

BUSINESS INSIGHT

AMERICAN CHAMBER OF COMMERCE IN THE KYRGYZ REPUBLIC

Happy
International
Women's Day!



ISSUE #20/
February 2017

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EDITOR'S NOTE



Dear Members and Partners,

The February issue of Business Insight offers the latest updates on new initiatives in Kyrgyzstan's business community: the establishment of Council on Business and Entrepreneurship Development under the Speaker of the Kyrgyz Parliament, formation of an Interdepartmental Working Group on strengthening the role and consolidation of business associations, and creation of a Secretariat for the development of Regulatory Impact Analysis and the new edition of the Tax Code of the Kyrgyz Republic. AmCham is actively engaged in the work of abovementioned groups to promote the interests of its members.

This year, AmCham launches an AmCham Company Tours project aimed at becoming acquainted with the internal business processes of our members. The list of companies includes, but is not limited to, the Orion Hotel Bishkek, Kulikovskiy Confectionary House, Kumtor Operating Company, Shoro Company, Coca-Cola Bishkek Bottlers, and Smart Development.

Within the framework of our cooperation with American-Kyrgyz Business Consul, the second videoconference "Kyrgyzstan and AGCO: Identifying Opportunities" took place, with the participation of Kyrgyz counterparts and the world's leading producer and distributor of agricultural equipment and technology. We believe that these initial steps will help lay down new paths of cooperation.

The first issue of the Ambassador's Corner features the US Ambassador to the Kyrgyz Republic, Ms. Sheila Gwaltney, on "US commitments to strengthening economic ties with the Kyrgyz Republic". The Ambassador's Corner will be bringing business insights from other diplomatic missions in the upcoming issues.

AmCham hopes its readers will find the February issue of Business Insight an interesting and informative reading.

Zarina Chekirbaeva
Executive Director

A Council on Business and Entrepreneurship Development created under the Speaker of the Jogorku Kenesh of KR

On January 30, 2017, at the initiative of the Toraga (Speaker) of the Jogorku Kenesh of the Kyrgyz Republic, a Council for the Development of Business and Entrepreneurship was formed, which included the Executive Director of the American Chamber of Commerce in the Kyrgyz Republic, Zarina Chekirbaeva.

The Council will serve as an advisory and deliberative body on the issues related to business law, economy and investments. The Council's objectives include: ensuring communication between the Jogorku Kenesh of the Kyrgyz Republic and the business community; coming up with proposals on the development of the country's economy and investment attraction; submitting proposals and recommendations related to the legislation of the Kyrgyz Republic; monitoring regulatory legal acts in the field of entrepreneurship; and developing proposals for improving the business environment.

1st meeting of the Working group for the development of the Regulatory Impact Analysis and the new edition of the Tax Code of the Kyrgyz Republic

On February 13, 2017, the 1st meeting of the Working group for the development of the Regulatory Impact Analysis and the new edition of the Tax Code of the Kyrgyz Republic took place at the Ministry of Economy of the Kyrgyz Republic. A Secretariat of 6 working groups covering various industries was established. Each working group will work on developing their relevant parts of the Regulatory Impact Analysis and the new draft of the Tax Code.

The working groups were divided into the following areas:

- 1) Industry, Agriculture, Construction, Mining, Export
- 2) Trade Sector, Markets, Supermarkets
- 3) Services Sector: transport, tourism, services, restaurants and hotels
- 4) Financial Services Sector: Banks, MCC, Leasing
- 5) Administration of taxes
- 6) Physical Entities Sector: income tax and property tax

Formation of a Working group on strengthening the role and consolidation of business associations

By Order dated February 3, 2017, an Interdepartmental Working Group was established to develop draft regulatory and other legal acts aimed at strengthening the role and consolidation of business associations, in order to ensure further development of fair competition in business activities and improve the investment attractiveness of states. The Working group included Zarina Chekirbaeva, Executive Director of the American Chamber of Commerce in the Kyrgyz Republic, Sanjar Umetaliev, Deputy Chief of Staff of the Government, Eldar Abakirov, Deputy Minister of Economy of KR, and other representatives of state bodies and business associations.

