



Invest in Kyrgyz Republic



**Investment Promotion Agency
under the Ministry of Economy of
the Kyrgyz Republic**

GENERAL INFORMATION

- **Official name:**
Kyrgyz Republic
- **Form of government:**
Parliamentary republic
- **Language:**
Kyrgyz (state)
Russian (official)
- **Currency:** KGS
1 USD = 54.39 KGS
1 Euro = 68.89 KGS
- **Financial and cultural centers:**
Bishkek city and Osh city



Capital: **Bishkek**



Population: **5.8 million**



Time zone: **UTC+6**



Total territory: **199.9 thous. sq.km**

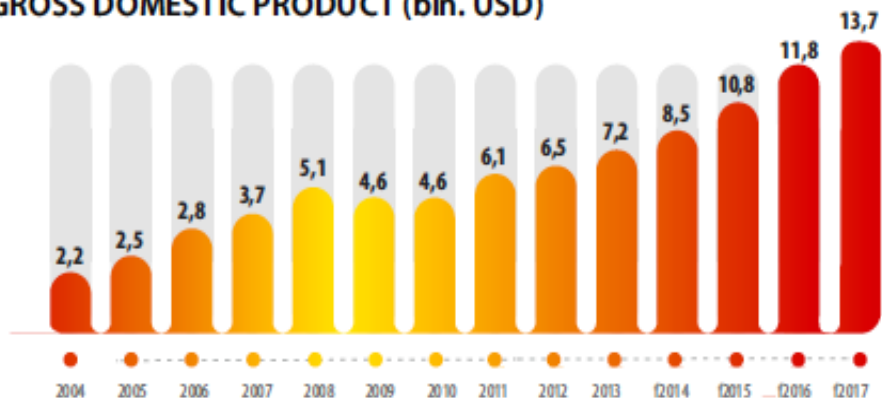


Average age: **27 years**



Climate: **moderate continental**

GROSS DOMESTIC PRODUCT (bln. USD)

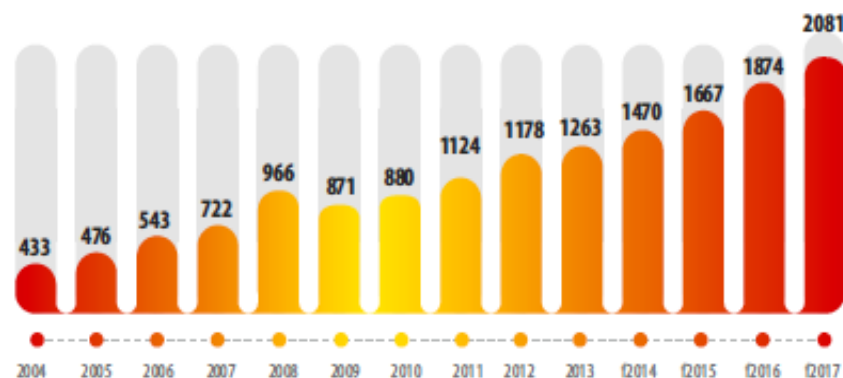


GDP of the country has grown in **3.5 times within the last 10 years**. Financial crisis has negatively influenced upon GDP of 2009, but economics of the country quickly rehabilitated and continued its growth. In accordance with the official forecast the GDP will be **13.7 bln. USD in 2017**.

STRUCTURE OF THE GDP



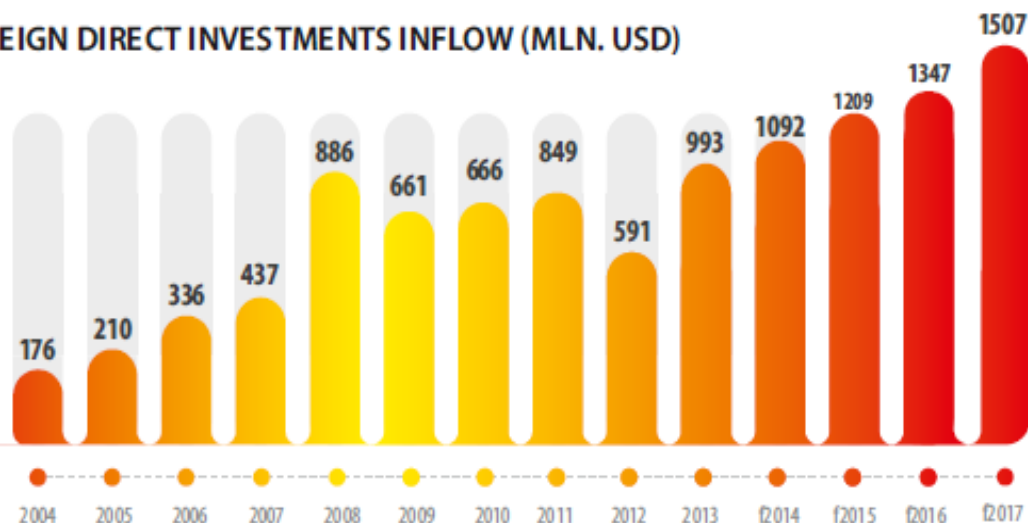
PER CAPITA GDP (in USD)



Stable growth of living standard, as the index of **dynamically developing economics**.

