Czech University of Life Sciences Prague

Faculty of Economics and Management

Department of Trade and Finance

Bachelor Thesis

Assessment of the importance of international trade for Tajikistan

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Economics Policy and Administration
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Assessment of the importance of international trade for Tajikistan

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Objectives of thesis

The main objective of the bachelor thesis will be, based on the methods used, to evaluate the importance of international trade in Tajikistan, including the impact of import and export on the economy of Tajikistan within the past decades.
Another objective is to identify the tendency of growth of import and export in certain years and according to different economic sectors; and to detect which spheres contributed the most to the quantitative growth of GDP.

Methodology

Study of relevant literary sources, their analysis and comparison. Based on the processing of relevant sources, there will be a description of the issue, data synthesis, data comparison, data analysis, forecast, own suggestions and comments.

The theoretical part will include the overview of main terms and definitions of trade, how it was developed and regulated over the centuries, then a brief description and distinctions of domestic and international trade. That will be based on descriptive analysis of various academic sources related to trade.

Practical part will be based on comparative analysis of stages of trade development in Tajikistan. There will be also used comparison according to various trade sectors of the state. The most important source will be Central bank of Tajikistan and various economic institutions (e.g. World Bank).

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Declaration

I declare that I have worked on my bachelor thesis titled "Assessment of the importance of international trade for Tajikistan" by myself and I have used only the sources mentioned at the end of the thesis. As the author of the bachelor thesis, I declare that the thesis does not break any copyrights.

In Prague on 07.03.2022 _____

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Assessment of the importance of international trade for Tajikistan

Abstract

This bachelor thesis examines the importance of international trade in Tajikistan. The theoretical part provides an overview of main terms and definitions of trade, its development and regulation over the centuries. A brief description and distinctions of domestic and international trade are provided. Furthermore, the thesis gives a glimpse on classical and neoclassical political economy and trade. The chapter will also explain the trade barriers (tariffs, quotas and non-tariff barriers).

Practical part is devoted to Tajikistan, main information and distinctive features of its economy and the development of trade politics. There is a detailed observation of Tajikistan's export processes. Also, the practical part will also deal with Tajikistan's economic integration, i.e. membership in various economic and trade unions and organizations, its implications and further perspectives. Finally, the practical part will provide a time series development forecast analysis based on the statistical data extracted from the Agency for Statistics under the President of Tajikistan.

Both descriptive and comparative methods of research are applied. While preparing the research, the primary and secondary sources were used.

Keywords: Trade, Tajikistan, import, export, GDP, economy, trends

Významnost mezinárodního obchodu v Tádžikistánu

Abstrakt

Tato bakalářská práce zkoumá význam mezinárodního obchodu v Tádžikistánu. Teoretická část poskytuje přehled hlavních pojmů a definic obchodu, jeho vývoje a regulace v průběhu staletí. Je uveden stručný popis a rozlišení domácího a mezinárodního obchodu. Dále práce poskytuje pohled na klasickou a neoklasickou politickou ekonomii a obchod. V kapitole budou také vysvětleny překážky obchodu (celní, kvótové a netarifní překážky). Praktická část je věnována Tádžikistánu, hlavním informacím a charakteristickým rysům jeho ekonomiky a vývoji obchodní politiky. Je zde podrobné pozorování exportních procesů Tádžikistánu. Praktická část se také bude zabývat ekonomickou integrací Tádžikistánu, tedy členstvím v různých ekonomických a odborových svazech a organizacích, jejími důsledky a dalšími perspektivami. Praktická část nakonec poskytne analýzu časových řad založenou na statistických údajích získaných od Statistické agentury pod vedením prezidenta Tádžikistánu. Veškeré výsledky jsou shrnuty a jsou vyvozena doporučení, která by mohla pomoci Tádžikistánu k dlouhodobému rozvoji mezinárodního obchodu.
Jsou aplikovány jak deskriptivní, tak komparativní metody výzkumu. Při přípravě výzkumu byly použity primární a sekundární zdroje.

Klíčová slova: Obchod, Tádžikistán, import, export, HDP, hospodářství, trendy

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Abbreviations

ASEAN - Association of Southeast Asian Nations

CIS - Commonwealth of Independent States

CSTO - Collective Security Treaty Organization

CU - Customs Union

EAEU - Eurasian Economic Union

EU - European Union

EurAsEC - Eurasian Economic community

GATS - General Agreement on Trade in Services

GATT - General Agreement on Tariffs and Trade

GDP - Gross domestic product

IMF- International Monetary Fund

OECD - Organisation for Economic Co-operation and Development

OPEC - Organization of Petroleum Exporting Countries

SCO - Shanghai Cooperation Organization

UN - United Nations

UNCTAD - United Nations Conference on Trade and Development

UNECE - United Nations Economic Commission for Europe

USSR - Union of Soviet Socialist Republics

WTO - World Trade Organization

1 Introduction

The famous American economist J. Sachs was convinced that the economic success of any country in the world is based on foreign trade and that no country has yet succeeded in creating a healthy economy by isolating itself from the global economic system. (Sachs, 2005)

The theoretical part will include the overview of main terms and definitions of trade, how it was developed and regulated over the centuries, then a brief description and distinctions of domestic and international trade. Then I'll have a glimpse on classical and neoclassical political economy and trade. The chapter will also explain the trade barriers (tariffs, quotas and non-tariff barriers).

Practical part is devoted to Tajikistan, main information and distinctive features of its economy, the development of trade politics, the process of liberalisation of economy from being part of USSR and then becoming an independent state. Then, there will be a detailed observation of Tajikistan's import and export processes and GDP dynamics. Finally, the practical part will also deal with Tajikistan's economic integration, i.e. membership in various economic and trade unions and organizations.

In my work I would use descriptive and comparative methods of research. Theoretical part will be based on descriptive analysis of various academic sources related to trade. Practical part will be based on comparative analysis of stages of trade development in Tajikistan, I'll also compare it according to various trade sectors of the state. I'll take data mainly from the website of Central bank of Tajikistan and various economic institutions (e.g. World Bank).

2 Objectives and Methodology

2.1 Objectives

The main objective of the bachelor thesis will be, based on the methods used, to evaluate the importance of international trade in Tajikistan, including the impact of import and export on the economy of Tajikistan within the past decades.

Another objective is to identify the tendency of growth of import and export in certain years and according to different economic sectors; and to detect which spheres contributed the most to the quantitative growth of GDP.

2.2 Methodology

Based on the processing of relevant academic sources, their analysis and comparison there will be a description of the issue, data synthesis, data comparison, data analysis, forecast, own suggestions and comments.

The theoretical part will include the overview of main terms and definitions of trade, how it was developed and regulated over the centuries, then a brief description and distinctions of domestic and international trade. That will be based on descriptive analysis of various academic sources related to trade, scientific publications, legal regulations, professional articles and Internet sources that are studied in details and served as a basis for literary research.

Practical part will be based on comparative analysis of stages of trade development in Tajikistan. There will be also used comparison according to various trade sectors of the state. The most important source will be Central bank of Tajikistan and various economic institutions (e.g. World Bank).

Appropriate time series analysis methods and techniques were used to assess the development of selected indicators. The obtained data were processed using the Microsoft Excel, where the analysis and subsequent prediction were performed.

3 Theoretical part

3.1 Trade market

Aristotle affirmed that exchange trade is "..neither against nature nor is it any form of the money-making art, for it is with a view to fulfilling the self-sufficiency that is according to nature" (Pangle, 2013, p.55).

This provision of Aristotle justifies the need for international trade. The question arises as to how trade was formed in general.

Trade cannot be carried out without the product of labour produced for direct consumption or for sale to another participant in trade relations. It should be noted that a supplier is a person or a group of persons that produce a product or offer a certain service. Consequently, trade, from the holistic approach, is a system consisting of participants in trade relations (producing or consuming goods), those can be individuals, organizations or countries; there is a certain trade infrastructure designed to support this process; there are customs, orders and established practice of trade relations; and there are trade instruments. (Bernstein, 2018)

Until the end of the XIX century throughout the whole Europe the majority of the population were peasants who produced food and made tools and other basic daily necessities.

They exchanged surplus agricultural products for those they could not produce themselves. Trade trips were very rare, since all products were produced in small quantities, and the transportation of goods was associated with great difficulties and dangers, such as poorly developed transport networks, robbery etc.

For centuries, international trade was carried on mainly along the coast of the Mediterranean and Baltic seas and along the Asian caravan routes leading to these seas.

British technological innovations of the 17th-18th centuries paved the way for increasing labor productivity, first in agriculture, and then in manufacturing industry. This made possible the emergence of larger enterprises, for instance, the production of cheap fabrics or steel. The first steps in the direction of mass production led to a sharp increase of the volume of goods transportation from country to country and were accompanied by the improvement of means of transport and communication (Bernstein, 2018).

In the second half of the 19th century, new industries such as mechanical engineering, electrical and chemical industries appeared. Soon, the products of these industries accounted for a significant share of world trade. Large consignments of cargo were transported over

long distances by railroads and steamers. The telegraph has greatly simplified the spread of information around the world. In the 20th century, there was a tendency for the development of international relations, their integration and the creation of global trade unions such as the World Trade Organization (Jackson, 1997).

In the modern world, international trade is a significant part of a state's foreign policy. With the help of this tool, states can impose an embargo on the import of any goods, trying to influence the policy of a country (for instance, the embargo on arms supplies to China) (Archick, 2013).