On February 17, 2017, the first meeting of the Working group was held at the Ministry of Economy of the Kyrgyz Republic, where laws on business associations, mediations and questions concerning foreign investors and businessmen were discussed.

United States Committed to Strengthening Economic Ties with the Kyrgyz Republic

Since the Kyrgyz Republic declared independence in 1991, the United States has partnered steadfastly with the Kyrgyz government, businesses, and citizens to promote economic prosperity. Together, we share the key objective of strengthening the foundations for the country's continued economic development. Our countries celebrated the milestone of 25 years of productive diplomatic relations this past December, and it bears repeating that the United States' overarching goal here is simple and enduring – the success of the Kyrgyz Republic.

In light of that goal, we are especially proud to have supported the Kyrgyz Republic throughout its transition to a market-based economy. The United States has worked collaboratively with official counterparts to advance the Kyrgyz government's economic reform goals, including acceding to the World Trade Organization (WTO), reforming the tax code, and developing the financial sector. Over the last quarter century, we have also worked directly with countless Kyrgyz businesses to help train their managers, improve production capacity, and open new markets. The ingenuity and drive of the Kyrgyz people represent the country's greatest resource for sustainable economic growth. We are therefore pleased to continue supporting the professional development of numerous Kyrgyzstani entrepreneurs, who receive education and training in the United States and return to apply their skills for the betterment of their country.

All of these joint accomplishments have had a tangible, positive impact on the development of the Kyrgyz economy. While we continue to lay the foundation for an even more robust commercial relationship in coming years, I would like to share a brief review of some of the key activities that the U.S. Embassy supported during an especially noteworthy year in the U.S.-Kyrgyz economic and commercial relationship.

2016: The Year in Review

In April 2016, the Kyrgyz government convened in Bishkek the 10th meeting of the U.S.-Central Asia Trade and Investment Framework Agreement (TIFA) Council. The premier platform for U.S. multilateral trade policy engagement with the region, the TIFA Council meeting continued to advance our shared goal of strengthening regional economic interconnectivity and boosting trade.

In conjunction with this meeting, the Kyrgyz government also hosted the inaugural session of C5+1 Economic Working Group. The C5+1 diplomatic framework – with "C5" representing the five Central Asian states, while the "+1" referring to the United States – offers the promise of unprecedented regional cooperation on issues of common interest, including improving economic connectivity within Central Asia. The C5+1 is committed to developing concrete projects that will expand trade and advance economic development in the region, and the Kyrgyz government's engagement in this process has been critical.

Last year, the U.S. government continued its demonstrated track record of supporting the economic development of the Kyrgyz Republic through USAID and Public Diplomacy projects. USAID and its locally-based implementing partners work hand-in-hand to strengthen value chains in key Kyrgyz export industries, including agribusiness and apparel manufacturing, and to open new export markets. In addition, we continue to advance the Kyrgyz government's goal of developing the country's tourism potential, including significant support for Kyrgyz tour operators at exhibitions in London, Berlin, Madrid, and Istanbul. In addition, the United States proudly participated in the World Nomad Games, which were a tremendous showcase of Kyrgyz culture. The games received extensive coverage in American and international media, which strengthened the Kyrgyz Republic's unique brand on the international stage.

This past year also witnessed a significant expansion of U.S. franchises operating in the Kyrgyz Republic, particularly in the food service, hospitality, and entertainment industries. As I toured the Central Asia Franchising Expo held here in Bishkek last spring, I was impressed by the entrepreneurial spirit of the many Kyrgyzstani businesspeople who were interested in forming partnerships with some of the most revered American brands.

The U.S. Embassy welcomes this increased commercial activity, and in 2016 we proudly co-sponsored our first-ever forum in Bishkek dedicated to promoting investment in the United States. We were greatly encouraged by the participation of Kyrgyzstani businesspeople in the White House's SelectUSA investment summit and the Global Entrepreneurship Summit in Silicon Valley.