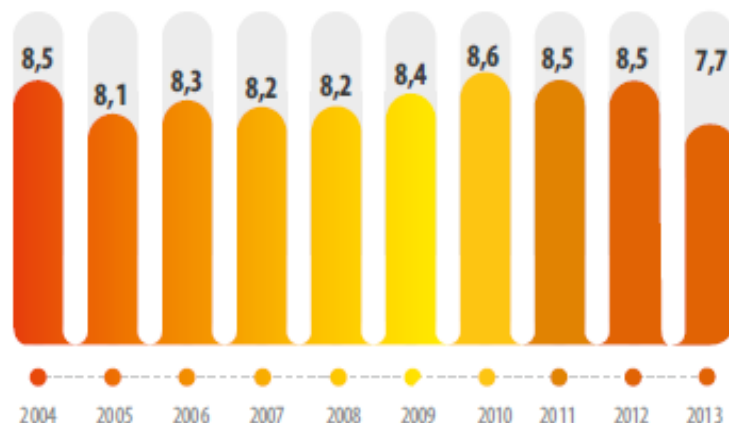
- Services
- Agricultural industry
- Industry
- Construction
- Others

FOREIGN DIRECT INVESTMENTS INFLOW (MLN. USD)



The Kyrgyz Republic makes efforts for creation of favourable business climate. Owing to this, efforts the volume of the foreign investments for the **last 10 years** has increased **more than in 4 times**.

UNEMPLOYMENT LEVEL (%)



One to the data of the official statistics, the average unemployment level for the last 5 years is at the level of 8,5 %. In 2013 it fell by 0,8 % to the level of 7,7%. It is planned that the general level of unemployment will be reduced in the following years and will be 7,1% in 2016.

ACCESS TO EXTERNAL MARKETS



- **The Kyrgyz Republic** is in the center of Eurasian continent and has advantageous geographical location that makes it possible for it to access to large markets of the neighboring countries. The Republic takes strategic position between the Commonwealth of Independent States and Asian Pacific Economic Cooperation Society, being the on of the main transit routes through Central Asian corridor. The Republic builds mutual trust relations not only with the countries of the region but also with the far abroad countries.
- Goods from the Kyrgyz Republic have the access to the **markets with population of more than 2 mlrd. people.**
- The Republic is planning to enter into **the Customs Union of Russia, Kazakhstan and Belarus** that will facilitate the entry of the goods to the large market. As a result the investments to the manufacturing will be the most profitable.

THE REPUBLIC IS THE PARTICIPANT OF THE FOLLOWING INTERNATIONAL ASSOCIATIONS:



IN RELATION TO ITS TRADE PARTNERS THE KYRGYZ REPUBLIC APPLIES THE FOLLOWING TRADE REGIMES:



LIBERAL LEGISLATION



- ⚖ Most favored nation treatment regime
- ⚖ Equal conditions for activity of foreign and local companies
- ⚖ Right of access of the investor to international arbitration
- ⚖ Guarantees of export or repatriation of investments, property and information outside the Kyrgyz Republic
- ⚖ Guarantees of protection from expropriation of investments and compensation of losses to the investors
- ⚖ Freedom of monetary operations, etc.
- ⚖ Wide protection of foreign investors rights by law on investments of the Kyrgyz Republic
- ⚖ Access to all sectors of economics
- ⚖ Participation in privatization, purchase of shares and securities of Kyrgyz companies
- ⚖ Opportunities of wide cooperation with the state under the law on state and private partnership in the Kyrgyz Republic, guarantees of profit and fiscal preferences under the creation and operation of the state objects
- ⚖ Freedom of choice for form and objects of investments

FREE ECONOMIC ZONES



- Favorable position for the development of cross-border trade
- FEZ entities perform trade with **68 countries** of the world
- Export supplies to **27 countries** of the world
- FEZ goods turnover with the countries of the world has been grown in **3 times within 2 years** and amount to **347 mln. USD** in 2012

Profits from FEZ activity:

- All types of taxes, dues, payments and fees reductions and exemptions
- Customs duties of commodities exemption
- Quota allocation and licensing exemption
- Simplified regime of entry and exit for foreign employees
- Simplified and accelerated registration of economic entity
- Simplified customs clearance procedures
- Direct access to infrastructure necessary for the activity performance

Trade structure of export and import operations of FEZ entities in 2013



BILATERAL INTERNATIONAL AGREEMENTS

Double taxation risk protection: Russia, Kazakhstan, Turkey, China, Canada, Switzerland, Belarus, Uzbekistan, Tajikistan, Ukraine, Malaise, Mongolia, Austria, Poland, Finland, Moldova, Latvia, Lithuania, Pakistan, India, Germany.

