



# Doing Business in the Kyrgyz Republic: 2008 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 and 8.2% in 2007. The nominal value of GDP amounted to 139.749.4 billion soms or \$3.75 billion in 2007, and \$2.8 billion in 2006. The Kyrgyz Republic remains one of the poorest countries of the former Soviet Union with 2007 wages averaging \$103 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. The Kyrgyz Government in partnership with international donors is tackling poverty, but approximately half of the population continues to live under the poverty line.

The Kyrgyz Government has rewritten its tax code to make the tax system more investor and business friendly, while increasing collection efficiency. Starting in January 2006, the income tax rate fell from 20% to 10% and profit tax decreased from 20% to 10%. Farmers are not obliged to pay VAT. The revenue threshold for business being subject to VAT increased from 2,500,000 soms (\$62,500) to 4,000,000 soms (\$107,000) for all entrepreneurs. For producers of bread, flour, and bread products, the VAT threshold increased to 5,000,000 soms (\$134,000).

U.S. foreign direct investment in the Kyrgyz Republic in 2006 was \$6.4 million, or about 2% of the total foreign direct investment in the country. For the first nine months of 2007, U.S. foreign direct investment totaled only \$3.7 million, or slightly more than 1% of total foreign direct investment in the Kyrgyz Republic.

## Market Challenges

[Return to top](#)

The principle 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.

The United Nations estimates that 50-60% of the population lives below the poverty line. With most average monthly wages ranging from \$50-\$100, 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](#)

Despite production difficulties at Kyrgyzstan's largest gold mine and political instability, GDP grew by 8,2% in 2007, with prospects for continued GDP growth. Furthermore, the country is bordered by Kazakhstan and China, two of the world's fastest-growing economies, and the Kyrgyz Republic now has a chance, with its recent tax breaks, to take advantage of the growth of its neighbors.

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 Chinese, Kazakh 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, 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. Kydyraliev, Director

100/1, L. Tolstoy str.

Bishkek, Kyrgyzstan, 720035  
Tel. +996 312 66 43 93  
Email. gdpk@list.ru

## **Establishing an Office**

[Return to top](#)

In order to start operating in the Kyrgyz Republic, a legal entity must be registered with three 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) and the State Tax Inspectorate (receives a unique identification number that is to be entered in all financial, accounting, and customs documents). However, individual entrepreneurs need only register with the Statistics Committee and the Tax Inspectorate.

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. While trademark, logo and intellectual property protections exist in theory, prosecution of infringement is difficult and often does not inhibit continued violations. 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, a "My Dollarstore" franchise started operations in Bishkek in early 2008.

## **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 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 1100 soms (approximately \$31) 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](#)

More than 50% 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 proposed new highway linking southern Kazakhstan to the Lake Issyk Kul region should improve connections from Kazakhstan.

## **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.

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: Manas 40 (2nd floor), 720001  
Phone: 665670, 665548  
Fax: 665-548  
Circulation: Tuesdays – 13000, Fridays – up to 22000  
Publication day: Tuesday, Friday  
Contact: Acting Editor-in-chief: Mr. Asyryn Aidaraliev; Deputy: Alym Toktomushev  
E-mail: [agym@users.kyrmnet.kg](mailto:agym@users.kyrmnet.kg)

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  
Newspaper "Limon"  
Phone: 650303,650309, 650306  
Publication: weekly

Website: <http://www.akipress.org>  
Phone: 610396, 611825  
Email: [admin@akipress.org](mailto:admin@akipress.org)

The Bishkek Standard (English language, private)  
Address/postcode: 115 Ibraimova St.,  
Phone/fax: 682604  
Circulation: 2,500  
Publication days: Monday  
Contact: editor: Mr. Mike Stone  
E-mail: [thebishkekstandard@gmail.com](mailto:thebishkekstandard@gmail.com)

Delo Nomer ("Case Number"); Russian language, private  
Address/postcode: 282-A Frunze St., 720011  
Phone: 682136  
Fax: 682142  
Circulation: 25,000  
Publication days: Wednesday  
Contact: Editor-in-chief: Mr. Viktor Mihailovich Zapolsky  
E-mail: [delonom@ktnet.kg](mailto:delonom@ktnet.kg)

Homepage: <http://www.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: 3,000

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/Radio)

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. Dmitryi Tokarevl – 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.(old street name 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 20%.

