

U.S. Country Commercial Guides



Kyrgyz Republic Year 2020

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Doing Business in the Kyrgyz Republic

Market Overview

The Kyrgyz Republic is a lower middle income country, with an estimated GDP per capita of \$1,309.4¹ (\$5470.8 PPP)². The economy remains heavily dependent on remittances from Russia (over 32.6% of GDP in 2018)^{3,4}, and revenue from gold exports (ranging from 8-10% of GDP) – almost entirely from output at the Kumtor gold mine. The Kyrgyz Republic hosts a large, informal economy estimated at up to 24% of GDP⁵. Trade with and investment from Russia and China remain important contributors to the Kyrgyz economy. Keys to sustainable future growth include progress in fighting corruption, improving transparency in business permit issuance and taxation, addressing persistent energy issues, and attracting new sources of foreign investment while decreasing reliance on international donors.

The Kyrgyz Republic is still undergoing an economic transition to the Eurasian Economic Union (EAEU). The accession process has altered economic conditions, as cheaper goods from other EAEU member states continue to impact Kyrgyz domestic industries. EAEU accession also introduced new regulatory hurdles and led to an increase in non-tariff barriers, to which the Kyrgyz government and businesses alike have struggled to adapt. Persistent reliance on Russia as a source of remittances, imports, and government financing subjects the Kyrgyz economy to Russian influence and external shocks.

Market Challenges

The investment climate in the Kyrgyz Republic is best for those intrepid investors who have experience doing business in other parts of the former Soviet Union, and have both a high risk tolerance and flexible time horizons. Corruption is rampant and rule of law is weak. The judicial system is not independent and every sector of government struggles with capacity and resource shortages. For most areas of interest, a legal framework exists but enforcement is poor, including in the area of intellectual property rights. Investors should be aware that more than an estimated 24%⁶ of the economic activity in the country occurs in the unregulated gray economy. Investors in politically sensitive areas, such as resource extraction, spend much of their time renegotiating contracts, as is evident in the experience of the Canadian-owned Kumtor gold mine (refer to Investment Climate Statement for details).

In August 2015, the Kyrgyz Republic acceded to the EAEU, joining Belarus, Armenia, Kazakhstan, and Russia. The Kyrgyz Republic joined the EAEU to strengthen economic integration and trade with member countries, and Kyrgyz migrant laborers now enjoy greater legal protections within the Union. However, the Kyrgyz Republic has struggled to harmonize its laws with EAEU policies and regulations, and thus far has yet to experience the full, tangible economic benefits of membership. Accession to the bloc may also negatively impact the Kyrgyz Republic's non-EAEU trade, as the government has increased tariffs on hundreds of categories of goods to meet Union regulations. Inadequate preparation for the implementation of EAEU requirements, non-standardized application of the common customs code, lack of qualified phytosanitary laboratories, and unclear documentation requirements continue to affect importers and exporters.

Market Opportunities

The Kyrgyz Republic's major exports include gold, agricultural products, textiles, non-precious metals, electricity, footwear, alcoholic beverages, mechanical equipment, and information technology (IT services). Major imports include fuel, natural gas, iron, machinery, automobiles, chemical products, medicine, and food products.

Mining has attracted more foreign investment than any other sector, but the sector remains underdeveloped and extremely politically sensitive. Chinese, Kazakh, and Russian firms continue to seek access to other natural resources.

¹ <https://data.worldbank.org/indicator/NY.GDP.PCAP.CD?locations=KG>

² <https://data.worldbank.org/indicator/NY.GDP.PCAP.PP.CD?locations=KG>

³ https://24.kg/ekonomika/109379_v2018_godu_migrantiy_pereveli_vkyrgyzstan_26_milliarda/

⁴ <http://www.stat.kg/ru/opensdata/category/2315/>

⁵ <https://rus.azattyk.org/a/29732509.html>

⁶ <https://rus.azattyk.org/a/29732509.html>

Consumption fueled by remittances from Russia continues to be a key component of the economy. The middle class has grown substantially, mainly in Bishkek, generating demand for Western products. Construction, fueled largely by remittances, has been booming, primarily in the form of apartment buildings that have drastically changed the Bishkek skyline over the past five years.

Market Entry Strategy

While the Investment Promotion and Protection Agency under the Government of the Kyrgyz Republic was created to guide foreign investors through the business registration process, the most proven strategy for market entry remains the establishment of a joint-stock venture with a local partner who knows the system. Many U.S. firms also avail themselves of the services of local distributors and franchisees. That notwithstanding, U.S. companies have had success opening regional offices without local investment.

For most large-scale investments, a visit to the country and meetings with appropriate public officials are generally necessary. Reliable partners can be found, and there are several highly qualified consulting services meeting western standards available to U.S. businesses in the country, including the following:

American Chamber of Commerce

Ms. Zarina Chekirbaeva, Executive Director

Hyatt Regency Bishkek, Room no. 123

191 Sovetskaya Street

Bishkek 720011, Kyrgyz Republic

Phone: +996 (312) 68 09 07

Fax: +996 (312) 68 11 72

E-mail: director@amcham.kg

Web: www.amcham.kg

U.S. Embassy Bishkek

Munara Niiazova, Commercial Assistant

171 Prospect Mira

Bishkek 720016, Kyrgyz Republic

Phone: +996 (312) 59 70 00, ext. 7607

Fax: +996 (312) 59 77 44

Email: NiiazovaME@state.gov

Kalikova & Associates

Aicholpon Alieva, Managing Partner

1A Igemberdieva Street

Bishkek 720020, Kyrgyz Republic

Phone: +996 312 6660

Email: lawyer@k-a.kg

<http://www.k-a.kg>

GRATA International Law Firm

Nurlan Kyshtobaev, Partner

33/1 Razzakova Str., Office 2,

Bishkek, 720040, Kyrgyz Republic

Phone: +996 312 31 4050

Email: bishkek@gratanet.com

<http://www.gratanet.com/en/locations/kyrgyzstan>

Leading Sectors for U.S. Exports and Investment

Energy

Leading Sub-sectors

Hydropower

The Kyrgyz Republic possesses tremendous hydropower potential, up to 142 billion kWh, of which only 10% has been tapped in installed capacity. Hydropower accounts for the overwhelming majority of electricity produced in the Kyrgyz Republic (nearly 90%). However, heavily subsidized energy tariffs below cost recovery, corruption, and other obstacles have long hindered private investment in the sector. Lacking major new sources of investment, new generating capacity has stagnated in the Kyrgyz Republic and failed to keep pace with growing energy demand. Once a net exporter of electricity, in recent years the Kyrgyz Republic has at times imported power to meet domestic demand. With rare exceptions, the majority of the Kyrgyz Republic's hydropower plants (HPPs), including Toktogul HPP, the country's principal source of electricity, were constructed in the Soviet era. Equipment is outdated and in need of replacement and upgrading, posing a risk for system-wide catastrophic breakdowns.

Opportunities

U.S. firms have recently demonstrated an increasing interest in the Kyrgyz hydropower market, which presents a range of opportunities to prospective companies. The Kyrgyz government seeks to attract industry leaders with deep experience and technical know-how to improve the country's hydropower infrastructure. Major capacity generation projects financed in large part by IFIs offer an opportunity for private foreign companies to enter and compete in the Kyrgyz hydropower market. In 2017, the Kyrgyz government announced tenders to upgrade and expand generating capacity at 14 small HPPs across the country. The Kyrgyz government awarded a turn-key contract in 2018 for the Asian Development Bank-supported modernization of the Toktogul HPP to a joint venture of GE Hydro (France) and GE Renewables (Switzerland), with delivery in November 2023. Targeted opportunities also exist for firms that provide niche engineering services and other support to the hydropower sector. Foremost among potential risks to entrants are the complexities of the local market, which continues to suffer from widespread corruption.

Agriculture

Overview

The agricultural sector is the largest employer in the Kyrgyz Republic and accounts for an estimated 12.0% of GDP⁷ but is disorganized and undercapitalized. Most agriculture is family-based on small plots of land. Larger production, particularly in apples, apricots, cherries, sugar beets, beans, cotton, tobacco, and walnuts, is regional and still small-scale compared to Western standards. Most families grow small amounts of fruits and vegetables that are consumed locally, though the Kyrgyz Republic did export more than \$157.6 million of produce in 2019⁸

Several international donor projects, including USAID, focus on improving credit to the sector, though the results of such efforts are mixed. There are opportunities for small-scale operations in a variety of areas: orchards, dried fruits, improved seed, fertilizer, small-scale farm equipment, food processing equipment and slaughterhouses, improved storage, and packaging.

Leading Sub-Sectors

Food Processing/Packaging Equipment

The agricultural sector remains the primary source of employment in the Kyrgyz Republic, with over 23%⁹¹⁰ of the country's labor force participating in agriculture. The sector is also the second-largest component of national gross domestic product. Despite its significance to the economy, most vegetable production is seasonal, and export markets are quite limited due to inefficiencies, regional barriers and packaging deficiencies that limit the amount of transport produce can endure. Disorganization and limited capital not only hamper the fruit and vegetable industry, but also constrain cereal, dairy and meat production. Many international donors assist the agricultural sector, but inefficient and inadequate processing, packaging, and marketing limit the transition from localized production and consumption to international competition. Furthermore, many Kyrgyz dairy, meat, and fruit and vegetable producers are currently unable to meet sanitary and phytosanitary (SPS) standards of the EAEU necessary to export to target markets within the customs union.

The food processing industry of the Kyrgyz Republic remains underdeveloped. Local companies often lack sophisticated management skills and productive equipment, and many of them operate only at 20-40% of capacity. There is a demand for various types of food-processing equipment, including production lines for juice, ketchup, dried vegetables and fruits, potato chips, pasta products, meat products, and packaging. Local firms have limited financial resources and therefore prefer to purchase semi- and non-automated equipment. Refurbished and used equipment is popular for the same reason. Potential clients are food businesses with plans to produce new products or upgrade the packaging or quality of current product lines.

Most small food processing companies source local or Chinese equipment, which are more widely available at a lower price than analogous U.S. or European machines. However, the largest and most successful companies prefer to procure equipment from Italy, Germany, Austria and other European countries, while medium-size companies tend to rely on Russian or Turkish food processing equipment.

