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AGRICULTURE OF THE KYRGYZ REPUBLIC AND TRADE POLICY

June 17-18, Urumqi, PCR





Кыргызская Республика





Brief Information about the Kyrgyz Republic

Name of the country Kyrgyz Republic (Kyrghyzstan)

Population more than 5.2 mln. people. **Area** 199.9 thous. km²

Neighboring countries China, Kazakhstan, Uzbekistan, Tajikistan

Languages Kyrgyz and Russian. **Capital city** Bishkek

Head of the state President, **Head of the Government** Prime Minister appointed by the President and approved by the Jogorku Kenesh (Parliament), **Legislature:** One-Chamber Jogorku Kenesh (90 deputies)

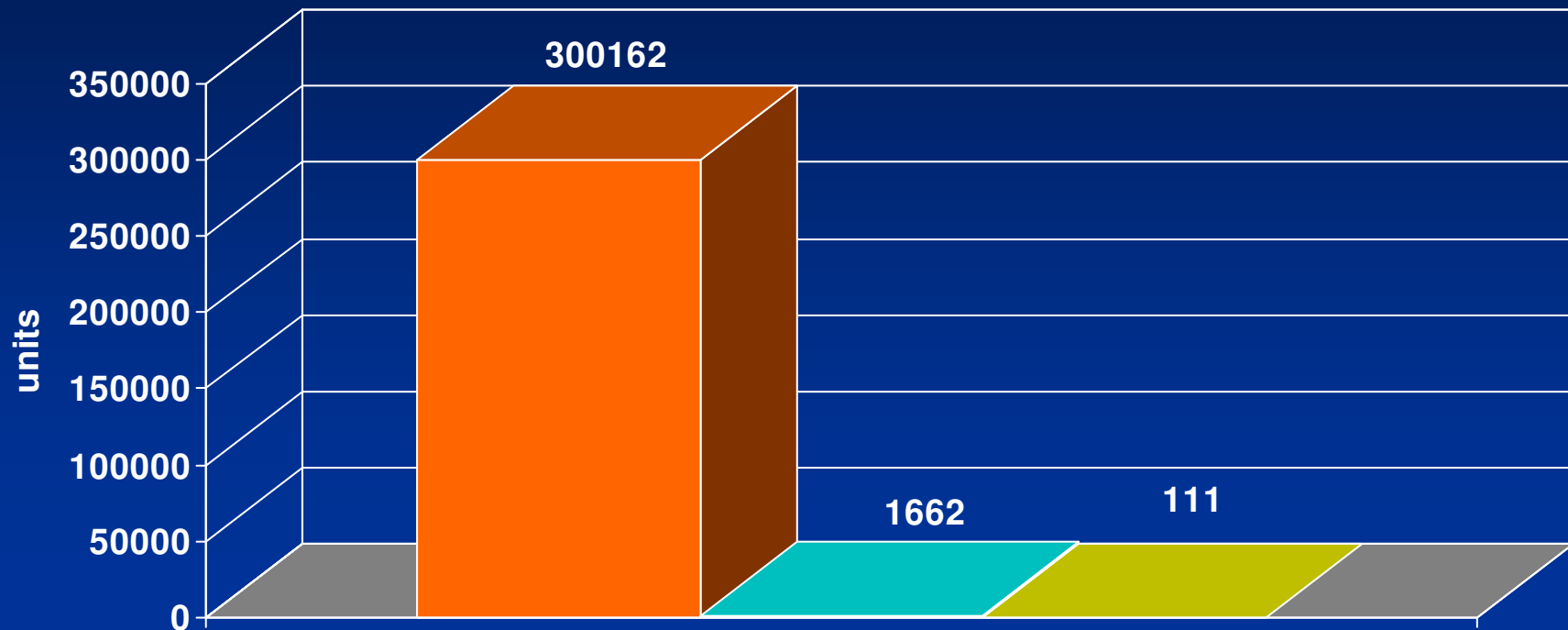
Administrative division Seven oblasts (Batken, Jalal-Abad, Issyk-Kul, Naryn, Osh, Talas and Chui), subdivided into rayons and two cities of republican significance – Bishkek and Osh