3.2 Trade regulation

International trade is carried out on the basis of principles that have been enshrined in international legal documents. The system of general basic principles of trade includes the following 10 principles:

1) respect for sovereignty and non-interference in the internal affairs of states;

2) equality and non-discrimination of partners;

3) mutual assistance in solving global problems;

4) mutual benefit;

5) focus on achieving the international division of labor;

6) the main goal of interstate interaction is the economic development and social progress;

7) voluntariness regarding participation in international economic cooperation;

8) focus on the development of regional economic groupings, economic cooperation between developing countries;

9) focus on increasing the inflow of international financial, technical and economic assistance to accelerate their economic growth;

10) collective responsibility for the consequences in international economic activity (Bridge, 2013).

3.2.1 GATT/WTO

The process of internationalization of economic life, acquiring the features of globalization, involves countries that pursue their own national economic interests. Consequently, there is a need for a coordinated regulation of international trade on a multilateral basis. This is the reason why the world community created special international organizations and

associations of an interstate or non-state nature in order to regulate the procedures for carrying out international trade transactions and monitoring their implementation by the member states of these organizations. One of such organizations is the General Agreement on Tariffs and Trade (GATT), which laid down the basic principles for regulating world trade and contributed to the creation of the WTO (World Trade Organization). The main functions of the GATT were: influencing the states' trade policy by developing a set of trading rules; solving the interstate disputes; facilitating the trade relations (Winham, 1990). Consequently, the main goal of the GATT was to ensure the security and predictability of international trade relations by removing trade restrictions; elimination of all forms of discrimination in world trade in order to improve the living standards of the population, rationalize the use of raw materials, economic growth of production and trade exchange.

The principles formed by the GATT laid the foundation for the development of a new international organization - the WTO, which includes 161 states (Irwin, 1995).

The mission of the WTO is to facilitate the regulation of the trading process within a rules-based system; settlement of international trade disputes; analysis of national trade policies of states; conducting multilateral trade negotiations between member countries of the organization. The activities of this organization are based on 60 WTO agreements - the basic legal norms of the policy of international commerce and trade (Ossa, 2011).

These agreements are based on two principles, one of which is non-discrimination (most favored nation treatment: guaranteeing export protection and ensuring equal conditions for imports for each country), and the other - strengthening free public terms of trade, stimulating competition and additional provisions for least developed countries (Ossa, 2011).

3.2.2   GATS

The regulation of the trade exchange of services at the global level is carried out in accordance with the General Agreement on Trade in Services (GATS). It is based on the previously established principles of the GATT in relation to goods: non-discrimination, national treatment, non-use of national laws to the detriment of foreign producers.

Services covered by the GATS are grouped by the WTO Secretariat into 12 main sections: business, engineering, education, tourism, transport, financial and other services (Chanda, 2003).

3.2.3 UNCTAD

At the initiative of the socialist and developing countries, it was decided to create a body in the UN system that would regulate international trade on more equitable principles. The main idea of the United Nations Conference on Trade and Development (UNCTAD) is to focus the regulatory mechanism for the benefit of developing countries. UNCTAD activities are carried out on the basis of the principles of equality of states in international economic relations; elimination of discrimination and economic pressure; the spread of most favored nation treatment in international trade; granting privileges to developing countries; favoring the expansion of exports in developing countries. Consequently, the main goal of UNCTAD is to maintain and facilitate the further development of trade in order to accelerate international development, especially in developing countries. The main export commodities for developing countries are raw materials (Temu, 1974).

Integration associations also play an important role in the development of mechanisms for interstate regulation of the world market. Currently, there are more than 80 regional trade economic associations - the EU (European Union), ASEAN (Association of Southeast Asian Nations), CIS (Commonwealth of Independent States), SCO (Shanghai Cooperation Organization), OPEC (Organization of Petroleum Exporting Countries) and others (Esposito, 2013).

3.3 Trade barriers

Each country has the right to take measures aimed at protecting human life and health, animal welfare, plants and the environment. To this end, states develop technical requirements for products and production processes that are binding on manufacturers.

However, the application of technical requirements usually leads to a complication of the trading process, as it entails an increase in production costs. A technical requirement becomes a barrier when the purpose of its introduction is to restrict the access of foreign-made products to the domestic market of the country (Michalos, 2008).

Technical barriers to trade are understood as all state control measures and restrictions associated with technical requirements for products that are used as a means of restricting the access of foreign-made products to the domestic market of the country (Wolfrum, 2007). It is often very difficult to draw a clear line between the necessary measures in the field of technical regulation and the use of national technical norms and requirements as a

protectionist instrument. For example, there may be a gradual tightening or change in specifications each time competition from foreign goods intensifies. At the same time, the changes are made in such a way that they have little effect on domestic production, and imported products do not meet the new requirements. Technical barriers are diverse both in nature and in shape. They can exist in the form of standards, technical norms, rules, requirements for the safety of goods, requirements for packaging, labelling and other technical characteristics of products (WTO, 2014).

3.3.1   Tariffs

Customs tariffs are considered a classic instrument for regulation of foreign trade; they're one of the most important instruments of trade policy and state regulation of the country's internal market in its interaction with the external market, allowing both to protect the national interests of producers from foreign competition and to stimulate the development of certain sectors of the national economy (Cuddington, 1979).

Practically, the customs tariff is applied at the national level, but in some cases, when a number of countries are members of the unions, the customs tariff apply for all of them (for instance, European Union or Eurasian Economic Union).

The unified customs tariff of the union is defined as a set of rates of import customs duties applied to goods imported from third countries.

The main purposes of applying the customs tariff are:

1) maintaining a rational balance between the export and import of goods into the customs territory;

2) creation of favourable conditions for changes in the structure of production and consumption of goods in the customs territory;

4) protection of sectors of the economy from the adverse effects of foreign competition;

5) ensuring favourable conditions for integration within the union and into the world economy (Cuddington, 1979).

3.3.2   Quotas

The quota is a direct quantitative restriction on certain goods that are produced abroad and sold on the domestic market. It limits the amount of goods that can be imported into a country at any given time. An import quota reduces imports and causes prices to rise above world

prices, which in turn leads to a drop in demand and an increase in domestic supply (Cuddington, 1979).

3.3.3 Non-tariff barriers

As is well known, the main tools of foreign trade policy is the use of tariff and non-tariff regulation. In the process of customs and tariff regulation, the state influences the price of goods, which is reflected in the volume of import or export of goods. The state regulates the foreign trade turnover with foreign states, the national commodity producer is protected, the state budget is replenished with receipts from foreign economic operations. The duty affects the rate of development, the level of capital accumulation, and profit rates in certain sectors of the economy, affects domestic employment, protects national producers from dumping, and creates conditions for national goods to access foreign markets (OECD, 2006).

Despite its economic nature, customs and tariff regulation can have features of political influence. The imposition of a duty or its removal can be a political leverage.

Nevertheless, the use of economic regulation measures in foreign economic relations in their pure form does not always achieve a specific goal. Therefore, along with tariff, non-tariff regulation measures are also applied. They also help regulate foreign trade, protect the national market and producers, and fulfil international obligations. The introduction of state rules, regulations, prohibitions, which the state resorts to if necessary, creates a special regime for regulating the trade circulation of a particular product; noneconomic, administrative and technical conditions can restrict or complicate free trade between states.

Non-tariff regulation measures do not have such a significant impact on foreign trade as customs and tariff ones, but due to the peculiarities of their application, they become a regulatory factor in export and import. Non-tariff restrictions are a set of national administrative measures that perform regulatory functions (Winterts, 2015).

According to Winters, Non-tariff methods are mainly used to protect the national economy, respect international security, protect human life and health, fulfil international obligations, and support the stability of the international trading system (Winters, 2015).

Currently the most common non-tariff and administrative measures are following:

• quantitative and administrative restrictions;

• non-tariff charges;

• anti-dumping and countervailing duties;

• subsidies and other subventions to exporters;

• customs procedures;

• technical barriers (OECD, 2006).

3.4   Classical theories of international trade

The evolution of economic knowledge about international trade relations goes back more than one century, and the methodology of theoretical tools covers almost all schools of economic thinking. Today it is part of the international economics.

Mercantilism is traditionally considered as the pioneering theory of international trade, its foundations were laid in the works of Antoine de Montchrestien, Thomas Mun and James Denham-Steuart. Noting that the export of industrial and handicraft products is the source of the country's wealth, and foreign goods are the reason for its outflow, the founders of mercantilism declared trade as a source of enrichment for the state, recommending that states strive to encourage exports and restrict imports to ensure the flow and accumulation of income (Coleman, 1980).

At the same time, the main factors of economic prosperity are stimulation of the production and export of manufactured goods by the state and protectionism against importers.

The key assumptions of mercantilism reflected the pre-industrial period of development, the main feature of which was the gold accumulation. Mercantilism have not envisaged that a trade surplus leads not only to an increase of money in the country, but also to an increase in domestic prices. As a result, the goods produced in the country become more expensive and lose their competitiveness in the foreign market. A decline in exports, in turn, can lead to a negative trade balance and an outflow of money from the country. Criticism of mercantilism became the starting point for new economic theories (Higgs, 2001).

Among them was the theory of absolute advantages, according to which it is beneficial for each state to export those goods, the production costs of which in the country are lower than in other countries (the absolute advantage of the exporting country), and to import those goods, the production costs of which are relatively higher (the absolute advantage of importing countries). In other words, trade between states can be mutually beneficial. The main prerequisite for mutually beneficial trade is the difference in production costs in different countries. And the prerequisite for economic development is non-interference in the economy by the government and the development of production through the division of labor and competition (Myint, 1977).

