



## **Doing Business in the Kyrgyz Republic: 2009 Country Commercial Guide for U.S. Companies**

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- [Chapter 1: Doing Business In The Kyrgyz Republic](#)
- [Chapter 2: Political and Economic Environment](#)
- [Chapter 3: Selling U.S. Products and Services](#)
- [Chapter 4: Leading Sectors for U.S. Export and Investment](#)
- [Chapter 5: Trade Regulations and Standards](#)
- [Chapter 6: Investment Climate](#)
- [Chapter 7: Trade and Project Financing](#)
- [Chapter 8: Business Travel](#)
- [Chapter 9: Contacts, Market Research and Trade Events](#)
- [Chapter 10: Guide to Our Services](#)

[Return to table of contents](#)

## Chapter 1: Doing Business in the Kyrgyz Republic

- [Market Overview](#)
- [Market Challenges](#)
- [Market Opportunities](#)
- [Market Entry Strategy](#)

### Market Overview

[Return to top](#)

The Kyrgyz Republic is a small, low-income country that since its 1991 independence has pursued a democratic political system and a market economy. An important achievement has been the maintenance of a freely convertible, stable currency with no controls on capital flows.

However, the transition to a market economy is only partially complete. Property rights and the legal system remain weak. Lack of transparency, corruption, and the inconsistent and selective enforcement of the law plague the Kyrgyz Republic's economic development. International accounting standards have been introduced to the banking system and partially to the industrial sector, but are often inconsistently applied.

Kyrgyz real gross domestic product (GDP) experienced a 0.5% decrease in 2005, but then grew 2.7% in 2006, 8.2% in 2007 and 7.6% in 2008. The nominal value of GDP amounted to 185 billion soms or \$4.62 billion in 2008. The Kyrgyz Republic remains one of the poorest countries of the former Soviet Union with 2008 wages averaging \$125 per month. While official unemployment numbers are relatively low, actual unemployment figures are complicated by the large number of workers – perhaps around 20% or more of the workforce -- who have moved (temporarily or permanently) to Russia and Kazakhstan in search of work. Current global economic problems may cause some of these workers to return to the Kyrgyz Republic. The Kyrgyz Government in partnership with international donors is tackling poverty, but at least 36% of the population continues to live in poverty.

In October 2008, the Kyrgyz Government adopted a new tax code, which took effect January 1, 2009. Significant changes include reduction in the number of taxes from 16 to 9; reduction in the VAT rate from 20% to 12%; elimination of hotel, advertising, and resort taxes; consolidation of retail sales tax, road and emergency taxes into one sales tax; and introduction of a property use tax. A number of administrative changes have been introduced in the new tax code as well.

U.S. foreign direct investment in the Kyrgyz Republic in 2007 was \$13 million, or about 3% of the total foreign direct investment in the country. For the first nine months of 2008, U.S. foreign direct investment totaled only \$3.5 million, which is less than 1% of total foreign direct investment in the Kyrgyz Republic in 2008.

## Market Challenges

[Return to top](#)

The principal challenges in the Kyrgyz market come from the administrative environment of the country. Corruption is prevalent, as is selective application of the contradictory and confusing Kyrgyz system of law. The judicial system is weak and dependent upon the executive branch of the government, and the outcome of cases is reportedly often decided by bribes.

While the government has broadcast efforts to streamline a vast and confusing licensing system, which has resulted in frequent unannounced inspections that have reportedly involved the solicitation of bribes, compliance with these regulations often presents a challenge for businesses.

About 36% of the population lives in poverty. With most average monthly wages ranging from \$50-\$125, many consumers are unable to purchase western imports. People living outside the larger urban areas rely almost entirely upon herding and subsistence farming.

## Market Opportunities

[Return to top](#)

The Kyrgyz Republic's gross domestic product (GDP) grew by 7.6% in 2008. Global economic conditions will likely trim the growth rate in 2009. However, the country is positioned to take advantage of its economically advanced neighbors -- Kazakhstan and China.

As a result of GDP growth over the last several years, the middle class has grown substantially, especially in Bishkek. This middle class generates demand for western products, many of which have been entering the Kyrgyz market recently.

The Coalition military base situated near Bishkek also produces a significant amount of revenue for the country through contracts and employment.

The agricultural sector, a major portion of the economy outside of the Bishkek region, saw a 40% drop in production in 2007, as compared to 2006 production levels. Productivity could be substantially improved.

Mining has attracted more foreign investment than any other sector. The high world price for gold in the last few years has been a major factor in Kyrgyz GDP growth. Many U.S., Chinese, Kazakh, Australian and Russian firms continue to seek access to other natural resources.

The Kyrgyz Republic's major exports are gold, textiles, non-precious metals, electricity, footwear, tobacco, alcoholic beverages and mechanical equipment. Major imports include fuel, natural gas, iron, machinery, automobiles, chemical products, medicine, and food products.

Recent infrastructure development projects have focused on telecommunications, power system rehabilitation, agricultural and irrigation system development, road construction and corporate management.

Although the Kyrgyz Government has established a center under the Ministry of Economic Development and Trade that guides foreign investors through the registration process, the most proven strategy for market entry remains the establishment of a joint-stock venture with a local partner that knows the Kyrgyz system. Many U.S. firms also avail themselves of the services of local distributors and franchisees. That notwithstanding, U.S. companies have had success opening regional offices without Kyrgyz investment.

For most large-scale investments, a visit to the country and meetings with appropriate public officials are generally necessary. Reliable partners can be found, and there are several consulting services available to U.S. businesses in the country, including the following:

**American Chamber of Commerce**

Ms. Ainura Cholponkulova, Executive Director  
Hyatt Hotel, Bishkek, Room no. 123  
191, Sovietskaya Street, Bishkek 720011, Kyrgyz Republic  
Tel: (996-312) 68 09 07  
Fax: (996-312) 68 11 72  
E-mail: [director@amcham.kg](mailto:director@amcham.kg)  
Web: [www.amcham.kg](http://www.amcham.kg)

**U.S. Embassy in the Kyrgyz Republic**

Artyom Zozulinsky  
171 Prospect Mira  
Bishkek, 720016  
Tel. +996 312 55 12 41, ext. 4403  
Fax. +996 312 55 12 64  
Email. [ZozulinskyA@state.gov](mailto:ZozulinskyA@state.gov)  
Web. <http://bisnis.doc.gov>

[Return to table of contents](#)

[Return to table of contents](#)

## **Chapter 2: Political and Economic Environment**

For background information on the political and economic environment of the country, please click on the link below to the U.S. Department of State Background Notes.

<http://www.state.gov/r/pa/ei/bgn/5755.htm>

[Return to table of contents](#)

[Return to table of contents](#)

## Chapter 3: Selling U.S. Products and Services

- [Using an Agent or Distributor](#)
- [Establishing an Office](#)
- [Franchising](#)
- [Direct Marketing](#)
- [Joint Ventures/Licensing](#)
- [Selling to the Government](#)
- [Distribution and Sales Channels](#)
- [Selling Factors/Techniques](#)
- [Electronic Commerce](#)
- [Trade Promotion and Advertising](#)
- [Pricing](#)
- [Sales Service/Customer Support](#)
- [Protecting Your Intellectual Property](#)
- [Due Diligence](#)
- [Local Professional Services](#)
- [Web Resources](#)

### Using an Agent or Distributor

[Return to top](#)

The former Soviet distribution and sales networks are no longer fully functional. The private sector is filling this vacuum, but mostly on an informal and small-scale basis. Many western products reach the Kyrgyz Republic via distributors based in Turkey, Russia, Kazakhstan, the United Arab Emirates or Europe. Finding a local agent or distributor is a challenging process because there are few sources of reliable information on potential partners.

However, reliable partners can be located and may be best sourced by contacting other western firms with a presence in the Kyrgyz Republic. Also, the Embassy's commercial section as well as the American Chamber of Commerce may provide leads for local partners. These organizations may also be useful in identifying potential partners for U.S. firms:

#### **Chamber of Commerce and Industry of the Kyrgyz Republic**

107 Kievskaya st., 720001  
Bishkek, Kyrgyzstan  
Tel. +996 312 21 05 73  
Fax. +996 312 21 05 75  
Email. [info@cci.kg](mailto:info@cci.kg)  
Web. <http://www.cci.kg>

#### **Union of Entrepreneurs of Kyrgyzstan**

Usen K. Kydraliev, Director  
100/1, L. Tolstoy str.  
Bishkek, Kyrgyzstan, 720035  
Tel. +996 312 66 43 93

Email. [gdpk@list.ru](mailto:gdpk@list.ru)

### **American Chamber of Commerce**

Ms. Ainura Cholponkulova, Executive Director  
Hyatt Hotel, Bishkek, Room no. 123  
191, Sovietskaya Street, Bishkek 720011, Kyrgyz Republic  
Tel: (996-312) 68 09 07  
Fax: (996-312) 68 11 72  
E-mail: [director@amcham.kg](mailto:director@amcham.kg)  
Web. [www.amcham.kg](http://www.amcham.kg)

### **U.S. Embassy in the Kyrgyz Republic**

Artyom Zozulinsky  
171 Prospect Mira  
Bishkek, 720016  
Tel. +996 312 55 12 41, ext. 4403  
Fax. +996 312 55 12 64  
Email. [ZozulinskyA@state.gov](mailto:ZozulinskyA@state.gov)  
Web. <http://bisnis.doc.gov>

## **Establishing an Office**

[Return to top](#)

In order to start operating in the Kyrgyz Republic, a legal entity must be registered with four governmental bodies: the Ministry of Justice of the Kyrgyz Republic (receives registration certificate containing the registration number as well as entry of data into the Unified State Register of Legal Entities), the National Statistics Committee (receives statistical registration card as well as entry of state registration data into the United Single State Register of Statistics), the State Tax Inspectorate (receives a unique identification number that is to be entered in all financial, accounting, and customs documents) and the Social Fund. However, individual entrepreneurs need only register with the Statistics Committee and the Tax Inspectorate.

A one stop shop concept was introduced in 2008 and will be fully operational starting April 1, 2009. The primary reason for creating a one stop shop is to ease the process of opening a company. Now companies need to apply to Ministry of Justice only, and all the information will automatically be registered with the three other agencies involved in the registration process.

According to Ministry of Justice regulations, in order to be registered as a legal entity, a business must submit the following documents in three copies:

- Application;
- Company charter;
- Incorporation agreement;
- Certificate of Registration in home country (if the founder is foreign enterprise) or passport/ID with visa validity (if the founder is foreign citizen), with notarized translation by a Kyrgyz notary office;
- Documents confirming charter capital.

An enterprise can operate as a limited liability company, additional liability company, joint-stock company, general or limited partnership, foreign enterprise or enterprise with

foreign participation. There are some additional types such as individual entrepreneur, representative office, branch office, commercial cooperative and credit union. All incorporating documents should be in Russian or Kyrgyz and be notarized by a Kyrgyz notary office.

## **Franchising**

[Return to top](#)

Franchising is not widespread in the Kyrgyz Republic. Many large western firms such as Coca-Cola, Xerox and Kodak are represented in the country. Although franchise operations in many other sectors suffer from lengthy supply chains, several “My Dollarstore” franchise locations started operations in Bishkek in 2008.

A franchise association has also been established. Information on the Kyrgyz Franchise Association can be found at their corporate website <http://www.kig.kg>.

## **Direct Marketing**

[Return to top](#)

Direct marketing is a new phenomenon in the Kyrgyz Republic. However, existing advertising companies should be able to assist in direct marketing activities.

## **Joint Ventures/Licensing**

[Return to top](#)

Joint ventures are the most proven strategy for entry into the Kyrgyz market. Foreign investors are generally protected by the inclusion of a well-positioned national investor that is familiar with the Kyrgyz system. Furthermore, Kyrgyz law gives more protection to joint ventures than to representative offices or international businesses.

The following commercial activities require licenses from the Kyrgyz government:

- Exploration, prospecting and use of mineral deposits
- Building dams on rivers and reservoirs
- Hunting and catching birds
- Manufacture and sale of pharmaceuticals, medicine, perfume cosmetic and chemical substances, and medical equipment, except enterprises that sell soap, cleanser and perfume-cosmetic goods with a certificate of quality from the manufacturers
- Production of beer, wine, champagne, liquor, vodka, cognac and alcohol
- Private medical and veterinary practice
- Organization of gaming and gambling establishments
- Any kind of aviation services, reception and release of civil aviation aircrafts, technical maintenance of aircrafts and their equipment
- Urban planning, drafting and design of housing, public buildings or industrial construction
- Building and assembly jobs, excluding individual residence buildings construction
- Private detective activity
- Banking operations, credit union and pawnshop activities
- Securities
- Insurance
- Non-governmental pension funds
- Postal and electrical connections, telecommunications, TV and radio broadcasting,



- including design, construction, production and installation of networks, lines and systems, except internal technological connections for industry
- Trade in alcohol
  - Generation, transmission, distribution and sale of electric power and heat; oil and gas processing
  - Construction of electric power plants, substations and transmission lines;
  - Auditing
  - Private educational institutions
  - Importing, developing, producing or selling explosive or pyrotechnic products
  - Production, repair and trade of arms and ammunition
  - Obligatory certification works
  - Production and sale of poisonous and radioactive substances
  - Utilization, placement, destruction and burial of toxic waste materials and substances including radioactive material and substances
  - Transportation (including cross-border) of toxic waste
  - Administration of bankruptcy process procedures
  - Juridical practice (private notary activity and advocacy)
  - Passenger (excluding cab) and international cargo transportation by auto transport, transportation by air, water and railway transport

## **Selling to the Government**

[Return to top](#)

There is an official public procurement agency operating in accordance with the public procurement law. (This law is available at <http://www.goszakupki.gov.kg/>, Russian only). To access the list of current tenders, companies must pay a registration fee of 1800 soms (approximately \$45) to obtain a username and password on the public procurement website (<http://www.goszakupki.gov.kg/>). Unfortunately, all the information regarding current bids is only available in Russian.

There are three types of procurement of goods and services. Foreign companies can only participate in one type called "Unlimited Bidding." Instructions and standard documents and forms for "Unlimited Bidding" can be found in Russian at <http://www.goszakupki.gov.kg/>

Additionally, procurement of goods and services for international donors' financed projects are announced through common international channels of tender information.

Unfortunately, some government procurement actions occur outside of regularized procurement channels. In some cases, tenders are only announced one or two days prior to the bidding deadline. In such instances, insider knowledge provides advantages to well-connected companies.

## **Distribution and Sales Channels**

[Return to top](#)

Around 80% of the foreign investment in the country is centered in Bishkek, and what investment is not centered there tends to be extractive in nature. Most U.S. firms currently operating in the country have not expanded their businesses significantly outside of the capital because of limited market capacity. Many imported products come overland from Kazakhstan for the Bishkek market. Goods for sale in the Osh region can

be supplied through Uzbekistan. Additional goods are transported from China. The road network for distribution of goods is substandard. However, a long-delayed proposal to build a highway linking southern Kazakhstan to the Lake Issyk Kul region would improve connections from Kazakhstan. There is also some progress in improving the road link to China.

### **Selling Factors/Techniques**

[Return to top](#)

Products marketed in Bishkek tend to be marketed in Russian, although the use of Kyrgyz in advertisements is growing. There is a mandatory requirement for all advertisements to be in the Kyrgyz language, with an option to have them in Russian as well. Due to the widespread use of the Russian language, however, companies usually advertise in both languages.

### **Electronic Commerce**

[Return to top](#)

No substantial amount of electronic commerce exists in the Kyrgyz Republic. Internet access outside of major cities is unreliable. ATM/Debit cards are becoming more popular. Electronic payment of salaries is becoming more common. However, credit cards are not commonplace and Kyrgyzstan remains a largely cash economy.

