

TAJIKISTAN

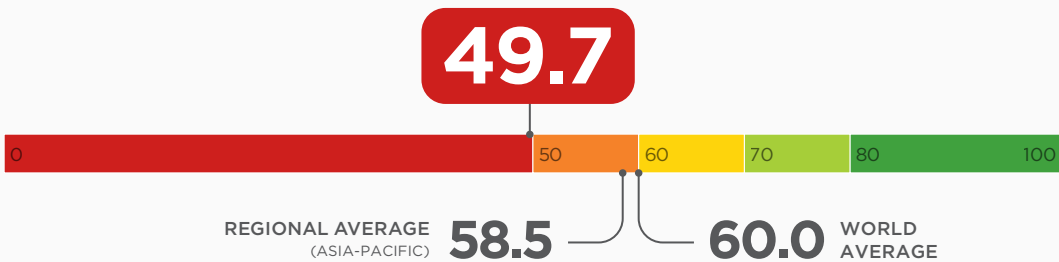
Tajikistan's economic freedom score is 49.7, making its economy the 147th freest in the 2022 *Index*. Tajikistan is ranked 30th among 39 countries in the Asia-Pacific region, and its overall score is below the regional and world averages.

Bucking an international trend, Tajikistan's economy has grown steadily over the past five years: more rapidly in 2017 and 2018, more slowly in 2019 and 2020, but then more strongly in 2021. Unfortunately, a five-year trend of declining economic freedom has continued. Weighed down by lower scores in **fiscal health**, **business freedom**, and rule of law, Tajikistan has recorded an 8.5-point overall loss of economic freedom since 2017 and has fallen back into the "Repressed" category from which it had escaped in 2005. Fiscal health is still relatively strong, but **investment freedom** and **financial freedom** are very weak.

IMPACT OF COVID-19: As of December 1, 2021, 125 deaths had been attributed to the pandemic in Tajikistan, and the government's response to the crisis ranked 141st among the countries included in this *Index* in terms of its stringency. The economy grew by 4.5 percent in 2020.

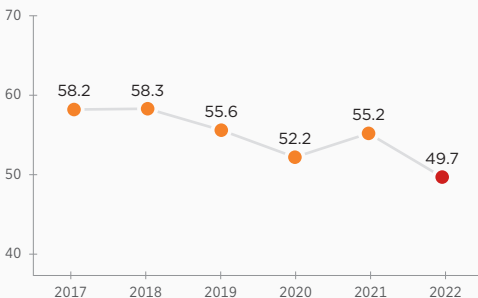
WORLD RANK: **147** REGIONAL RANK: **30**
ECONOMIC FREEDOM STATUS: **REPRESSED**

ECONOMIC FREEDOM SCORE



HISTORICAL *INDEX* SCORE CHANGE (SINCE 1998): +8.6

RECENT FREEDOM TREND



QUICK FACTS

POPULATION:
9.5 million

GDP (PPP):
\$34.8 billion
4.5% growth in 2020
5-year compound annual growth 6.7%
\$3,676 per capita

UNEMPLOYMENT:
7.5%

INFLATION (CPI):
8.6%

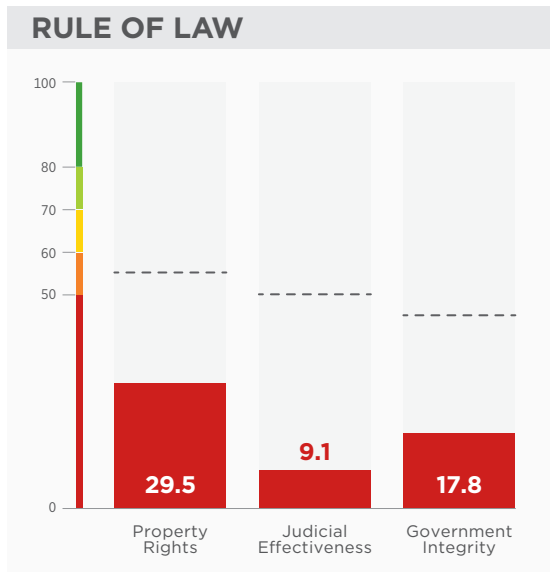
FDI INFLOW:
\$107.0 million

PUBLIC DEBT:
48.1% of GDP

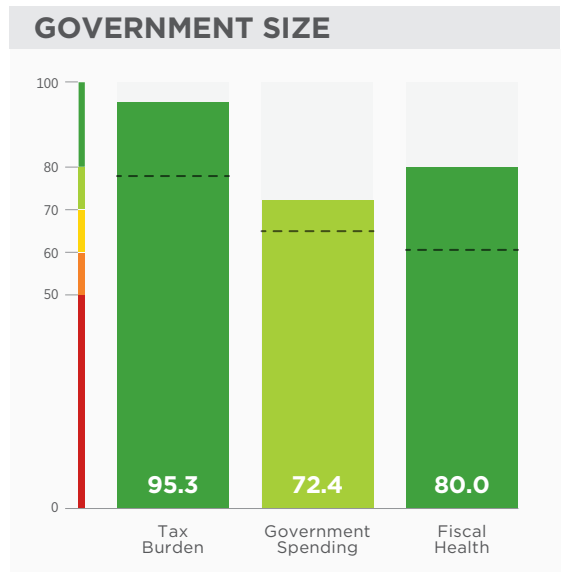
2020 data unless otherwise noted. Data compiled as of September 2021