In practice, countries do not always specialize in the production and export of goods that are competitive on the external market in terms of price. Most often it happens when countries specialize on one product (for example, hydrocarbons for certain countries of Asia and Africa), specific natural conditions (production of tea and coffee), cheap labor force (Asian countries) (Brandis, 1967).

The answer to the question why countries trade without an absolute advantage in the production of certain goods was the theory of relative or comparative advantages, formulated in 1817 by David Ricardo. Its main difference is the postulate that exports and imports can be profitable even in the absence of absolute advantages, namely, in situations when the costs of production of imported goods are higher than the costs of production of exported ones. As a consequence, imports are beneficial for a country even in cases when the imported goods can be produced domestically at lower costs than abroad. And participation in world trade is beneficial for all participating countries (Hall, Soskice, 2001).

4 Practical Part

4.1 Tajikistan – an economic overview

Tajikistan is a typical mountainous country on the surface, with absolute heights of up to 7495 meters. Mountains from the highest mountain systems cover 93 percent of the country's land. Tajikistan has a highly rich subsurface. More than 400 fields have been discovered, with roughly 100 being exploited, and up to 40 different types of mineral raw resources, including fuel, ore, and non-metallic minerals, being extracted. Tajikistan is the country with the largest coal deposits in Central Asia. Total geological reserves are estimated to be over 4 billion tons. Coking coal accounts for 80% of all coal. On the republic's territory, many rare and precious metal deposits have been discovered: zinc, lead, bismuth, molybdenum, tungsten, gold, silver, antimony, mercury, fluorspar, as well as gas, oil, etc (Olcott, 2012; Dagiev, Faucher, 2018).

Tajikistan had a population of more than 9.5 million people in 2021. On average, more than 800 children are born every day and more than 150 people die each day (Agency on statistics under president of the Republic of Tajikistan, 2021).

Tajikistan has a total size of 142,550 square kilometers. The population density is 66.6 persons per square kilometer. Tajikistan had about 55 thousand officially registered unemployed persons at the end of the year, accounting for 7.5 percent of the republic's economically active population (Agency on statistics under president of the Republic of Tajikistan, 2021).

4.2 Domestic trade of Tajikistan

The Law of the Republic of Tajikistan dated March 14, 2014, No. 1075 *"On trade and consumer services" defines trade as "the activities of legal entities and individual entrepreneurs in relation to the sale and purchase of manufactured, processed or purchased goods, as well as the performance of work and consumer services, associated with the sale of goods."* (National Centre for Legislation, 2014).

From an economic standpoint, trade is one of the sectors of entrepreneurship where the producer and consumer's mutual interests are addressed. It serves as a link between production and consumption, as well as a contributor to the circulation of commodities and

money. Since the sale of commodities to the general public is the ultimate stage in the distribution of goods, the effectiveness of the commerce sector's activity is mainly determined by the degree to which the general public's demands are met (Trachtman, 2015).

It should be highlighted that, as indicated in table 1, the development of the Republic of Tajikistan's trade services industry is on the rise, which is in line with worldwide trends. Of course, the year 2020 will be remembered as an exception due to pandemic circumstances affecting not only Tajikistan, but the entire world. The retail trade turnover in 2021 was 29449,2 million Somoni, approximately double that of 2016 (Agency on statistics under president of the Republic of Tajikistan, 2021).

Table 1 - Development of retail commodity trade in Tajikistan for 2016 - 2021

Year	GDP, mln TJS	Retail commodity circulation, mln TJS	Share of retail turnover to GDP, %	Amount of trade enterprises	Occupied in trade, thousands
2016	54471,1	16166,7	30	7948	149,8
2017	61149,5	17884,1	30	8044	151,2
2018	71059,2	19649,0	28	9917	151,9
2019	79109,8	22642,8	29	14653	154,8
2020	82547,3	24647,7	30	18449	155,4
2021	98948,7	29449,2	30	22795	164,7
Growth rate, times	1,8	1,8	1	3	1,2

Source: own calculation based on data of Agency on statistics under president of the Republic of Tajikistan available at https://www.stat.tj/ru.

Retail trade is a significant contributor to the country's GDP, as shown in Table 1. The share of retail commerce in the gross domestic product has reached 30% in 2021, however the growth rate is expected to remain constant compared to 2016. It can be explained once again by the fact that retail commodity circulation is rebounding from the effects of the global pandemic (IMF, 2021).

Several factors contribute to the constant increase in retail trade volume. To begin with, it is linked to the rise of the country's population's incomes - retail trade reflects overall effective demand. Second, the breadth of trade services is rising as a result of the threefold increase in the number of trade enterprises between 2016 and 2021. Third, the number of large contemporary trading companies - supermarkets and smaller "shop near home" selling enterprises - is increasing too. (WTO, 2021)

Around 20% of the total number of businesses in the country operate in the trade sector. The expansion of trade companies leads to the development of new jobs; this sector employs 6% of the workforce. Every year, the number of persons engaged in the commerce and service sector grows; in 2021, there were 164.7 thousand people employed, over 20% more than in 2016 (Agency on Statistics, 2021).

Below is the statistics of trade firms from the perspective of the number of people who work there.

Graph 1 - Amount of trade enterprises depending on number of employees for 2021
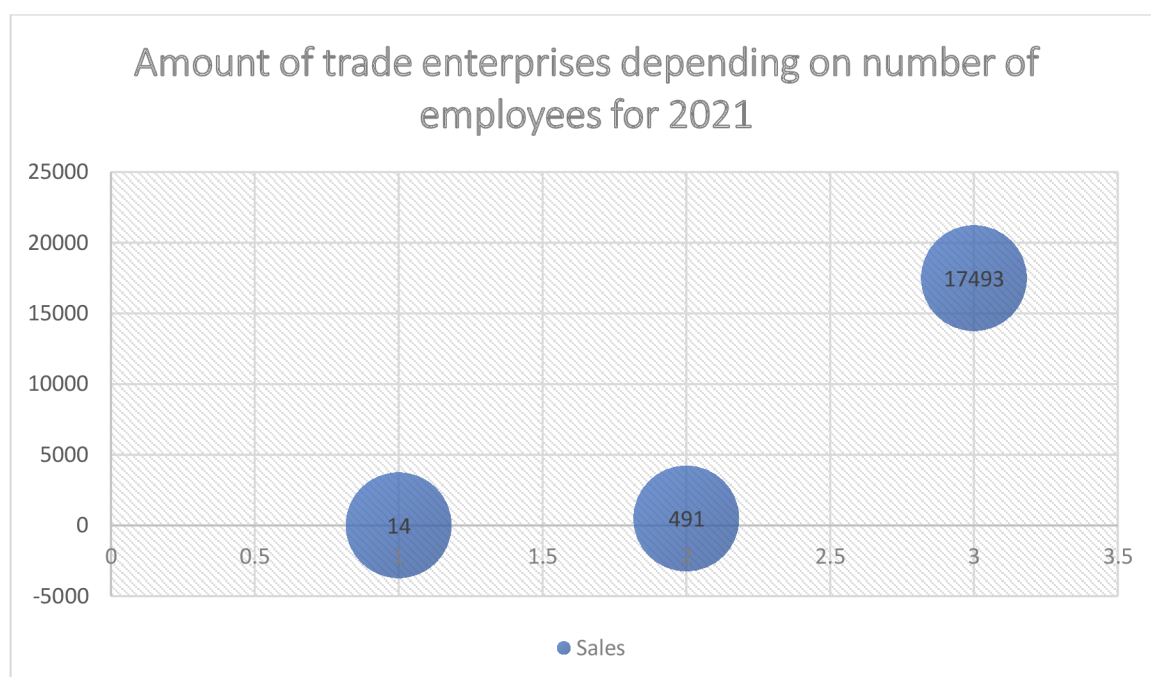
Source: own processing based on data of Agency on statistics under president of the Republic of Tajikistan available at https://www.stat.tj/ru.

Graph 1 shows that there are 491 medium-sized trading enterprises and 14 major trading enterprises. The majority of functioning trading enterprises are classed as small businesses, employing fewer than 30 workers. Such amount of small businesses in the republic are

explained by a number of well-known advantages, which include: state support, low initial capital, simplified enterprise management system, easy decision-making processes, quick response to changes in the market situation, closer proximity to the consumer, and better knowledge of consumer needs. However, small businesses in trade have drawbacks, such as a lack of financial resources, which limits enterprise expansion; high distribution costs; and the risk of insolvency during economic downturns (UNECE, 2020).

Analyzing the current status of the national economy, particularly the development of commerce, it can be claimed that economic stabilization contributes to population income growth and changes in consumer preferences. A growing percentage of consumers choose to shop at modern format merchants, where they may get not only basic trade services but also added-value services.

As a result, small trading businesses become uncompetitive, and some of them go out of business. According to official data, the country's economy has 22 795 trade companies in 2021, but only 17 998 are operational (Agency on statistics under president of the Republic of Tajikistan, 2021).