National currency Som, **Electricity** 220 V, 50 Hz

Linear measure meter, **time zone** GMT +5, **Financial year** January 1 – December 31



Agricultural entities



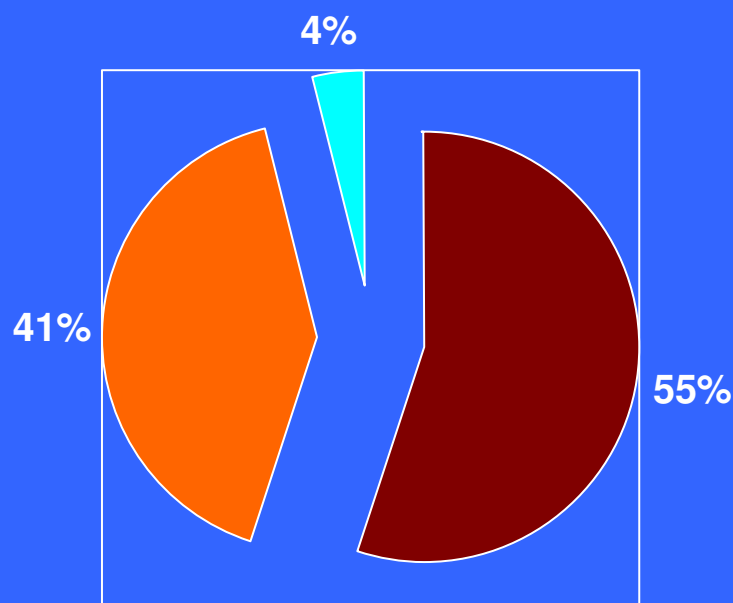
■ Peasants' farms

■ collective, cooperative farms and household plots

■ state farms



Structure of agricultural output by categories in 2006



■ peasants' farms ■ household plots ■ state and cooperative farms



The following enterprises are operating in the Kyrgyz Republic:

- Producing beer, soft drinks, bottling mineral water - 120 economic entities;
- Fruit and vegetable processing - 22 industrial enterprises and 18 mini-shops;
- Meat processing enterprises - 14 meat factories;
- Dairy industry – 24 factories;
- Milling industry - 2,161 mini-mills



Key agricultural complex development priorities

- The Concept of Agrarian Policy of the Kyrgyz Republic until 2010,
- The Country Development Strategy for 2007-2010 (CDS) - including the section “Development and Agriculture and Processing Industry”



Ensuring country's food security

MAWRPI of the KR, with the ADB's support, developed a draft Strategy for the Country's Agrarian Sector Development (2007-2015):

- **development of production,**
- **processing,**
- **sales and export of agricultural products,**
- **attraction of investments.**



Priority directions of the state policy in the KR agricultural complex development

- increasing efficiency of agricultural production
- active influence of domestic market of agrarian products
- ensuring food security in Kyrgyzstan



Agribusiness Competitiveness Center

- For a more effective implementation of the Agribusiness and Marketing Project, on November 29, 2004 the Government of the Kyrgyz Republic established the Agribusiness Competitiveness Center (ABCC). The center is a non-commercial organization with a status of a legal entity and has a southern branch in Osh city.
- To increase competitiveness of Kyrgyz agricultural enterprises and promote their products to domestic and international markets by strengthening export capacity, the Market Development Service have been established within the structure of the ABCC.
- The Enterprise Development Component is implemented under the project to provide support to private enterprises and entrepreneurial agribusiness associations by providing technical assistance in business management, trade, marketing and products sales in domestic and external markets.



