



# Invest in the Kyrgyz Republic





## GENERAL INFORMATION


- **Official name:**  
Kyrgyz Republic
- **Form of government:**  
Parliamentary republic
- **Language:**  
Kyrgyz (state)  
Russian (official)
- **Currency: KGS**  
1 USD = 57.39 KGS  
1 Euro = 72.89 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**

ACCESS TO EXTERNAL MARKETS



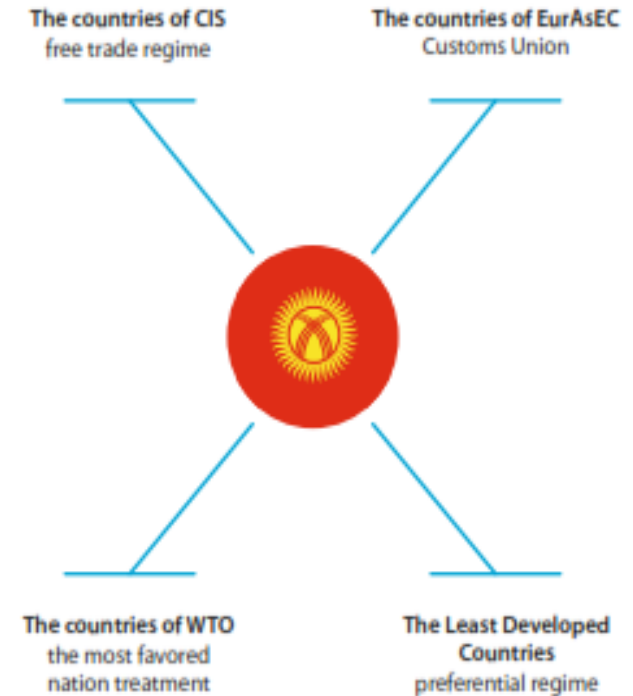
Economic Cooperation

- Goods from the Kyrgyz Republic have the access to the **markets with population of more than 2 bln. people.**
- The Republic is planning to enter into **the Customs Union of Russia, Kazakhstan and Belarus**

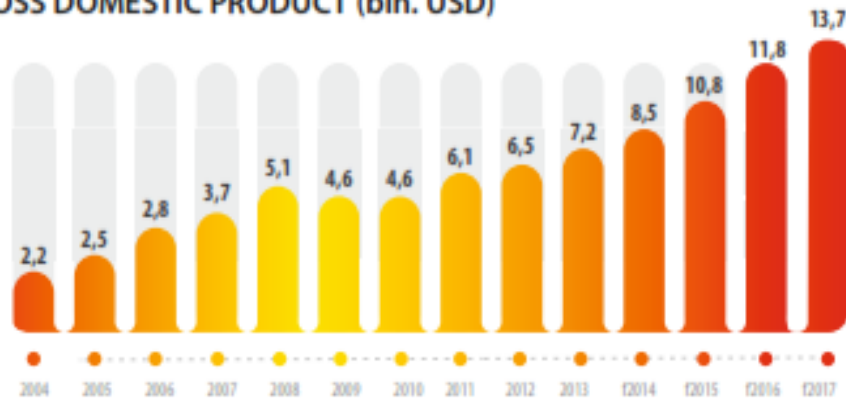
THE REPUBLIC IS THE PARTICIPANT OF THE FOLLOWING INTERNATIONAL ASSOCIATIONS:



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



GROSS DOMESTIC PRODUCT (bln. USD)



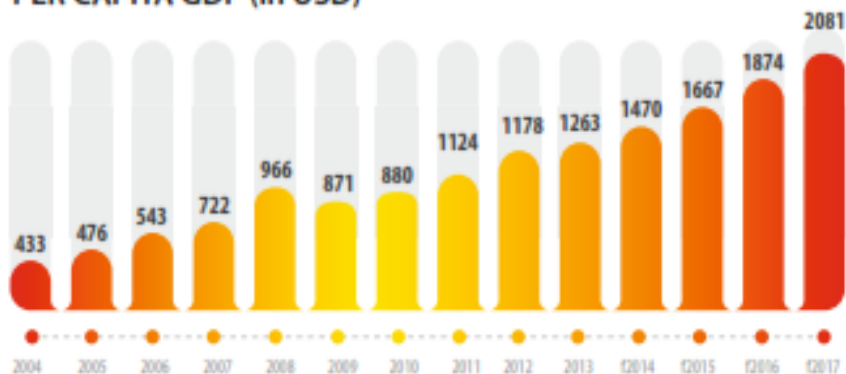
GDP of the country has grown **3.5 times as much within the last 10 years.**  
In accordance with statistics the official forecast the GDP will be **13.7 bln. USD in 2017.**