4.3 Export

Table 2 - Export in Tajikistan for 2018 – 2021 according to exported items (thousand USD)

Item	2018	2019	2020	2021
Ore,slag and ash	387	400	296	131
Cotton	159	205	182	149
Aluminium and manufactures thereof	203	202	180	129
Mineral fuel, oil and distillates; tar sands	51	79	35	53
Salt; sulfur; soil and stone; plastering materials, lime and cement	46	65	68	54
Other base metals; cermet and manufactures thereof	20	26	17	28
Clothing and accessories	19	19	15	16
Ground transportation means, other than railway or tram rolling stock	10	16	10	4

Edible fruits and nuts; peel of citrus fruits or melon peels	13	11	9	10
Nuclear reactors, boilers, equipment and mechanical devices; their parts	10	9	5	4
Products of inorganic chemistry; inorganic or organic compounds of precious metals, rare earth metals, radioactive elements or isotopes	2	7	6	3
Ferrous metals	4	6	11	10
Vegetables and some edible roots and tubers	3	4	8	8
Shellac natural unrefined; gums, resins and other vegetable saps and extracts	0,05	3	7	5
Raw hides and skins (other than natural fur) and dressed leather	2	2	3	3
Tobacco and industrial tobacco substitutes	3	2	3	5
Natural or cultured pearls, precious or semi-precious stones, precious metals, metals clad with precious metals and articles thereof; jewellery; coins	1	2	226	690
Silk	1	1	1	1
Electrical machines and equipment, their parts; sound recording and reproducing devices, devices for recording and reproducing television images and sound, parts and accessories thereof	5	1	1	0,5
Paper and cardboard; articles of paper pulp, paper or paperboard	0,04	0,9	1	0,4

Source: own processing based on data of Agency on statistics under president of the Republic of Tajikistan available at https://www.stat.tj/ru.

Graph 2 - Export in Tajikistan for 2021 according to export categories

Export in Tajikistan for 2021 according to export categories

Values shown: 132, 149, 129, 53, 54, 29, 16, 5, 10, 4, 3, 10, 8, 5, 3, 5, 690, 1, 0, 0

Categories (x-axis): Ore, slag and ash; Cotton; Aluminium and manufactures thereof; Mineral fuel, oil and distillates; tar sands; Salt and stone; plastering materials; cement and manufactures thereof; Other base metals; cermet and manufactures thereof; Clothing and accessories; Ground transportation means, other than railway or tram rolling stock; Edible fruits and nuts; peel of citrus fruits or melon peels; Nuclear reactors, boilers, equipment and mechanical devices; their...; Products of inorganic chemistry; inorganic or organic compounds of...; Ferrous metals; Vegetables and some edible roots and tubers; Shellac natural unrefined; gums, resins and other vegetable saps and...; Raw hides and skins (other than natural fur) and dressed leather; Natural or cultured pearls, precious or semi-precious stones,...; Tobacco and industrial tobacco substitutes; Electrical machines and equipment, their parts; sound recording and...; Silk; Paper and cardboard; articles of paper pulp, paper or paperboard

Legend: ■ Sales

Source: own processing based on data of Agency on statistics under president of the Republic of Tajikistan available at https://www.stat.tj/ru

Natural or cultured pearls, valuable or semi-precious stones, precious metals, metals clad with precious metals, and articles thereof; jewellery; coins; ore, slag, and ash; aluminum and manufactures thereof are the primary export items of Tajikistan, according to Table 2 and Graph 2.

It is worth noting that suitable conditions for the export of perishable goods should be created, as the analysis revealed that one of the reasons for the decline in exports of some

basic goods is producers' fear that if such goods and products are exported, they will be subjected to indefinite detention at borders (UNECE, 2020).

The statistical figures in Table 2 and Graph 2 also reveal that the main characteristic of exports is its mono-orientation, which is unusual for developed-country world exports. Because of the republic's mono-orientation in terms of exporting marketable products, the majority of the products are only a few types of goods, namely commodities and raw materials. This position forces the economy to specialize in raw commodities, putting it at a high risk of becoming overly reliant on global price fluctuations.

Tajikistan's involvement in the international division of labor, which is a key factor in economic growth, will be determined by the strategic direction in which the country's foreign economic policy is formed and how the country's foreign economic policy is implemented.

It is important to state that during times of global financial and economic crisis, the government's role in regulating foreign commercial ties usually expands dramatically. As a result, new ideas and options for building an effective state strategy are needed in order to create favorable conditions for export growth and diversify the economy in order to achieve long-term and sustainable development.

The increasing interconnection of various countries' economic systems, as well as reliance on the availability of natural and acquired resources, define the conceptual formulation of developing export challenges. Natural resources are defined as unique climatic circumstances and the availability of natural raw materials, while acquired indicators are defined as the introduction and growth of new advanced technologies, including educational ones, advanced training of workers and specialists, improvement of production organization, its reconstruction and modernization (Izawa, Safarov, 2021).

The clear development of economic policy by structural bodies of state administration is the most important direction of the country's foreign trade policy. The customs service, which is one of the basic institutions of the economy, plays the most significant role in preserving the state's economic interests. The systemic measures of direct and indirect methods of regulation of objects of international economic activity are the relevant tools for the creation and execution of foreign trade customs policy (Kodirzoda, Bobokhonzoda, 2020).

The issue of Tajikistan's foreign trade policy is prominent in the country's government's programs; however, they focus on the liberalization of foreign economic

activity, the establishment and strengthening of foreign economic relations, rather than the rationalization of export and import structures in order to improve the quality and competitiveness of domestic goods and services (UNECE, 2020).

Additionally, the rationalization of the structure of commodities and services exports and imports is critical. The Republic of Tajikistan does not have the same conditions and resources as other CIS countries, which have significant energy and other natural resources, larger domestic markets, and proximity to major transportation corridors. As a result, the country's economic progress is unachievable without a regular integration into the worldwide economic system. The success of foreign economic reform, the expansion of the country's export potential, and the amount to which national sectors of the economy are able to enhance their competitive positions in the global market and capture new market segments overseas will all play a role in solving this challenge (Pompfret, 2020).

4.4 Tajikistan and economic integration

Before discussing Tajikistan's international economic integration concerns, it is vital to define the term "integration." There are numerous definitions of the term "integration," and we will look at a few of them in this chapter.

Integration (from the Latin integer, meaning "whole") refers to the bringing together of economic units, the deepening of their interactions, and the establishment of linkages between them. Economic integration occurs at both the national and enterprise levels, as well as across businesses, firms, companies, and corporations. The extension and deepening of production and technological links, the sharing of resources, the pooling of capital, the establishment of favorable conditions for each other to conduct economic activities, and the removal of reciprocal barriers are all examples of economic integration (Kobayashi, 2017; Robson, 2010).

Economic integration refers to the interaction and mutual adaptation of different countries' economies, which eventually leads to their economic union. Integration takes place at the interstate level through the development of regional economic associations and the coordination of domestic and foreign economic policies. The progressive emergence of a "common market" - the liberalization of the conditions for the exchange of goods and the movement of production resources (capital, labor, knowledge) between countries - is the primary manifestation of national economies' interaction and mutual adaptation.

Presently, international trade is gradually being supplemented by various types of international movement of factors of production (capital, labor, and technology), as a result of which not only finished items, but also the factors of production, have become more widely available (Balassa, 2013).

At this time, the Republic of Tajikistan's primary issue is to resolve the problem of improving international trade customs regulation, which has arisen primarily as a result of the expansion of foreign trade relations with foreign countries and the Republic of Tajikistan's active participation in the work of such integration economic associations (UNECE, 2020).

Among the integration associations existing in the Eurasian space - the Commonwealth of Independent States (CIS), the Shanghai Cooperation Organization (SCO), the Collective Security Treaty Organization (CSTO), the Customs Union (CU), the Eurasian Economic Union (EAEU) and the Eurasian Economic community (EurAsEC) - Tajikistan is not a member in the EAEU only. While it is impossible to talk about the specific timing of its entry, Tajikistan maintains close trade and economic ties with the main members of the union - Russia and Kazakhstan.

4.4.1 EAEU

The Eurasian Economic Union, the post-Soviet space's newest integration organization, commenced operations on January 1, 2015. The founding nations - Russia, Kazakhstan, and Belarus - declared the organization's key goals: modernization, collaboration, strengthening national economies' competitiveness, steady development, and raising people's living standards (EAEU, www.eaeunion.org).

Despite the slowing pace of collaboration, the Union was intended to benefit its members because of historical and economic links, as well as physical, linguistic, and cultural proximity.

Meanwhile, the economic interaction of now five nations (Armenia and Kyrgyzstan joined the three founding countries) based on the concepts of a common market with free movement of goods, services, capital, and labor has revealed conflicts and tensions among the members. And Tajikistan's probable admission, with its underdeveloped economy, might have both positive and negative implications.

4.4.1.1 Positive implications

1. *Reducing domestic unemployment.*

According to official data, the number of unemployed citizens amounted to 55,1 thousand people in 2021. But part of the population is not officially registered, but is engaged in private business (National Bank of the Republic of Tajikistan, 2021).

2. *Free movement of goods and services*

Tajikistan's foreign trade potential will expand after joining the EAEU, as the country will access to a single market for goods, labor, services, and capital, as well as the Union's technological, transit, transportation, and investment potential. In particular, procedures in mutual trade will be simplified for the removal of customs posts and the reduction of non-tariff barriers; the country's foreign trade turnover will increase, and the cost of transportation will decrease. This would be in line with Tajikistan's plans to strengthen the export-oriented sectors of the national economy.

Tajikistan's trade turnover with the EAEU founding nations was almost 2 billion dollars in 2020, accounting for about half of total foreign trade turnover.

The removal of inconsistencies in Tajikistan's and other EAEU members' foreign economic regulations, particularly in relation to livestock and veterinary standards that influence agricultural goods and beverages, is projected to have a similar positive effect. Within the framework of the EAEU, the logistical problems that Tajikistan now faces will be significantly reduced.

3. *Free movement of labor.*

At this point, the major reason for Tajikistan's membership to the EAEU will be the significant number of labor migrants on the Union's territories. These people, numbering almost a million in Russia alone, are today confronted with many administrative obstacles. This bureaucratic red tape will be abolished as part of the EAEU, and immigration will be enabled on the same terms as Kyrgyz employees already benefit. This is expected to result in a $500 per person yearly savings, which would be considerable in terms of migrant remittances. Tajikistan received almost 2 billion in remittances from Russia in 2020, one of the highest rates among Central Asian nations, and this figure is expected to rise with admission.