Capabilities of the Agribusiness Competitiveness Center

- ✗ *Promotion and representation of interests when concluding contracts with commodity producers of the Kyrgyz Republic*
- ✗ *Executing functions of a permanent representative in the Kyrgyz Republic*
- ✗ *Promotion of products, business and ideas to domestic and external markets*
- ✗ *Promoting strengthening the export capacity of producers and processors in the agricultural sector of the KR*



Trading regimes:

- CIS countries – free trade regime,
- WTO countries – most favorable regime,
- Least developed countries – preferential regime.



Existing Customs Tariff Structure

The average customs tariff rate for 2008 will be 5,0%.

The customs tariff will include seven tariff bands (0%, 5%, 10%, 12%, 15%, 20%, as well as that of specific and combined rates).

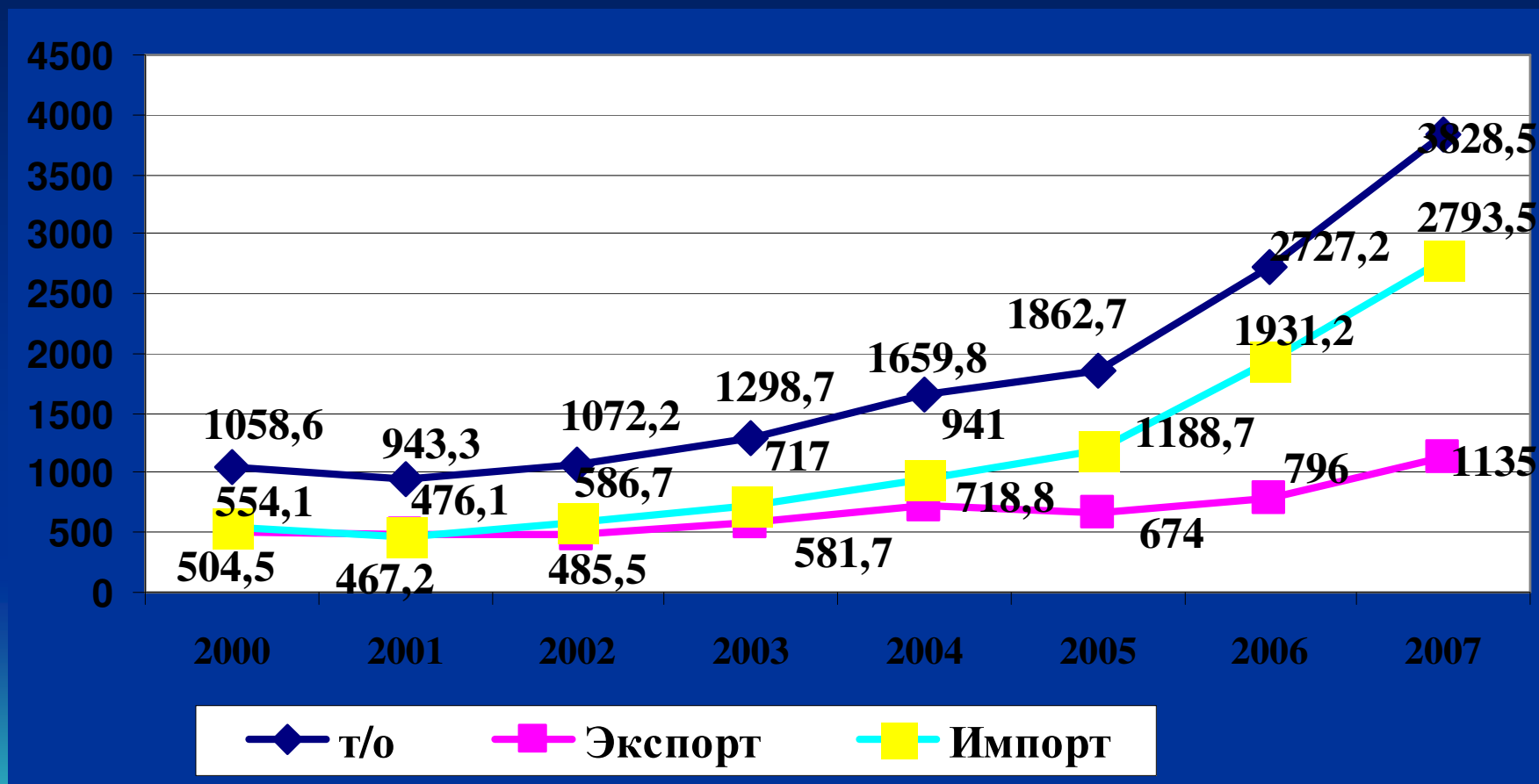
- 1. Zero-rated customs tariff covers 45% (4,987 commodity headings)**
- 2. 5% customs tariff rate covers 12,8% or 1,377 commodity headings**
- 3. 10% customs tariff rate covers 35% and makes up 3,765 commodity headings**
- 4. 12% customs tariff rate covers 2,8% and makes up 308 commodity headings**
- 5. 15% customs tariff rates covers 2,9% and makes up 241 commodity headings**
- 6. 20% - covers 0,06% and makes up 138 commodity headings.**