Opportunities

Dairy: The Kyrgyz Republic produces over 1.6 million tons of milk annually¹¹, but processes only 2.5%¹² of its production. The cost of raw milk is lower in the Kyrgyz Republic than in neighboring Kazakhstan. While foreign investors cannot own farmland, joint ventures with local partners who own land could further decrease production costs and guarantee a consistent supply of raw milk. Milk yields can also be substantially increased from the current

⁷ <http://stat.kg/ru/news/struktura-valovogo-vnutrennego-produkta-za-2019-god/>

⁸ <http://stat.kg/ru/statistics/vneshneekonomicheskaya-deyatelnost/>

⁹ <http://www.stat.kg/ru/statistics/naselenie/>

¹⁰ <http://www.stat.kg/ru/opendata/category/188/>

¹¹ <http://www.stat.kg/ru/opendata/category/92/>

¹² <http://www.stat.kg/en/opendata/category/2500/>

2-4 liters per day to 15 liters per day. Due to local inefficiencies, milk, butter, yogurt, cheese and other dairy products sold in the Kyrgyz Republic generally are sourced from more expensive producers in Russia and Kazakhstan, but Kyrgyz producers are catching up. During 2018, the export of dairy products compared to 2017 nearly doubled. In previous years dairy shipments were predominantly destined for the EAEU market, primarily to Kazakhstan and Russia. However, 2018 dairy exports to Uzbekistan increased exponentially, reaching 500 tons of products between January and November¹³. In 2019 the total export of dairy products reached 3.2 thousand tons and reached 30 thousand tons¹⁴. In 2020, 13 companies received necessary certifications to export their products to China¹⁵. Investment in the local dairy industry could present an opportunity for Kyrgyz dairy products to reach new export markets.

Meat: The Kyrgyz Republic has an underdeveloped meat market. Though neighboring Kazakhstan provides a market for Kyrgyz beef and lamb products, the Kyrgyz Republic lacks the processing capability for value-added production. Foreign investment is making improvements in meat processing; USAID helped establish a modern slaughterhouse in Naryn region, which has the largest number of cattle in the country. In 2019, a joint Kyrgyz-Chinese company announced plans to construct the country's largest meat-processing plant in Balykchy. There is an increasing demand for chicken quarters which is largely satisfied by EAEU member-countries, predominantly Kazakhstan and Russia¹⁶, as well as U.S. exports. U.S. poultry transiting Russia and Kazakhstan, and destined for the Kyrgyz Republic, faces a number of bureaucratic hurdles, but the Kyrgyz Ministry of Agriculture is taking steps to resolve the situation.

Fruit & Vegetable Processing: Similar to the dairy industry, processed fruits and vegetables amount to slightly more than 2% of total production, but the export of dried fruits has been steadily increasing since 2016. Potential U.S. investors may be interested in establishing a factory to produce Western-quality processed fruits and vegetables. Possible products include marinated products, canned vegetables, and dried or preserved fruits.

¹³

https://24.kg/obschestvo/104640_vkyrgyzystane_snachala_goda_eksport_molochnyih_produktoy_vyros_vdva_raza/

¹⁴ <https://vesti.kg/zxc/item/67653-gosvetinspektsiya-eksport-produktov-pitaniya-iz-kyrgyzstana-vyros-v-2019-godu.html>

¹⁵ <https://ru.sputnik.kg/economy/20200113/1046755849/ehksport-syr-china-kr.html>

¹⁶ <http://www.eurasiancommission.org/ru/>

Information and Communication Technology (ICT)

Overview

The Kyrgyz Republic's emerging ICT sector is poised to be a major economic driver to power modernization and regional development, offering significant investment and trade opportunities in the "Virtual Silk Road". While the country has lagged behind its regional neighbors in ICT access and digital infrastructure development, the IT sector is one of the fastest growing industries in the Kyrgyz Republic. In the last six years, the Kyrgyz Republic has risen in the rankings of the Global Innovation Index from 117th (2013) to 90th (2019) among 129 countries, outperforming Uzbekistan, Tajikistan, and Turkmenistan in innovation digital adoption activities. In 2019, the Kyrgyz government adopted the "Digital Kyrgyzstan 2019-2023" strategy aimed at the following targets:

- Improving digital infrastructure and internet connectivity
- Ensuring "digital literacy" and providing IT education to promote domestic employment opportunities
- Developing e-government services and platforms
- Promoting economic growth through the digital transformation of the financial technology and banking sectors

Leading Sub-sectors

IT Software and Services

Since its inception ten years ago, the Kyrgyz IT landscape has enjoyed constant, positive growth, making it one of the most profitable and self-reliant sectors in the Kyrgyz economy. In 2011, the Kyrgyz government, in collaboration with the Kyrgyz Software and Service Developers Association (KSSDA), launched the [High-Technology Park of the Kyrgyz Republic \(HTP\)](#). Modelled after the High Technology Park in Belarus, HTP is a tax-free economic zone oriented towards promoting exported IT services and products to overseas clients. By the end of 2019, HTP expanded to 80 resident companies that generated \$14 million in annual total revenue, a 65% increase from 2018. Nearly 30% of software and other IT exports go to the United States, while the remainder reach over 30 other markets including Japan, Canada, Ukraine, Kazakhstan, India, and Germany. HTP residents specialize in software and mobile application development, gaming and interactive technical service centers. By 2024, HTP is anticipated to generate \$200 million in annual aggregate revenue and up to 10,000 domestic IT-related jobs. Despite the dynamic development of the Kyrgyz IT sector, a key barrier to the expansion of the IT sector is the lack of trained IT specialist and attrition of talented Kyrgyz developers to overseas employers.

Opportunities

Under the digital transformation roadmap, the Kyrgyz government is targeting ICT modernization of customs and logistics centers, healthcare service centers, educational institutions, and transport hubs. Prospects for U.S. exporters include: broadband internet access technologies, consumer electronics, educational software, fintech and banking services and hardware, analytical software, ICT equipment, cyber security solutions, and legal and financial services. Limited available financing remains a constraint for the government, which relies heavily on international donor assistance to fund major ICT projects. The country is also an emerging outsource market for international tech startups and companies seeking business process services, due to its zero percent tax regime, low overhead costs, and skilled local IT workforce.

Upcoming Trade Events

CONNECT.KG Virtual IT Expo

November 12-13, 2020 (Bishkek)

Website: <https://connectkg.com>

Contact: BishkekCommerce@state.gov

High-Technology Park of the Kyrgyz Republic

265A Chui Ave

Bishkek 750020, Kyrgyz Republic

Phone: +996 555 221 146

Email: sales@htp.kg

<http://www.htp.kg>

Franchising and Distribution

Overview

Franchising and distribution offers the opportunity to introduce American products and brands into the Kyrgyz market and give local entrepreneurs an attractive entry point to purchase into a U.S. company. Recent years have witnessed a significant expansion of U.S. franchises operating in the Kyrgyz Republic, particularly in the food service, hospitality, and entertainment industries. There are more than 30 U.S. brands already officially operating in the Kyrgyz Republic, including Hyatt Regency, Coca-Cola Bottlers, KFC, Papa John's, Baskin-Robbins, Nike, Levi's, New Balance, General Electric, Avon and others.

In most instances, Kyrgyz franchisees of U.S. companies have purchased their licenses from regional master franchisers, often located in Moscow. Kyrgyz franchisees are held to the rigorous standards established by corporate headquarters, and in several instances have invested significant capital in order to receive company certification. Entrants into this market have largely partnered with Kyrgyz firms with a demonstrated track record of experience in related sectors, such as retail sales and distribution.

Increasing travel and internet penetration have raised international brand awareness among Kyrgyz consumers, particularly in urban areas. The Kyrgyz market has gradually matured over the last 26 years, with preferences evolving toward quality, branded products sold by authorized outlets, including franchises, over informal retailers. Western brands, including American product lines, are widely perceived by the Kyrgyz consumers as being of higher quality and command a premium price.

These trends are most prominent in Bishkek, where opportunities and levels of disposable incomes are highest in the country. U.S. franchises in the Kyrgyz Republic are predominantly located in Bishkek, with several franchisees considering expanding operations to Osh, the country's second-largest city, located in the south.

The growing middle class and increasing disposable income, particularly in Bishkek, offer real opportunities for American firms that pair with locally-based operators who can navigate the complexities of the Kyrgyz business environment. Targeted opportunities exist in the Kyrgyz Republic, particularly for U.S.-based restaurant operators, though thorough market research is important to understand the distinct tastes and preferences of local consumers. On balance, Kyrgyz consumer demand remains very sensitive to price, and U.S. companies that have opened franchises in the Kyrgyz Republic benefit from economies of scale and are able to offer high-quality products at an attractive price point. Kyrgyz entrepreneurs, particularly those with international experience, are largely open to adopting U.S. business practices, though maintaining rigorous standards set by corporate headquarters involve higher costs for local franchise operators.

Mining Industry Equipment

Overview

Mining in the Kyrgyz Republic remains a sensitive area, and major investors must consider both politics and economics when determining whether to enter the local market. However, supplying the mining industry provides opportunities for U.S. exporters. The Kyrgyz Republic is home to a plethora of minerals, including gold, iron, copper, coal, and antimony. It should be noted that since the beginning of 2020, new legislation has entered into force, banning the development of uranium and thorium deposits, as well as the import of uranium-containing raw materials.

