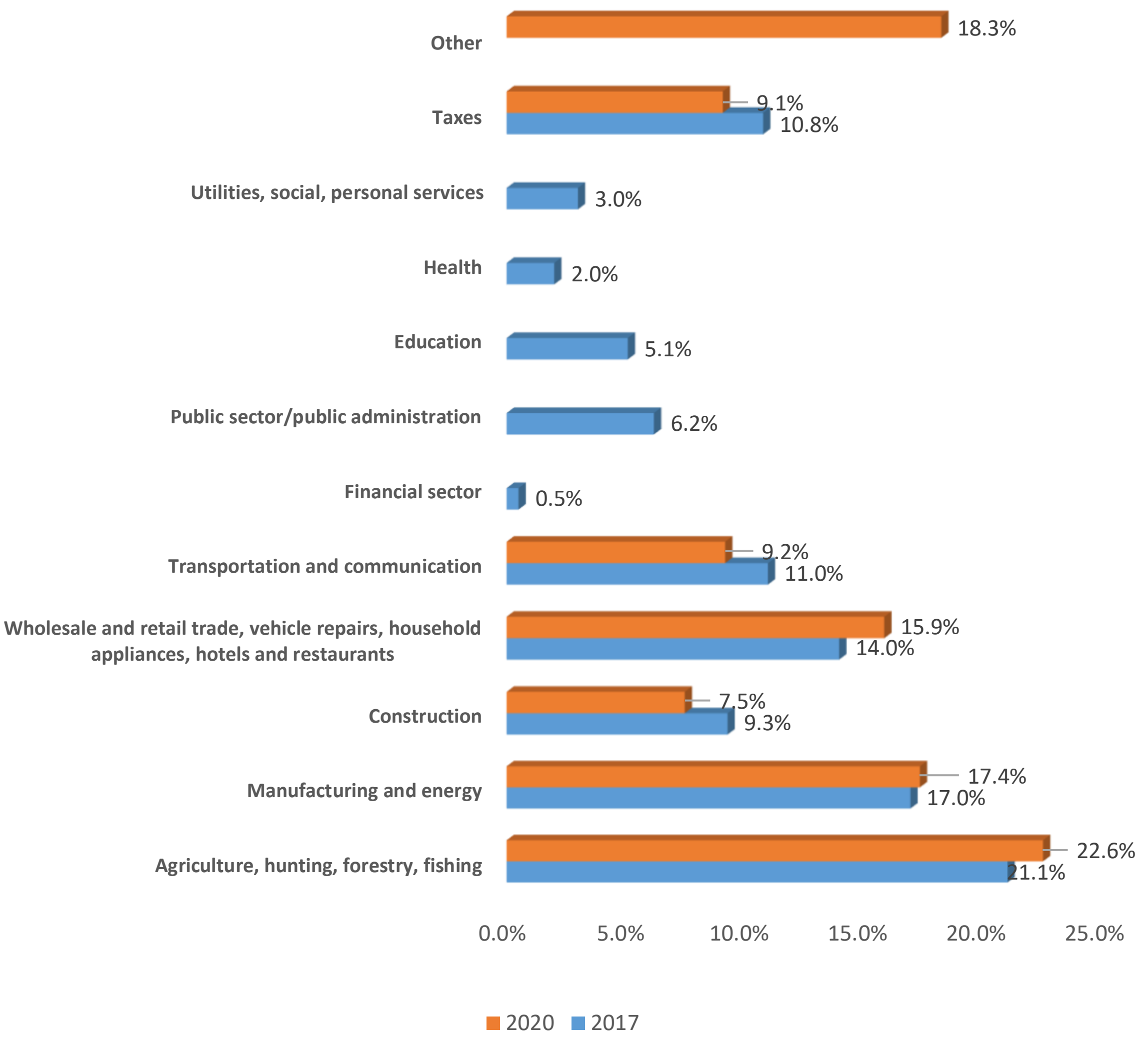
Exhibit 4. GDP structure in 2017 and Short-term indicator of development of economic sectors in 2020, %

[21] Socio-economic situation in the Republic of Tajikistan in 2020. Statistical publication, State Statistics Agency of the Republic of Tajikistan.

[22] Socio-economic situation in the Republic of Tajikistan in 2017. State publication, State Statistics Agency of the Republic of Tajikistan.

[23] We could not single out trade separately, because all statistics are given in aggregate.

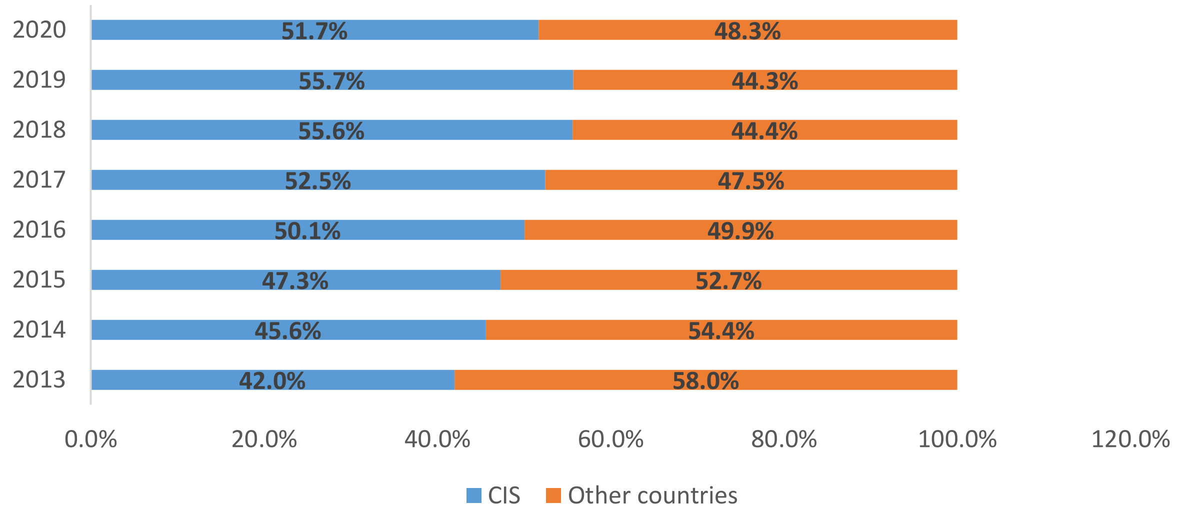
[24] Socio-economic situation in the Republic of Tajikistan in 2020. State publication, State Statistics Agency of the Republic of Tajikistan.



Tajikistan's foreign trade turnover in 2020 totaled 4557.8 million US dollars, which was 13.9% more than in 2017, and 14.2% lower than in 2014.

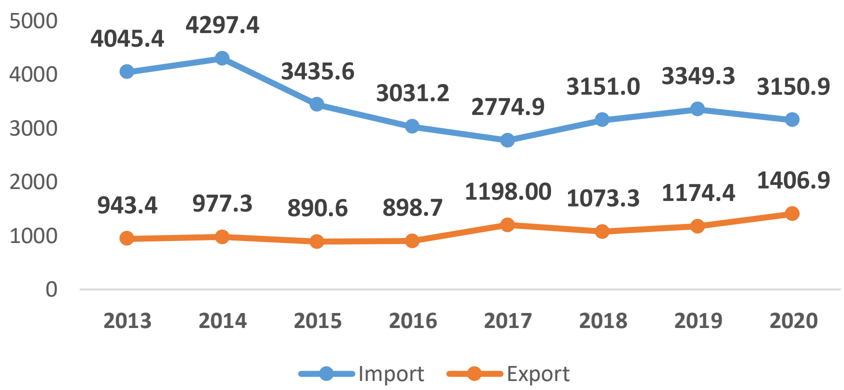
Foreign trade turnover of Tajikistan is dominated by trade turnover with Commonwealth of Independent States (CIS) countries, which has declined during the pandemic from 55.7% in 2018 - 2019 to 51.7% in 2020. At the same time, the share of trade with other foreign countries during the pandemic increased from 44.3% in 2019 to 48.3% in 2020. Nevertheless, the trade turnover with CIS countries in 2020 remained higher than with non-CIS countries - 2357.9 million US dollars against 2199.9 million US dollars. This trend continues in 2021. Over the seven months of 2021, trade turnover with CIS countries increased by 18.3%, reaching 1999.7 million US dollars, while with non-CIS countries for the same period, the trade turnover increased 1.8 times and reached 1950.6 million US dollars.

Exhibit 5. Trade Turnover with CIS and Other Countries, %



Trade turnover of the country is dominated by import. However, since 2014 there has been a trend of narrowing the gap between export and import. While in 2014 balance of trade was 3320.1 million US dollars, in 2020 it was 3150.9 million US dollars. The data of the State Statistics Agency give reason to say that the pandemic did not affect the country's foreign trade. Moreover, it grew in 2020 compared to 2019 by $34.1 million. In January-July 2021 the foreign trade turnover of Tajikistan increased by 44.7% compared to the same period of 2020. Note that in 2017 Tajikistan enacted Export Promotion Program that aims to increase import substitution.

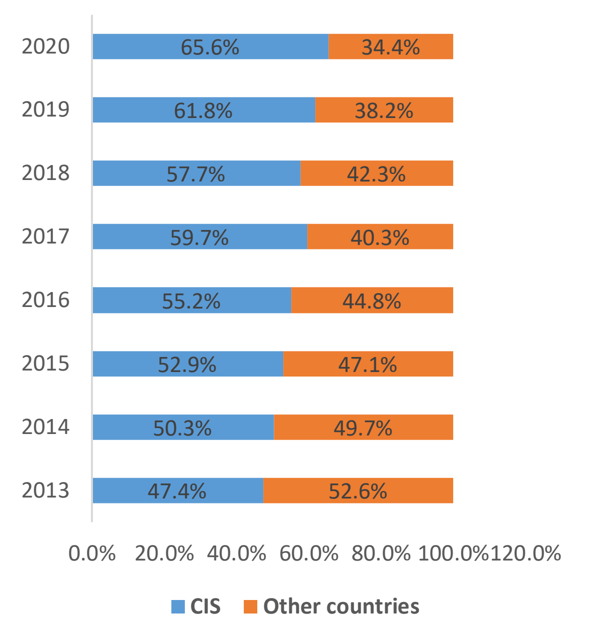
Exhibit 6. Imports – export ratio in foreign trade turnover, US$ million

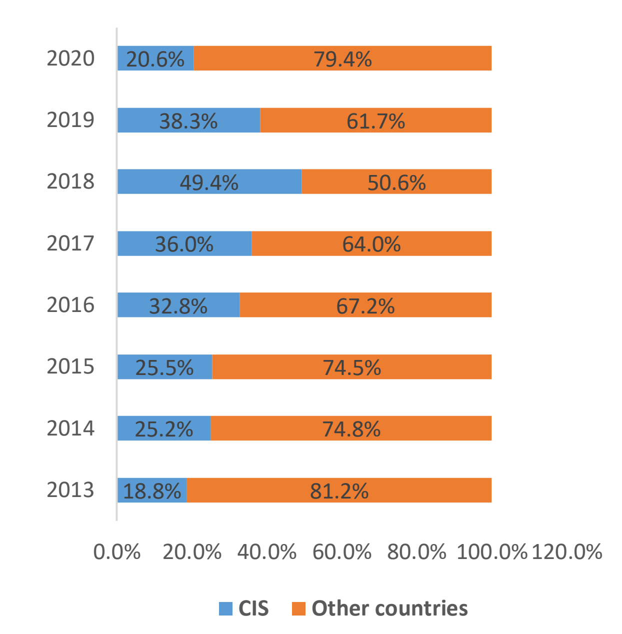


In 2020, 65.6% of imports came from CIS, equivalent to 2068.3 million US dollars. This was 5.9 percentage points higher than in 2017. Non-CIS countries account for 34.4% of import or 1082.5 million US dollars. In January-July 2021, import to CIS has been growing more slowly (10.5 percentage points) than import to non-CIS countries (1.6 times increase).

Tajikistan exports its products mainly (79.4%) to non-CIS countries. One fifth is exported to CIS. There has been a decline in exports to nearest neighbors by 15.4 percentage points since 2017. The volume of exports fell from 430.7 million US dollars to 289.5 million US dollars. Exports to non-CIS countries increased in 2020 and reached US$1,117.4 million or 79.4% compared to 64% in 2017. For the first seven months of 2021 compared to the same period in 2020 exports to CIS increased 1.7 fold, reaching 285.8 million US dollars, and to other countries, exports increased 1.9 fold and reached 1,046.9 million US dollars.

Exhibit 7. Changes in imports from CIS and other countries, %	**Exhibit 8.** Changes in exports to CIS and other countries, %





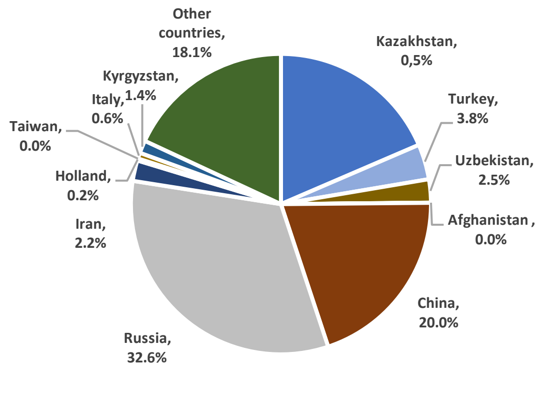
Section below provides more details about the structure of Tajikistan's trade over 2013-2020.

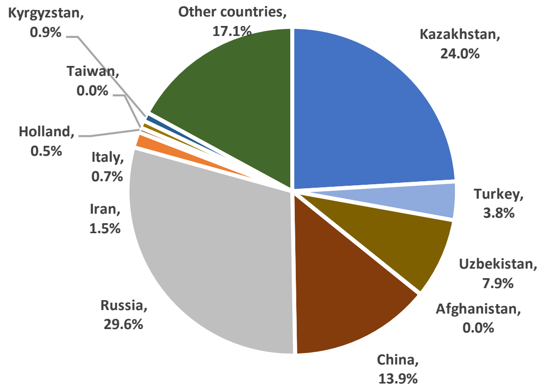
Table 2. Foreign trade of the Republic of Tajikistan, million US dollars

	2013	2014	2015	2016	2017	2018	2019	2020
Foreign trade turnover, total	**4988.8**	**5274.7**	**4326.2**	**3929.9**	**3972.9**	**4224.3**	**4523.7**	**4557.8**
CIS countries	2093.0	2405.7	2045.4	1968.0	2086.9	2348.3	2521.1	2357.9
Other countries	2895.8	2869	2280.8	1961.9	1886.0	1876.0	2002.6	2199.9
Export	**943.4**	**977.3**	**890.6**	**898.7**	**1198.00**	**1073.3**	**1174.4**	**1406.9**
CIS countries	177.4	246.0	226.7	294.4	430.7	530.3	449.9	289.5
Other countries	766.0	731.3	663.9	604.3	767.3	543.0	724.5	1117.4
Import	**4045.4**	**4297.4**	**3435.6**	**3031.2**	**2774.9**	**3151.0**	**3349.3**	**3150.9**
CIS countries	1915.6	2159.7	1818.7	1673.6	1656.2	1818.0	2071.2	2068.3
Other countries	2129.8	2137.7	1616.9	1357.6	1118.7	1333.0	1278.1	1082.5

Main import partners of Tajikistan are Russia (29.6%), Kazakhstan (24%), China (13.9%), and Uzbekistan (7.9%). Turkey accounts for 3.8% of Tajikistan's imports. Over the 2017-2020 there has been a downward trend in imports from Russia, China, and other countries with an increase in imports from the nearest neighbors – Uzbekistan and Kazakhstan. Imports of goods from Kyrgyzstan decreased from 1.4 to 0.9%, which is largely due to border conflicts between Tajikistan and Kyrgyzstan.

Exhibit 9. Share of main imports partners in **2017**, %	**Exhibit 10.** Share of main imports partners in **2020**, %





In 2020, Tajikistan exported products mainly to non-CIS countries (57.8%), as well as to Turkey (14%), Kazakhstan (10.8%), Uzbekistan (5.9%), and Afghanistan (5.0%). Exports to Russia amounted to 2.9%, China 2.4%. Over the 2017-2020, exports to Kazakhstan, which was previously the second largest partner in exports, significantly decreased. Exports declined to Turkey, China, and Afghanistan. However, after the pandemic, the share of exports to non-CIS countries increased from 30.9% to 57.8%, and the share of Uzbekistan increased from 4.8% to 5.9%. The share of exports to Russia practically did not change - 2.7% in 2017, 2.9% in 2020.

Exhibit 11. Main export partners in 2017, %

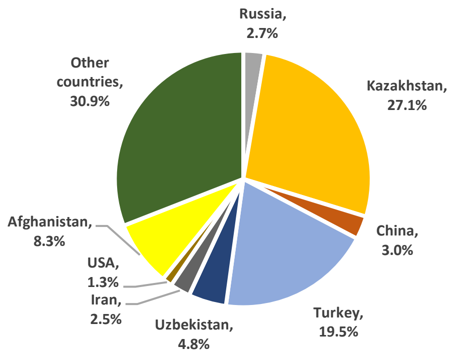
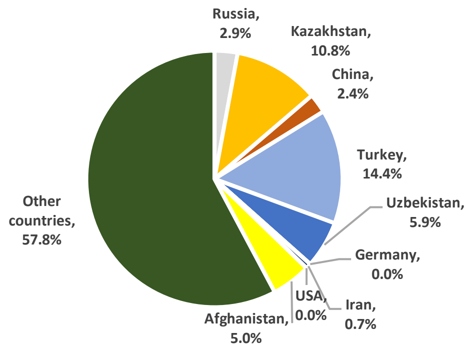
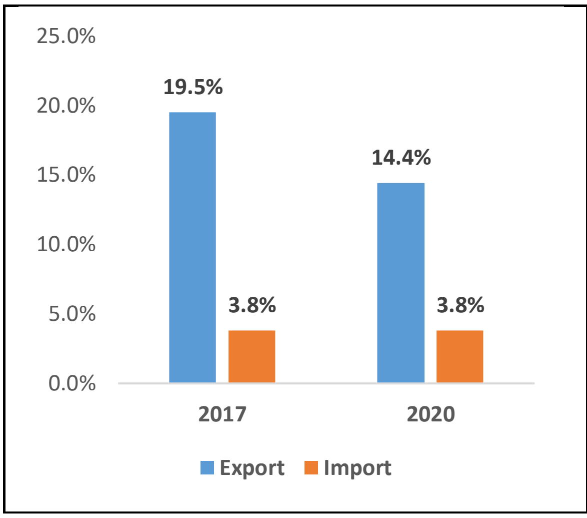


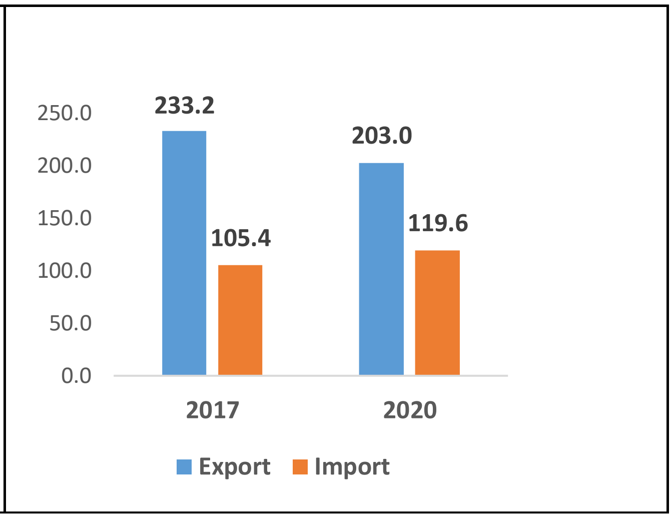
Exhibit 12. Main export partners in 2020, %



Over the 2017-2020, trade with Turkey fell from 338.6 to 322.6 million US dollars, the share of Turkey in Tajikistan's exports decreased from 19.5% to 14.4% and amounted to 208.0 million US dollars in monetary terms. The share of Turkey in Tajikistan's imports remained at the same level with an increase in monetary value by 14.2 million USD. In 2020 Tajikistan imported US$119.6 million worth of goods from Turkey.

Exhibit 13. Changes in Turkey's share in Tajikistan's total exports and imports, %	**Exhibit 14**. Changes in Turkey's exports to Tajikistan and imports from Tajikistan, USD million





In 2020 export was dominated by precious and semi-precious stones and metals (43.1%), mineral products (17.3%), textile materials and products, raw cotton (12.3%), base metals and products made of them (11.7%). Over 2017-2020 there has been a marked increase in the share of precious and semi-precious stones and metals in exports while the share of mineral products, base metals and products made of them, and vehicles declined. More details are provided in the table below.

Table 3. Changes in export structure, 2017-2020, %

		2017	2019	2020	Decrease (-) Increase (+)
1.	Live animals, products of animal origin	0.04	0.07	0.03	-0.01
2.	Products of vegetable origin	1.89	1.91	1.62	-0.26
3.	Animal and vegetable fats and oils	0.00	0.01	0.00	0.00
4.	Processed food products	0.37	0.36	0.55	0.18
5.	**Mineral products**	**34.84**	**32.68**	**17.23**	-17.61
	of which, Electricity	3.90	6.50	3.53	-0.37
	Natural gas	0.00	0.00	0.00	0.00
6.	Chemical industry products	0.20	0.57	0.37	0.16
	of which, Alumina	0.00	0.00	0.00	0.00
7.	Polymer materials, rubber and products made of them	0.05	0.07	0.03	-0.02
8.	Raw hides and leather	0.18	0.19	0.18	0.00
9.	Wood and wood products	0.03	0.01	0.01	-0.02
10.	Paper and cardboard, products made of them	0.00	0.08	0.04	0.04
11.	**Textile materials and articles thereof, cotton fiber**	**13.24**	**14.27**	**12.27**	-0.97
	of which, Cotton fiber	8.82	9.93	8.50	-0.31
12.	Shoes, hats and other	0.00	0.00	0.00	0.00
13.	Products from stone, gypsum and cement	0.02	0.02	0.01	0.00
14.	**Precious and semi-precious stones and metals**	**15.58**	**16.07**	**43.13**	27.55
15.	**Base metals and articles thereof**	**16.71**	**15.51**	**11.70**	-5.01
16.	Machinery and equipment	1.08	0.49	0.33	-0.75

17.	Vehicles	1.89	1.14	0.38	-1.51
18.	Tools & optical, medical, measuring devices, clocks and other	0.48	0.07	0.01	-0.47
19.	Miscellaneous manufactured goods	0.02	0.04	0.08	0.05
20.	Works of art, antiques	0.00	0.00	0.00	0.00
21.	Other	0.66	0.00	0.00	-0.66
		100,00	100,00	100,00	0.00

Structure of Tajikistan's imports is more evenly distributed than exports. The country exports Mineral products (16.8%), as well as about 10% of each of the following: Vegetable products, Fats and oils of animal and vegetable origin, Chemical industry products, Base metals and products from them. Vehicles accounted for approximately 7% of all imports in 2020. Assessing the changes in structure imports over 2017-2020, one can note a more noticeable increase in the share of Fats and oils of animal and vegetable origin, Vegetable products, Instruments and optical, medical, measuring devices, clocks and other with a decrease in the share of Finished/processed food products in imports. More detailed information on the changes in import structure is presented in the following table.

