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HOW THE WAR IN UKRAINE AFFECTS COUNTRIES THAT DEPEND ON RUSSIA¹

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Brief Summary

Remittances

A big part of Tajikistan's population works abroad, predominantly in Russia, making Tajikistan one of the most remittance-dependent economies in the world. Tajik banks are connected to the global financial system through Russian banks, and thus any shocks affecting the Russian labour market have an aftershock in Tajikistan, with Tajik migrants either earning less or losing their jobs abroad.

Collapse of the rouble

The quality of life in Tajikistan's capital is slowly but steadily increasing. But everyday realities of most people living outside the capital are very different and have little to do with the capital's glamour. This is where Tajikistan's dependence on Russia becomes visible. As the rouble kept falling, within just 10 days the money sent from Russia by migrants depreciated by 35%.

Rising prices

With the rouble collapsing and the dollar becoming more expensive, prices of most goods and services started to rise all over the country. The average monthly wage in Tajikistan is 1612 Tajik somoni, which according to the current exchange rate corresponds to 124 US dollars. However, the prices of many products sold locally are comparable to those in Germany.

Political reaction

The Tajik government not only did not take any stance on the war, but it also refrained from acknowledging that this conflict was happening. On March 2 Tajikistan abstained from voting on the UN resolution condemning Russia's invasion of Ukraine. This lack of a position, reflects the limited foreign policy choices that the country has.

About the author



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She is a member of the Steering Committee of the Russia Platform at Ghent University, an academic network 'Local Ordering and Peace' based at the University of Hamburg, and Academic Council of the European Neighbourhood Council.

Introduction

I was doing field research in Tajikistan when Russia attacked Ukraine. In a country where people usually are not concerned about world affairs, the war suddenly became a frequent topic of discussion, and a major preoccupation of many people whose livelihoods depend on Russia. This post-Soviet Central Asian country is tied to Russia in many ways: historically, politically and, most importantly, economically. Based on my observations, I sketch in this paper how the first weeks of the war in Ukraine affected Tajikistan.

In Tajikistan, as in most parts of the world, the news about the war in Ukraine was received with surprise and disbelief. In a country that witnessed violence, displacement and deaths during the civil war that started immediately after Tajikistan's independence from the Soviet Union in 1991, some people felt sympathetic towards Ukrainian refugees and talked about the victims of war with compassion. Others, who follow Russian media, which are still very popular in the country, sided with the Russian government's version of events. Yet, initially the war in Ukraine was not a big concern for the majority of people. Ukraine is located far from Tajikistan, and, moreover, people are accustomed to hearing news about warfare in their close neighbourhood. Tajikistan shares its entire southern border with Afghanistan which has experienced several decades of violent conflicts and military interventions.

Very soon, however, it became clear to many people that the war in Ukraine, although having nothing to do with their country, would have a direct impact on their lives.

Remittances

There are nine million people in Tajikistan, more than one million of whom live and work in Russia. This is about a third of this country's working age population. Most migrants are young men from rural areas, who are not able to find jobs on the Tajik labour market and even if they do, local wages are too low to make a living.

With such a big part of the population working abroad, Tajikistan is one of the most remittance-dependent economies in the world. According to the World Bank's data, in 2021 the official amount of money sent home by Tajik migrants

amounted to 2.3 billion USD, a sum which is comparable to nearly 30% of the country's GDP.² These numbers, however, are very far from reality and the actual amount of money which comes in from Russia annually is much higher. Very often migrants send money home through the so-called *havalas*, an informal money transfer system relying on brokers, which is cheaper than official bank transfers. It is impossible to calculate how much money is sent from Russia to Tajikistan in this way, but some estimate that it might be comparable to official transfers. The scale of remittances being sent both formally and informally shows that migrants' income is crucial for their families in Tajikistan.

On the last weekend of February, as part of a new package of sanctions against Russia, the EU and US agreed to disconnect a number of Russian banks from SWIFT, the main international financial transaction and payment system. On Monday morning, February 28, when banks opened in Tajikistan, long queues formed in front of counters all across the country. Tajik banks are connected to the global financial system through Russian banks, of which they are subsidiaries. This means that changes in the Russian financial sector automatically apply to Tajikistan, too. As all previous financial crises have shown, including the last two years of COVID 19-related recession, any shocks affecting the Russian labour market have an aftershock in Tajikistan, with Tajik migrants either earning less or losing their jobs abroad. Now, news about a sudden halt in construction sites in Russian cities, as a result of Western sanctions, was already widespread. Construction is a sector where many Tajik migrants work in Russia, which means that many of them have already lost their jobs.