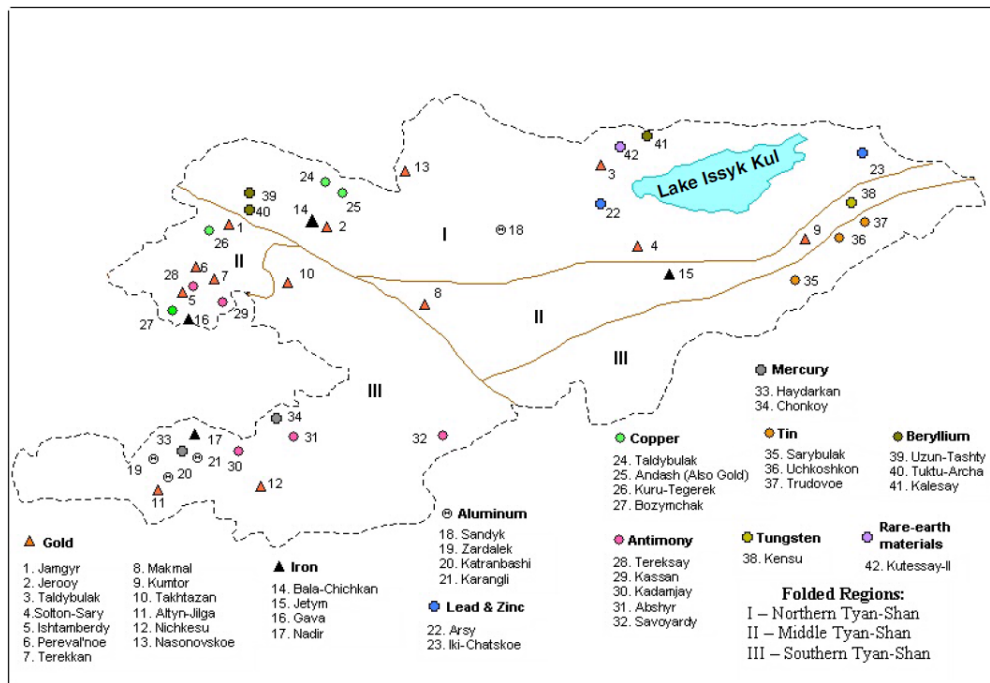
The economic output of the Kumtor gold mine is greater than all other mines in the country combined. Kumtor, the largest gold producer in the Kyrgyz Republic and operator of the namesake mine, produces 10-23 metric tons of gold per year. In operation since 1996, it has estimated proven and probable “contained gold” reserves of 114 metric tons. The Kyrgyz Republic owns approximately 30% of the shares of Centerra Gold, the Canadian parent of Kumtor. The macroeconomic impact of the Kumtor mine is substantial, comprising a significant share of the industrial sector and 9.8% of GDP in 2019¹⁷.

The government continues to seek ways to improve transparency in the sector, but it has a long way to go before meeting international standards. The Kyrgyz Republic’s membership in the Extractives Industry Transparency Initiative (EITI) was suspended in 2017 for inadequate progress overall in implementing the 2016 EITI Standard, citing a need for improvement in terms of disclosure of information related to the extractive sector.¹⁸ Kumtor has been a politically sensitive topic in the Kyrgyz Republic since the company’s inception and, while the local communities have not targeted the Canadian mine in recent years, they have protested against new Chinese-owned and operated mining sites in both 2018-2019

The State Committee on Industry, Energy and Subsoil Use maintains a website to update prospective investors about sites and bids. It is in Russian, Kyrgyz, and English, though the English is not updated as regularly as the other two.

¹⁷ https://24.kg/ekonomika/149410_narudnike_kumtor_v2019_godu_proizveli_bolee_186_tonnyi_zolota/

¹⁸ <https://eiti.org/BD/2017-9>



Opportunities

- Feasibility and exploration studies: Foreign firms are commonly employed to conduct feasibility studies, as well as to further explore potential reserves.
- Mining & ore processing equipment: U.S.-manufactured machinery, particularly excavating, loading, and transportation equipment, is utilized at the Kumtor gold mine. Such equipment could be used at other mines, following further investment and construction. Kumtor's namesake operator procures U.S.-manufactured parts and supplies, and periodically makes significant capital expenditures on U.S.-manufactured equipment in support of mine operations.
- Development of existing and new mineral deposits: Gold, silver, tin, copper, tungsten, coal, oil, natural gas, antimony, and other minerals can be exploited with additional investment and development.

Travel and Tourism

Overview

The tourism industry in the Kyrgyz Republic contributes an estimated 5,2%¹⁹ to GDP and represents an important growth industry for jobs and economic development. The Kyrgyz Republic features numerous unique natural and cultural attractions such as Lake Issyk-Kul -- the second-largest alpine lake in the world, the prominent Tian-Shan mountain range, and a section of the historic "Silk Road," all with potential to attract additional international visitors. In September 2018, the Kyrgyz Republic successfully hosted the third World Nomad Games, and a concerted PR campaign attracted global media attention to the Games, which effectively promoted the Kyrgyz Republic's unique brand on the international stage.

The Kyrgyz Republic was a popular regional tourist destination during Soviet times, with nearly one million visitors annually during the 1980s, predominantly from other Soviet republics. A wide array of tourist lodging, along with supporting physical infrastructure including paved roads, was developed. Following the dissolution of the Soviet Union, tourism in the Kyrgyz Republic collapsed, with arrivals declining by nearly 90% by the end of the 1990s. The tourism industry experienced years of contraction and disinvestment, from which the sector is only recently beginning to recover.

Since independence the number of tourists has steadily rebounded to 1.8 million in 2019, and visitors from the former Soviet Union continue to comprise the overwhelming majority of tourists who travel to the Kyrgyz Republic. According to estimates, approximately 70% of tourists visit from Kazakhstan, and 13% from Russia, with roughly 2% from European countries. The tourism sector employs approximately 40,000 people, or roughly 2% of the Kyrgyz Republic's total formal employment.

While the sector has made significant strides in recent years, it continues to face several challenges. Standards, particularly in customer service, remain weak and inconsistent across the sector, and service capacity is underdeveloped. Tourist infrastructure is slowly improving, but significant capital investment is needed to reverse two decades of degradation. Promotion of the sector, particularly to external markets, is also improving, but lacks a unified marketing and information campaign. Due to a failure to fully comply with International Civil Aviation Organization (ICAO) standards, the Kyrgyz Republic remains on the EU's "black list," which prevents European carriers from operating direct routes to the country and subsequently hampers the further development of tourism. In September 2018, USAID launched a new economic development initiative entitled "Enterprise Competitiveness Project," which aims at creating jobs and preventing the outflow of Kyrgyz labor migrants (primarily to Russia). The initiative will help Kyrgyzstani SMEs to increase their competitiveness on local and regional markets. The project seeks to increase private-sector driven development.

Opportunities

The tourism industry in the Kyrgyz Republic offers targeted opportunities for U.S. investment, particularly in the hospitality sector. Bishkek has very few Western hotel chains, and the popular resort destination of Lake Issyk-Kul has none. Local Kyrgyz entrepreneurs are exploring the possibility to opening franchise locations of major U.S. hospitality chains. Opportunities also exist for U.S. tour operators seeking to sell both individual tour packages to the Kyrgyz Republic and regional trips to Central Asian destinations along the historic Silk Road.

¹⁹ <http://www.stat.kg/ru/news/turizm-v-2018-godu/>

Garment Manufacturing

Overview

The Kyrgyz Republic has been home to a notable garment manufacturing industry since Soviet times. Since independence, the sector experienced rapid development, fueled by comparative advantages such as low labor costs, favorable customs agreements, and historical ties to large, post-Soviet consumer markets. Since 2014, the sector has grown by approximately 190%²⁰.

The vast majority of Kyrgyz companies in the industry operate as “cut-make-trim” garment manufacturers, while actual domestic textile manufacturing has virtually ceased. The sector remains fragmented, comprised predominantly of numerous small- and medium-sized enterprises (SMEs), with many manufacturers operating informally. Due to this aspect, estimates of both the market size and the number of workers employed in the sector vary widely. In the first eight months of 2018, estimated exports from the garment industry totaled \$115.5 million, indicating 20% growth compared to the same period of 2017²¹²² - nearly 6.5%²³ of the country’s total (\$1.76 billion in 2018) – as exports. However in the first seven months of 2019, total volume of textile exports only amounted to \$82.0 million, with the decline linked to temporary border restrictions with Kazakhstan, devaluation of the Russian ruble, and new limits on money transfers from Russia to The Kyrgyz Republic²⁴. Nearly 90% of Kyrgyz textile products are exported to Russia, and the rest to Kazakhstan. An estimated 200,000²⁵ people work in the garment manufacturing sector in the Kyrgyz Republic²⁶, or between 8-8,5% of the total labor force.

After years of producing for the bazaar trade, Kyrgyz garment manufacturers are now beginning to fulfill “cut-make-trim” contracts with fabric and fixtures provided by clients, with some matured firms now involved in design, branding and production. As global competition in the sector has accelerated in recent years, Kyrgyz garment manufacturers have been forced to adapt to shifts in global supply chains and are now positioning themselves to meet international demand.

USAID has partnered with SMEs in the garment and apparel industry to increase their export potential. Through this cooperation, Kyrgyz apparel manufacturers underwent Business Social Compliance Initiative (BSCI) social and labor audits and certification, enhanced their quality control systems and expanded their base of suppliers as well as international buyers.

However, several short- and medium-term challenges persist, including a lack of access to finance and modern inputs, and technical barriers to successfully market to prospective buyers outside the CIS region. The Kyrgyz Republic’s accession to the Eurasian Economic Union in August 2015 raised tariffs on several inputs into the garment manufacturing process, and the country continues to harmonize its laws and regulations to conform to the standards of the EAEU.

²⁰ <http://www.stat.kg/en/opendata/category/2501/>

²¹ <https://rg.ru/2018/12/05/eksport-odezhdy-iz-kirgizii-vyros-po-itogam-goda-na-20-prcoentov.html>

²² <http://stat.kg/ru/statistics/promyshlennost/>

²³ <http://www.stat.kg/ru/opendata/category/31/>

²⁴ <https://rus.azattyk.org/a/30192706.html>

²⁵ <https://rus.azattyk.org/a/30192706.html>

²⁶ <https://rg.ru/2018/12/05/eksport-odezhdy-iz-kirgizii-vyros-po-itogam-goda-na-20-prcoentov.html>

Opportunities

The garment and apparel manufacturing industry presents numerous opportunities for U.S. retailers to diversify their supply chain away from countries with troubling labor standards, and particularly those seeking to export to the larger, nearby markets of Russia and Kazakhstan. U.S. retailers committed to low carbon footprints will also be encouraged by the fact that nearly 90% of electricity is generated from renewable hydro-power assets. Opportunities also exist for professional service providers that specialize in certification and standardization and assist garment manufacturers in navigating the export process. On balance, the sector requires significant capital expenditures to upgrade machinery in order to remain competitive, which offers prospects for U.S. producers of advanced and specialized sewing, processing and cutting equipment.

Customs, Regulations and Standards

Trade Barriers

Structural barriers to trade in the Kyrgyz Republic include a weak system of business law, a lack of an effective judicial system for breach-of-contract resolution, an unwieldy government bureaucracy, and rampant corruption. Many companies serving the market report significant logistical difficulties. In addition, there is a burdensome tax monitoring system for all companies operating in the Kyrgyz Republic, which may affect U.S. firms that decide to operate through a representative office.

