

EXTERNAL RELATIONS

REGARDING DEEPENING ECONOMIC INTEGRATION BETWEEN KYRGYZSTAN AND TAJIKISTAN

M. Nijazov, Ambassador Extraordinary and Plenipotentiary

Political relationships between Kyrgyzstan and Tajikistan are constantly developing and economic integration and internationalization specified as the basis of mutual trust are bringing the first results.

Sluggish economic connections are now noticeably more active. In the last two years trade turnover between our countries grew from 6 to 30 million US dollars. By the end of 2005 it will be about 50-60 million, 10 times greater than in 2002. This increase is expected due to the general trend of deepening and broadening economic links and also to completing construction of the PTL Batken-Kanibadam, which will permit the transmission of up to 3 million Kw hours of electricity to Sogdi oblast of the RT a day.

Despite the clear increase in indices, the achieved level cannot be considered satisfactory, as we have huge potential reserves and opportunities to develop them, which might open up future common economic growth and at the same time decrease the permanent dependence on energy carriers.

Suffice to say, both republics between them control 90 % of the water resources of Central Asia. Their common hydro-energetic potential is estimated as 680 billion Kw hours (520 billion for Tajikistan and 160 billion for Kyrgyzstan). Selling this electricity at 1 cent per 1 Kw hour would raise about 7 billion US dollars.

Unfortunately the situation with the water-energy resources is unfavourable for the countries. Losses from lost output resulting from limited energy marketing run into millions of US dollars annually. The water using countries impose deliberately unprofitable conditions of water supply, which do not correspond with the interests of the two countries.

So the circumstances require that the two countries join forces to develop common policies about joint usage and water supply to the water using countries and about repayment of the expenses for maintaining the hydroelectric stations.

It is evident that solving these problems will require time, patience, a creative approach and persistence. However, it is also obvious that hydroelectric integration of the two countries is absolutely imperative, dictated by political and similar natural, climatic and geographic conditions.

Achieving the mentioned goals will be possible with the goodwill and mutual responsibility of the parties and will require adopting a range of coordinated strategic decisions in the following directions:

1. Construction of an electricity loop between Tajikistan and Kyrgyzstan for independent electricity supply and complete satisfaction of internal needs and

exports to third parties. Convenient location of markets (China, Afghanistan, Pakistan, Iran) and their paying capacity will provide the opportunity to increase electricity supply by building a new HPS. It is also possible that in the near future our closest neighbors will also need cheap electricity (Kazakhstan, Uzbekistan). According to experts, the natural gas resources of Uzbekistan will last only 70 years.

2. Modifying the energy balance in the fuel-power system to maximize the electrification of both countries to significantly reduce dependence on gas and oil products. Their imports burden the budgets and negatively influence the trade balance. Suffice to say that in 2003 imports of mineral products to Tajikistan were worth 250 million US dollars and to Kyrgyzstan – 200 million USD and increasing every year.

An essential condition for electrification is the rehabilitation and further development of electricity grids and these should then reduce the use of other sources of power. Thus the population and industrial enterprises of both countries should gradually maximise electricity use.

3. Establishing factories manufacturing industrial and domestic electrical equipment (transformers, generators, power cables, domestic electric cables, domestic heating and boiler systems, meters etc.) will provide jobs for the local population and completely supply the home markets with white goods, thus eliminating or limiting imports of these goods.

4. Taking into account our unique natural climatic conditions, the development of sun, wind and biogas power stations, as well as mini-power stations also seems to be a rather promising opportunity. It would be advisable to produce this equipment within the republics. Alternative energy sources would provide remote settlements, farms and livestock breeders with electricity, even on the summer pastures.

Of course, those ambitious plans will require significant investments, including foreign ones, modern technologies and qualified specialists. However, there is no doubt that electricity could become the most important sector in the economies of both countries.

As a matter of fact we are speaking about creating a strong electricity supply industry with large-scale infrastructure in two countries.

Expert working groups within the frames of inter-governmental commissions could solve the questions of international labour division, establishing industrial funds, attracting investors and many other problems and could also propose the optimum form of economic relationship and management systems.

March 2005