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

**KPMG**

Mr. Azamat Murzaliev, Executive Director  
Hyatt Regency Bishkek, Room #122  
191, Sovietskaya Street, Bishkek 720011, Kyrgyz Republic  
Tel: (996-312) 68 02 04, 68 05 73  
E-mail: [amurzaliev@kpmg.kz](mailto:amurzaliev@kpmg.kz)

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

Mr. Anton Safronov, General Manager  
Razzakova 32, room 407,  
Bishkek, 720040, Kyrgyz Republic  
Tel. +996 312 62 1388  
Tel/Fax. +996 312 62 13 84  
Email. [General@scotholland.com](mailto:General@scotholland.com)  
Web. [www.realestate.kg](http://www.realestate.kg)

**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](#)

	2005	2006	2007 (estimated)
Total Market Size, USD (excluding 37% losses in power)	\$138,626,778	\$168,069,297	\$194,548,536
Total Local Production (Billion kWh)	14.89	14.52	14.80
Exports (Billion kWh)	2.66	2.46	2.29
Average Export Price (US cents/kWh)	0.79	1	1.5
Imports (Billion kWh)	0	0	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 kWh generated per year. The remaining 2 thermal power plants, fueled by gas, fuel oil, and coal, generate 1.1 to 1.2 billion kWh per year, though their projected production capacity was 4.1 billion kWh.

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.

All 16 existing Hydro Power Plants (HPPs) were built during the Soviet era. Most 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:

	Existing HPPs	Capacity (MW)	Guaranteed Capacity (MW)	Average Annual Electricity Production (Millions kWh per year)
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, but is actively seeking investors for Kambarata I. Kambarata I's projected capacity is 1,900 MW; Kambarata II's is 360MW. A feasibility study of the Kambarata I HPP is scheduled for 2008.

### 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 is also considering offering the largest electricity distributor (Severelectro), the Bishkek thermal power plant and the Bishkek heating network for privatization or a management concession.

## Resources

[Return to top](#)

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## (FPP – Food Processing/Packaging Equipment)

### Overview

[Return to top](#)

	2005	2006	2007 (estimated)
Total Market Size <i>US\$ Million</i>	300.46	345.02	471.29
Total Local Production (Food Processing and Tobacco) <i>US\$ Million</i>	199.2	203.4	236.7
Total Exports (Food products and tobacco) <i>US\$ Million</i>	37.21	28.87	61.23 (through Sep. 2007)
Total Imports (Food products and tobacco) <i>US\$ Million</i>	101.26	141.62	234.59 (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 20-30% 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 could be satisfied by U.S. exports. Currently, many processed 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 no production of sweet corn in the Kyrgyz Republic. 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.

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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 a flurry of mining sector tenders in Kyrgyzstan as regional and international firms seek access to Kyrgyz mineral deposits. While Chinese, Kazakh and Russian firms have predominated in the scramble for Kyrgyz resources, other outsiders continue to expand their operations to the Kyrgyz Republic. There are several large joint venture mining project contracts, including some with U.S. partners. 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. When other projects get off the ground 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 Kyrgyz government is presently seeking investors for a joint-stock company that specializes in locating, surveying and exploiting gas and oil deposits. The Russian oil and gas conglomerate “Gazprom” has signaled plans to expand its operations in Kyrgyzstan.

### **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 mountainous Kyrgyz Republic, current production is limited to only 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 additional jobs. The tender process for new deposits is ongoing.

### **Resources**

[Return to top](#)

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**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, 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 1986 with this enterprise and still operates, but at a very poor level due primarily to ore depletion. Nevertheless, it manages to produce approximately 1.1 tons of gold per year.

