

“Pakistan-Tajikistan Relations”



Tajikistan:

Tajikistan officially the “**Republic of Tajikistan**” is a hilly landlocked sovereign country in Central Asia. The area has been ruled by numerous empires and dynasties, including the Achaemenid Empire, Hephthalite Empire, Samanid Empire, Mongol Empire, Timurid dynasty, and the Russian Empire. As a result of the breakup of the Soviet Union, Tajikistan became an independent nation in 1991 after civil war. Now with an estimated 8 million people in 2013, it is the 98th most populous country and with an area covering 143,100 km² (55,300 sq mi), it is the 96th largest country in the world in terms of area. Tajikistan consists of 4 administrative divisions and it is bordered by Afghanistan to the south, Uzbekistan to the west, Kyrgyzstan to the north, and China to the east. It is covered by mountains of the Pamir range and more than fifty percent of the country is over 3,000 meters (9,800 ft) above sea level. Tajikistan is a presidential republic consisting of four provinces. Mountains cover more than 90% of the country. It has a transition economy that is dependent on aluminum and cotton production, its economy is the 126th largest in the world in terms of purchasing power and 136th largest in terms of nominal GDP.¹

Tajikistan, a rugged, mountainous country, with lush valleys to the south and north having two main groups; Tajiks are the country's largest ethnic group, with Uzbeks making up a quarter of the population, over half of which is employed in agriculture and just one-fifth in industry. Nearly half of Tajikistan's population is under 14 years of age.

Tajikistan's economy has never really recovered from the civil war, and poverty is widespread. Almost half of GDP is earned by migrants working abroad, especially in Russia. But the country is also dependent on oil and gas imports. Economic ties with neighboring China are extensive. China has extended credits and has helped to build roads, tunnels and power infrastructure. Chinese firms are investing in oil and gas exploration and in gold mining.

Economic Indicators of Tajikistan:

Economic indicators	(In 2013)
Population	8.208 million
Current GDP	US\$ 8,508,103,455.5
GDP per capita	US\$ 1036.6
GDP Growth Rate	7.4%
GNP Per Capita, PPP (Current International \$)	\$ 2500
Gross Savings (% of GDP)	17% (2012)
Inflation (GDP Deflator %)	4.3%
Inflation (Consumer prices %)	5%
FDI, Net Inflows (BOP, Current US\$)	US\$ 107,812,500
Export of Goods & Services (% of GDP)	19.2%
Imports of Goods & Services (% of GDP)	68.3%
(Source) http://www.worldbank.org	

¹ <http://en.wikipedia.org/wiki/Tajikistan>

Pakistan:

Pakistan has great strategic importance and development potential. Pakistan officially the “Islamic Republic of Pakistan” is a sovereign country in South Asia. With a population of 182 million, it is the 6th most populous country and with an area covering 796,095 km² (307,374 sq mi), it is the 36th largest country in the world in terms of area. Pakistan has a 1,046-kilometre (650 mi) coastline along the Arabian Sea and the Gulf of Oman in the south and is bordered by India to the east, Afghanistan to the west, Iran to the southwest and China in the far northeast. It is separated from Tajikistan by Afghanistan's narrow Wakhan Corridor in the north, and also shares a marine border with Oman. The country is located at the crossroads of South Asia, Central Asia, China and the Middle East and is thus at the fulcrum of a regional market with a vast population, large and diverse resources, and untapped potential for trade.²

Pakistan is currently undergoing a process of economic liberalization with privatization of many government corporations in order to attract foreign investment and to decrease the budget deficit. The economy of Pakistan is the 26th largest in the world in terms of purchasing power parity (PPP), and 44th largest in terms of nominal GDP and GDP per capita is \$ 4,141 ranking 140th in the world³. Pakistan ranks as the 15th largest trader of goods in the world and 6th largest trader of services⁴. Major industries include textiles (garments, bed linen, cotton cloth, and yarn), chemicals, food processing (mainly sugar, salt, wheat, rice, and fruit), agriculture, fertilizer, cement, Surgical, sports goods, leather articles, dairy and rugs. It has a semi-industrialized economy with a well-integrated agriculture sector. The increasing proportion of Pakistan's working-age population provides the country with a potential demographic dividend but also with the critical challenge to provide adequate services and increase employment as well as it faces many significant internal economic challenges in the way of its growth and development.