American private sector investment in the Kyrgyz Republic also made noteworthy strides in 2016. The Overseas Private Investment Corporation – the United States' development finance institution – approved \$21 million in credit to Gazelle Finance for a special purpose investment fund to promote lending to small and medium enterprises in four countries in Eurasia, including the Kyrgyz Republic. Last year also welcomed the re-launch of the U.S.-Kyrgyzstan Business Council, a private organization with major institutional backers in the United States that seeks to strengthen U.S.-Kyrgyz trade and investment.

In 2016, the U.S. Embassy collaborated with the American Chamber of Commerce in the Kyrgyz Republic (AmCham) to launch an online business portal. Hosted on AmCham's website, this project compiles information on open tenders in the Kyrgyz Republic in an effort to attract prospective bidders among U.S. companies. We are pleased by the expansion of AmCham's business tour offerings in the United States. These visits provide Kyrgyzstani businesspeople a unique view into major U.S. companies and a valuable platform for networking.

2017: Looking Ahead

As briefly described above, U.S.-Kyrgyz economic ties strengthened last year on numerous fronts, and we look forward to building on this progress in 2017. Already this year, we have seen noteworthy developments in the spheres of commerce, trade, and investment.

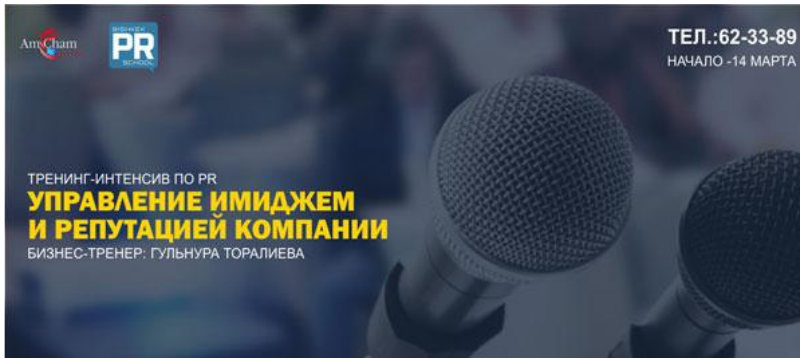
The C5+1 Economic Working Group continues to focus on bolstering the trade competitiveness of the region's agricultural products, improving logistics at border crossings in Central Asia, and strengthening the enabling environment for renewable energy. In January, executives from U.S.-based global digital industrial leader General Electric met with President Almazbek Atambaev to discuss opportunities to cooperate on developing infrastructure in the Kyrgyz Republic. Private U.S. venture capital financiers are in discussions with Kyrgyz counterparts about prospective investments in the country. In February, the Embassy proudly hosted a delegation of prominent women business leaders from U.S. firms, including Twitter and LinkedIn, for a week-long program to mentor and promote Kyrgyz women in technology. Later in the year, we anticipate new U.S. food service and hospitality franchises will continue to open their doors, and we look forward to welcoming the visit of a trade delegation to be organized by the U.S.-Kyrgyzstan Business Council.

As President John F. Kennedy once famously stated, "a rising tide lifts all boats," and to this day, the United States remains committed to the ideal that improvements in a country's economy should benefit all participants of that economy. The United States will continue to partner with the Kyrgyz Republic to expand our economic and commercial ties and create conditions for durable, sustainable growth shared by all. We firmly believe that promoting prosperity in the Kyrgyz Republic, and increased cooperation with other states of Central Asia, supports stability and prosperity across the region and improves the environment for trade and investment.

I look forward to numerous opportunities in 2017 and beyond to continue expanding the U.S.-Kyrgyz economic and commercial relationship.

Sheila Gwaltney
U.S. Ambassador to the Kyrgyz Republic

MANAGEMENT OF CORPORATE IMAGE AND REPUTATION



Dear members and partners,

We are launching an intensive workshop "Management of Corporate Image and Reputation" organized and conducted together with Bishkek School of Public Relations and with participation of the professional media-trainers and heads of the leading media-agencies.