The Kadamjay Antimony Enterprise previously produced 15% of the world's antimony. In 1990, Kyrgyzstan produced 17,608 tons of antimony; the third largest producer of antimony in the world after China and Bolivia. The Kadamjay Antimony Enterprise has exhausted most of its deposits, and now operates with imported raw material.

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. Current production has dropped to around 450 tons per year.

Although the Kyrgyz Republic cannot boast extensive oil and gas reserves, it does produce some oil. In 2004 the Kyrgyz Republic produced 73.3 thousand tons of oil, comprising around 3.7% of total domestic demand. Oil exploration in the Kyrgyz Republic started in 1900 and extraction reached 3000 tons by 1913.

The coal industry rapidly developed in the early 1900s and, by 1913, the Kyrgyz Republic provided coal for the entire Central Asian region. By 1979 coal production reached 4.9 million tons per year, but decreased dramatically by 2004, amounting to only 0.5 million tons. Demand averages about 1.9 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.

Before the collapse of the Soviet Union, the Kyrgyz Republic was the sole producer of antimony in the USSR, producing 64% of rare earth products and 15% of uranium. The Soviet government spent up to 50 million rubles per year on the exploration of new mines, employing approximately 61,000 Kyrgyz residents.

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.

Many companies involved in the extraction and bottling of mineral water emerged during the 1990s, with a number of successes.

The Kyrgyz Republic's potential in the mining industry is considerable, given its natural reserves and educated workforce.

### **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.

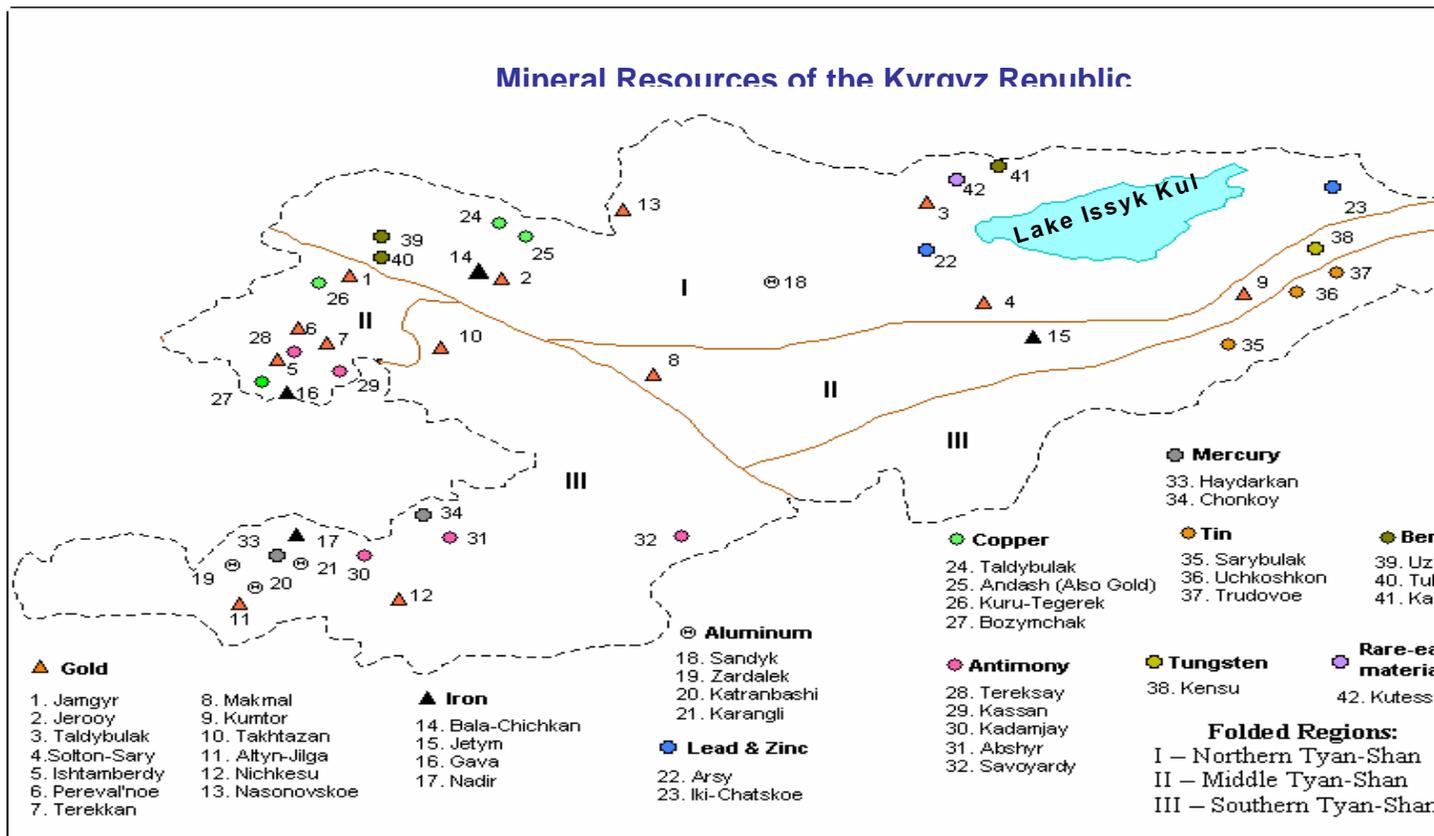
<b>Minerals</b>	<b>Measurement unit</b>	<b>Number of deposits in balance</b>	<b>Confirmed reserves</b>
<b>Fuel and energy resources</b>			
Oil	Tons	11	12,925
Gas	000 m3	11	7,312
Coal	Tons	49	1,316,918
<b>Precious metals</b>			
Hard rock gold	Tons	24	348
Placer gold	Tons	24	6
Silver	Tons	12	326
<b>Base 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 tons of gold per year. In operation since 1996, it has thus far produced over 180 tons of gold, with estimated gold reserves of 363 tons at the mine site. The Kyrgyz Republic owns 16% of the shares of Centerra Gold, the owner 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 38% of the Kyrgyz industrial sector. Kumtor contributes 6% of Kyrgyz GDP, 37% of exports, making Kyrgyzstan the third largest producer of gold in the Commonwealth of Independent States (CIS). 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**