Implementation of EAEU customs requirements continue to be non-uniform across the Union and within the Kyrgyz Republic itself, where the Kyrgyz government does not fully trust the main trading partners and does not rule out that these countries may deliberately create non-technical trade barriers.²⁷ Since March 2019, there have been significant delays in the movement of transit goods coming from the Kyrgyz Republic through the Republic of Kazakhstan caused by stricter inspections by the Kazakh authorities to protect their domestic producers. Numerous attempts of the Kyrgyz government to resolve the situation bilaterally did not lead to success, prompting the Kyrgyz Republic to lodge an official complaint against Kazakhstan to the WTO.²⁸ Customs inspectors are unable or unwilling to make informed decisions regarding requirements or clearances. Widespread corruption, extending even to the judicial system, affects nearly all aspects of doing business, including customs clearance, registration, employment of locals and foreigners, and payment of taxes.

Import Tariffs

With the Kyrgyz Republic's entry into the EAEU, the average import tariff rate increased from 5.04% to 9.4%, according to Ministry of Economy estimates. With member countries opening their consumer markets to one another, small Kyrgyz producers have struggled against greater competition from industrial-scale competitors. Popular pressure has forced the government to consider raising customs duties within the EAEU, though the legality of such measures is debatable. The Kyrgyz Republic is a member of the WTO, but it remains unclear how the country will balance the demands of the Eurasian Economic Union and its WTO commitments.

The full EAEU tariff schedule can be found (in Russian only) at the websites of the [Eurasian Economic Commission](#)²⁹.

In July 2018 the Kyrgyz Republic introduced beneficial tariffs for import of vehicles manufactured after 2008 from third countries resulting in the import of more than 28,000 cars for private use in 2019, predominantly from the United States and Georgia³⁰. These rates increased ten times as of January 1, 2020³¹ (e.g. customs clearance of a 2009 Toyota Camry would increase from \$1,250 in 2019 to \$13,600 in 2020³²). Following car importers' request, the government's attempts to prolong the previous lower rate within the customs union did not find support among other members of the EAEU³³.

²⁷<https://economist.kg/2019/01/10/pravitelstvo-kyrgyzstana-opasaetsya-torgoviyh-barerov-so-storonyi-stran-partnerov/>

²⁸ <https://knews.kg/2020/02/14/kyrgyzstan-pozhalovalsya-vto-na-torgovye-barery-kazahstana/>

²⁹ <http://www.eurasiancommission.org/ru/act/trade/catr/ett/Pages/default.aspx>

³⁰

https://kaktus.media/doc/403714_za_2019_god_v_kyrgyzstan_vvezli_v_4_raza_bolshe_avto_chem_za_2018_y_po_drobnosti.html

³¹

https://kaktus.media/doc/399642_rastamojka_avto_posle_1_ianvaria_2020_goda_cifry_kotorye_shokiryut_avtomo_bilistov.html

³² https://rus.azattyk.org/a/kyrgyzstan_rastamojka_avto_podorojaet/30282936.html

³³ https://rus.azattyk.org/a/kyrgyzstan_rastamojka_avto_podorojaet/30282936.html

Import Requirements and Documentation

Following the Kyrgyz Republic's accession to the EAEU in 2015 and the entry into force of the "Customs Code of the Eurasian Economic Union" (Annex No. 1 to the Treaty on the Customs Code of the Eurasian Economic Union) as of January 1, 2018³⁴, the import requirements and documentation information are provided in the EAEU Customs Code, particularly in Articles 8, 89, 108. The unofficial English translation of the Code is available on the Eurasian Economic Commission's website³⁵.

Standard procedures of customs clearance and customs control of goods and vehicles crossing the border of the Kyrgyz Republic, as well as the list of documentation and other requirements for the successful importation of products into the Kyrgyz Republic, are outlined in the "Regulations on the notification procedure and the list of documents and information to be submitted to the customs authority upon arrival and departure of goods and vehicles to / from the customs territory of the Eurasian Economic Union during the carriage of goods by road, rail, air and other types of transport" of August 6, 2015³⁶. As per the EAEU Customs Code (Article 80, Cl. 7³⁷) the official translation into Russian of the documents mentioned in the Regulations above may be requested at the Kyrgyz customs points.

Labeling and Marking Requirements

Products sold in the Kyrgyz Republic must include Russian and/or Kyrgyz language labeling. Labeling in both languages is encouraged.

U.S. Export Controls

The United States imposes export controls to protect national security interests and promote foreign policy objectives related to dual-use goods through implementation of the Export Administration Regulations (EAR). The Bureau of Industry and Security (BIS) is comprised of two elements: Export Administration (EA), which is responsible for processing license applications, counselling exporters, and drafting and publishing changes to the [Export Administration Regulations](#); and Export Enforcement (EE), which is responsible for the enforcement of the EAR. BIS works closely with U.S. embassies, foreign governments, industry, and trade associations to ensure that exports from the United States are secure and comply with the EAR. BIS officials conduct site visits, known as End-Use Checks (EUCs), globally with end-users, consignees, and/or other parties to transactions involving items subject to the EAR to verify compliance.

An EUC is an on-site verification of a non-U.S. party to a transaction to determine whether the party is a reliable recipient of U.S. items. EUCs are conducted as part of BIS's licensing process, as well as its compliance program, to determine if items were exported in accordance with a valid BIS authorization or otherwise consistent with the EAR. Specifically, an EUC verifies the *bona fides* of transactions subject to the EAR, to include: confirming the legitimacy and reliability of the end use and end user; monitoring compliance with license conditions; and ensuring items are used, re-exported or transferred (in-country) in accordance with the EAR. These checks might be completed prior to the export of items pursuant to a BIS export license in the form of a Pre-License Check (PLC), or following an export from the U.S. during a Post-Shipment Verification (PSV).

BIS officials rely on EUCs to safeguard items subject to the EAR from diversion to unauthorized end uses/users. The verification of a foreign party's reliability facilitates future trade, including pursuant to BIS license reviews. If BIS is

³⁴ http://www.consultant.ru/document/cons_doc_LAW_215315/

³⁵ http://www.eurasiancommission.org/ru/act/tam_sotr/dep_tamoj_zak/Pages/tk_eaes.aspx

³⁶ <http://cbd.minjust.gov.kg/act/view/ky-kg/98339>

³⁷ <https://www.alta.ru/codex-2018/R3/GL13/ST80/>

unable to verify the reliability of the company or is prevented from accomplishing an EUC, the company may receive, for example, more regulatory scrutiny during license application reviews or be designated on BIS's Unverified List or Entity List, as applicable.

BIS has developed a list of “red flags”, or warning signs, and compiled “Know Your Customer” guidance intended to aid exporters in identifying possible violations of the EAR. Both of these resources are publicly available, and their dissemination to industry members is highly encouraged to help promote EAR compliance.

BIS also provides a variety of training sessions to U.S. exporters throughout the year. These sessions range from one to two-day seminars that focus on the basics of exporting to coverage of more advanced, industry specific topics. Interested parties can check a [list of upcoming seminars and webinars](#) or reference BIS provided [online training](#).

BIS and the EAR regulate transactions involving the export of “dual-use” U.S. goods, services, and technologies. For advice and regulatory requirements, exporters should consult the other U.S. Government agencies which regulate more specialized items. For example, the U.S. Department of State's Directorate of Defense Trade Controls has authority over defense articles and services, or munitions. A list of other agencies involved in export control can be found on the [BIS website](#) or in Supplement No. 3 to Part 730 of the EAR.

The EAR is available on the [BIS website](#) and on the [e-CFR](#) (Electronic Code of Federal Regulations) and is updated as needed.

The [Consolidated Screening List](#) (CSL) is a list of parties for which the United States Government maintains restrictions on certain exports, reexports or transfers of items. The CSL consolidates eleven export screening lists of the Departments of Commerce, State and the Treasury into a single data feed as an aid to industry in conducting electronic screens of parties to regulated transactions. Exporters are encouraged to classify their items prior to export, as well as consult the CSL to determine if any parties to the transaction may be subject to specific license requirements.

Temporary Entry

As a rule, Kyrgyz officials give temporary imports full conditional exemption from import duties and taxes. For goods to qualify as “temporary entry”, the importer must identify them, so customs authorities can ensure that those presented for re-export are the same as the ones originally brought in. Products that cannot be identified under this definition (such as electricity), cannot be placed under the temporary import regime.

Prohibited and Restricted Imports

Weapons of mass destruction, narcotics, pornography, as well as other items outlined in the Kyrgyz Governmental decree on implementation of the law of the Kyrgyz Republic "About customs regulation in the Kyrgyz country"³⁸ are prohibited imports.

Customs Regulations

On May 8, 2015, the Kyrgyz Republic adopted the unified customs tariffs and non-tariff regulations of the Russia-led Eurasian Economic Union³⁹. The Kyrgyz Republic implemented the new common Customs Code and abolished internal customs borders upon fully acceding to the Union in August 2015, but implementation of the agreement is slow. Detailed information on legal agreements and the customs duties schedule can be found at the website of the Eurasian Economic Commission.

³⁸ <http://cbd.minjust.gov.kg/act/view/ru-ru/98338>

³⁹ <http://docs.cntd.ru/document/420275895>

Standards for Trade

In April 2004, the Parliament passed a technical regulation law, amended in 2009, 2011, 2014, 2015, 2017 and 2019⁴⁰ which decreased government regulation. The national system previously functioned along Soviet standards requiring obligatory certification of 70% of all products. Approximately 50,000 official documents regulated security and quality of goods. Concerns about standards should be directed to the U.S. Embassy in Bishkek.

Standards

Center for Standards and Metrology under the Ministry of Economy of the Kyrgyz Republic
197 Panfilov Street
720040 Bishkek
Kyrgyz Republic
Phone: +996 (312) 66 13 67
WhatsApp: +996 777 976 888
E-mail: nism@nism.gov.kg
Web: www.nism.gov.kg

Testing, inspection and certification

The Center for Standards and Metrology under the Ministry of Economy of the Kyrgyz Republic is responsible for accreditation. Products that could possibly endanger human health must be certified. This list includes items such as alcohol, tobacco products, medical supplies and equipment, and other items. Conformity assessment is not required for goods that do not require product certification.