STRUCTURE OF THE GDP



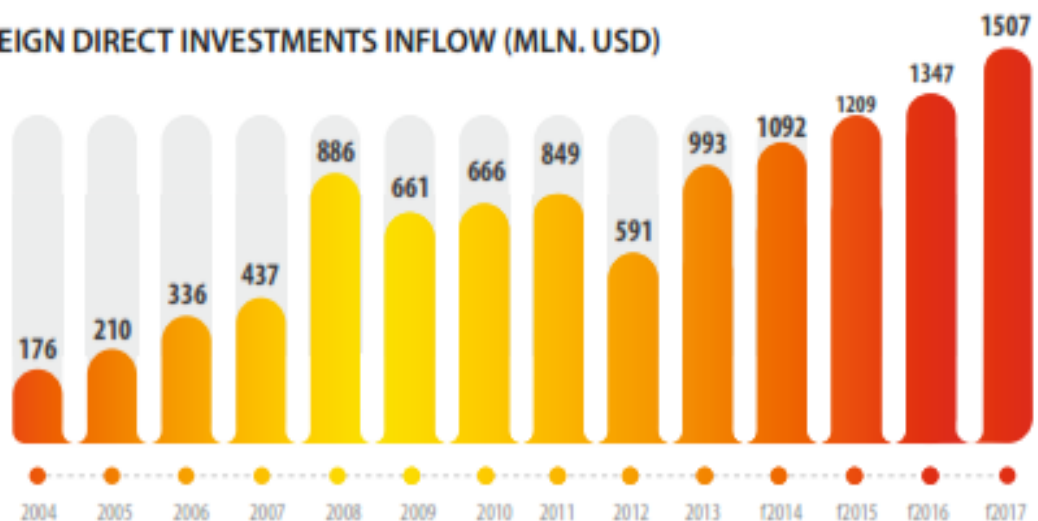
- Services
- Agricultural industry
- Industry
- Construction
- Others

PER CAPITA GDP (in USD)



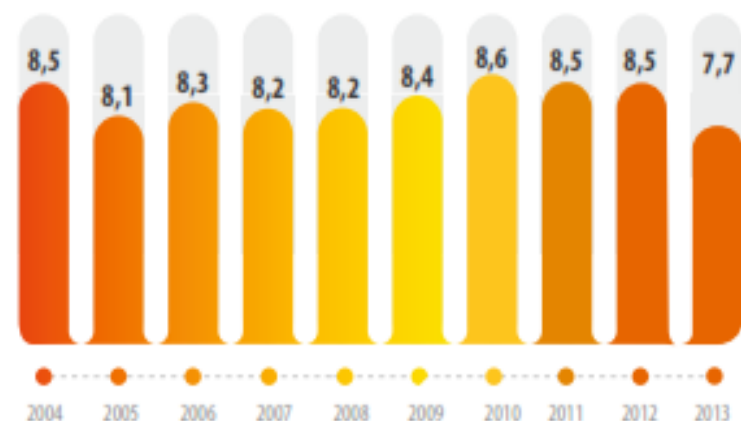
Stable growth of living standard, as the index of **dynamically developing economics.**

FOREIGN DIRECT INVESTMENTS INFLOW (MLN. USD)



The volume of the foreign investments for the **last 10 years** has increased **more than 4 times**.

UNEMPLOYMENT LEVEL (%)



- According to official statistics, the unemployment level for the last 5 years averaged at 8,5 %.
- In 2013, it fell by 0,8% to the level of 7,7%.
- The forecasted level of unemployment in the following years is expected to reduce up to 7,1% in 2016.