There are a number of other companies exploring gold deposits, including Andash Mining Company, a joint venture between the Kyrgyz Republic and the British Aurum Mining Company. The joint venture has discovered gold and copper deposits at Andash

(# 25 in Figure 1.) The third largest gold deposit in the Kyrgyz Republic, Jerooy, is currently owned by the Visor company, a Kazakh firm, and Kyrgyzaltyn, a state-owned company.

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.

### **Other Minerals**

<b>Minerals</b>	<b>Measurement unit</b>	<b>Production Volume</b>	<b>Price per unit of product in USD</b>	<b>Estimated income</b>	<b>Actual employment (people)</b>
Oil	Tons	73293	145	\$10,627,485.00	1439
Gas	000 m3	28169	60	\$1,690,140.00	600
Coal	Tons	495000	10	\$4,950,000.00	2600
Mineral water for medical treatment	m3	1715007	0.001	\$1,715.01	
Mineral water for dinking	m3	11675	0.15	\$1,751.31	
Bed rock gold	Kg	21999	13000	\$285,987,000.00	3011
Placer gold	Kg	13	13000	\$163,800.00	15
Artisanal gold	Kg	250	13000	\$3,250,000.00	1250
Silver	Kg	11700	230	\$2,691,000.00	
Mercury	Tons	459	9321	\$4,280,203.20	803
Antimony	Tons	1112	750	\$834,000.00	1227
Fluorspar	Tons	3038	90	\$273,429.00	150
Gypsum	Tons	14000	100	\$1,400,000.00	242
Cement Materials	Tons	87000	5	\$435,000.00	307
Facing stone	m3	10000	10	\$100,000.00	547
Silica raw materials	Tons	15000	20	\$300,000.00	50
<i>Construction materials</i>					
Clay	m3	966600	4	\$3,866,400.00	952
Sand-gravel aggregate	m3	491300	4	\$1,965,200.00	1474
Limestone	Tons	445050	5	\$2,225,250.00	15
Building stone	Tons	40000	3	\$120,000.00	150
Sands	m3	485600	5	\$2,428,000.00	142
Expanded clay and aggloporite	m3	2000	5	\$10,000.00	19
<b>Total</b>				<b>\$327,600,373.52</b>	<b>14993</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 still 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. 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 2003 coal output dropped from approximately 2.4 million tons to 411,000 tons per year. Remaining reserves in the Kyrgyz Republic are estimated at a considerable 2.5 billion tons. The largest coal deposit, Kara-Keche, may be capable of producing 500,000 to 1 million tons per year.

