



Ministry of Economic Regulation  
of the Kyrgyz Republic

# CAREC Business Development Forum

Urumqi, People's Republic of China  
29-30 July

Deputy Minister - Sanjar Mukanbetov

*Liberal treatment*

**Kyrgyz Republic –  
active participant  
of integration  
processes**



SOC (since  
2001)



MIGA (since  
1993)



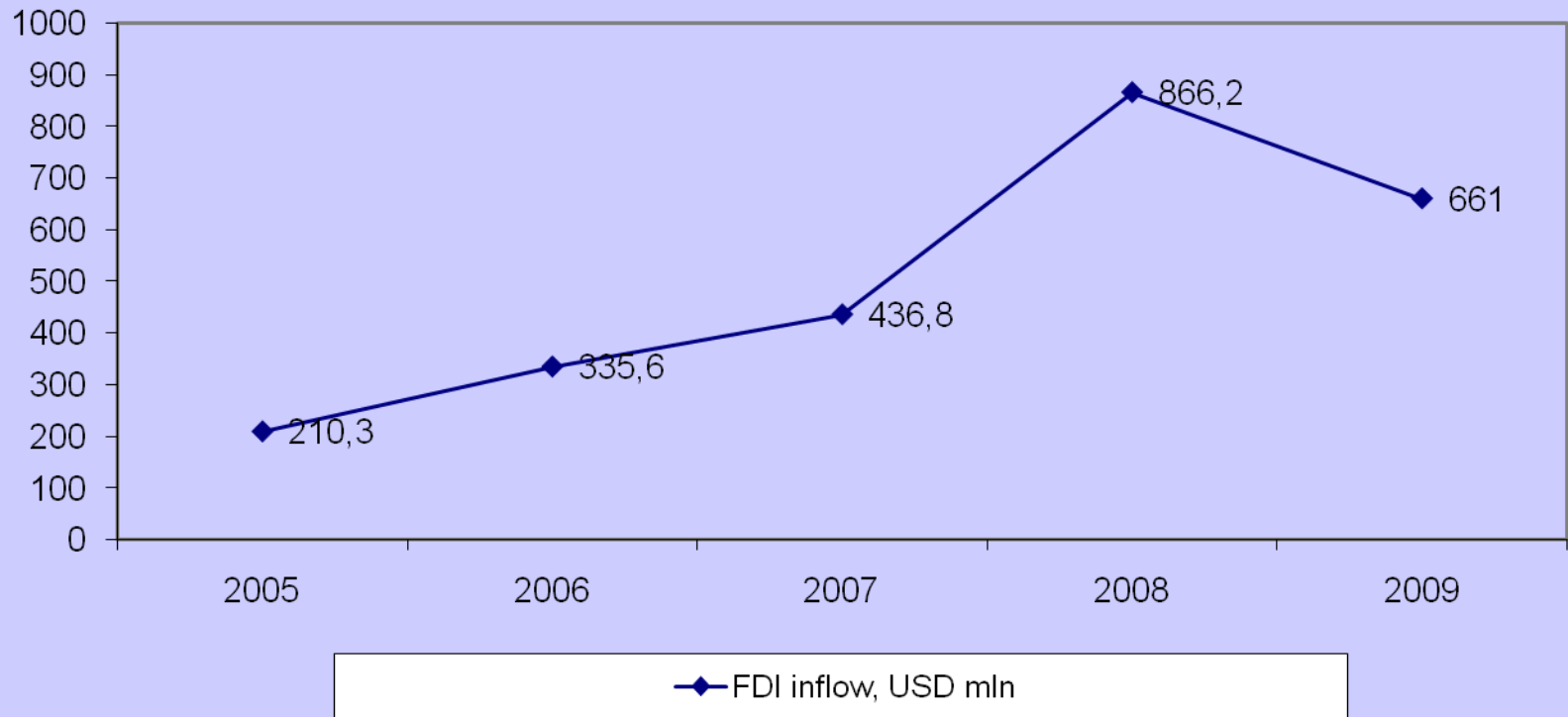
WTO (since 1999)