These remittances are now critical for millions of people as well as essentially the whole economy, including the financial industry, airlines, and the entire products and services market.

In general, labor migration remains the most powerful resource of Russia's socio-economic influence on the situation in Tajikistan, since remittances sent by migrants make up a large share of Tajikistan's GDP (Urinboyev, 2021).

4.4.1.2 Negative implications

Tajikistan's formal participation in the organization may also potentially pose a threat. To begin with, Tajikistan's diverse national goods are still protected by customs taxes. In the first stage, like in Kazakhstan and Kyrgyzstan, a large flood of higher-quality consumer products from Russia and Belarus might disrupt the Tajik market, causing local manufacturers to suffer. This could also have political consequences. Simultaneously, persistent devaluation of the national currency may provide effective protection, counteracting the negative impacts of trade liberalization.

At the same time, there is a risk of a loss from the re-export of Chinese and Turkish goods, as well as a noteworthy decrease in donor aid from international organizations and investments from other nations, particularly from China.

Thus, only in 2020 Tajikistan has received investments from China worth 152 million USD. In terms of investments over the past few years, Tajikistan attracted $10.3 billion of investments from 65 countries of the world. China accounts for 30%, Russia - 16%, USA - 7%, UK - 7% and Kazakhstan - 6% (State Committee on Investment and State Property Management of the Republic of Tajikistan, accessed at https://investcom.tj/).

Tajikistan's accession to the EAEU will help Russia and other EAEU members to a larger extent by resolving military and political issues, as Tajikistan borders with Afghanistan. However, it will place a financial strain on them, particularly on Russia and Kazakhstan, the primary trading partners. The challenging economic condition in these nations makes a fast extension of the union at the expense of an economically weak country unfeasible at this time. As a result, it is premature to discuss the EAEU's quick development at the expense of Tajikistan, as this will entail enormous financial expenditures.

Tajikistan is concerned about losing its customs tariffs because of entering the EAEU, among other things.   Revenues from customs taxes, which make up a big portion of the country's budget, will vanish. All revenues obtained from customs duties on imports from

other nations will be allocated to the EAEU's general budget, as has been known for some time. These money will subsequently be distributed to member nations in a preset proportion. For example, Kyrgyzstan's share is set at 2 percent, while Tajikistan's share will most likely be between 1 and 2 percent.

Another possible danger associated with Tajikistan's entrance to the EAEU should be mentioned. The authoritarian and economically disparate regime drives a large number of labor migrants into the EAEU labor market, which, on the one hand, solves the problem of a labor shortage in the union's member states, but also creates social tension in the receiving countries and exacerbates the problem of socio-cultural adaptation. There is a risk that people with advanced criminal skills and extreme ideas infiltrate the union's territory, and that entirely loyal migrants, confronted with rejection by the host society, fall prey to extremist recruiters already present on the territory of the union's nations (Heusala, A.L, Aitamurto, K. 2016).

4.4.2 COVID-19 influence

The coronavirus pandemic unexpectedly disrupted the plans of every country in the globe, including Tajikistan. According to data, the growth rate of the country's gross domestic product (GDP) slowed by 2% in 2021.

Prior to the COVID-19 outbreak, Tajikistan's Central Bank forecasted a 6% economic growth in 2021. Tourism, hospitality, foreign travel, commerce, sports, and exclusive services all experienced major slowdowns. In the first three months of 2021, the republic's international trade volume fell by about $1 billion, or 10%, compared to the same time previous year. The international trade activity is due to a 20% drop with China, a 14% with Kazakhstan, and a 23% with Russia. The declining trend in export operations was influenced by a drop in external demand and a drop in raw material costs on global markets. At the same time, the rise in prices for goods exported by Tajikistan, such as gold, vegetables, and fruits, has a compensatory effect on state budget and economic entity earnings. It also partially compensates for pricing and tax revenue declines, which helped preserve the overall foreign trade balance and minimize the deficit. Import demand was lowered as a result of falling domestic investment and consumer demand, as well as a short-term interruption in global supply networks. The income of labor migrants working overseas might drop by more than half by the end of the year in 2022. Their return to their homeland, on the other hand, will exacerbate the already high unemployment rate.

Small and medium-sized enterprises in the CIS nations' and Tajikistan's regions have suffered considerably from interregional trade and economic links. This could have a long-term impact, as it will be linked not only to a short-term shock, but also to a drop in demand for cotton, textiles, cars, fruits and vegetables, as well as recreational goods and business tourism, which has only recently begun to gain traction in Tajikistan.

The worldwide coronavirus pandemic, however, cannot and should not be used as an excuse to halt the Republic of Tajikistan's new geopolitical and geoeconomic policy, which aims to improve the country's integration into the global economy and boost its global position.

4.4.3   Integration - future perspectives

An important strategic step towards the creation of a mechanism for foreign economic relations of Tajikistan is the conclusion of treaties and agreements both with the young independent states that formed on the territory of the former USSR, and with other countries in Europe, North and South America, Asia, and Africa.

In order to participate actively in integration processes, Tajikistan must also promote regional cooperation, based not only on coastline and border trade, joint entrepreneurship, but also on the formation of production, cooperation, and scientific and technical ties.

Despite having 30 years of independence behind, Tajikistan's integration efforts are still in the early stages of growth. Tajikistan's future integration into the global economy will necessitate fundamental market adjustments across the whole domestic economic system, which will aid in the implementation of the country's primary integration strategies.

Tajikistan's integration should take place in the most efficient ways possible, allowing the country to maintain a suitable level of economic stability and demographic well-being.

As a result, the direction in which Tajikistan integrates will be largely determined by the strategic goals that the country will pursue on its path to entering the global economy. However, regardless of what routes takes precedence in Tajikistan's integration policy, the question of overcoming the major issues that threaten the country's effective integration into the global economy remains unanswered.

4.5 Time series

4.5.1 Time series

A time series is a sequence of numerical indicators arranged in time. Each time series contains two mandatory elements: time and a specific value of the indicator at a given time. Time series are sorted into instantaneous and interval ones. Interval sampling is a series of indicators whose values are summarized by the sum of values over a shorter period of time. The magnitude of its values thus depends on the length of the monitoring time interval. The series of indicators which values relate to a particular point in time are called instantaneous time series. The sum of the values of the interval time series indicators usually makes sense, these values can be comparable if they relate to equally long time intervals. Instantaneous time series do not depend on the length of the interval, they indicate the status of the indicator at a given point in time.

There are also long-term and short-term economic time series. Long-term values refer to longer time periods: a year or more. Short-term time series values refer to shorter time periods, such as quarterly or monthly time series. This thesis considers interval time series, both long-term and short-term.

The most important condition for the correct creation of a time series is the homogeneity of the values of the given indicators, the values must be comparable over time. This bachelor thesis is focused on seasonality and time series trend analysis.

4.5.2 Elementary characteristics of time series

The elementary characteristics of time series demonstrates the development of time series, they examine the rate of change of values of given indicators depending on time. The basic methods include visual analysis of the behavior of the indicator, using graphs to record the course of the time series. Absolute or relative characteristics, for example, can be used to analyse the development of time series.

1. *Absolute characteristics* - allow comparison of values of individual elements of the time series. Typically the so-called first differences of a given time series are observed.

$$d_{yt} = y_t - y_{t-1} \qquad\qquad t = 2,3...,n$$

These differences characterize the absolute increase or decrease of the examined indicator at a certain moment compared to the previous moment. By the difference of two adjacent

first absolute differences, it is possible to obtain the second absolute differences. These determine the absolute acceleration or deceleration of the quantity development in the evaluated time series. The second absolute differences also indicate how much the next increment was larger or smaller than the previous one.

2. *Relative characteristics* - are the characteristics of growth or decline. These can be, for example, a growth factor, which we define as:

$k_t = y_t / y_{t-1}$

The growth coefficients indicate the relative rate of change of values in the time series. It does not make sense to calculate the average growth coefficient if the time series does not have a monotonous development. Growth rate means the growth coefficient expressed as a percentage. The average growth coefficient can be determined for the whole time series and is understood as the geometric average of individual coefficients kt:

$$\bar{k} = \sqrt[n-1]{k_2 * \ldots * k_n} = \sqrt[n-1]{\frac{y_n}{y_1}}$$

Before the calculation, it is necessary to analyse the relevant time series and, if necessary, divide it into several monotonous parts and then determine the average growth coefficient separately for these parts.

3. Level of time series indicators - is characterized by averages, where the method of their calculations depends on the type of time series. If it is an interval series, the arithmetic average is calculated. If all intervals are the same length, the unweighted arithmetic average is calculated; at intervals of different lengths, it is more appropriate to calculate the weighted arithmetic average.

4.5.3 Decomposition of time series

The classical method of time series analysis is based on the assumption that the time series can be divided into four components: trend, seasonal, cyclical and non-systematic.

The trend component (T) reflects long-term changes in the average behaviour of the time series, it expresses a long-term trend.

The cyclical component (C) expresses irregular fluctuations around the trend for a period longer than one year.

The seasonal component (S) regularly expresses fluctuations around the trend during one calendar year.

The non-systematic component (E) expresses random and unexplained developments in time series.