Specific customs tariff rates cover 0,1% and make up 11 commodity headings

Combines customs tariff rates cover 1,3% make up 143 commodity headings.



Dynamics of External Trade Development of the Kyrgyz Republic for 2000-2007 (US\$ mln.)



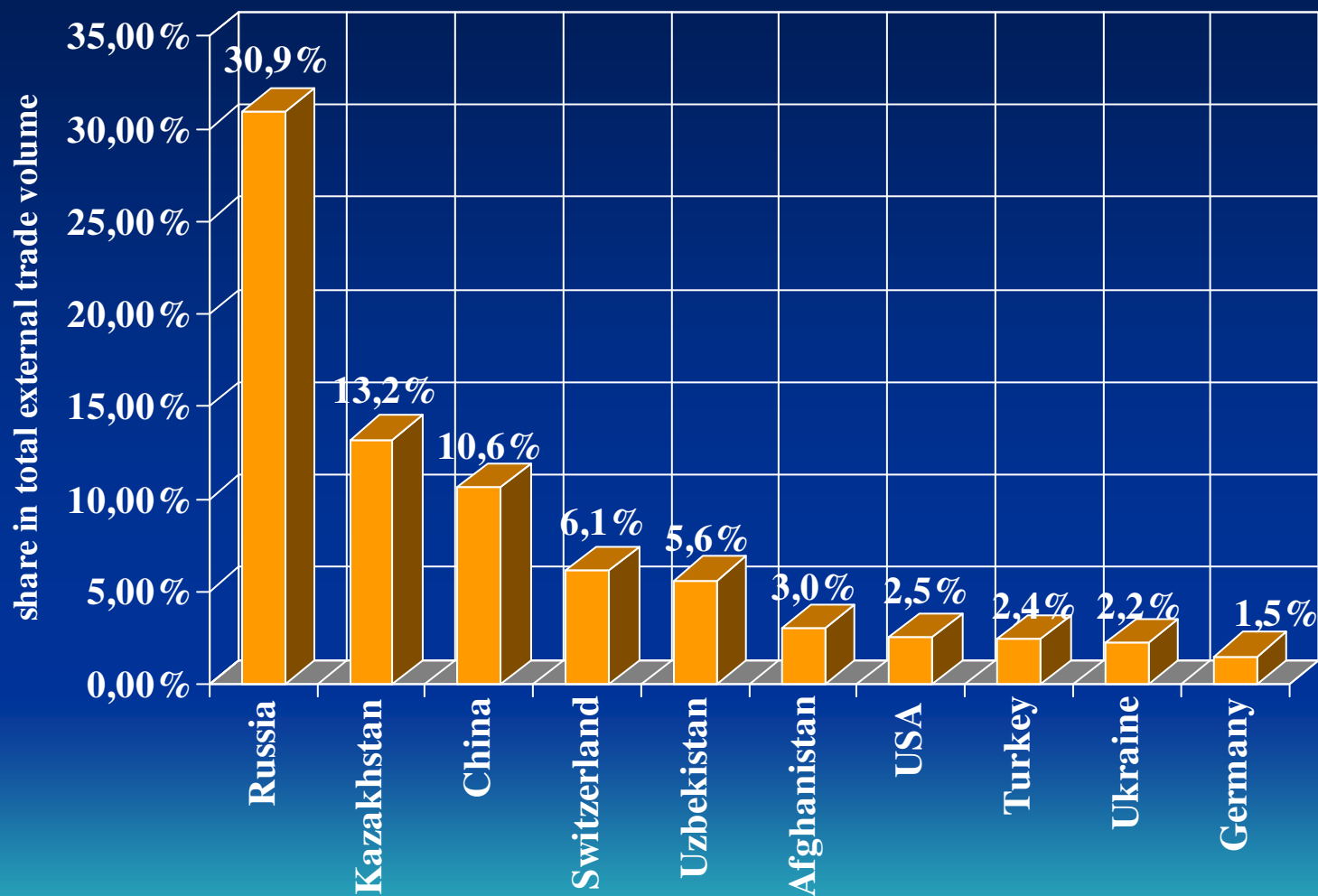
trade volume

export

import



Key trade partners of the Kyrgyz Republic





Key trade partners in import and export

Import