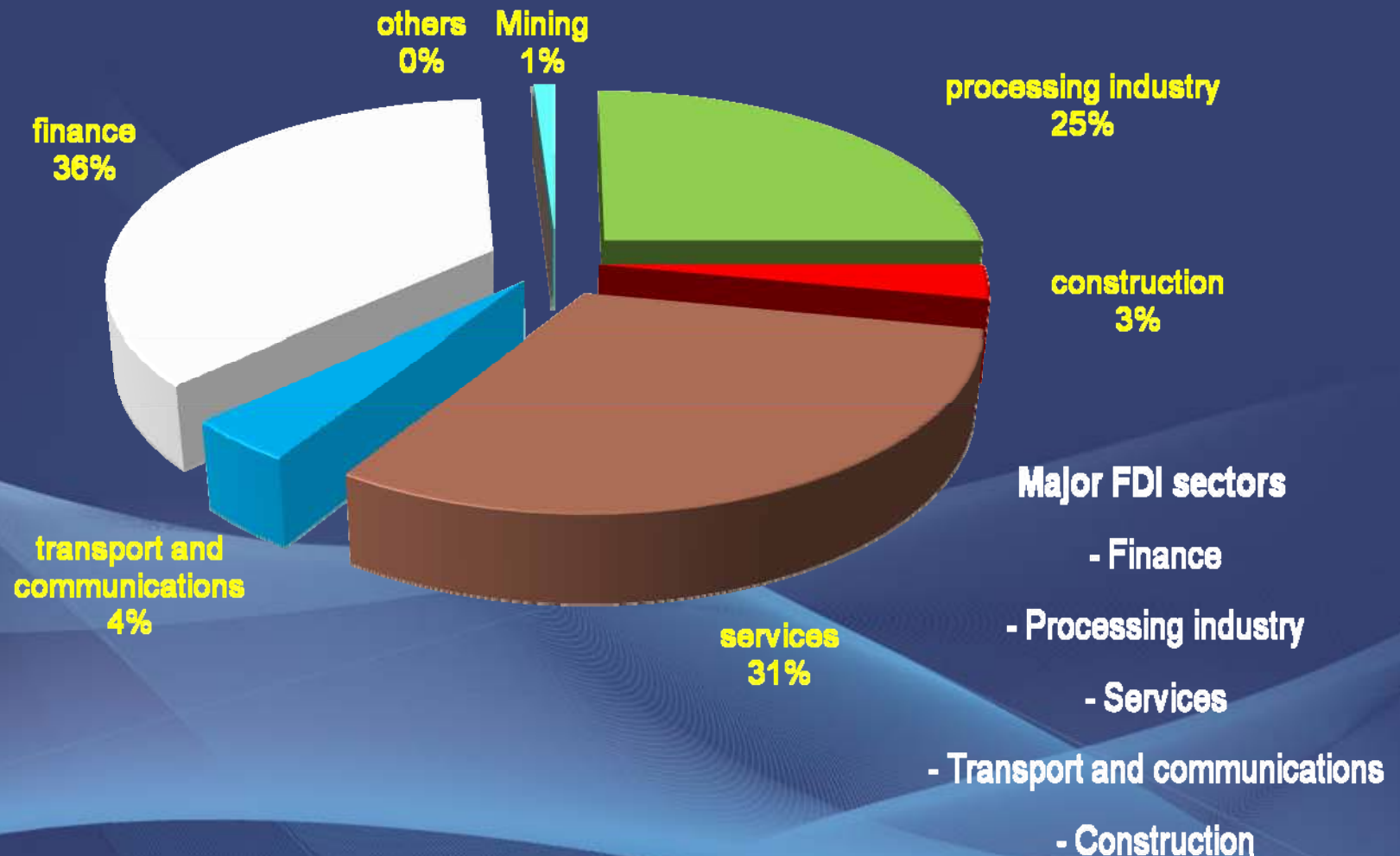
EurAsEC (since  
2000)