### **Government Initiatives**

In recent years, the Kyrgyz government has focused on enforcing contractual obligations associated with existing exploration licenses. Prior to the March 2005 "tulip revolution," public awareness regarding licensing was limited. Currently, however, local media outlets tend to 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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## **(TRA – Travel/Tourism Services)**

### **Overview**

[Return to top](#)

Considering the geographic position and mountainous topography of the country, there are many opportunities for developing tourism. Tourist numbers increased to 1.6 million in 2007, a 60% increase on the figure recorded for 2006. Lake Issyk Kul, the second largest alpine lake in the world, is an excellent place for developing recreation facilities. Several local and foreign investors have implemented a number of resort projects along the lakefront. It is very popular to build and sell cottages, while maintaining a small hotel on the same compound for year round operation. Raduga 1 & 2 and Karven Village are some examples. Demand comes from local Kyrgyz and neighboring Kazakhs. These mostly Soviet-era resorts require renovations.

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.

Currently, there are no hotels with international brand names at Lake Issyk Kul resorts. This fact creates a niche for major U.S. hotel and resort management companies. The price of land along the lakefront has also increased quite substantially, from \$1,800/100sq.m in 2006 to \$15,000/100sq.m in early 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.

### **Best Products/Services**

[Return to top](#)

Construction of hotels and resorts along Lake Issyk Kul  
Hotel and management services  
Tourist promotion activities

### **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](#)

The Kyrgyz textile industry largely collapsed after the fall of the Soviet Union. Much infrastructure remains in the southern Fergana Valley region, where idle factories rest adjacent to cotton fields. Small-to-medium size enterprises (SMEs) have, nevertheless, established small factories that produce clothing primarily for export to Russia and Kazakhstan. Approximately 150,000 people are currently employed by the Kyrgyz textiles sector. Most of the clothing sold in the Kyrgyz Republic is made in China, Turkey, and Europe.

Wool is also plentiful in the Kyrgyz Republic. However, the factories and mills need investment and new management to rekindle a resource-rich supply base into a provider of low-cost exports.

### **Best Products/Services**

[Return to top](#)

Management services  
Updated spinning and textile producing equipment

### **Opportunities**

[Return to top](#)

The southern Fergana Valley region of the Kyrgyz Republic has the greatest potential for sectoral development. It abuts the Uzbek portions of the Fergana Valley where other textile industries exist. In other rural areas, wool is a resource for cashmere and wool sweaters.

### **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 of 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 20% 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](#)

Four Free Enterprise Zones currently exist in the Kyrgyz Republic. Good entering these zones are duty-free. With the exclusion of items entering the Free Enterprise Zones, goods are subject to regular customs policies.

### **Labeling and Marking Requirements**

[Return to top](#)

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

### **Contacts**

[Return to top](#)

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On April 15, 1994, CIS member states (Azerbaijan, Armenia, Belarus, Georgia, 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, France, Georgia, Germany, India, Indonesia, Iran, Kazakhstan, Malaysia, Mongolia, Pakistan, Switzerland, Tajikistan, Turkey, United Kingdom, Ukraine, Finland, Moldova, Sweden and Uzbekistan.

The Kyrgyz Republic has also signed double taxation treaties with several countries including Belarus, Canada, India, Kazakhstan, Mongolia, Poland, Russia, Tajikistan, Turkey, Ukraine, Finland, Austria, China, Iran, Switzerland, Malaysia, Pakistan, Germany, Moldova 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.