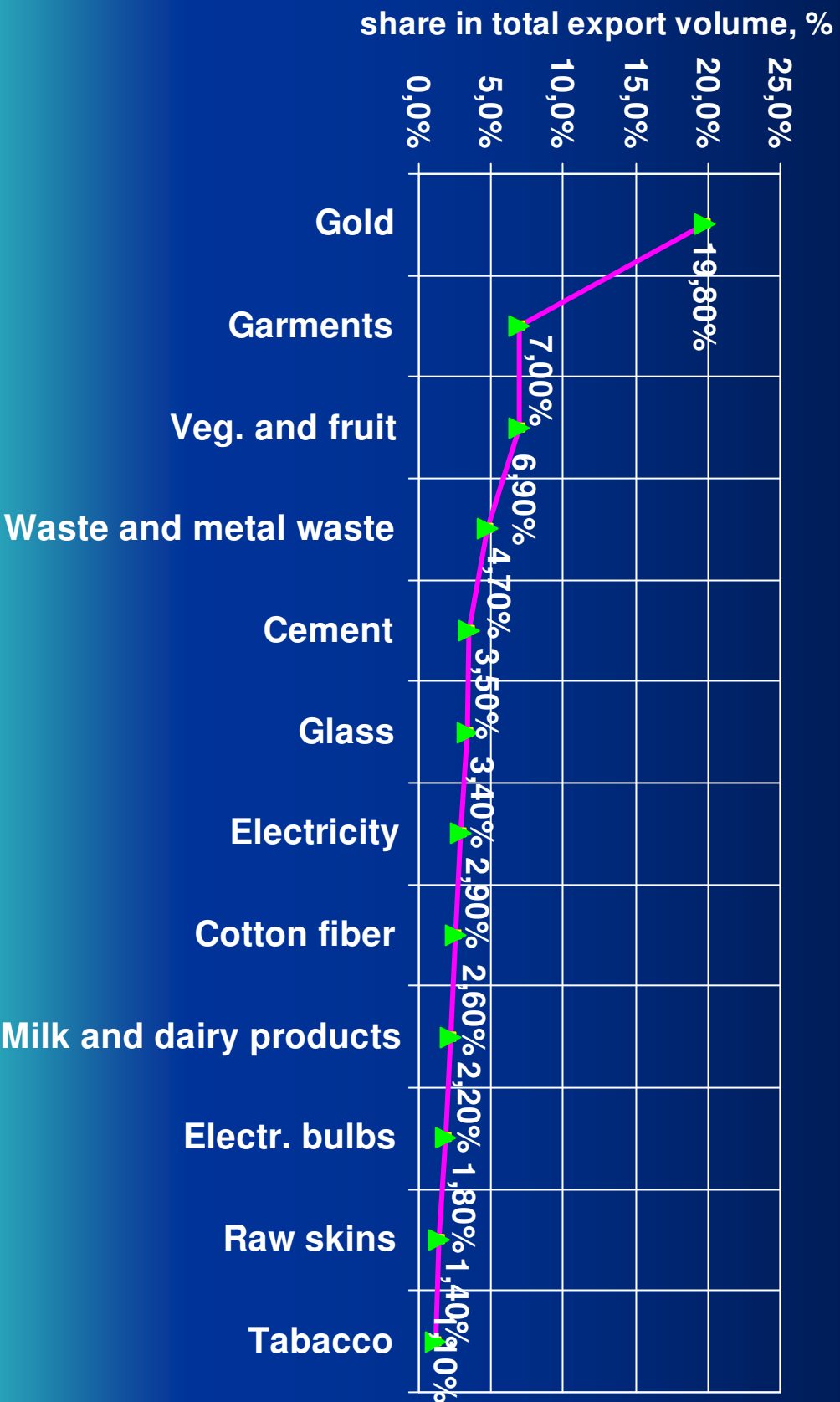
- **Russia - 978,8 mln. USD (35,0%)**
- **China - 355,6 mln. USD (12,7%)**
- **Kazakhstan – 312,4 mln. USD (11,2%)**
- **Uzbekistan – 120,9 mln. USD (4,3%)**
- **USA – 95,8 mln. USD (3,4%)**
- **Ukraine – 79,5 mln. USD (2,8%)**
- **Germany – 54,2 mln. USD (1,9%)**
- **Turkey – 50,9 mln. USD (1,8%)**
- **Korea – 39,1 mln. USD (1,4%)**
- **the Netherlands – 36,4 mln. USD (1,3%)**