# Foreign direct investments

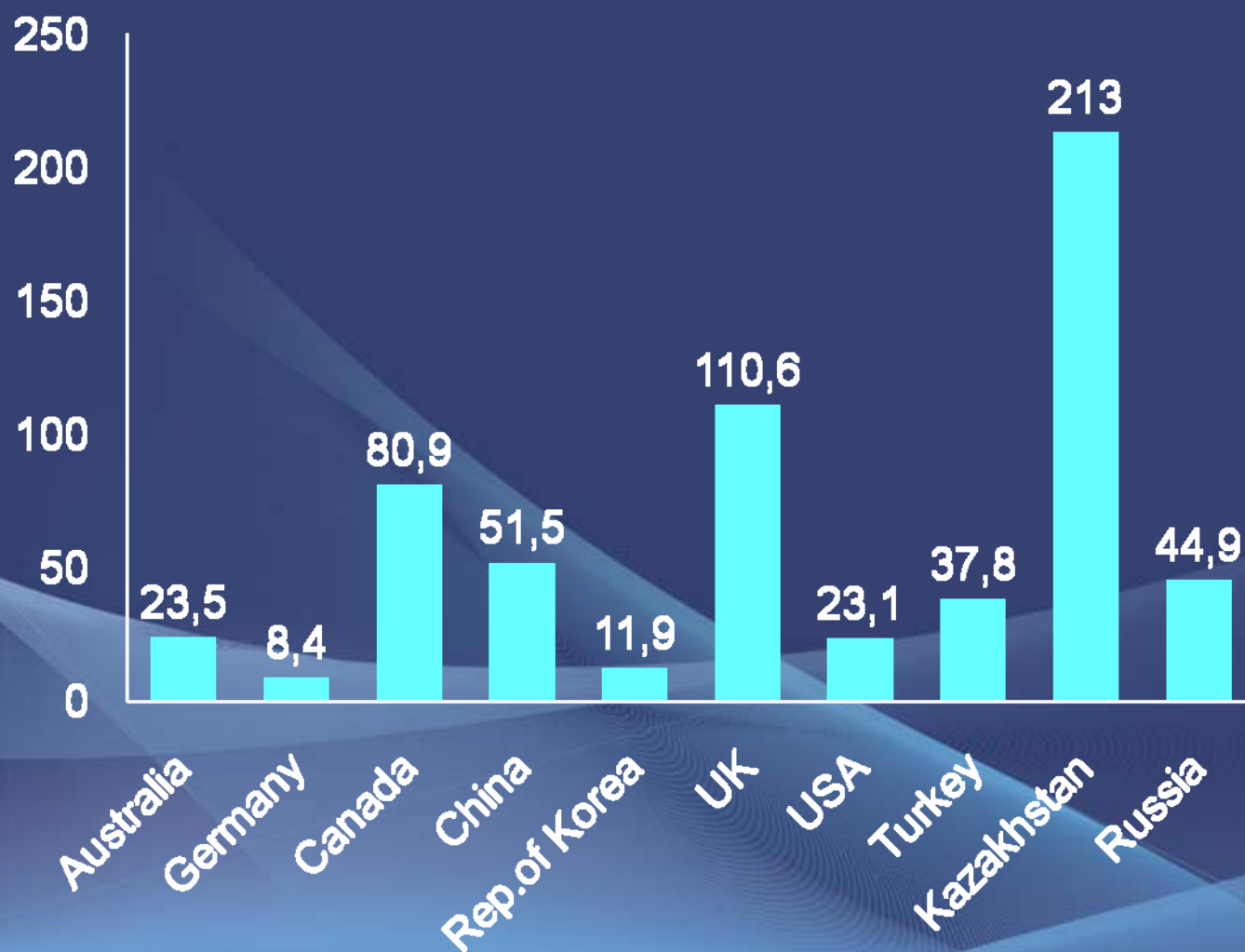
FDI inflow, USD mln



## FDI inflow by sectors in 2009



## FDI inflow by countries in 2009, USD mln



Major partner countries

- Kazakhstan
- United Kingdom
- Canada
- China
- Russia

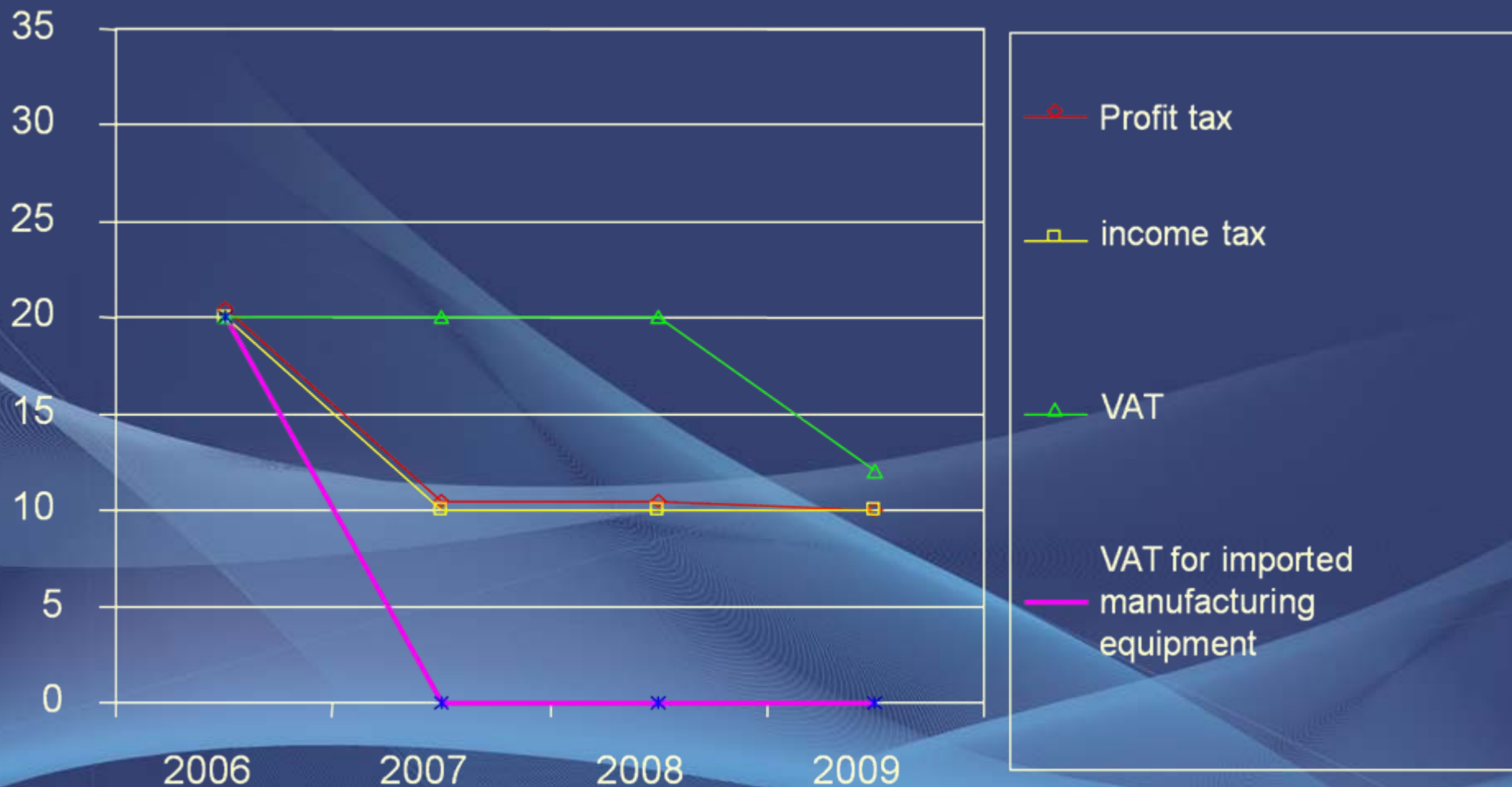


# Investment policy

- ✓ Liberal investment conditions
- ✓ Availability of incentives and preferences
- ✓ Low tax rates
- ✓ Right to apply to International arbitration court
- ✓ In-time payment of adequate compensation in case of expropriation
- ✓ National regime for foreign investments
- ✓ Free repatriation of capital, dividends and profit