### LIBERAL LEGISLATION



- ⚖ Most favored nation treatment regime
- ⚖ Equal conditions for activity of foreign and local companies
- ⚖ Right of access of the investors 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

## BILATERAL INTERNATIONAL AGREEMENTS

**Double taxation risk protection:** Russia, Kazakhstan, Turkey, Korea, 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, Malaysia, 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:

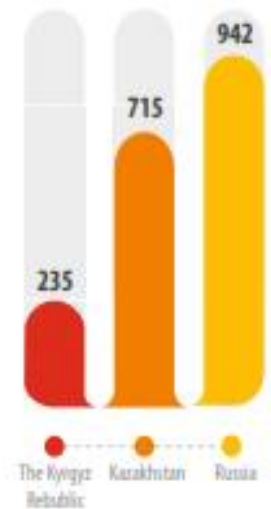
- VAT
- Income tax
- Business tax
- Excise tax
- Tax on subsoil use
- Sales tax
- Land tax
- Wealth tax

## LOW ELECTRICITY COST



Price for 1kw/h (USD)

## LOW WAGES



Average monthly wage (2013,USD)



## CHEAP AND QUALIFIED LABOR FORCE

### 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 made **116 USD**. However wages in all regions besides Bishkek city is significantly lower than average in the Republic.



There are **55** higher education 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 graduates (2013)
Higher education schools	 55	 41 300
Elementary and secondary professional educational institutions	 241	 45 400

# COUNTRY'S ADVANTAGES IN THE REGION

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

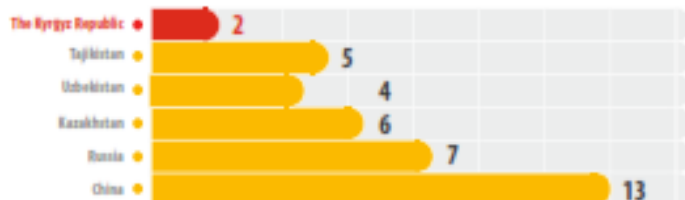


## DOING BUSINESS



DOING BUSINESS 2014

Number of steps to open business



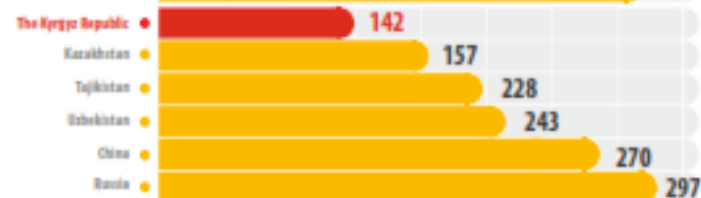
Number of days to open business



Number of procedures to get permission for construction



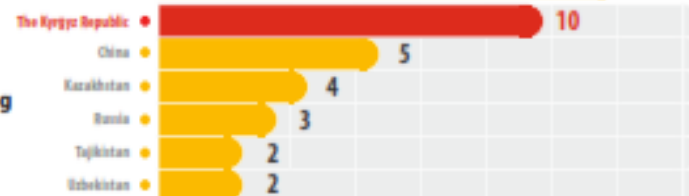
Average number of days to get permission for construction



Number of days necessary for property registration



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



## > ANTI-CORRUPTION EFFORTS

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### > Anti-corruption efforts in Kyrgyzstan

- Kyrgyzstan ratified the United Nations Convention against Corruption (UNCAC) in 2005
- In 2011, the Anticorruption Service of the State Committee on National Security
- In 2011, "Fuel and Energy Sector Transparency Initiative" (FESTI)
- Public advisory councils at ministries and public institutions
- New Anti-Corruption strategy was adopted in February 2012

### > Results

- In 2012, more than **72 types** of licenses were abolished,
- The number of activities subject to licensing requirements were reduced from **500 to 220**.
- Several agencies and government bodies were restructured or merged, reducing the number of civil servants **by 15%**.
- The number of services provided by the state was also reduced from **20,000 to 386**

### > Institutions

- Supreme Audit Institution
- Financial Intelligence Unit (FIU)
- Office of the Ombudsman





The Kyrgyz Republic is one of the largest mineral deposits in Asia. The country is rich with mineral resources and 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;