Publication of technical regulations

The Kyrgyz Center of National Standards and Metrology maintains most technical regulations and has regulations available for public access.

Members of the World Trade Organization (WTO) are required under the Agreement on Technical Barriers to Trade (TBT Agreement) to notify to the WTO proposed technical regulations and conformity assessment procedures that could affect trade. Notify U.S. (www.nist.gov/notifyus) is a free, web-based e-mail registration service that captures and makes available for review and comment key information on draft regulations and conformity assessment procedures. Users receive customized e-mail alerts when new notifications are added by selected country(ies) and industry sector(s) of interest, and can also request full texts of regulations. This service and its associated web site are managed and operated by the USA WTO TBT Inquiry Point housed within the National Institute of Standards and Technology, part of the U.S. Department of Commerce.

Contact Information

Center for Standards and Metrology under the Ministry of Economy of the Kyrgyz Republic
197 Panfilov Street
Bishkek 720040
Kyrgyz Republic
Office: +996 312 66 13 67
WhatsApp: +996 777 976 888
E-mail: nism@nism.gov.kg
Internet: www.nism.gov.kg

⁴⁰ <http://cbd.minjust.gov.kg/act/view/ru-ru/1453?cl=ru-ru>

Trade Agreements

On April 15, 1994, CIS member states (Azerbaijan, Armenia, Belarus, Kazakhstan, the Kyrgyz Republic, Moldova, Russia, Tajikistan, Turkmenistan, Ukraine, and Uzbekistan) agreed to establish a free-trade zone. According to the agreement, imports of goods produced within the CIS having respective certificates of origin are not subject to any customs or value-added taxes in the Kyrgyz Republic. However, this exemption does not cover excise goods (such as alcohol and tobacco); furniture; video, television and computer equipment and any accessories to such electronic equipment. Russia, Belarus, Kazakhstan, the Kyrgyz Republic and Armenia have also signed a customs agreement. In June 2004, the Kyrgyz Republic signed a Trade and Investment Framework Agreement (TIFA) with the United States, Kazakhstan, Tajikistan, Turkmenistan, and Uzbekistan. The objective of the TIFA is to provide a forum for addressing trade issues and enhancing trade and investment between the United States and Central Asia. The TIFA also provides a platform to address regional trade issues that hamper intra-regional trade, economic development and investment. The TIFA creates a United States-Central Asia Council on Trade and Investment, which is designed to consider a wide range of issues that include, but are not limited to, intellectual property, labor, environmental issues and enhancing the participation of small- and medium-sized enterprises in trade and investment.

The Kyrgyz Republic has bilateral investment treaties with 36 countries⁴¹, including the United States, Armenia, Azerbaijan, Belarus, China, Finland, France, Georgia, Germany, India, Indonesia, Iran, Kazakhstan, the Republic of Korea, Lithuania, Malaysia, Moldova, Mongolia, Pakistan, Sweden, Switzerland, Tajikistan, Turkey, United Kingdom, Ukraine and Uzbekistan and others.

The Kyrgyz Republic has also signed double-taxation treaties with 27 countries⁴² including Armenia, Austria, Belarus, Canada, China, Finland, Germany, India, Iran, Kazakhstan, Lithuania, Malaysia, Moldova, Mongolia, Pakistan, Poland, Russia, Switzerland, Tajikistan, Turkey, Ukraine, and Uzbekistan. The U.S.-U.S.S.R. treaty on double taxation, which was signed in 1973, remains in effect between the U.S. and the Kyrgyz Republic.

In August 2015, the Kyrgyz Republic formally joined the Eurasian Economic Union (EAEU). However, most of the technical regulations, including taxes, tariffs, inspections, and standards, are still in the process of improvement, bilateral and multilateral negotiations among the member-states, as well as implementation of agreements, regulations and other requirements. Several aspects of the agreement, including levels of taxation on various goods, have not been fully decided.

Licensing Requirements for Professional Services

Per the Law “On Licensing System in the Kyrgyz Republic” of October 2013 with amendments of December 2014, April and May 2015, June 2016, May and August 2017, March 2018, April, July and December 2019, March and April 2020, Chapter 2, Article 15⁴³ outlines that licenses are required only for activities and operations specified by law including the following:

1. Production, transmission, distribution, sale, export and import of electricity (except electricity produced from renewable sources or from other sources for personal use with capacity up to 1,000 kWh);
2. Production, transmission, distribution, sale, export and import of heat (except heat produced from renewable sources or from any sources for personal use);
3. Processing of oil and natural gas, except industrial-scale production and sale of bioethanol produced from vegetable feed;

⁴¹

⁴²<https://invest.gov.kg/bilateral-agreements2/#:~:text=Presently%2C%20the%20Kyrgyz%20Republic%20is,the%20United%20Kingdom%20and%20Others.>

⁴³ <http://cbd.minjust.gov.kg/act/view/ru-ru/205058>

4. Production, transfer, distribution, and sale of natural gas;
5. Production and distribution of ethyl alcohol;
6. Production and distribution (storage for production or sale purposes, wholesale and retail trade) of alcoholic products;
7. Private medical practice (except under a service or employment contract with private medical institutions or individual entrepreneurs);
8. Production, manufacture and sale of medicines and medical equipment;
9. Production and sale of vaccines and serums in specialized veterinary enterprises;
10. Activities involving work with RG2 microorganisms;
11. Activities in the field of electric communication;
12. Activities in the field of postal communication;
13. Activities in the field of data transfer;
14. TV and radio broadcasting activities, including production, transmission, and distribution of broadcasting programs;
15. Urban planning, research and design of residential, public and production buildings and structures (Category I, II and III facilities);
16. Construction and installation operations, except construction of individual residential houses (Category I, II and III facilities);
17. Passenger transport services by motor vehicle (except taxi cars);
18. International cargo transportation by truck;
19. Passenger and (or) cargo transportation by air;
20. Aircraft ground handling in airports (aerodromes) during arrival and departure, except maintenance and (or) repair of aircrafts;
21. Passenger and (or) cargo transportation by water;
22. Banking operations specified under Article 2.4.2 of the Law “On Licensing and Permit System in the Kyrgyz Republic”;
23. Credit union activities;
24. Microfinance activities;
25. Pawn shop activities;
26. Foreign currency exchange services;
27. Payment intermediary services using IT-based and electronic payment systems;
28. Acceptance, processing, and issuance of financial information (processing and clearing services) relating to payments and settlements between third parties and participants of the payment system of a given processing or clearing center;
29. Betting office and bookmaker activities;
30. Lottery activities (except stimulating lottery);
31. Transportation (including trans-boundary transportation) of toxic substances, including radioactive waste;
32. Design, manufacture and sale of military products (munitions, military equipment, military-technical property, documentation, intellectual property, military-technical information referred to military products under Kyrgyz law) and military services (maintenance, upgrade, and disposal of munitions or military equipment and their transportation, supply, and storage);
33. Production, use, disposal of industrial explosive materials;
34. Sale of explosive substances and products (including pyrotechnic ones);
35. Production, repair, and trade in weapons and munitions;
36. Design, production, manufacture, processing, storage, issue, sale, purchase and distribution of narcotic drugs, psychotropic substances and their precursors;
37. Advocate practice;
38. Private notarial practice;
39. Voluntary universal life insurance services;
40. Voluntary personal insurance services;
41. Voluntary property insurance services;
42. Voluntary liability insurance services;
43. Mandatory insurance services;
44. Mandatory and voluntary inward reinsurance services;
45. Non-governmental pension fund activities;
46. Organized market for trading securities;
47. Securities broker services;
48. Security holders registry keeper services;

49. Securities depository services;
50. Securities dealer services;
51. Investment fund activities;
52. Investment trust activities;
53. Audit services;
54. Bankruptcy administration services;
55. Design, installation, adjustment and repair of anti-fire automatic devices; flame-proofing of wooden structures and combustible theatrical display equipment;
56. Educational activities (except state and municipal educational institutions carrying out preschool, primary, basic and secondary general education programs);
57. Import or export of specific goods according to the list approved by the Government of the Kyrgyz Republic;
58. Import, export, or re-export of goods included in the National Checklist of Controlled Products;
59. Activities of insurance broker;
60. Actuarial activity.

Additionally, licensing is mandatory for the following activities involving the use of limited public resources:

1. Using the radio frequency spectrum to provide electrical communication and (or) data transmission services;
2. Taking timber from the woods of the forestry fund (felling license, small-scale timber supply permit);
3. Taking flora for commercial purposes (flora-taking permit, forest-use permit);
4. Disposal, storage, burial and elimination of toxic waste, including radioactive waste;
5. Mineral tenure-related activities;
6. Generation, use, processing, formation, storage, and elimination of substances which can form explosive mixtures (flammable oxidizing gases and filling stations which fill compressed or liquefied gas cylinders);
7. Generation, formation, storage, use and elimination of hazardous chemical substances.

Web Resources

Customs and the [Ministry of Economy](#) are the best sources for information regarding changes to trade regulations in the Kyrgyz Republic.

Selling U.S. Products & Services

Distribution & Sales Channels

Around 80% of the foreign investment in the country is centered in Bishkek, with the majority of the remainder focused on extractive industry firms and production plants operating in the regions. Most U.S. firms currently operating in the country have not expanded their businesses significantly outside of the capital because of limited market capacity. Many imported products come overland from China, Kazakhstan and Uzbekistan to the Bishkek market. The road network for distribution of goods is largely sub-standard. A recently constructed highway connecting Bishkek to western China is by far the best road in the country. According to the World Economic Forum's Global Competitiveness Index for 2018, the Kyrgyz Republic ranks 118 out of 140 countries by quality of roads⁴⁴.

Using an Agent to Sell U.S. Products and Services

Business in the Kyrgyz Republic is largely based on personal relationships. In an economy where rule of law is not yet firmly established, the quality and depth of business relationships are often the best protection against loss and are key to market access. Selection of a local partner (or partners) is probably the most important decision a company makes in its market entry. Though on-the-ground contacts are important, some firms choose to cover the Kyrgyz market from a regional office in Kazakhstan or Russia.

A reliable distributor is the best way to address challenges including communicating with clients and providing after sales service. Many exporters designate a local trading company as their local sales agent responsible for handling customs clearance of imported goods, dealing with established wholesalers and/or retailers, marketing the product directly to major corporations or the government, and handling after-sales service. Many Almaty-based distributors cover the Kyrgyz market.

