

TAJIKISTAN

By Interfax-CNA

Tajikistan's GDP grew by 10% in 2003. Industrial production increased by 10%, with 5.6% growth posted by the food industry, 17.1% by light industry, 53.6% by the construction sector and 67% by the chemicals and petrochemicals industries. In the fuel and energy sector, production increased by 7.3%: output of hard coal jumped by 39% to 31,200 t, brown-coal output by 70% to 15,200 t, crude oil by 11% to 17,700 t and natural gas by 0.6% to 33 million m³.

Tajikistan had a foreign trade deficit of US\$83 million in 2003, compared with a surplus of US\$16 million in 2002: whereas exports rose by 8% to US\$798 million, imports climbed by 22% to US\$881 million. Foreign debt rose by 1.5% to reach US\$1 billion, equivalent to 65% of GDP (82% in 2002). An economic programme has been approved by the government, which is designed to quadruple GDP to US\$6.1 billion by 2015.

Meanwhile, various international financial organisations continue to provide financial assistance to Tajikistan. In January 2004 the International Monetary Fund approved the allocation of a US\$14.6 million loan tranche as part of the US\$22 million poverty reduction programme envisaged for 2004. Tajikistan received about US\$21 million for the programme in 2003. The European Bank for Reconstruction and Development (EBRD) and the International Finance Corporation (IFC) opened a US\$14 million line of credit for Tajikistan. Each institution will provide US\$7 million for Tajikistan's Micro And Small Enterprise Finance Facility programme. The credit will be available for ten years without guarantee from the Tajik Government. The Asian Development Bank (ADB) will issue US\$100 million worth of credits and financial assistance to Tajikistan in 2004-06 to assist in creating agricultural infrastructure and developing regional co-operation. Financial aid in 2004 is expected to total US\$25 million, and US\$10 million in loans will be provided for regional projects.

Tajikistan has identified and explored more than 400 mineral deposits and produces and processes ores of lead, zinc, bismuth, antimony, mercury, tungsten, molybdenum, and gold, as well as rare metal ores. Brown coal is produced at Shurab in the Leninabad region, oil in the northern and southern regions and natural gas in Gissar and the Vakhsh Valley.

Precious metals

The most important gold miner in Tajikistan is Zerafshan Gold Co (ZGC), which operates the Jilau open pit and underground mines and a central processing plant in the Zerafshan valley in the Shogd region of northeastern Tajikistan. In August 2004, London AIM-listed Avocet Mining plc increased its interest in ZGC to 75% and the Tajik Government reduced its interest to 25%. (Avocet acquired a 49% equity interest in ZGC in late 2002 by purchasing

100% of Bermudan holding company Commonwealth and British Minerals Ltd, and by purchasing the 5% interest in ZGC held by the International Finance Corp.)

Avocet intends to expand and refurbish ZGC's operations with the aim of increasing output to 100,000 oz/y and reducing production costs below US\$250/oz. In the 12 months to March 31, 2004, ZGC produced 55,500 oz of gold at a cash operating cost of US\$322/oz. Measured and indicated resources now exceed 1.3 Moz at current operations and Avocet is looking to commit US\$10 million on improvement and expansion. ZGC's total land holdings total some 3,000 km² and previous exploration has identified a number of gold deposits containing over 13 Moz categorised under the Russian system as C and P resources.

Only resources at ZGC's existing operations and two other projects have been evaluated under Western standards. The two other projects include Taror, near ZGC's existing plant, and Chore. Taror contains a resource of 1.86 Moz and is an underground mine that closed in 1990 because of processing problems. Chore contains in excess of 0.9 Moz and could provide feed for an operation at Taror.

In total, Tajikistan has 28 known gold deposits containing an estimated 429.3 t of gold, according to the Academy of Sciences. In addition, the Shogd region possesses the world's second-largest silver deposit at Bolshoi Konimansur. The state-controlled underground mine has annual silver production of up to 50 t, and the deposit is estimated to have reserves sufficient for more than 150 years at current rates of extraction.

The Kazakh company, Yuzhpolimetall (49%) and Tajikistan's state-owned Adrasmon Mining and Beneficiation Combine (51%) have set up a joint venture to mine silver-lead ore. Yuzhpolimetall plans to invest about US\$7 million in the venture over three years, including the restart of the Adrasmon combine, which has been shut down for some time. Sulphide concentrates will be sent to metallurgical plants in southern Kazakhstan, which currently have to rely on recycled material. The concentrates should yield 14,000-16,000 t/y of lead and 40-50 t/y of dore gold-silver alloy, as well as bismuth, rhenium and other rare metals.

Tajikistan possesses the biggest resource of antimony in the CIS, at Skalnaye (more than 50% of total CIS resources). In addition, the Shogd region has 214 identified mineral deposits, including lead and zinc (16), copper and bismuth (3), molybdenum and tungsten (1), strontium (2), iron (3), gold (15), silver (7), tin (1), bituminous coal (11), oil and gas (11), feldspar (5) and salt (1). The Uchkado district has unique gold, silver, lead, zinc, and antimony resources.

Aluminium

The state-owned Regarsk (Tajik) Aluminum Enterprise (TadAZ) forms the core of the country's non-ferrous metallurgy industry. The smelter, in Tursunzade was built in 1975 based on cheap energy (the Nurek hydroelectric plant) and abundant labour resources. Most of its raw materials are supplied from

Russia and repayment is in the form of aluminium and aluminium products. TadAZ is the world's third-largest aluminium smelter with an annual capacity of 517,000 t/y of primary aluminium, but has never operated at full capacity. Production peaked in 1989 at 460,000 t and annual output at present is about 320,000 t. An inadequate electricity supply is restricting production and in March this year it was announced that engineers from Russia's Volgaelekroremont were assisting with repairs to high-voltage transmission lines.

There are 30 core and support plants employing around 11,000 people. They include 12 electrolysis plants, three anode plants, two casting plants, a plant for aluminium shapes and two plants to produce consumer goods. These are sold mainly to customers in the Netherlands, Russia, Turkey, Switzerland, Greece, Turkmenistan, Iran, and China.

Russian Aluminium said in late January 2004 it was helping to modernise TadAZ and had invested US\$45 million in working capital during 2003. However, Tajikistan denied this, saying that RusAl remained only a partner in product sales.

In November 2003, the Tajik Government passed a resolution to privatise large and strategic enterprises, including the TadAZ smelter, with the privatisation expected to be effected by 2007.

Fuel minerals

Tajikistan's State Geological Fund estimates coal resources at more than 4,000 Mt, including 700 Mt of confirmed reserves. Enterprises include Angisht, Fon-Yagnob, Ziddi, Khakimi, Nazar-Ailok, Mienadu, Saied, Saimiri, and Shurabad. The coal industry is in a poor condition, mostly due to the complete exhaustion of mining equipment and transport, a lack of financing and working capital, and an ineffective system for managing the industry.

Under a programme to develop the industry through 2004-08, capital investment is targeted at somonis 6 million (Som2.78=US\$1.00). Ministry of Energy specialists believe that without state financing, production from deep mines will incur heavy losses and could result in the closure of the Shurab and Fan-Yagnob mines within two to three years, leaving 650 people jobless. If state financing is provided, many of the industry's problems will be resolved and production could increase from 80,000 t in 2004 to 258,000 t by 2008.

The country has significant oil and gas reserves, around 80% of them located in northern Tajikistan.