Table 4. Changes in import structure, 2017-2020, %

		2017	2019	2020	Decrease (-) Increase (+)
1.	Live animals, products of animal origin	2.17	1.94	1.74	-0.42
2.	**Vegetable products**	**9.19**	**8.79**	**10.73**	1.53
3.	**Fats and oils of animal and vegetable origin**	**3.25**	**3.06**	**9.02**	5.76
4.	Prepared food products	7.52	7.98	3.49	-4.03
5.	**Mineral products**	**16.86**	**18.07**	**16.83**	-0.03
	of which, Electricity	0.00	0.11	0.19	0.19
	Natural gas	0.00	0.51	0.87	0.87
6.	**Chemical industry products**	**11.07**	**9.40**	**10.11**	-0.96
	of which, alumina	3.70	3.04	2.72	-0.98
7.	Polymer materials, rubber and products from them	3.26	3.67	3.57	0.31
8.	Raw hides and leather	0.06	0.07	0.03	-0.02
9.	Wood and wood products	4.57	3.67	3.69	-0.88
10.	Paper and cardboard, articles thereof	1.79	1.26	1.23	-0.56
11.	Textile materials and articles thereof, cotton fiber	2.30	2.32	2.53	0.22
	of which, Cotton fiber	0.00	0.00	0.00	0.00
12.	Shoes, hats and other	0.45	0.34	0.29	-0.16
13.	Products from stone, gypsum and cement	3.19	2.04	1.86	-1.33
14.	Precious and semi-precious stones and metals	0.16	0.12	0.06	-0.10
15.	**Base metals and articles thereof**	**9.85**	**9.31**	**10.34**	0.50
16.	**Machinery and equipment**	**10.40**	**12.19**	**10.35**	-0.04
17.	**Vehicles**	**7.51**	**9.37**	**6.93**	-0.58

18.	Optical, medical, measuring instruments and apparatus, watches and others	0.76	0.69	2.06	1.30
19.	Miscellaneous manufactured goods	1.51	1.53	1.28	-0.23
20.	Works of art, antiques	0.00	0.00	0.00	0.00
21.	Other	0.42	0.52	0.08	-0.35
		100,00	100,00	100,00	0.00

The structure of exports and imports of Tajikistan for 2017, 2019, 2020 in monetary terms is presented in Annex 1.

Analyzing foreign economic activity of Tajikistan for 7 months of 2021, it can be noted that country's foreign trade turnover for this period amounted to 3550.3 million US dollars, which is 44.7% more than in January-July 2020 or 1096.5 million dollars. The trade balance was negative and amounted to 884.9 million US dollars. Tajikistan had external trade relations with 112 countries of the world in 2021 - 10 CIS countries and 102 non-CIS countries. Foreign trade turnover with CIS countries amounted to 45.1% or $1599.7 million, with non-CIS countries 54.9% or $1950.6 million. Trade deficit with CIS countries amounted to $ 1,028.1 million.

Overall, volume of foreign trade turnover with CIS increased by 18.3% equivalent of $ 247.0 million in January-July 2021 compared with January-July 2020; with non-CIS countries 1.8 fold increase or by $849.5 million. Exports of goods in January-July 2021 totaled $ 1,332.7 million, which was 1.9 times more or $ 625.5 million more than in January-July 2020.

Import of goods to the country totaled $ 2,217.6 million, which is 27.0% or $ 471.0 million more than in January-July 2020.

In January-July 2021 compared to January-July 2020, exports of precious and semiprecious products increased 2.3 fold ($ 404.7 million), chemical products increased by 3.9 times (by $ 3.9 million), machinery and equipment 2.8 fold increase (by 2.4 million dollars), vehicles 1.9 fold increase (by 2.5 million dollars).

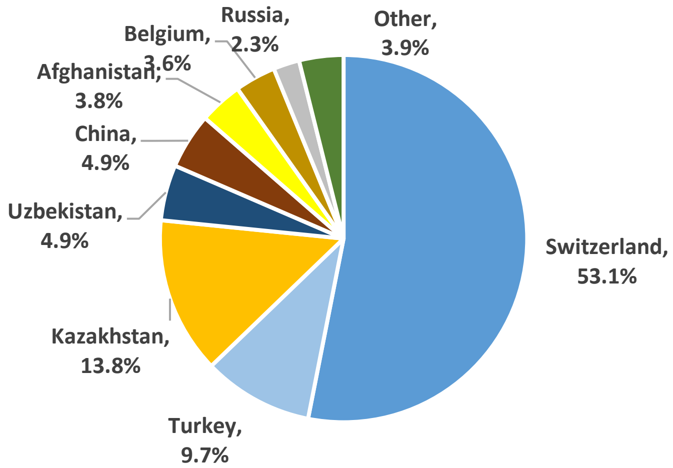
At the same time, exports of finished food products decreased (20.5% or $ 1.0 million) as did export of plant-based products (6.6% or $ 1.1 million).

Imports increased mainly due to an increase in imports of the following: machinery and equipment - 2.1 fold increase (by $ 118.0 million), vehicles - 1.5 fold (by $ 67.0 million), base metals and products from them – 35.6% (by $ 60.9 million), finished food products - 23.4% (by $ 39.6 million), mineral products - 10% (by $ 33.7 million), products made of stone, plaster and cement - 1.6 fold (by 17.6 million dollars), fats and oils of vegetable origin - 22.8% (by 25.5 million dollars), wood and wood products - 20.8% (by 13.6 million dollars), paper and cardboard and products made of them - by 27.4% (by 5.2 million dollars).

At the same time, imports of live animals and animal products decreased by 33.6% or by $ 12.0 million as did imports of chemical products (by 0.6% or by $ 1.1 million).

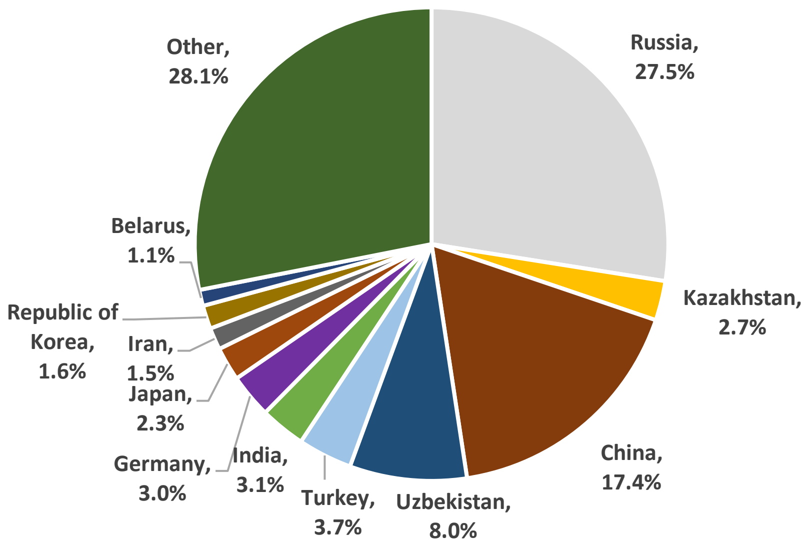
From January-June 2021, key export partners are Switzerland-53.1% of total export of goods, Turkey-9.7%, Kazakhstan-13.8%, Uzbekistan and China 4.9% each, Afghanistan -3.8%, Belgium-3.6%, Russia-2.3% and other.

Exhibit 15. Main export partners of Tajikistan (January-June 2021), %



Import partners include following countries: Russia-27.5% of total imports, Kazakhstan-2.7%, China-17.4%, Uzbekistan-8.0%, Turkey-3.7%, India-3.1 %, Germany-3.0%, Japan-2.3%, Iran-1.5%, Republic of Korea-1.6%, Belarus-1.1% and others.

Exhibit 16. Main import partners of Tajikistan (January-June 2021), %



Significant excess of exports over imports was observed in trade relation with Switzerland (691.9 million dollars), Afghanistan (50.5 million dollars), Turkey (46.0 million dollars), Belgium (40.0 million dollars), Virgin Islands (6.6 million dollars), Georgia (3.9 million dollars), and Croatia (2.9 million dollars).

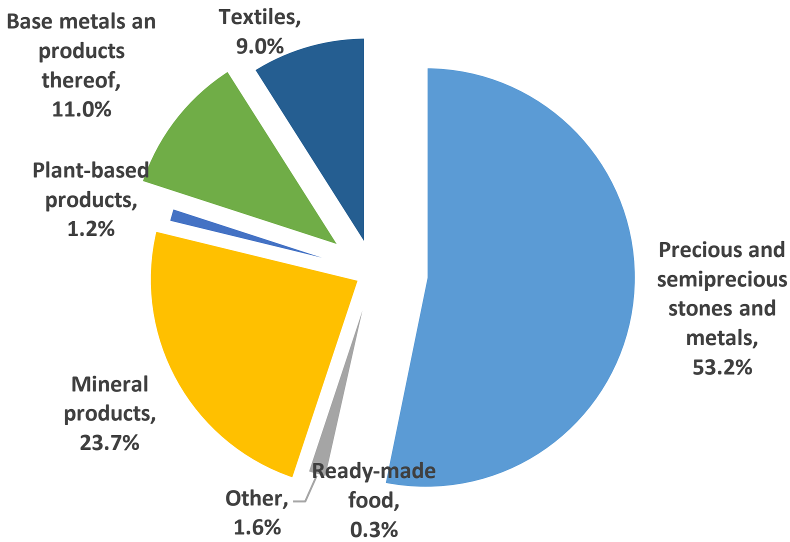
RESERESEARCH OF 5 MARKETS

6. Characteristics of the five studied markets

In the sphere of trade in Tajikistan, according to official data, 6.2% of all employed people are employed in 2020. Markets in Tajikistan are not homogeneous. The market sells both food and consumer goods. Each market studied has a specific relationship between these two categories of goods. Each market is overgrown with its own infrastructure: cafes, mosques, hairdressers, medical offices, hotels, warehouses, taxi ranks, delivery services, minor electrical repair services, etc.

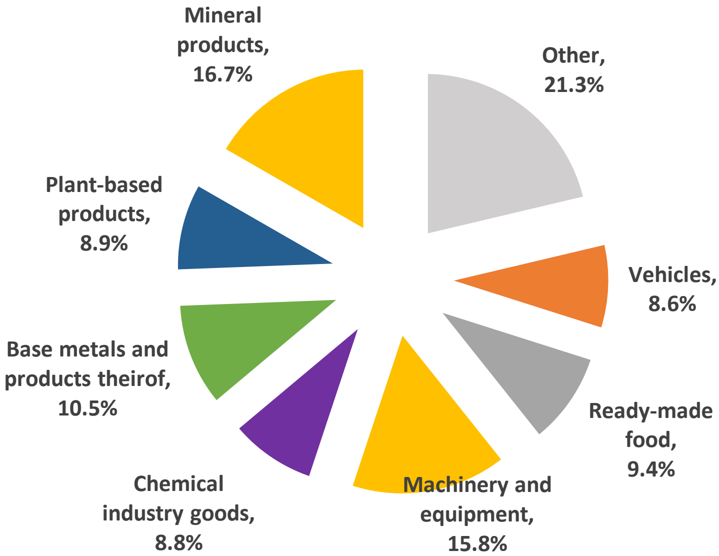
As we saw from the previous section, raw materials and mineral resources prevail in the structure of Tajikistan's exports. The main goods that are exported to other countries from the markets we study are textile materials, products of plant origin, and others.

Exhibit 17. Exports by main commodity groups for January-July 2021, %



For July 2021, the structure of imported products of Tajikistan was as follows. **Exhibit** 18.The main goods that are imported from abroad to the markets we study are: clothing, footwear, consumer goods. These goods make up 90% of the "Other" item in the country's import structure. The studied markets also sell ready-made food products and products of plant origin.

Exhibit 18. Imports by major commodity groups for January-July 2021



Korvon bazaar (BOZORI KORVON in Tajik) is a clothing market located in capital of Tajikistan, Dushanbe. The name of the market translates as a "Caravan". The bazaar offers both retail and wholesale trade. The nearest customs point is 70 km or 1.5-2 hours away. The Korvon Bazaar was established in 2002. The ethnic composition of the traders in the market was diverse: Chinese, Uzbeks, Uighurs, Tajiks. But the pandemic and the closure of borders forced many foreigners to leave for their homeland. Today, the ethnic composition of the traders is represented mainly by Tajiks, with a small number of Uzbeks and Uighurs.

Since its opening, the market has been owned by the family of Tajik billionaire, the former chairman of the Rudaki district, Mr. Mashrabov. The total area of the market is about 14 hectares, and roofing is an ordinary metal slate. The market is very crowded especially on weekends.

Conditions at the Korvon market are not the best. Sellers sit under hangars, which is quite hot in summer and cold in winter. There are no good conditions for buyers either: there are large puddles on the ground during the rain, carts deliver goods, and parking is too crowded.

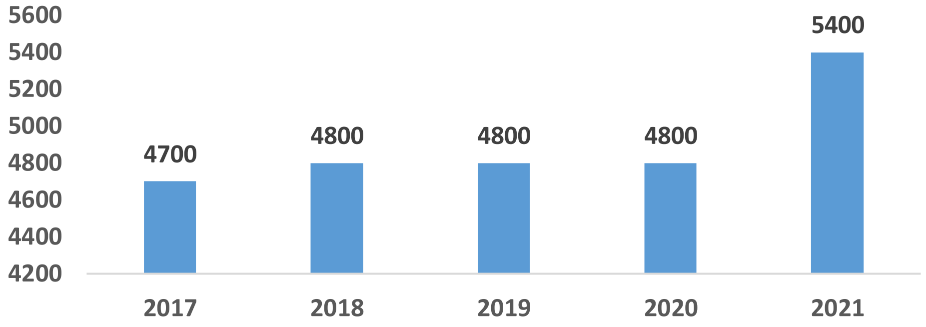
Korvon market specializes in garments, footwear, and fabrics, sold both wholesale and retail. The selection of goods is rich. Prices are usually 30-50% lower compared to other markets in the country. Another reason is that this market is quite rich. About 20 thousand entrepreneurs and more than 100 thousand buyers come to Korvon market every day. According to approximate calculations, more than 10 million US dollars worth of goods is sold on this market every day and the total balance of goods ranges 350-500 million US dollars.

Due to lack of a video surveillance system and poor control and supervision at the market there have been more than seven major fires that have caused human casualties and more than a hundred million US dollars in damages. Affected merchants were offered some temporary benefits.

Given the great selection and low prices, this bazaar is visited by almost all residents of the city of Dushanbe. Wholesale purchases in the market are made by Tajiks from other cities and locations. Residents from southern cities of Uzbekistan also come to this market and take goods to Surkhandarin region of Uzbekistan. There is an elite clothing part of this market called Elegant. In total, there are about eight large entrances from the east and six entrances on the west of the market. The market is surrounded by bank outlets, eateries, service centers, in particular for restoration of jewelry, restrooms and other facilities.

According to the estimates of the head of the Korvon market, the number of mechants over 2017-2020 was approximately stable at 4,700-4,800 individuals, but in 2021 the number of traders grew by 12% and reached 5,400 merchants. The reason for the sharp increase was entry into the market of local Tajik merchants, for whom new trading places have been created.

Exhibit 19. Changes in the number of merchants at Korvon market over the years, persons



The ratio of food and consumer goods sales on the market is 15% to 85%. So, this is not an agricultural market. Main goods sold at this market are clothing (18.5%), carpets (16.9%), footwear (15,4%), household items (10,8%), household textiles (7,7%), dishes (4,6%), children's toys (4.6%), sports equipment, tourism and recreation (4.6%), furniture (3,1%). In addition, the market offers materials for garment making, and, personal items, stationery, durable and nondurable household appliances. Goods are imported from China (39.5%), Uzbekistan (14.2%), Turkey (20.0%), Kyrgyzstan (2.5%), Kazakhstan (0.75%), Russia (12.8%). Goods from India, Afghanistan, Pakistan, UAE account for 0.15%. Around 10,1% of goods sold at the market originate from Tajikistan. Most of the goods on the market are sold locally, to be consumed within Tajikistan (63%). About 30% of goods are sold to Uzbekistan, 6% to Russia and 1% to Italy.

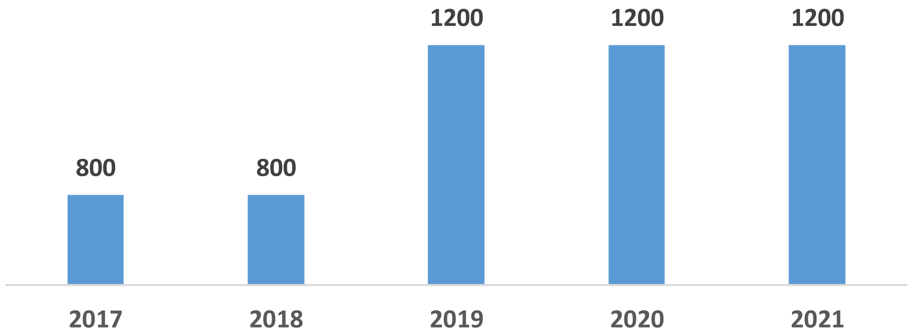
46% of merchants have experienced a change in the ethnic composition of merchants over the past 5 years. According to them, the share of Tajiks has grown from 78% to 83%, Uzbeks - from 8.8 to 10%, while the share of Uighurs has decreased from 6.7% to 2.2%, and Chinese - from 5.2% to less than 1 %. Now the Chinese and Russian merchants can be rarely met on the market.

Even though according to 54% of respondents, the volume of trade in the market has decreased over the past 2 years (due to the pandemic), 46% of respondents have experienced an increase in trade. The largest number of such responses was at Korvon market. At the same time, 61% of respondents note the strengthening of the market economy over the past 5 years. The main reason is the location of the market in Dushanbe, whose mayor is the President’s son. He has exclusive rights to distribute the country's budget towards the capital.

The average rating for security in the market is 4.2 points out of 5 possible. This is one of the lowest ratings. 15% of traders believe that it is "unsafe" to trade on the market. As in all markets, there is theft, the risk of COVID-19 infection, and to a lesser extent, competitor arson and fires. The peculiarity of the market is that beggars are indicated as a factor of unsafe situation at the market.

Sakhovat market is located in the capital city, Dushanbe. The market has both retail and wholesale trade. The nearest customs point is 70 km away or 1.5-2 hours away. The market has been around for 20 years. Number of traders grew from 800 to 1200 individuals over the 2017-2021 period, with creation of new sales points. Ethnically merchants are represented by citizens of Tajikistan: ethnic Tajiks and Uzbeks. In recent years, there was an increased in ethnic Uzbeks, mainly citizens of Tajikistan.

Exhibit 21. Changes in the number of merchants at Sakvohat market, people



Sakhovat is a state-owned covered market, three large pavilions sell food, fruits and vegetables. There is a large clothing section of the market. The ratio of food and consumer goods market is approximately 50% - 50%. Sakhovat is the second largest market in the capital. Market administration itself participates in signing contracts that aim to ensure presence of a stock of agricultural and essential consumer goods at the market. For this, Sakhovat has large storage facilities for long-term storage. The market has well-established network of various organizations and services, warehouses, where sufficient stocks of goods are stored at any time of the year, and there is delivery of goods from the warehouse to retail outlets. The market looks quite modern: it is clean, goods have price tags, which is rare in Tajikistan. Management of the market has introduced a neat uniform for merchants on the market. The market is known for higher prices, even for essential goods. In order to increase population's access to cheaper goods, market administration organizes fairs by agricultural producers and fairs of goods from certain countries.

In terms of goods, the market is mainly known for clothes (16.3%) and footwear (16.3%), household items (13.9%), personal items and goods (13.9%), children's toys (7.0%), as well as household textiles, nondurable household appliances, dishes and cutlery, stationery. Consumers can find equipment for sports, tourism and recreation, spare parts and accessories for mobile phones, household appliances. Furniture is represented on the Sakhovat market as well (4.6%). Countries of origin of goods sold on the market include China (36.5%), Uzbekistan (15.4%), Turkey (16.6%), Kyrgyzstan (2.4%), Russia (14.1%) and Kazakhstan (1.5%) and other countries (4%). Local goods from Tajikistan account for about 9.5%.

Vast majority (99%) of goods on the market are sold to local buyers. About 1% of goods are sold to Russia.

44% of respondents have noticed a change in the ethnic composition of merchants over the past 5 years. In their opinion, the share of Tajiks in the market has not changed (67%), but the number of Uzbeks has grown from about 20% to 31%. The number of Uyghurs also increased slightly, from 1.7% to 2.8%. The increase in the number of Uzbek traders was due to local Uzbeks, citizens of Tajikistan.

According to 55% of respondents, the volume of trade in the market reduced over the past 2 years (due to the pandemic), 33% of respondents noticed an increase in trade. The largest number of such responses was at Korvon market. At the same time, 55% of respondents also noted the strengthening of the market economy over the past 5 years. The main reason is the location of the market in Dushanbe, whose mayor is the President’s son. He has exclusive rights to distribute the country's budget for the benefit of the capital city.

The average rating for security in the market is 3.7 points out of 5 possible. This is the lowest rating across five markets. 30% of merchants believe that it is "unsafe" to trade on the market. As in all markets, there is theft, the risk of infection with COVID-19. The peculiarity of the Sakhovat market is that many respondents spoke about bribery and corruption of the market administration, arson fires and fires caused by poor electrical wiring. Corruption in the Sakhovat market, which is public (not private), largely characterizes the entire system of government in Tajikistan.

Sakhovat stands out for the largest number of merchants (66%) who believe that there is NO monopoly of foreign merchants on the sale of certain types of goods. And 33% of the respondents assure that it is easier to work with traders from other countries than with local Tajiks. The reason is that foreigners respect the law and are tightly controlled by the government.

All the respondents at this market said that no one was forced out of the market during the pandemic.

Farovon bazaar is located in the south-west of Tajikistan, in Khatlon region, city of Bokhtar; 95 km from Dushanbe; distance to the nearest customs point is 110 km (2-3 hours drive). The bazaar was established in 1939 and has been in operation for the past 80 years. Historically, only Tajiks traded on the market. For 2017-2021, there were no changes in the national composition of sellers.

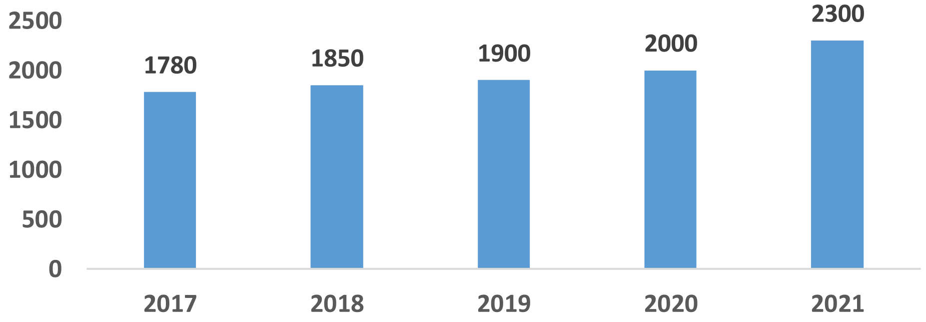
Farovon positions itself as a market for the wholesale trade of food and household goods and essential goods. Many shops in Dushanbe and its environs get their goods from here. Many purchases for large celebrations, including weddings, are also made in Farovon because wholesale prices in this market are much cheaper than in retail stores. Selection includes meat products, dairy products, tea, flour, groceries, spices, disposable dishes, juices and carbonated drinks. Farovon also has refrigerated warehouses with services for storing and packaging imported fresh products from poultry farms (packing fillets, chicken legs, wings). Working hours are mainly from 8am to 18 pm, one sanitizing day (last Wednesday of the month, working days – no days off except for shorter day on Sunday - for majority until noon. The market has three entrances and is looked after by a private security company.

