

TRANSPORT

Overview

Landlocked, mountainous, and 3,000 km away from deep sea ports, Tajikistan's road and railway systems are crucial for its economic development. It inherited an extensive network of roads, railways and airports from the former Soviet Union, but inadequate maintenance, civil war damage, and natural disasters have left it severely degraded. Roads are the dominant mode, carrying 90% of passenger and almost 70% of cargo traffic. Railways comprise 860 km of mostly single-track line, located separately in the north and south. Tajik Air, the state airline, has 95 aircraft, half manufactured in the 1970s–80s.

Existing transport infrastructure, originally oriented towards Russia and Eastern Europe, is constrained by restrictions at regional borders which discourage efficient utilization of roads for cross-border trade. Links to China and South Asia are not yet well developed, making it difficult to expand trade with Tajikistan's new, increasingly important trading partners. In addition, owing to its inaccessibility and topography, Tajikistan is burdened with very high transport costs. Two-thirds of all roads are in poor condition, including 48% of national roads in poor and 32% in very poor condition, mainly due to maintenance backlogs. Outdated design standards and excess vehicle weights have increased pavement damage, with 30% of bridges not meeting load-bearing requirements. Nonetheless, the overall situation has improved gradually in recent years because financing for road maintenance has increased. The regional network is also being rebuilt with help from the Asian Development Bank (ADB), China, Iran and other development partners totaling more than \$500 million, almost all for rehabilitation and construction of roads and tunnels. These improvements have helped increase traffic volumes cargo traffic, for example, increased from 32.9 million tons in 2003 to 42.7 million tons in 2007, averaging 6.7% annually. While bulk imports (bauxite) and exports (aluminum) are transported by rail, road transport accounts for about 68% of total cargo.

For the 2010 traffic volumes cargo amounted to 7 504.7 million tons; in 2011 - 8409 million tons, accounting for 112% compared to 2010. For 4 months in 2012 - 2570 million tons. In comparison with 2011 is 519.6%.

There is no direct rail link between the north and south of the country. In the south, the line connects Dushanbe and the agricultural southwest with southern Uzbekistan and the former Soviet railway network, via Turkmenistan. In the north, a railway line crosses Tajikistan, linking Tashkent and the Fergana valley in Uzbekistan. In September 2000, the railway between Kulyab and KurganTyube in

southern Tajikistan went into service after a major upgrade. A large number of locomotives and railcars need to be retired and major repairs are overdue on 142 km of the 951 km system, where trains slow on some sections to 15-20 km/hour. Signalling equipment, communications, centralization and shunting systems are also badly in need of repair and upgrading. Tajikistan's air transport system is highly priced, inefficient, and poorly served. Domestic protection has sheltered Tajik Air from competition on the most important route Dushanbe-Moscow (carrying mostly migrant workers) and on direct links to Asia and Western Europe. Except for Air Baltic (thrice weekly from Riga), China Southern (twice weekly from Urumqi), and Turkish Airlines (twice weekly from Istanbul), no major international airlines fly into Tajikistan. Meanwhile, Tajik Air flies to three CIS countries Kazakhstan, Kyrgyzstan, and Russia as well as to Afghanistan, China, Germany, India, Iran, Turkey, and the United Arab Emirates (UAE). Since February 2008, there is also a private operator, Somon Air, which flies to Moscow and Dubai (weekly) using a leased Boeing 737-800.

There are four airports able to handle international traffic Dushanbe, Khujand, Kulyab and Kurgan-Tube as well as eleven smaller airports serving purely internal, domestic destinations.

Sector Policy and Planning Framework

The long-term objective of Tajikistan's overall transport strategy, outlined in its National Development Strategy and elaborated further in a 2007 policy statement is to create: "... a system that is efficient, that provides the transport services the nation needs and can afford, that is responsive to changes in economic conditions, and that meets the needs of the country as a whole, through the efficient allocation of scarce resources." Against this background, the repair and rehabilitation of the road network is considered the main priority for reducing transport costs, increasing internal and external trade, and promoting social and political cohesion within the country. The strategy also includes developing an efficient road transport industry by promoting the private sector. Total public expenditure on roads is estimated at 3.6% equivalent of GDP, although most funds are allocated to major new projects such as the Anzob, Shariston and Shar-Shar tunnels financed by soft-loans and grants from China and Iran. While road maintenance funding has increased to \$300/km a quarter of the estimated minimum \$1,200/km required budget allocations of about \$7 million are still substantially below essential requirements, which are estimated at about \$27-30 million annually. Tajik Rail receives some funds for capital expenditure from the Ministry of Finance, but its other investments and operations are largely self-financed. Tajik Air has also been self financing, thanks to monopoly rents and revenue from the main airports and air navigation services. A recently completed transport sector master plan, funded

by ADB, highlights the following three broad strategic issues. First, with roads by far the most important mode for freight and passenger traffic, maintenance expenditures that reduce vehicle operating costs and travel times are the most important. Capital investments should focus on completing rehabilitation of national and regional road links, with priority to those with the highest economic return and high social benefit. Second, while rail is important, mainly for external trade, expenditures that minimize costs and allow the railway to adapt to changing markets should enjoy priority. Third, civil aviation can be largely private-sector driven, subject to creation of an appropriate institutional framework, and should be financially self-sustaining except for investment in airport terminals and the air safety and traffic control system.

Tajikistan is a signatory of the Trans-Asian Railway (TAR) Pact linking the railway systems of 28 countries in Asia and Europe that became effective June 11, 2009. China, Cambodia, India, Mongolia, Korea, Russia and Thailand have also ratified the agreement. The TAR comprises over 114,000 km of major rail routes and the Pact aims to facilitate freight and passenger traffic within Asia and between Asia and Europe through improved border transit facilities and processes. It will also provide improved access to major ports for inland areas and landlocked countries, such as Tajikistan.

Meanwhile, in March 2009, Tajikistan started building a rail link between Dushanbe and the US-funded Bridge over the Pyanj River to Afghanistan completed in 2007. The almost 1 km long span, supplementing an unreliable, seasonal ferry service, enables up to 1,000 trucks daily to cross the border (compared to only 50 by ferry), thereby greatly increasing the flow of goods between South and Central Asia. Moreover, improved rail and road access to this bridge a road link to the bridge is also planned will cut the distance between Dushanbe and seaports by almost half, spur increased trade and development throughout the broader region, and also enable goods to be transported directly from the subcontinent through Tajikistan to China, bypassing Uzbekistan.

Institutional Arrangements

The Ministry of Transport & Communications, which in addition to roads also now covers rail and civil aviation as well, is responsible for the planning and coordinating of all modes of transport. Its road department handles the administration, construction, maintenance and rehabilitation of the country's 13,700 km national network, and has a number of associated entities involved in these activities.

While Tajik Rail and Tajik Air, previously completely independent state-owned enterprises, are now formally part of and report to the Ministry, in practice they remain largely autonomous in terms of day-to-day operations. However, deputy ministers of transport for air and rail transport exercise oversight and regulatory functions in behalf of the Government. Meanwhile, despite recent progress, a large reform agenda remains, especially in civil aviation and railways.

Investment Opportunities

Priorities for investment in Tajikistan's air transport system include: (a) modernization and upgrading of its four international airports; and, the purchase of more fuel efficient foreign aircraft to expand both freight and passenger traffic.