Export

- **Russia – 234 mln. USD (20,6%)**
- **Switzerland – 226,1 mln. USD (19,9%)**
- **Kazakhstan – 204,6 mln. USD (18,0%)**
- **Afghanistan – 118,4 mln. USD (10,4%)**
- **Uzbekistan – 85,7 mln. USD (7,6%)**
- **China – 61,9 mln. USD (5,5%)**
- **Turkey – 43,0 mln. USD (3,8%)**
- **Tajikistan – 28,1 mln. USD (2,5%)**
- **Latvia – 16,6 mln. USD (1,5%)**
- **UAE – 14,4 mln. USD (1,3%)**



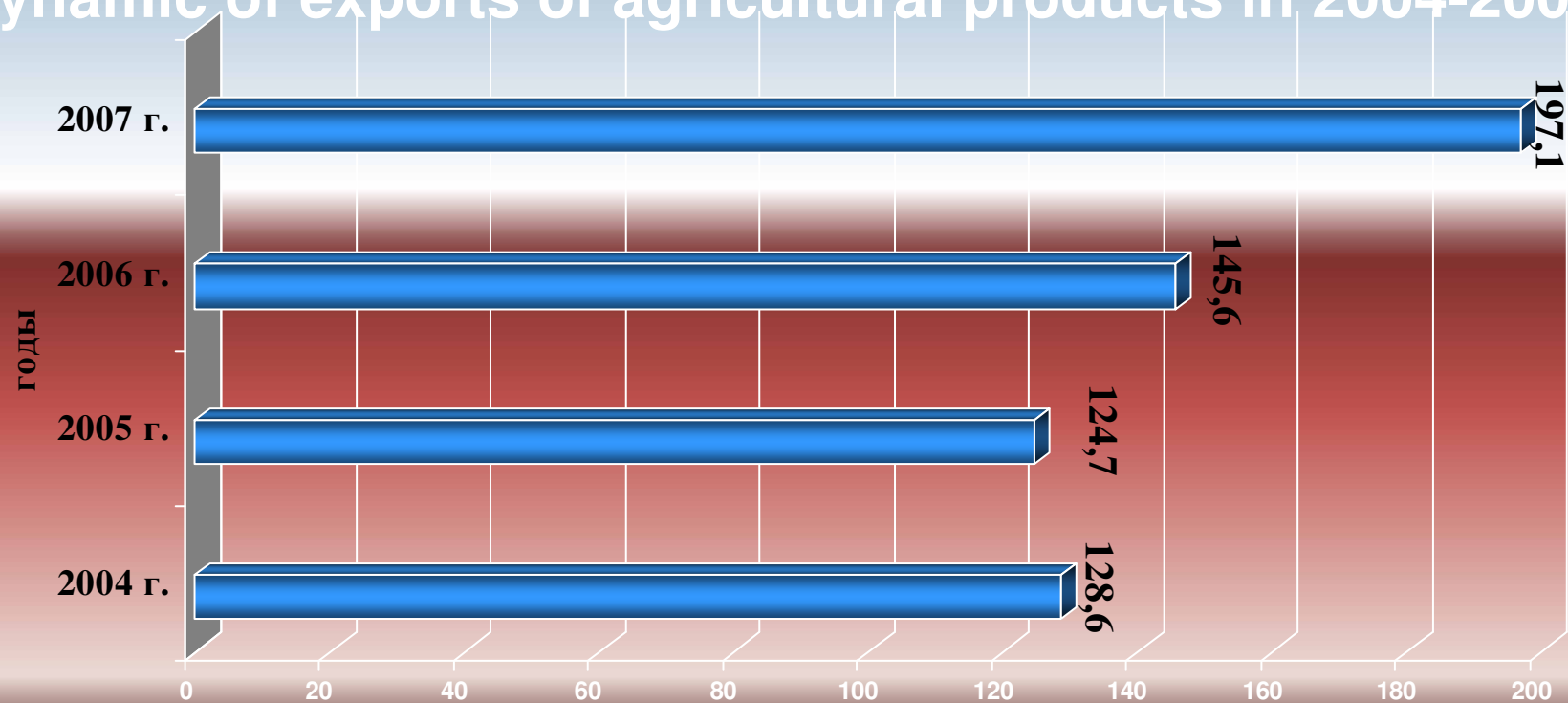
Key export items





Динамика экспорта сельскохозяйственной продукции в 2004-2007 гг.

Dynamic of exports of agricultural products in 2004-2007





Key export items of agricultural products

- **vegetables and fruit – 39,6% in total export of agricultural products,**
- **cotton fiber – 14,8%,**
- **milk and dairy products – 12,8%,**
- **raw skins – 7,9%,**
- **tobacco – 6,2%,**
- **finished products of animal and vegetable fat – 4,6%,**
- **live animals – 2,2%.**