Farovon market has very narrow aisles. With so many customers, in order to pass you have to wait for the people walking towards you. Sellers are all private merchants. The market is surrounded by eateries; well connected to public transport and is serviced by plenty of taxi drivers. Transportation is not a problem. The products sold at the bazaar are of sufficient quality, which is why the prices are not very low. But buyers are attracted by a huge range of agricultural produce, food and household goods.
As a joint stock company this bazaar was managed by several businessmen. For a year the market was subjected to constant checks by tax authorities. Then it came under the control of the husband of one of the daughters of the President of Tajikistan. The new owners of the market held meetings and interviewed merchants. They warned that the rent would be raised and that it had to be paid. Also, they promised that from that moment on no inspection will disturb merchants with their checks. The new owner plans to build a modern shopping center in one part of the Farovon bazaar.

Farovon is not the first market to be controlled by members of the President's family. Earlier, by the decision of the Dushanbe City Administration, the Mehrgon bazaar was transferred under the management of the Faroz company, owned by another son-in-law of the President, Shamsullo Sohibov. Faroz is a constructions materials market. It is worth noting that all major markets in the country belong to the President's family.

Over the period from 2017 to 2021 the number of merchants tended to grow. As of the date of the study, 2,300 people worked on the market, which is 29% more than in 2017 due to the expansion of retail space.

Exhibit 20. Changes in the number of merchants at Farovon market over the years, persons



Note that this study did not cover agricultural produce and products from local farmers. These occupy nearly 60% of the Farovon market. The ratio of food and consumer goods sales on the market is 60% to 40%. So, this is more of an agricultural market. Among the goods of interest, the main ones sold at this bazaar were: clothes and garments (22,56%), shoes (15%), large and small household appliances (12,5%), dishes (10%), as well as materials for garment making, pharmaceutical products, household textiles, nondurable household appliances, spare parts and accessories for personal vehicles, materials for renovation of housing, tools, office stationery. The market sells goods from CIS countries (Uzbekistan-14,5%, Kazakhstan-5%, Russia-12%), as well as from Turkey (17%) and China (41%). The goods are mostly sold to the citizens of Tajikistan (88%). Previously, merchants included Chinese, Afghans and Uzbeks, but many of them have left.

18% of merchants have noticed a change in the ethnic composition of traders over the past 5 years. In their opinion, the number of Tajiks has hardly changed (95-96%), but the number of Uyghurs has decreased from 3.6% to 1.8%, while Afghans and Chinese have disappeared - from 1% to 0%. Nowadays, there are only a few Uzbek merchants in the market.

According to 99% of respondents, over the past 2 years (due to the pandemic, a decrease in the population's solvency, a lack of money remittances from migrants), the volume of trade in the market has decreased. However, 82% of respondents noted the strengthening of the market economy over the past 5 years.

The average rating for security on the market is 4.7 points out of 5 possible. This is one of the highest ratings. About 9% of merchants believe that it is "unsafe" to trade on the market. As in all markets, there are theft and the risk of infection with COVID-19.
The largest number of merchants in Farovon believe that there is a monopoly of the Uighurs on the sale of certain types of goods. At the same time, almost 100% of Farovon's respondents believe that the complexity of the work does not depend on the country of origin of merchants.

All the respondents at this market said that there is no shortage of any goods on the market.

The Khochi Sharif market is in the south-west of Tajikistan, in the Khatlon region, the city of Bokhtar. The distance to Dushanbe is 95 km, and the distance to the nearest customs point is 110 km (2-3 hours drive). It is a retail and wholesale market. The market exists for around 10 years. Both food and consumer goods are sold on the market. The ratio of the two types of goods is about 60% to 40%. The ethnic composition of merchants is as follows: mainly Tajiks, about every tenth is Uighur, and there is an insignificant number of Uzbeks. There has been a decrease in the share of Uighurs among merchants in recent years. Improving relations with Uzbekistan has led to the increase in the number of merchants from Uzbekistan.

Since the market is located in the center of the Khatlon region, farmers from all over the region bring here the harvest they have grown. From here, fruit and vegetable products of the southern regions of Tajikistan come to local markets, supermarkets and to Dushanbe and further to the Sughd region.

The Khochi Sharif market belongs to the family of Tajik President Emomali Rakhmon and serves as a transport and logistics center. The market is conveniently located for farmers, giving them an opportunity to quickly sell their goods by wholesale. Basically, consumer goods are brought from the Korvon market, whose convenient location allows bringing goods mainly from the capital of the Republic. Korvon is 85 km from Khochi Sharif market. As for agricultural products, farmers bring here tomatoes, cucumbers, strawberries, apricots, peaches, apples, melons and watermelons on special cars and sell their products directly from those cars (wholesale). Buyers in this market are mainly merchants from the northern Sughd region, where all the above-mentioned vegetables and fruits ripen one-two weeks later than in Khatlon.

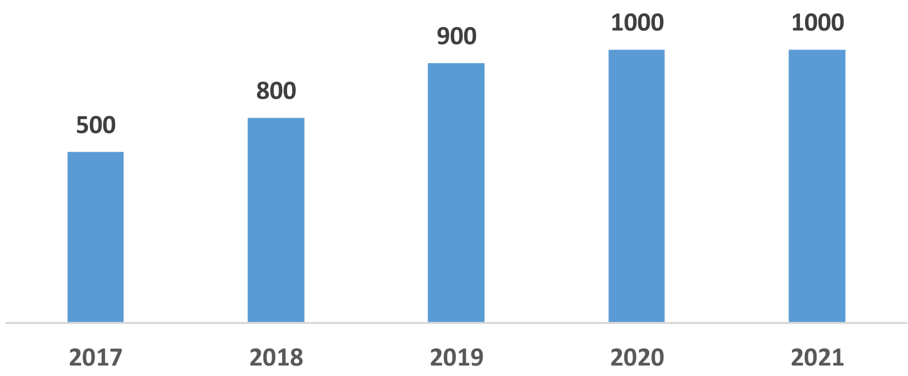
They deliver the purchased products not only to the Sughd region and border areas of Kyrgyzstan, but also prepare fruit and vegetable products for export.

Conditions in the Khochi Sharif market are not luxurious, as in all markets in the region. In summer merchants sit in hangars, pavilions covered with iron tiles that are quite hot, and in winter they are cold. There aren't good conditions for merchants either: there are large puddles when it rains, wheelbarrows deliver goods, and there are no parking lots.

In general, the wide selection of goods and low prices in this market attract not only citizens of Bokhtar, but also people from neighboring towns and villages.

In 2017-2021, the number of merchants increased significantly - two times (from 500 to 1000). It is associated with the opening of outlets with consumer goods.

Exhibit 22. Dynamics of the number of merchants in the market of Khochi Sharif, persons



Consumer goods are represented on the market mainly by furniture, carpets (17.5% each), cloths (13.8%), other clothing items (10.3%), materials for the current maintenance and repair of housing (10.2%). The market sells tableware and cutlery, household textiles, shoes, materials for the manufacture of clothing, bicycles for adults, large and small household appliances. The countries of origin of goods are China (45.3%), Uzbekistan (15.7%), Turkey (12.1%). There are goods from Russia (11.7%) and other countries (5.7%). Local goods from Tajikistan account for about 9.5%.About 100% of the goods are sold in Tajikistan.

56% of merchants have noticed a change in the ethnic composition of traders over the past 5 years. According to them, the number of Tajiks increased from 64.4% to 79.4%, Uzbeks - from 5.9% to 6.8%. At the same time, the share of Uighurs decreased from 29.7% to 13.8%, and the Chinese disappeared - from 1% to 0%.

According to 100% of respondents, the volume of trade in the market has decreased over the past 2 years (due to a pandemic, a decrease in the population's solvency, and a lack of remittances from migrants). However, 67% of respondents note the strengthening of the market's economy over the past 5 years, while a third of respondents spoke of the weakening of the market economy.

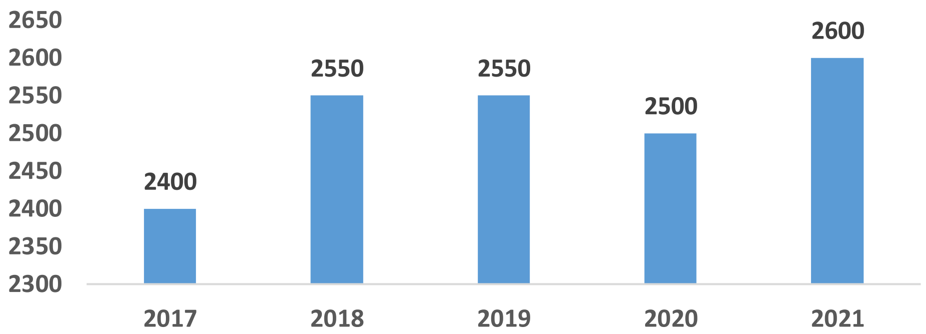
The average rating for security in the market is 4.9 points out of 5 possible. This is the highest rating. None of the traders said it was "unsafe" to trade in the market.

Approximately every tenth respondent at Khochi Sharif market believes that there is a monopoly of some nationalities on the sale of certain types of goods. At the same time, almost 100% of the Khochi Sharif respondents believe that the complexity of the work does not depend on which country the merchant came from.

90% of respondents believe that there is no shortage of any goods at the market.

Panjshanbe/ Khujand market is located in the north of Tajikistan, in the Sughd region, the city of Khujand. Distance to Dushanbe is 330 km., and the distance to the nearest customs point is 50 km (1.5 hours drive). The market has been there for 55 years. The number of merchants in 2017-2021 increased by 200 people and amounted to 2600 people at the time of the survey. As for the ethnic composition of merchants, there is an absolute majority of Tajiks. Earlier there were Russians and the Kyrgyz, but their share fell sharply after the border conflicts with Kyrgyzstan.

Exhibit 23. Dynamics of the number of merchants in the market of Panjshanbe / Khujand, persons



"Panjshanbe" is a symbol of Khujand. It was first privatized in 1999, but in 2020, the authorities recognized this de-nationalization as illegal and transferred the market under the control of the Tojikmatlubot union. The second privatization took place secretly and, according to experts, in violation of the law. The "Sokhtmoni Mekhan" company became the owner of this market. The owners of this company are brothers-in-law of the President of Tajikistan Emomali Rahmon.

Covered market of Panjshanbe is one of the main sights of Khujand architecture. The market was constructed in the middle of the twentieth century and was completed in 1964. The building of the market combines elements of classicism and Stalin Empire style, and the decoration is harmoniously executed using Soviet and Oriental styles. Its name is associated with the capital of Tajikistan – Dushanbe. Dushanbe means Monday in Tajik, and Panjshanbe means Thursday. Since ancient times Mondays have been market days in Dushanbe, and Thursdays have been market days in Khujand.

The market consists of the main pavilion and many shops, tents and shopping stalls. Residents of the city and guests from nearby villages come for shopping here.

The range of goods in the Panjshanbe market is very diverse. On the ground floor, there is a huge hall where merchants sell various food products, fruits and vegetables, bread and spices, and it is the main attribute of any market in Central Asia. On the second floor, there are many shops where clothes, electronics and various household goods are sold. Here one can see shopping arcades typical for the post-Soviet space. The ratio of food to consumer goods is approximately 50% to 50%.

Of the consumer goods, the market is mainly represented by fabrics (22.8%), stationery (11%), household items (9.6%), shoes (8.22%), short-term use household appliances (7.48%), toys (6.9%). In addition, the household textiles, tableware and cutlery. The countries of origin of goods are China (36.1%), Uzbekistan (15.4%), Turkey (19.6%), Russia (13.1%), there are also goods from Kazakhstan (3.7%) and Kyrgyzstan (2.6%). Local goods from Tajikistan account for 9.4%. About 90% of the goods on the market are sold to local buyers.

Only 10% of merchants have noticed a change in the ethnic composition of traders over the past 5 years. The remaining 90% did not see any changes. According to 10 respondents, the number of Tajiks increased slightly from 93.8% to 95%, the number of Uzbeks decreased - from 1.1% to 0.8%. At the same time, there are no more Kyrgyz and Russians.

According to 95% of respondents, over the past 2 years (due to the pandemic and the border conflict in Kyrgyzstan), the volume of trade in the market has decreased. At the same time, 65% of respondents note the weakening of the market economy over the past 5 years, 35% noted the strengthening of the market economy. The market was negatively affected by the deterioration of relations between Tajikistan and Kyrgyzstan, which borders the Sughd region.

The average rating for security in the market is 4.4 points out of 5 possible. 5% of traders said it was "unsafe" to trade at the market.

The respondents are unanimous that there is NO monopoly of some nationalities on the sale of certain types of goods at their market. At the same time, almost 20% of the Pandshanbe respondents believe that it is difficult to work with merchants of some nationalities. This is the highest figure in the studied markets, which was undoubtedly influenced by the hostilities between the two neighboring countries.

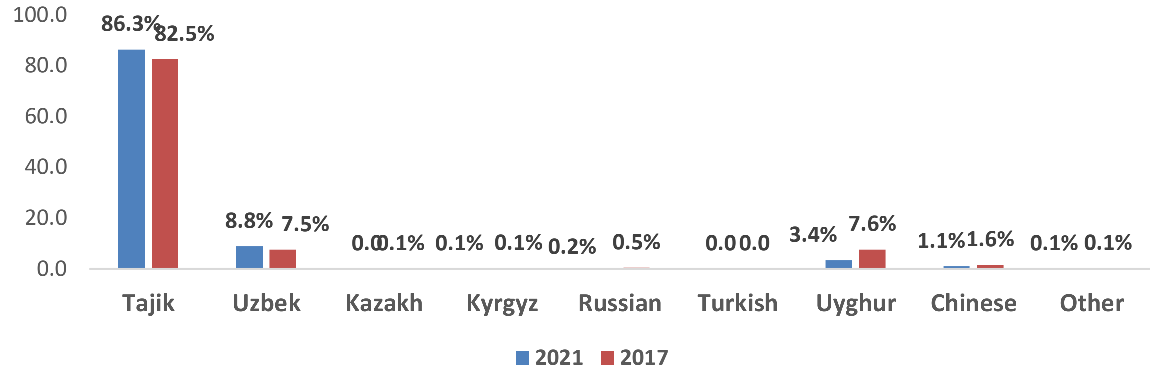
7. Dynamics of the ethnic composition of market traders, 2017-2021

At the time of the survey, the absolute majority (86.3%) of traders are ethnic Tajiks. Representation of Uzbeks is 7.5%, of other nationalities - 0.1%.

The ethnic composition of market traders in 2017-2020 changed towards a decrease in foreigners and their replacement by citizens of Tajikistan. The representation among traders, first of all, of Uighurs and Chinese is decreasing. The number of Uyghurs has decreased by about half. According to market leaders and key informants, the main reasons for this are the COVIT-19 pandemic and the border conflicts between Tajikistan and Kyrgyzstan, the deterioration of relations between Tajikistan and Afghanistan since the victory of the Taliban. All three reasons led to the closure of borders, the emergence of difficulties with the import and export of goods. As a result, a significant part of traders from other countries began to return to their homeland and close their businesses. This affected to a greater extent the traders of the Chinese, Uighurs, Kyrgyz, Afghans.

It is worth noting that with the arrival of Shavkat Mirziyoyev to governing Uzbekistan, relations between Tajikistan and Uzbekistan began to improve, the border was changed, Uzbek goods began to replace, those goods that were difficult to import due to closed borders, the number of ethnic Uzbek traders began to grow in the markets.

Exhibit 24. Changes in the ethnic composition of traders in the markets, %



At the time of the survey, two out of five studied markets are mono-national. The number of Tajiks among traders in the Farovon and Panjshanbe markets reaches 96.5% -95%.

The most international market is Sakhovat, where every third trader is Uzbek. As the leaders of the markets note, these are mostly local Uzbeks - citizens of Tajikistan. While Uzbeks are noticeably represented in the Korvon and Sakhovat markets (from 30% to 10%), in the Khochi Sharif market, the Uyghurs (13.8%) are more represented than Uzbeks. The Chinese trade the most in the Korvon market - there are about 2% of them. According to the respondents, there are no Turkish traders in the markets of Tajikistan.

Exhibit 25. National composition of traders depending on markets (2021), %

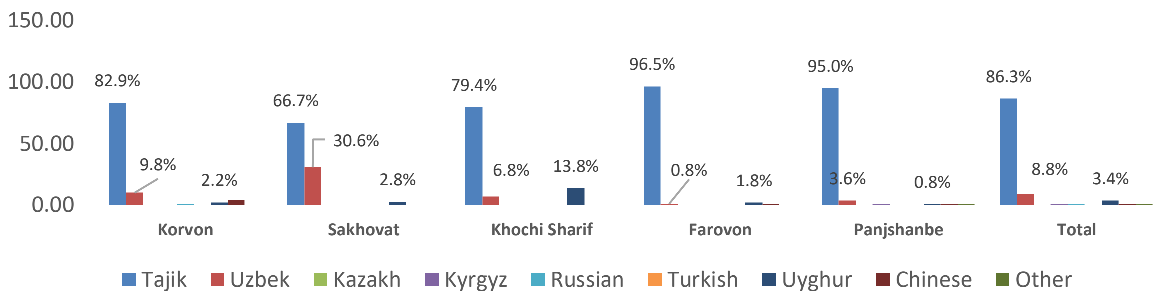
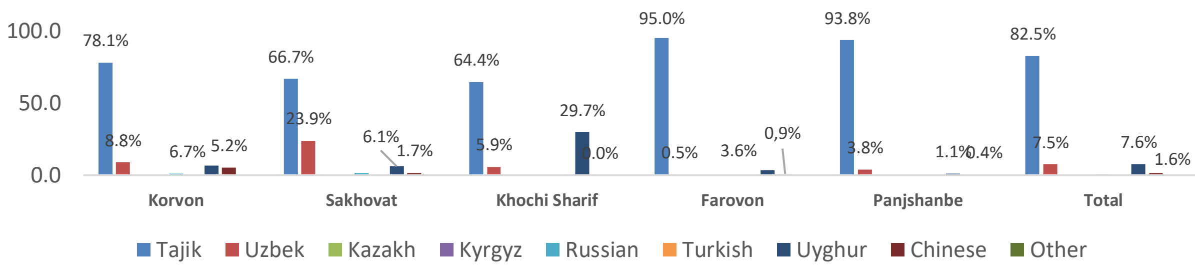


Exhibit 26. Ethnic composition of traders at each market (2017), %



The outflow of foreigners was facilitated by changes in the legislation of Tajikistan. So, on November 26, 2016, the State Program of Assistance to Export and Import Substitution of the Republic of Tajikistan for 2016-2020 was adopted.[25] The legislation of the TR was also amended, according to which the rights of investors and foreign businessmen were curtailed. Under the new legislation, a foreigner and an investor cannot own an organization operating in Tajikistan. This is the right only of the citizens of the country.

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[25] http://base.spinform.ru/show_doc.fwx?rgn=91605#A4TL0NG74A **"State Program for Export Promotion and Import Substitution in the Republic of Tajikistan, 2016-2020"**

8. Business scope – market segmentation

As was noted above, this report does not cover food and agricultural products. According to the merchants, bazaars offer various goods such as furniture, household items, materials for garment making, personal consumption items, textiles, household electrical equipment, sports items and other.

Main goods sold at this market are clothing (18.8%), footwear (12%), furniture (7%), household items (6.9%), carpets (6.9%), dishes (6.1%). In addition, the market offers materials for garment making, and household textiles, dishes, children's toys, sports equipment, tourism and recreation, personal items, stationery, durable and nondurable household appliances. More detailed information is presented in the table below.

Table 5. The structure of goods presented in the five studied bazaars, %

Clothing	18.8
Shoes	12.0
Furniture	7.0
Household items	6.9
Carpets	6.9
Glassware, cutlery	6.1
Other garments	4.8
Household textiles	4.7
Large and small household appliances	4.3
Stationery	3.9
Toys	3.7
Materials for making clothes	3.4
Non-durable household appliances	3.4
Other personal items (strollers, umbrellas)	3.1
Materials for the maintenance and repair of residential premises	3.0
Equipment for sports, tourism and recreation	1.4
Jewelery and watches	1.4
Personal item and goods	1,2
Road bike for adults	1.0
Instruments	1.0
Spare parts and accessories for personal vehicles	1.0
Other	0.6
Equipment	0.5
Total	100

One of the main types of consumer goods sold on bazaars is clothing, which was named as one of the main commodity in all five markets. Clothing is mostly sold at Panjshanbe / Khujand (22.81%), Faravon (22.56%), Korvon bazaar (18.5%) and Sakhovat (16.32%). In these bazaars, clothing is the most widely represented commodity. The exception is the Khochi Sharif bazaar, where the most widely frequently sold commodity is furniture, carpets (17.53% each) rather than clothing (13.75%).

The second most represented commodity footwear: Sakhovat (16.32%), Korvon (15.4%), Faravon (14.99%), Panjshanbe / Khujand (8.22%), and Khochi Sharif (5.07%). Footwear is less represented in the two markets - Khochi Sharif and Panjshanbe / Khujand.

Furniture is represented in all markets to varying degrees. Khochi Sharif stands out with the highest share of furniture (17.53%). This is linked to Uyghur-owned businesses who employ Tajik merchants as retailers. In the market of the remaining four markets there is furniture from 3% to 5%.

Household items occupy the fourth line in the ranking (6.9%). These types of goods are sold at Korvon (10.8%). The Sakhovat market sells household items (13.9%), In the other three markets, these products are practically absent.

More detailed information on segmentation at each bazaar is presented in the following exhibits.