Foreign investment encouragement and protection: China, Turkey, USA, Iran, Pakistan, Malaise, Armenia, Azerbaijan, France, Ukraine, Indonesia, Uzbekistan, Great Britain, Kazakhstan, Georgia, India, Germany, Switzerland, Belarus, Mongolia, Tajikistan, Swiss, Moldova, Finland, Austria, the Czech Republic, Slovakia

TAXATION

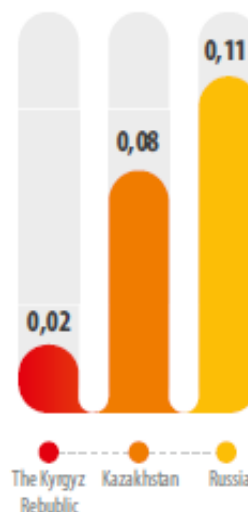
The most profitable tax rate in the region:

Tax	The Kyrgyz Republic	Tajikistan	Uzbekistan	Kazakhstan	China
VAT	12%	20%	20%	12%	17%
Income Tax	10%	8-13%	10%	10%	5-45%
Profit Tax	10%	25-30%	9-35%	10-20%	15-25%

There only 8 types of taxes in the country:

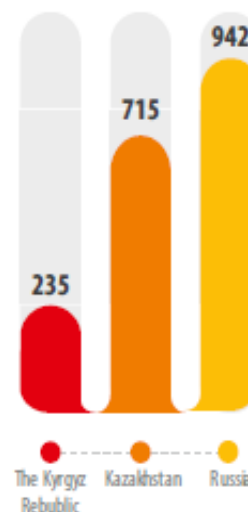
- VAT
- Income tax
- Business tax
- Excise tax
- Tax on subsoil use
- Sales tax
- Land tax
- Wealth tax

LOW ELECTRICITY COST



Price for 1 kw/h (USD)

LOW WAGES



Average monthly wage (2013, USD)

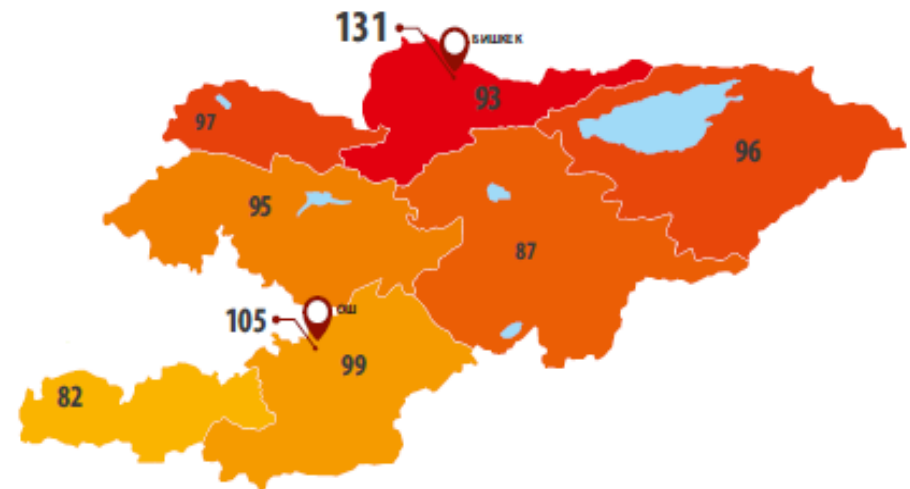
WAGES

Average monthly wage in 2013 was **235 USD**.

Average monthly wage on types of economic activity (USD)



Average monthly wage of **small businesses** at the territory of the Kyrgyz Republic (USD)



Average monthly wage of small businesses through the Republic in 2013 was **116 USD**. However wages in all regions besides Bishkek city was significantly lower than average in the Republic.



There are **55** higher schools and 241 elementary and secondary professional educational institutions functioning in the Kyrgyz Republic. **45 400** specialists of elementary and secondary educational levels and **41 300** specialists of high educational level have been graduated during the passed year only.