As a result, on that Monday morning the panic was clearly noticeable in Tajik banks. Some people worried whether they would still be able to receive money from their relatives in Russia when SWIFT was disconnected. Others wondered if it made sense to withdraw remittances which their relatives had already sent to them, or should they wait until the exchange rate between Russia's rouble and Tajik somoni rose again. Those days, the exchange rate was constantly changing, and many feared that the money their relatives worked so hard for had lost its value. People were asking bank employees, and each other, what to do – and everyone was giving a different answer.

² World Bank, *Migration and Development Brief 35: Recovery. COVID-19 Crisis through a Migration Lens*, November, 2021, pp. 18, 39, <https://www.knomad.org/publication/migration-and-development-brief-35>



Relatives accompanying young men to the airport before their trip to Russia

Collapse of the rouble

Following the collapse of Russia's rouble worldwide, on March 1 the National Bank of Tajikistan suddenly lowered the official exchange rate of the rouble against the Tajik somoni, by 17,4%.³ A few days later, on March 7, the exchange rate was abruptly lowered by another 11,2%.⁴ Several smaller corrections followed. These developments reflected the gravity of the situation. They came as a surprise, given

³ Asia Plus, "В Таджикистане рубль за сутки обесценился на 17,4%" [In Tajikistan, the Rouble Depreciated by 17.4% Per Day], March 1, 2022, <https://asiaplustj.info/ru/news/tajikistan/economic/20220301/v-tadzhikistane-rubl-za-sutki-obestsenilsya-na-174>

⁴ Asia Plus, "Обвал курса рубля в Таджикистане продолжается" [The Collapse of the Rouble in Tajikistan Continues], March 7, 2022, <https://asiaplustj.info/news/tajikistan/economic/20220307/obval-kursa-rublya-v-tadzhikistane-prodolzhaetsya>

that in Tajikistan the currency is usually artificially controlled by the state. Since the economic crisis in the early 1990s, which resulted from the collapse of the Soviet Union, similar currency controls became common measures in post-Soviet countries: they allowed the governments to avoid market shocks.

In Tajikistan, exchange rates are more than just numbers. The quality of life in Dushanbe, Tajikistan's capital city, is slowly but steadily increasing. Restaurants and coffee shops are mushrooming, and tall, brand new Dubai-inspired buildings are changing the post-Soviet urban landscape. But everyday realities of most people living outside the capital are very different and have little to do with the capital's glamour. This is where Tajikistan's dependence on Russia becomes visible. In towns and villages, many families are waiting for monthly remittances from their relatives in Russia to pay back their accumulated debt in nearby shops, where for the last few weeks they have been buying foodstuffs on credit to feed their children.

As the rouble kept falling, within just 10 days the money sent from Russia by migrants depreciated by 35%.⁵ Before the war in Ukraine started, for every 1000 Russian roubles sent home by labour migrants local banks would give their families 141 Tajik somoni. Now, the banks would give only 92-115 Tajik somoni for the same amount of roubles. For instance, if before people could buy 25 kg of flour in Tajik bazaars for an equivalent of 1000 roubles sent by migrants, now they would receive only 16-20 kg for the same amount.⁶

Rising prices

A few days later, on March 9, the National Bank of Tajikistan increased the official exchange rates of both the dollar and euro against the local currency by 15%.⁷ This move additionally impacted on the Tajik economy that is highly dependent on imports from abroad, with transactions occurring mostly in US dollars. Consequently, with the rouble collapsing and the dollar becoming more

⁵ Idem.

⁶ Calculations based on prices provided in: Asia Plus, "Как в Таджикистане выросли цены за три недели военного конфликта России с Украиной" [How Prices Rose in Tajikistan During the Three Weeks of the Military Conflict between Russia and Ukraine], March 19, 2022, <https://asiaplustj.info/ru/node/309893>

⁷ Asia Plus, "Курсы доллара и евро в Таджикистане взлетели на 15%" [Dollar and Euro Rates Soared in Tajikistan by 15%], March 9, 2022, <https://asiaplustj.info/ru/news/tajikistan/economic/20220309/kursi-dollar-i-evro-v-tadzhikistane-vzleteli-na-15>

expensive, prices of most goods and services started to rise all over the country. To give an example of three of the products most often purchased by Tajik households, the prices of which are commonly discussed, the price of a 50 kg bag of flour increased by 16% from 280 to 325 Tajik somoni; the price of a bottle of sunflower oil rose by 22% from 22 to 27 Tajik somoni; and 1 kg of sugar went up by 20% from 10 to 12 Tajik somoni; all within a few weeks.⁸