### **Trade Promotion and Advertising**

[Return to top](#)

A full range of advertising opportunities are available via print media, radio, television, billboards, promotional goods and sponsorship of events. There are several local advertising agencies that can handle advertising campaigns. Contact information for media outlets are listed below:

#### **PRINT MEDIA**

Agym ("The Current"); Kyrgyz language, private  
Address/postcode: 132 Chui Pr., 720001  
Phone: 665670, 665548, 665850  
Fax: 665-548  
Circulation: 10000

Publication day: Tuesday, Friday

Contact: Acting Editor-in-chief: Mr. Kerim Aidarov; Deputy: Alym Toktomushev

E-mail: [agym@users.kyrgyzstan.net](mailto:agym@users.kyrgyzstan.net)

AKI Press (Russian language, private)

Address/postcode: Moskovskaya 189, 720001

General Director Mr. Marat Tazabekov, Executive Director Ms. Alina Sagynbayeva

Journal AKI Press

Phone: Press center-650-202, Information, Yellow pages-650-204

Fax: 650-204, 610-396

Circulation: 1000

Publication days: monthly

Website: <http://www.akipress.org>

Phone: 610396, 611825

Email: [admin@akipress.org](mailto:admin@akipress.org)

Delo Nomer (“Case Number”); Russian language, private  
Address/postcode: 282-A Frunze St., 720011  
Phone: 682136  
Fax: 682142  
Circulation: 21,000  
Publication days: Wednesday  
Contact: Editor-in-chief: Mr. Viktor Mihailovich Zapolsky  
E-mail: [delonom@ktnet.kg](mailto:delonom@ktnet.kg)  
Homepage: <http://delo.ktnet.kg>

Komsomol'skaya Pravda v Kyrgyzstan (Russian language, private)  
Address/postcode: Tynystanova 195, 720040  
Phone: 622204  
Fax: 622205  
Circulation: 3,000-15,000  
Publication days: Tuesday, Wednesday, Thursday, Friday, Saturday  
Contact: Director General: Mrs. Nasirova Anara Nasirovna  
Acting Editor: Azamat Tynaev  
E-mail: [nvsk2006@mail.ru](mailto:nvsk2006@mail.ru)

MSN (Russian language, private)  
Address/postcode: 2 Usenbaev Street, 720021,  
Phone: 682324;  
Fax: 682324  
Circulation: 3,000-12,235  
Publication days: Tuesday; Wednesday; Friday  
Contact: Editor-in-chief: Mr. Alexander A. Kim – 682573; 587-816;  
Director: Janaliev Toktorbek Nasiranbekovich;  
E-mail: [city@infotel.kg](mailto:city@infotel.kg); [stolica@infotel.kg](mailto:stolica@infotel.kg)  
Homepage: <http://www.msn.kg>

Obshestvennyi Rating (Russian language, private)  
Address/postcode: Toktogula 247 (Tolubai Bank), 720010  
Phone: 652020  
Fax: 652021  
Circulation: 3,500  
Publication days: Thursday  
Contact: Editor-in-chief: Mr. Aibek Chekoshev;  
E-mail: [pr\\_100@infotel.kg](mailto:pr_100@infotel.kg)  
Homepage: [www.pr.kg](http://www.pr.kg)

Times of Central Asia (English language, private)  
Address/postcode: Chui 155, 7th floor, room 702, 720000  
Phone: 680567, 681150  
Fax: 680769  
Circulation: 2,000  
Publication days: Thursday  
Contact: Ms. Lidia Iakovlevna Savina  
E-mail: [edittimes@timesca.com](mailto:edittimes@timesca.com)

Homepage: <http://www.timesca.com>

Vechernyi Bishkek (Russian language, private)

Address/postcode: Usenbaeva 2, 720021

Phone: 682121

Fax: 680268

Circulation: 70,000

Publication days: Monday; Tuesday; Wednesday; Thursday; Friday

Contact: Editor-in-chief: Mr. Kuzmin Gennadi Alexandrovich; Deputy Editor-in-chiefs:

Alexander Tuzov, 68-23-68 Nina Nichiporova 68-01-51, Erlan Satibekov 68-29-29

Sales Department: 682341

E-mail: [webmaster@vb.kg](mailto:webmaster@vb.kg)

Homepage: <http://www.vb.kg>

### **BROADCAST MEDIA**

Almaz (radio)

Address: 133A Chaikova str.

Phone: 66-37-51, 62-76-20

Fax: 66-37-51

Contact: Mr. Rustam Koshmuratov - Director, Mr. Alexei Sidorov –Deputy Director

E-mail: [almaz@kyrnet.kg](mailto:almaz@kyrnet.kg), [almazfm@mail.ru](mailto:almazfm@mail.ru)

Max (radio)

Homepage: <http://www.max.kg>

Address: 315, Chui prospect (8 floor)

Phone: 65-19-50,58-10-40

Fax: 65-19-50

Contact: Mr. Ruslan Savkeev - Director

E-mail : [radio@max.kg](mailto:radio@max.kg), [ryc@max.kg](mailto:ryc@max.kg)

Pyramid (TV)

Homepage: <http://www.pyramid.elcat.kg/>

Address: 70, Djantosheva Str and 69, Djantosheva Str.

Phone: 51-15-50, 28-28-28, 51-00-19

Fax: 51-15-50, 47-16-24, 51-00-12, 52-61-65

Contact: Mr. Dmitry Tokarev – Acting Director

Ms. Larisa Golikova - Sales Manager

E-mail: [admin@pyramid.kg](mailto:admin@pyramid.kg), [office@pyramid.kg](mailto:office@pyramid.kg)

NBT (TV)

Address: 6 A, Alma-Atinskaya Str

Phone: 53-07-45, 53-07-48,

Fax: 53-07-43

Contact: Mr. Mollautov Nazim – General President

E-mail: [nbt\\_tv@mail.ru](mailto:nbt_tv@mail.ru)

NTS Novaya Televizionnaya Set (New TV Net) (TV)

Address: 7th district, 46a

Phone: 41-95-40, 51-23-58

Fax: 41-95-40

Contact: Mr. Andrey Tsvetkov - General President  
E-mail: [info@nts.kg](mailto:info@nts.kg)

Channel 5  
Address: 24, Ibraimova str. (15th floor)  
Phone: 592076  
Fax: 54-77-15  
Contact: Ms. Oksana Malevannaya - Director,  
E-mail: [coordinator@5tv.kg](mailto:coordinator@5tv.kg)

Asia Center  
Address: 207 Chui prospect  
Phone: 62-56-38  
Fax: 22-06-40  
Contact: Mr. Anatolii Manoilov - General Director  
E-mail: [echo\\_news@infotel.kg](mailto:echo_news@infotel.kg)

"Europe+", "Russkoe Radio", "The Kyrgyz Republic Obondoru"  
Homepage: <http://www.europa.kg/>  
Address: 4b, Almatinskaya St  
Phone: 53-05-55, 53-01-11, 53-13-33  
Fax: 53-09-99  
Contact: Mr. Aider Bekirov - President, Mr. Sergei Ogai - Director  
E-mail: [office@europa.kg](mailto:office@europa.kg)

Hit FM (Delta)  
Address: 36, Chui (13th floor)  
Phone: 68-10-56  
Fax: 68-10-76  
Contact: Ms. Elena Oshepkova - Director  
E-mail: [hitfm@infotel.kg](mailto:hitfm@infotel.kg)

OK Radio  
Address: 6, Almatinskaya str, room 406  
Phone: 531647  
Contact: Mr. Wes Hendrikson - Director  
E-mail: [okradio@elcat.kg](mailto:okradio@elcat.kg)

Manas FM (radio, Kyrgyz-Turkish University Manas)  
Homepage: <http://www.Manas.kg/radio/>  
Address: 56, Mira Avenue  
Phone: 54-19-36  
Contact: Mr. Seisetdeen Saglam - Director, Ms. Aida Moldalieva - Reporter  
E-mail: [mailto:manasfm@manas.kg](mailto:mailto:manasfm@manas.kg)

Auto Radio  
Address: 119A, Ahunbaeva Str.  
Phone: 54-77-46  
Contact: Mr. Ulan Alybaev - General Director, Mr. Oleg Zayarnuk – Technical Director  
E-mail: [autoradio@elcat.kg](mailto:autoradio@elcat.kg)

Radio "Shanson"  
Address: 34, Chui (13th floor)  
Phone: 68-08-34  
Fax: 28-47-37  
Contact: Mr. Tofik Aliev - General Director  
E-mail: [shanson@infotel.kg](mailto:shanson@infotel.kg)

Radio "Retro"  
Address: 6, Almatinskaya Str., 2nd floor  
Phone: 53-08-85, 96-09-96  
Fax: 53-08-85  
Contact: Ms. Djamilya Unusalieva - Director  
E-mail: [retro@infotel.kg](mailto:retro@infotel.kg)

"Mir" (TV/Radio)  
Address: 170, U. Abdrahmanova Str.(formerly Sovetskaya)  
Phone: 66-05-14  
Fax: 66-05-15  
Contact: Ms. Dinara Suimalieva - Director  
E-mail: [mirbishkek@infotel.kg](mailto:mirbishkek@infotel.kg)

## **Pricing**

[Return to top](#)

The Kyrgyz Republic's VAT is currently 12%. A sales tax of 1.5% for trade activity and 2.5% for all other business has been implemented. For companies that are not obligated to pay VAT, sales taxes are a bit higher – 2.5% for trade activity, and 3.5% for all other business. It is possible the VAT rate may increase in 2009.

## **Sales Service/Customer Support**

[Return to top](#)

Consistent, friendly customer service is still a relatively rare phenomenon in the Kyrgyz Republic. Any firm offering reliable customer and after-sales service stands to benefit in the Kyrgyz marketplace.

## **Protecting Your Intellectual Property**

[Return to top](#)

The Kyrgyz Republic is obliged to protect intellectual property rights as a member of the WTO. The Kyrgyz Republic acceded to both the WIPO Copyright Treaty and the WIPO Performances and Phonograms Treaty in 2002. However, administrative penalties and fines assessed by the Kyrgyz judicial system have not stymied continued abuse of intellectual property rights in the Kyrgyz Republic.

## **Due Diligence**

[Return to top](#)

Due diligence is difficult in the Kyrgyz Republic. Market research capacities are underdeveloped and reliable information can be difficult to find. Most reliable economic information is produced by aid and humanitarian organizations operating within the country, including the UNDP, USAID projects, the World Bank and the IMF.

The [American Chamber of Commerce in the Kyrgyz Republic](#) and the U.S. Embassy can provide advice to firms planning to conduct business in the Kyrgyz Republic.

## Local Professional Services

[Return to top](#)

Here are some firms providing professional services:

### **Kalikova & Associates**

Ms. Gulnara Kalikova, Director  
71 Erkindik blv., Bishkek  
Kyrgyz Republic  
Tel. +996 312 66 60 60  
Fax. +996 312 66 27 88  
Email. [lawyer@k-a.kg](mailto:lawyer@k-a.kg)  
Web. [www.k-a.kg](http://www.k-a.kg)

### **Deloitte & Touche**

Mr. Azamat Murzaliev, Managing Director  
40, Manas Ave., Bishkek 720001, Kyrgyz Republic  
Tel: (996-312) 60 09 99  
Fax: (996-312) 60 09 90  
E-mail: [nbekenkyzy@deloitte.kg](mailto:nbekenkyzy@deloitte.kg)  
Web-site: [www.deloitte.kg](http://www.deloitte.kg)

### **KPMG**

Ms. Jannat Berdalina, Managing Director  
Hyatt Regency Bishkek, Room #122  
191, Sovietskaya Street, Bishkek 720011, Kyrgyz Republic  
Tel: (996-312) 68 02 04, 68 05 73  
E-mail: [kpmg@kpmg.kg](mailto:kpmg@kpmg.kg)

### **Scot Holland | CBRE (Real Estate consulting)**

170V Abdrakhmanova Str., TC Motto, 3rd floor, Office #10,  
720040, Bishkek, Kyrgyz Republic.  
Tel.: + 996 (312) 47-41-95  
E-mail: [bishkek@cbre.kz](mailto:bishkek@cbre.kz)  
Web. [www.realestate.kz](http://www.realestate.kz)

## Web Resources

[Return to top](#)

<http://www.goszakupki.gov.kg>  
<http://www.akipress.org>  
<http://www.delo.ktnet.kg>  
<http://www.mcn.kg>  
<http://www.timesca.com>  
<http://www.vb.kg>  
<http://www.max.kg>  
<http://www.pyramid.elcat.kg/>  
<http://www.koort.kg>  
<http://www.europa.kg/>  
<http://www.Manas.kg/radio/>

<http://www.deloitte.kg>  
<http://www.amcham.com>  
<http://www.cci.kg>

[Return to table of contents](#)



[Return to table of contents](#)

## **Chapter 4: Leading Sectors for U.S. Export and Investment**

- [Agricultural Sector](#)

### **Commercial Sectors**

- [\(ELP – Electrical Power Systems\)](#)
- [\(FPP – Food Processing/Packaging Equipment\)](#)
- [\(HTL – Hotel/Restaurant Equipment\)](#)
- [\(MIN – Mining Industry Equipment\)](#)
- [\(NFM – Non-Ferrous Metals\)](#)
- [\(TRA – Travel/Tourism Services\)](#)
- [\(TXM – Textile Machinery/Equipment\)](#)

**(ELP – Electrical Power Systems)****Overview**[Return to top](#)

|  | <b>2006</b>    | <b>2007<br/>(estimated)</b> | <b>2008<br/>(8 months)</b> |
|--|----------------|-----------------------------|----------------------------|
| Total Market Size<br>(excluding losses in power) | \$ 168,107,160 | \$ 194,746,028              | \$ 118,192,785             |
| Total Local Production<br>(Billion kWh)          | 14.52          | 14.80                       | 8.39                       |
| Exports (Billion kWh)                            | 2.46           | 2.29                        | 0.52                       |
| Average Export Price (US<br>cents/kWh)           | 1.00           | 1.50                        | 4.50                       |
| Imports (Billion kWh)                            | 0              | n/a                         | n/a                        |
| Imports from the U.S.                            | 0              | 0                           | 0                          |

Approximately 90% of Kyrgyz power consumption is derived from hydroelectric stations. However, estimates indicate that only 10% of the country's power generation potential has been developed. The total number of customers is estimated at 1.08 million people; 95% residential.

The Kyrgyz Republic has 18 power plants: 16 are hydroelectric; 2, thermal. Total installed capacity is 3,713 MW, of which 2,950 MW (79.5%) is hydroelectric and 763MW (20.5%) is thermal. Hydropower units at the Totktogul reservoir and Naryn cascade account for 97% of the country's hydro capacity, and 78% of the total installed power generation. They also supply the vast majority of the approximately 13 to 15 billion kW/h generated per year. The remaining 2 thermal power plants, fueled by gas, fuel oil, and coal, generate 1.1 to 1.2 billion kW/h per year, though their projected production capacity was 4.1 billion kW/h.

The Kyrgyz electricity grid combines more than 10,000 km of power transmission lines with 35kV or greater capacity and over 58,000 km of 0.4-10kV lines. There are over 500 working substations with 35-500kV capacity.

Most existing Hydro Power Plants (HPPs) were built during the Soviet era. Many are in poor condition and in need of repair due to lack of maintenance. Approximately \$180 million may be required to upgrade the plants. In 2007 the Kyrgyz Government allocated roughly \$13 million for thermal and HPP rehabilitation, a 10% increase over previous years. The description and location of the main Kyrgyz HPPs are listed below:

|   | <b>Existing HPPs</b> | <b>Capacity (MW)</b> | <b>Guaranteed Capacity (MW)</b> | <b>Average Annual Electricity Production (Millions KWh per year)</b> |
|---|----------------------|----------------------|---------------------------------|--|
| 1 | Toktogul             | 1200                 | 260                             | 4,400  |
| 2 | Kurpsay              | 800                  | 164                             | 2,630  |

|   |                        |      |     |         |
|---|------------------------|------|-----|---------|
| 3 | Tash-Kumyr             | 450  | 150 | 1,555   |
| 4 | Shamaldy-Say           | 240  | 80  | 900     |
| 5 | Uch-Kurgan             | 180  | 45  | 820     |
| 6 | At-Bashy               | 40   | 12  | 160     |
|   | <b>Total</b>           | 2910 | 711 | 10,465  |
|   | <b>Hydro Potential</b> |      |     | 163,000 |

**Table 1. Existing Hydro Power Plants (HPPs)**

The Kyrgyz government has opened certain power infrastructure facilities to foreign investment. Major emphasis has been placed on completing the Soviet-era Kambarata hydroelectric station project. The Kyrgyz government has vowed to finance the construction of Kambarata II, and based on recent discussions with the Russian government, Kyrgyz authorities have secured about \$1.7 billion in financing for Kambarata I. Kambarata I's projected capacity is 1,900 MW; Kambarata II's is 360MW.

### Best Products/Services

[Return to top](#)

Advisory services

Surveying and planning

Power-generating equipment for hydroelectric stations

Replacement parts for hydroelectric, as well as gas-fired, fuel oil and coal facilities

Transmission grid equipment

### Opportunities

[Return to top](#)

There are multiple opportunities for US companies in the Kyrgyz Republic's power sector. The main potential projects are listed below:

#### 1. 500kV Datka-Kemin Transmission Line and Substations.

**Project Cost:** USD 190 million

**US Export Potential:** USD 103 million

U.S. company potential includes equipment (from automatic circuit breakers to power transformers) and service (from electrical designs to environmental assessments) exports.

**Description:** This project incorporates construction of the 400 km 500kV Datka-Kemin Transmission Line, with the 500kV/220kV Kemin Substation. The Kyrgyz government deems this project important as it could satisfy the energy demands in the north by expanding connections to power generation facilities located in the south of the country. Additionally, this project includes construction of a substation that will integrate the planned Kambarata Hydropower Plant to the 500kV electrical grid.

#### 2. Upgrading of Uch-Kurgan Hydropower Plant

**Project Cost:** USD 35 Million

**US Export Potential:** USD 30 million

U.S. company potential includes equipment (from turbines to generators) and service (from environmental assessments to construction management) exports.

**Description:** The Uch-Kurgan HPP was built in 1962 and is in need of modernization. Lack of action will result in the further decrease of installed capacity, and possible shutdown of the HPP. The project envisages improving

downstream water quality by replacing the existing Kaplan turbines that are leaking oil into the river and increasing the installed capacity by 40MW by installing more efficient turbine generating units.

### 3. Southern Kyrgyzstan Transmission Upgrade Project

**Project Cost:** USD 55 million

**US Export Potential:** USD 40 million

U.S. company potential includes equipment (from automatic circuit breakers to power transformers) and service (from electrical designs to environmental assessments) exports.

**Description:** The project incorporates the construction of a 500/220kV substation at Datka with interconnection to the existing 500kV O/H transmission line, and the construction and replacement of several 220kV transmission lines that are in need of rehabilitation. Benefits of this project include overload relief (25-30% during winter high demand) and self-sufficiency of supply and control of the Southern Transmission system. Additionally, it would allow for increased transmission efficiency and reliability of service to southern towns often deprived of electricity during the winter.

### 4. Greenfield Hydropower Plants on Naryn Cascade

**Project Cost:** USD 350 million to USD 420 million

**US Export Potential:** USD 210 million to USD 250 million

**Description:** The project envisages the design and construction of 5 or more hydroelectric plants with a total generating capacity of approximately 350MW. The project's goal is to stimulate new export-based power generation projects and foster private sector participation in Kyrgyz power generation on a concession basis.

The Kyrgyz government failed to attract any bidders in a recent tender for the largest electricity distributor (Severelectro), the Bishkek thermal power plant and the Bishkek heating network. The state privatization agency may be looking for additional options to attract private investment into these assets.