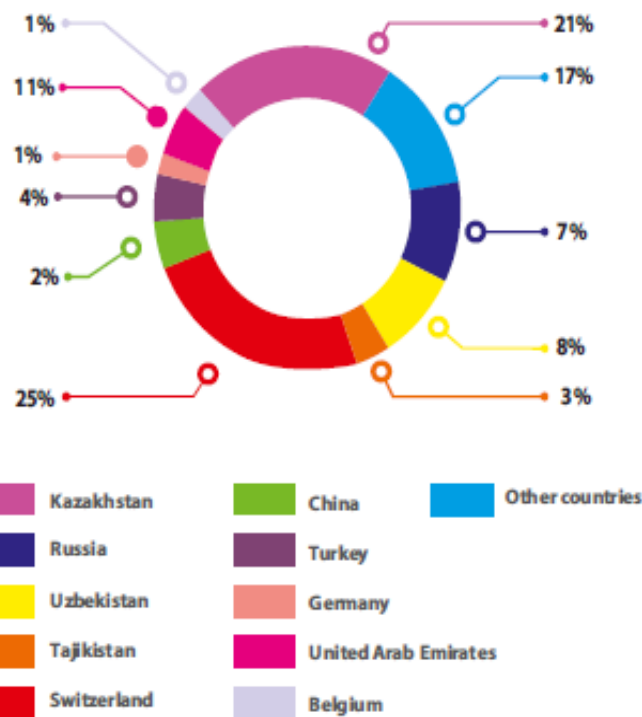
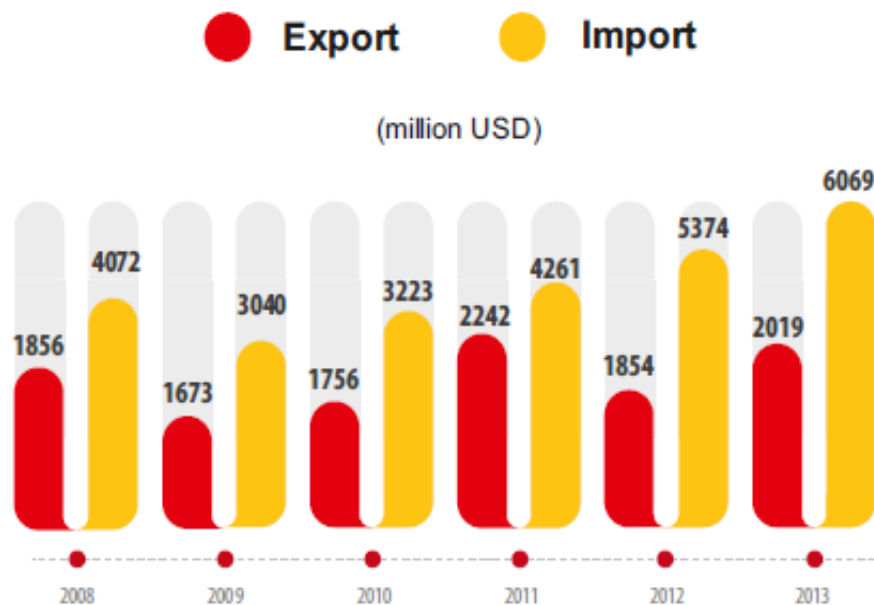
Educational institution	Quantity of institutions	Quantity of graduate (2013)
Higher schools	 55	 41 300
Elementary and secondary professional educational institutions	 241	 45 400

INTERNATIONAL TRADE

The Kyrgyz Republic was the first country among the CIS countries to join the **WTO** in 1998. For now the Kyrgyz Republic has the most liberal trade conditions in Central Asia.

During the last 10 years the Kyrgyz Republic turnover with countries worldwide has been exceeding the GDP level indicating economy openness.

The Republic traded with **145 countries** worldwide, exported goods to **82 countries** in 2013. Export was oriented both neighboring countries and far-abroad countries.



MAJOR TRADE JUNCTIONS

Two large markets Dordoi and Kara Suu are the major trade centers in Central Asia. These markets are re-export centers of goods from China to Tajikistan, Uzbekistan, Kazakhstan and Russia and other countries.



Dordoi
Dordoi market is one of the major transit points, via this market, consumer goods from China come to Kazakhstan and Russia markets.

According to WTO data there are **800 thousand people** acting at the market directly or indirectly (15% of population).
Employment is **54 000 people**.
The market turnover is approximately **4 billion USD**.



Кара-Суу

Kara-Suu market is the major trade center in the South of the Kyrgyz Republic. It is an important center of Chinese goods re-export to Uzbekistan and Tajikistan.

Employment is more than **16 000 people**.
Annual sales volume is more than **600 million USD** most of it goes abroad.

EFFECTIVE INVESTMENTS IN THE KYRGYZ REPUBLIC SINCE INDEPENDENCE



"Coca-Cola bottlers" is the largest enterprise specializing on the production and distribution of alcohol free drinks of The Coca-Cola Company, successfully operating at the country market for more than 15 years



Golden Tulip - the first international four-star hotel in Kyrgyzstan



Centerra Gold Inc. is one of the largest gold-mining company in the world operating at the territory of the Kyrgyz Republic since 1992.