Establishing an Office

In order to start operating in the Kyrgyz Republic, a legal entity must be registered with four governmental bodies⁴⁵:

- The Ministry of Justice (receives registration certificate containing the registration number as well as entry of data into the Unified State Register of Legal Entities);
- The National Statistics Committee (receives statistical registration card as well as entry of state registration data into the Uniform State Register of Statistics);
- The State Tax Inspectorate (receives a unique identification number that is to be entered in all financial, accounting, and customs documents); and,
- The Social Fund.

Individual entrepreneurs, however, need only to register with the Statistics Committee and the Tax Inspectorate.

A one-stop shop concept was re-introduced in 2015 under the aegis of the Investment Promotion and Protection Agency (IPPA), which works to ease the process of opening a company. Registration with the Ministry of Justice automatically registers the company with the other agencies. For commercial companies, the registration takes approximately three days, while for financial and credit institutions or non-commercial organizations the registration process is typically 10 days⁴⁶. According to the World Bank's Ease of Doing Business rankings, the Kyrgyz Republic ranked 42nd out of 190 countries for Starting a Business⁴⁷.

An enterprise can operate as a limited liability company, additional liability company, joint-stock company, general or limited partnership, foreign enterprise, or enterprise with foreign participation. There are some additional types

⁴⁴<http://reports.weforum.org/global-competitiveness-report-2018/competitiveness-rankings/#series=EOSQ057>

⁴⁵http://www.inform.kg/ru/registratsiya_osoo/

⁴⁶<http://www.doingbusiness.org/en/data/exploretopics/starting-a-business>

⁴⁷<http://www.doingbusiness.org/en/data/exploretopics/starting-a-business>

such as individual entrepreneur, representative office, branch office, commercial cooperative, and credit union. All incorporating documents should be in Russian or Kyrgyz and be notarized by a notary office.

Franchising

Franchising is not widespread, but is growing in the Kyrgyz Republic. A number of Western firms such as Coca-Cola, Hyatt, Baskin Robbins, Yum! Brands (KFC), Papa John's, Nathan's Famous Hot Dogs and officially licensed retailers and distributors including Levi's, Nike, New Balance, and Crocs currently have a presence or affiliates in the country.

Direct Marketing

Direct marketing is gradually becoming more popular in the Kyrgyz Republic, due in part to increased internet penetration and the expansion of mobile networks. It is common for entrepreneurs to distribute samples and promotional materials at business events and forums, but the primary channels for advertisement remain television, newspapers, and the internet. There are no international advertising companies currently operating in the Kyrgyz Republic, but local firms should be able to assist in direct marketing activities.

An enterprise can operate as a limited liability company, additional liability company, joint-stock company, general or limited partnership, foreign enterprise, or enterprise with foreign participation. There are some additional types such as individual entrepreneur, representative office, branch office, commercial cooperative, and credit union. All incorporating documents should be in Russian or Kyrgyz and be notarized by a notary office.

Joint Ventures/Licensing

Joint ventures are the most proven strategy for entry into the Kyrgyz market. Foreign investors are generally protected by the inclusion of a well-positioned national investor familiar with the local system. Furthermore, Kyrgyz law gives more protection to joint ventures than to representative offices or international businesses.

Several commercial activities require government licenses. The list below is not exclusive:

- Exploration, prospecting and use of mineral deposits
- Manufacture and sale of pharmaceuticals, medicine, perfume-cosmetic and chemical substances, and medical equipment, except enterprises that sell soap, cleanser and perfume-cosmetic goods with a certificate of quality from the manufacturers
- Production of beer, wine, champagne, vodka, cognac and other alcohol
- Organization of gaming and gambling establishments
- Urban planning, drafting and design of housing, public buildings or industrial construction
- Building and assembly jobs, excluding individual residence buildings construction
- Banking operations, credit union and pawnshop activities
- Securities
- Insurance
- Trade in alcohol
- Private educational institutions

Express Delivery

DHL, UPS, and Federal Express are all present in the Kyrgyz Republic, though their reach does not extend outside the cities of Bishkek and Osh. Overnight service is not available and packages usually require three to four days to arrive from the United States.

Due Diligence

Due diligence remains challenging in the Kyrgyz Republic, but a number of western oriented legal and consulting firms are in a position to assist foreign companies with this requirement. Market research capacity is underdeveloped

and reliable information can be difficult to find. Reliable economic information is also produced by aid and humanitarian organizations operating within the country, including the UNDP, USAID projects, the World Bank and the IMF. The American Chamber of Commerce in the Kyrgyz Republic and the U.S. Embassy can provide advice to firms planning to conduct business in the Kyrgyz Republic.

eCommerce

Overview

Electronic commerce is still developing in the Kyrgyz Republic. Internet access outside of major cities is unreliable but improving quickly. ATM/debit cards are extremely common in Bishkek and ATMs are a common sight in most medium-sized villages. Electronic payment of salaries is becoming more common, and some local banks have developed applications for mobile phones. Nevertheless, the Kyrgyz Republic is primarily a cash economy.

Internet Penetration

According to the State committee of informational technologies and communication in 2019 the number of internet users in The Kyrgyz Republic reached 2.5 million people (40.3% of the total population). This low level of internet penetration is likely due to a variety of demographic, geographic, and economic factors. The Kyrgyz Republic has an extremely low amount of internet traffic and online engagement compared to neighboring countries Kazakhstan and Uzbekistan; Mobile operators registered around 9.4 million users while the population is 6.2 million people.⁴⁸ Mobile broadband continues to rapidly expand, but only 40% of the population use fixed broadband, according to the survey.

Current Market Trends

Recently, eCommerce has experienced rapid growth in the Kyrgyz Republic. In recent years, significant advances have occurred locally in mobile payment systems and app-based commercial platforms. There are more online shops now than several years ago, and the variety of commercial services available via the internet has expanded significantly.

Despite recent technological developments, however, the majority of Kyrgyzstanis continue to prefer traditional forms of purchasing goods and ordering services. A key challenge to development of robust eCommerce in the Kyrgyz Republic is the perception that goods purchased online may be of lesser quality, and that services can be better negotiated in person. Consumers may also be concerned about poor customer service and no clear recourse in the event of a negative eCommerce experience. According to the State committee of informational technologies and communication only 5% of population are involved in e-commerce. 15% of population has internet banking and 40% of population has a bank account⁴⁹.

There is ample opportunity for improvement and development of eCommerce in the Kyrgyz Republic. High speed, affordable internet access and usage -- particularly in mobile broadband -- are expanding throughout the Kyrgyz Republic, albeit primarily in urban areas. Rural areas, where 60% of the total populace reside, have limited internet access and low levels of internet use. The Kyrgyz Republic does have a steadily developing IT sector, and the undeveloped eCommerce sector may present investment opportunities for tech entrepreneurs.

⁴⁸ <http://kabar.kg/news/kolichestvo-internet-pol-zovatelei-kyrgyzstana-ezhegodno-rastet-dogoev/>

⁴⁹ <http://kabar.kg/news/kolichestvo-internet-pol-zovatelei-kyrgyzstana-ezhegodno-rastet-dogoev/>

Popular eCommerce Sites

Local internet retailers are rapidly increasing in the Kyrgyz Republic, though overall penetration remains low. Popular domestic eCommerce sites include Svetofor.info and Lalafo.kg. Svetofor identifies itself as the most popular online commercial market in the Kyrgyz Republic, and offers a wide variety of retail goods. Lalafo is akin to an online trading site such as eBay or Craigslist. Additionally, websites that provide services are increasing in both number and use; websites such as Tez.kg or Namba.kg offer consumers a mobile and web-based interface to order taxis and food delivery services in Bishkek. Several online platforms offer taxi services similar to Uber, including Namba Taxi and Yandex Taxi. Chinese eCommerce websites such as taobao.com and alibaba.com are more popular than other international eCommerce platforms; many Kyrgyz companies retain Chinese-speaking staff to help locals make purchases through Chinese eCommerce websites.

Social Media

The social media market in the Kyrgyz Republic is rapidly growing. , Nowadays 80⁵⁰% of internet users actively engaged on social media platforms.. Recent studies indicate a double increase in social media users in 2018, with this growth centered predominantly in urban areas. Facebook's dominance of the social media market grew throughout 2019, from an estimated 309% share in January to approximately 35.5% by the end of the year. YouTube, Twitter, and Russian social media network VKontakte together occupied slightly more than 33.3% of social media use as of June 2018⁵¹.

Selling Factors & Techniques

Products sold in Bishkek tend to be marketed in Russian and Kyrgyz. There is a mandatory requirement for all advertisements to be in the Kyrgyz language. Due to the widespread use of the Russian language, however, companies usually advertise in both languages.

Trade Promotion & Advertising

A full range of advertising opportunities is available via print media, radio, television, billboards, promotional goods and sponsorship of events. Several local agencies can handle advertising campaigns.

Pricing

The Kyrgyz Republic's VAT is currently 12%. There is also a sales tax of 1% for trade activity and 2% for all other business. For companies that are not obligated to pay VAT, sales taxes are a bit higher – 2% for trade activity, and 3% for all other business. In January 2017, the Kyrgyz government canceled sales tax for non-cash transactions. Leasing companies are exempt from VAT and sales tax, and receive a preferential income tax rate of 5%.

Sales Service/Customer Support

Consistent, friendly customer service is still a relatively rare phenomenon in the Kyrgyz Republic, but the service in Bishkek is improving. Any firm offering reliable customer and after-sales service stands to benefit in the local marketplace.

Local Professional Services

Here are some firms providing professional services:

Kalikova & Associates

⁵⁰ <http://kabar.kg/news/kolichestvo-internet-pol-zovatelei-kyrgyzstana-ezhegodno-rastet-dogoev/>

⁵¹ <http://gs.statcounter.com/social-media-stats/all/kyrgyzstan/#monthly-201801-201901>

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Phone: +996 (312) 39 40 64
<https://www.grantthornton.kg>

Ernst & Young Audit LLC
Apartment 11, 170 Chui Ave.
Bishkek
Kyrgyz Republic
Phone: +7 (727) 258 5960 (Almaty Office)

PricewaterhouseCoopers Bishkek LLP
Dordoi - Plaza Business Center
115 a Albraimova Street, 6th floor
Bishkek, 720010
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Fax: +996 (312) 69 05 28

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Fax: +996 (312) 39 82 89
Email: bishkek@deloitte.kg

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Principal Business Associations

The American Chamber of Commerce in the Kyrgyz Republic and the International Business Council accept U.S. companies into their memberships.