Exhibit 27. Structure of goods sold at Farovon bazaar, %

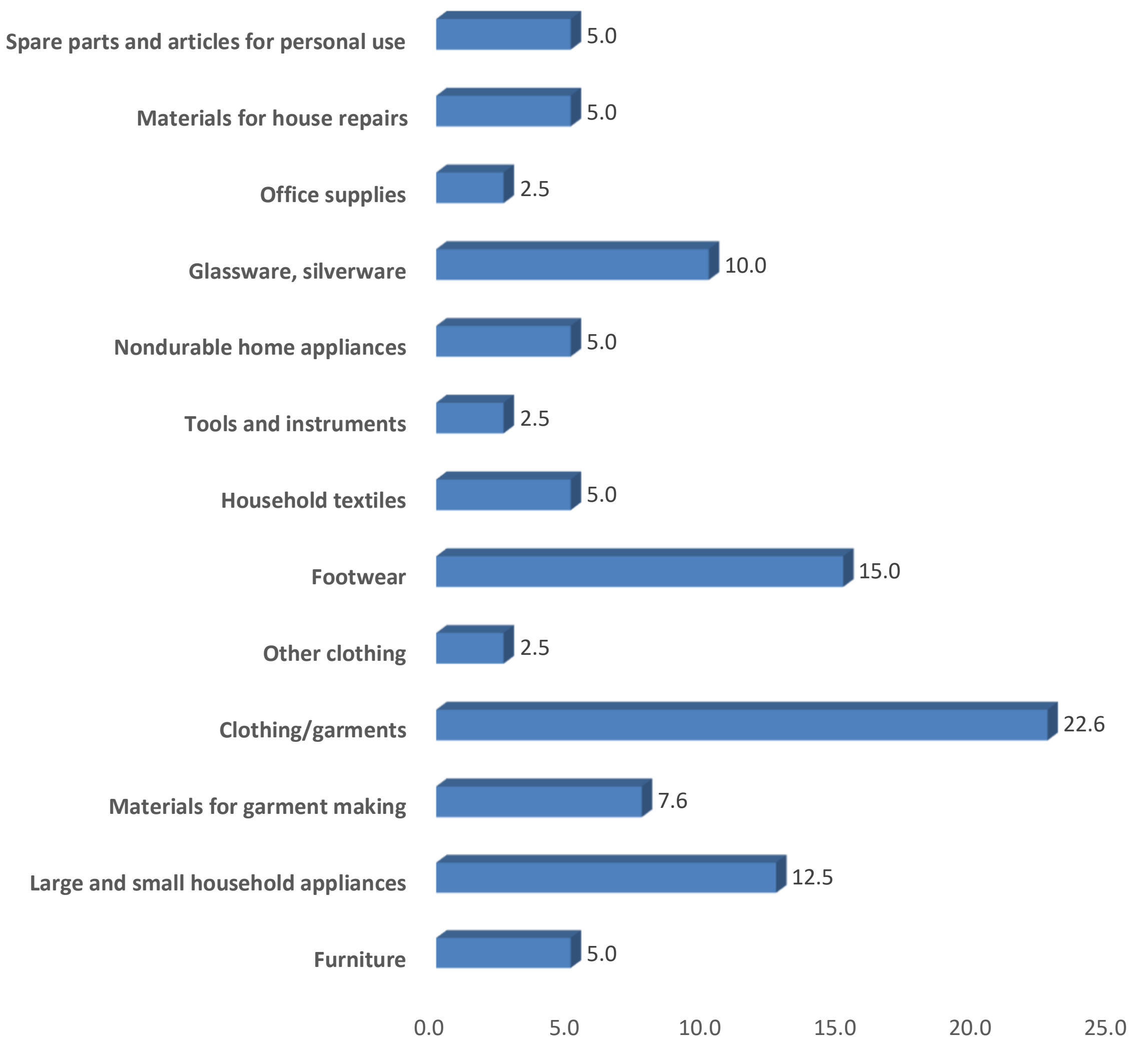


Exhibit 28. Structure of goods sold at Korvon bazaar, %

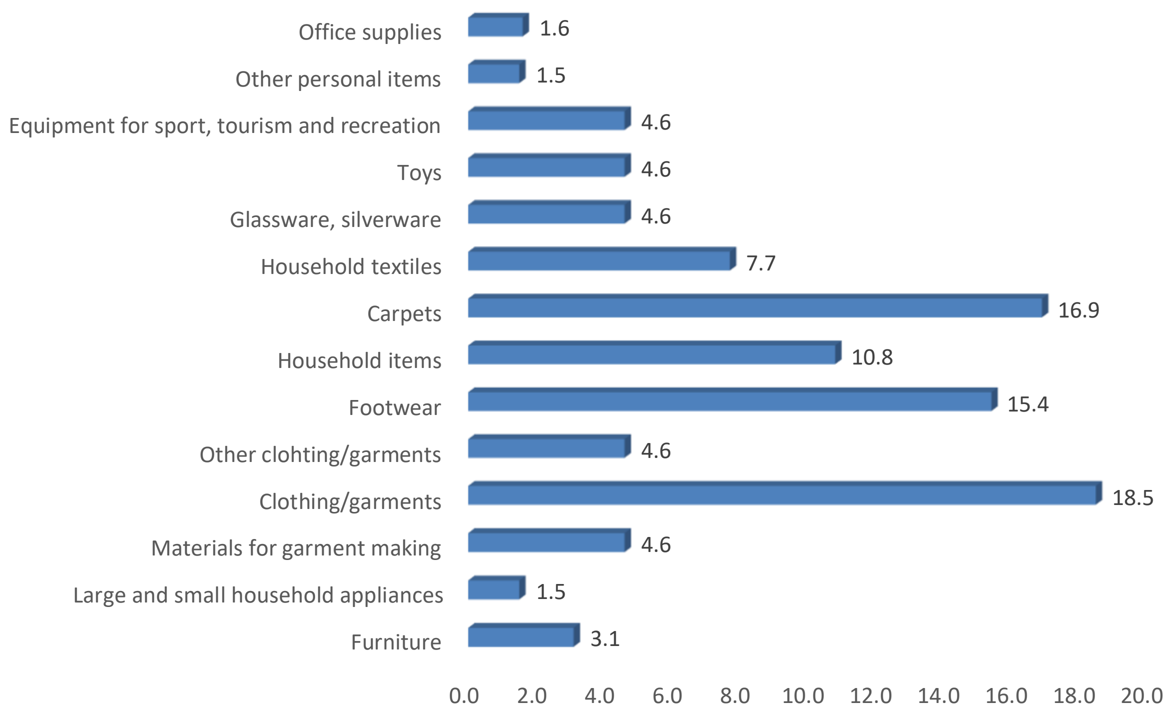


Exhibit 29. Structure of goods sold at Sakhovat bazaar, %

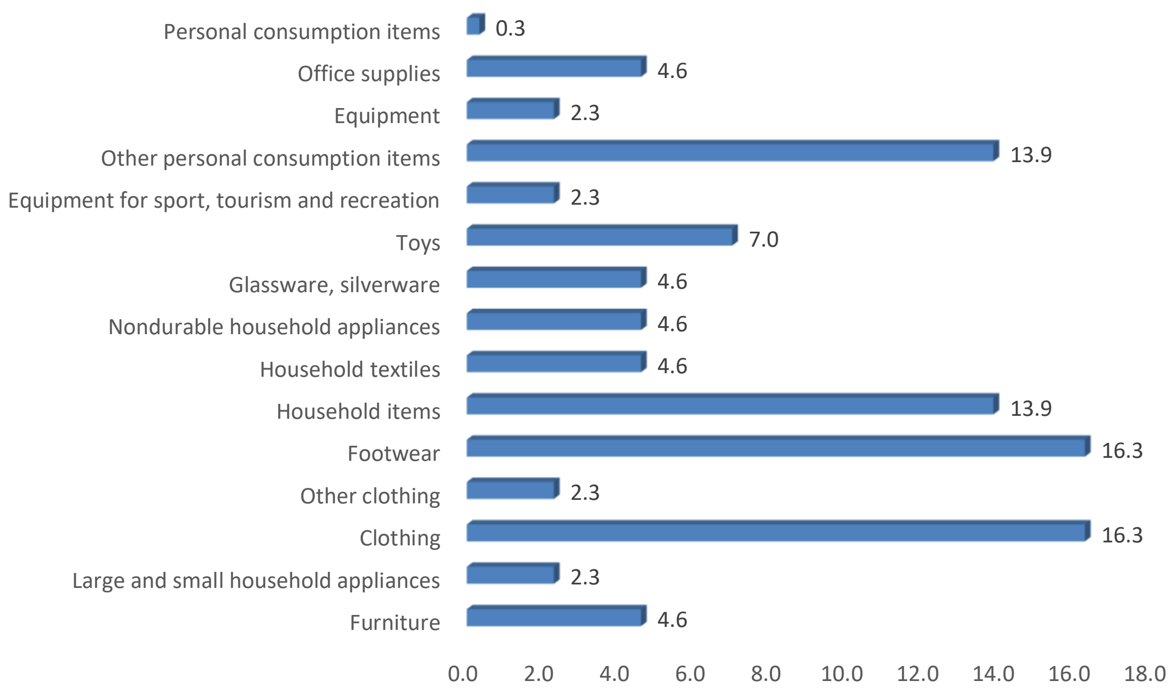


Exhibit 30. Structure of goods sold at Khochi Sharif bazaar, %

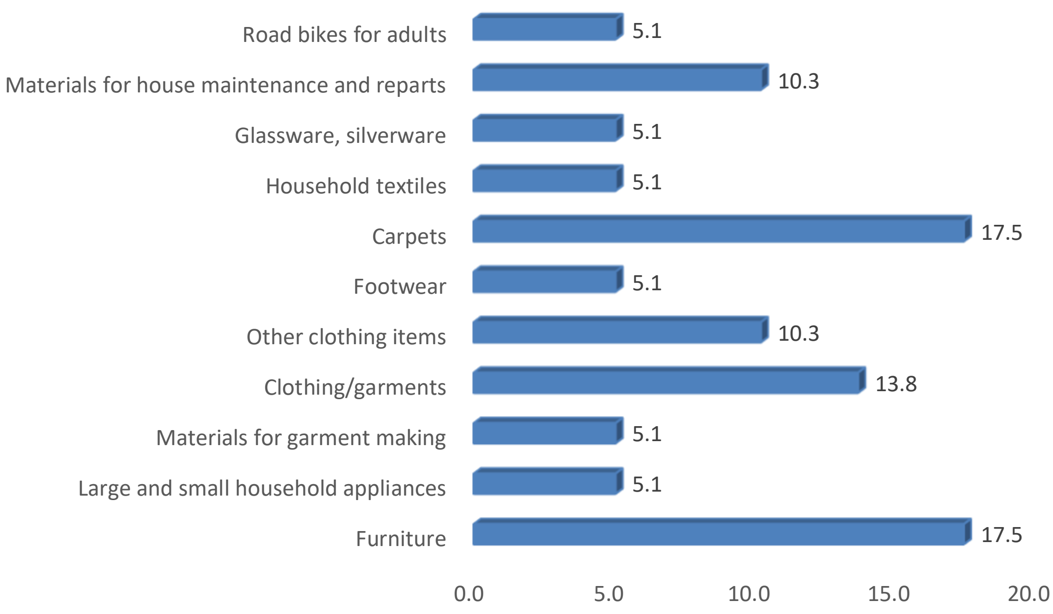
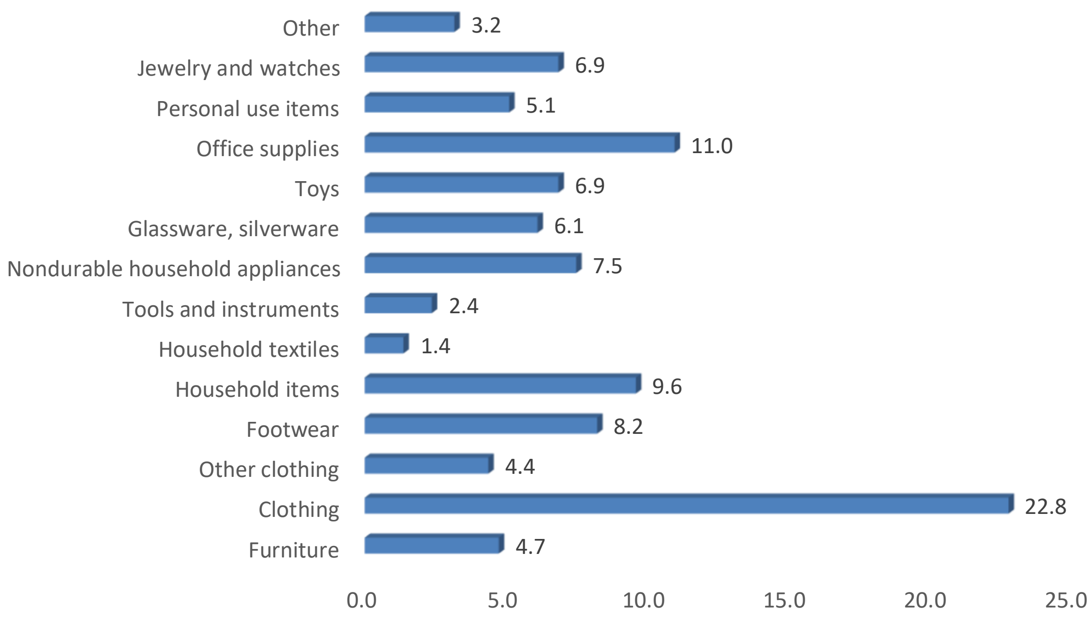


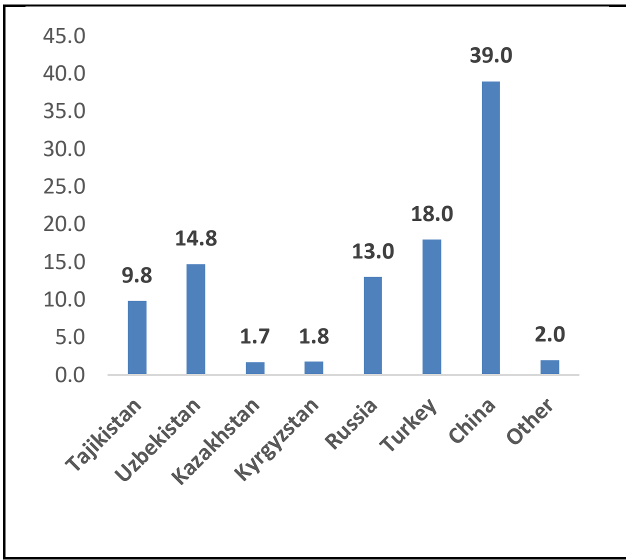
Exhibit 31. Structure of goods sold at Panjshanbe / Khujand bazaar, %

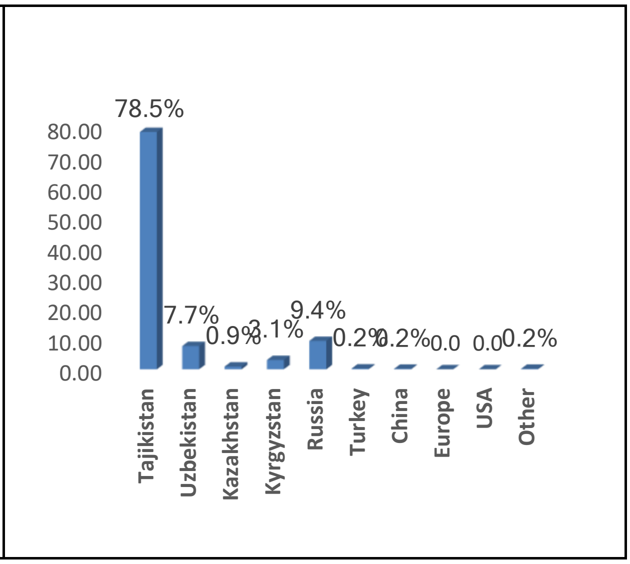


9. Distribution channels: countries of origin and destination countries

The goods sold in the studied markets were produced mainly from not in the CIS countries: China (39%), Turkey (18%). Among CIS countries, the leading source country is Uzbekistan (14.75%). The second position is occupied by Russia (13%). Goods from Kyrgyzstan (1.75%) are presented at half the level and goods from Kazakhstan (1.7%) are at the bottom of the rating.

Exhibit 32. Countries of origin of goods presented on the bazaars, %	**Exhibit 33.** Countries of destination where goods are sold from bazaars, %





Recent years marked a growing trend of increased imports of goods from Uzbekistan, which is explained by a decline in imports from China and Turkey due to border closures. Growth of imports from Uzbekistan is facilitated by improvement political relations between the countries after the death of former Uzbek President Karimov.

Speaking about import to Tajikistan, the list below highlights source countries and goods that are imported from these countries:

- Uzbekistan - dishes, clothes and underwear, costume jewelry, wheat, flour, electricity, oil products, timber, cars, tomatoes, cucumbers, sweet pepper, potato.
- Russia - clothes and underwear, dishes, furniture, construction materials, machinery, vegetable oil, sugar, flour, wheat, meat products, alumina, oil products, timber, fuel and lubricants.
- Kazakhstan - clothes and underwear, footwear, wheat, vegetable oil, flour, oil products, timber.
- Kyrgyzstan - clothes and underwear, footwear, flour, electricity and oil products, timber, dried fruits, fuels and lubricants.
- Turkey - clothes and underwear, footwear, textiles, appliances, vegetable oil, sugar, flour, alumina, oil products, timber, equipment. It is important to note that we found out that studied bazaars often sell Chinese goods under Turkish brands.
- China - clothes and underwear, footwear, textiles, appliances, carpets, costume jewelry, household chemicals, stationery, children's toys, sports equipment, cookware, construction materials, vegetable oil, wheat, alumina, petroleum products, timber, gadgets and devices, equipment, apples, pears, ginger, tangerine, walnut.
- Pakistan – sugar, potato.
- Europe - clothes and underwear, footwear, sugar, alumina, oil products.
- USA - petroleum products, pharmaceuticals.

It should be noted that China supplies almost all types of goods to the markets of Tajikistan. Kyrgyzstan mainly supplies goods from other countries (China, Turkey), Kazakhstan also supplies goods from other countries (Asia, China, Europe).

More detailed information on main products imported to Tajikistan can be found in Appendix 2.

Exhibit 34. Imports to Tajikistan by main commodity groups, January-July 2021, %

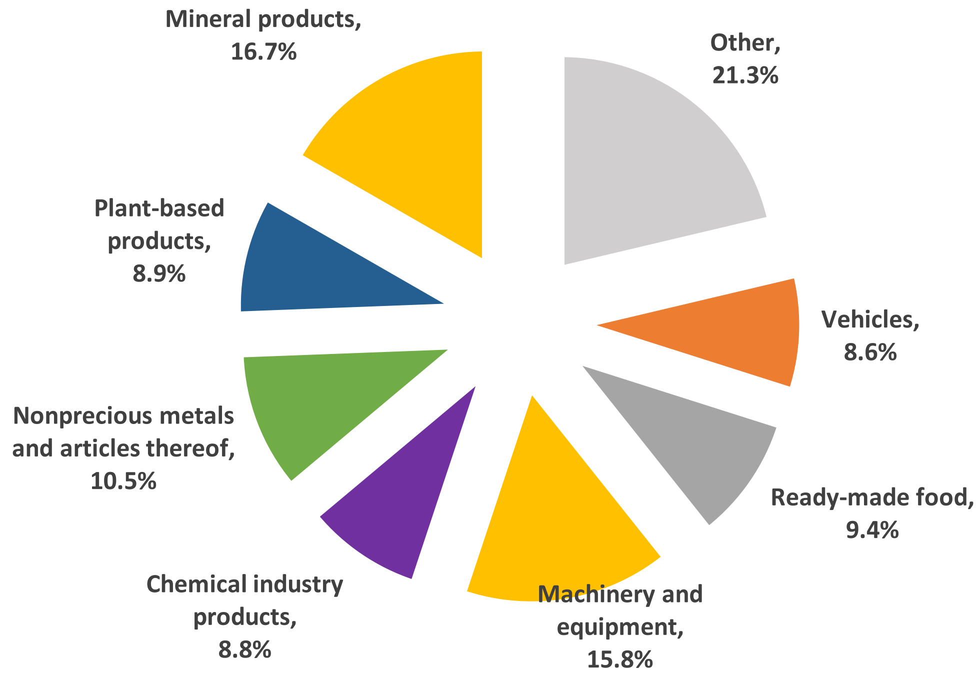
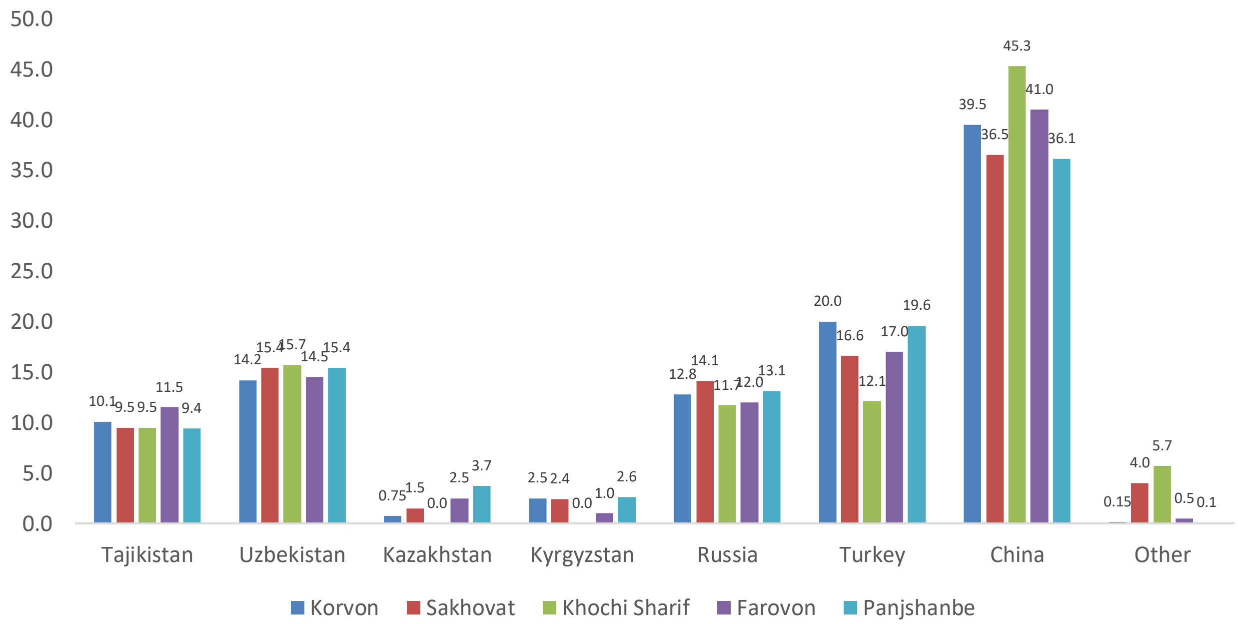


Exhibit below list countries of origin of goods traded in each of the markets.

Exhibit 35. Countries of origin of goods represented in each market, %

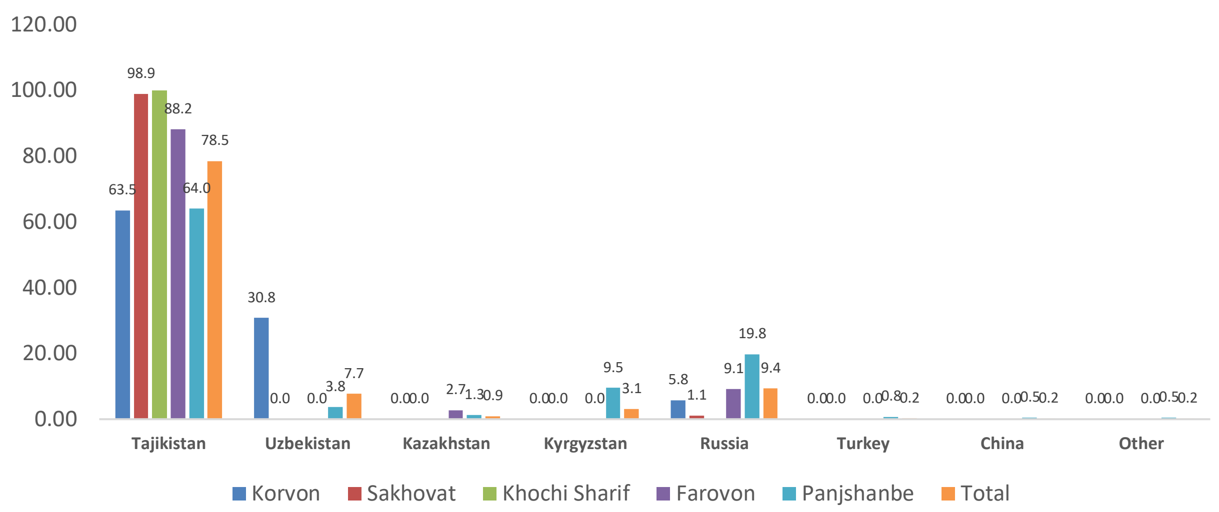


In recent years, Tajikistan focused on import substitution. As a result, local products presented in the studied markets occupy a prominent market segment.