Demir Kyrgyz International Bank was established in 1997. It is the first bank in the Kyrgyz Republic consisting of 100% foreign capital.



Wimm Bill Dann was established in 1998. The Company is a leader at the market of dairy production and child nutrition.



Oil Company Gaspromneft Asia Ltd is the largest operator at wholesale and retail markets of oil products and liquefied hydrocarbon gas operating since 2006.



Beeline is a large mobile operator of the Kyrgyz Republic with covered territory up to 90% of the country population.



The Hotel Hyatt Regency Bishkek is a five-star hotel, a leader of hotel business.



Russia Investment Bank OJSC is the first bank of Russia in the Kyrgyz Republic which is one of the largest banks in the bank sphere of the country.

According to the World Bank Report on "Doing business" and International Index of Economic Freedom calculated by the Heritage Foundation research centre, in 2013 the Kyrgyz Republic is a **leader among other countries of the region** on the following criteria:

INDEX OF ECONOMIC FREEDOM

-  Taxation system
-  Free trade
-  Ease of doing business
-  Free investment activity
-  Labor market freedom
-  Favorable financial policy of the government

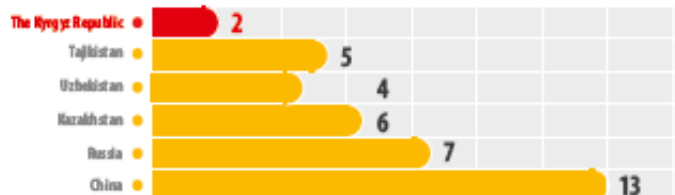


DOING BUSINESS

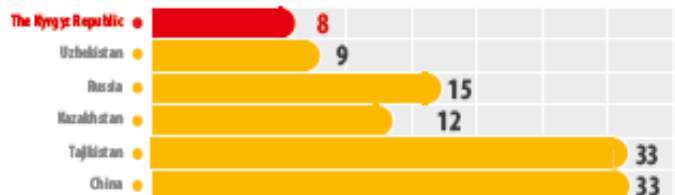


DOING BUSINESS 2014

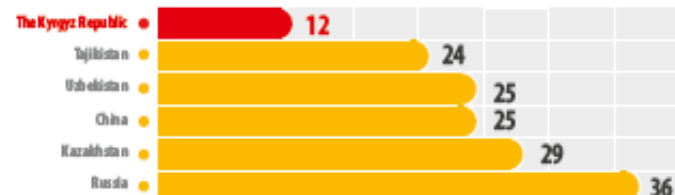
Number of steps to open business



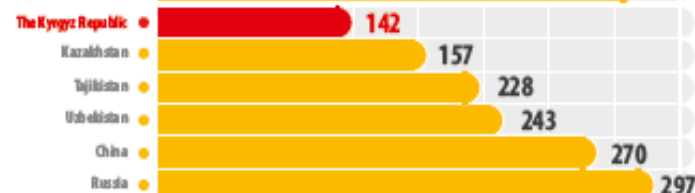
Number of days to open business



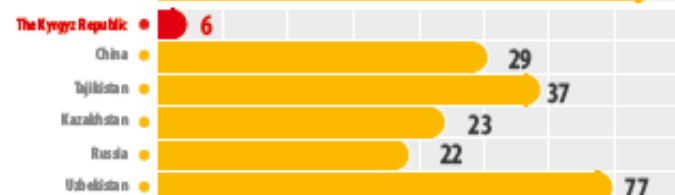
Number of procedures to get permission for construction



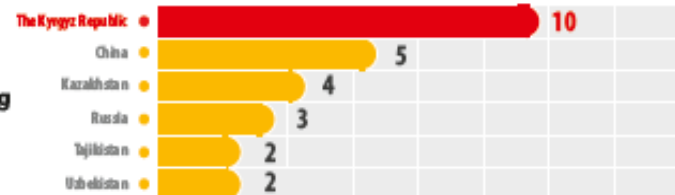
Average number of days to get permission for construction



Number of days necessary for property registration



The extent of rights protection in credit operations (according to 10 point scale)





The Kyrgyz Republic is one of the largest mineral deposits in Asia. The country is rich in mineral resources and is well known for its gold reserves and deposits of rare metals.