# Taxation reforms



# Improvement of business legal framework

## **Regulatory Impact Assessment methodology - RIA**

The adoption of each legal act regulating entrepreneurial activity is possible provided that RIA has been carried out. The general goal of RIA is a prohibition of legal acts impeding the business

## **Revision of the list of licences and permits**

**30% reduction of the list of  
all permits and licences**



# «Doing Business» reforms

*Doing Business*

*1<sup>st</sup> stage*

Kyrgyz Republic  
Government Programme  
**«100 Days of Reforms»**  
**68<sup>th</sup> rank**



1st stage reforms:

Amendments to the laws On State Registration of Legal Persons, On Town Building and Architecture, On Joint-Stock Companies, Civil Code, etc.

*Doing Business*

*2<sup>nd</sup> stage*

Kyrgyz Republic  
Government Programme  
**«Kyrgyzstan to Top 50 Countries»**  
**41<sup>st</sup> rank**



2<sup>nd</sup> stage reforms:

Adoption of the new Law of the Kyrgyz Republic «On State Registration of Legal Persons, Branches (Representative Offices)», modifications and amendments to the Civil Code, Administrative Code, Labor Code, Customs Code, to the laws «On Economic Associations and Societies», «On Collateral», etc.

# Influence of «Doing Business» reforms

## Much easier to start a business

The number of procedures is reduced to 2

The number of days is reduced to 5

The cost is reduced to 2.8% of GNI per capita

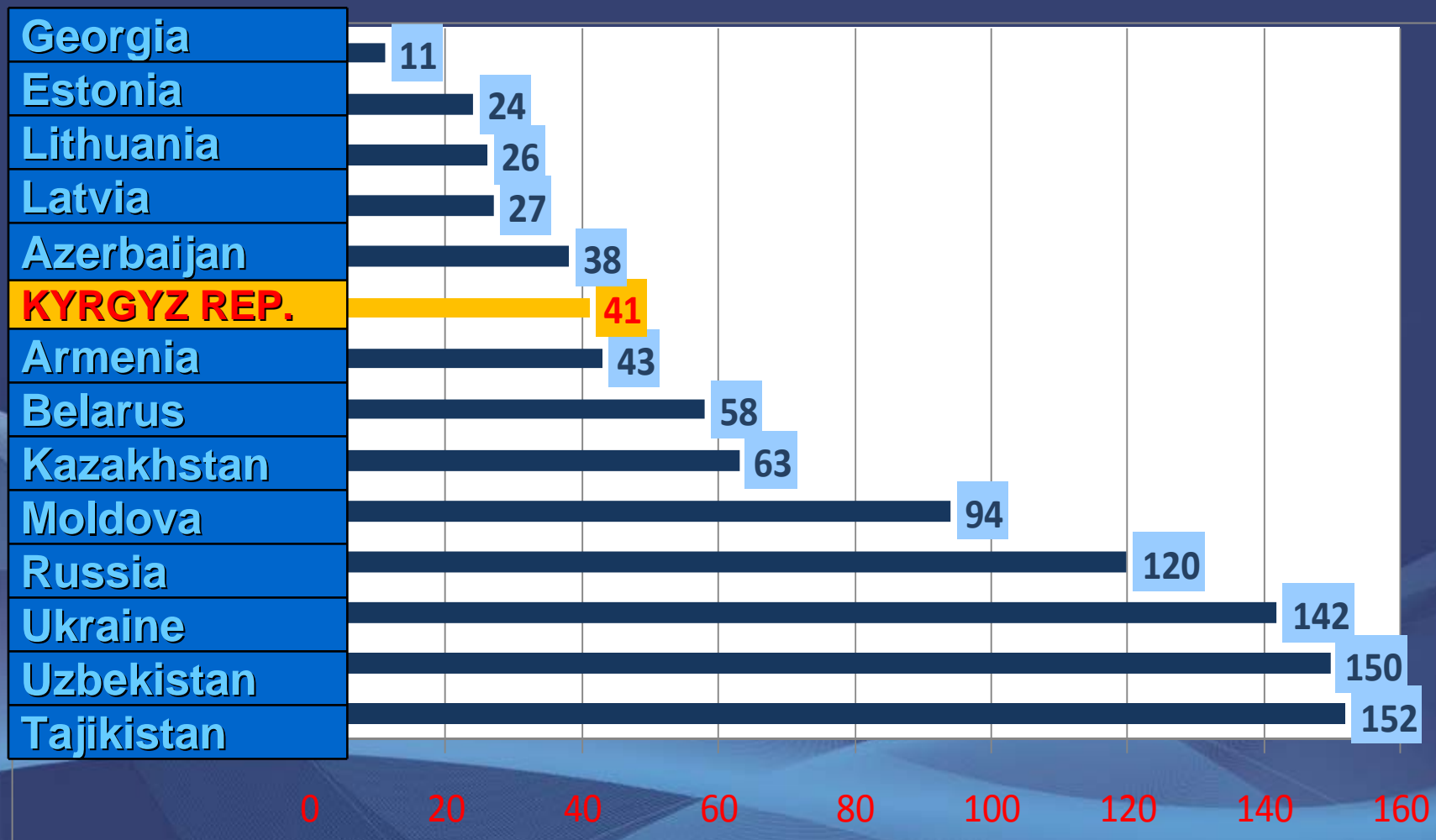
## Significant simplification of property registration