Limitations on Selling U.S. Products and Services

There are no restrictions on selling U.S. products, though all products must conform to Kyrgyz and EAEU standards and regulations.

Trade Financing

Methods of Payment

The economy of the Kyrgyz Republic is primarily cash-based, although non-cash consumer transactions, such as debit cards and transaction machines, have quadrupled in the last five years. In 2019, Moody's Investors Services assigned the Kyrgyz Republic a sovereign credit rating of B2. The government debt market is small and limited to short maturities, though Kyrgyz bonds are available for foreign ownership. Broadly, credit is allocated on market terms, but introduced market distortions. Bank loans remain the primary source of private sector credit, and local portfolio investors often highlight the need to develop additional financial instruments in the Kyrgyz Republic. For more information about the methods of payment or other trade finance options, please read the Trade Finance Guide available at <https://www.trade.gov/trade-finance-guide-quick-reference-us-exporters>.

Foreign Exchange Controls

Foreign residents and non-residents are permitted to buy or sell foreign exchange, without limits on currency exchange transactions. Banks are permitted to request certification of funds for transaction exceeding \$12,700 dollars. There are no restrictions on the movement of currency by non-residents transiting or importing currency into the country. The Kyrgyz som follows a free-floating exchange rate, with periodic FX interventions by the National Bank of the Kyrgyz Republic (NBKR) to mitigate the risk of exchange rate shocks. Among Post-Soviet countries, the Kyrgyz som has been one of the most stable currencies, with the dollar exchange rate dropping 0.3 percent in 2019. The NBKR conducts weekly inter-bank currency auctions, in which competitive bids determine market-based transaction prices. Banks usually clear payments within a single business day. Complaints of currency conversion issues are rare. With occasional exceptions in the agricultural and energy sectors, barter transactions have largely been phased out.

In April 2019, a draft bill was presented to Parliament to exclude private currency exchanges from the list of authorized and regulated currency dealers of the NBKR.

Banking System

The Kyrgyz banking system remains well capitalized with still sizeable, non-performing loans (NPLs). NPLs increased from 7.5 percent to 8.0 percent in 2019, with restructured loans in excess of 20 percent. Net capital adequacy ratio increased from 23.7 percent to 24.0 percent in 2019. Total assets in the Kyrgyz banking system in 2019 equaled approximately USD 3.6 billion. As of August 2019, the Kyrgyz Republic's three largest banks by total assets were Kyrgyz Investment and Credit Bank (KICB; approximately USD 418 million), Optima Bank (approximately USD 520.7 million), and Aiyl Bank (approximately USD 434.5 million).

The micro-finance sector in the Kyrgyz Republic is robust, representing nearly 10 percent the market size of the banking sector. Trade accounted for 25.4 percent of the total loan portfolio of the banking sector, followed by agriculture (18.9 percent) and consumer loans (11.7 percent). The microfinance sector in the Kyrgyz Republic is rapidly growing. In 2019, around 140 microfinance companies, 95 credit unions, 220 pawnshops and 401 currency exchange offices operated in the Kyrgyz Republic. Over the last four years, the three largest microfinance companies (Bai-Tushum, FINCA, and Kompanion) transformed into banks with full banking licenses.

Local and Correspondent Banks

There are currently 23 commercial banks in the Kyrgyz Republic, with 323 operating branches throughout the country; the five largest banks comprise 51.7 percent of the total market. No U.S. bank operates in the Kyrgyz Republic and Kyrgyz banks do not maintain correspondent accounts from U.S. financial institutions. There are eight foreign banks operating in the Kyrgyz Republic: Demir Bank, National Bank of Pakistan, Halyk Bank, Optima Bank, Finca Bank, and Kompanion Bank are entirely foreign held. Other banks are partially foreign held, including KICB and BTA Bank, Kyrgyz-Swiss Bank. KICB has multinational organizations as shareholders including the European Bank for Reconstruction and Development (EBRD), Economic Finance Corporation, the Aga Khan Fund for Economic Development and others.

Protecting Intellectual Property

Granting patents is based on a first-to-file (or first-to-invent, depending on the country), first-in-right basis. Similarly, registering trademarks is based on a first-to-file (or first-to-use, depending on the country), first-in-right basis, so investors should consider how to obtain patent and trademark protection before introducing products or services to the local market. It is vital that companies understand that intellectual property is primarily a private right and that the U.S. government cannot enforce rights for private individuals in the Kyrgyz Republic. It is the responsibility of the rights-holders to register, protect, and enforce their rights where relevant, retaining their own counsel and advisors. Companies may wish to seek advice from local attorneys or IP consultants who are experts in national law. The U.S. Commercial Service can provide a list of local lawyers upon request. The U.S. Embassy in Bishkek maintains a list of lawyers for the convenience of American citizens abroad.

While the U.S. government stands ready to assist, there is little we can do if the rights-holders have not taken these fundamental steps necessary to securing and enforcing their IP in a timely fashion. In no instance should U.S. government advice be seen as a substitute for the responsibility of a rights-holder to promptly pursue its case. In many cases international firms have successfully utilized Kyrgyz law to address IPR violations.

It is always advisable to conduct due diligence on potential partners. A good partner is an important ally in protecting IP rights. Potential investors should consider carefully, however, whether to entrust registration of IP rights to a partner. Doing so may create a risk that the partner will list itself as the IP owner and fail to transfer the rights should the partnership end. Projects and sales in the Kyrgyz Republic require constant attention.

It is also recommended that small and medium-size companies understand the importance of working together with trade associations and organizations to support efforts to protect IP and stop counterfeiting. There are a number of these organizations, both Kyrgyz Republic and U.S.-based. These include:

- The U.S. Chamber and local American Chambers of Commerce
- National Association of Manufacturers (NAM)
- International Intellectual Property Alliance (IIPA)
- International Trademark Association (INTA)
- The Coalition Against Counterfeiting and Piracy
- International Anti-Counterfeiting Coalition (IACC)
- Pharmaceutical Research and Manufacturers of America (PhRMA)
- Biotechnology Industry Organization (BIO)

In any foreign market companies should consider several general principles for effective protection of their intellectual property. For background, please link to our article on [Protecting Intellectual Property and Stopfakes.gov](#) or contact ITA's Office of Intellectual Property Rights Director, Stevan Mitchell at Stevan.Mitchell@trade.gov.

Selling to the Public Sector

Many government entities finance public works projects by borrowing from multilateral development banks. Please refer to the "Project Financing" Section in "Trade and Project Financing" for more information.

There is an official public procurement agency operating in accordance with the public procurement law. (This law is available at [Zakupki](#) -- Russian only.)

There are three types of procurement of goods and services. Foreign companies can participate only in one type, called "Unlimited Bidding." Instructions and standard documents and forms for "Unlimited Bidding" can be found in Russian at [Zakupki](#).

Additionally, procurement of goods and services for projects financed by international donors is announced through common international channels of tender information. Unfortunately, some government procurement actions occur outside of regularized procurement channels. In some cases, tenders are announced only one or two days prior to the bidding deadline. In such instances, insider knowledge provides advantages to well-connected companies.

U.S. companies bidding on Government tenders may also qualify for U.S. Government advocacy. A unit of the U.S. Commerce Department's International Trade Administration, the Advocacy Center coordinates U.S. Government interagency advocacy efforts on behalf of U.S. exporters bidding on public sector contracts with international governments and government agencies. The Advocacy Center works closely with our network of the U.S. Commercial Service worldwide and inter-agency partners to ensure that exporters of U.S. products and services have the best possible chance of winning government contracts. Advocacy assistance can take many forms but often involves the U.S. Embassy or other U.S. Government agencies expressing support for the U.S. bidders directly to the foreign government. Consult [Advocacy Center](#) for Foreign Government Contracts and for additional information.

Financing of Projects

Price, payment terms, and financing can be significant factors in winning a government contract. Many governments finance public works projects through borrowing from the Multilateral Development Banks (MDB). A helpful guide for working with the MDBs is the [Guide to Doing Business with the Multilateral Development Banks](#). The U.S. Department of Commerce's (USDOC) International Trade Administration (ITA) has a Foreign Commercial Service Officer stationed at each of the five different Multilateral Development Banks (MDBs): the African Development Bank; the Asian Development Bank; the European Bank for Reconstruction and Development; the Inter-American Development Bank; and the World Bank. Learn more by contacting the [Advocacy Liaison for World Bank](#), the [Advocacy Liaison for African Development Bank](#) or [Advocacy Liaison for European Bank for Reconstruction and Development](#)

Web Resources

- [Ministry of Finance](#)
- [AKI Press](#)
- [Delo](#)
- [The Times of Central Asia](#)
- [Evening Bishkek](#)
- [Max KG](#)
- [Koort](#)
- [Kyrgyz Turkish Manas University](#)
- [Deloitte](#)
- [American Chamber of Commerce in the Kyrgyz Republic](#)
- [Chamber of Commerce and Industry of the Kyrgyz Republic](#)

Business Travel

Business Customs

The Kyrgyz Republic draws on a combination of Central Asian and Russian cultural influences, and customs may depend on the ethnicity of the person with whom you are meeting. It is customary to shake hands and call people by their first name and patronymic (adaptation of the father's first name) at business meetings and at informal gatherings, though use of just the first name is also acceptable. Business attire is generally a suit and tie for men, and a suit or business dress for women. Refreshments are usually served at business meetings - coffee, tea and water are the norms. Small gifts (pens, company logo pins, portfolios, and books) are frequently given at the end of an initial meeting as a token of appreciation. Business cards are the norm, often printed in both Russian/Kyrgyz and English.

Scheduling meetings, especially official ones requiring to go through established protocol channels, can be difficult, but this is also the norm. It can sometimes take weeks to get a response to an e-mail, fax, or a telephone message request for a meeting. Once contact has been established, patience is still required to confirm a date and time to meet. It is not uncommon for meetings to be cancelled last minute with no explanation.