4.6 Development forecast

4.6.1 Forecast for GDP development in Tajikistan for 2022 – 2024

The Table 3 and Graph 3 below both show the development of GDP (in mln TJS) for the period from 2011 to 2021, according to the The Statistical Agency under President of the Republic of Tajikistan. As it can be seen, the growth is smooth and more or less confident. Over the years, the slight slow down of growth is noticed in 2020 right after the global pandemic erupted. However, already the next year the growth continued to increase dynamically.

Table 3 - GDP of Tajikistan, 2011 - 2021

Year	GDP, mln TJS	First difference	Growth relation, %	Rate of growth
2011	30069.3			
2012	31161.1	1091.8	3.6%	1.03
2013	40542.1	9381	30.1%	1.30
2014	45671.5	5129.4	12.6%	1.12
2015	50445.9	4774.4	10.4%	1.11
2016	54471.1	4025.2	7.9%	1.07
2017	61149.5	6678.4	12.3%	1.12
2018	71059.2	9909.7	16.2%	1.16
2019	79109.8	8050.6	11.3%	1.11
2020	82547.3	3437.5	4.3%	1.04
2021	98948.7	16401.4	19.9%	1.19

Source: own processing based on data from The Statistical Agency under President of the Republic of Tajikistan

Graph 3 - GDP of Tajikistan, 2011 - 2021

Source: own processing based on data from The Statistical Agency under President of the Republic of Tajikistan

The table 4 and Graph 4 below is based on historical data from 2011 to 2021 on GDP of the Tajikistan to crease a visual forecast for the years 2022-2024 with lower and upper confidence bounds.

As the forecast from Table 4 and Graph 4 shows, there is a constant growth is expected in the upcoming years, with the rate of 0.2% in 2022, 6.6% in 2023 and 6.2% in 2024 compared to predecessing years accordingly.
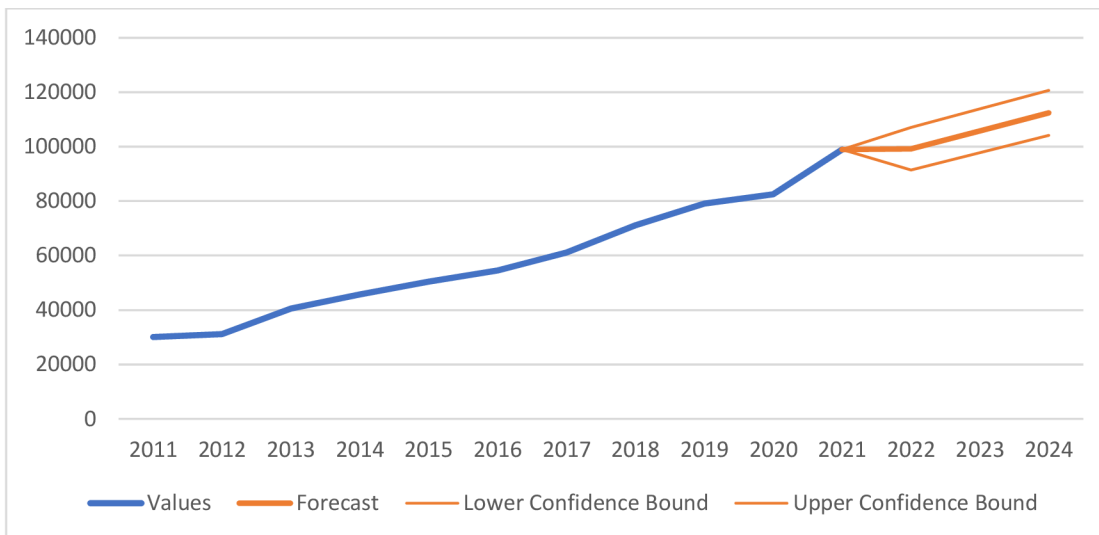
Table 4 - GDP development forecast for 2022 - 2024

Timeline	Values	Forecast	Lower Confidence Bound	Upper Confidence Bound
2011	30069.3			
2012	31161.1			
2013	40542.1			
2014	45671.5			
2015	50445.9			
2016	54471.1			
2017	61149.5			

2018	71059.2		
2019	79109.8		
2020	82547.3		
2021	98948.7	98948.7	98948.70	98948.70
2022		99221.531	91429.42	107013.64
2023		105818.12	97784.30	113851.94
2024		112414.71	104144.40	120685.02

Source: own processing based on data from The Statistical Agency under President of the Republic of Tajikistan

Graph 4 - GDP development forecast for 2022 - 2024

Source: own processing based on data from The Statistical Agency under President of the Republic of Tajikistan

4.6.2 Forecast for retail commodity circulation development in Tajikistan for 2022 – 2024
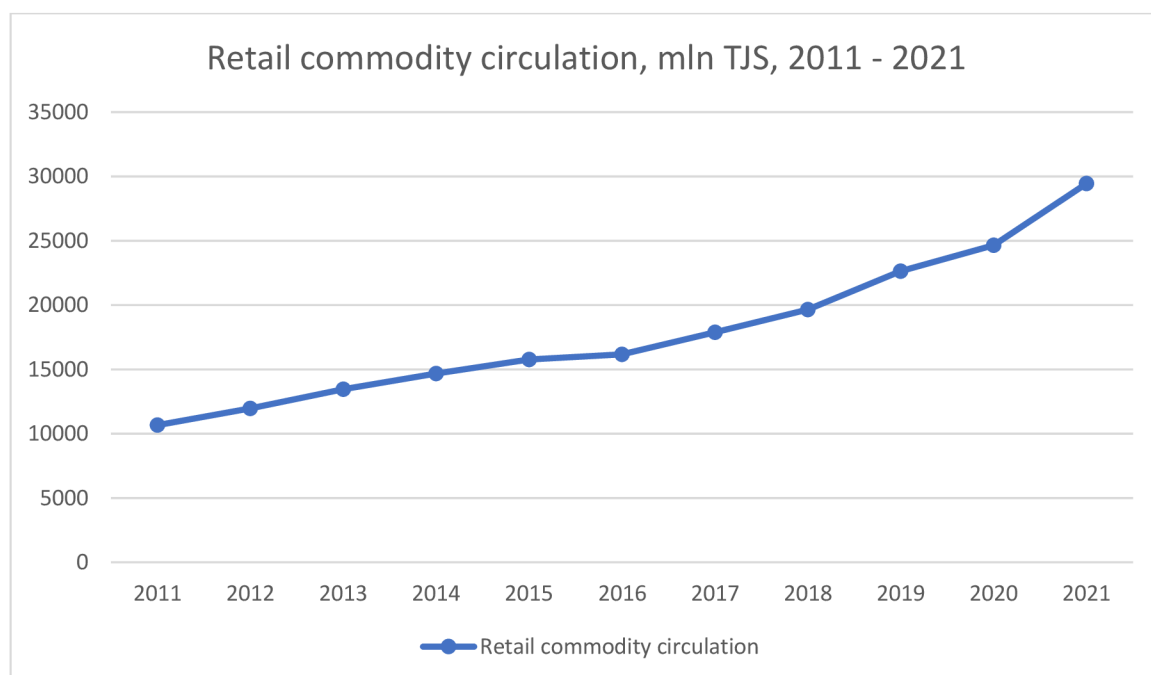
The Table 5 and Graph 5 shows the retail commodity circulation in the Republic of Tajikistan for a decade between 2011 and 2021. The rate of growth, as clear from the data, fluctuates between 1.02 and 1.19, which signals about slow but persistent growth. No decrease is spotted in this time period.

Table 5 - Retail commodity circulation, mln TJS, 2011 - 2021

Year	Retail commodity circulation, mln TJS	First difference	Growth relation, %	Rate of growth
2011	10664.2			
2012	11976.3	1312.1	12.3%	1.12
2013	13460.5	1484.2	12.4%	1.12
2014	14667.3	1206.8	8.9%	1.08
2015	15770.9	1103.6	7.5%	1.07
2016	16166.7	395.8	2.5%	1.02
2017	17884.1	1717.4	10.6%	1.10
2018	19649.0	1764.9	9.8%	1.09
2019	22642.8	2993.8	15.2%	1.15
2020	24647.7	2004.9	8.8%	1.09
2021	29449.2	4801.5	19.4%	1.19

Source: own processing based on data from The Statistical Agency under President of the Republic of Tajikistan

Graph 5 - Retail commodity circulation, mln TJS, 2011 - 2021

Retail commodity circulation, mln TJS, 2011 - 2021

The Table 6 and Graph 6 below show the forecast for development of retail commodities circulation in Tajikistan for 2022 – 2024. According to it, there might be a mild decrease in 2022 for 3.6%, whereas in 2023 and 2024 there is an increase for 5.8% and 5.5% accordingly.