The number of procedures is reduced from 7 to 2

The number of days is reduced from 8 to 2

The cost is reduced to 0.09% of GNI per capita

# Kyrgyz Republic – leader on the «Doing Business» 2010 Ranking among Central Asian nations



# Investments Promotion Agency – IPA Kyrgyz Republic (project)

**IPA**



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graph TD; IPA[IPA] --> A[One Stop Shop for foreign investors]; IPA --> B[One Public Body for investment attraction and promotion]; IPA --> C[One Database on all investment projects in the Kyrgyz Republic];
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One Stop Shop for  
foreign investors

One Public Body for  
investment attraction  
and promotion

One Database on all  
investment projects in  
the Kyrgyz Republic

# Priority sectors of Kyrgyz economy

- Hydropower energy
- Mining
- Agriculture
- Tourism
- Infrastructure



# Hydropower energy

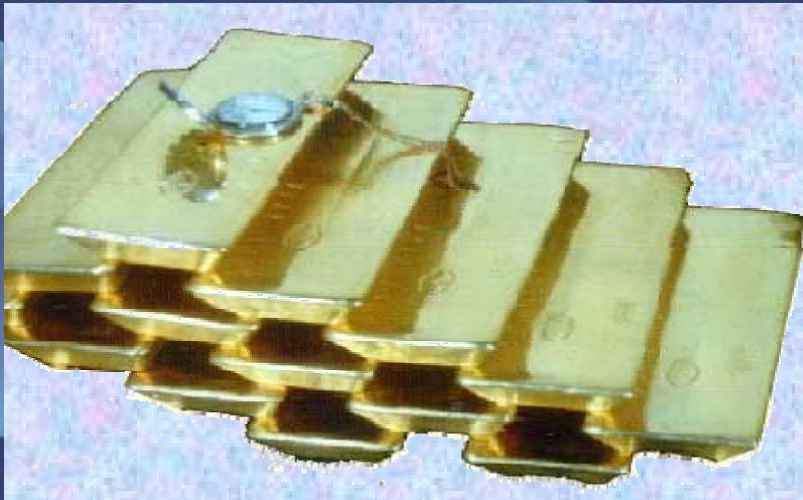
- Hydropower energy potential per year
  - Export of electric power
  - Expected demand in CA countries
  - Expected demand in China and Pakistan
  - Production volume
- 142 bln. K.W.H.
  - 2 bln. K.W.H.
  - 5 bln. K.W.H.
  - 7 bln. K.W.H.
  - 14 bln. K.W.H.