Kyrgyzstani businessmen are generally less direct than American businessmen. What can be accomplished in a few meetings in the U.S. might take more in the Kyrgyz Republic, requiring patience, some understanding of local cultural aspects and discipline on the part of the American. An experienced and competent interpreter can be invaluable in business meetings.

Though the Kyrgyz tend to be Muslim, business travelers with experience in Islamic countries will find the country to be very secular, and many practices that exist elsewhere in Muslim world are not widely observed here, although this is slowly changing. It is quite common for ethnic Kyrgyz to consume alcohol at dinner functions or receptions and not refuse from pork-containing dainty.

Travel Advisory

Please consult the State Department's Bureau of Consular Affairs web site, <http://www.travel.state.gov>, or the Embassy's website, <https://kg.usembassy.gov/>, for current travel and consular information, including the most recent Consular Specific Information for the Kyrgyz Republic.

All U.S. citizens residing in or visiting the Kyrgyz Republic are encouraged to sign up for the Smart Traveler Enrollment Program (STEP). Enrollment in the STEP greatly facilitates our ability to locate you in the event of an emergency. The STEP also allows us to replace your passport quickly if it is lost or stolen, or contact you in case the Embassy or your relatives need to pass you an urgent message. We will release information about you to others only in accordance with your wishes (as stipulated by the U. S. Privacy Act of 1966).

The U.S. Embassy in Bishkek is located at:

171 Prospect Mira, Bishkek 720016

Kyrgyz Republic

Telephone: +996 (312) 59 70 00.

Visa Requirements

You must have a valid U.S. passport to visit the Kyrgyz Republic. Your passport must be valid for a minimum period of six months from the date of entry into the Kyrgyz Republic and must have at least one full blank page if you are applying for a visa.

A visa-free regime for citizens of some states, including the United States of America, was introduced in July 2012. U.S. citizens are permitted to enter the country for tourism for up to 60 days without a visa; U.S. citizens who intend to stay in the Kyrgyz Republic beyond 60 days must register with their district [State Registration Service Office \(Passport Desk\) \(State Registration Service\)](#). It is illegal to engage in religious activity, beyond attending weekly services, on a tourist visa. Travelers should apply for the correct category of visa for their purpose of travel. For the

most up-to-date visa information and information regarding entry/exit requirements, contact the Embassy of the Kyrgyz Republic.

Individuals traveling to the Kyrgyz Republic to perform religious work or work in affiliation with any religious organization in any capacity are required by national law to declare so on their visa applications, and must obtain a work visa and register with the Office of Religious Affairs after arrival. The Embassy recommends that U.S. citizens traveling in the Kyrgyz Republic also obtain Kazakh visas, as commercial air travel out of the Kyrgyz Republic is limited and U.S. citizens may need to travel through Kazakhstan to return to the United States. Travelers intending to transit through Russia in route to a third country must have a Russian transit visa. Even travelers who are simply changing planes in Moscow or another international airport in Russia for an onward destination will be asked to present a transit visa issued by a Russian Embassy or Consulate. Russian authorities may refuse entry to travelers who do not have transit visas.

Some HIV/AIDS entry restrictions exist for visitors and foreign residents in the Kyrgyz Republic. The law states that visitors staying more than one month must present evidence that they are HIV-negative. This restriction has not been actively enforced, but enforcement could begin without notice. Please verify the status of this requirement with the Embassy of the Kyrgyz Republic before you travel.

The Kyrgyz Republic allows travelers to enter and exit the country with up to the equivalent of 3000 USD. For sums greater than 10,000 USD⁵²⁵³, a customs declaration is required.

Information about dual nationality or the prevention of international child abduction can be found on our website. For further information about customs regulations, please read our Customs Information page.

U.S. companies that require travel of foreign businesspersons to the United States are advised that security evaluations are handled via an interagency process. Visa applicants should go to the following link(s): [State Department Visa Website](#).

Currency

The som is the official currency of the Kyrgyz Republic. The use of U.S. dollars, particularly for informal activity, is still prevalent in the country, despite recent legislation that outlaws the publication of prices in dollars. Debit and credit cards are common in Bishkek and Osh. ATMs are common throughout the country, though less so in rural areas. Visa and Mastercard are commonly accepted.

Telecommunications/Electric

Telephone coverage in the Kyrgyz Republic remains less than universal and internet connections are not ideal in remote areas, but there is significant progress in providing high speed internet in the largest cities. As in developing countries with poor telecommunications infrastructure and regulations, the number of cellular users has surpassed the number of landlines. Most business travelers with roaming capabilities will have no problem using mobile phones here. Both landline and cellular rates in the Kyrgyz Republic are higher than in Europe, especially for domestic long-distance and international calls.

Business travelers can obtain internet access via most hotels, sometime for a charge. Wi-Fi at cafes is becoming more and more common in Bishkek and Osh. Fast and reliable internet is available in most apartments in Bishkek.

Transportation

Bishkek is the Kyrgyz Republic's main transportation hub. Most business travelers arrive into Bishkek via Istanbul (Turkish Airlines), Moscow (Aeroflot) or Dubai (Fly Dubai). It is roughly a six-hour flight from Istanbul and Moscow and just under four hours from Dubai. For up-to-date travel information, it is best to check the websites of the airport

⁵² <https://ru.reporter.kg/kyrgyzstan-mozhet-ogranichit-summu-vyvoza-za-rubezh-nalichnykh/>

⁵³

in Bishkek for arrival/departure schedules. Osh now receives flights from Istanbul as well, but with much less frequency.

Several operators offer daily flights between Bishkek and Osh. Jalalabad and Batken also have regular flights from Bishkek and Osh.

Language

Despite a national movement to encourage the use of the Kyrgyz language, Russian is still widely used predominantly in larger cities and especially in business. English is uncommon, though younger business people often have at least a basic grasp of the language. Though good interpreters demand a premium price, business travelers are well advised to ensure they have a qualified interpreter in business meetings.

Health

Medical care in the Kyrgyz Republic is limited and well below North American and Western European standards. Basic medical supplies, including disposable needles, anesthetics, and antibiotics can be in short supply. Besides the shortage of medical supplies and poor infrastructure at public hospitals there can be difficulties for foreigners with communicating to medical personnel, especially elderly experienced doctors, due to lack of knowledge of English. Private clinics may offer more modern equipment or have English-speaking staff, although at a somewhat higher cost than state-run facilities. Elderly travelers and those with pre-existing health problems may be at risk due to inadequate medical facilities. Most resident Americans travel to Western Europe for serious medical treatment. Such travel can be extremely expensive if undertaken under emergency conditions. For this reason, all visitors are strongly advised to carry medical evacuation insurance that includes overseas hospitalization coverage and emergency air ambulance evacuation insurance. There are many private insurers that offer these types of services such as: www.medjetassist.com/ or www.internationalsos.com/en/.

Although the U.S. Embassy cannot provide medical assistance or care to private citizens visiting the Kyrgyz Republic, there is a link to medical resources in Bishkek on the consular section of the Embassy's website. No medical facilities in the Kyrgyz Republic take U.S.- issued insurance cards so be prepared to pay cash or, in some locations, with a credit card. You may be refused service at some hospitals if you cannot pay in cash at the time of service. Travelers requiring prescription medications or specific brand-name medicines should bring sufficient supplies with them and not rely on local availability.

Information on vaccinations and other health precautions, such as safe food and water precautions and insect bite protection, may be obtained from the Centers for Disease Control and Prevention's hotline for international travelers at 1-877-FYI-TRIP (1-877- 394-8747) or via the CDC's internet site. For information about outbreaks of infectious diseases abroad consult the World Health Organization's (WHO) website. Further health information for travelers is available at [World Health Organization - International Travel and Health](http://www.who.int/travelguide).

Local Time, Business Hours and Holidays

The Kyrgyz Republic is 10 or 11 hours ahead of EST, depending on the time of year. (The Kyrgyz Republic does not observe Daylight Savings Time.) Business hours are normally 9:00 a.m. – 6:00 p.m.

Local holidays can be found on the Embassy's website, but travelers are also advised to confirm dates with contacts in the Kyrgyz Republic.

Temporary Entry of Materials or Personal Belongings

As a rule, officials give temporary imports full conditional exemption from import duties and taxes. For goods to qualify as "temporary entry," the importer must identify them so customs authorities can ensure that the ones presented for re-export are the same as those originally brought in. Products that cannot be identified under this definition (such as electricity), cannot be placed under the temporary import regime.

Travel Related Web Resources

- [State Department Bureau of Consular Affairs](#)
- [State Department Visa Website](#)
- [U.S. Embassy in the Kyrgyz Republic](#)
- [Embassy of The Kyrgyz Republic, Washington, DC](#)
- [Centers for Disease Control](#)
- [World Health Organization](#)

Investment Climate Statement (ICS)

The U.S. Department of State's Investment Climate Statements provide information on the business climates of more than 170 economies and are prepared by economic officers stationed in embassies and posts around the world. They analyze a variety of economies that are or could be markets for U.S. businesses.

Topics include Openness to Investment, Legal and Regulatory systems, Dispute Resolution, Intellectual Property Rights, Transparency, Performance Requirements, State-Owned Enterprises, Responsible Business Conduct, and Corruption.

These statements highlight persistent barriers to further U.S. investment. Addressing these barriers would expand high-quality, private sector-led investment in infrastructure, further women's economic empowerment, and facilitate a healthy business environment for the digital economy. To access the ICS, visit the U.S. Department of State's [Investment Climate Statement](#) website.

Political Environment

The United States established diplomatic relations with the Kyrgyz Republic in 1991 following The Kyrgyz Republic's independence from the Soviet Union. The United States supports The Kyrgyz Republic in its development of an inclusive democracy based upon the rule of law and respect for human rights. The Kyrgyz Republic's 2017 presidential election marked the first peaceful transfer of presidential power from one democratically-elected President to another in post-Soviet Central Asia. Significant impediments to The Kyrgyz Republic's development include corruption, aging infrastructure, high unemployment, and endemic poverty. The Kyrgyz Republic, however, benefits from a robust civil society and a relatively free media sector.

U.S. Government assistance goals in the Kyrgyz Republic are to strengthen democratic institutions, support broad-based economic opportunity, enhance regional security, promote greater respect for human rights and the rule of law, and address development challenges in health and education.

For more background information on the political and economic environment of the country, please click on the link below to the U.S. Department of State Background Notes.

[U.S. Relations with Kyrgyzstan](#)