

Newsletter Issue #9  
January 2016

# BUSINESS INSIGHT

American Chamber of Commerce in the Kyrgyz Republic

**CIS GLOBAL  
BUSINESS  
FORUM 2016**  
17-19 February/Atlantis Hotel/DUBAI

2 Business Tour USA at a Glance

3 The First CIS Global Business Forum  
17-19 February, Dubai, UAE

4 Infographics by AmCham-KR on  
Enterprises with Foreign Investment  
in KR

5 Bank Companion: Protected Deposits  
KPMG: New Lease Accounting Standard  
KICB Issues Corporate Bonds

6 Beeline: Eurasia Mobile Challenge  
Hyatt Regency Bishkek: Special Offer  
for St. Valentine's Day

7 Turkish Embassy in KR: Turkey Supports  
Economic Development of KR  
AUCA: New Campus

8 Atlas Global: New Flight Destination  
Welcome New Member:  
Greenlight LLC

9 Grata Law Firm: Readers Digest

## Businesspersons from Kyrgyzstan visited leading US companies

The American Chamber of Commerce in the Kyrgyz Republic, jointly with Kyrgyz Concept, organized a unique business tour to the United States from January 13 to 25, 2016. As part of the tour, businesspersons from Kyrgyzstan and Kazakhstan were able to visit the offices of Microsoft, Starbucks, Tesla Motors, Zappos, Nordstrom, Boeing, Google, Apple, Airbnb, Bill and Melinda Gates Foundation and other companies.

“...SHARED BUSINESS TIPS, GIVING OUR ENTREPRENEURS THE OPPORTUNITY TO DISCOVER NEW KNOWLEDGE.”

The business tour lasted two weeks. Within that time, the members of the delegation visited four major US cities: San Francisco (including Silicon Valley), Las Vegas, Seattle and Los Angeles, and visited the headquarters of the most influential companies and world leaders in the field of innovation and technology.

"We have set a goal - to provide our businessmen with the unique opportunity to visit the largest companies that serve as an example for businessmen from all over the world. Due to the extensive business ties of the American Chamber of Commerce in the Kyrgyz Republic all over the world, including the United States, exclusive tours were organized to the head offices and with the representatives of corporations, who personally conducted the tour for us and shared business tips, giving our entrepreneurs the opportunity to discover new knowledge and become acquainted with their working principles and innovative approaches to business. As a result, they were inspired with new ideas that would help them effectively develop their businesses", - said the Executive Director of the American Chamber of Commerce in KR, Zarina Chekirbaeva.



For example, the participants visited the head office of Microsoft, including the Visitor Center (Microsoft Visitor Center), where they were able to test the company's latest innovative products. The tour was led by the corporation's top-managers, who shared their work experiences and described the roles they had played in the development of Microsoft.

At Starbucks, the delegates had an excellent opportunity to learn the history of the company firsthand, which has already opened 22 thousand coffee shops around the world.

During the tour, the group also met with the Director of the Seattle Chamber of Commerce, who gave an overview of the major industries, key players, and investment opportunities in that city.



“By virtue of this business tour, we became acquainted with the peculiarities of the operation of the largest companies in the US: new business management models that are still foreign to the cadres of our old school of management. Nevertheless, using this unique experience, we will be able to form a new constellation of managers - with unordinary way of thinking - in our country as well. I was delighted to be part of this business tour, which provided a lot of useful information and business development ideas.”

— Mr. Nurlan Baktybaev, General Director of "Beren Kurulush" Construction Company, Member of the American Chamber of Commerce in the KR.



The American Chamber of Commerce in the Kyrgyz Republic plans to continue conducting business tours on a regular basis in order to provide the businesspersons of the country with the opportunity to put into practice the tips received from business leaders and top managers of the world's largest companies.

New ideas and the innovative approaches and experiences of the world's major business players will help develop business and, consequently, the economy of Kyrgyzstan. Such educational business tours will become a platform for sharing experiences and establishing business relationships for the entrepreneurs from Kyrgyzstan and the Central Asian region.

## The First CIS Global Business Forum 2016 in Dubai

American Chamber of Commerce in the Kyrgyz Republic in cooperation with Travel Emirates Bishkek - flydubai cordially invite C-level executives to the First CIS Global Business Forum to be held on February 17-18, 2016 in Atlantis Hotel, Dubai, UAE.



CIS GBF 2016 is a closed exclusive event. Organized under the patronage of His Highness Sheikh Mohammed bin Rashid Al Maktoum, Vice President and Prime Minister of the UAE and Ruler of Dubai, the CIS GBF 2016 will also offer a platform for investors to hold meetings and sign bilateral business partnerships and investment agreements between companies in different sectors.

Under the theme, 'Ancient Routes – New Opportunities', the Forum will feature vibrant sessions on Islamic finance, energy and sustainable future, the development of transport and logistics corridor between the north and south, and the profitability of economic diversification strategy.