Table 6 - forecast for development of retail commodities circulation in Tajikistan for 2022 – 2024

Timeline	Values	Forecast	Lower Confidence Bound	Upper Confidence Bound
2011	10664.2			
2012	11976.3			
2013	13460.5			
2014	14667.3			
2015	15770.9			
2016	16166.7			
2017	17884.1			
2018	19649			
2019	22642.8			
2020	24647.7			
2021	29449.2	29449.2	29449.20	29449.20
2022		28365.063	25409.49	31320.64
2023		30037.193	26989.94	33084.45
2024		31709.322	28572.36	34846.28

Source: own processing

Graph 6 - forecast for development of retail commodities circulation in Tajikistan for 2022 – 2024
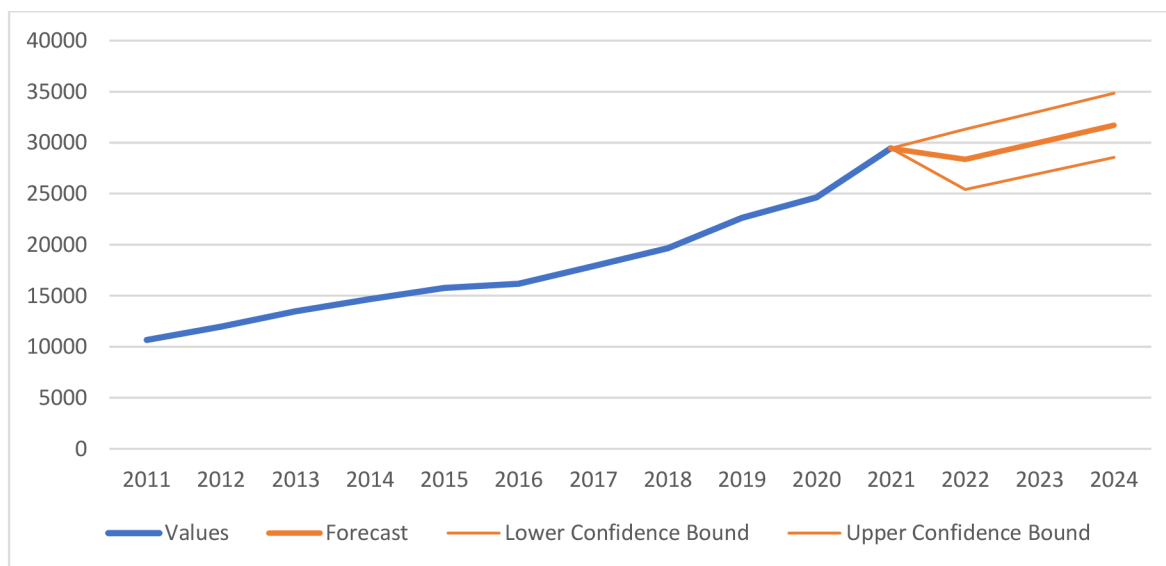
Source: own processing

4.6.3 Forecast for trade enterprises amount development in Tajikistan for 2022 – 2024

According to Table 7 and Graph 7 it can be seen that except 2017, there was a significant growth of trade enterprises emerging on the trade market in Tajikistan between 2011 – 2021. In 2019 the growth reached 47%, while in the next two years the growth slowed down by half, showing 25,9% in 2020 and 23.5% in 2021.

Table 7 - Amount of trade enterprises in Tajikistan for 2011 – 2021

Year	Retail commodity circulation, mln TJS	First difference	Growth relation, %	Rate of growth
2011	5134			
2012	5870	736	14.3%	1.14
2013	6442	572	9.7%	1.10
2014	6933	491	7.6%	1.08
2015	7479	546	7.8%	1.08
2016	7948	469	6.2%	1.06
2017	8044	96	1.2%	1.01
2018	9917	1873	23.2%	1.23
2019	14653	4736	47%	1.47
2020	18449	3796	25.9%	1.26
2021	22795	4346	23.5%	1.24

Source: own processing based on data from The Statistical Agency under President of the Republic of Tajikistan

Graph 7 - Amount of trade enterprises in Tajikistan for 2011 – 2021
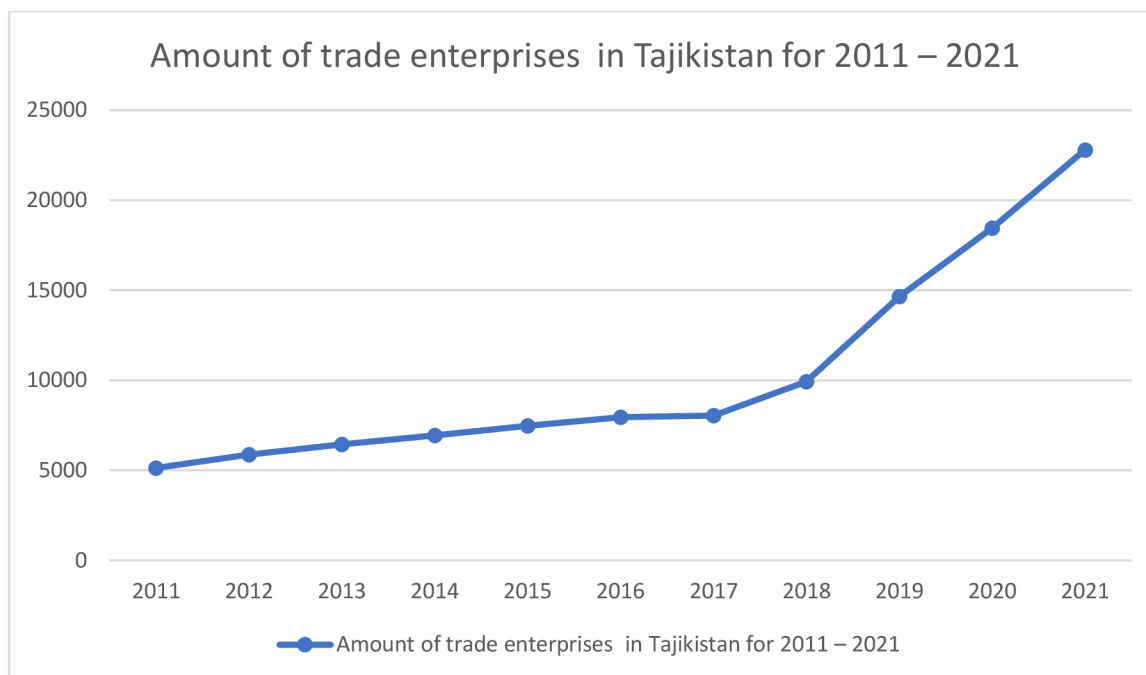
Source: own processing based on data from The Statistical Agency under President of the Republic of Tajikistan

From the Table 8 and Graph 8 below we can see that the amount of trade enterprise in 2022 may drop by 10.6%, slowly increase by 7% in 2023 and again by 7% in 2024.

Table 8 - Forecast for trade enterprises amount development in Tajikistan for 2022 – 2024

Timeline	Values	Forecast	Lower Confidence Bound	Upper Confidence Bound
2011	5134			
2012	5870			
2013	6442			
2014	6933			
2015	7479			
2016	7948			
2017	8044			
2018	9917			
2019	14653			
2020	18449			
2021	22795	22795	22795.00	22795.00
2022		20370.064	14913.37	25826.76
2023		21906.971	16281.01	27532.93
2024		23443.878	17652.31	29235.45

Source: own processing

Graph 8 - Forecast for trade enterprises amount development in Tajikistan for 2022 – 2024
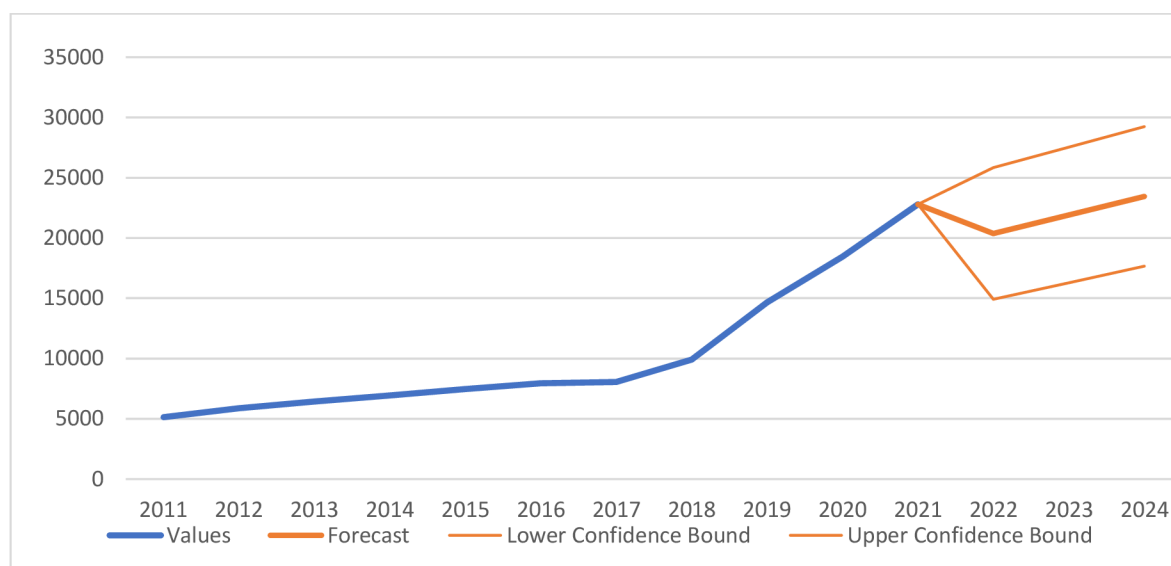
Source: own processing

4.6.4 Forecast for development of occupied population in trade in Tajikistan for 2022 – 2024

According to Table 9 and Graph 9 below it can be seen that except 2018 and 2020, there was a constant significant growth of amount of people occupied in trade sector (thousands) in Tajikistan between 2011 – 2021.