✓ Currently, the mining industry is represented by the following sectors:



Gold:

More than **60** gold deposits have been explored in the country;



Non-ferrous metals:

There are **7** large deposits of antimony and **3** major deposits of tin and tungsten;



Coal:

Geological reserves and projected reserves of coking coal reach **260** million tons, which makes it possible to begin work on their exploration and the construction of coke and by-product process;



Oil and gas:

15 oil and gas fields are developed in Jalal-Abad, Osh and Batken oblasts;

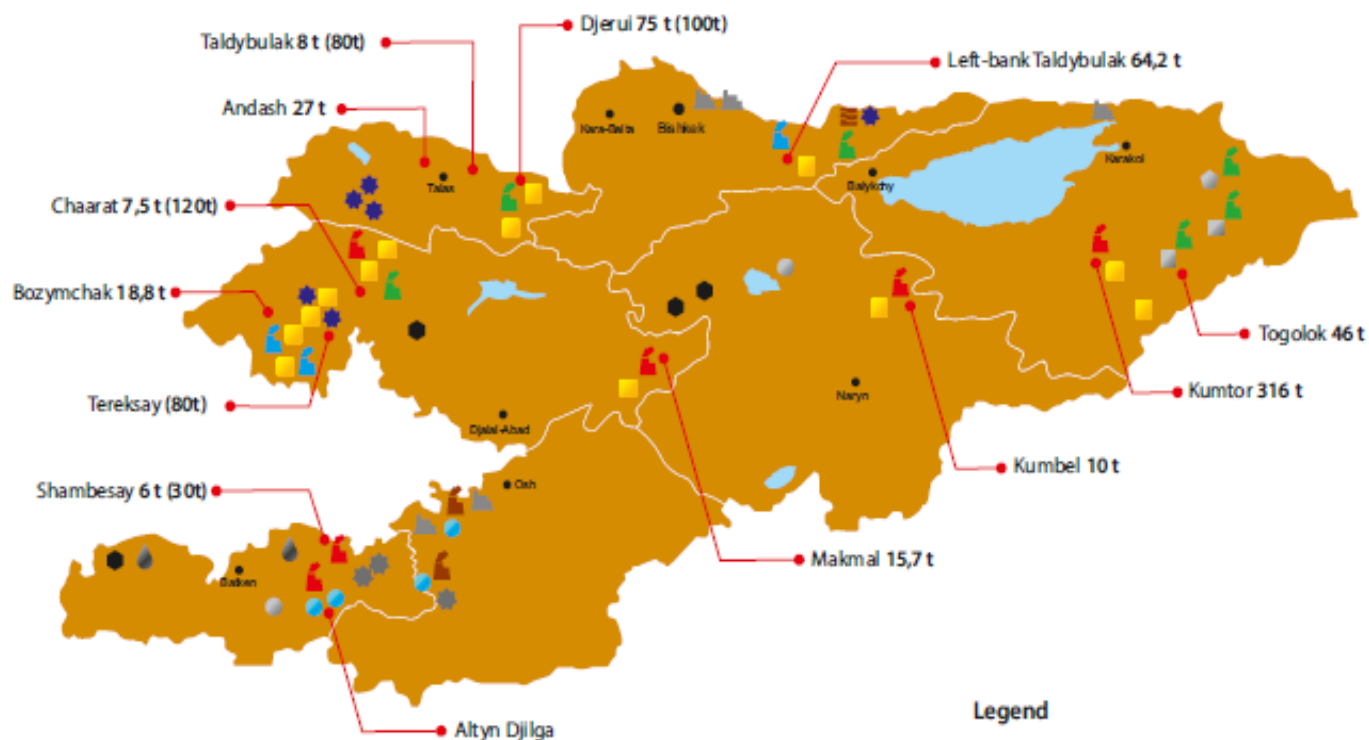


Deposits of construction materials:

Hundreds of deposits of construction materials, mining and chemical raw materials. Three operating cement plants with capacity of **1.37 million tons per year**, dozens of brick factories;





The level of investment inflow was 217,6 mln. USD from 2010 to 2013 and has a tendency of growth.

MAJOR MINERAL DEPOSITS





LARGE POTENTIAL OF THE INDUSTRY

-  Over **67 thousand** operating companies
-  **5.2%** of all workers of the country
-  Exports of services is **560,0 million dollars**, 7,8% of country's GDP
-  More than **3 million foreign visitors** in a year

- Health tourism
- Extreme tourism
- Mountain tourism
- Diving
- Water tourism
- Sports tourism
- Cultural tourism (sightseeing)
- Business tourism
- Event tourism





- Unique **Issyk-Kul Lake** is the second largest alpine lake in the world
- The country is crossed by the **Great Silk Road** which attracts thousands of tourists
- The growing trend of outbound tourism of nearby **Southeast Asia and India**
- The rating of the Globe Spots international group of independent travelers includes the Kyrgyz Republic in a list of **10 countries to visit in 2014**

Visa-free travel for **61 countries**:

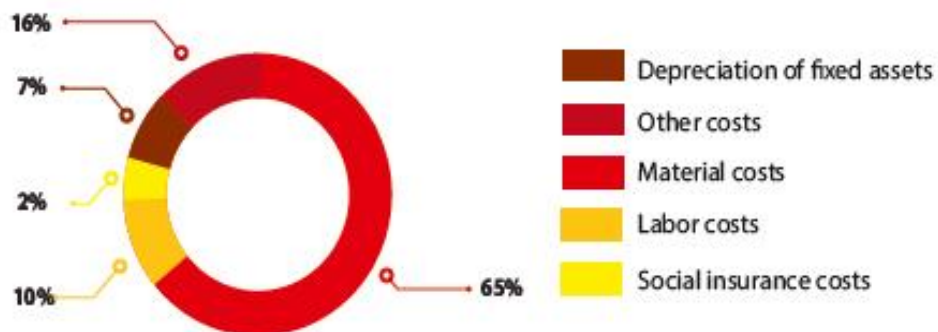
Australia, Austria, Belgium, Bosnia and Herzegovina, Vatican, Great Britain, Hungary, Germany, the Netherlands, Denmark, Greece, Iceland, Ireland, Italy, Spain, Canada, South Korea, Kuwait, Latvia, Liechtenstein, Lithuania, Luxembourg, Malta, Monaco, New Zealand, Norway, UAE, Poland, Portugal, Saudi Arabia, Singapore, Slovakia, Slovenia, the USA, Finland, France, Croatia, Czech Republic, Switzerland, Sweden, Estonia, Qatar, Brunei, Bahrain, Japan, Azerbaijan, Armenia, Georgia, Moldova, Belarus, Kazakhstan, Russia, Tajikistan, Vietnam, North Korea, Cuba, Malaysia, Turkey, Ukraine, Uzbekistan, Mongolia.



The construction vector of the Kyrgyz economy has a high potential. The scale of construction in the Kyrgyz Republic increases every year.

-  More than **700** operating companies
-  Contribution to GDP of the country is **7,1%**
-  In 2013, the growth of the industry was **19%**
-  Forecast: in the next **3** years, industry growth will be **21%**

The structure of the construction costs (at cost)





\$ Contribution to the economy - **17.5% of GDP**

👤 **33%** of the country's workforce is employed in the industry

🏠 More than **383 thousand** agricultural subjects is registered in 2012

🐄 The annual gross output of products is **3.5 billion U.S. dollars**

🇰🇷 All agricultural products are **exempted from 12% VAT** (Value Added Tax)

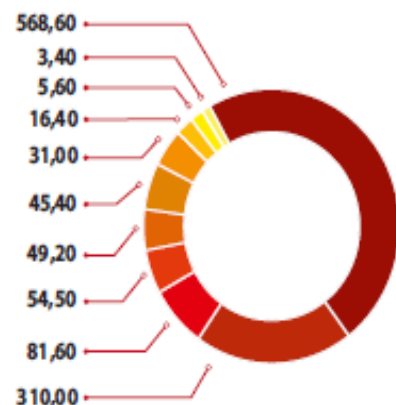


Legend:

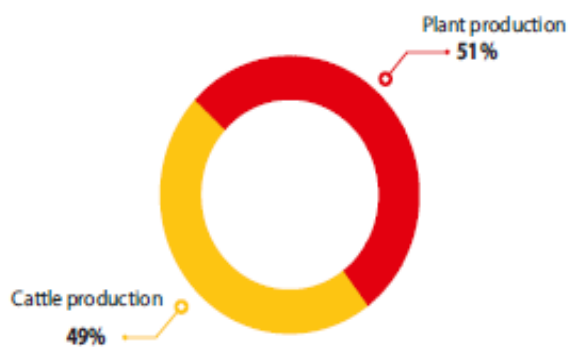
- | | | |
|--------|--------------------|--------------------|
| Grain | Sugar beet | Vegetables |
| Wheat | Cotton | Melons and gourds |
| Barley | Tobacco | Fruits and berries |
| Corn | Oilseeds | Grapes |
| Rice | Potatoes | Meat |
| Milk | Eggs (mln. pieces) | Wool |

Total cultivation area, occupied with agricultural crops is **1.2 mln ha**.

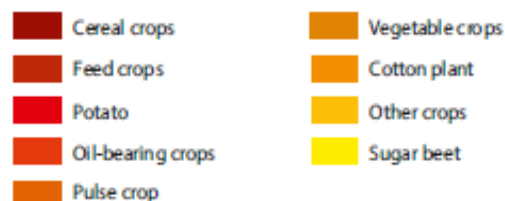
Agricultural crops (thous. ha)



Total output of agricultural industry products in 2013 (bln. USD)



Meat production



Croppage and cropping capacity

	Croppage (thous. tonnes)	Cropping capacity (centner per 1 ha)
Grain	1813,0	28,1
Sugar beet	195,4	293,4
Raw cotton	68,6	29,3
Tobacco	6,5	21,0
Potato	1332,0	163,3
Vegetables	881,5	186,8