## Resources

[Return to top](#)

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## (FPP – Food Processing/Packaging Equipment)

### Overview

[Return to top](#)

|  | 2005   | 2006   | 2007 (estimated)              |
|--|--------|--------|-------------------------------|
| Total Market Size<br><i>US\$ Million</i>                                       | 300.46 | 345.02 | 471.29                        |
| Total Local Production<br>(Food Processing and Tobacco)<br><i>US\$ Million</i> | 199.2  | 203.4  | 236.7                         |
| Total Exports<br>(Food products and tobacco)<br><i>US\$ Million</i>            | 37.21  | 28.87  | 61.23<br>(through Sep. 2007)  |
| Total Imports<br>(Food products and tobacco)<br><i>US\$ Million</i>            | 101.26 | 141.62 | 234.59<br>(through Sep. 2007) |
| Imports from the U.S.  | n/a    | n/a    | n/a                           |

The primary employer in the Kyrgyz Republic is the agricultural sector. The sector is also the second largest component of Kyrgyz gross domestic product. Despite its significance to the economy, much Kyrgyz vegetable production is seasonal, and export markets are currently quite limited due to inefficiencies, regional barriers and packaging deficiencies that limit the amount of transport produce can endure. Disorganization and limited capital not only hamper the fruit and vegetable industry, but also constrain cereal, dairy and meat production. Many international donors assist the agricultural sector, but the transition from localized production and consumption to regional and international exposure is limited by inefficient and inadequate processing, packaging and marketing systems.

With seasonal production and the disappearance of many vegetables in the winter, greenhouse production of vegetables for local and regional consumption is a possible area for investment.

There is a demand for various types of food-processing equipment, including production lines for juice, ketchup, dried vegetables and fruits, potato chips, pasta products and packaging. Kyrgyz companies have limited financial resources and, therefore, prefer to purchase semi- and non-automated equipment. Refurbished and used equipment is popular for the same reason. Potential clients are food businesses with plans to produce new products or upgrade current product lines in terms of packaging and/or quality.

Most small Kyrgyz food processing companies use equipment which is either made locally, or imported from China. Such goods are often much cheaper than high-quality

western equipment. However, the largest and most successful companies use equipment from Italy, Germany, Austria and other European countries. Medium-size companies tend to buy Russian food processing equipment.

There are local representatives of various food processing equipment companies from all over the world, including those from China, Germany, the U.S. and Russia.

### Best Prospects/Services

[Return to top](#)

Food processing/packaging equipment  
Greenhouse technologies  
Milking and pasteurization equipment

### Opportunities

[Return to top](#)

In general, the food processing industry of the Kyrgyz Republic is not very well developed. Local companies lack good management skills, do not have productive equipment and many of them operate only at 20-40% of capacity.

**Dairy:** The Kyrgyz Republic produces over one million tons of milk annually, but only processes 2.5% of its production. The cost of raw milk is lower in the Kyrgyz Republic than in neighboring, but more economically advanced, Kazakhstan. While foreign investors cannot own farmland, joint ventures with local partners who own land could further decrease production costs and guarantee a consistent supply of raw milk. Milk yields can also be substantially increased from the current 2-4 liters per day to 15 liters per day. Due to local inefficiencies, milk, butter, yogurt, cheese and other dairy products sold in the Kyrgyz Republic generally are sourced from more expensive producers in Russia and Kazakhstan. With investment in the local dairy industry, Kyrgyz products could reverse this trade flow.

**Meat:** The meat export trade has not been developed in the Kyrgyz Republic. Neighboring Kazakhstan provides a market for Kyrgyz beef and lamb products. Also, there is an increasing demand for chicken quarters which is largely satisfied by U.S. exports. Currently, many processed whole chickens sold in the Kyrgyz Republic are supplied from the Middle East and Brazil.

**Fruit & Vegetable Processing:** Similar to the dairy industry, processed fruits and vegetables amount to slightly more than 2% of total production. Considering that local products often are not very attractive in design and packaging, potential U.S. investors may be interested in establishing a factory to produce western quality processed fruits and vegetables. Possible products include marinated products, canned vegetables and fruits.

**Cereals:** There is some wheat grown in the Kyrgyz Republic, but there is no local production of sweet corn. This crop can be used as a strategic feed product for cows to increase milk yields. Currently only fodder corn is used in feeding livestock.

### Resources

[Return to top](#)

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## (HTL – Hotel/Restaurant Equipment)

### Overview

[Return to top](#)

There are a large number of western-style restaurants in Bishkek. Equipment from U.S. suppliers would be competitive with goods currently sourced from Russia and Europe. While the number of western-style hotels is limited, there is demand for improved accommodations along the shores of Lake Issyk Kul and in ski resort areas. The rapid growth in incomes in neighboring Kazakhstan has steadily increased tourist numbers to the Lake Issyk Kul region in the past few years. Demand is, therefore, expected to increase, resulting in the demand for more comfortable accommodations and restaurant facilities. Similar improvements can be anticipated in the Bishkek area as well.

### Best Prospects/Services

[Return to top](#)

Hotels/accommodation in the Lake Issyk Kul region  
Hotel management in Bishkek  
Restaurant equipment in the Lake Issyk Kul and Bishkek regions  
Ski resorts

### Opportunities

[Return to top](#)

Many "prime" resorts on Lake Issyk Kul are dilapidated, Soviet-era projects that suffer from poor service, standards and infrastructure. Numerous new villas are being constructed along the shores of the lake to meet individual demand. However, the establishment of international standard resorts would fill a market void in the Lake Issyk Kul region.

### Resources

[Return to top](#)

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## (MIN – Mining Industry Equipment)

### Overview

[Return to top](#)

There has been sustained interest in Kyrgyz mineral deposits. While Chinese, Kazakh and Russian firms have been most visible in their attempts to secure Kyrgyz resources, other outsiders, including several western companies, continue to seek and expand operations in the Kyrgyz Republic. Among the products mined in the Kyrgyz Republic are tungsten, gold, mercury and silver. There are also programs for coal industry development. Other deposits of tin, lead, uranium, graphite, peat, granite and limestone have been identified. So far the only project presently producing large-scale amounts of gold is the Canadian gold mining joint venture Kumtor. As other projects develop, there may be potential for export of mining equipment and technology.

While not rivaling the resources of some of its neighbors, surveyed gas deposits of 4.9 billion cubic meters present another investment opportunity. The Russian oil and gas conglomerate “Gazprom” has reached agreement with Kyrgyz officials to explore some southern regions, and is planning to purchase state-owned firm Kyrgyzgas.

### Best Prospects/Services

[Return to top](#)

Mining equipment  
Ore processing equipment  
Gas exploration software and equipment

### Opportunities

[Return to top](#)

While mining opportunities exist throughout the Kyrgyz Republic, current production is limited to a few minerals. However, investment is powered by the lucrative Chinese market and other regional buyers. While foreign investment in natural resources is a politically sensitive subject, mining and processing of additional minerals in the Kyrgyz Republic would generate jobs. The tender process for new deposits is ongoing.

### Resources

[Return to top](#)

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## (NFM – Non-Ferrous Metals)

### Overview

[Return to top](#)

#### **Background and current state of the mining industry**

The development of the mining industry in the Kyrgyz Republic began nearly a century ago. Primary production at that time was coal, oil, copper, lead and mercury. During World War II, most mining operations focused on lead, mercury, antimony, gold, tungsten, coal and arsenic. Consequently, the Kyrgyz Republic became an important contributor to the former Soviet Union's production of certain minerals, with 100% contribution of antimony production, 40-100% of mercury, 30% of rare-earth materials and 15% of uranium.

A number of the formerly state-owned Soviet firms remain operational, including the Kara-Balta Mining Enterprise (operated by Kyrgyz Altyn Company), which refines up to 25 tons of gold and silver per year. Kara-Balta ended uranium production following the collapse of the Soviet Union.

The Makmal Gold Mining Enterprise, operated by the Kyrgyz Altyn Company, is wholly owned by the Kyrgyz government. Kyrgyz gold production started in 1984 with this enterprise and still operates, but at a very poor level due primarily to ore depletion. In 2008, production of gold decreased to around 688 kilograms.

The Kadamjay Antimony Enterprise previously produced 15% of the world's antimony. The Kadamjay Antimony Enterprise has exhausted most of its deposits, and now operates with imported raw material. In 2005, the Enterprise was privatized and the government assets were sold to "ATF-Invest," a Kazakh company.

The Kyrgyz Mining-Metallurgical Enterprise, also called the Kyrgyz Chemical-Metallurgical Plant, was founded in the 1940s and produced rare earth metals. Its capacity is 600-800 tons per year. Rare earth materials are not processed anymore, and the facility is dormant.

The Khaydarkan Mercury Enterprise has been operating for more than 70 years. Production reached a record of 793 tons of processed mercury in 1989, comprising a quarter of the world production. Production has since decreased. The Kyrgyz government owns 99.9% of the company's total shares and plans to sell off a partial or complete stake in the company in the 2008-2012 timeframe.

Although the Kyrgyz Republic cannot boast extensive oil and gas reserves, it does produce some oil. In 2007, the Kyrgyz Republic produced 68.2 thousand tons of oil and 14.9 million cubic meters of natural gas, comprising around 3% of total domestic demand.

The coal industry rapidly developed in the Kyrgyz Republic, and by 1979 coal production reached 4.9 million tons per year. However, production has since decreased so that in 2007 and 2008 coal production was only 370-400 thousand tons. Domestic demand averages about 1.9 million tons per year. Estimated coal reserves are 1.3 billion tons. The Kyrgyz government anticipates that the construction of a railroad between China and Kyrgyzstan would create demand, through exports, of additional coal production of up to 7 million tons per year.

The production of raw construction materials (cement, bricks, stone casting and facing) in the 1980s successfully met both local and regional demands. Current demand now exceeds production levels. Most other construction materials are imported.

After gaining independence in 1991, foreign investment started to flow into the Kyrgyz gold mining industry. In 1996 the biggest gold mine in the Kyrgyz Republic, Kumtor, with gold deposits of more than 300 tons started operating with an annual production of 500 to 750 thousand ounces (15-23 tons) of gold per year.

Given its natural resource base, the Kyrgyz Republic's potential in the mining industry is considerable.

## **Production, Exploration & Potential**

### **Gold**

Although the Kyrgyz Republic has an abundant amount of mineral resources, including coal, iron, mercury, and copper, the primary attraction for foreign investors remains gold. With only two gold mines currently operating in the country (Kumtor & Makmal), the potential for further exploration and development of existing and unexplored deposits is vast. Gold mines currently operating in the Kyrgyz Republic constitute 90% of production volume in the mining industry.

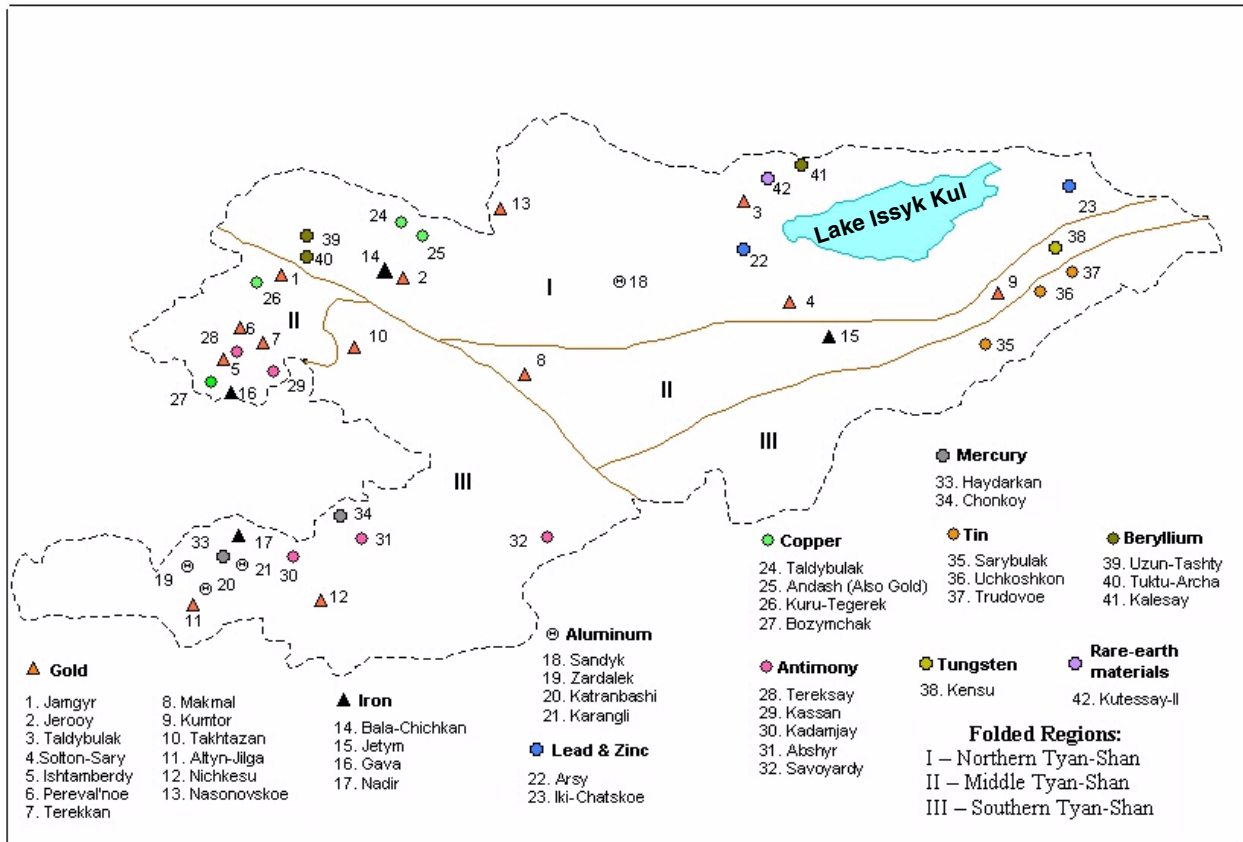
| <b>Minerals</b>                  | <b>Measurement unit</b> | <b>Number of deposits in balance</b> | <b>Confirmed reserves</b> |
|----------------------------------|-------------------------|--------------------------------------|---------------------------|
| <b>Fuel and energy resources</b> |                         |                                      |                           |
| Oil                              | Tons                    | 11                                   | 12,925                    |
| Gas                              | 000 m3                  | 11                                   | 7,312                     |
| Coal                             | Tons                    | 49                                   | 1,316,918                 |
| <b>Precious metals</b>           |                         |                                      |                           |
| Hard rock gold                   | Tons                    | 24                                   | 348                       |
| Placer gold                      | Tons                    | 24                                   | 6                         |
| Silver                           | Tons                    | 12                                   | 326                       |
| <b>Base and rare metals</b>      |                         |                                      |                           |
| Mercury                          | Tons                    | 4                                    | 40,335                    |
| Antimony                         | Tons                    | 7                                    | 265,444                   |
| Tin                              | Tons                    | 2                                    | 209,221                   |
| Tungsten                         | Tons                    | 2                                    | 124,943                   |
| Copper                           | Tons                    | 7                                    | 140,500                   |

|                   |      |   |        |
|-------------------|------|---|--------|
| Lead              | Tons | 3 | 27,400 |
| Zink              | Tons | 2 | 17,600 |
| Rare earth metals | Tons | 1 | 51,500 |

Source: Mining Industry as a source of economic growth in the Kyrgyz Republic, Bishkek 2005

**Table 1. State balance of major minerals**

The Canadian Kumtor Operating Company, the largest gold producer in the Kyrgyz Republic, produces 15-23 metric tons of gold per year. In operation since 1996, it has thus far produced over 170 metric tons of gold, with estimated proven and probable "contained gold" reserves of 114 metric tons remaining at the mine site. The Kyrgyz Republic owns 16% of the shares of Centerra Gold, the Canadian parent of Kumtor Operating Company. (The Kyrgyz parliament is considering a revised deal which would grant the Kyrgyz Republic a larger stake in Centerra Gold.) The macroeconomic impact of the Kumtor Operating Company is substantial, comprising a significant share of the Kyrgyz industrial sector. Makmal, operated by KyrgyzAltyn and wholly owned by the Kyrgyz Government, has an average gold production of 1.15 tons per year. It has almost depleted its gold reserves. KyrgyzAltyn has a stake in other foreign investment projects aimed at gold production.



Source: State Agency for Geology and Mineral Resources

**Figure 1. Mineral Resources of the Kyrgyz Republic**

The second largest gold deposit, Taldybulak Levoberezhniy (#3 in Figure 1), with proven reserves of 129 tons of gold, has already seen two operators, Australian Central Asia Gold Limited and Kazakh Altyn, lose their licenses to operate this site. The third largest

gold deposit is located at Jerooy. Other exploration and/or limited production activity has occurred at Andash (# 25 in Figure 1.)