<http://www.nist.gov/notifyus/>  
[www.nism.gov.kg](http://www.nism.gov.kg)

[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 with a broad base of commercial laws. 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, a step which has proven to be the most successful strategy to date.

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. 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.

Banking laws do not discriminate against foreign banks. 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).

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.

### **Conversion and Transfer Policies**

[Return to top](#)

Foreign exchange is widely available, and the local currency, the som, is freely convertible. As of January 2008, the exchange rate was 35.5 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 sector, 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 does not guarantee or insure deposits with Kyrgyz banks. In late 2007 and early 2008, Kyrgyz authorities took some actions against Kyrgyzpromstroybank, which interrupted the bank's activities.

### **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 2007, some Kyrgyz parliamentarians and government officials advocated the nationalization of a foreign-run mine. 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.

### **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.

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 is in the process of revamping its tax code. Government officials, business leaders and outside experts are reviewing the current tax code to address the legislation's shortcomings, improve the tax administration process, rationalize the rate structure and make the tax system more investment friendly. While this tax review has been underway for the last three years, there is a chance that a new tax code might be adopted in 2008.

Taxes are complex, although the new tax code is supposed to improve the situation. Some of the existing taxes involve complex and time-consuming accounting. Payroll taxes such as social fund payments, used for the National Pension System, are also complex. Many recent tax inspections have focused on social fund payments. Transparency is a problem, as even basic laws, tax rates, 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.

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. Laws on collateral and bankruptcy make the enforcement of commercial obligations increasingly viable and more widely respected. A central lien registry, now functioning, also reduces disputes over collateral.

The Kyrgyz Republic is obligated to protect intellectual property rights as a member of the WTO. However, an estimated 80% 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. 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 2007, has intervened repeatedly in the market to prevent the rapid appreciation of 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 annual Consumer Price Index surged 19.5% through November 2007.

In 2007 the value of transactions at the Kyrgyz Stock Exchange amounted to 5.2 billion soms (~\$139.3 million), up 40% to the previous year. There were 4,092 transactions for 364,048,384 shares in 2007, compared with 2,284 transactions for 139,430,925 shares in 2006. As of January 2008, Kyrgyz Stock Exchange listed 19 companies (primarily brokerage companies), which represent around 300-400 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 2007 was about \$127,108,935. There are currently 22 commercial banks in the Kyrgyz Republic, with a total of 211 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) 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 October 1999, new banks must have a minimum charter capital requirement of 300 million soms (\$8.05 million). As of January 1, 2008, the minimum owned capital requirement was raised to no less than 100 million soms (\$2.7 million). Banking laws also require that banks maintain a 10% reserve with the National Bank. No deposit insurance or government guarantee of deposits currently exists, although plans for such a system have been outlined.

Between 1999 and mid-2001, seven banks became insolvent and suspended operations. No bank closures have occurred since 2001. The Supreme Court, in 2005, ruled against the National Bank's attempt to declare the commercial bank, "AkBank," bankrupt.

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. The National Bank of the Kyrgyz Republic is trying to impose strict regulation on the banking system, and is also working to improve commercial accountability. The closure of weaker banks has made the banking sector stronger and more viable as a whole.

## **Political Violence**

[Return to top](#)

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. Three people reportedly died and there were numerous minor injuries during the unrest. Losses due to looting in Bishkek are estimated at almost \$100 million. Kurmanbek Bakiyev was elected president in July 2005.

Outside of the March 2005 uprisings, there have been no recent incidents of politically motivated damage to projects and installations. Demonstrations in November 2006 and April 2007 were largely peaceful. Kyrgyz citizens enjoy basic rights, including the right to protest and demonstrate, the Kyrgyz government occasionally 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>.

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 2007 the Kyrgyz Republic ranked 150 out of 180 countries surveyed. According to polls conducted by the International Arbitration Court at the beginning of the year, 70 percent of businessmen did not trust the judicial system due to rampant corruption.