12-hour intensive workshop consists of 4 components:

DAY 1 - March 14, 2017: PR as a Key Management Skill

This workshop will give the strategic approach to selection of tools and channels for both internal and external communications of the company. In addition, the trainer will share case studies of the most successful PR-campaigns using the new traditional tools such as press releases, press conferences, infographics, press cafe, press lunches, PR data, success stories, ratings and others. The most appropriate media channels for the dissemination of information and for the public relations will be introduced as well.

DAY 2 - March 22, 2017: Communication Strategies

Participants will discuss the basic research methods in communications, the role and structure of the strategic documents in PR, perform the practical exercises on key messages, goals, objectives and policies of the communication strategies, and develop a budget for PR campaigns and events, as well as promotion of strategy in the company and outside of it.

DAY 3 - March 28, 2017: Media Relations

As part of the training, participants will receive the tips to build better relationships with journalists as well as to prepare interviews with the media. Preparation of media events, writing press releases, dissemination of information through media channels will be discussed during the seminar.

DAY 4 - April 4, 2017: Government Relations

Participants will be informed of the basic mechanisms of interaction with the government institutions, the strategies of building a system of productive relationship with the government authorities, the decision-making levels, the impact on the decision-making process of building an effective co-operation and realization of joint projects.

About trainer: Ms. Gulnura Toralieva is one of the leading professional media-trainers in Kyrgyzstan who consults government agencies, commercial companies and international organizations on public relations and project management issues. She is a Director of Bishkek PR-School, Partner at "Promo Tank" Company. In the past, Ms. Toralieva served as a Communications Advisor and Head of Press service of the Kyrgyz Government, worked as the regional manager of the World Foundation BBC in Central Asia. She is a holder of MA in Journalism from City University of London, PhD in philology science. Author of over 500 scientific publications, manuals and analytical articles for journalists.

Heads of leading mass media and media experts will be invited to co-host the workshop. Participants will receive a Certification upon completion.

Participation fee: 10 000 KGS, for AmCham members - 50% discount. The number of seats is limited. The working language is Russian.

For all questions, including registration, please contact at **62 34 06** and **pa@amcham.kg**.

The video-conference with the American Corporation AGCO

The video-conference with the American Corporation AGCO, the worldwide manufacturer and distributor of agricultural machinery and equipment, was held on March 2, 2017 on the topic of "Partnership Opportunities for AGCO in Kyrgyzstan".

Welcoming and greeting speech was made by Kadyr Toktogulov, Ambassador Extraordinary and Plenipotentiary of the Kyrgyz Republic to the United States of America. This video-conference was attended by the representatives of agricultural companies, the financial institutions and the Ministry of Agriculture of the Kyrgyz Republic, the State Agency for Investment Promotion and Export, the Chamber of Commerce and Industry of the Kyrgyz Republic, the Embassy of the United States of America in Kyrgyz Republic.



Bai-Tushum Bank sponsors a National Drawing Contest within the framework of Global Money Week — 2017



A national drawing contest was announced to be held during the 6th Global Money Week and sponsored by Bai-Tushum Bank. We invite children at the age of 7 to 17 to actively participate and win money prizes. The contest is held with the aim of enhancing financial literacy and attracting children's and youth's attention to the necessity of learning how to manage money, set goals and develop financial plans for the future. The works should be submitted not later than 5:00 p.m., March 10, 2017 at: 108 Umetaliev str., Bishkek, Development Policy Institute office, tel.: 0(312) 97-65-30 (31, 32, 33, 34).

Entry topics:

- What is money?
- My personal budget
- What is a family budget?
- Financial planning and savings in our life
- How to save and use money in a smart way?
- Do I manage my pocket money correctly?
- Money to spare likes good care
- Reasonable spending is a guarantee of success in life
- Earn on savings
- Study and earn

Contest is held among the students of general educational institutions of the Kyrgyz Republic at the age of 7 to 17 based on the following categories:

- 1st category – 7-10 years old, 3 winning places;
- 2nd category – 11-14 years old, 3 winning places;
- 3rd category – 15-17 years old, 3 winning places.

Prize pool:

- First place – KGS 5,000,
- Second place – KGS 3,000,
- Third place – KGS 1,500.