Absolute majority (78.5%) of goods from five markets are sold to the local population. Countries where the goods are sold to from the markets include mostly neighboring countries - Russia (9.3%), Uzbekistan (7.7%), Kyrgyzstan (3%), and Kazakhstan (about 1%). Export of goods to non-CIS countries is very small.

Not all markets sell abroad. Thus, Korvon bazaar sells significant share of goods to Uzbekistan, Panjshanbe bazaar - to Russia, Uzbekistan and Kyrgyzstan, Faravon bazaar - to Russia.

Exhibit 36. Destination countries for goods sold from each bazaar, %



During the study, respondents were asked to assess how the volume of trade has changed over the past two years. Overall, absolute majority (82%) of respondents said that volume of trade in the studied markets has decreased over the past two years. The largest decline in trade was noted for three markets - Khochi Sharif, Farovon, Panjshanbe / Khujand. The situation at Korvon and Sakhovot is somewhat better. At these two markets only half of respondents felt the volume of trade has declined. At the same time, 46% of respondents at Korvon market and 33% at Sakhovat market even noted an increase in the volume of trade over the past two years. The reason for this positive outlook lies in the location of the markets - both are located in Dushanbe. Dushanbe is the capital of the country with all related benefits. The mayor of Dushanbe is the President's son, which gives him the opportunity to use all of country's resources to raise the economic level of the capital, which affects the solvency of the capital's residents. To the contrary, the share of solvent population in other regions of the country tended to decline due to sharp drop in remittances from labor migrants most of whom were forced to return to Tajikistan.

Exhibit 37. Answers of merchants to the question: How has the volume of trade in the market changed over the past 2 years (where 1 is Strongly decreased, 5 is Strongly increased),%

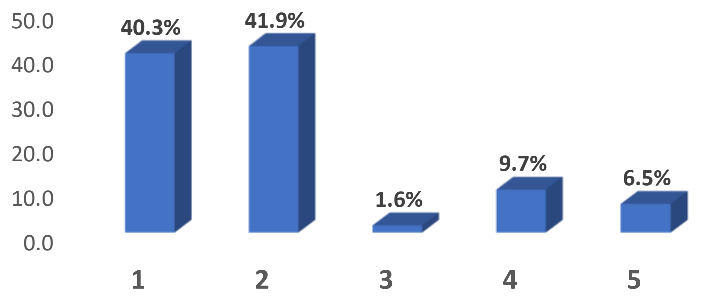
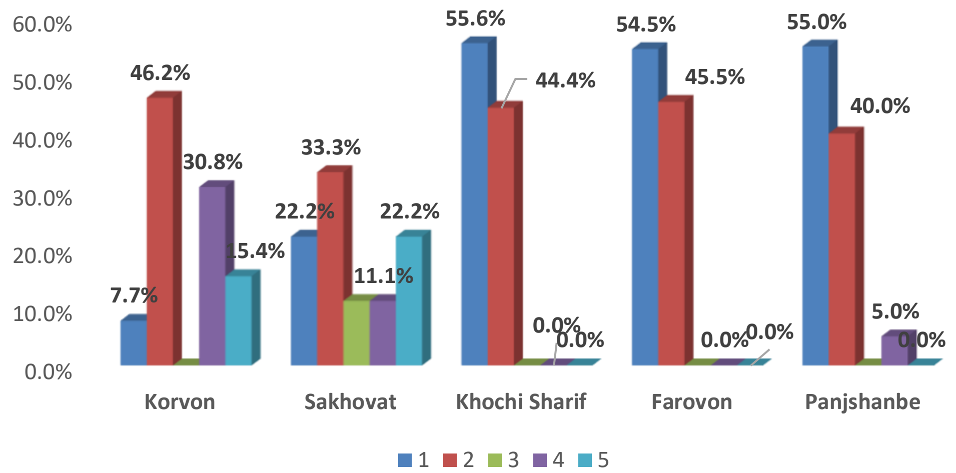
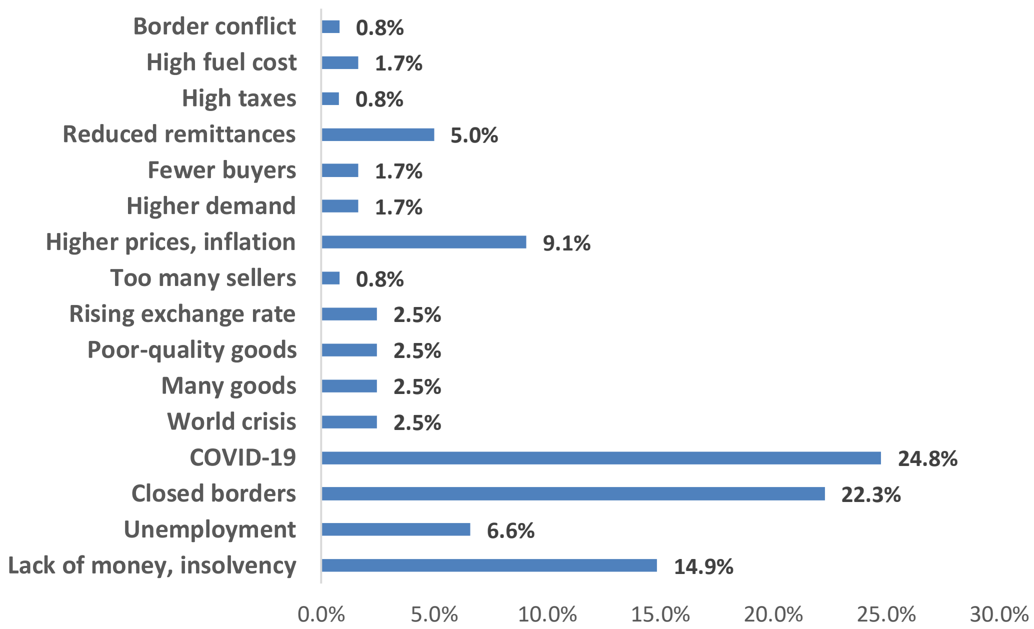


Exhibit 38. Merchants' responses to the question "How has the volume of trade at your bazaar change over the past two years (where 1 – declined greatly, 5 – increased greatly), %



The main reasons for decline in trade were COVID-19, closed country borders, poverty of the consumers, rising prices for goods and inflation, unemployment and a drop in remittances from labor migrants. Among other reasons for the decrease in trade respondents mentioned: border conflicts with neighboring countries, rising prices of fuel and lubricants, rising prices overall, reduced agricultural production in Russia and Kazakhstan, an increase in exchange rate, global crisis, high competition at the bazaar, lack of production, imports of substandard goods to the market.

Exhibit 39. Reasons for decrease in volume of trade at the bazaar over the past two years, %



Respondents at two bazaars, Korvon and Sakhovat, who noted an increase in trade volume, attributed this to import of quality goods, prosperity and political stability in Tajikistan.

10. Environmental Assessment – safe environment

During the study, each respondent was asked to rate the level of security at the bazaar on a five-point scale (where 1 is ‘completely unsafe’ and 5 is ‘completely safe’). Moreover, the interviewer gave the definition of security as “Security in trade is the absence of risk to life, health, property, goods, your business, absence of racketeering.”

Average rating of the level of security at the bazaar was quite high and amounted to 4.39 points out of 5. Majority (72.5%) of respondents rate security at 5 points ‘completely safe’, one in ten – at 3 points ‘medium’, and the same share – at 2 points ‘somewhat unsafe’.

Exhibit 40. Overall assessment of the level of security in the studied markets, %

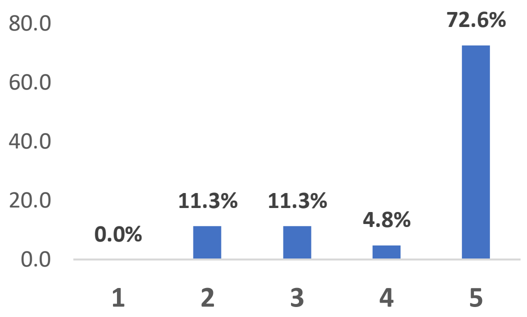
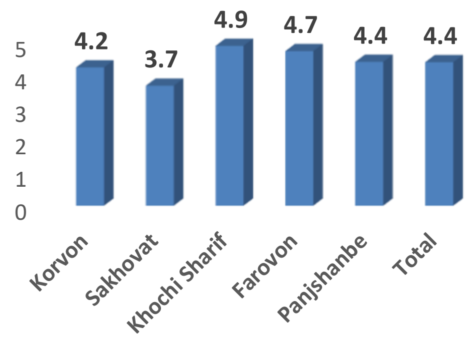


Exhibit 41. Assessment of the level of security in each market, points



According to respondents, all five bazaars have above average level of security. The safest bazaar, with lowest risk to life, health, property, goods, one's own business, or racketeering was reported in Khochi Sharif bazaar, where security was rated at almost 5 points (4.89 points). Farovon (4.73 points), Panjshanbe

/ Khujand (4.4 points), and Korvon (4.23 points) bazaars have lower ratings of security. The Savohat bazaar (3.67 points) is in a critical zone in terms of security. Here, one third (33%) of respondents said that trading on the market is ‘rather unsafe’. For comparison, in Korvon market there were 15.4% of such respondents, Farovon - 9.1%, Panjshanbe / Khujand - 5%, and there were no such responses in the Khochi Sharif market.

Only 17 out of 62 respondents did not give a rating of "5 points."
Main reasons for lack of security on the markets are:

- Theft and lack of security,
- Fire due to poor wiring and maintenance, and competitor arson fires,
- Corruption due to bribes from market leaders,
- Disturbances at the bazaar due to insufficient security,
- High risk of becoming infected with COVID-19 because customers don’t wear masks,
- Lots of beggars at bazaars because market administration ignores their presence.

It is important to note differences in these reported reasons in each bazaar. Respondents at Sakhovat market mentioned mainly fires, arson, corruption of market administration. Cases of arson, although to a much lesser extent, were reported with regards to Korvon and Panjshanbe / Khujand bazaars. At the same time, theft, lack of security guards, and risk of COVID-19 infection were mentioned by respondents in all bazaars. Market turmoil and presence of large numbers of beggars were cited in Korvon bazaar as factors of insufficient security.

Security of the market is organized by the market itself. The market has administration, internal security service, utilities and cleaning personnel, cargo delivery service, warehousing service. Internal security ensures order at the market. In addition, all major markets additionally sign contracts with private security bureau "Redline", which has the duty to address disturbances, fights, and reketeering at the market. Since each market is located in a designated public territory, public law and order at the market is guaranteed by state police. Subordination of the three structures that ensure order at the markets is different: the internal security service is subordinate to the market administration, employees of private security bureau are subordinate to the Redline company, and district policemen are subordinate to the Ministry of Internal Affairs. Korvon market has its own fire department, which is responsible for fire safety.

11. Areas of strength – ethnic advantages of merchants

Overall, absolute majority (93.5%) of respondents believe that there is no monopoly of one ethnic group to sell any one product. Only 6.5% of respondents noted existence of such monopoly. Such monopoly of a certain ethnic group was reported in two bazaars – Khochi Sharif and and Farovon. At Farovon, about a third (27.3%) of respondents mentioned presence of such ethnic monopoly, in Khichi Sharif less – one in ten.

Exhibit 42. Is there a monopoly on sale of goods depending on ethnicity of merchants, %

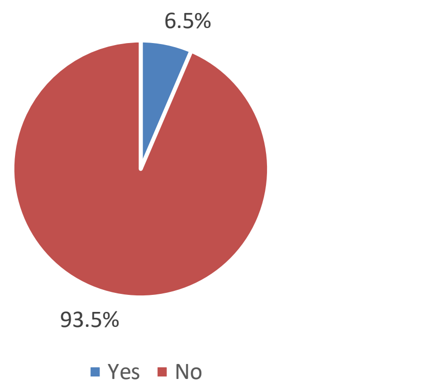
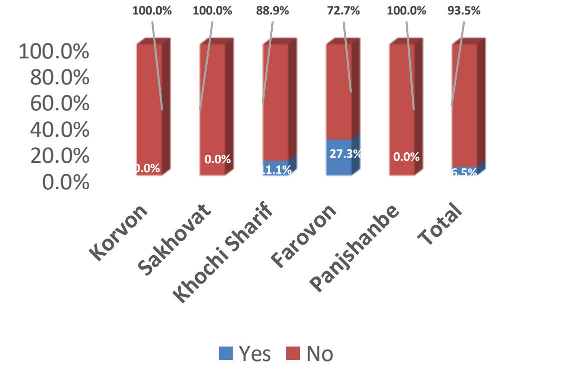


Exhibit 43. Is there a monopoly on sale of goods depending on the ethnicity of merchants, by bazaars, %



According to 6.5% of surveyed merchants, such monopoly is held by ethnic Uzbeks who often sell clothes, tablecloths, and dishes. All these goods are brought by merchants from Uzbekistan. There is also a monopoly of ethnic Uyghurs on the sale of certain bedspreads, clothing and fabrics, furniture and carpets from China.

However, no ethnic conflicts took place at bazaars in recent years as was stated by 100% of surveyed respondents in all clusters.

According to experts, ethnicity can be an advantage for trade, since knowledge of the language of another country, presence of relatives and friends abroad help merchants to establish a more profitable supply channel of goods from the historical homeland. For example, in Uzbekistan, ethnic Uzbeks from Tajikistan are trusted more than ethnic Tajiks. This can be confirmed by an increase in the number of Uzbeks in the markets of Tajikistan after the warming of relations between the two countries. Uyghurs from China undoubtedly have advantages in importing goods from China's Xinjiang Autonomous Region. After all, they have relatives and friends there, and they also speak Uyghur and Chinese. Also, Uighurs can buy goods in China at a better price and on more favorable terms, which will allow them to sell Chinese goods at lower prices.

It is important to note that traders need to be careful in using their competitive advantage. Lower prices can provoke competitors to use the ethnicity as factor for fueling conflict.

During interviews experts mentioned conflicts between local merchants and businessmen from Uzbekistan, China, and Afghanistan in 2015-2017. Conflicts were related to competition between local merchants and merchants from these countries. Prices commanded by Tajik merchants for same products are usually higher than those offered by foreign businessmen selling the same product at lower prices. In the Sughd region (Kinibadam), a fight between Tajiks and Uzbeks took place over the low prices of Uzbek merchants for flour, eggs and vegetable oil.

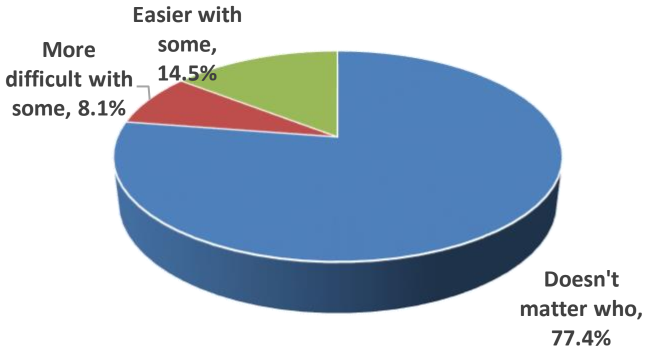
By 2017, the country's leadership had resolved these conflicts by introducing more barriers for foreign businessmen Taxes were increased for foreign merchants. Now, if a local merchant pays income tax of 13%, a foreigner pays 25%. When registering a business, the legal fund for a resident is $ 20 US, while for a non-resident it is $ 10,000 US. Moreover, according to experts, it is very difficult for a foreign investor to open business due to unbearable taxes. Therefore, foreigners prefer to have citizens of Tajikistan as the heads of their businesses, while foreigners themselves have to register as subordinates. In practice, this creates great risks for a foreigner to open business in Tajikistan.

12. Social assessment of foreign merchants

During the study, all respondents were asked sensitive questions about their perception of merchants from other countries. Respondents were generally reluctant to answer these kids of questions.

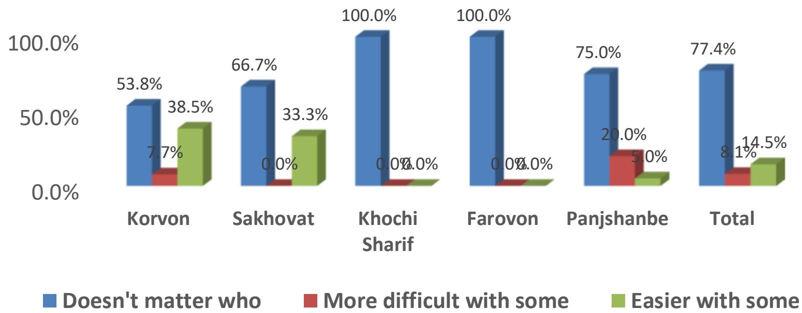
Most respondents (77%) are sure that challenges are not specific to the country from which the businessmen come. At the same time, 15% believe that it is easier to work with some foreign businessmen, and half as many respondents say that it is more difficult to work.

Exhibit 44. Answers to the question "It is more difficult / easier to work with businessmen from certain countries or it really doesn't matter where a merchant is from? %



Overwhelming majority of respondents from Khochi Sharif and Farovon bazaars feel that it doesn't matter where the merchant is from. Panjshanbe had the largest number of merchants (one in five) who believe that it is more difficult to work with traders from other countries. Such responses were also given at Korvon market, though much less - 7%.

Exhibit 45. Is it harder / easier to work with businessmen from certain countries? %



Respondents who believe that "it is easier to work with businessmen from other countries" were mostly found at Korvon (38.5%) and Sakhovat (33.3%) markets and were practically absent at Khochi Sharif, Farovon, and Panjshanbe markets.

The study revealed correlation between negative responses and degree of communication between merchants and representatives of other ethnicities. Panjshanbe market is mono-ethnic with 95% of merchants being ethnic Tajiks. It is this market that shows greater negative attitude towards foreign traders.

Korvon and Sakhovat markets had the largest number of respondents who believe that it is "easier" to work with foreign businessmen. These markets are more multiethnic. 9.85% are Uzbeks and 2.15% are Uyghurs at Korvon market, while at Sakhovat 30.56% are Uzbek and 2.78% are Uyghurs.

Reported difficulties of working with foreign businessmen include the following:

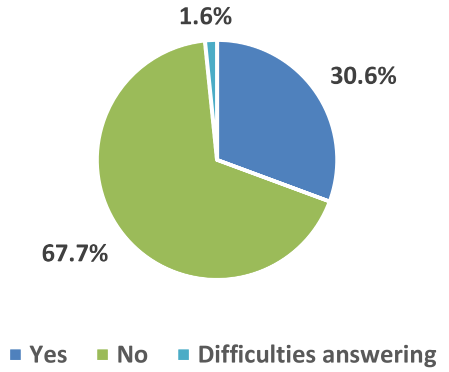
- They do not deliver goods on time, ask for money in advance, there is a problem with language - China
- They are aggressive, do not make concessions, do not treat Tajiks well - Kyrgyzstan, Kazakhstan
- Mutual understanding is getting worse year by year, no concessions are made - Russia, Kyrgyzstan

According to key informants, the ease of working with businessmen from Turkey, China, Russia, and Uzbekistan lies in the fact that "they cheat less because they are in a foreign country", "they are more afraid of the law than our locals", "they are Muslims, it is easier to negotiate with them", "Foreigners are under State control."

13. Merchants liquidity

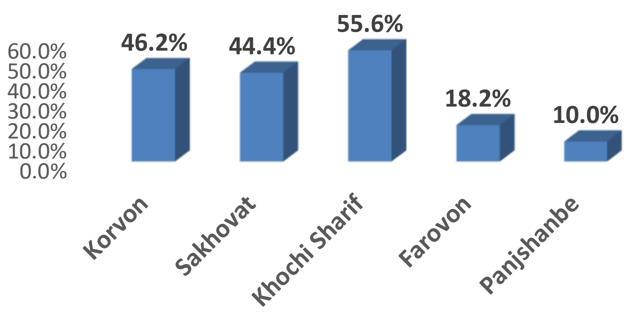
A noticeable share (30.6%) of surveyed respondents noted a change in ethnic composition of traders in their market in recent years. However, majority (67.7%) did not notice such change, while 1.6% found it difficult to assess the dynamics of ethnic composition of traders.

Exhibit 46. Did the ethnic composition of traders change over last years? %



It is important to note that respondents who noticed changes in ethnic composition of merchants were found in all studied markets. The greatest changes in ethnic composition of traders were reported by respondents at Khochi Sharif market where half (55.6%) of all respondents gave this answer. At Korvon market 46.2% of respondents noticed such change, at Sakhovat - 44.4%, Farovon - 18.2%, Panjshanbe / Khujand – one in ten.

Exhibit 47. Number of respondents agreeing that the national composition of the markets has changed over last years, %



Changes in the ethnic composition on the whole were expressed in increase in the number of local Tajiks with a decrease in the number of Chinese and Uyghur sellers, and an increase in Uzbeks. There was a decrease in Chinese and Uighur traders at Khochi Sharif, Korvon, Panjshanbe, and an increase in Uzbeks at Sakhovat and Korvon markets.

Korvon: 46% of merchants have noticed a change in the ethnic composition of traders over the past 5 years. In their opinion, the number of Tajiks increased from 78% to 83%, Uzbeks -from 8.8 to 10%, while the Uighurs decreased from 6.7% to 2.2%, and the Chinese - from 5.2% to less than 1 %. Now the Chinese and Russian traders are rare on the market.

Sakhovat: 44% of merchants have noticed a change in the ethnic composition of traders over the past 5 years. In their opinion, the share of Tajiks in the market has not changed (67%), but the number of Uzbeks has grown from about 20% to 31%. The number of Uyghurs also increased slightly from 1.7% to 2.8%. The increase in the number of Uzbek traders was due to local Uzbeks, citizens of Tajikistan.

Farovon: 18% of merchants have noticed a change in the ethnic composition of traders over the past 5 years. In their opinion, the number of Tajiks has hardly changed (95-96%), but the number of Uyghurs has decreased from 3.6% to 1.8%, and there are no Chinese now - from 1% to 0%. Nowadays, there are only a few Uzbek merchants in the market.

Hochi Sharif: 56% of merchants have noticed a change in the ethnic composition of traders over the past 5 years. In their opinion, the number of Tajiks increased by about 64.4% to 79.4%, Uzbeks - from 5.9% to 6.8%. At the same time, the share of Uighurs decreased from 29.7% to 13.8%, and there are no Chinese now - from 1% to 0%.

Panjshanbe: Only 10% of merchants have noticed a change in the ethnic composition of traders over the past 5 years. The remaining 90% did not feel any changes. According to 10 respondents, the number of Tajiks increased slightly from 93.8% to 95%. The number of Uzbeks decreased - from 1.1% to 0.8%. At the same time, there are no Kyrgyz and Russians now at the market (although they were very few in the past, too).

Main reasons for changes in the ethnic structure of merchants towards a decrease in foreigners included: COVID-19, closure of borders with the neighbors including China, COVID lockdown, decline in trade, decrease in the solvency of local Tajiks, departure of foreigners to their homeland due to COVID-19, border conflicts with Kyrgyzstan.