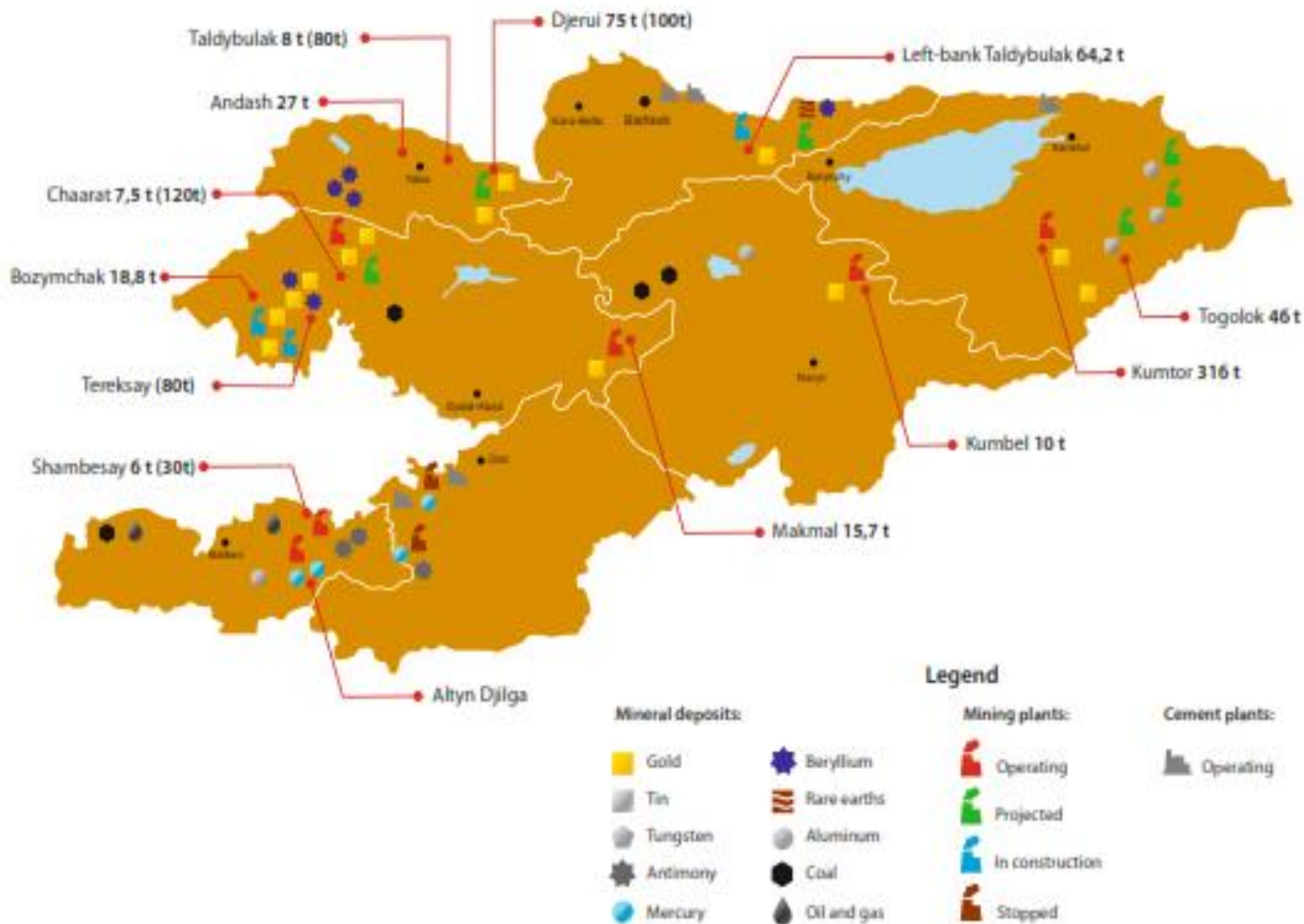


Deposits of construction materials:

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 to the sector was 217,6 mln. USD from 2010 to 2013 and has a tendency of growth.


### MAJOR MINERAL DEPOSITS






 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)

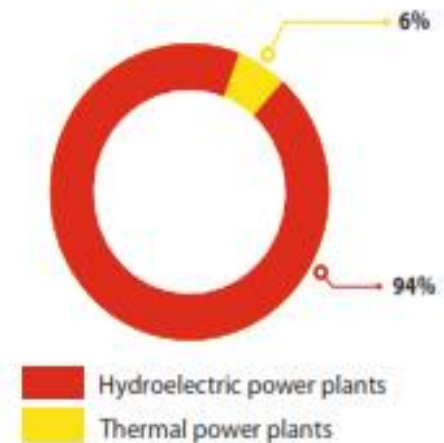




Electric-power industry is strategic branch of the economy of the Kyrgyz Republic. Hydroelectric potential allows to provide with electricity both our country and nearest countries.

-  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 of the country's budget
-  Hydroelectric potential of the country – **142 bln kWh**
-  Country potential is engaged 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 for **3%**.





### 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.

# > WHY THE KYRGYZ REPUBLIC?

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 in 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** attracts, advises and supports foreign investors. In addition, local businesses are 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 government authorities of the Kyrgyz Republic
- Local companies (business associations, private companies, etc.)

## **Support**

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

***THANK YOU FOR YOUR ATTENTION***