As a reminder, the Global Money Week is the annual international campaign that the Kyrgyz Republic is party to for the 4th year in a row. The Global Money Week will take place from March 27 to April 2. The theme in 2017 is "Learn. Save. Earn". The contest was organized by the initiative group in charge of holding the Global Money Week - 2017 in the Kyrgyz Republic under the leadership of the National Bank of the Kyrgyz Republic, which is also comprised of the Development Policy Institute, Educational Initiatives Support Fund, Association of Microfinance Institutions LEA, Association of Credit Information Users LEA, Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ), International Finance Corporation (IFC), Ministry of Education and Science of the Kyrgyz Republic, Agency for Deposit Protection of the Kyrgyz Republic, State Tax Inspectorate under the Government of the Kyrgyz Republic, State Agency for Youth, Physical Culture and Sports under the Government of the Kyrgyz Republic, and other financial institutions. In addition, the Global Money Week — 2017 international campaign will include various activities, trainings and contests, which strive to inspire children and youth to gain knowledge about money, savings, possibilities of launching a business, employment, as well as bring public attention to the need of being financially literate in order to make informed decisions in the future.

Investors bought out KICB bonds in the total amount of 150 million KGS

KICB successfully completed placement of the 4th issue of corporate bonds in the amount of 150 million KGS. Owing to its safety and attractive conditions for investing, the demand for KICB bonds turned out to be quite high, which resulted in an early closing of the bond sale - on February 17, 2017.

KICB bonds with annual yield of 14% were purchased by a wide range of investors, including more than 200 physical and legal entities. The date of maturity of 3-year-old bonds is September 26, 2019. The organizer of the issue (the Underwriter) is Financial Company "Senti".



As of today, the Bank has successfully placed 4 Issues of debt securities in the total amount of KGS 600 million. KICB is the largest issuer of corporate bonds on the Kyrgyz stock market. The Bank provides an opportunity to both large institutional investors and private individuals for reliable and secure placement of their savings for generating additional income at the rate of 14% per annum.

It is important to note that the interest received on KICB bonds is not a subject to income tax (for both physical and legal entities alike) as KICB securities are included in the second highest category of Blue Chips listing of the Kyrgyz Stock Exchange. In addition, investors may redeem their bonds early by applying to the Bank at any time and receive their invested amount.

Kompanion Bank launched special offer on loans

Kompanion Bank offers special conditions on loans for business development and group loans only from March 1 through March 31 of this year under special spring offer. Interest rates on loans for small and medium-sized businesses in KGS have been decreased by 4%. In addition, during the promotion period, new customers can get a group loan without additional interest.



"We are continuing to create new bank products and improve the lending conditions for small and medium-sized businesses. It should be noted that, Kompanion Bank provides personalized service for each customer. We offer flexible repayment schedule and free consultations of the bank's agronomists and veterinarians, which helps to support entrepreneurs,"- noted Ulanbek Termechikov, CEO of Kompanion Bank CJSC.

Detailed information can be obtained from the offices of Kompanion Bank CJSC, www.kompanion.kg site, as well as by contacting the contact center: 0 (312) 33-88-00, 88 00 (for mobile calls).

About Bank:

Kompanion Bank CJSC, established in 2004, has passed all the stages of institutional development and significantly expanded its presence in the market of Kyrgyzstan. The Bank with assets of 6.5 billion KGS and equity of 1 billion and 700 thousand KGS has 109 offices throughout the country, and provides services for more than 96 000 clients. Mercy Corps, the Dutch Development Bank FMO, and European investment fund Triodos Investment Management are the shareholders of the Bank.

AmCham Discount Program Partners 2017



The Confectionery House "Kulikovsky" won the award "The best exporter of food products in the Kyrgyz Republic"

The Confectionery House "Kulikovsky" has received "The best exporter of food products in Kyrgyzstan" award, which is very important and meaningful for the Company. It exports its products to the markets of Kazakhstan and China. The production uses unique technology of freezing, which ensures the reliability of transportation and storage of the products, as well as preserves the best qualities of the products and prevents undesirable biological processes.

In addition, the food safety management International Quality Standard ISO 22000 that is implemented in our production allows for the confirming of reliability of our desserts.