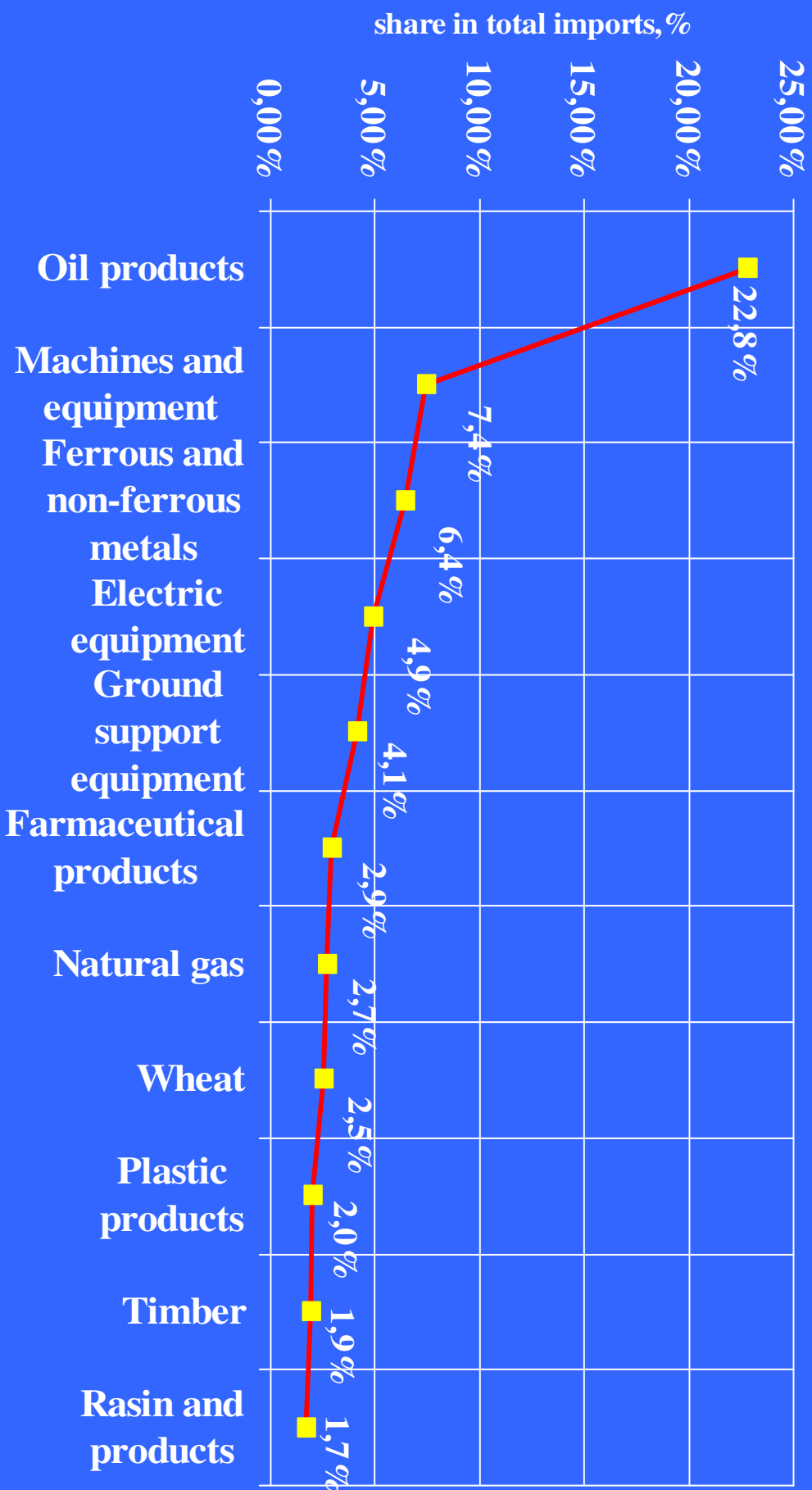


Key partners for agricultural products export:

- **Russia (exporting tobacco, cotton fiber, sugar, wool, fruit and vegetables, natural honey),**
- **Kazakhstan (milk and dairy products, vegetables and fruit, meat and meat products, live animals),**
- **China (raw skins, wool, vegetables and fruit), Afghanistan (milk and products, flour, wheat),**
- **Tajikistan (flour, wheat, vegetables and fruit),**
- **Turkey (vegetables and fruit, cotton, raw skins, natural honey).**



Key import items





Key imported agricultural products

- wheat (21,3%),
- cocoa and cocoa products (9,8%), tobacco products (8,5%),
- sugar (6,8%),
- meat and meat products (6,7%),
- vegetable oil (5,7%),
- wheat flour (4,6%),
- raw sugar (3,3%).



Thank you for your attention!