### ***Other Minerals***

| <b>Minerals</b>                           | <b>Measure<br/>ment<br/>unit</b> | <b>Production<br/>Volume</b> | <b>Price per unit<br/>of product<br/>in USD</b> | <b>Estimated<br/>income</b> | <b>Actual<br/>employment<br/>(people)</b> | <b>Number of<br/>working<br/>companies</b> |
|---|----------------------------------|------------------------------|---|-----------------------------|---|--|
| Oil                                       | Tons                             | 73293                        | 145   | \$10,627,485.00             | 1439                                      | 2  |
| Gas                                       | 000 m3                           | 28169                        | 60  | \$1,690,140.00              | 600                                       | 2  |
| Coal                                      | Tons                             | 495000                       | 10  | \$4,950,000.00              | 2600                                      | 37   |
| Mineral water for<br>medical<br>treatment | m3                               | 1715007                      | 0.001   | \$1,715.01                  |   | 16   |
| Mineral water for<br>dinking              | m3                               | 11675                        | 0.15  | \$1,751.31                  |   | 26   |
| Bed rock gold                             | Kg                               | 21999                        | 13000   | \$285,987,000.00            | 3011                                      | 7  |
| Placer gold                               | Kg                               | 13                           | 13000   | \$163,800.00                | 15  | 1  |
| Artisanal gold                            | Kg                               | 250                          | 13000   | \$3,250,000.00              | 1250                                      |  |
| Silver                                    | Kg                               | 11700                        | 230   | \$2,691,000.00              |   | 4  |
| Mercury                                   | Tons                             | 459                          | 9321  | \$4,280,203.20              | 803                                       | 1  |
| Antimony                                  | Tons                             | 1112                         | 750   | \$834,000.00                | 1227                                      | 3  |
| Fluorspar                                 | Tons                             | 3038                         | 90  | \$273,429.00                | 150                                       | 1  |
| Gypsum                                    | Tons                             | 14000                        | 100   | \$1,400,000.00              | 242                                       | 3  |
| Cement<br>Materials                       | Tons                             | 87000                        | 5   | \$435,000.00                | 307                                       | 2  |
| Facing stone                              | m3                               | 10000                        | 10  | \$100,000.00                | 547                                       | 8  |
| Silica raw<br>materials                   | Tons                             | 15000                        | 20  | \$300,000.00                | 50  | 1  |
| <i>Construction<br/>materials</i>         |                                  |                              |   |                             |   |  |
| Clay                                      | m3                               | 966600                       | 4   | \$3,866,400.00              | 952                                       | 16   |
| Sand-gravel<br>aggregate                  | m3                               | 491300                       | 4   | \$1,965,200.00              | 1474                                      | 6  |
| Limestone                                 | Tons                             | 445050                       | 5   | \$2,225,250.00              | 15  | 2  |
| Building stone                            | Tons                             | 40000                        | 3   | \$120,000.00                | 150                                       | 6  |
| Sands                                     | m3                               | 485600                       | 5   | \$2,428,000.00              | 142                                       | 2  |
| Expanded clay<br>and<br>agglomerite       | m3                               | 2000                         | 5   | \$10,000.00                 | 19  | 1  |
| <b>Total</b>                              |                                  |                              |   | <b>\$327,600,373.52</b>     | <b>14993</b>                              | <b>147</b>                                 |

Source: Mining Industry as a source of economic growth in the Kyrgyz Republic, Bishkek 2005

**Table 2. Production of Minerals in the Kyrgyz Republic, 2004**

Table 2 shows that, although gold comprises nearly 90% of the total minerals produced, there are other natural resources that carry significant value. Development of the oil and gas sector, which comprises 3.7% of the total mining production, is attracting interest from foreign investors. Russia's "Gazprom Neft Asia" recently signed an agreement with

the Kyrgyz government to explore potential deposits in southern regions of the Kyrgyz Republic. In addition, Chinese and Australian companies are conducting exploration works in the southern part of the country. The Kyrgyz Republic remains heavily dependant on imported oil and gas, as local production accounts for only 3% of demand.

Coal mining is another industry that is in need of foreign investment. Many coal mines that once operated during the Soviet Union have been abandoned. Between 1992 and 2008 coal output dropped from approximately 2.4 million tons to 370-400 thousand tons per year. Remaining reserves in the Kyrgyz Republic are estimated at a considerable 1.3 billion tons. The largest coal deposit, Kara-Keche, may be capable of producing 500,000 to one million tons per year.

## **Government Initiatives**

The Kyrgyz government has recently focused on enforcing contractual obligations associated with existing exploration licenses. Local media scrutinize such issues. The government theoretically allocates mineral deposits through an open tender system.

### **Best Prospects/Services**

[Return to top](#)

Tin  
Tungsten  
Gold  
Silver

### **Opportunities**

[Return to top](#)

#### **1. Feasibility and exploration studies**

Foreign firms are commonly employed to conduct feasibility studies,, as well as to further explore potential reserves.

#### **2. Mining & Ore processing equipment**

U.S.-made Caterpillar equipment is used at the Kumtor gold mine. Such equipment could be used at other mines, following further investment and construction.

#### **3. Development of existing and new mineral deposits**

Gold, silver, tin, copper, tungsten, coal, oil, natural gas, antimony, mercury and other minerals can be exploited with additional investment and development.

### **Resources**

[Return to top](#)

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#### **State Agency for Geology & Mineral Resources**



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## (TRA – Travel/Tourism Services)

### Overview

[Return to top](#)

Tourism is considered to be one of the most promising industries in the Kyrgyz Republic. The Kyrgyz government has identified tourism as a priority sector for its development program. Nevertheless, currently the tourism sector contributes only 4% to Kyrgyz gross domestic product, supplying some \$150 million in 2007, according to official statistics.

The Kyrgyz Republic draws most of its tourists from neighboring countries like Kazakhstan, Uzbekistan, and Russia. Tourists from Kazakhstan constitute the biggest proportion of foreign tourists in the Kyrgyz Republic, comprising over 60% of all foreigners recently coming to the Kyrgyz Republic.

|              | 2005           | 2006           | 2007             | 2008<br>9 months |
|--------------|----------------|----------------|------------------|------------------|
| <b>Total</b> | <b>319,303</b> | <b>765,850</b> | <b>1,654,089</b> | <b>1,421,610</b> |
| Kazakhstan   | 150,904        | 479,119        | 1,125,214        | 795,982          |
| Uzbekistan   | 49,376         | 95,091         | 283,396          | 370,203          |
| Russia       | 32,001         | 83,438         | 118,614          | 117,263          |
| China        | 15,747         | 18,681         | 20,201           | n/a              |
| Turkey       | 9,362          | 9,981          | 17,065           | n/a              |
| USA          | 11,727         | 12,772         | 13,775           | 10,830           |

Source: National Statistics Committee, State Agency for Tourism

**Table 1. Number of foreigners/tourists coming into Kyrgyzstan, 2005-2008.**

Most tourists arriving to the Kyrgyz Republic are believed to visit the country's premiere resort area – Lake Issyk-Kul. Although there are no official data available, industry experts estimate that 60-70% of tourists to the Kyrgyz Republic visit the Issyk-kul resort area. Nearly 75% of all rooms for accommodation are concentrated in the Issyk-kul resort area. Peak tourist season is July and August. The occupancy rate at Issyk-kul resorts usually reaches 100% during these two months. During the rest of the year, occupancy is almost zero and many resorts close. Exceptions include some health facilities and a couple of resorts offering new winter services.

Other tourist destinations are found in picturesque mountainous areas like Arslanbob (near Jalalabad), Ala-Archa (near Bishkek), and elsewhere.

### Types of tourism

Tourism industry experts identify four primary types of tourism in the Kyrgyz Republic: recreational, adventure, "Silk Road" tourism and business tourism.

*Recreational tourism* is typified by lakeside resorts and beaches alongside Lake Issyk-kul, and contributes a significant share of tourism sector revenues.

*Adventure tourism* includes hiking, mountaineering, horseback riding, hunting, and similar activities. This type of tourism is becoming more and more popular now both among foreign tourists and the local population.

*“Silk Road” tourism* is for those tourists who are traveling ancient trade routes linking Uzbekistan with China.

*Business tourism* encompasses visitors coming to the Kyrgyz Republic for business or conferences as well as “shop tourism,” which includes traders working at various local markets.

## **Tourist attractions**

### *Lake Issyk-kul*

Lake Issyk-kul is considered to be the main tourist attraction in the Kyrgyz Republic. Lake Issyk-kul is an alpine lake, which does not freeze in winter and is salty. The Issyk-kul area has over 300 resorts. Many resorts were built during the Soviet era, but some have arisen in the past decade. It is a popular resort destination both for local and foreign tourists.

### *Mountains and nature*

According to a 2006 survey, tourists from outside the former Soviet Union cite natural attractions as the leading reason for their visit to the Kyrgyz Republic. Over 90% of the Kyrgyz Republic is mountainous. Mountain sports are becoming more popular, as more and more tourists come for affordable skiing, snowboarding, mountain climbing, paragliding, etc. There is much potential for expanding infrastructure for these recreational activities.

### *Cultural heritage*

The Kyrgyz people have historically been nomads. Their nomadic heritage is a new type of tourist attraction for those who want to experience how Kyrgyz people lived many years ago as well as learn about local traditions and customs. Community Based Tourism (CBT) groups have evolved through the assistance of different international donors. This development has helped some poorer rural Kyrgyz communities learn to be more tourist-oriented and offer a certain level of customer service.

## **Trends and recent developments**

The tourism sector continues to develop. The number of hotels and recreation facilities has been growing steadily for the past 3 years at an annual rate of around 10%. Overall airline passenger traffic has increased by 70% for the period of 2003 through 2007. The number of foreigners visiting the Kyrgyz Republic has been increasing steadily for the past few years (see Table 1).

### *Lake Issyk-kul*

The main tourist sector developments have been concentrated in the Issyk-kul resort area, where numerous new resorts have been built or renovated. Most developments have targeted wealthy groups of tourists who can either afford to buy a property at the

resort, or pay a significantly higher premium for a new luxurious accommodations. Hotel prices have grown rapidly, reaching prices found in other international tourist destinations, but without the requisite level of service. In summer 2008, average rates in upper-scale resorts at Issyk-kul for two people were \$170/night, ranging from as low as \$60/night to \$350/night. Lower rates were more common in older resorts, while highest rates applied to newer resorts.

New resorts at Lake Issyk-kul primarily consist of cottages and apartments, which are then sold to private individuals. This concept has become very successful. However, the recent global financial crisis has significantly diminished demand for such properties. Property developers are experimenting with new options for their investments, to include time shares. Time shares are new to the Kyrgyz Republic, and time will show how successful this concept will be. Newer resorts offer more amenities and entertainment. Newer resorts like Karven 4 Seasons, Karven Issyk-kul, Raduga 1 & 2 and Ak-Maral feature outdoor and indoor pools, bowling, tennis courts, basketball playgrounds, spa salons, and other facilities.

The price of land along the lakefront has also increased quite substantially, from \$1,800/100sq.m in 2006 to \$20,000/100sq.m in 2008 for land with existing infrastructure. The actual price may vary depending on the state of infrastructure development on any given piece of land. If disagreements over routing can be resolved, a new Almaty-Issyk Kul road will ease the flow of more tourists, and investment, from Kazakhstan to the Issyk Kul region.

Even though there has been significant development in the Issyk-kul resort area, no international hotel chains have established operations in the area. This is likely because of the very short tourist season.

#### *Bishkek, the capital*

Bishkek, the capital of the Kyrgyz Republic, is a city of approximately one million people, and is the main starting point for most tourists coming from abroad. It has an international airport, railway station and two major bus stations. Bishkek's hotel sector is relatively small, but does have one internationally known chain, Hyatt, which opened its property in 2001. Several other nicer local hotels and numerous guest houses have been opened in the past few years. However, the market might easily reach a saturation point in the near future unless the government takes serious steps in attracting tourists from far abroad by improving the infrastructure of existing tourist destinations, creating new places of interest, and bringing the country to a conceptually new level in the world tourism industry. Current annual occupancy rates for larger hotels range between 50-60%.

#### *Mountain tourism*

Hiking, skiing, snowboarding and paragliding are a few examples of what type of mountain sports exist and are developing in the Kyrgyz Republic. Bishkek's close proximity to several mountain skiing resorts makes it convenient for short-term and long-term tourists (foreign residents) to enjoy skiing or snowboarding without going very far, and without a need to book a separate hotel. It has become very common for Bishkek residents to drive to a ski resort in the morning and come back before dark. The natural beauty of the mountains, the abundance of snow and affordable tickets attract more and more tourists every year, even though the ski resort infrastructure needs further development and improvement.

However, poor internal infrastructure and limited international air service are constraints to development. The Kyrgyz government is planning to renovate the airport at Tamchi to transform it into a tourist transit hub and a back-up facility for the country's main international airport near Bishkek.

## Best Products/Services

[Return to top](#)

- Professional training for service personnel
- Western management services
- Investment projects in poorly developed and abandoned resorts, both winter and summer, for further renovation, reconstruction, development, and management

## Opportunities

[Return to top](#)

The Lake Issyk Kul region is the best new prospect for travel and tourism services. Additional opportunities exist in updating and expanding the winter resorts around Bishkek and Issyk Kul that cater to local and Kazakh citizens seeking ski holidays.

## Resources

[Return to top](#)

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## (TXM – Textile Machinery/Equipment)

### Overview

[Return to top](#)

#### Market Overview

The Kyrgyz textile and apparel market has developed largely without government interference or foreign investment. Primarily export-oriented, the textile industry has grown rapidly, with exports almost doubling year-on-year for the past three years to almost \$80 million in 2007. Trade in textiles with the United States has been rather limited, although there is significant potential for trade and investment.

|                          | 2002         | 2003         | 2004         | 2005         | 2006         | 2007         |
|--------------------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Textile Imports from USA | \$10,720     | \$53,280     | \$3,508      | \$0          | \$2,745      | \$27,651     |
| Total Textile Imports    | \$17,472,523 | \$19,881,859 | \$11,852,580 | \$9,175,317  | \$15,192,326 | \$9,173,864  |
| Textile Exports to USA   | \$3,187,865  | \$9,615,486  | \$6,614,854  | \$3,730,630  | \$1,796,917  | \$84,748     |
| Total Textile Exports    | \$5,752,035  | \$14,795,315 | \$23,207,637 | \$23,212,169 | \$47,743,737 | \$79,084,669 |

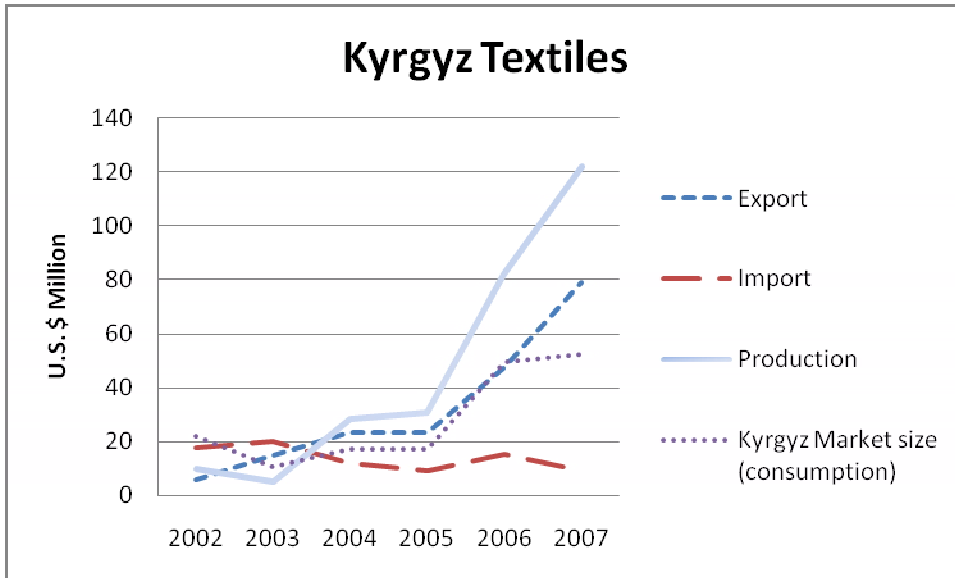
Source: National Statistics Committee and <http://tse.export.gov>

**Table 1. Kyrgyz trade in textiles apparel with U.S. and the world 2002-2007**

The 'Made in Kyrgyzstan' brand has been well received in Russia and some other neighboring states, as well as in the Kyrgyz Republic. Clothes produced in the Kyrgyz Republic can be found throughout the region, from open markets in the Kyrgyz Republic to high-end boutiques in Russia.

Due to local conditions, it is hard to estimate the true volume of textile trade and production. Despite the Kyrgyz government's efforts to stimulate transparency in this sector, little improvement has been seen. Companies involved in transporting apparel to neighboring states disclose approximate figures of volumes of exports to the Kyrgyz government.

Around 150,000 people and over 35,000 companies are involved in the apparel production industry in Bishkek. That is about 15% of the population of the capital. Over 60 million pieces of apparel were exported in 2007. Salary costs for seamstresses range between \$200 to \$300 a month. Designer salaries range between \$1000 to \$1500 per month. A small company with 20 workers can produce 1500 pieces of apparel per week.

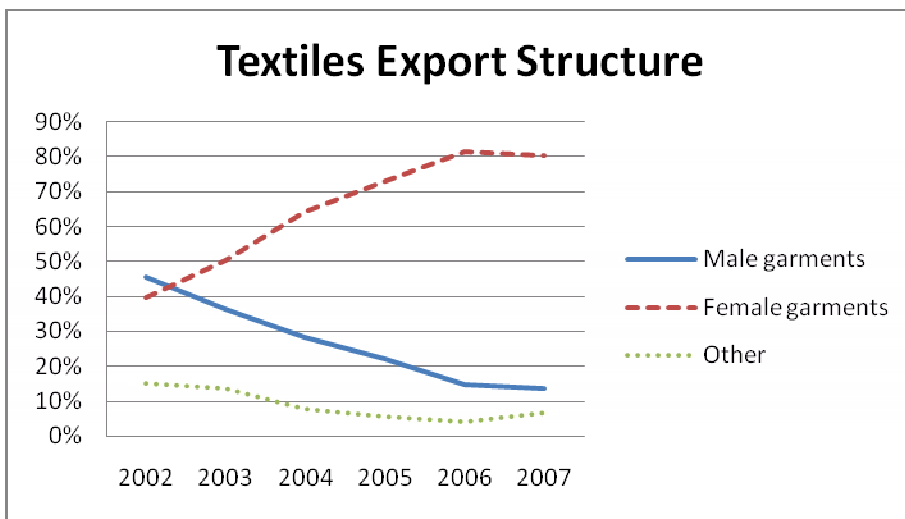


Source: National Statistics Committee

**Graph 1. Kyrgyz textiles and apparel – production, trade and market size 2002-2007.**

### Exports

According to industry specialists the primary line of production is apparel for women. The share of women's apparel in exports has grown significantly in the last five years, increasing from 40% to 80%. The most popular types of women's apparel are suits, dresses, jackets and blouses. The most popular male garments are formal suits.