Table 9 - occupied population in trade in Tajikistan (thousands) for 2011 - 2021

Year	Retail commodity circulation, mln TJS	First difference	Growth relation, %	Rate of growth
2011	123.6			
2012	133.1	9.5	7.6%	1.07
2013	138.5	5.4	4.05%	1.04
2014	143	4.5	3.2%	1.03
2015	146.7	3.7	2.5%	1.02
2016	149.8	3.1	2.11%	1.21
2017	151.2	1.4	0.93%	1.01
2018	151.9	0.7	0.46%	1.01

2019	154.8	2.9	1.91%	1.02
2020	155.4	0.6	0.38%	1.01
2021	164.7	9.3	5.99%	1.06

Source: own processing based on data from The Statistical Agency under President of the Republic of Tajikistan

Graph 9 - occupied population in trade in Tajikistan (thousands) for 2011 - 2021
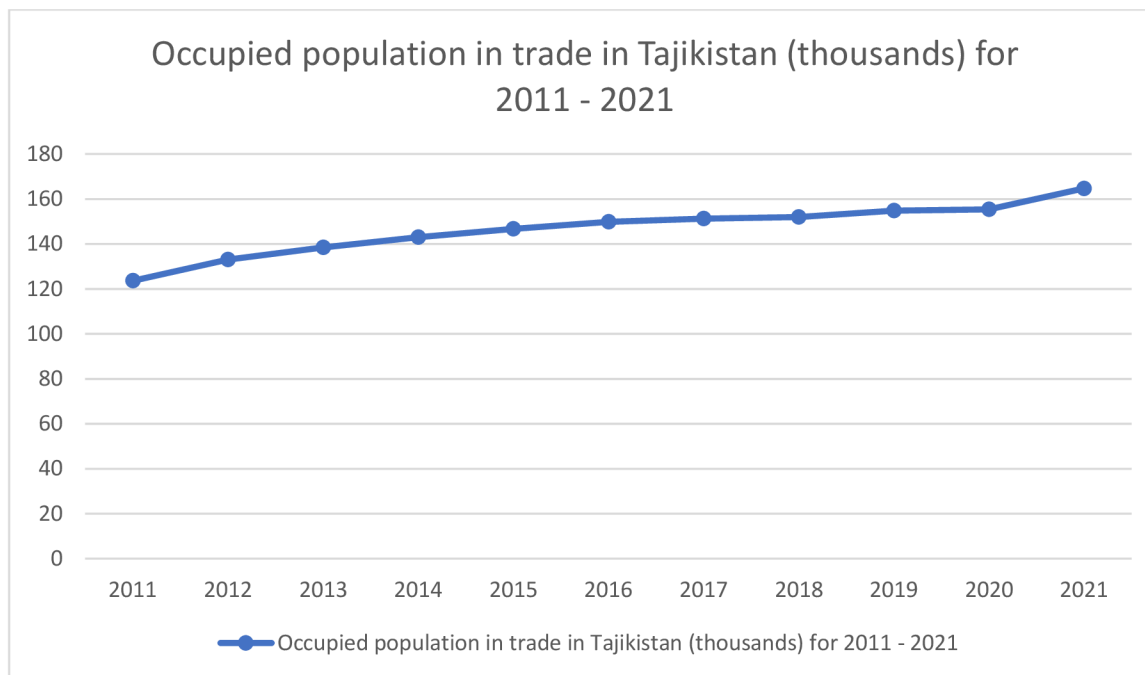
Source: own processing based on data from The Statistical Agency under President of the Republic of Tajikistan

From the Table 10 and Graph 10 below it can be evaluated that the amount of people occupied in 2022 may increase by 3.2% amounting to 170 thousand people, then increase again by 3.1% in 2023 and by 3% in 2024 reaching almost 180 thousand people. Anyway, the systematic growth of amount of people occupied in trade sector might be expected.

Table 10 - Forecast for the development of amount of population occupied in trade Tajikistan for 2022 – 2024

Timeline	Values	Forecast	Lower Confidence Bound	Upper Confidence Bound
2011	123.6			
2012	133.1			
2013	138.5			
2014	143			
2015	146.7			

2016	149.8		
2017	151.2		
2018	151.9		
2019	154.8		
2020	155.4		
2021	164.7	164.7	164.70	164.70
2022		170.04344	163.55	176.53
2023		175.4026	163.72	187.08
2024		180.76176	163.32	198.20

Source: own processing

Graph 10 - Forecast for the development of amount of population occupied in Tajikistan for 2022 – 2024
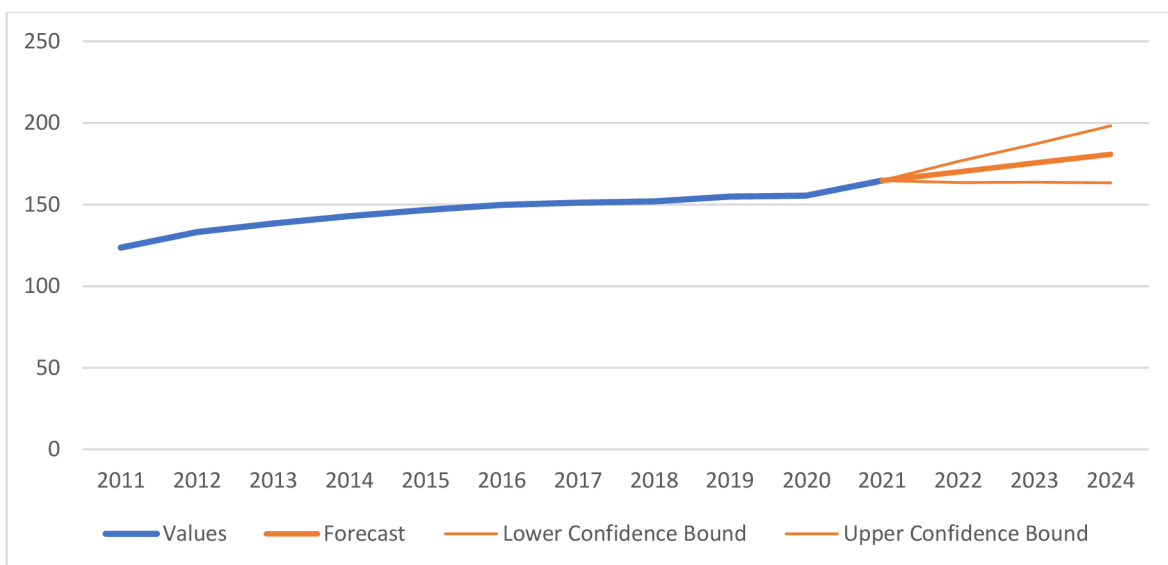
Source: own processing

4.7 Results

Due to its economic volatility, Tajikistan, a mountainous Central Asian country with abundant natural resources, is reliant on other regional state players. The country's foreign trade is still emerging, and it has been heavily influenced by global pandemic situations, as have many other countries. Nonetheless, the retail trade turnover indicator doubled from 2016 to 2021, although the ratio of retail commerce in GDP stayed same, which could be connected to rising population incomes - Tajikistan is heavily reliant on remittances.

It can also be deduced that the trade sector employs roughly one-fifth of the country's total number of firms. Trade company expansion results in the creation of new employees.

When looking at the current state of the national economy, particularly the development of commerce, it is possible to conclude that economic stabilization contributes to population income growth and changes in consumer preferences.

It's worth noting that during times of global financial and economic crisis, the government's role in regulating international trade links frequently rises considerably. As a result, new ideas and choices for developing an effective state policy are required to foster export growth and diversify the economy in order to achieve long-term and sustainable development.

The chapter also looked at Tajikistan's economic and trade integration prospects, including the possibility of joining the EAEU. While joining has many benefits, such as lowering domestic unemployment and allowing free movement of labor, goods, and services, it also has significant drawbacks, such as foreign producers disrupting local markets, losses from re-exporting goods from non-EAEU countries, the loss of customs tariffs, and the socio-cultural implications of unrestrained migration flows.

As to the forecast based on the official data of The Statistical Agency under President of the Republic of Tajikistan , it may be clearly stated that Tajikistan shall expect the consistent growth of GDP and the amount of population occupied in trade sector; and shall expect a

mild decrease with the following boost in the amount of trade enterprises amount and retail commodities circulation.

5 Conclusion

According to the study in this thesis, it can be concluded that international economic and trade policy, as well as state regulation practice, were based on diverse theoretical approaches in different periods. Individual national states are becoming more active in the international division of labour in today's world, as the process of economic globalization accelerates, requiring a revision and enhancement of national foreign economic regulatory strategy and tactics. Tajikistan's most essential responsibility, on the other hand, is to create favourable circumstances for its own business environment, as well as their assistance in domestic and international markets, in combination with the adoption of steps to protect the national market.

Studies once again confirm the assertion about the close interconnection of phenomena within the world economy: everyone who is involved in international economic relations gets the opportunity to enjoy benefits from the division of labour on a global scale, but these same benefits may turn out to be huge losses in the event of an unfavourable development of events.

In these circumstances, Tajikistan's state regulation has the duty of identifying the advantages, risks, and costs in the context of global economic interactions, as well as developing appropriate tools for the most successful practical operations in this field. As a result, it will not be a mistake to conclude that state regulation is critical in areas of global trade, international financial interactions, and worldwide labor division.

The thesis also defines the causes and conditions for development of the exchange of goods and services and possible consequences of joining the EAEU.

Furthermore, to ensure that international economic activity runs smoothly, Tajikistan must develop favorable business circumstances, increase the quality of commodities for export,

and set up a logistical system that allows goods and services to flow freely from the country to the end consumer.

It is necessary for the state to monitor the trends in the foreign trade and the external sector of the economy as a whole, as well as to analyze the negative and positive aspects of cooperation with international partners.

In the light of the instability of the world economy and the volatility caused by the pandemic, Tajikistan needs to develop a long-term strategy for the development of foreign trade, which underpins an effective foreign economic policy, primarily in the direction of import substitution and expanding the volume of exports of finished products of domestic production. The state should also protect the interests of economic entities. It is vital to build an efficient trade strategy that considers the interests of the domestic market. To this purpose, the state should strengthen legal procedures for controlling international trade ties, such as quota-setting systems.

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