BACKGROUND: The land of the Tajiks, a mountainous landlocked region north of Afghanistan in Central Asia, historically was buffeted and absorbed by ancient empires. In terms of area, it is the smallest nation in Central Asia. Autocratic President Emomali Rahmon has been in power since 1994, and abuses of human rights are widespread. The victory of Rahmon's party in the 2020 parliamentary elections was criticized by international monitors. Tajikistan relies heavily on revenues from exports of aluminum, gold, and cotton. With less than 10 percent of its land arable, and given high state-mandated cotton production, the country must import most of its food. The economy is growing but remains one of Asia's poorest, partly dependent on remittances and narco-trafficking.

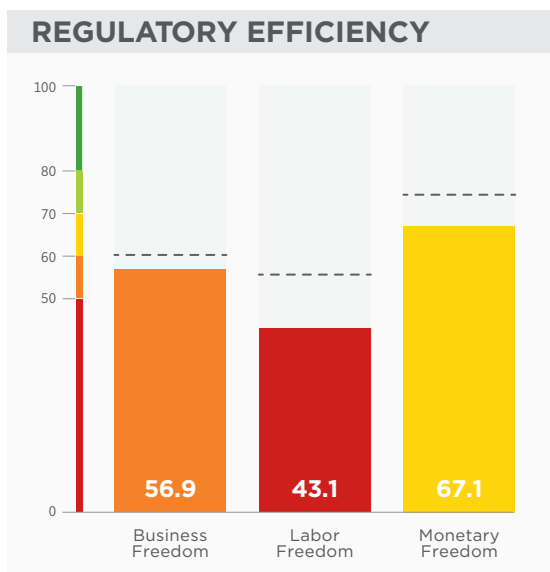
12 ECONOMIC FREEDOMS | TAJIKISTAN



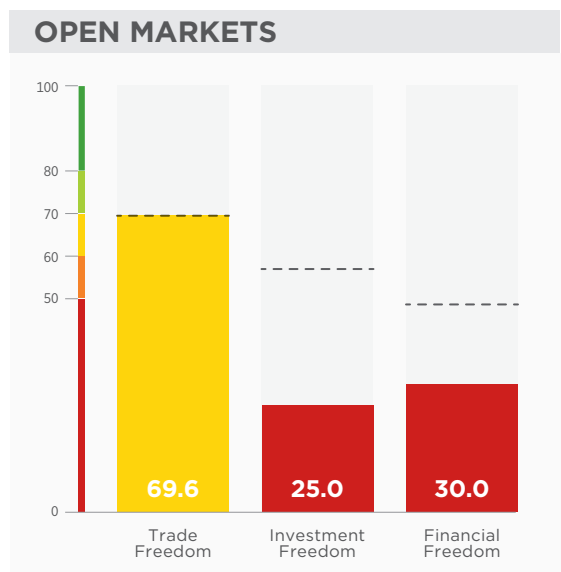
The government's cadaster system records acquisition and disposition of property, but it needs to be improved. All land belongs exclusively to the state. When secured interests in property do exist, enforcement remains an issue. The executive interferes in the judicial system, which is neither fair nor reliable. Bribery and other forms of corruption are common. Nepotism, hiring bias, patronage networks, and regional loyalties are constraints on economic freedom.



The top individual income tax rate is 13 percent, and the top corporate tax rate is 15 percent. Other taxes include a value-added tax. The overall tax burden equals 9.0 percent of total domestic income. Government spending has amounted to 30.3 percent of total output (GDP) over the past three years, and budget deficits have averaged 3.1 percent of GDP. Public debt is equivalent to 48.1 percent of GDP.



Bureaucratic and financial obstacles, a flawed banking sector, an opaque tax system, and frequent unnecessary business inspections hinder business development. According to the World Bank, demand for jobs exceeds job growth by a two-to-one ratio. The government influences prices through regulations and large subsidies to numerous large state-owned and state-trading enterprises that continue to incur heavy losses.



Tajikistan has two preferential trade agreements in force. The simple average tariff rate is 7.7 percent, and one formal non-tariff measure is in effect. The overall trade regime remains costly, and the importation of goods is time-consuming. Foreign investment is subject to government screening. The financial sector remains underdeveloped and subject to heavy state control that seriously handicaps broad-based private-sector development.