Source: National Statistics Committee

**Graph 2. Kyrgyz Textiles Export Structure**

According to the National Customs Committee, nearly 95% of Kyrgyz textiles are exported to Russia. However, industry experts believe that Russia absorbs only 60% of Kyrgyz textile exports with the remainder going to Kazakhstan and other neighboring states.

The collapse of exports to the United States, as indicated in table 1, is likely due to the closure of factories exporting specifically to the U.S. market and/or the completion of contracts for export of goods to the United States.

### **Imports**

The local market is saturated with clothes from different parts of the world, especially China and Turkey. Many clothing items available on the market are of poor quality and counterfeit goods are commonplace. Quality apparel costs two to three times more than similar goods in the United States. Quality, affordable apparel can be sold in the Kyrgyz Republic.

### **Local Distribution Channels**

Kyrgyz textiles and apparel are distributed through a number of retail outlets, including bazaars (open markets), on-street shops and shopping malls. While bazaars retain around 70% of retail trade, their share is gradually decreasing in favor of big shopping malls.

Dordoi bazaar, a 55-hectare plot located north of Bishkek, is the biggest open market in the Kyrgyz Republic, and the main wholesale outlet for most consumer goods, including Kyrgyz textiles. It has been the only wholesale marketplace for Kyrgyz textile producers for a number of years. In the past few years Kyrgyz apparel producers started to establish direct contacts and channels with buyers without using Dordoi bazaar.

### **Transportation**

The Kyrgyz Republic is a land-locked country without direct sea access. Nevertheless, it is accessible to international railway, auto and air transportation routes. Vehicular and rail shipments are the most common means of transport for the export of Kyrgyz textiles and apparel.

### **Textiles Association**

“Legprom” is a light industry association that lobbies on behalf of local apparel producers. This association drafts and advocates laws to assist the textile industry. This association is also very protective in terms of assisting local producers, training seamstresses, etc., but is not very open to potential foreign investors in the Kyrgyz apparel sector. A joint venture operation, with a local partner, would likely be the best mechanism for foreigners to use to enter the local market.

### **Raw Materials**

Almost all raw materials are imported. Most raw materials are brought from China, where they can be obtained relatively cheaply. Industry specialists indicate that the local market is now ready for locally produced, high quality raw materials, but lament that local producers have not yet been able to deliver consistently suitable and reliable raw materials.

### **Fashion & Trade Shows**

Local fashion designers, modeling agencies and textiles industries have been rather active in the past few years in organizing fashion shows as well as trade shows, where people from different parts of the world can be exposed to the Kyrgyz textile and apparel sector.



## **Intellectual Property Rights Protection**

While there are many companies producing under local brands, there are still many firms making counterfeit products with international labels. Intellectual property right protections are enshrined in Kyrgyz law, but are not sufficiently enforced.

### **Best Products/Services**

[Return to top](#)

Affordable quality apparel  
Updated spinning and textile producing equipment

### **Opportunities**

[Return to top](#)

- Rather low production costs create a favorable climate to establish a production facility of high quality apparel, which can then be further exported anywhere, as well as sold locally.
- A lack of locally produced raw materials creates another excellent opportunity for U.S. companies to invest in raw materials production. Kyrgyz farmers can supply locally grown cotton and wool.
- Local demand for quality affordable apparel and, especially, footwear is a great opportunity for U.S. exporters to export U.S. apparel to the Kyrgyz Republic.

### **Resources**

[Return to top](#)

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The agricultural sector is the largest employer in the Kyrgyz Republic, but is disorganized and undercapitalized. However, several international donor projects are focused on improving credit to the sector. There are opportunities for small-scale operations in a variety of areas: improved seed, fertilizer, small-scale farm equipment, food and textile processing equipment, improved storage and packaging.

[Return to table of contents](#)

[Return to table of contents](#)

## Chapter 5: Trade Regulations and Standards

- [Import Tariffs](#)
- [Trade Barriers](#)
- [Import Requirements and Documentation](#)
- [U.S. Export Controls](#)
- [Temporary Entry](#)
- [Labeling and Marking Requirements](#)
- [Prohibited and Restricted Imports](#)
- [Customs Regulations and Contact Information](#)
- [Standards](#)
- [Trade Agreements](#)
- [Web Resources](#)

### Import Tariffs

[Return to top](#)

Import tariffs in the Kyrgyz Republic range from 0% to 30%. 0% tariffs comprise 47.3% of all goods in the HS Code classification; 5% tariffs – 13.3% of all products; 10% tariffs – 32.1%; 12% tariffs – 3.1%; 15% tariffs – 2.6%; and others – 1.41%. The Kyrgyz Republic has an agreement with all Commonwealth of Independent States (CIS – most former Soviet republics) for free import of goods. Thus, CIS countries do not pay import tariffs. Members of the WTO are treated according to WTO regulations.

Nevertheless, all imported goods are subject to 12% VAT with some exceptions. If the imported products are part of the fixed assets of a company (e.g. equipment and machinery), VAT is not paid. A uniform customs fee of 0.15% is paid on all imported products.

In addition, all products that fall into the excisable goods category are subject to excise tax.

### Trade Barriers

[Return to top](#)

Although Kyrgyz law allows Kyrgyz authorities to impose quotas or anti-dumping regulations, none are currently in force. The Kyrgyz government adopted a new Customs Code in April 2004, which took force on January 1, 2005. Unlike the previous customs code, the new Code complies with most international standards and takes into account the regulations of the Kyoto Convention on Simplification and Harmonization of Customs Procedures. The new document includes procedures for speeding up customs inspections and creating more favorable conditions for responsible businesses.

### Import Requirements and Documentation

[Return to top](#)

For the successful importation of products into Kyrgyzstan, the local partner/office must have the following documents:

1. Charter of the company (notarized)

2. Certificate of registration from the Statistical Department (notarized copy)
3. Certificate of registration from the Ministry of Justice of the Kyrgyz Republic (notarized copy)
4. Taxpayer identification number with registration form of the taxpayer (notarized copy)
5. An official document from the bank confirming the presence of an account (original)
6. An official document from the tax inspectorate confirming company's good standing (original)
7. Completed documentation concerning company's foreign trade activities
8. Warranty for the right of cargo handling in customs sphere (original)
9. Passport of the person who is in charge of customs clearing

Additionally, when imported goods arrive, the Kyrgyz counterpart must have the following documents at hand:

1. Contract between the Kyrgyz and the U.S. company.
2. Invoice
3. Certificate of origination from the sending country.

### **U.S. Export Controls**

[Return to top](#)

U.S. products exported to the Kyrgyz Republic must conform to export controls established by the U.S. government. Such controlled items may include weapons, military hardware, high technology goods and other items.

### **Temporary Entry**

[Return to top](#)

Five free economic zones currently exist in the Kyrgyz Republic. Goods entering these zones are duty-free. With the exclusion of items entering the free economic zones, goods are subject to regular customs policies. The new tax code did not exclude taxation of goods in the free economic zones. However, the Kyrgyz parliament has indicated it will undertake legislation to reinstate these tax exclusions.

### **Labeling and Marking Requirements**

[Return to top](#)

Products sold in the Kyrgyz Republic must include Russian and/or Kyrgyz language labeling. Labeling in both languages is encouraged.

### **Prohibited and Restricted Imports**

[Return to top](#)

Weapons of mass destruction, narcotics and pornography are prohibited imports.

### **Customs Regulations and Contact Information**

[Return to top](#)

According to Article 227 of the Custom Code of the Kyrgyz Republic, the customs value of goods imported into the customs territory of the Kyrgyz Republic shall be determined by using one of the following methods:

1. Transaction value of imported goods

2. Transaction value of identical goods
3. Transaction value of similar goods
4. Deductive method
5. Computed method
6. Provisional method

The principal method for determining customs value of goods is "the transaction value of imported goods method." In cases where the principal method cannot be applied, each of the methods listed above shall be applied in sequence.

Upon the declarer's application, the deductive and computed methods may be used in any sequence.

There are several types of tariffs:

- Import tariffs
- Export tariffs
- Seasonal tariffs
- Special tariffs (anti-dumping, compensative, specific)

There are three types of tariff rates:

- Ad Valorem, calculated as a percentage of the price of the goods
- Specific, calculated at a standard amount per unit
- Combined, including both of the above methods

## Standards

[Return to top](#)

- [Overview](#)
- [Standards Organizations](#)
- [Conformity Assessment](#)
- [Product Certification](#)
- [Accreditation](#)
- [Publication of Technical Regulations](#)
- [Labeling and Marking](#)
- [Contacts](#)

## Overview

[Return to top](#)

In April 2004, the Kyrgyz parliament passed a technical regulation law, which decreased government regulation. The Kyrgyz system previously functioned along Soviet standards requiring obligatory certification of 70% of all products. Approximately 50,000 official documents regulated security and quality of goods. The 2004 law states that certification is only required for products that can potentially endanger consumer health. This legislative change reduced standards coverage from 70 to 22 percent. Other goods can be certified on a voluntary basis, but only to confirm product quality.

## Standards Organizations

[Return to top](#)

The Kyrgyz Republic is a correspondent member of the International Standard Organization (ISO). There are 588 Kyrgyz state standards as well as around 21,000 CIS intergovernmental standards. The Kyrgyz government has already begun to adopt ISO

standards. As of January 1, 2007, the level of harmonization of Kyrgyz internal standards to international standards has reached 60%, and the level of harmonization of CIS intergovernmental standards to international standards has reached 40%.

### **NIST Notify U.S. Service**

Member countries of the World Trade Organization (WTO) are required under the Agreement on Technical Barriers to Trade (TBT Agreement) to report to the WTO all proposed technical regulations that could affect trade with other Member countries.

**Notify U.S.** is a free, web-based e-mail subscription service that offers an opportunity to review and comment on proposed foreign technical regulations that can affect your access to international markets. Register online at Internet URL:

<http://www.nist.gov/notifyus/>

### **Conformity Assessment**

[Return to top](#)

Conformity assessment is not required for goods that do not require product certification.

### **Product Certification**

[Return to top](#)

Products that could possibly endanger human health must be certified. This list includes items such as alcohol, tobacco products, medical supplies and equipment and other items.

### **Accreditation**

[Return to top](#)

The National Institute for Standards and Metrology of the Kyrgyz Republic has an accrediting arm. It functions on the basis of:

- The Kyrgyz law entitled "On the Fundamentals of Technical Regulation"; and
- Government of the Kyrgyz Republic Decree #466 dated 24.08.1999 entitled "On the National Accreditation System of the Kyrgyz Republic in Fields of Activity according to Conformity of Production, Processes and Services".

### **Publication of Technical Regulations**

[Return to top](#)

The Kyrgyz Institute of National Standards and Metrology maintains most technical regulations and would have regulations available for public review.

### **Labeling and Marking**

[Return to top](#)

Products must include Kyrgyz and/or Russian labeling. Labeling in both languages is encouraged.

### **Contacts**

[Return to top](#)

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## Trade Agreements

[Return to top](#)

On April 15, 1994, CIS member states (Azerbaijan, Armenia, Belarus, Kazakhstan, the Kyrgyz Republic, Moldova, Russia, Tajikistan, Turkmenistan, Ukraine and Uzbekistan) agreed to establish a free trade zone. According to the agreement, imports of goods produced within the CIS having respective certificates of origin are not subject to any customs or value added taxes in the Kyrgyz Republic. However, this exemption does not cover excise goods (such as alcohol); furniture; video, television and computer equipment and any accessories to such electronic equipment. Russia, Belarus, Kazakhstan, the Kyrgyz Republic and Tajikistan have also signed a customs agreement.

In June 2004, the Kyrgyz Republic signed a Trade and Investment Framework Agreement (TIFA) with the U.S, Kazakhstan, Tajikistan, Turkmenistan and Uzbekistan to provide a forum for addressing trade issues and enhancing trade and investment between the United States and Central Asia. The objective of the TIFA is to increase and diversify trade and investment opportunities between the United States and Central Asia. The TIFA also provides a regular forum in which to address regional trade issues that hamper intra-regional trade, economic development and investment. The TIFA creates a United States-Central Asia Council on Trade and Investment, which is designed to consider a wide range of issues that include, but are not limited to, intellectual property, labor, environmental issues and enhancing the participation of small- and medium-sized enterprises in trade and investment.

The Kyrgyz Republic currently enjoys bilateral investment treaties with the United States, Armenia, Azerbaijan, Belarus, China, Finland, France, Georgia, Germany, India, Indonesia, Iran, Kazakhstan, the Republic of Korea, Lithuania, Malaysia, Moldova, Mongolia, Pakistan, Sweden, Switzerland, Tajikistan, Turkey, United Kingdom, Ukraine and Uzbekistan.

The Kyrgyz Republic has also signed double taxation treaties with several countries including Armenia, Austria, Belarus, Canada, China, Finland, Germany, India, Iran, Kazakhstan, Lithuania, Malaysia, Moldova, Mongolia, Pakistan, Poland, Russia, Switzerland, Tajikistan, Turkey, Ukraine and Uzbekistan. The U.S.-U.S.S.R. treaty on double taxation, which was signed in 1973, remains in effect between the U.S. and the Kyrgyz Republic.

## Web Resources

[Return to top](#)

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[Return to table of contents](#)

[Return to table of contents](#)

## Chapter 6: Investment Climate

- [Openness to Foreign Investment](#)
- [Conversion and Transfer Policies](#)
- [Expropriation and Compensation](#)
- [Dispute Settlement](#)
- [Performance Requirements and Incentives](#)
- [Right to Private Ownership and Establishment](#)
- [Protection of Property Rights](#)
- [Transparency of Regulatory System](#)
- [Efficient Capital Markets and Portfolio Investment](#)
- [Political Violence](#)
- [Corruption](#)
- [Bilateral Investment Agreements](#)
- [OPIC and Other Investment Insurance Programs](#)
- [Labor](#)
- [Foreign-Trade Zones/Free Ports](#)
- [Foreign Direct Investment Statistics](#)
- [Web Resources](#)
- [General](#)

### Openness to Foreign Investment

[Return to top](#)

The Kyrgyz Republic has a liberal investment regime on paper with a broad base of commercial laws in place. Unfortunately, these laws are not implemented consistently. Foreign investors must register their firms with the Ministry of Justice. In addition to registration, expatriate employees must obtain a work permit from the State Committee on Migration and Employment. Foreign investors usually form joint ventures with local partners.

The legal concept of contract sanctity is not consistently observed. Kyrgyz law on foreign investment guarantees protection for foreign investors from expropriation and nationalization. Individual investors have become involved in disputes over licensing, registration, and enforcement of contracts, and, in one case, the government has persistently entertained the issue of nationalization. Corruption is also a serious problem, although the Government of the Kyrgyz Republic has publicly denounced corruption and implemented some steps to counter this problem. The Commercial Arbitration Court of Kyrgyzstan began considering cases in April 2004.

Under the aegis of the World Bank-sponsored "Doing Business" project, Kyrgyz authorities have taken steps to cut regulatory measures to benefit the business sector. Under the U.S.-funded Millennium Challenge Program, the Kyrgyz Republic is implementing reforms to reduce corruption and improve the judicial system.

Banking laws do not discriminate against foreign banks. However, foreign institutions seeking new banking licenses from the Kyrgyz Central Bank may encounter difficulties in trying to establish new operations in the country. At least eight foreign banks operate in



the Kyrgyz Republic: Demir Bank (Turkey), Bank of Asia (South Korea), National Bank of Pakistan, ATF Bank – Kyrgyzstan (91.8% controlled by the Bank of Austria Creditanstalt BA-CA), Kazcommerce Bank (Kazakhstan), Halyk Bank (Kazakhstan), the Kyrgyz Investment and Credit Bank (owned mostly by international public and private development institutions), and FinanceCreditBank (Kazakhstan). Manas Bank recently began operations in the Kyrgyz Republic, and is believed to have significant Latvian interests. Asia Universal Bank also has significant foreign ownership.

There is no discrimination against foreign investors enshrined in official government policy. However, procedures for licensing and approvals are not transparent, which can make the process seem discriminatory. Tax authorities may apply greater scrutiny to foreign entities operating in the Kyrgyz Republic. However, spurred by external initiatives, Kyrgyz officials have cut some regulatory procedures for conducting business and have sought to streamline customs procedures to spur foreign trade and investment.

### **Conversion and Transfer Policies**

[Return to top](#)

Foreign exchange is widely available, and the local currency, the som, is freely convertible. As of January 2009, the exchange rate was 40.4 soms to the U.S. dollar. The National Bank of the Kyrgyz Republic (NBKR) conducts weekly inter-bank currency auctions, in which competitive bids determine market-based transaction prices. Banks usually clear payments within a single working day.

Complaints of currency conversion issues are rare. With occasional exceptions in the agricultural and energy sectors, barter transactions have largely been phased out. Payment disputes adjudicated through the court system can be extremely lengthy.

In 2000 and 2001, several Kyrgyz banks declared bankruptcy, lost their licenses or were restructured. Depositors at these banks lost significant sums. The government recently introduced a minimal level of deposit insurance for individual investors at Kyrgyz banks. There have been uninvited takeovers of some Kyrgyz banks in the past two years, with at least one facilitated by government authorities.

### **Expropriation and Compensation**

[Return to top](#)

To date, the Kyrgyz government has not expropriated any properties. However, in 2006, local officials assisted in the seizure of equipment and other property of one foreign investor. In recent years some Kyrgyz parliamentarians and government officials have advocated the nationalization of a foreign-run gold mine. Another foreign investor has complained about attempts by a state-owned company to seize assets. Foreign investors have the right to compensation in the case of government seizure of assets. However, there is little understanding of distinctions among historical book value, replacement value and actual market value, which brings into question whether the government could calculate a fair basis for compensation in the event of expropriation. The government has frozen bank accounts and other liquid assets until disputes were resolved.