Growth in the number of Uzbeks is associated with improvement of relations between Tajikistan and Uzbekistan after the death of the former President of Uzbekistan Karimov and establishment of good relations with the new country leadership, opening of borders with Uzbekistan, and direct supplies of goods from Uzbekistan.

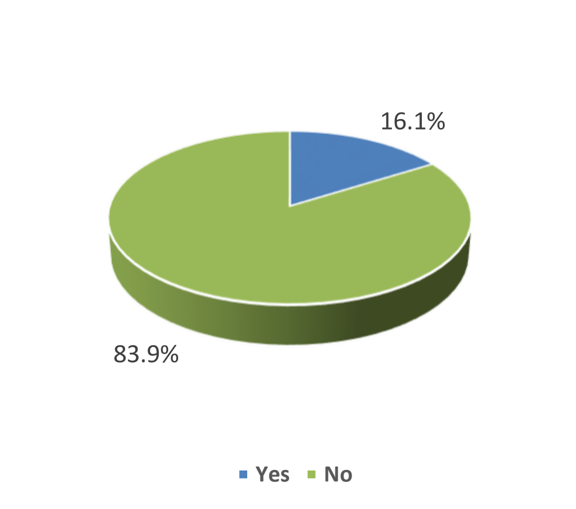
14. Supply channels: what goods are in shortage at the markets

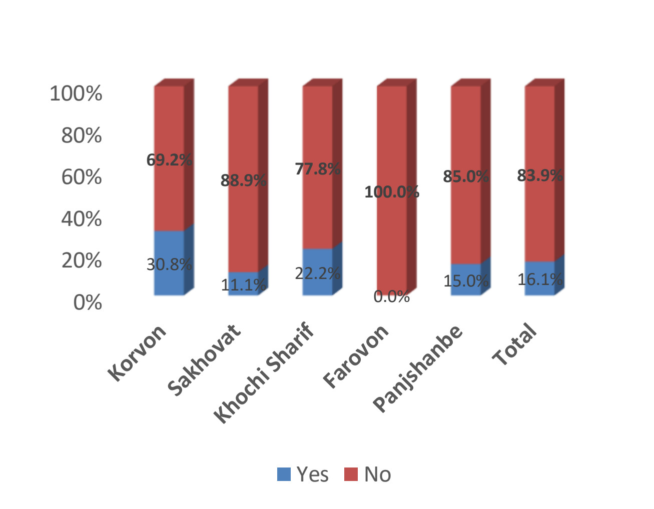
Bazaar administrators and merchants for the most part (83.9%) believe that there is no shortage/deficit of any particular commodity on their market. At the same time, about 16% of surveyed merchants believe that shortage of some goods exists. Such respondents noted shortage of the following goods:

- Korvon bazaar: curtains for home, chandeliers, clothes from China, blinds.
- Sakhovat bazaar: spare parts for repair of mobile phones.
- Panjshanbe / Khujand bazaar: vegetable oil, flour, meat, sugar.
- Khochi Sharif bazaar: products made of cotton.

Main reported reasons for shortage of these goods were decrease in supply due to pandemic, i.e. closure of borders, especially with China. As a result, there are small stocks of such goods, and merchants "sell leftovers", and holders of such goods monopolize the market. Import of these goods has ceased. The presence of unmet demand for goods has led to a rise in prices and will make the goods inaccessible to some population categories.

Exhibit 48. Answers to the question "Is there a shortage of some goods at the five bazaars", %	**Exhibit 49. Answers to the question** "Is there shortage of some goods at the bazaar", %





According to experts, there is shortage of fuel, textiles, food items (vegetable oil, eggs, flour) in Tajikistan. Reasons for this shortage are not only related to the pandemic, but are also economic, political, and geopolitical reasons.

> *"… When there is not enough fuel, the prices for fuel go up. In 2021, retail price of gasoline at gas stations increased by 58.9%, liquefied gas - by 80%, diesel fuel - by 39.4%. This caused higher prices on everything - prices of agricultural products of local farmers, transportation costs of all goods went up. "*
>
> *Expert, Association of Small and Medium Trade Entrepreneurs*

15. Business magnate

When speaking about monopoly in Tajikistan, one cannot fail to mention the monopoly of President Emomali Rahmon's family in the following areas:

- The financial sector, where about 6 banks are owned by the family (Orion, Spitamen, Kommerzbank, IBT, CCB). All major transactions are made through these banks.
- Medical centers, laboratories
- Petroleum products, fuel
- Essential goods: sugar, flour, vegetable oil
- There is a connection with the family in the agricultural sector. The family is partly related to the hotel business and construction.

Consumer goods are not part of President's family's monopoly. Large markets are owned by the President's family. According to some experts, all major markets in the country belong to the President's family. However, within the markets, president's monopoly does not spread.

The study attempted to identify major wholesalers in each market. Below is information on magnates and types of goods owned by the magnates.

Korvon Market:

- Khalifaev Shodi - Clothing, material
- Ismailov Shukhrat - Curtains
- Mustafo - Shoes

Farovon market:

- Mohiston - goods from Turkey
- Hochi Asadullo - carpets and household items

Khochi Sharif Market:

- Kurbanov Sharfi - clothing and footwear
- Shamsidan Mehroch - clothing
- Uyghurs (names not known) - carpets and furniture

Sakhovat Market:

- Hochi Gies – clothes, lingerie
- Daler - baby clothes

Panjshanbe Market:

- Sattorov Abduvali - men's clothing
- Shamsiev Akhmadchon - men's footwear
- Mahmudova Munavvar - gold products
- Bakhrom Inoyatov - sporting goods
- Brothers Mukhtor and Maruf - stationery
- Sharipova Dilbar - women's clothing
- Abdurakhimova Sayehat - women's accessories

Below are examples from interviews that demonstrate the impact of the monopoly.

According to the government official, an example of a monopoly is the experience of the Chinese firm Juntai Dangara Sil Silu Textile. In 2018, ginneries began to close on a massive scale. There were 14 of them, now there are 5. The reason was massive purchase of raw cotton by a Chinese company, which processed 21% of the total processing of cotton in Tajikistan in 8 months of 2016. Raw cotton was purchased at a price higher than the market price, processed, exported to China, where it was used to make clothes that were sold in the markets of Tajikistan. Local ginneries did not have much money to buy raw cotton, did not have such processing facilities. So the arrival of one company reshaped an entire industry - raw cotton processing. The Chinese company continues its work in Tajikistan.

Until 2008, there were markets in Dushanbe that were popularly called Afghan and Chinese markets. Foreigners traded more in these markets; prices were much lower than prices for similar goods sold by Tajik entrepreneurs. The discontent of Tajik traders, their massive complaints about foreigners led to a change in the legal framework in 2008, according to which foreign traders pay higher taxes to the State. Markets have now been liquidated, and a residential building is being built in their place.

16. Epidemic effect

During the pandemic, relative majority (34.4%) of merchants continued to sell goods on the market. Most of them were citizens of Tajikistan. Almost half of interviewed traders of Tajik ethnicity continued to trade during the pandemic. Among Uzbeks, the share of such respondents was 24%, Uighurs - 20%, Chinese - 16%.

Table 6. Merchants' Answers to the Question "What did the merchants do during the pandemic?"

Continued to trade in the market	34.4
Stopped trading on the Tajik market, went to their homeland	21.1
Started trading via Internet	18.0
Stopped trading, stayed at home	13.3
Sold business	3.1
Took loans	7.8

Stopped trading on the Tajik market, traveled to other countries	2,3
Total	100.0

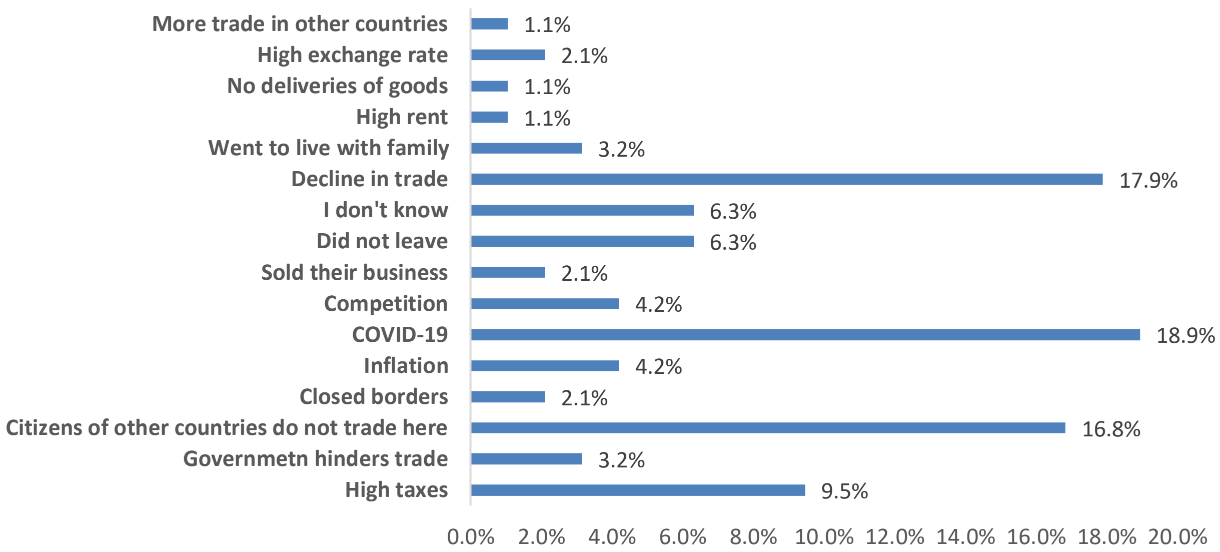
One in five merchants (21.1%) chose to halt trade at the Tajik market or left for their homeland. Significant share (18%) started trading via Internet - a quarter of Tajiks, 12% of Uzbeks, 10% of Uyghurs and about 40% of Russian businessmen did this.

13.3% of merchants stayed at home and stopped working for a while. This was reported by 17.7% of Tajiks, 8% of Uzbeks, 16% of Chinese and 10% of Russians.

To maintain their business, 7.8% of merchants took out a loan. There were 17% of Tajiks who did this, 16% of Uzbeks, and 12% of Chinese.

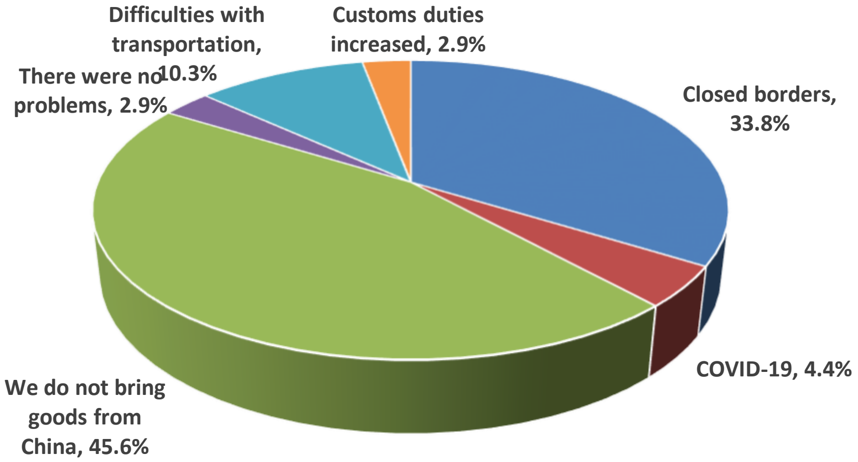
Main reasons for departure of some merchants from Tajikistan to another country were: COVID-19, decline in sales, high taxes. Other reasons for leaving included 'government agencies hinder work', inflation, competition, visiting family, high rent, currency appreciation, border closures and ensuing shortage of goods, more trade in other countries.

Exhibit 50. Answers to the question "What are the reasons why some merchants decided to travel to another country for trade?" %



The pandemic has negatively impacted the markets. Merchants faced the most difficult problem - closure of borders, inability to bring goods from China, difficulty of delivering goods and increase in customs duties. Only small share of merchants (…%) did not have any problems related to COVID-19.

Exhibit 51. Problems that arose at the border during COVID-19 pandemic, %



Absolute majority (93.5%) of respondents did not feel that someone was specifically pushed out of the market during the pandemic. 6.5% of respondents felt that this was the case. Pushing some merchants from the market was reported at markets - Korvon and Panjshanbe. In the Korvon market, this was reported by almost one in five interviewed merchants, in the Panjshanbe market - 5%.

Exhibit 52. Answers to the question **"**Did you feel that someone is being pushed out of the market because of the pandemic? %

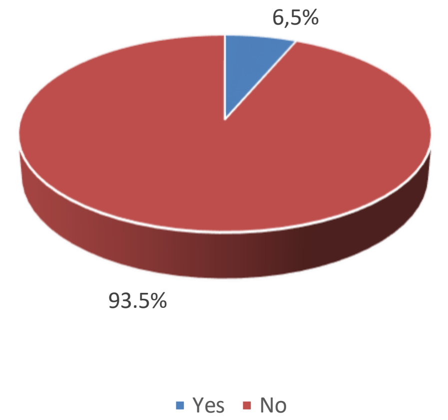
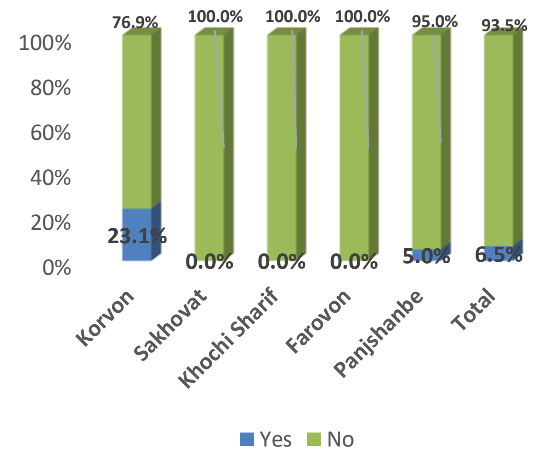


Exhibit 53. Answers to the question **"**Do you feel that someone is being pushed out of the market because of the pandemic? %, by markets



According to respondents, mostly Tajiks were squeezed out of the market. Actions that were categorized as pushing out were 'fines', 'punishing the trader for not wearing a mask', 'not cleaning up the market, thereby creating unbearable conditions for trade', 'demanding to pay rent even if the trader did not have the money to do so'. The latter one was more common in Panshanbe market.

As part of the fight against the consequences of the pandemic, Tajikistan managed to attract funds from international organizations. The EU has allocated about € 80 million: € 48 million in the form of a grant, € 30 million in the form of a loan from the European Investment Bank for implementation of the government's anti-crisis plan, as well as a separate € 1.3 million for protective clothing for health workers and €780 thousand for sanitary items for educational institutions.

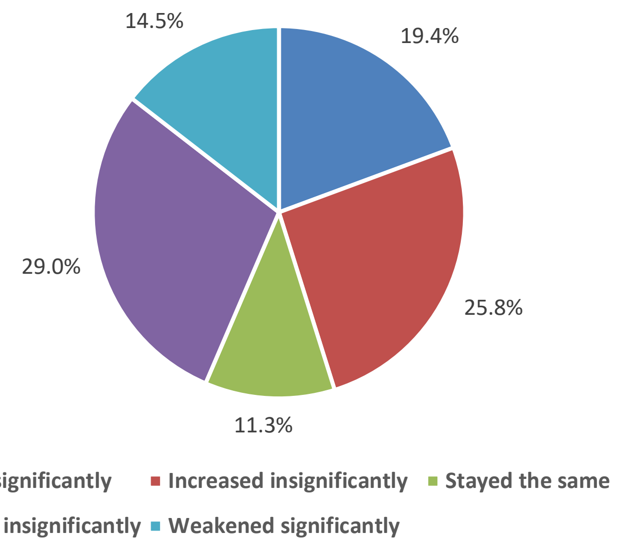
In addition, several monetary measures were taken to support the liquidity of financial institutions. The Monetary Policy Committee of the National Bank of Tajikistan revised the refinancing rate twice in May-

July 2020 and on August 3, 2020 set it at 10.75 percent per annum. The required reserves ratio of credit financial institutions for deposits and similar liabilities was also reduced from 3% to 1% (2 percentage points) in the national currency and from 9% to 5% (4 percentage points) in foreign currency from April 1, 2020.

17. Economic recovery

One in ten surveyed respondents believe that the economy of their bazaar remained stable over the past five years. At the same time, 45.2% felt an improvement, and 43.5% - deterioration in the economy.

Exhibit 54. Answers to the question **"**How has the economy of your bazaar changed over the past 5 years?" (%)



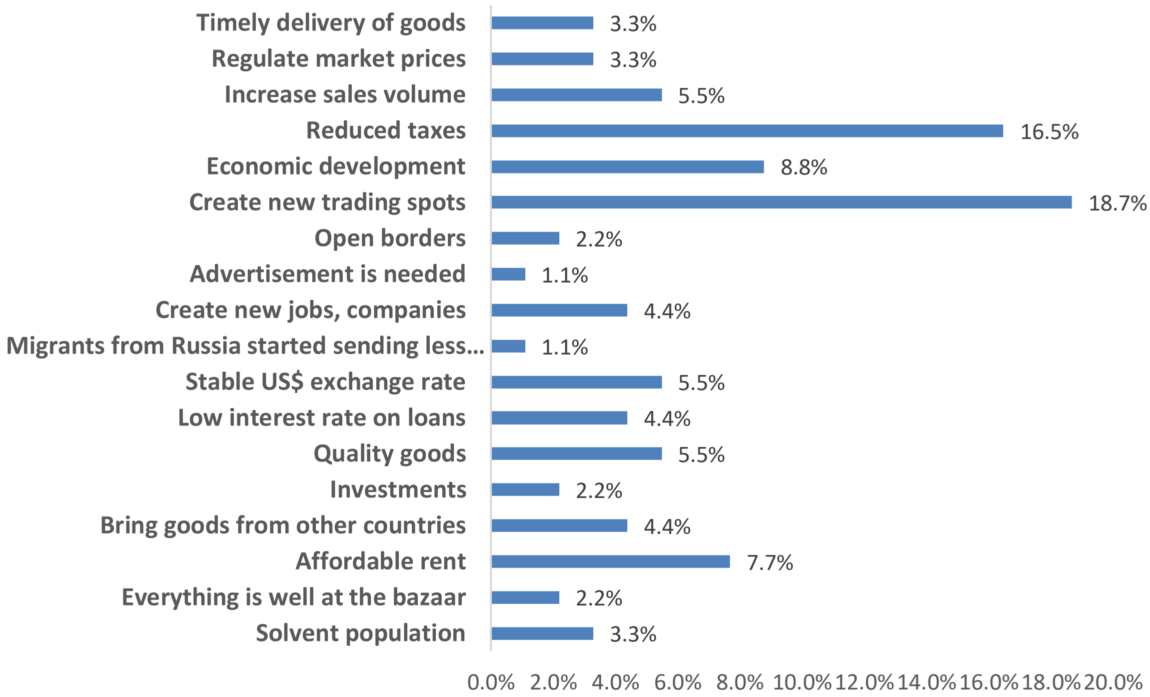
The greatest deterioration of the economic state of the market was felt at the Panjshanbe market (65%), while Farovon (81.8%) Khochi Sharif (66.7%), and Korvon (61.5%) have strengthened their economies over the past 5 years.

Table 7. Answers to the question "How has the economy of your market change over the past 5 years? by markets, %

	Korvon	Sakhovat	Khochi Sharif	Farovon	Panjshanbe	Total
Strengthened	61.5%	55.6%	66.7%	81.8%	0.0%	45.2%
Weakened	30.8%	33.3%	33.3%	18.2%	65.0%	40.3%
Difficulties answering	7.7%	11.1%	0.0%	0.0%	35.0%	14.5%

To improve economic situation at the market, it is necessary to 'open new retail outlets' and 'reduce taxes', 'make rent affordable' – as was suggested by 42.9% of surveyed respondents. In addition, suggested solutions included 'economic development of the country is crucial', high-quality goods on the shelves, increase in sales, import of goods from other countries, an and increased population's ability to pay. More details are presented in the Exhibit below.

Exhibit 55. Actions that would improve economic recovery at the bazaar, %



When asked what help merchants need to make it easier for them to do business, one in five (22.6%) believe that it is necessary to improve access to loans through lower interest rates, 17.7% are in favor of tax cuts, 8.1% - affordable rent.

Table 8. What help merchants need to make it easier to do business? (%)

	Korvon	Sakhovat	Khochi Sharif	Farovon	Panjshanbe	Total
Improve security at the bazaar	7.7%					1.6%
Affordable rent	7.7%		11.1%		15.0%	8.1%
Increase in investments	7.7%	11.1%				3.2%
Improve infrastructure at the market		11.1%				1.6%
Ease business registration procedures				9.1%		1.6%
Reduce taxes, create a support system abroad				0.0%	5.0%	1.6%
'Don't know'					5.0%	1.6%
Nothing needs to be done	7.7%	11.1%	11.1%	9.1%		6.5%
Reduce taxes	15.4%			45.5%	20.0%	17.7%
Reduce interest rates on loans	23.1%	22.2%	33.3%	9.1%	25.0%	22.6%
Reduce customs duties		11.1%			15.0%	6.5%
Create more jobs	7.7%					1.6%
Open borders		22.2%			5.0%	4.8%
Reduce food prices			11.1%			1.6%
Entrepreneurship training		11.1%				1.6%
Allow imports of large number of goods, reduce restrictions	7.7%					1.6%
Increase amount of demanded products			11.1%			1.6%
Convenient location of sale outlets	7.7%			9.1%		3.2%

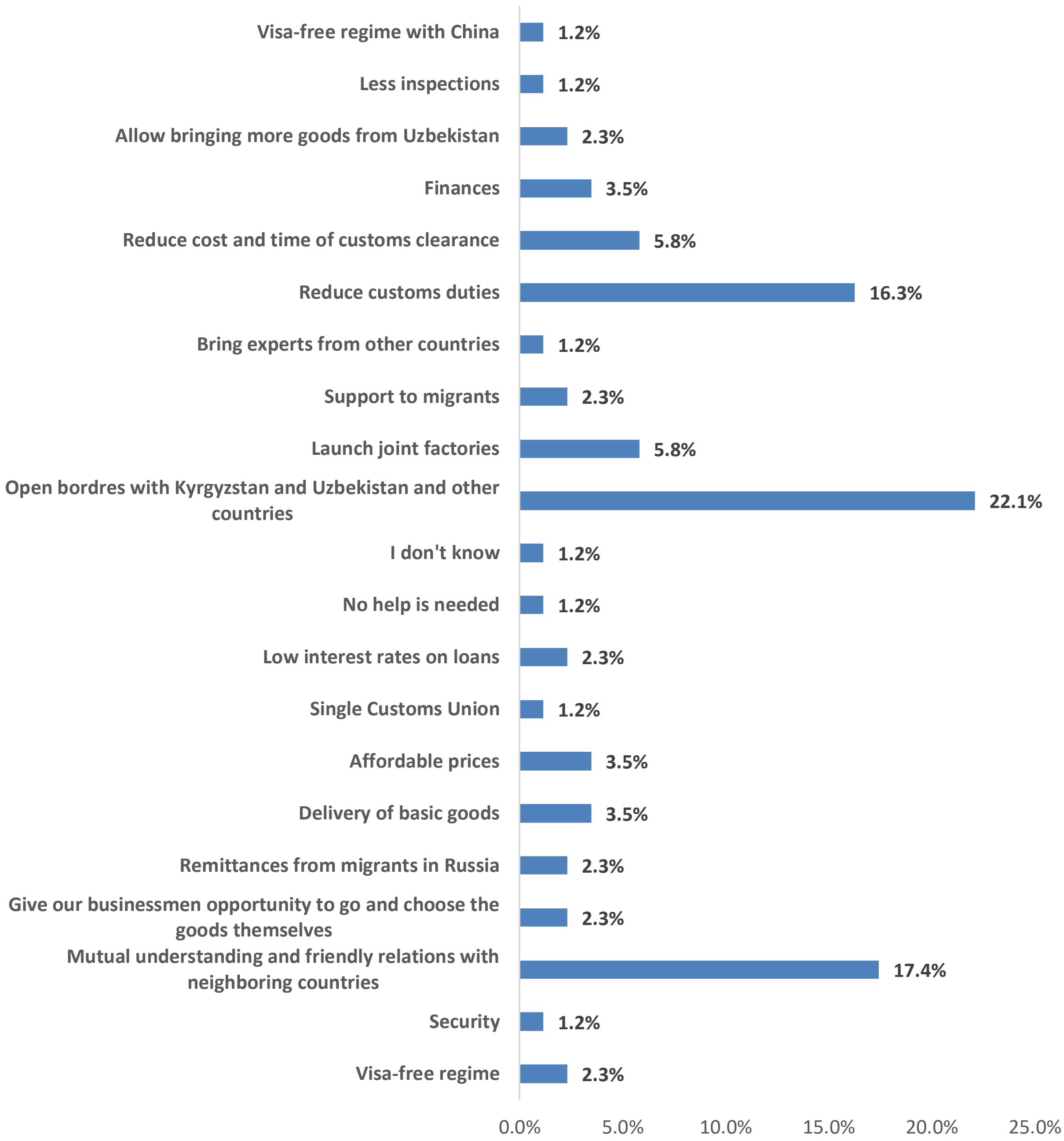
Reduce seller checks					5.0%	1.6%
Ensure currency stability			11.1%			1.6%
Reduce shipping / transportation costs			11.1%	9.1%		3.2%
Allow trading until 5 pm	7.7%					1.6%
Give goods in bulk by installments				9.1%		1.6%
Eliminate delays in shipping					5.0%	1.6%
	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Other types of support mentioned were:

- Reduce customs duties
- Open borders
- Increase investments
- Make convenient location of the point of sale
- Reduce shipping / transportation cost
- Improve infrastructure at the bazaar
- Ease business registration procedures
- Reduce taxes, create a support system abroad
- I have difficulties answering this question
- Create more jobs
- Reduce food prices
- Entrepreneurship training
- Allow imports of large number of goods, reduce restrictions
- Increase quantity of demanded products
- Reduce inspection of merchants
- Ensure stability of the currency
- Give opportunity to trade until 5 pm
- Give goods in bulk by installments
- Eliminate delays in shipping
- Strengthen security in markets

To improve the economy of Tajikistan from neighboring states, it is first of all necessary to open borders with Kyrgyzstan and Uzbekistan, mutual understanding and mutual cooperation with neighboring countries, and a reduction in customs duties.