	(thous. tonnes)
Beef or veal	96,9
Pork	15,1
Mutton or chevon	51,8
Horsemeat	22,2
Poultry meat	6,8



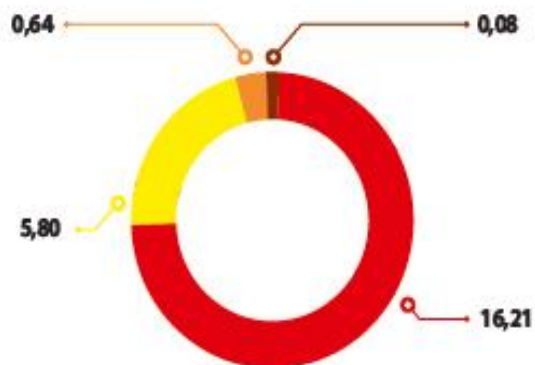
Based on simplified taxation system, the industry actively developing in the last couple years by using cheap raw materials.

-  Increase in volume of output – **59% in 5 years**
-  Output of products per year – **375 mln USD**
-  Employment in the sector – **90000-150000 persons**
-  Average monthly wages – **170 USD**
-  Export directivity – **90%** of products goes to markets of **Russia, Kazakhstan and Europe**
-  Clothes export – **2nd place** by volumes after gold
-  More than **35000** continuing companies
-  There is a **simplified taxation** system based on patent

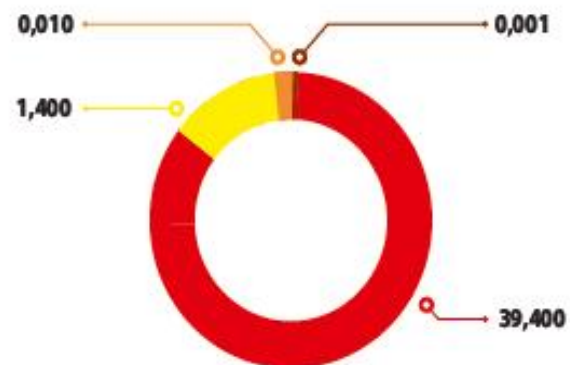


-  Incomes from freight traffic activity in 2013 – **152 mln USD**
-  Cargo transportation volume in 2013 **41 mln tonnes**
-  The most widespread cargo transportation type – motor, **39,4 mln tonnes in 2013**

Incomes from freight traffic activity



Annual cargo transportation volumes (mln tonnes)



 Inland water


 Air

 Railway

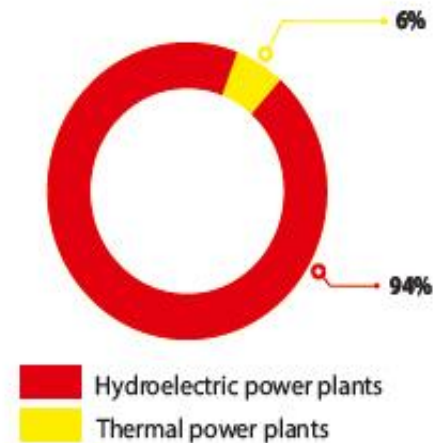
 Motor



Electric-power industry is strategic branch for Kyrgyz Republic. Hydroelectric potential allows to provide electric power for both our country and nearest countries.

-  Hydraulic power industry – **53%** of total volume of energy resources
-  There is **2%** of the country's GDP per sector
-  **16%** of industrial output volume of the country
-  The sector provides **10%** of incomes to the republican budget
-  Hydroelectric potential of the country – **142 bln kWh**
-  Country potential is engaged only for **8-9.5%**

Electric-power production
in the country



There is a big potential for development of **small-scale and medium-scale power generation**. Water resources of minor rivers are developed only for **3%**.

10 FACTORS OF SUCCESSFUL INVESTMENTS IN THE KYRGYZ REPUBLIC:

Stable macroeconomic indicators and growth in the next 3 years



Strategic location and potential of foreign markets



Beneficial cooperation with international organizations



Visa-free access to 61 countries



The lowest tax rates within the region



Free international trade



Cheap and skilled labor force



Free economic zones with tax and customs preferences



The easiest place to do business within the region



Cheap electricity



➤ Investment Promotion Agency under the Ministry of Economy of the Kyrgyz Republic

Investment Promotion Agency under the Ministry of Economy of the Kyrgyz Republic will attract, advice and support of foreign investors. In addition, local businesses will be supported by the Agency in order to build effective long-term cooperation with investors.

One of the main activities of the Agency is foreign investment promotion



How can Agency help you?

Consult

- General information
- Statistics
- Economic sectors review
- Legal advice

Communication

- Access to all governmental authorities of the Kyrgyz Republic
- Local Companies (business associations, private companies)

Support

- Support in difficult situations within the competence of the Agency
- Support of investment projects



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