Foreign ownership of land continues to be prohibited; however, there is no prohibition on foreign rental of land for residences or factory sites. A central land registry has helped potential lenders and others deal with the financing of real property (e.g., land, buildings,

and other improvements) in a more sophisticated manner. The introduction of property taxes may make land ownership more transparent.

## **Dispute Settlement**

[Return to top](#)

The Law on Commercial Arbitration allows for international and domestic arbitration of disputes. If feasible, the arbiter should be a neutral entity that is identified in the contract, along with the specific terms of arbitration. Establishing the terms for arbitration beforehand will prevent further complications in the event of a dispute. However, Kyrgyz business partners may attempt to ignore arbitration requirements.

The Kyrgyz Republic is a member of the International Center for the Settlement of Investment Disputes (ICSID). It signed the ICSID agreement on June 9, 1995, and ratified it on July 5, 1997. The Kyrgyz Republic became a member of the 1958 New York Convention on the Recognition and Enforcement of Foreign Arbitral Awards on March 18, 1997.

## **Performance Requirements and Incentives**

[Return to top](#)

The Kyrgyz Republic is compliant with World Trade Organization (WTO) Trade Related Investment Measures obligations. The Kyrgyz government has also reduced the tax burden on repatriation of profits by foreign investors to conform to the tax rate for domestic investors. There are no specific conditions for permission to invest. However, any project is likely to be scrutinized for its effect on employment and tax revenues.

Visa requirements and fees may change on short notice. In 2006, the Kyrgyz government adopted a measure limiting the period expatriates can work in Kyrgyzstan. Government ministries, lacking adequate budgets, often finance their operations through user fees. Such fees may appear arbitrary.

The Kyrgyz government adopted a new tax code, which took force in January 2009, that is supposed to be more business and investment friendly. Under the new tax code, a number of taxes were abolished and some new taxes were introduced. The VAT rate has been decreased from 20 to 12%. Hotel, advertising and resort taxes were abolished. A unified sales tax has consolidated several previous taxes, and property taxes have been approved.

The new tax code also establishes a presumption of innocence of the taxpayer, improves collection provisions and supports automation and e-filing.

Payroll taxes such as social fund payments, used for the National Pension System, are complex. Many recent tax inspections have focused on social fund payments. Transparency is a problem, as even basic laws and regulations are seldom published.

## **Right to Private Ownership and Establishment**

[Return to top](#)

Foreign and domestic private entities may own business enterprises and engage in a broad range of commercial activities. Foreign entities are expressly forbidden from owning land, including farmland, although regulations allow for up to 99-year leases of

property, which is adequate for most business purposes. However, 49-year leases are more common.

Foreign investors are theoretically given equal treatment under Kyrgyz law. In reality, well-connected Kyrgyz private or state-owned companies are able to utilize their contacts to achieve their business aims. Foreign investors are disadvantaged less by outright discrimination than by a simple lack of knowledge on how to "work the system."

### **Protection of Property Rights**

[Return to top](#)

Property right protections are slowly emerging. However, the judicial system remains under-developed and lacks independence. Court actions can force the sale of property to enforce payments and other contractual obligations.

The Kyrgyz Republic is obligated to protect intellectual property rights as a member of the WTO. However, an estimated 98% of DVDs, CDs and other audio-visual products sold in the Kyrgyz Republic are counterfeit. The Kyrgyz Republic acceded to both the WIPO Copyright Treaty and the WIPO Performances and Phonograms Treaty in 2002.

### **Transparency of Regulatory System**

[Return to top](#)

The legal and regulatory system of the Kyrgyz Republic continues to develop. The process of implementing regulations and court orders relating to commercial transactions remains inconsistent. Some court decisions, which appear to contradict established procedures, can be implemented expeditiously in certain cases and are subject to outside influence. The Kyrgyz system is heavily bureaucratic. Consequently, investors must overcome a great deal of red tape in order to conduct business.

There is an investment department at the Ministry of Economic Development and Trade, which assists investors with bureaucratic procedures. This department also consolidates information about potential investment projects in the Kyrgyz Republic. However, the ability of this office to steer firms through the system has not been fully demonstrated. An investment council, under the auspices of the president, exists ostensibly to further regulatory improvements for the business climate. Contradictory government decrees often create bureaucratic paralysis or opportunities for undocumented incentives.

### **Efficient Capital Markets and Portfolio Investment**

[Return to top](#)

The National Bank of the Kyrgyz Republic is a nominally independent body which, in 2008, intervened repeatedly in the market to stabilize the Kyrgyz national currency, the som, against the U.S. dollar. The currency is freely convertible, Kyrgyz bonds are available for foreign ownership, and the stock market is developing. According to the Kyrgyz National Statistical Committee, the Kyrgyz Republic's Consumer Price Index surged 20% in 2008.

As of December 2008, the value of transactions at the Kyrgyz Stock Exchange amounted to 4.1 billion soms (\$104.5 million).. There were 3,305 transactions in the

first 11 months of 2008. As of December 2008, Kyrgyz Stock Exchange listed 14 companies (primarily brokerage companies), which represent around 140 Kyrgyz companies, that trade their shares at the stock exchange. The stock market has not fully matured. Individuals have limited access to buy stocks.

Total capitalization of the banking sector as of October 2008 was about\$ 310 million while in October 2007 the figure was \$202 million. There are currently 21 commercial banks in the Kyrgyz Republic, with a total of 227 branches throughout the country.

Several foreign banks now operate in the Kyrgyz Republic. Demir Bank, Bank of Asia, National Bank of Pakistan, Halyk Bank, Kazcommerce Bank - Kyrgyzstan, FinanceCredit Bank and ATF Bank – Kyrgyzstan are entirely foreign held. Other banks are partially foreign held, including the Asia Universal Bank (95% foreign held), Manas Bank and KICB (Kyrgyz Investment and Credit Bank). Although no U.S. bank has set up operations in the Kyrgyz Republic to date, many Kyrgyz banks maintain correspondent relations with U.S. and other foreign banks to facilitate short-term commercial lending, such as letters of credit.

The Kyrgyz Investment and Credit Bank (KICB) began operating in mid-2001. Established to provide commercial lending and other services, the KICB introduced western banking practices and encouraged the entry of other banks into the Kyrgyz market. KICB's principle shareholder is the Aga Khan Fund for Economic Development, which has a 21% stake. Habib Bank Ltd (Pakistan), which is the newest shareholder, has an 18% stake. The International Finance Corporation, the European Bank for Reconstruction and Development, and the German Corporation for Investments and Development each hold 17% stakes. The Kyrgyz government retains a 10% share.

The Kyrgyz Republic is largely a cash society, and outside investors have rarely sought financing from domestic banks. Bank lending is heavily biased towards short-term loans and traditionally has not favored using physical assets as collateral. Some banks ignore retail banking.

Since March 2008, new banks must have a minimum charter capital requirement of 600 million soms (\$14.8 million). Banking laws also require that banks maintain a 10% reserve with the National Bank. A deposit insurance system was recently established for the benefit of individual investors.

Between 1999 and mid-2001, seven banks became insolvent and suspended operations. The Supreme Court, in 2005, ruled against the National Bank's attempt to declare the commercial bank, "AkBank," bankrupt. The Central Bank intervened in late 2007 and early 2008 to halt KyrgyzPromStroiBank's (KPSB) operations and later approved the transfer of the institution to one of KPSB's competitors.

Accounting systems in banks and enterprises are being converted to international standards. The Kyrgyz government has supported this exercise. International assistance programs have contributed to rapid progress in reaching these standards via accounting training and certification.

In March 2005, a popular uprising led to the overthrow of President Askar Akayev. The change of power was precipitated by smaller uprisings in southern Kyrgyz towns, such as Osh and Jalalabad, in which citizens rallied against perceived flaws in earlier parliamentary elections. The uprising was swift, and there was substantial looting in Bishkek. Losses due to looting in Bishkek are estimated at almost \$100 million. Kurmanbek Bakiyev was elected president in July 2005.

Since the March 2005 uprisings, there have been no known incidents of politically motivated damage to projects and installations. Demonstrations in November 2006 and April 2007 were largely peaceful. Although Kyrgyz citizens enjoy basic rights, including the right to protest and demonstrate, the Kyrgyz government has increasingly restricted these rights.

Supporters of extremist groups such as the Islamic Movement of Uzbekistan (IMU), Al-Qaeda, and the Eastern Turkistan Islamic Movement remain active in Central Asia. These groups have expressed anti-U.S. sentiments and may attempt to target U.S.-affiliated interests in the region, including in the Kyrgyz Republic. Because of increased security at official U.S. facilities, terrorists seek softer civilian targets such as residential areas, clubs, restaurants, places of worship, hotels, schools, outdoor recreation events, resorts, beaches, maritime facilities and planes. In December 2002, a bombing occurred at the Dordoi Bazaar, a market mostly frequented by locals. In May 2003, a bank in Osh was bombed. The Kyrgyz Government blamed the IMU for both bombings.

In May 2006, suspected Islamic militants attacked a border post on the Kyrgyz-Tajik border, and ensuing skirmishes took place between the militants and Kyrgyz military forces throughout the southern Batken region. U.S. citizens planning to travel to the Kyrgyz Republic should refer to the U.S. Department of State for updated security information. This information is available on the Internet at <http://travel.state.gov>.

The Kyrgyz government has expressed concern about the presence of extremist groups with radical religious or political agendas, including Hizb ut-Tahrir (HT). HT, which is banned in the Kyrgyz Republic, maintained that it was committed to nonviolence, but the party's virulently anti-Semitic and anti-Western literature called for the overthrow of secular governments, including in Central Asia, to be replaced with a worldwide Islamic government.

In the summers of 1999 and 2000, armed IMU insurgents entered the southern Kyrgyz Republic and took a number of Kyrgyz citizens and foreigners captive. While subsequent military operations in Afghanistan have eliminated many resources used by these insurgents, the Department of State urges U.S. citizens to avoid travel to the following areas of the Kyrgyz Republic: the rural areas along the Kyrgyz-Uzbek and Kyrgyz-Tajik borders, and the areas to the south and west of the provincial capital Osh.

There are occasional tensions among ethnic Kyrgyz, Russian, Uzbek and other ethnic nationalities in the Kyrgyz Republic over such issues as language, land rights, and religion. North-south divisions are also palpable in the Kyrgyz Republic. Such tensions, however, seldom affect foreign employers directly. The Kyrgyz Republic's relations with its neighbors sometimes are complicated over disagreements regarding water rights, energy supplies, refugees and other issues. However, it is unlikely that such tensions would translate into disputes directly affecting foreign investors.

## **Corruption**

[Return to top](#)

Corruption remained a serious problem at all levels of society. According to the Transparency International Corruption Perception Index, in 2008 the Kyrgyz Republic ranked 166 out of 180 countries surveyed – on par with Cambodia, Turkmenistan, Uzbekistan and Zimbabwe.

The Kyrgyz Government recognizes the damage corruption can cause. As part of an IMF Poverty Reduction and Growth Facilitation program, the Kyrgyz government agreed to take action to stem corruption. In 2003, the law on combating corruption was adopted. On June 21, 2005, the Kyrgyz Government adopted the National Anti-Corruption Strategy. On June 29, 2005, the Parliament of the Kyrgyz Republic ratified the UN Convention Against Corruption. On October 21, 2005, the Kyrgyz Government founded the National Anti-Corruption Agency and the National Anti-Corruption Council, which were tasked with implementation of the Anti-Corruption Strategy. The U.S. government is aiding anti-corruption activities through its Millennium Challenge Threshold Program with the Kyrgyz Republic.

The law provides criminal penalties for official corruption; however, the government did not implement the law effectively. There were reports of arrests of government officials on corruption charges. The Ministry of Internal Affairs (i.e., the police) investigates corruption, together with the Prosecutor General and subordinate prosecutors. The government has also created special police anti-corruption units. However, they have yet to show their effectiveness.

U.S. firms complying with the Foreign Corrupt Practices Act can be disadvantaged vis-a-vis other foreign firms operating in the Kyrgyz Republic. However, most U.S. firms that have decided to conduct business in the Kyrgyz Republic have eventually been able to do so. To date, measures targeting bribery and other such economic crimes have been selectively enforced.

The Kyrgyz Republic is not a signatory to the OECD Convention on Combating Bribery. However, the OECD and the World Bank have previously reported on the progress of anti-corruption measures.

## **Bilateral Investment Agreements**

[Return to top](#)

The Kyrgyz Republic currently enjoys bilateral investment treaties with the United States, Armenia, Azerbaijan, Belarus, China, Finland, France, Georgia, Germany, India, Indonesia, Iran, Kazakhstan, the Republic of Korea, Lithuania, Malaysia, Moldova, Mongolia, Pakistan, Sweden, Switzerland, Tajikistan, Turkey, United Kingdom, Ukraine and Uzbekistan.

The Kyrgyz Republic has also signed double taxation treaties with Armenia, Austria, Belarus, Canada, China, Finland, Germany, India, Iran, Kazakhstan, Lithuania, Malaysia, Moldova, Mongolia, Pakistan, Poland, Russia, Switzerland, Tajikistan, Turkey, Ukraine and Uzbekistan. The U.S.-U.S.S.R. treaty on double taxation, which was signed in 1973, remains in effect between the U.S. and the Kyrgyz Republic.

## **OPIC and Other Investment Insurance Programs**

[Return to top](#)

OPIIC is active in the Kyrgyz Republic. The event of an inconvertibility claim against OPIIC is highly unlikely, given the Kyrgyz Republic's liberal conversion regime.

## **Labor**

[Return to top](#)

Labor is widely available, but the number of skilled individuals is decreasing as Kyrgyz citizens find more lucrative job opportunities abroad. International organizations are generally able to employ competent staff, often bilingual in English or other languages, but are starting to encounter difficulties retaining staff members. Literacy in the Kyrgyz Republic is approximately 97 percent. According to Kyrgyz government sources, the official unemployment rate stood at 11 percent in 2008. The unemployment rate would actually be higher if Kazakhstan and Russia did not absorb up to one million Kyrgyz migrant workers.

## **Foreign-Trade Zones/Free Ports**

[Return to top](#)

There are five Free Economic Zones (FEZs) in the Kyrgyz Republic: Bishkek (2), Naryn, Karakol and Maimak. Each is situated to make use of transportation infrastructure and/or customs posts along the Kyrgyz borders. Goods entering and traded within the zones are duty free within the Kyrgyz Republic. Government incentives for investment in the zones include exemption from several taxes, duties and payments; simplified customs procedures; and direct access to utility suppliers. The production and sale of petroleum, liquor, and tobacco products in FEZs are banned.

## **Foreign Direct Investment Statistics**

[Return to top](#)

According to the Kyrgyz National Statistical Committee, Foreign Direct Investment (FDI) totaled \$436.8 million in 2007, \$335.6 million in 2006, \$210.3 million in 2005 and \$176 million in 2004. For the first nine months of 2008, FDI amounted to \$481 million.

The problem of registering and tracking numerous new private businesses has rendered government statistics on employment, the tax-base and national economic performance questionable. The shadow economy may account for up to one-half of overall economic activity.

Foreign direct investment is chiefly oriented towards manufacturing, food processing, banking and mining. Many foreign firms conduct contract work for foreign assistance organizations. U.S. direct investment is concentrated in the hotel and telecommunications sectors, with increasing interest in construction and mining.

Joint ventures and foreign companies in the Kyrgyz Republic include the Reetsma Kyrgyzstan Company (cigarettes), the Plaskap Bishkek Company (packaging/bottling), the Central Asian Group (entertainment/garments), the Hyatt Regency Bishkek, and the Kyrgyz Petroleum Company. A joint venture operates a Coca-Cola franchise that bottles its soft drinks, and the Canadian gold-mining firm Centerra Gold has formed the largest western joint venture in the Kyrgyz Republic, the Kumtor Operating Company. Joint ventures play a leading role in the mining, petrochemical, hotel, and food processing sectors.

According to the National Statistical Committee, the following countries were the largest sources of FDI in first nine months of 2008: Kazakhstan 50.76%, Germany 8.17%, Great Britain 6.34%, Russia 4.8% and Cyprus 4.59%. In 2007, the largest sources of FDI were Kazakhstan 41.83%, Great Britain 13.76%, China 6.66%, Germany 6.56% and Turkey 3.79%.

Bishkek and the surrounding Chui region absorbed more than 92% of FDI in 2008. An additional 4.5% went to the Talas region, with the remaining amounts scattered among the other five regions of the country.

## **Web Resources**

[Return to top](#)

<http://travel.state.gov>

## **General**

[Return to top](#)

In connection with the war on terrorism, a Coalition airbase operates out of the Manas International Airport near Bishkek.

The capital city of Bishkek has an international English-language elementary school and other services for expatriate families. The Hyatt Regency is the only five-star hotel. The Golden Dragon is a four-star alternative. There are several three-star hotels in Bishkek, including the British-owned Silk Road Lodge. There are direct air connections to Istanbul and London. Other cities, such as Amsterdam, Vienna and Frankfurt, are served from Almaty, Kazakhstan, a three-and-a-half hour drive from Bishkek.

[Return to table of contents](#)



[Return to table of contents](#)

## Chapter 7: Trade and Project Financing

- [How Do I Get Paid \(Methods of Payment\)](#)
- [How Does the Banking System Operate](#)
- [Foreign-Exchange Controls](#)
- [U.S. Banks and Local Correspondent Banks](#)
- [Project Financing](#)
- [Web Resources](#)

### How Do I Get Paid (Methods of Payment)

[Return to top](#)

Most imports are paid for in cash or cash transfer generally in advance. Letters of credit are not commonly used in the Kyrgyz Republic. Nearly everything is done on a cash basis in the private sector.