The Kyrgyz Government recognizes the damage corruption can cause. As part of its 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 law provides criminal penalties for official corruption; however, the government did not implement the law effectively. Officials engaged in corrupt practices with near

impunity, although 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, 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, Finland, Germany, India, Kazakhstan, Malaysia, 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](#)

OPIC is active in the Kyrgyz Republic. The event of an inconvertibility claim against OPIC 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 11.6 percent in November 2007. The unemployment rate would actually be higher if neighboring countries and Russia did not absorb many migrant workers.

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

[Return to top](#)

There are four Free Economic Zones (FEZs) in the Kyrgyz Republic: Bishkek, 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; exemptions from some import and export duties; simplified customs procedures; and direct access to utility suppliers. The production and sale of petroleum, liquor, and tobacco products in FEZs is banned.

## Foreign Direct Investment Statistics

[Return to top](#)

According to the Kyrgyz National Statistical Committee, Foreign Direct Investment (FDI) totaled \$335.6 million in 2006, \$210.3 million in 2005, \$176 million in 2004, \$147 million in 2003, \$116 million in 2002 and \$90 million in 2001. For the first nine months of 2007, FDI amounted to \$324.5 million (1.7 times higher than at the same point in 2006).

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 U.S.-Turkish-Dutch joint venture operates a Coca-Cola franchise that bottles its soft drinks locally, 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 2006: Kazakhstan 40.78%, Germany 15.92%, Great Britain 11.32%, Cyprus 6.83%, Russia 5.9%. For the first 9 months of 2007 the largest sources of FDI were Kazakhstan 46.66%, Great Britain 13.29%, Germany 8.93%, China 6.37% and Turkey 3.48%.

Bishkek and the surrounding Chui region absorbed more than 85% of FDI in 2007. An additional 10% went to the Talas region, with the remaining amounts scattered among the other five regions of the country, primarily the Jalalabad and Issyk-Kul regions.

## 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 January 2007 was \$86,995,001. There are currently more than 20 commercial banks in the Kyrgyz Republic, with a total of over 170 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 and trading of treasury bills. 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 Geologicheskij 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 Zhukeeva 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

Kyrgyzpromstroybank (currently being reorganized by new owners)

Chairman: Mr. Jumash Toktobekovich SYDYKOV

168 Chui Prospect, Bishkek 720040, Kyrgyz Republic

Tel: (996-312) 690238, 611149

Fax: (996-312) 690148, 690158

E-mail: [kirgpsb@transfer.kg](mailto:kirgpsb@transfer.kg)

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

U.S. correspondent bank: Bank of New York

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

## Project Financing

[Return to top](#)

Securing financing from local banks may be difficult. The U.S. Export-Import Bank does not finance exports to the Kyrgyz Republic. However, OPIC finances investments in the Kyrgyz Republic. The European Bank for Reconstruction and Development finances private sector projects in the Kyrgyz Republic by member countries. 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/ccs/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. Land mines in Batken Oblast and near the Kyrgyz-Tajik border continue to be a concern. 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.) 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.

## **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 to include seasonal flights to Hannover and Frankfurt in Germany. 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 major cities of Osh and Jalalabad as well as Karakol in the summer. There are daily Bishkek-Osh flights. 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 medical assistance in the Kyrgyz Republic is not readily available from local hospitals. There is often a shortage of all forms of medical supplies, diagnostic equipment, and medicines, and of western-trained doctors and nurses. Food sanitation can be a problem, and food poisoning, salmonella, giardia and diarrhea are not uncommon. Embassy Bishkek recommends that all visitors eat only cooked foods (no raw vegetables) and drink only bottled or distilled water. All visitors should ensure they have up-to-date vaccinations for typhoid fever, hepatitis a and b, diphtheria, and meningitis. There is a high incidence of contractible tuberculosis.

People should bring their own supplies and medicines for minor illnesses or injuries. For major illnesses or injuries the normal practice is to get emergency treatment at local facilities and to arrange for medical evacuation. All visitors should maintain medical evacuation insurance.

For treatment within the country, the following medical facilities in the Kyrgyz Republic are available:

**1. Bishkek Ambulance:**

During a medical emergency, the Bishkek City Ambulance can be reached by dialing telephone: **103**. Generally, operators will only speak Russian and the response time can be up to one hour.