Exhibit 56. Help needed from neighboring countries to improve the economy of Tajikistan, %



18. Factors limiting the growth of Tajik economy

According to the World Bank “The pandemic has slowed economic growth and created pressure on social and health sectors. Authorities have responded with countercyclical fiscal and monetary policies. Prolonged pandemic and structural constraints may undermine growth prospects"[26].

A gradual economic recovery is expected in 2021-22 subject to availability and distribution of the vaccine, as well as a recovery in volume of remittances and international trade. As import prices stabilize and foreign exchange inflows increase, inflationary pressures and exchange rate fluctuations are projected to decrease. The government is expected to continue to strengthen health and social protection system with

[26] https://documents1.worldbank.org/curated/en/285721608614181243/pdf/Tajikistan-Economic-Slowdown-Amid-the-Pandemic.pdf Report on the Tajik economy, autumn 2020

the support of development partners. On the other hand, the intensification of the pandemic and prolonged restrictive measures will affect growth prospects. Heavy reliance on commodity exports and remittances increases exposure to external risks. Internal risks are mainly associated with limited space for budgetary maneuver, inefficiency of state-owned enterprises and the creation of favorable business environment. The growing risk of borrower defaults could wreak havoc on the financial system, and an unexpected surge in dangerous infections could increase the burden on the country's health and social system.[27]

Limiting factors for the growth of the Tajik economy are border conflicts, especially with Kyrgyzstan and Afghanistan.

Kyrgyzstan: The situation with Kyrgyzstan is currently the most problematic. According to the State Committee for National Security of Kyrgyzstan, the length of the country's border with Tajikistan is 972 km, but 375 km of it remains undemarcated. In addition, Tajikistan has the Vorukh enclave on the territory of Kyrgyzstan. Border conflicts have been sparking regularly since 1992, but they had a local character. On April 28, 2021, at Golovnoy water distribution point, the conflict escalated into military standoff with use of firearms on both sides. Currently, the border between the two states is closed, there is no air service, which negatively affects trade relations between Kyrgyzstan and Tajikistan. Fuels and lubricants (illegal), dried fruits, garments, clothing and footwear made in China went to Tajikistan and Kyrgyzstan. Tajikistan, which is not a member of the EAEU, illegally transported berries, fruits, vegetables to Russia through Kyrgyzstan.

Border conflict between Tajikistan and Kyrgyzstan has not ended. Despite the calming publications in the media, clashes and fights still occur at the border from time to time. Renewal of the conflict is highly likely.

Uzbekistan*:* The length of the common border of the two states is 1332 km, with 18 border crossing posts. In addition, there is the Sarvak enclave on the territory of Uzbekistan, which belongs to the territory of the Asht region of the Republic of Tajikistan.

Before the change of power in Uzbekistan, relations with Tajikistan were tense, visa regime was introduced between the two states, and the border was mined. The reason is Tashkent's uncertainty about the reliability of the Tajik border with Afghanistan, which posed for Uzbekistan the risk of penetration by IMU terrorist movement. After Shavkat Mirziyoyev came to power in Uzbekistan, the visa regime was removed, the border was cleared of mines, and disputed borders were demarcated. All this has led to growth in tourism and trade. The amount of Uzbek goods on the markets of Tajikistan constantly increase.

Complications on the border with Uzbekistan are possible in the event of a civil war in Afghanistan between the Taliban and Afghan Tajiks, as well as penetration of UDU and other Islamic terrorist movements through the Tajik-Afghan border into Uzbekistan. Note that such attempts were already made in 2001.

Afghanistan*:* The length of the border between Tajikistan and Afghanistan is 1344 km. There are 7 checkpoints on the border with Afghanistan. Ethnic Tajiks living in Afghanistan are Afghanistan's second largest ethnic group. 9506.3 thousand Tajik people live in Tajikistan[28], while Afghanistan has are about 40%[29], according to various estimates, from 10 thousand to 14 thousand people. With the victory of the Taliban, the border was closed. This led to cessation of trade not only with Afghanistan, but also with

[27] Ibid.

[28] https://stat.ww.tj/posts/August2021/macmuai_sumorai_aholi_01.01.2021_.pdf Statistical publication "Population of the Republic of Tajikistan as of January 1, 2021", Statistics Agency of Tajikistan.

[29]https://ru.wikipedia.org/wiki/%D0%9D%D0%B0%D1%81%D0%B5%D0%BB%D0%B5%D0%BD%D0%B8%D0%B5_%D0%90%D1%84%D0%B3%D0%B0%D0%BD%D0%B8%D1%81%D1%82%D0%B0%D0%BD%D0%B0

Pakistan. Fruits and vegetables went from Afghanistan to Tajikistan, and from Pakistan - potatoes, cement, meat. In recent years, Afghanistan has been receiving Tajik cement and electricity.

Complications on the border with Afghanistan have a significant likelihood. The Taliban have already issued a warning to Tajikistan for interfering in their country's internal affairs. The possibility of crossing the borders of IMU groups and other terrorist groups is not ruled out.

China: Tajikistan has the shortest border with China, in comparison with other neighbors - 494 km. There is one checkpoint, Kulma-Karasu, connecting the Murghab region of Tajikistan and the Kashgar district of the Xinjiang Uygur Autonomous Region of China (XUAR). For a long time, this section of the border has been the most stable, but this has been caused by many years of solving the issues of demarcation.

For China, the border with Tajikistan is important from the point of view of ensuring security for the XUAR. Beijing perceives the area to be problematic, given the risks of radicalism of its Uyghur population. China, like Uzbekistan in the 90s, does not consider the Tajik-Afghan border as reliable, so it has recently intensified its military cooperation with Tajikistan. Unlike Uzbekistan, which mined the border, China began to conduct military exercises jointly with Tajikistan in the Pamirs, not far from the border with Afghanistan.
Thus, at the moment, China has become an important partner of Tajikistan in terms of security. But unlike other partners that are dedicated to improving the skills of border services, China provides infrastructure.

Speaking about China, one cannot fail to mention the large national debt of Tajikistan to China. Therefore, the dependence of the Tajik economy on China is very significant. In the future, this can lead to political dependence as well, which can be expressed in regular coordination of foreign policy decisions with Beijing, including on the issue of borders.

In the cases of Uzbekistan and China, the situation on the border is developing in the most favorable way, while the borders with Afghanistan and Kyrgyzstan have serious challenges.

Among the internal risks to economic growth, one can single out:

- Change of the country's leadership: the President of the country is 69 years old, he is preparing the transfer the power to his son, Rustam. The authoritarian style of governing the country has completely ousted the opposition from the country; the country lacks free media and strong civil society. Statements against authorities are persecuted by security forces. Human rights NGOs are not a serious force in Tajikistan, primarily because civil society has not yet received sufficient development and is constantly monitored by authorities.
- There is no opposition in Tajikistan. The opposition is the "Party of Islamic Revival of Tajikistan", "Group 24", "Ansarulloh". All these organizations are outside the country and are included in the list of terrorist organizations in Tajikistan. At present, Ansarulloh is actively supporting the Taliban and guarding the Afghan-Tajik border.
- According to some political analysts, the opposition has many supporters in Tajikistan, who are dispersed in certain regions of the country. The authoritarian government of the country has not yet allowed them to openly oppose the current government. However, the president is getting old, his son and family will not be able to retain the power after E. Rahmon leaves. With support from any opposition, opposition cell groups among the population will become more active.

According to respondents, sanctions imposed on Russia will lead to the fact that Russia will increase procurement of agricultural products from Tajikistan. Tajikistan benefits from these sanctions. The export of fruits, vegetables, grapes and dried fruits will increase. The risk lies in a possible change in the leadership of Russia. “The departure of Putin from power and the arrival of a new president may lead to the lifting of sanctions against Russia. Then Russia will immediately give up our goods and will again start buying everything from Europe."

Sanctions against China (restrictions on the sale of cotton, semiconductors) did not particularly affect Tajikistan's trade. Tajik businessmen will continue to buy Chinese cotton products after the opening of the border with China.

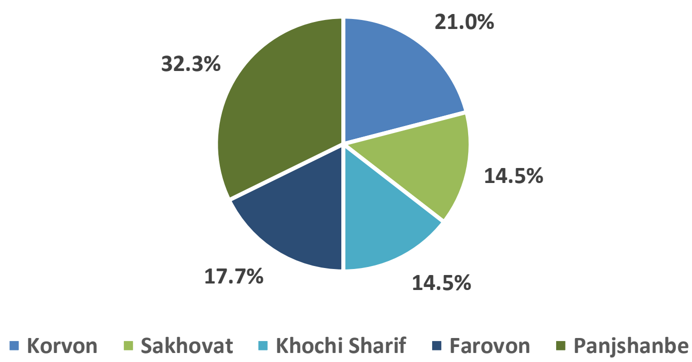
The next factor affecting the growth of the economy of Tajikistan is the closure of borders and the difficulty of delivering goods to Tajikistan. This factor was clearly manifested during the pandemic. Tajikistan is a landlocked country and poor transport links (land and air, rail) with its neighbors, and especially with China, can severely undermine the economy. The trade balance of Tajikistan is always negative and therefore imports into the country are the basis for a stable economy in the country.

75.8% of the merchants surveyed have mentioned that it has now become more difficult to deliver goods to Tajikistan. Delivery of goods from China causes particular difficulties. China is the second partner in the total trade turnover (export and import) of the country (after Russia). Considering the decrease in the share of Chinese merchants (hansi) from the PRC and the Uighurs from the XUAR of the PRC and the growth of Uzbek traders, it can be assumed that some Chinese goods are being replaced by Uzbek ones. Uzbekistan is the closest neighbor of Tajikistan and its position in the trade turnover will be strengthened only in a narrow list of goods. Uzbekistan cannot compete with Chinese goods in terms of the assortment, renewability of goods and price range. Therefore, the difficulties and the closure of borders by China is one of the risks for the economic growth in Tajikistan.

19. Opinion of our respondents (Merchants)

During the study, 62 respondents from the Merchants cluster were interviewed: 32.3% working at Panjshanbe market, 21% at Faravon market, 17.7% at Korvon market, and 14.5% were surveyed at Khochi Sharif and Sakhovat markets.

Exhibit 57. Number of respondents interviewed at each market, %



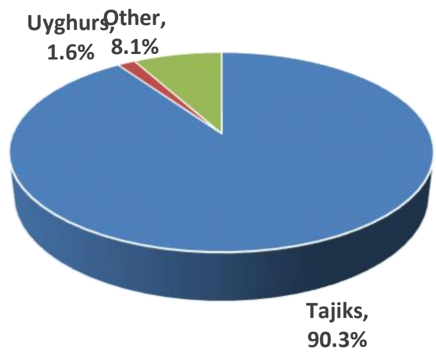
The study covered all age groups from 21 to 63 years. The average age of the respondent was 39.5 years.

Table 9. Age of respondents

Age group	Number of respondents
21-28 years old	10
29-38 years old	21
39-48 years old	16
49-58 years old	11
59 +	4
Total	62

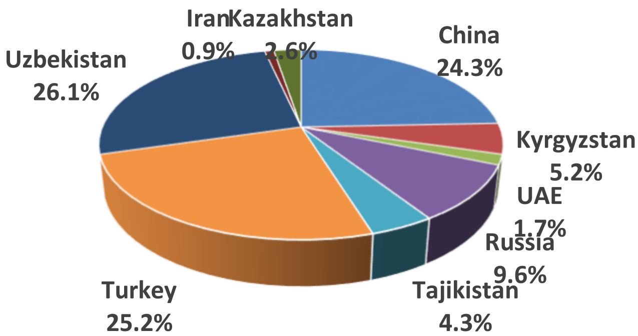
Ethnic composition: Tajiks (91%), Uighurs (1.6%), other ethnicities. Others group included Uzbeks and Afghans.

Exhibit 58. Ethnicity of respondents



The interviewed respondents import goods from 9 countries: Turkey (25.2%), Uzbekistan (26.1%), China (24.3%), Russia (9.6%), Kyrgyzstan (5.2%), Kazakhstan (2.6%), UAE (1.7%) and Iran (0.9%). 4.3% of respondents sell local goods from Tajikistan.

Exhibit 59. Answers to the question: What country do you trade in goods from? (%)



Survey participants sell 11 categories of goods such as clothing, items and goods for personal use.

In 2017 half (53%) of respondents brought goods from abroad with an interval of 1-2 times a month, 14.5% transported goods several times a month, in 2021 71% of respondents started bringing goods once every six months - once every 3 months. The number of those who went to buy goods 1-2 times a month almost halved from 53% to 22.6%. The number of those who went to buy goods several times a month decreased almost three times from 14.5% to 4.3%.

Exhibit 60. Changes in frequency of trips abroad to restock goods, %

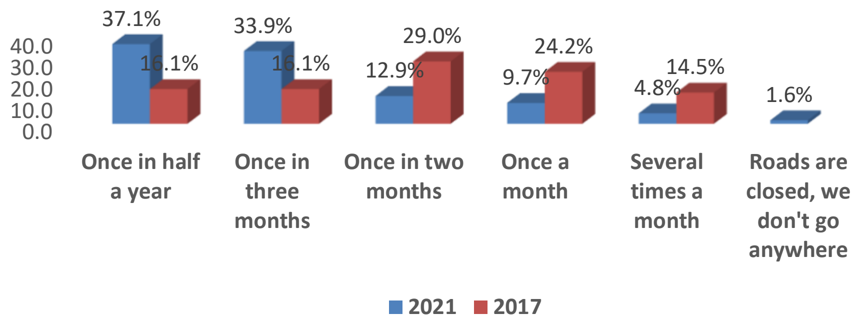
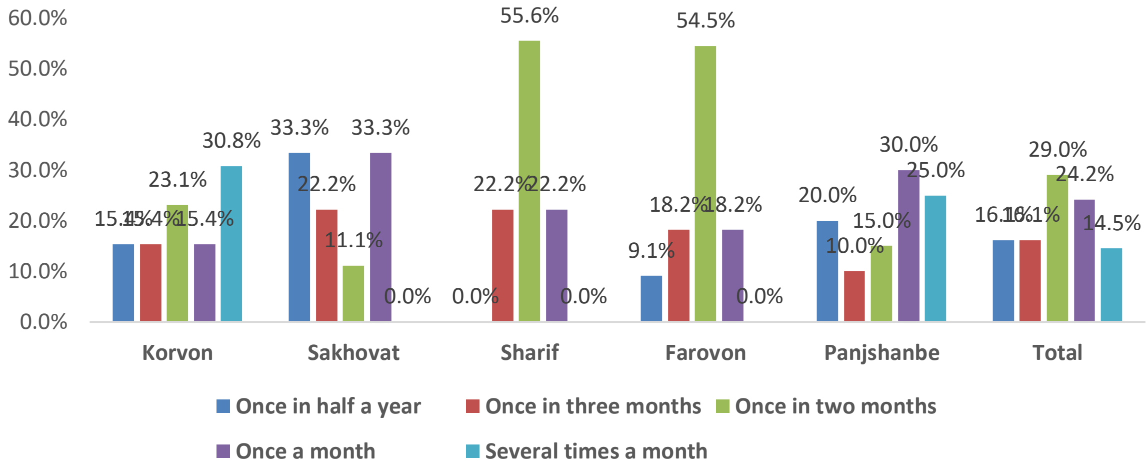
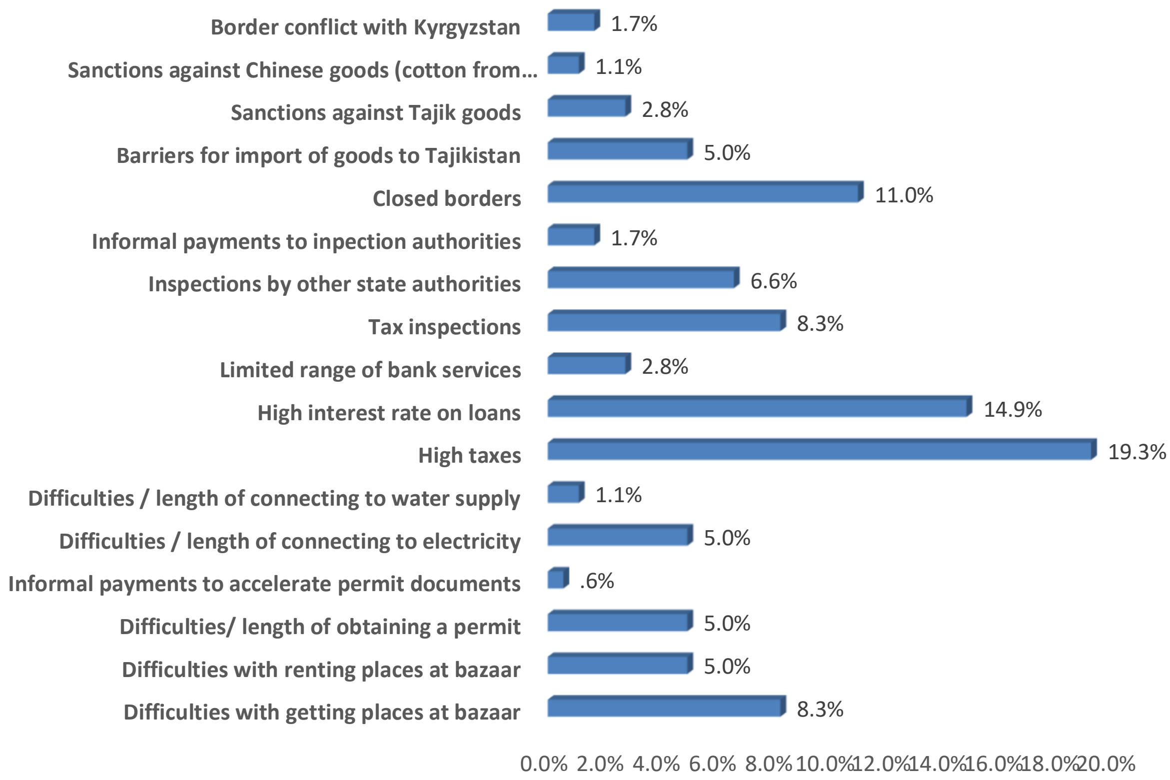


Exhibit 61. Changes in the frequency of trips abroad to restock goods, by markets, %



The most significant barriers to doing business mentioned by respondents are presented in Exhibit below.

Exhibit 62. Most significant barriers to doing business (%)

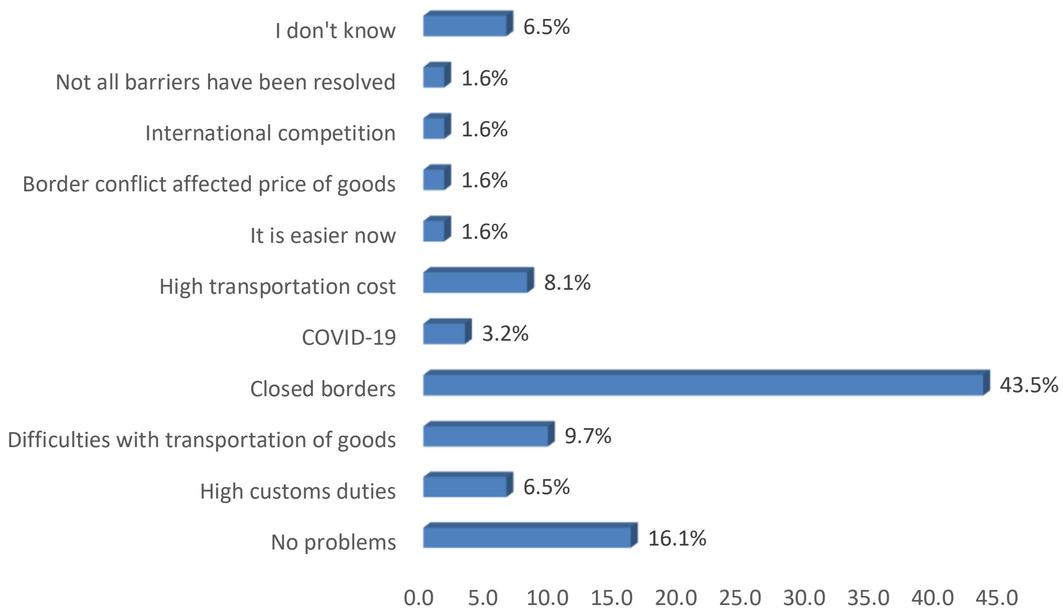


As can be seen, these are high tax rates (19.3%) and high interest rates on loans, audits from tax and other authorities (14.9% each). Other barriers include closed borders (11%), difficulty of gaining access to trading places (8.3%), difficulty of gaining access to the lease of a retail outlet, long time and difficulties with getting permits, connection to power supply networks, difficulties at customs points, sanctions on Chinese and Tajik goods, and other.