Bazaar in Dushanbe

The gravity of rapid price increases in basic food products can be easily understood when put into context. Thus, the average monthly wage in Tajikistan is 1612 Tajik somoni⁹, which according to the current exchange rate corresponds to 124 US dollars. However, the prices of many products sold locally are comparable to those in Germany. Seen in this light, every single price rise has an impact on people's lives, especially when combined with the depreciation of remittances

⁸ Asia Plus, "Как в Таджикистане выросли цены за три недели военного конфликта России с Украиной" [How Prices Rose in Tajikistan During the Three Weeks of the Military Conflict between Russia and Ukraine], March 19, 2022, <https://asiaplusti.info/ru/node/309893>

⁹ Asia Plus, "Средняя зарплата в Таджикистане: где и сколько получают?" [Average Salary in Tajikistan: Where and How Much Do People Get?], March 2, 2022, <https://asiaplusti.info/ru/news/tajikistan/society/20220302/srednyaya-zarplata-v-tadzhikistane-gde-i-skolko-poluchayut>

from migrants. It forces people to make banal but dramatic choices as to which basic products they can still afford, while they can already afford so little.

Political reaction

The day after the war in Ukraine started, on February 25, the chairwoman of the Federation Council of Russia's Federal Assembly Valentina Matviyenko came to Dushanbe for a long-planned high-level visit. During her trip, she informed the president of Tajikistan:

Before leaving [for Tajikistan], I talked with Vladimir Vladimirovich [Putin], he asked me to pass on his friendly greetings and best wishes, he warmly remembered your last meeting in December last year in Saint Petersburg, and he instructed me to inform you about the situation concerning Ukraine.¹⁰

Official press releases did not report how the president reacted to her words. The Tajik government not only did not take any stance on the war, but it also refrained from acknowledging that this conflict was happening. Unlike the few independent newspapers operating in the country, none of the official government news outlets reported the outbreak of war in Ukraine.

The first related news appeared in one of the main state newspapers, *Jumhuriyat*, only on March 1 and informed the readers in a dry way about the number of Tajik citizens on Ukrainian territory. The article did not even refer to the war directly, instead describing it as 'the current situation in Ukraine' (*ҳодисаҳои кунинӣ дар Украина*) and an 'imposition of martial law' (*ҷорӣ гардидани ҳолати ҷарбӣ*).¹¹ The way the war in Ukraine is framed is a sensitive issue. Framing it as Russia's invasion and calling it a war would mean that the Tajik government sided with the West. In turn, calling it a special operation (*спецоперація*) would mean that the government supported Russia's position.

¹⁰ TASS, "Матвиенко проинформировала президента Таджикистана о ситуации вокруг Украины" [Matviyenko Informed the President of Tajikistan About the Situation in Ukraine], February 25, 2022, <https://tass.ru/politika/13853995>

¹¹ *Jumhuriyat*, "Дар Украина 4 ҳазор шахрванди Тоҷикистон қарор дорад" [There Are 4,000 Tajik Citizens in Ukraine], 41-42 (24,401), March 1, 2022, p. 1

When a day later, on March 2, the United Nations General Assembly voted on a resolution condemning Russia's invasion of Ukraine, Tajikistan abstained from voting. This ambiguous position, or rather lack of a position, reflects the limited choices that Tajikistan has vis-à-vis Russia, with silence being the safest option.

Conclusion

The case of Tajikistan offers insights about how the war in Ukraine affects small countries which largely depend on Russia, both on micro and macro levels. This dependence is not so much a result of free political choices, because in world politics these are rarely unconditioned and reflect the actual will of governments and the population. Rather, this dependence results from geographical location, absence of reliable alternatives, and interconnected economic and political systems, going back to Soviet times. Other variations of Tajikistan's dependence on Russia can be found in Central Asia, the South Caucasus and Eastern Europe.

While the variety and complexity of reactions on the part of people in Tajikistan to the war in Ukraine is a topic for a separate paper, at the end of this paper I would like to quote one of my interlocutors. This person, a lower level government official, reflected on the war in Ukraine in the following way:

Because of the decision of one person, the West is punishing all Russians, and with them also us. In this war, the West is using different means from Russia, economic rather than military. But I do not see much difference between these two sides, both are cruel because they make millions of people suffer.

The war in Ukraine can look different, depending on where we are based and how it affects us personally.