Economic Indicators of Pakistan:

Economic indicators	(In 2013)
Population	182.1 million
Current GDP	232.3 billion
GDP per capita	1275.3 US\$
GDP Growth Rate	4.4%
GNP Per Capita, PPP (Current International \$)	4840 US\$
Gross Savings (% of GDP)	21%
Inflation (GDP Deflator %)	7.4%
Inflation (Consumer prices %)	7.7%
FDI, Net Inflows (BOP, Current US\$)	1,307,000,000 US\$
Export of Goods & Services (% of GDP)	13.2%
Imports of Goods & Services (% of GDP)	19.9%

(Resource) <http://www.worldbank.org>

² <http://en.wikipedia.org/wiki/Pakistan>

³ <http://prideofpakistan.com/pakistaniproducts.php>

⁴ http://en.wikipedia.org/wiki/Economy_of_Pakistan

Pak-Tajikistan Bilateral and Economic Relation:

Bilateral relations between both the brotherly countries started developing in different phases. Pakistan is one the first country who recognized the independence of Tajikistan and extended the diplomatic connections by opening Pakistan's embassy in Dushanbe in 1993. The Republic of Tajikistan opened its diplomatic mission in Pakistan four years later in 1997. Trade and cooperation has steadily grown between the two nations, with several summits being held on how to improve bilateral trade.

In 1997, Tajikistan's consular offices started functioning in Islamabad and Karachi. Minister of foreign affairs of the Republic of Tajikistan paid official visits to Pakistan in 1998 and 2004. In the recent years, many Tajiks have settled in Pakistan due to their unstable economic conditions. For extension of cordial relation with Tajikistan, Pakistan has declared to facilitate landlocked Tajikistan's access to the world through its land routes and sea.

By the end of 2005, the Pak-Tajik relations entered a new epoch of advancement with inauguration of the Tajik Embassy in Islamabad. Presently, there is a Joint Economic Commission functioning between the two governments, which conducted the fourth meeting of the joint commission on commercial, economic, science and technical cooperation between the Republic of Tajikistan and the Islamic Republic of Pakistan in Dushanbe on February 28, 2011. Presently, the president of the Republic of Tajikistan announced the strategy of "open-door policy" for improvement and promotion of the beneficial relations with foreign countries that may prove a healthy sign for the growing relation of Pakistan and Tajikistan. And over 50 agricultural and construction projects are under implementation with a cost of more than 2 billion somoni (about \$700 million)⁵, the recognition of these projects will help Tajikistan's access to the ports of Pakistan and Iran; this will prove a gateway of more successful trade between both the countries. The cooperation between Tajikistan and Pakistan was continued in the frame of work of regional and international economical and commercial organizations like ECO, International Trade Organization (ITO), SCO and Europe Asia Economic Commonwealth. It has to be highlighted that bilateral trade between Tajikistan and Pakistan has increased, especially within the last 10 years.

Tajikistan is the world's third largest producer of hydroelectric power after the US and Russia. The hydropower potential of Tajikistan is much higher than its domestic requirements; currently installed generation capacity is 5244 MW. Estimated hydropower potential of the country is 527 billion KWh/hours (5.27 million MWh/hours) of electricity per year. Tajikistan's hydropower potential far exceeds its own domestic requirements which can help meet the energy requirement of the region but it is currently using around 4-5% of its total potential. Tajikistan is world's third largest producer of hydroelectricity which accounts for 76% of its total energy output. Inception of new hydropower projects would not only fulfill the electricity need of country but also of the region including Pakistan.⁶ On the other hand, Pakistan and Tajikistan have signed more than 30 agreements, protocols and MoUs to extend cooperation in the fields of energy, communications, insurance, investments and industry, air transport, banking and financial, agricultural and food industry, transport and constructions of roads, science and technology, education, health, tourism and culture on the basis of mutual equality, and increased the level of trade. And both countries also agreed to cooperate in the field of explorations, extraction and processing of gas and oil products.

Apart from trade and economic ties, Tajikistan has also spiritual and religious relations with Pakistan. The two Muslim countries need to use cultural relations and the old and deep historical common roots to strengthen Pak-Tajik bond, and to translate them into enhanced cooperation in a broad range of areas.

⁵ <http://www.dailytimes.com.pk/national/20-Jan-2014/pakistan-tajikistan-relations-on-new-highs>

⁶ <http://muslim-institute.org/PublicationDetail?publication=107/Pak-Tajik-Energy-&-Trade-Cooperation>

Trade:

In the perspective of international trade, we now analyze the Tajikistan-Pakistan trade relations. The bilateral trade statistics between the two countries (in given tables) reveal that the total trade volume of the previous years has almost consistently increased.

(Pakistan's trade with Tajikistan, 2009-2013, in thousands US\$)⁷

Years	Pakistan Export to Tajikistan	Pakistan Imports from Tajikistan	Total Trade Volume	Trade Balance
2009	975	3644	4619	-2669
2010	688	6184	6872	-5496
2011	623	124	747	499
2012	3104	234	333.8	2870
2013	11315.7	433.4	11749.1	10882.3

(Source) ITC Trade Statistics

⁷ ITC Trade Statistics

Opportunities for Bilateral Trade:

- There are 31 kinds of sport which develop rather successfully in Tajikistan. The most popular among them are football, taekwondo, boxing, unarmed combat, judo, chess, table tennis, volleyball, track-and-field athletics, mountaineering, alpine skiing, rowing etc. that why, this country is a potential market for Pakistan as we are famous to produce and export quality sports goods in international market.
- Tajikistan is also the importer of Textile, Sets and clothing etc. therefore; Pakistan has a large scope to enhance the trade relations with Tajikistan through the export of quality textile products.
- Pakistan offers the shortest possible route and trade & commerce corridor for Tajikistan and other Central Asian countries and can generate tremendous amount of revenues through this trade transit. Tajikistan is in dire need of access to the world through Pakistani port like Gwadar Port, and in this way Pakistan may prove helpful for smoothing the trade relation of Tajikistan with rest of the world through their ports.
- Pakistan is also looking to import Tajik power to its northern areas, as Tajikistan has the huge hydropower potentials and cheapest electricity in the world. In this way, Tajikistan may prove a key to reduce the shortage of electricity.
- One development in this regard is CASA-1000 Project. The prime objective of inception of CASA-1000 electricity transmission and trade project for Central Asia and South Asia (CASA) is to create the conditions for sustainable electricity trade between the Central Asian countries Tajikistan and Kyrgyz Republic and the South Asian countries Afghanistan and Pakistan. The Project consists of three components. First one is the construction of 1,222 Km transmission line and grid stations. The second component, technical and financial assistance and project implementation support through Inter Governmental Council (IGC) and IGC Secretariat. The last component of the project is to develop and implement community support programs for uplifting the livelihood of the communities living along the CASA-1000 corridor. It will alleviate electricity shortages in Pakistan by the provision of additional 1,300MW of electricity. This would be a shining opportunity to make the way of economic success for Pakistan and Tajikistan.⁸
- Pakistan and Tajikistan can also team up in the field of agriculture which is the prime sector contributing to the economy in both countries. Tajikistan can benefit from Pakistan in the field of food processing and textiles. One such example is Tajikistan exporter of cotton and Pakistan is ranked 3rd in the World for cotton production therefore Pakistan can share its expertise with Tajikistan in Agriculture sector.
- Pakistan-Afghanistan-Tajikistan Trilateral Transit Trade Agreement (PATTTTA) was held in Islamabad. In this agreement, three countries held deliberations on signing trilateral transit agreement on January 3, 2015⁹. For creating more business opportunities with neighboring countries.

⁸ <http://muslim-institute.org/PublicationDetail?publication=107/Pak-Tajik-Energy-&-Trade-Cooperation>

⁹ <http://nation.com.pk/business/04-Jan-2015/pakistan-afghanistan-tajikistan-to-expedite-trade>

Recommendations:

- With the passage of time, the trade between Tajikistan and Pakistan has witnessed an increasing trend (given in the above cited table). Both the brotherly countries should try to enhance their bilateral trade relations.
- Pakistan should increase the trade with Tajikistan in the field of Sports articles, as Pakistan is the prominent exporter of sports goods in international market.
- Pakistan and Tajikistan should make their way of bilateral trade through the agricultural products as Pakistan is considered as an agro-based country. As only seven percent of the total area of Tajikistan is cultivable and Tajikistan is heavily dependent on import of food products. Pakistan can fulfill the requirements of the population of Tajikistan.
- To build up the strong bond between both the countries, Pakistan and Tajikistan must work to generate trade & commerce corridor as the shortest possible way in Central Asian countries for trade enhancement.
- Pakistan faces the severe problem of electricity in many areas, and Tajikistan has the huge hydropower potentials and cheapest electricity in the world. Pakistan should create the business relations with Tajikistan to import the electricity for their northern areas. It would be an incomparable step; as it either promote the trade relation between both the countries as well as Pakistan could flourish the northern areas through proper supply of electricity.
- Pakistan and Tajikistan must focus on the past projects e.g. CASA-1000 electricity transmission and trade project for Central Asia and South Asia (CASA) and Pakistan-Afghanistan-Tajikistan Trilateral Transit Trade Agreement (PATTTTA) etc. to develop the whole region economically and boost up the trade within and outside the region.
- To promote Pak-Tajik bilateral relations, both governments during the past few years have exchanged high-level diplomatic and trade delegations, this steps must continue in future.
- There is no direct air connection between Pakistan & Tajikistan. Government should negotiate with PIA to extend its flight from Kabul to Dushanbe which will help to facilitate trade through airway.
- Cargo between Tajikistan & Pakistan takes eight days whereas this irritant can be removed through enhanced relationship between Afghanistan, Pakistan & Tajikistan. The land route is the cheapest mode for the large trade volume between Pakistan and Tajikistan through Afghanistan and there is dire need that Pakistan, Afghanistan & Tajikistan should cooperate and look into possibilities to avail this opportunity.
- Tajikistan and Pakistan should take part in settlement of regional issues and contribute to build up integration processes within the Organization of Economic Corporation, the conference for the mutual confidence of Asian countries, and the Shanghai Corporation Organization.
- Like Pakistan, Tajikistan has a rich historical and cultural inheritance as well as natural resources, and has a real potential for encouragement of more tourists to the country. Having taken into account this factor, the government of Pakistan and Tajikistan has identified tourism as a priority of its economic policy. And encourage the tourists of both the countries.

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