Answering the question "Did it become more difficult to deliver goods to Tajikistan", only 17.7% of respondents said "easier", 6.5% of respondents found it difficult to answer this question, the remaining 75.8% said that it became "more difficult" to deliver goods. Main difficulties are closed borders (43.5%),

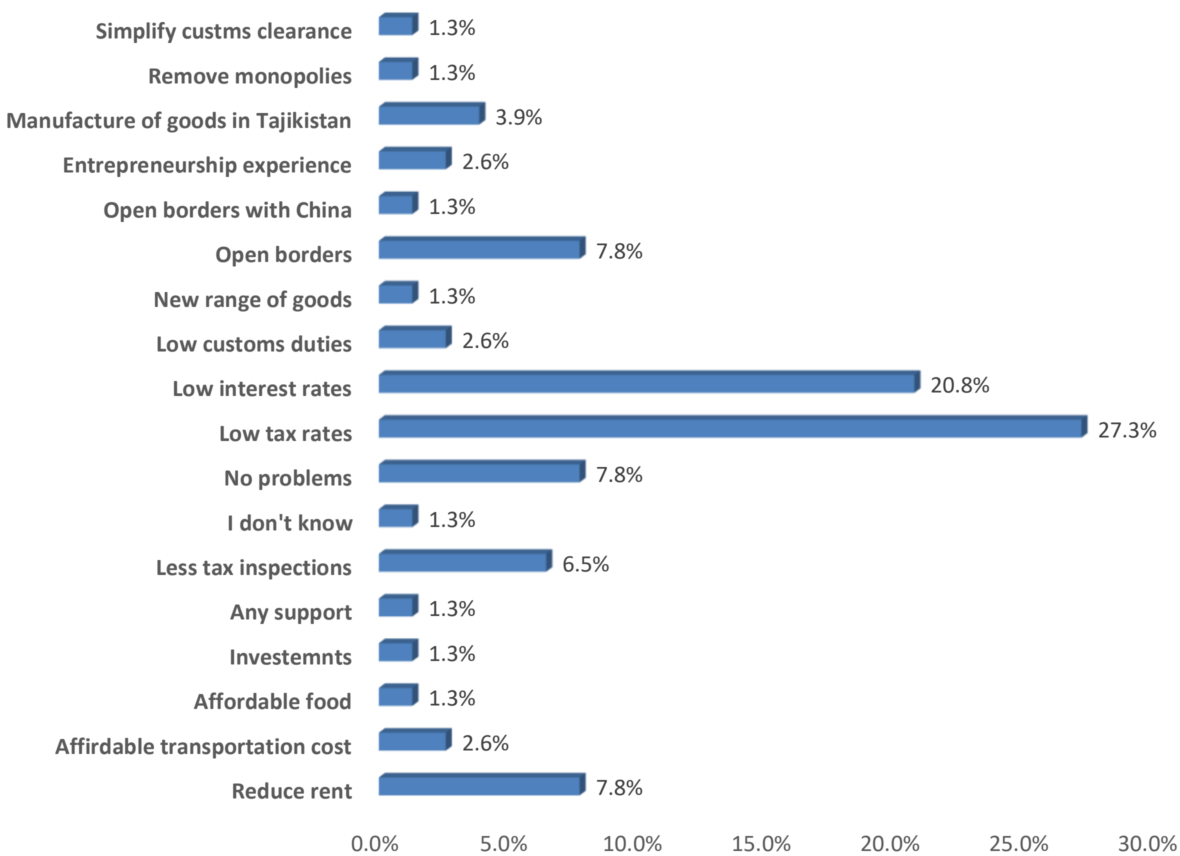
Difficulties in delivering goods to Tajikistan (especially from China, Afghanistan and Kyrgyzstan) are pushing local traders to consider other countries for import to Tajikistan or to look for wholesalers in Tajikistan as it allows buying goods without traveling abroad. Chinese and Uyghur merchants from the PRC, facing difficulties in delivering goods and unfavorable investment climate, begin to think about leaving Tajikistan.

Exhibit 63. Answers to the question "Is it more difficult to deliver goods to Tajikistan now?" %



To facilitate trade, our respondents need first aid: lower taxes (27.3%), lower interest rates on loans (20,8%), opening borders.

Exhibit 64. What support would help to make it easier for you to do business? %



20. Appendix

Annex 1 **Table 10**. Exports and imports in 2017-2020, thousand US dollars

	Types of goods	2017		2019		2020	
		Export	**Import**	**Export**	**Import**	**Export**	**Import**
1.	Live animals; animal products	576	62520	999	67580	435	57131
2.	Vegetable products	25897	264889	26886	305435	25985	351228
3.	Animal and vegetable fats and oils	27	93740	129	106360	4	295246
4.	Processed food products	5031	216837	5097	277469	8803	114434
5.	Mineral products	478195	485746	459290	628140	275561	551122
	of which, Electricity	53527		91325	3739	56423	6087
	Natural gas				17737.7		28502
6.	Chemical industry products	2795	319015	8053	326934	5878	331016
	of which, alumina		106709		105656.4		89031
7.	Polymer materials, rubber and articles thereof	747	93881	915	127546	542	116856
8.	Raw hides and leather	2464	1653	2661	2393	2892	1143
9.	Wood and wood products	400	131793	204	127529	98	120841
10.	Paper and cardboard, articles thereof	65	51587	1161	43894	645	40298
11.	Textile materials and articles thereof, cotton fiber	181814	66421	200472	80596	196267	82724
	of which, Cotton fiber	121026		139601		135994	
12.	Shoes, hats and other	27	13040	45	11958	21	9512
13.	Products from stone, gypsum and cement	251	91811	286	70786	220	60932
14.	Precious and semi-precious stones and metals	213801	4680	225777	4283	689735	1895
15.	Base metals and articles thereof	229420	283751	217935	323516	187086	338742
16.	Machinery and equipment	14875	299550	6953	423875	5323	338996
17.	Vehicles	25896	216321	15954	325704	5998	226763
18.	Instruments and optical, medical, measuring devices, clocks and more	6535	21958	929	24014	175	67581
19.	Miscellaneous manufactured goods	309	43517	608	53168	1210	41918
20.	Works of art, antiques	12	0				
21.	Other	9021	12245		18157		2536

Annex 2. Changes in structure of basic goods imported to Tajikistan, by importing countries.

Exhibit 65. Imports of clothes and underwear to Tajikistan, thousand US dollars.

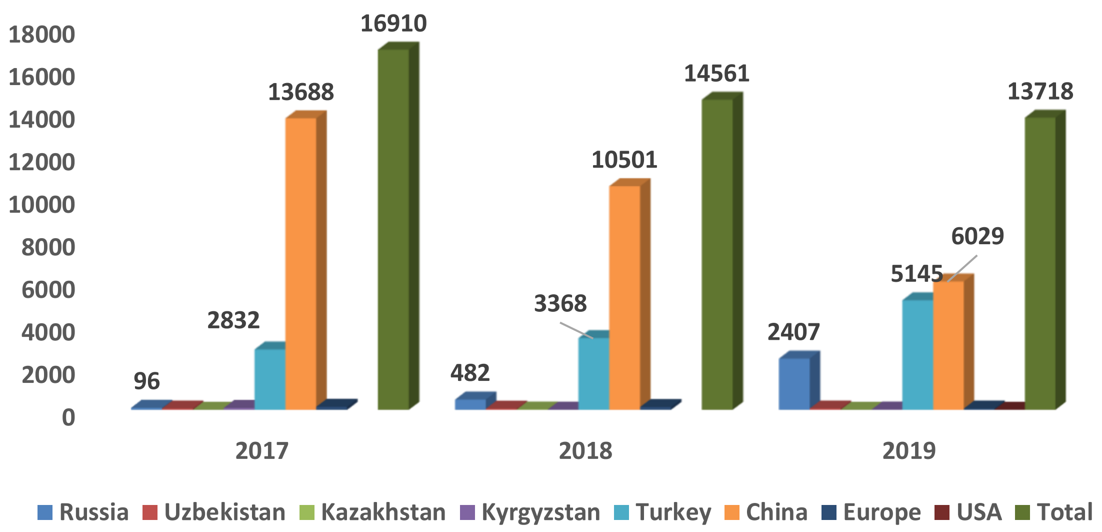


Exhibit 66. Imports of vegetable oil to Tajikistan, thousand US dollars.

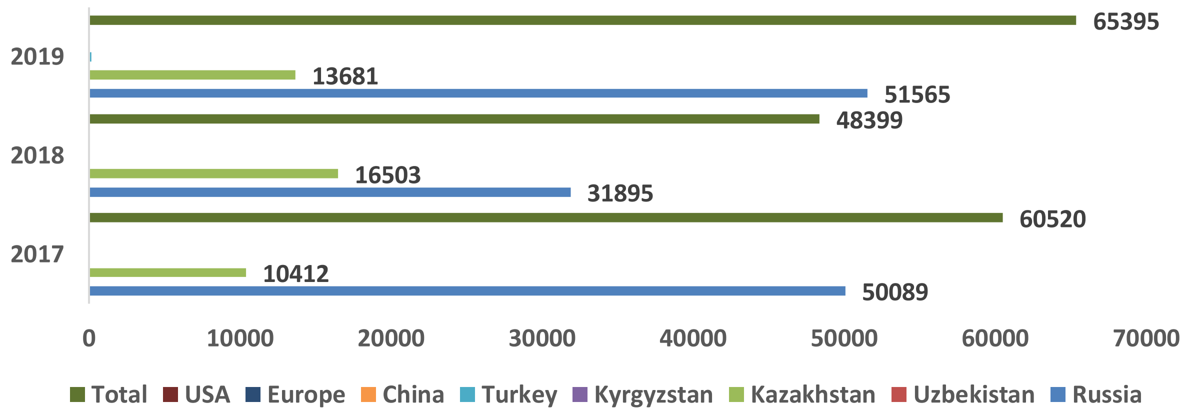


Exhibit 67. Imports of sugar to Tajikistan, thousand US dollars

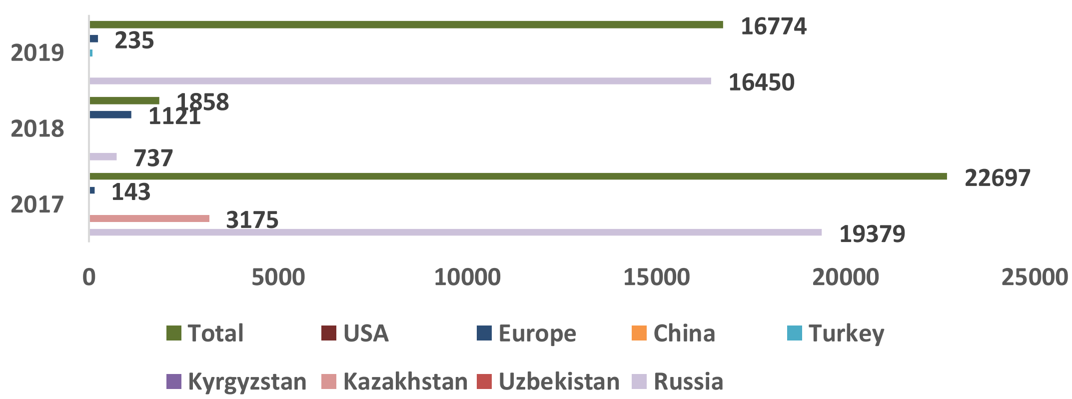


Exhibit 68. Imports of flour to Tajikistan, thousand US dollars

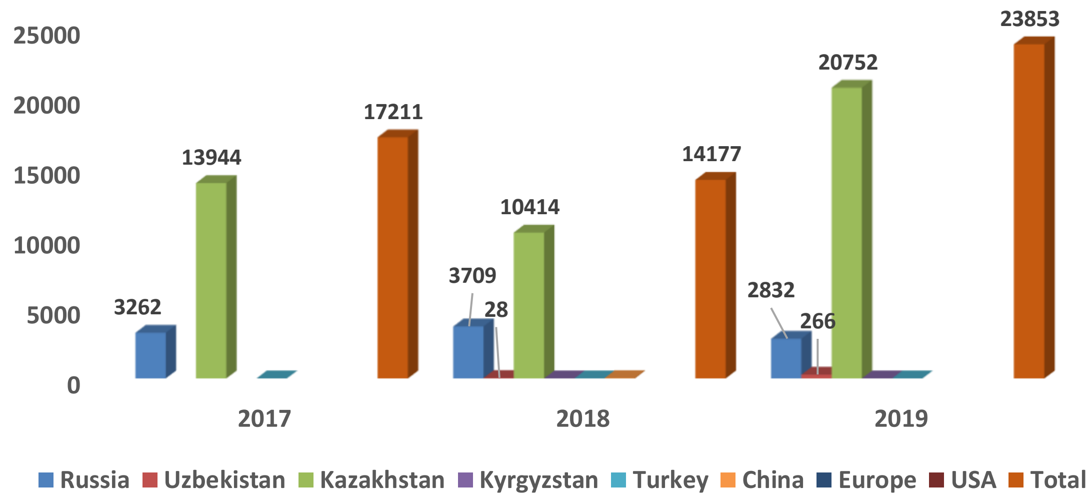


Exhibit 69. Imports of electricity to Tajikistan, thousand US dollars

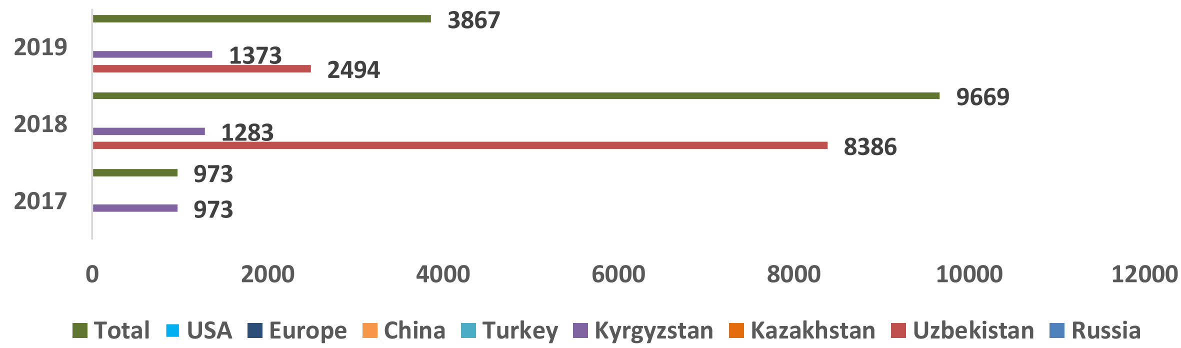


Exhibit 70. Imports of alumina to Tajikistan, thousand US dollars

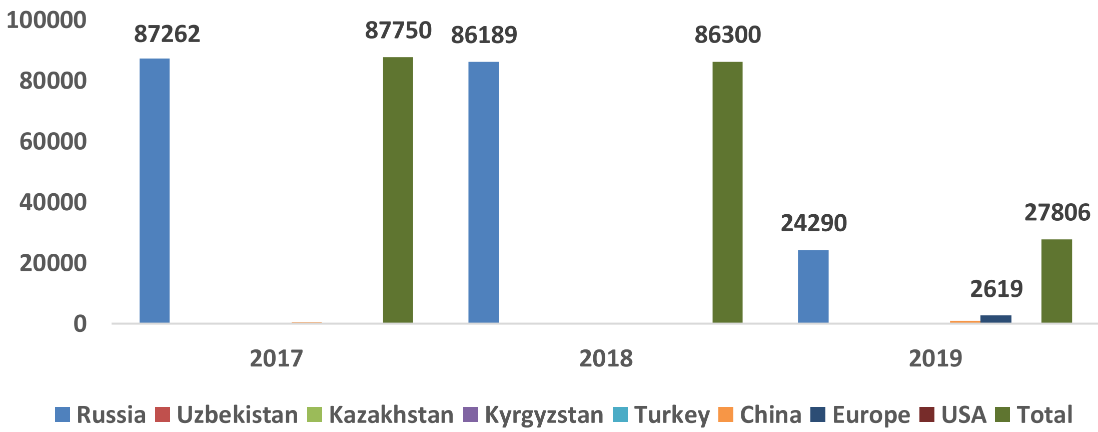


Exhibit 71. Imports of petroleum products to Tajikistan, thousand US dollars

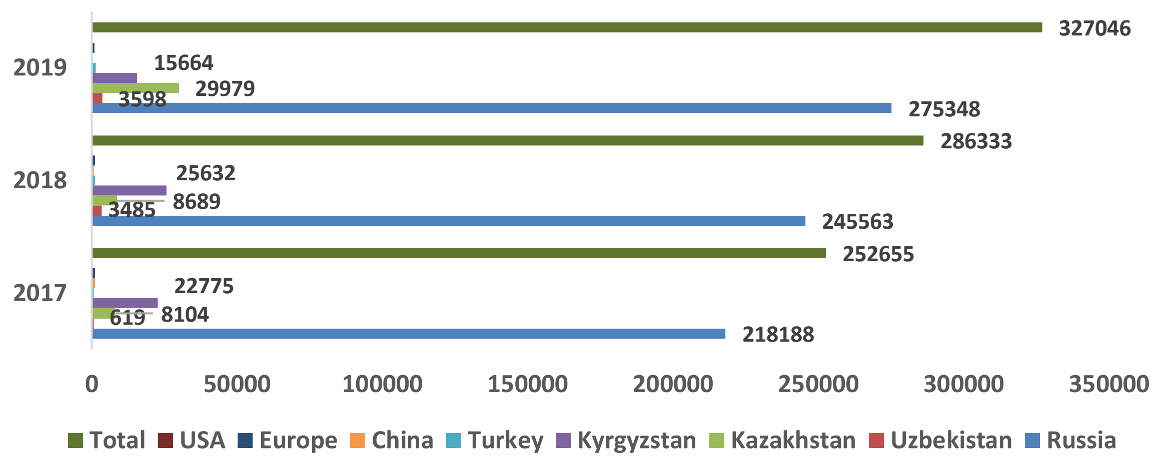


Exhibit 72. Imports of processed wood to Tajikistan, thousand US dollars

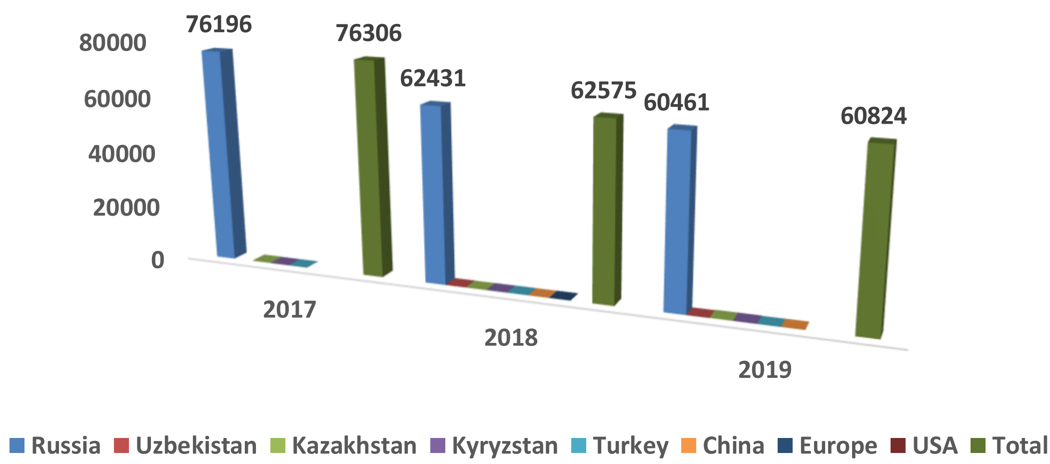
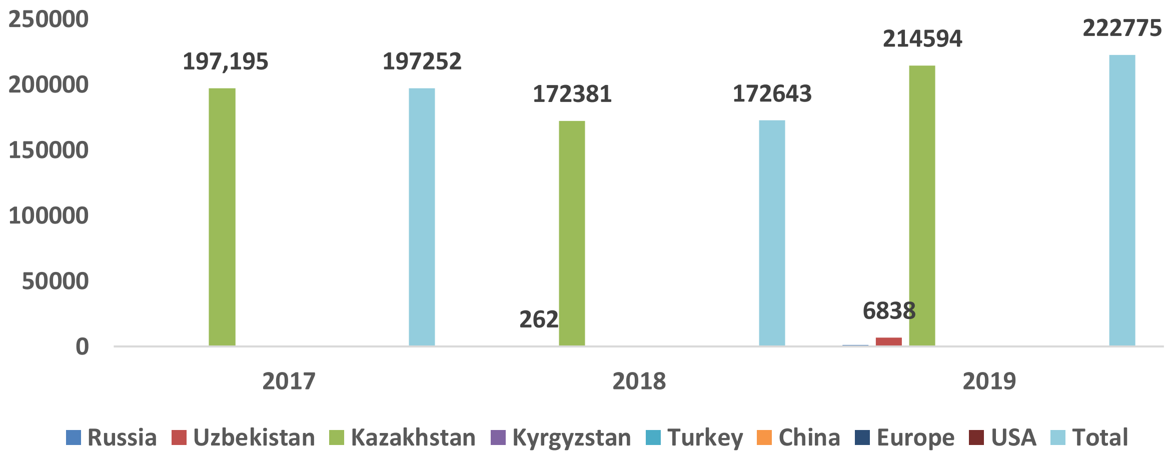


Exhibit 73. Imports of wheat to Tajikistan, thousand US dollars



Annex 3 **Table 11.** Structure of Tajikistan's exports and imports for January-July 2021

	Item	Export (thousand US dollars)	%	Import (thousand US dollars)	%
		1332684		**2217651**	
1	Live animals; animal products	269	0.02	23670	1.07
2	Vegetable products	16095	1.21	196805	8.88
3	Animal and vegetable fats and oils	0	0.00	83733	3.77
4	Prepared food products	4054	0.30	208874	9.42
5	Mineral products	315808	23.70	369630	16.67
	of which, electricity	55067		0	0
6	Chemical industry products	7126	0.53	195469	8.81
	of which, alumina	336226		41905	
7	Polymer materials, rubber and products from them	317	0.02	72858	3.28
8	Raw hides and leather	2187	0.16	770	0.03
9	Wood and wood products	140	0.01	78674	3.55
10	Paper and cardboard, articles thereof	557	0.04	24289	1.1
11	Textile materials and articles thereof, cotton fiber	120028	9.01	49020	2.2
	of which, cotton fiber	77372		0	0
12	Shoes, hats and more	39	0.00	6852	0.31
13	Products from stone, gypsum and cement	185	0.01	44982	2.03
14	Precious and semi-precious stones and metals	708925	53.20	905	0.04
15	Base metals and articles thereof	147096	11.04	232028	10.46
16	Machinery and equipment	3679	0.28	351260	15.84
17	Vehicles	5316	0.40	190559	8.59
18	Optical, medical, measuring instruments and devices, watches and more	178	0.01	47795	2.15
19	Miscellaneous manufactured goods	687	0.05	33371	1.50
20	Works of art, antiques	0	0.00	1057	0.05
21	Other	0	0.00	5052	0.23
	Total	**1332686**	**100,00**	**2217653**	**100**