Commercial Ambulance Service is available by dialing telephone number **151 or 65-73-04**. This service is also Russian-speaking, and equipment standards vary widely.

**2. MEDICAL ASSOCIATES CLINIC**

Primary and Emergency Medicine.

Address: Hyatt Regency Bishkek, 191 Sovetskaya, room 113.

Tel: (996-312) 98-57-45, E-mail: [roman\\_kislov@kumtor.com](mailto:roman_kislov@kumtor.com)

**3. VIP Clinic**

Provides medical consultations, as well as medical treatment and examinations for foreign citizens. Emergency care is not generally available. However, English speakers are available.

Address: 110 Kievskaya Street,  
Bishkek, 720001, Kyrgyz Republic.

Sagymbaev Marat Akimovich, Chief Physician.

Tazabekova Osipa Tabakelovna, Deputy Chief Physician,

Tel: (office) (996-312) 62-10-63; (home) (312) 66-13-10

24 hours duty telephone/ambulance: (996-312) 66-03-56/22-89-92

Reception: (996-312) 66-35-49 or 21-69-37 or 66-19-01

**4. Family Medicine Training Center**

English-speaking, U.S.-trained physicians are available for medical consultations during normal working hours. Dental appointments are also available.

Address: 144 A Bokonbaev Street, 2<sup>nd</sup> floor

Tel: (996-312) 66-06-44 or 66-59-07

**5. Republican Cardiac Center**

**Intensive Care Unit** is available 24 hours. Heart attack cases are treated here. English speakers are available.

Address: 3 Togolok Moldo Street (intersection T. Moldo and Toktogul)

Telephone of Intensive Care Unit: (996-312) 62-56-82

Hospitalization for foreigners costs 120 USD.

**6. “Poliklinika Stroiteley,” – Trauma Unit, 24 hours first aid in case of minor traumas.**

Address: 41 Manas Street (intersection Toktogul/Manas)

Telephone of the Trauma Unit: (996-312) 21-68-75

Reception: (996-312) 21-72-17

### **7. Private Medical Clinic "Vytas"**

89 Shopokova Street  
Bishkek, Kyrgyzstan. English speaker is available.  
Tel: 996-312-284-659

### **8. The Center for Family Medicine, Osh**

Policlinica #2, Room 9, 2<sup>nd</sup> floor  
22 "A" Zainabeddinova Street  
Osh City

Dr. Heather Dunn  
Dr. Begaim Akmatova  
Tel.: 3222-25420, 56991, 25375.  
Cell phone: 0-502-334494  
(Mondays and Thursdays  
from 8:30 to 12:30)  
English speakers are available.

*(Note: Since local doctors are limited in time and resources American citizens are strongly recommended to have medical plans in place for other sources of help in an emergency.)*

### **9. Medical Evacuations:**

The following is the list of companies that can assist U.S. citizens with medical evacuations. Please be aware that the Embassy can not provide administrative assistance, such as airport and flight clearance assistance, for private medical evacuations.

- **DELTA CONSULATING**, Moscow, tel: 7-495-937-6477
- **GENEVA SOS EMERGENCY**: tel: 41-22-785-6464
- **SOS, Philadelphia**, PA, the emergency number for the home office is 215-244-1500.
- **AEA INTERNATIONAL**, worldwide emergency assistance.

Almaty, Kazakhstan

Dr. Francois Gourraud, Medical Director for Central Asia  
Tel: (7-3272) 581-911 or doctor on call at (7-3007) 441-111

### **Pharmacies:**

Prestige, 95a Kievskaya Street  
Tel.: 621-462  
Neman, 139 Moskovskaya Street/T. Moldo Street  
Tel.: 622-937  
Neman, 8 Manas Ave/Bokonbaeva Street  
Tel.: 216-792  
Central Pharmacy, 340 Frunze Street  
Tel.: 681-005

## **Local 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.

2008 holidays are:

January 1	New Year's Day
January 7	Orthodox Christmas
March 8	Women's Day
March 21	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

### **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@total.kg](mailto:cci-kr@total.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.