### How Does the Banking System Operate

[Return to top](#)

Total capitalization of the banking sector as of October 2008 was about \$310 million. There are currently more than 20 commercial banks in the Kyrgyz Republic, with a total of over 200 branches throughout the country. The National Bank of the Kyrgyz Republic provides oversight duties, and has previously closed bankrupt institutions.

In general, the banking system is weak and undercapitalized. Real interest rates remain high and long-term credit is locally unavailable. Many banks earn profit primarily from foreign exchange operations, trading of treasury bills and some lending. Short-term financing for trade is available at high interest rates. Most foreign entities do not seek credit in the Kyrgyz Republic because of its high cost.

### Foreign-Exchange Controls

[Return to top](#)

There are no foreign exchange controls in place in the Kyrgyz Republic.

### U.S. Banks and Local Correspondent Banks

[Return to top](#)

There are no U.S. banks operating in the Kyrgyz Republic. A list of other banks and multilateral lending institutions, with available correspondent banking information, is listed below:

National Bank of the Kyrgyz Republic  
(Central bank issuing the licenses for bank activities, debt collection, installment lending)  
Chairman: Mr. Marat ALAPAYEV  
101 Umetaliev Street, Bishkek 720040, Kyrgyz Republic  
Tel: (996-312) 66 90 11, 669012  
Fax: (996-312) 21 74 27, 61 07 30  
E-mail: [mail@nbkr.kg](mailto:mail@nbkr.kg)  
Web-site: <http://www.nbkr.kg>  
U.S. correspondent bank: Federal Reserve Bank of New York

International Monetary Fund office:

Mr. James MCHUGH, IMF Resident Representative  
101 Umetaliyev Street, Bishkek 720040, Kyrgyz Republic  
Tel: (996-312) 61 18 16, 61 18 15  
Fax: (996-312) 61 01 65  
E-mail: or [iakmatova@imf.org](mailto:iakmatova@imf.org)  
Web-site: <http://www.imf.org> / [www.imf.kg](http://www.imf.kg)

The World Bank, Resident Mission in the Kyrgyz Republic  
Mr. Roger ROBINSON, Country Manager  
214 Moskovskaya Street, Bishkek 720010, Kyrgyz Republic  
Tel: (996-312) 61 06 50, 61 01 57, 61 11 15  
Fax: (996-312) 61 03 56, 61 04 81  
E-mail: [jsalieva@worldbank.org](mailto:jsalieva@worldbank.org)  
Web-site: <http://www.worldbank.org.kg>

Asian Development Bank  
Mr. Lan WU, Country Director  
52-54 Orozbekova Street, Bishkek 720040, Kyrgyz Republic  
Tel: 996 (312) 900445, 627343  
Fax: 996 (312) 627344  
E-mail: [avazirova@adb.org](mailto:avazirova@adb.org)  
Web-site: <http://www.adb.org>

European Bank for Reconstruction and Development:  
Mr. Kenji NAKAZAWA, Head of Resident Office  
26 Geologicheskii pereulok, Bishkek, 720005 Kyrgyz Republic  
Tel: 996 (312) 53 00 17, 530015, 530012, 53 00 16  
Fax: 996 (312) 666284  
E-mail: [amanovaa@bsk.ebrd.com](mailto:amanovaa@bsk.ebrd.com)  
Web-site: <http://www.ebrd.com>

Commercial banks (in alphabetical order):

OJSC "Aiyl Bank" (formerly KAFC – Kyrgyz Agriculture Finance Corporation)  
Chairman: Mr. Malabek Anashevich TOKTOBOLOTOV  
50 Pushkin Street, Bishkek 720011, Kyrgyz Republic  
Tel: (996-312) 665403, 665133  
Fax: (996-312) 665403  
E-mail: [aiylbank@infotel.kg](mailto:aiylbank@infotel.kg)  
Web-site: n/a  
U.S. correspondent banks: n/a

AsiaUniversalBank (AUB)  
Chairperson: Mr. Nurdin Akinovich ABDRAZAKOV  
187 Toktogula St., Bishkek, Kyrgyz Republic, 720001  
Tel.: +996 (312) 554444, 662110, 620252  
Fax: +996 (312) 620250  
E-mail: [reception@aub.kg](mailto:reception@aub.kg)  
Web-site: <http://www.aub.kg>

U.S. correspondent bank: Union Bank of California

ATF Bank Kyrgyzstan

Chairman: Mr. Sabit Shakenovich SHAKENOV

493 Jibek-Jolu Prospect, Bishkek 720070, Kyrgyz Republic

Tel: (996-312) 670047

Fax: (996-312) 670048

E-mail: [bank@energobank.kg](mailto:bank@energobank.kg)

Web-site: <http://www.atfbank.kg>

U.S. correspondent banks: Citibank NA New York, Societe Generale NY

AKB Kyrgyzstan

Chairperson: Mr. Nurbek Asylbekovich ABIROV

54-a Togolok Moldo Street, Bishkek 720001, Kyrgyz Republic

Tel: (996-312) 21 95 98, 21 95 92

Fax: (996-312) 61 02 20, 610900

E-mail: [akb@bankkg.kg](mailto:akb@bankkg.kg)

Web-site: <http://www.bankkg.kg>

U.S. correspondent bank: Banker Trust Company of New York

Amanbank

Chairperson: Mr. John Ibraimovich JAPARKULOV

249 Tunustanova Street, Bishkek 720040, Kyrgyz Republic

Tel: (996-312) 622077, 660603, 661922

Fax: (996-312) 622077

E-mail: [bank@amanbank.kg](mailto:bank@amanbank.kg)

Web-site: <http://www.amanbank.kg>

U.S. correspondent banks: n/a

Bank - Bakai

Chairman: Ms. Bakyta Abdykalyevna MUNDUZBAEVA

77 Isanov Street, Bishkek 720001, Kyrgyz Republic

Tel: (996-312) 66 06 10

Fax: (996-312) 66 06 12

E-mail: [bank@bakai.kg](mailto:bank@bakai.kg)

Web-site: <http://www.bakai.kg>

U.S. correspondent banks: Bank of America, Union Bank of California, Deutsche Bank Trust Company Americas in New York

Bank of Asia

Chairperson: Mr. Taalaibek JUMATAEV

303 Prospect Mira, Free Economic Zone, Bishkek, Kyrgyz Republic, 720016

Tel.: +996 (312) 551182551053, 287310, 682281

Fax: +996 (312) 610854, 286806

E-mail: [bankasia@elcat.kg](mailto:bankasia@elcat.kg)

Web-site: <http://www.bankasia.elcat.kg>

U.S. correspondent bank: n/a

BTA Bank (formerly Ineximbank)

Chairman: Mr. Murat Kerimjanovich KUNAKUNOV

118, Moskovskaya St, Bishkek 720040, Kyrgyz Republic

Tel: (996-312) 905050  
Fax: (996-312) 624185  
E-mail: [info@ineximbank.com](mailto:info@ineximbank.com)  
Web-site: <http://www.ineximbank.com>  
U.S. correspondent banks: Bank of New York and Banker Trust Company of New York

Demir Kyrgyz International Bank  
General Manager: Mr. Ahmet PARMAKSIZ  
245 Chui Prospect, Bishkek 720001, Kyrgyz Republic  
Tel: (996-312) 61 06 10, 61 04 41  
Fax: (996-312) 61 04 44, 61 04 45  
E-mail: [dkib@demirbank.kg](mailto:dkib@demirbank.kg)  
Web-site: <http://www.demirbank.kg>  
This bank uses GAAP accounting standards.  
U.S. correspondent banks: New York Citibank, American Express Bank

Doscredobank  
Chairman: Mr. Aibek Duishenkulovich BEKBOLOTOV  
52 Chui Prospect, Bishkek 720011, Kyrgyz Republic  
Tel: (996-312) 682175, 682167, 682173, 680532  
Fax: (996-312) 680225, 682167  
E-mail: [credo@credo.com.kg](mailto:credo@credo.com.kg)  
Web-site: <http://www.credo.com.kg>  
U.S. correspondent banks: n/a

Ecobank  
Chairman: Mrs. Galina Vladimirovna KHOKHLOVA  
17 Geologicheskii pereulok, Bishkek 720031, Kyrgyz Republic  
Tel: (996-312) 543582, 543574  
Fax: (996-312) 543580  
E-mail: [office@ecobank.kg](mailto:office@ecobank.kg)  
Web-site: <http://www.ecobank.kg>  
U.S. correspondent bank: Deutsche Bank Trust Company Americas in New York

OJSC "FinanceCreditBank KAB"  
Chairman: Mr. Timir Bulatovich DJANTAEV  
2/1 Zhukееva Pudovkina Street, Bishkek 720021, Kyrgyz Republic  
Tel: (996-312) 443278  
Fax: (996-312) 442254  
E-mail: [fbk@fbk.kg](mailto:fbk@fbk.kg)  
Web-site: <http://www.fbk.kg>  
U.S. correspondent banks: n/a

OJSC "Halyk Bank Kyrgyzstan"  
Chairman: Ms. Kastoru Kasymbekovna MAMYTOVA  
390 Frunze Street, Bishkek 720033, Kyrgyz Republic  
Tel: (996-312) 218932, 218955  
Fax: (996-312) 611382  
E-mail: [halyk@halykbank.kg](mailto:halyk@halykbank.kg)  
Web-site: <http://www.halykbank.kg>  
U.S. correspondent banks: American Express Bank

OJSC IB "Issyk-Kul  
Chairman: Mrs. Raikul Nurkojoyevna DJAPAROVA  
133 Abdrahmanova Street, Bishkek 720021, Kyrgyz Republic  
Tel: (996-312) 622179  
Fax: (996-312) 665116  
E-mail: [invest@bankik.com.kg](mailto:invest@bankik.com.kg)  
Web-site: <http://www.investbank.kg> (currently not available)  
U.S. correspondent banks: Citibank

KazKommertsbank  
Chairman: Mr. Kanat Mambetovich MAMAKEEV  
42 Isanova Street, 2<sup>nd</sup> floor, Bishkek, 720017 Kyrgyz Republic  
Tel.: +996 (312) 660524  
Fax: +996 (312) 664646  
E-mail: [bishkek@kkb.kz](mailto:bishkek@kkb.kz)  
Web-site: <http://www.kkb.kz>  
U.S. correspondent banks: New York Citibank, Bank of New York

Kyrgyz Investment and Credit Bank (KICB)  
Executive Chairman: Mr. Kwang Young Choi  
115 "A" Ibraimova Street, Dordoi Business Center,  
Bishkek, Kyrgyz Republic, 720021  
Tel.: +996 (312) 690555  
Fax: +996 (312) 609560  
E-mail: [kicb@kicb.net](mailto:kicb@kicb.net)  
Web-site: <http://www.kicb.net>  
U.S. correspondent bank: Deutsche Bank Trust Company Americas in New York

Kyrgyzcredit Bank  
Chairperson: Mr. Kanatbek Abdykaimovich SHALPYKOV  
194 Moscovskaya Street, Bishkek 720010, Kyrgyz Republic  
Tel: (996-312) 612348, 312869, 612353, 313030  
Fax: (996-312) 610701, 312897  
E-mail: [office@kcredit.kg](mailto:office@kcredit.kg)  
Website: <http://www.kcredit.kg>  
U.S. correspondent banks: n/a

National Bank of Pakistan (NBP)  
Manager General: Mr. Muhammad Naimulla DJAN  
84 Moskovskaya Street, Bishkek, 720021, Kyrgyz Republic  
Tel.: +996 (312) 627250, 627248  
Fax: +996 (312) 627251,  
E-mail: [nbp.bishkek@transfer.kg](mailto:nbp.bishkek@transfer.kg)  
Web-site: <http://www.nbp.com.pk>  
U.S. correspondent banks: n/a, NBP has its own branch in USA

Savings and Settlement Company  
Director General: Mr. Ruslan Jumakulovich AKMATBEKOV  
38a Molodaya Gvardia blvd, Bishkek 720010, Kyrgyz Republic  
Tel: (996-312) 650152, 656746, 654538

Fax: (996-312) 650152  
E-mail: [a.konokbaev@ssc.kg](mailto:a.konokbaev@ssc.kg)  
Web-site: <http://www.ssc.kg>  
U.S. Correspondent banks: Citibank and Deutsche Bank Trust Company Americas in New York

Tolubai Bank  
Chairman: Mr. Jenishbek Seitbekovich BAIGUTTIEV  
105, Umetaliev St., Bishkek 720040, Kyrgyz Republic  
Tel: (996-312) 658888  
Fax: (996-312) 902902  
E-mail: [tolubai@infotel.kg](mailto:tolubai@infotel.kg)  
Website: <http://www.tolybaibank.kg>  
U.S. correspondent banks: n/a

Manas Bank  
Chairman: Mr. Evgeniy Ivanovich VERBITSKI  
14, Logvinenko St., Bishkek, Kyrgyz Republic  
Tel: (996-312) 902090  
Fax: (996-312) 909224  
E-mail: [info@mb.kg](mailto:info@mb.kg)  
Website: <http://www.mb.kg>  
U.S. correspondent banks: n/a

## Project Financing

[Return to top](#)

Securing financing from local banks may be difficult. The U.S. Export-Import Bank is open to financing certain public and private sector purchases in the Kyrgyz Republic for periods of up to seven years. OPIC is active in the Kyrgyz Republic. The European Bank for Reconstruction and Development finances private sector projects. The Asian Development Bank and the World Bank/IFC also finance public sector projects in agriculture, transport, energy, telecommunications and education.

## Web Resources

[Return to top](#)

Export-Import Bank of the United States: <http://www.exim.gov>  
Country Limitation Schedule: [http://www.exim.gov/tools/country/country\\_limits.html](http://www.exim.gov/tools/country/country_limits.html)  
OPIC: <http://www.opic.gov>  
Trade and Development Agency: <http://www.tda.gov/>  
SBA's Office of International Trade: <http://www.sba.gov/oit/>  
USDA Commodity Credit Corporation: <http://www.fsa.usda.gov/cc/default.htm>  
U.S. Agency for International Development: <http://www.usaid.gov>  
<http://www.nbkr.kg>  
<http://www.imf.org>  
<http://www.worldbank.org.kg>  
<http://www.adb.org>  
<http://www.ebrd.com>

[Return to table of contents](#)

[Return to table of contents](#)

## Chapter 8: Business Travel

- [Business Customs](#)
- [Travel Advisory](#)
- [Visa Requirements](#)
- [Telecommunications](#)
- [Transportation](#)
- [Language](#)
- [Health](#)
- [Local Time, Business Hours and Holidays](#)
- [Temporary Entry of Materials and Personal Belongings](#)
- [Web Resources](#)

### Business Customs

[Return to top](#)

Business customs are closely tied to social customs and it is important to allow plenty of time for meetings. Business meetings often lead to offers of meals that may be many hours long, offering course after course and many toasts. Heavy amounts of alcohol may be consumed at these events. If you are firm your hosts will allow you to toast with a non-alcohol beverage. However, if you start with alcohol it is difficult to switch to something non-alcoholic, and you may offend the host if you try.

Tours of factories and facilities may also become an obligatory part of initial meetings. Meetings are rarely held separately with different officials in a single company. Most, and often all, relevant officials will be at one large meeting, but very often only the most senior person will do most of talking. Small gifts with company logos, books, fruit, and alcohol or candy are often presented or exchanged.

### Travel Advisory

[Return to top](#)

The Department of State urges U.S. citizens to avoid all travel to rural areas along the Kyrgyz-Uzbek and Kyrgyz-Tajik borders, and all areas to the south and west of the provincial capital of Osh. Security conditions in these parts of the southern Kyrgyz Republic differ from security conditions in the north, and the threat of violence against foreigners in the southern Kyrgyz Republic continues. Hostage-taking incidents involving foreigners occurred during the summers of 1999 and 2000, including one incident in the summer of 2000 involving American citizens. In 2006, suspected Islamic militants attacked a border post on the Kyrgyz-Tajik border, and ensuing skirmishes took place between the militants and Kyrgyz military forces throughout the southern Batken region. There are currently restrictions for U.S. Government employees traveling to areas of the Kyrgyz Republic south and west of Osh and in rural areas along the Kyrgyz-Uzbek border because of the volatile security situation in these areas.

Supporters of extremist terrorist groups such as the Islamic Movement of Uzbekistan (IMU), the Islamic Jihad Union (IJU), al-Qaida, and the Eastern Turkistan Islamic Movement, and the extremist group Hizb ut-Tahrir remain active in Central Asia. These

groups have expressed anti-U.S. sentiments and may attempt to target U.S. Government or private interests in the region, including in the Kyrgyz Republic. Terrorist attacks involving the use of suicide bombers have previously taken place in neighboring Uzbekistan. Terrorists do not distinguish between official and civilian targets. Because of increased security at official U.S. facilities, terrorists are seeking softer civilian targets such as residential areas, clubs and restaurants, places of worship, hotels, schools, outdoor recreation events, resorts, beaches, maritime facilities, airports and aircraft.

For the latest security information, Americans traveling abroad should regularly monitor the [Department's Internet web site \(http://travel.state.gov\)](http://travel.state.gov) where the current [Travel Warnings and Public Announcements](#), including the [Public Announcement for Central Asia](#), and the [Worldwide Caution Public Announcement](#), can be found.

Up-to-date information on safety and security can also be obtained by calling 1-888-407-4747 toll free in the U.S. and Canada, or for callers outside the U.S. and Canada, a regular toll-line at 1-202-501-4444. These numbers are available from 8:00 a.m. to 8:00 p.m. Eastern Time, Monday through Friday (except U.S. federal holidays).