# Mining sector

The country has abundant mineral resources. The most leading of which are gold, mercury, antimony, less-common metals, tin, tungsten, coal, underground mineral waters



# Agriculture

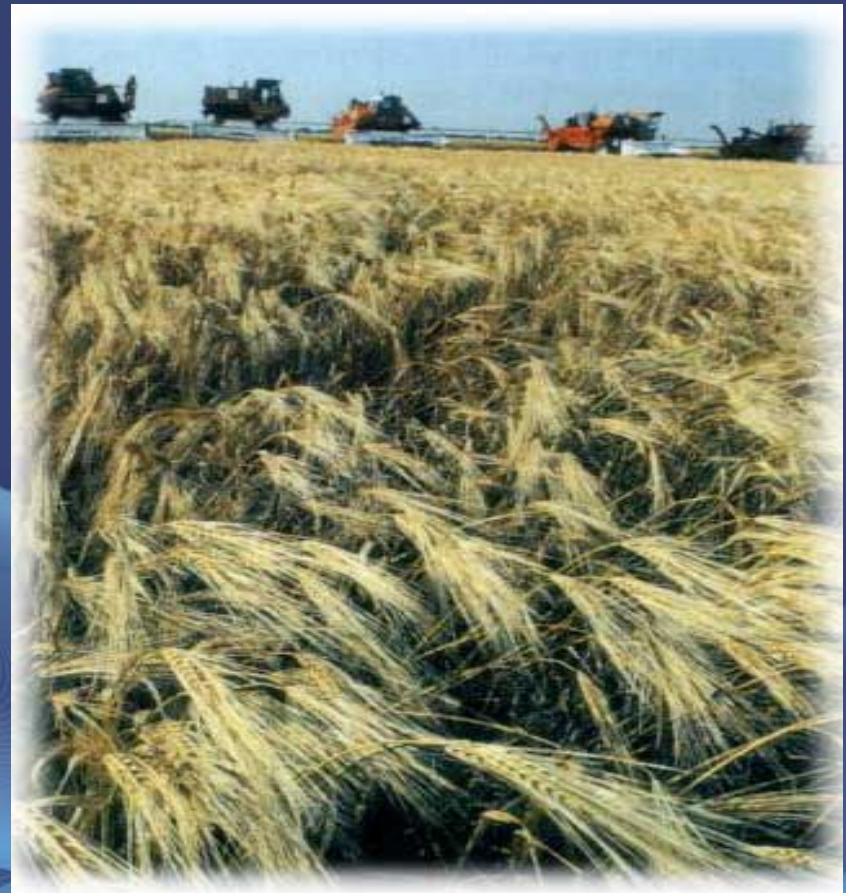
Kyrgyz Republic produces more agriculture products than it consumes. There is good opportunity for further processing and exporting of finished goods.

Meat – 187,6 thousand tons

Milk – 1197,6 thousand tons

Wool – 10,6 thousand tons

Volume of agricultural output in GDP is almost 27%.





# Tourism

The Kyrgyz Republic possesses a huge potential for development of tourism thanks to unique nature, picturesque landscape, cultural and historical sights.



# Investment projects in industry

1. Ferrosilicoaluminium plant construction
2. Quartz sand and industrial silicon plant construction
3. Light aircrafts production
4. Equipment production based on variable structures mechanisms
5. Creation of foundry-rolling minifactory
7. Cement Plant Construction
8. Stone-working factory

# Investment projects in infrastructure

1. Karakol Airport leasing by a private company
2. Issyk-Kul International Airport re-construction
3. Construction of the “China-Kyrgyz Republic-Uzbekistan” railroad

# **Investment projects in hydropower**

1. Uch -Kurgan GES Reconstruction
2. Small hydropower stations construction
3. Construction of cascade of Upper-Naryn  
Hydro Electric Power Station



# Summary of the advantages in the KR

- ❑ Favorable legislation
- ❑ Neighborhood of large economies (Russia, China, Kazakhstan)
- ❑ Well-functioning financial system
- ❑ Unlimited profit repatriation
- ❑ Low wage level
- ❑ Well-educated population

**Thanks for your attention...**

# Contacts

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