Investment Opportunities of the Kyrgyz Republic

Meeting of the Asia-Pacific Foreign Direct Investment (FDI) network for Least Developed and Landlocked Developing Countries
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Ministry of Economy of Kyrgyz Republic
Kyrgyzstan is an international transit center

- **Capital City:** Bishkek
- **Languages:** Kyrgyz (state), Russian (official)
- **Government:** Unitary Parliamentary Republic
- **Area:** 200 thsd km²
- **Population:** 5.5 mln.
- **Currency:** Som*

* (KGS 47.3 = USD1)
**Macroeconomic Indexes**

**2011**

- **Growth GDP**: 5.7%
- **GDP per capita**: 1130.7 $
- **FDI**: 849.2 mln. $
- **Inflation**: 5.7%
- **Unemployment Rate**: 9.2%
- **Average Wage**: 197 $

**Kyrgyz Republic**

Ministry of Economy
Leading FDI destination

Kyrgyz Republic
Ministry of Economy

- **National Legislation**
  - Law on Investment Activity
  - Law on Protection of Foreign Investments
  - Law on Special Economic Zones

- **International Agreements**
  - Avoiding of double taxation
  - Bilateral treaties

- **Government Institutional Support**
  - Export and Investment Promotion Foundation
  - Investment Company
  - National Fund for support of Entrepreneurship
External Trade (Export)

- Commodity Turnover: 6507 mln. USD
- Export: 2240 mln. USD

2011

- Gold: 44.8%
- Clothing and related: 7.5%
- Food: 21.4%
- Others: 26.1%
- Other

Kyrgyz Republic
Ministry of Economy
Internal Trade (Import)

- Commodity turnover: 6075 mln. USD
- Import: 4261 mln. USD

- Energy: 22.8%
- Vehicles: 23.5%
- Food: 16.4%
- Chemicals: 13.5%
- Forest: 8%
- Light Industry: 8.5%
- Ferrous and nonferrous metals: 7%

2011

- More than 100 trading partners
- WTO membership

Kyrgyz Republic
Ministry of Economy
Doing Business: Kyrgyz Republic

Metodology:

Opening of Business

Hiring of labor

Registration of ownership

Investor protection

Execution of contracts

Project "Doing Business" explores business environment of 183 countries since 2004
Legal Basis and PPP

Investment Legislation:
- National Treatment
- Free repatriation of capital
- Access to international arbitration

Arrangements of PPP in sectors:
- Vehicles and railroads;
- Airports;
- Schools and hospitals;
- Water supply and etc.
Mobility of the executive power system

Optimization of the organizational structure of the Government and executive bodies
- Number of ministries and committees reduced from 44 to 39
- 2 inspection boards established

Adoption of a single register of public services
- Number of government services reduced from 20000 to 386
- 223 of them free
- 163 of them for a fee

Effectiveness of the state executive power and local self-government
- Criteria for evaluating the performance of government and heads of local government bodies are adopted
### Tax Regulation

**Kyrgyz Republic**

<table>
<thead>
<tr>
<th>Type of Tax</th>
<th>Kyrgyz Republic</th>
<th>China</th>
<th>Kazakhstan</th>
<th>Tajikistan</th>
<th>Uzbekistan</th>
</tr>
</thead>
<tbody>
<tr>
<td>Value added tax (VAT)</td>
<td>12%</td>
<td>17%</td>
<td>12%</td>
<td>20%</td>
<td>20%</td>
</tr>
<tr>
<td>Profit Tax (PT)</td>
<td>10%</td>
<td>15-25%</td>
<td>10-20%</td>
<td>25-30%</td>
<td>9-35%</td>
</tr>
<tr>
<td>Income Tax (IT)</td>
<td>10%</td>
<td>5-45%</td>
<td>10%</td>
<td>8-13%</td>
<td>10%</td>
</tr>
</tbody>
</table>

**Restrictions on Capital Outflows**

- China: 10-30%
- Kazakhstan: 10-20%
- Tajikistan: 25-30%
- Uzbekistan: 9-35%

**Inheritance Tax**

- China: 5-45%
- Kazakhstan: 10%
- Tajikistan: 8-13%
- Uzbekistan: 10%
Building competitive economy

- The Law on State Development bank is adopted
- The Law on PPP is adopted
- Number of inspecting bodies reduced from 21 to 12
- 138 types of licences and permits are eliminated
- Abortion of visas for 44 countries
Mineral Resources

- The Hydropower potential - 142 bln. kW/h per year
- Explored reserves of gold - 420 тонн
- Many kinds of construction materials

Lead
Mercury
Antimony
Rare-earth metals
Uranium
Cheap and highly qualified labor force

Kyrgyz Republic
Ministry of Economy

2011

197 USD
Average Wage

Market Culture
High level of literacy
Knowledge of IT technologies and foreign languages

Average wage in USD

2009 2010 2011

Казахстан Россия Кыргызстан
Why KYRGYZ REPUBLIC?

- Liberal Tax Regime
- Geographical location
- Favorable investment environment
- Cheap and highly qualified labor force
- Neighborhood with major economies
- Rich mineral reserves

Kyrgyz Republic
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Which sectors are attractive?

- Agriculture
- Alternative energy
- Development of mineral resources
- Tourism

Kyrgyz Republic
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Which sectors are attractive?

ICT

Transportation and Logistics

Light Industry
Thank you!

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