In Kazakhstan, we have established our own network consisting of 25 brand shops. For China, we have developed a special product made using unique technology - "Russian bread" with raisins and nuts; it became a favorite delicacy for the Chinese people. We would like to express deep gratitude for this award and for the fact that our efforts were appreciated. Our goal is creating a World name, and we will work in this direction actively to enable the residents of other countries to taste the natural and eco-friendly products of "Kulikovsky".



First UK Trade Mission visited Bishkek from February 27 through March 1, 2017

From February 27 through March 1, UK undertook the first historical Trade Mission to Bishkek. 16 UK companies met with the representatives of businesses, ministries and international organizations. The delegation of UK companies was led by British Ambassador to Kyrgyzstan, Mr. Robin Ord-Smith, and the Director of London-based consultancy firm "British Expertise", Mr. Nigel Peters.

The delegation was represented by companies implementing international projects focused on assistance in improving the systems of technical and vocational education, design and delivery of engineering solutions for road construction, and protection of water supply and rural communities from natural disasters.

The Trade delegation met with the representatives of the Government, Ministry of Economy, Agency for Investment and Export Promotion of Kyrgyzstan, Chamber of Commerce, heads of educational institutions and local businessmen. The event was aimed at establishing stronger relations around education reforms, infrastructure development, standardization and positioning of the tourism sector.

This was the first ever UK trade delegation to Kyrgyzstan throughout the entire duration of bilateral relations between the two countries. "The diverse and busy program will be a drive to strengthen partnership between British businesses and Kyrgyzstan. This event ideally highlights the celebration of 25 years of bilateral relations between the countries" – concluded the Ambassador Robin Ord-Smith.

*Pizza Mondays
at
Hyatt Regency Bishkek*



The American Chamber of Commerce in the Kyrgyz Republic welcomes its new members:
Plasform , Aviabilety.kg and Redem Companies



PLASFORM AMBALAJ SANAYI VE TICARET A.S. IN BISHKEK FEZ

The Plasform Company was founded in 1998 in the Free Economic Zone (FEZ) located near the capital of the Kyrgyz Republic, the city of Bishkek. Plasform Company began manufacturing its products in 1998 with the production of PET preforms for bottles, which will later be used for the packaging of carbonated beverages. Preform production is carried out under hygienic conditions on fully automated machines, without any intervention from the operators. Plasform Company is one of the largest manufacturers in the local market, with a capacity to meet the maximum demand. The annual capacity of the factory is 320,000,000 preforms per year. The products of the company are of high quality, which was achieved by ensuring proper control on all production sites.

The experimental laboratory is equipped with high quality equipment; the control over the produced products is implemented at proper level; the sale of finished products is carried out effectively. The company employs about 60 employees. Plasform works according to the International Standard for Food Safety, FSSC 22000, which ensures high safety of our products. We cooperate with such global giants as Coca Cola, Pepsi Cola, RC Cola, and the largest companies of Kyrgyzstan, such as Shoro, Artesian, Bear beer. The company also exports its products to Kazakhstan and Tajikistan.

<www.plasform.kg>



Aviabilety.kg

Aviabilety.kg service is a convenient opportunity to search and order airplane tickets online. Our site will be useful to everyone who is going on vacation, planning a business trip, or leaving the country for other affairs. The service cooperates with leading airlines, thus having access to reliable information on hundreds of domestic and international flights.

The service provides the most favorable offers collected all in one place. It also provides an opportunity to get detailed information on each flight pertaining to the time of departure and arrival, transportation of baggage, the length of the trip, the aircraft model, and all the accompanying information related to the flight.

<www.aviabilety.kg>



REDEM

The company has been on the Kyrgyzstan market since 2008. It was founded in cooperation with representatives from South Korea. As of today, it conducts business with companies from Europe and has a representation of world brands of roofing and facade materials, as well as improvement materials. Since 2012, it carries out large-scale subcontract works for construction projects. Since 2013, the company has been working in the stone-processing industry producing façade-facing Travertine stones.

<www.redem.kg>

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