The Department of State urges American citizens to take responsibility for their own personal security while traveling overseas. For general information about appropriate measures travelers can take to protect themselves in an overseas environment, see the Department of State's pamphlet [A Safe Trip Abroad](#).

## Visa Requirements

[Return to top](#)

A passport and visa are required. For further information regarding entry requirements, contact the Embassy of the Kyrgyz Republic which is located at 2360 Massachusetts Avenue, NW in Washington, DC (zip code 20008). The Embassy's phone number is (202) 338-5141 and the fax number is (202) 386-7550. The Embassy can also be contacted by e-mail at [consul@kyrgyzembassy.org](mailto:consul@kyrgyzembassy.org) or on the internet at <http://www.kyrgyzembassy.org> for updated visa information and processing of visa requests. U.S. citizens currently can obtain a one-month single entry tourist visa upon arrival at Bishkek's "Manas" airport for a \$36 fee without an invitation letter. (This option is subject to change. Also, Embassy has heard of instances of different fees being charged. Plus, visa issuance is not guaranteed at the airport.) Travelers cannot obtain a tourist visa at land borders or other airports. U.S. citizens visiting the Kyrgyz Republic no longer have to register with the Office of Visas and Registration. U.S. citizens may also wish to obtain Kazakh visas, as commercial air travel out of the Kyrgyz Republic is limited and transit through Kazakhstan may be required to return to the United States.

U.S. Companies that require travel of foreign businesspersons to the United States should be advised that security options are handled via an interagency process. Visa applicants should go to the following links.

State Department Visa Website: <http://travel.state.gov/visa/index.html>

United States Visas.gov: <http://www.unitedstatesvisas.gov/>

U.S. Embassy website: <http://kyrgyz.usembassy.gov/>



## Telecommunications

[Return to top](#)

Mobile phone service exists throughout the Kyrgyz Republic and is generally reliable. However, some rural and mountainous areas may have limited coverage. Ground lines are generally quite old and often impractical for business purposes. Modem internet and DSL internet are available in Bishkek and in regional centers. Blackberries are only partially functional in the Kyrgyz Republic.

## Transportation

[Return to top](#)

The only two major western carriers flying to Bishkek are Turkish Airlines and British Midland. Kyrgyzstan Airlines has flights to New Delhi, Dubai and a few other non-CIS destinations. Aeroflot, Pulkovo and Uzbek Airlines also fly to Bishkek. Many U.S. travelers fly to Almaty, Kazakhstan via Europe and then travel by car to Bishkek. The trip between Bishkek and Almaty takes approximately three hours when the roads are clear. The road traverses mountain passes that are normally passable all winter, but the trip can take longer when snow and ice are heavy. Visitors taking this route must have a valid Kazakh visa as well as a valid Kyrgyz visa. Kyrgyz visas are not available at land borders.

Within the country, it is possible to fly to the cities of Osh and Jalalabad. There are daily Bishkek-Osh flights. There are occasional flights to Batken and Karakol. Taxis are easily available and reasonably priced, though often dangerous and in various states of repair. It is easy to arrange for a modern car and driver for the entire period of stay or on a day-by-day basis. Train and bus travel are not recommended.

## Language

[Return to top](#)

Both Kyrgyz and Russian are widely used in the Kyrgyz Republic. In Bishkek and some northern towns Russian predominates, although Kyrgyz is gaining in importance and frequency of use. In rural areas and some parts of the south, Kyrgyz dominates but most people can and will speak Russian. Most documents are written in Russian. English is not generally spoken, but some officials and businesspeople speak English. An increasing number of people know at least a little English and the study of English is popular.

## Health

[Return to top](#)

Modern, American style health care is not available in Kyrgyzstan. The health care system is based on the Soviet style of health care which can seem very different in comparison to Western countries. Generally the medical personnel are knowledgeable but the system lacks the modern health care technology available in the United States. There is a very limited number of medical staff throughout the system that speak English or were trained in Western Europe or the United States.

If travelling throughout the country and for extended period of time please check the CDC website ([www.cdc.gov/travel](http://www.cdc.gov/travel)) for immunization recommendations and obtain the immunizations before travelling to Kyrgyzstan. People are advised to bring their own medical supplies and medications for any chronic illness, minor illnesses and injuries. Modern, new types of medications recently on the market in the U.S. are not available in

Kyrgyzstan. Insulin is one of many types of medications not available here. Kyrgyzstan is considered a tuberculosis endemic area and appropriate test for exposure to tuberculosis needs to be obtained upon returning to the U.S.

For major illness or injuries the normal practice is to get emergency treatment at local facilities and to arrange for medical evacuation as soon as possible. Adequate medical evacuation insurance coverage for all travelers is a high priority. In the event of a serious medical condition every effort should be made to evacuate to Istanbul or Western Europe. Please be advised that the cost of a medical evacuation to Istanbul or Western Europe can easily exceed \$40,000 and may take twelve to forty eight hours to arrange.

The U.S. Embassy maintains the following list of clinics and hospitals in Bishkek, some are private centers and others are part of the National Health System. All will require a cash payment usually in the local currency.

**The U.S. Embassy assumes no responsibility for the professional ability or reputation of the persons or medical facilities whose name is listed below.**

### **AMBULANCES**

Bishkek City Ambulance Dial 103

Commercial Ambulance Services

- 1.) 548666 or 549999 or
- 2.) Dial 151 or 684466

Generally, the ambulances in Kyrgyzstan are not equipped with emergency medical supplies like medications or oxygen. The ambulances are staffed by physicians that will answer a call with the ambulance then triage and transport to the appropriate hospital. The dispatch operators do not speak English, generally Russian. The wait time for an ambulance can be up to one hour. The staff on the ambulances do not speak English.

### **HEALTH CLINICS and HOSPITALS 2009**

#### **1. Med Expert Clinic**

Address: 219 Tynystanova St. #1

Duty cell phone: 0555949911

HOURS: Monday – Wednesday- Friday Afternoons

The medical providers in this clinic speak English, it is strictly for foreigners. It is only for sudden illness / routine type of medical care. There is no emergency care available. Please call prior to going to clinic as they only operate if appointments. They will also do house calls. Payment is expected at time of visit and receipts will be provided.

#### **2. Neo Med -- A Private Diagnostic and Consultative Medical Clinic**

Address: 21 Gorky St. (intersection Gorky/Elebaeva).

Tel: 0 (312) 906090.

This clinic is a general clinic with a number of specialists. It has a CT scanner and modern ultrasound machines with good diagnostic capabilities. No providers speak English. Knowledge of Russian or an interpreter is needed.

### **3. National Center of Traumatology and Orthopedics.**

Address: 206, Krivonosova Street  
Admitting office: Tel: 0(312) 491665,

This is a National Center with clinics and hospital wards. It has an emergency department, accepts all types trauma patients: car accidents, fractured bones or head trauma from accidents. It also has a ward for patients with alcoholic or drug toxicity.

### **4. City Trauma Unit**

Address: 41 Manas (intersection Toktogul/Manas)  
Tel (996) 0312- 21 68 75 Reception: 0312-21 71 17

Provides 24 hour first aid for minor traumas. No inpatient facility.

### **5. Pediatric Emergency Hospital.**

Address. 8a, Baitik Baatyr street.  
Tel. off. 0 (312) 562326, 544642

This is a pediatric general hospital in the city and accepts all types of pediatric emergencies.

### **6. National Center of Cardiology and Internal Medicine**

Address: 3, Togolok Moldo street.  
ICU department. Tel. 0 (312) 625682

This Center has an ICU and is able to care for patients having heart attacks, and other cardiology problems. It has a 24 hour Emergency entrance with a physician on duty.

### **7. Infectious Disease Hospital.**

Address: 70, Tolstoy street.  
ICU department. Tel. 0 (312) 590018  
Admitting office. Tel. 0 (312) 590154.

This hospital accepts patients with infectious conditions. If one has a fever this is the hospital that accepts that patient, other hospitals usually do not accept a patient with a fever. There is a limited ICU and actual private room on a regular ward that is used for foreigners. It also has a lab that does cultures.

### **8. “Turan Med” Multiprofile Private Surgical Clinic**

Address: 24.1 Tunustanova Street  
Tel.off. 0(312) 541569

This is a small private surgical center owned and operated by Dr. Niyazov. It is located behind the National Surgical Hospital. It is small with about 10 rooms for patients and a surgical suite for surgeries.

### **9. “Kamek” Private Surgical Clinic.**

Address: 225, Moskovskaya street. Tel. 0(312) 640055, 640101  
Polyclinic address: 45, Aynee str. Tel. 0 (312) 490000

### **10. National Republican Hospital**

Address: 1 Togolok Moldo St. (intersection of Togolok Moldo and Moskovskaya St.)

Microsurgery department. Tel: 0(312) 660619

This is a very large compound with many buildings that house different medical specialties. When sending people to this center for any emergency one must ask where the correct building is for the specific problem. There is a place for Eye, Ear, Nose and Throat emergencies with 24 hour emergency services. There is an AngioNeurology Center which is for strokes or aneurysm. There is a Neuro Trauma unit for severe head injuries. This hospital also has a good micro vascular department for nerve or tendon injuries in hands or lower extremities. The local ambulance will know where to take people in this compound. This is not a center to send someone alone.

### **11. Eye Hospital and Clinic**

Address: 5 Baytik Baatyr St.

Tel: 0(312) 510251 /510781/ 510783

This is a private eye clinic and hospital with ophthalmologists. Eye exams can be done here.

## **DENTAL CLINICS**

### **Kairos Dental Clinic**

Address: Ryskulov St 10      Tel : 0(312) 61 23 02, 61 23 03

This is a modern state of the art dental clinic newly opened in 2009. Dentists speak some English and the receptionist speaks English. There is a panoramic dental x-ray machine here.

### **Dental Art**

Address: 42/1 Isanova St.

Tel: 0(312) 906231/ 906232

Modern, well equipped dental clinic. No English speakers available.

### **Biodent**

Address: 112 Kievskaya St.

Tel: 0(312) 665720 /665044

There is one dentist that speaks some English.

### **Alef Dental Clinic, specialize on children.**

Address: 40, Ibraimov street

Tel. 0 (312) 389100, 389600

This clinic has dentists that specialize in children and have anesthesiologists available for children.

## **PHARMACIES**

Please be advised that medications purchased in the pharmacy may not be of the same quality as that obtained in the U.S. The brand name of the drug you request may not be the same as the brand available. Look for the formula name on your prescription if are searching for a replacement locally. Please be aware the pharmaceuticals come from a variety of countries including but not limited to the People's Republic of China, Russia, United States and the European Union.

**Neman:** Information Desk tel: 0 (312) 66 57 40  
Address: 139 Moskovskaya St. Tel: 0(312) 62 29 37  
Address: Togoluk Moldo and Toktugula St. Tel: 0(312) 62 78 22

**Prestige**

Address: 95 A Kievskaya St.  
Tel: 0(312) 621462

**Central Pharmacy**

Address: 340 Frunze St. Tel: 0(312) 681005

**LABS / Private Labs in Bishkek**

**Human Laboratory**

Address: 21/2 Logvienko Tel: Reception: 620102

**Bonetsky's Laboratory**

20 Prospect Mira (main building) TEL: Reception: 316092  
This lab has the capability to do culture examinations.

**MRI and CT : Private Diagnostic Centers**

**MEDIPOL CT Center**

37 Abaya St. (cross St is Mederova)  
Tel 0312 54 46 75, or 0312 54 78 13

This is a private free standing center with a CT machine and a mammography machine for outpatient use. The entrance is accessible to wheel chair and stretchers up an incline.

**MRI Center: UNI –T- Reactive –Farma Clinic**

137 Toktogul St.  
Tel: 0312- 47 15 63 or 64

This is a private free standing center with and an MRI machine and is wheel chair and stretcher accessible.

**MEDICAL EVACUATION COMPANIES**

This is a short list of companies that will do medical evacuations. There are many more and each person will need to check with their own private insurance to see which company they should use.

**International SOS Assistance**

3600 Horizaon Blvd. Suite 300  
Trevose, PA. 19053 Tel 267-716 24 11 Web: [www.internationalsos.com](http://www.internationalsos.com)  
Emergency 24 hour 215-942 8226  
Moscow Tel 007 495 9376477  
Almaty tel: 007 7272 581911 Dr. on Call (007) 701 744 1111

**Global Rescue LLC**

115 Broad St.  
Boston, MA 02110

Tel 24 hr: 617 459 4200      Web: [www.globalrescue.com](http://www.globalrescue.com)

**U.S. Air Ambulance**

5919 Approach Rd.  
Sarasota, Fla. 34238      Tel 24 hr: 800-543-3759      Web: [ww.USAirambulance.net](http://ww.USAirambulance.net)

**Medex Assistance**

PO Box 19056  
Baltimore, MD. 21284  
Tel: 800 537 2029, 410 453 6300      Web: [www.medexassist.com](http://www.medexassist.com)

**Swiss-Air Rescue**

PO Box 1414  
CH-8058 Zurich Airport  
TEL +41 44 654 33 11      Web: [www.swiss-air-ambulance.com](http://www.swiss-air-ambulance.com)

**Asia Air Ambulance**

Bangkok, Thailand  
Tel: 66-8989-69000      Web: [ww.asiaairambulance.com](http://ww.asiaairambulance.com)

**Medical Wings Siam Land Flying Co., Ltd.**

Bangkok, Thailand

**Tel: 66-2247-3392, 66-2535-4735      Web: [www.medicalwings.com](http://www.medicalwings.com)**  
**Time, Business Hours, and Holidays      [Return to top](#)**

Local time is two hours ahead of Moscow in the summer and three hours ahead in daylight savings time or 10-11 hours ahead of the U.S. east coast.

Businesses are generally open from 9 till 5, Monday through Saturday.

2009 holidays are:

|             |  |
|-------------|--|
| January 1   | New Year's Day                         |
| January 7   | Orthodox Christmas                     |
| February 23 | Armed Forces Day                       |
| March 9     | International Women's Day              |
| March 20    | Nooruz Muslim New Year                 |
| May 1       | Labor Day                              |
| May 5       | Constitution Day                       |
| May 9       | Victory Day                            |
| August 31   | Independence Day                       |
| Month**     | Kurman Ait Day                         |
| November 7  | Great October Socialist Revolution Day |
| Month**     | Orozo Ait Day                          |

\*\*These dates are determined every year by the lunar calendar

Observance of some holidays may be shifted and work schedules adjusted.

## Temporary Entry of Materials and Personal Belongings

[Return to top](#)

In addition to other commonly forbidden items such as firearms and narcotics, pornographic materials cannot be imported into the Kyrgyz Republic. Technically, all cash accompanying travelers must be declared. This requirement is selectively enforced, and may only be an issue with large sums of cash.

## Web Resources

[Return to top](#)

<http://travel.state.gov>

<http://www.kyrgyzembassy.org>

<http://www.unitedstatesvisas.gov/>

<http://kyrgyz.usembassy.gov/>

[Return to table of contents](#)

[Return to table of contents](#)

## Chapter 9: Contacts, Market Research, and Trade Events

- [Contacts](#)
- [Market Research](#)
- [Trade Events](#)

### Contacts

[Return to top](#)

American Chamber of Commerce, Kyrgyz Republic  
191 Sovetskaya, Office #123  
Bishkek, Kyrgyz Republic 720011  
Phone: (996 312) 68-09-07  
Fax: (996 312) 68-11-72  
Internet: <http://www.amcham.kg>

U.S. Embassy in the Kyrgyz Republic  
Artyom Zozulinsky  
171 Prospect Mira  
Bishkek, 720016  
Tel. +996 312 55 12 41, ext. 4403  
Fax. +996 312 55 12 64  
Email. [ZozulinskyA@state.gov](mailto:ZozulinskyA@state.gov)

Chamber of Commerce and Industry of the Kyrgyz Republic  
107 Kievskaya st., 720001  
Bishkek, Kyrgyzstan  
Tel. +996 312 21 05 73  
Fax. +996 312 21 05 75  
Email. [cci-kr@totel.kg](mailto:cci-kr@totel.kg)  
Web. <http://www.cci.kg>

Union of Entrepreneurs of Kyrgyzstan  
120 Tynystanova st., room 110  
Bishkek, Kyrgyzstan  
Tel. +996 312 66 68 64, +996 312 62 02 08  
Email. [spkg@mail.ru](mailto:spkg@mail.ru)

### Market Research

[Return to top](#)

To view market research reports produced by the U.S. Commercial Service please go to the following website: <http://www.export.gov/marketresearch.html> and click on Country and Industry Market Reports.

Please note that these reports are only available to U.S. citizens and U.S. companies. Registration to the site is required, but free of charge.



Please click on the link below for information on upcoming trade events.

<http://www.export.gov/tradeevents.html>

<http://www.amcham.kg>

[Return to table of contents](#)

[Return to table of contents](#)

## Chapter 10: Guide to Our Services

The U.S. Commercial Service offers customized solutions to help your business enter and succeed in markets worldwide. Our global network of trade specialists will work one-on-one with you through every step of the exporting process, helping you to:

- Target the best markets with our world-class research
- Promote your products and services to qualified buyers
- Meet the best distributors and agents for your products and services
- Overcome potential challenges or trade barriers

For more information on the services the U.S. Commercial Service offers U.S. businesses, please click on the link below.

[Return to table of contents](#)

U.S. exporters seeking general export information/assistance or country-specific commercial information should consult with their nearest **Export Assistance Center** or the **U.S. Department of Commerce's Trade Information Center** at **(800) USA-TRADE**, or go to the following website: <http://www.export.gov>

To the best of our knowledge, the information contained in this report is accurate as of the date published. However, **The Department of Commerce** does not take responsibility for actions readers may take based on the information contained herein. Readers should always conduct their own due diligence before entering into business ventures or other commercial arrangements. **The Department of Commerce** can assist companies in these endeavors.