AmCham-Kyrgyz Republic offers a Special Participation Package which includes registration, exclusive meetings & tours (confirmed: a meeting with top management of Islamic Development Corporation, a special tour to CISCO-Dubai), gala dinner, airfare, visa, accommodation, breakfasts and transfers.

Registration deadline: February 12, 2016. This event is exclusively for C-level executives and by invitation only. Delegates from Kyrgyzstan, registered via AmCham, will receive an automatic group invitation. The most recent list of delegates is available upon request. Delegates may make individual appointments with any of other delegates via a special mobile application available during the Forum.

For registration please contact AmCham- Kyrgyz Republic via phones: 62-34-06, 0777 920049.

### SMART PACKAGE

Package includes: registration, exclusive meetings, airfare Bishkek-Dubai-Bishkek, **shared room** accommodation 4\* Hotel, breakfasts, visa and transfers.

**\$1000** for AmCham members  
**\$1100** for non-members

### PREMIUM PACKAGE

Package includes: registration, exclusive meetings, airfare Bishkek-Dubai-Bishkek, **single room** accommodation 4\* Hotel, breakfasts, visa and transfers.

**\$1200** for AmCham members  
**\$1300** for non-members

### “PREMIUM+” PACKAGE

Package includes: registration, exclusive meetings, airfare Bishkek-Dubai-Bishkek, **(business class)**, accommodation in 4\* Hotel **(single room)**, breakfasts, visa and transfers.

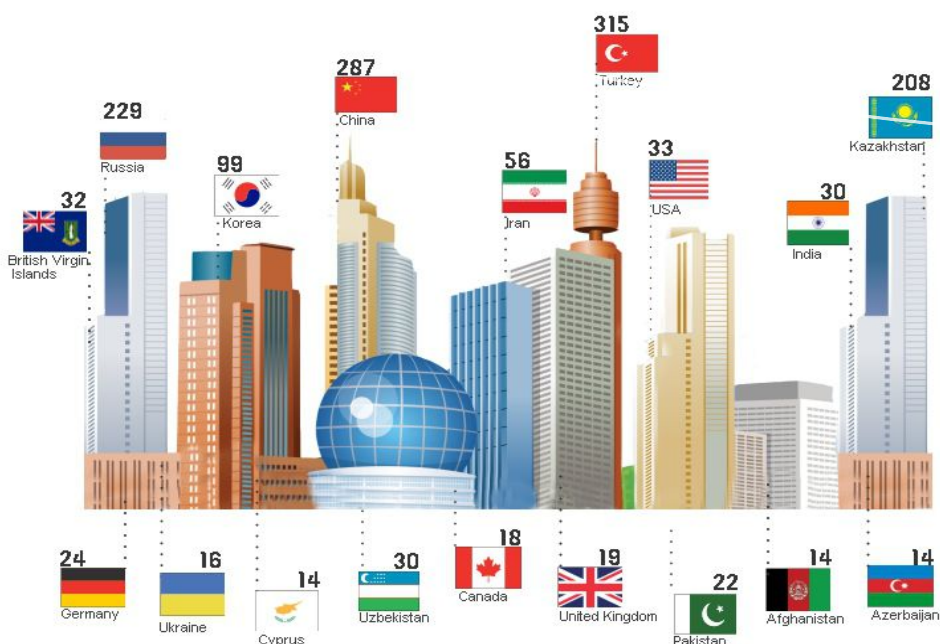
**\$2000** for AmCham members  
**\$2100** for non-members

## The number of operating enterprises with foreign investment in the Kyrgyz Republic by country

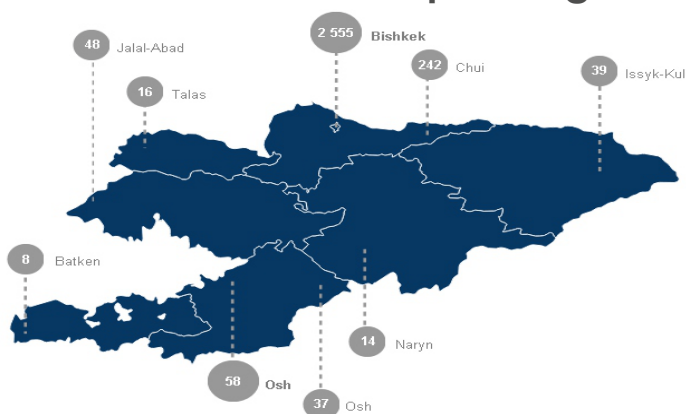
In Kyrgyzstan, the number of operating enterprises with foreign investment in 2014 equaled to more than 3,000.

The largest number of foreign companies operating in Kyrgyzstan are with Turkish participation - 315. Chinese companies, in turn, are a little fewer in numbers - 287. Also, there are more than 220 Russian, 208 Kazakh, 99 Korean, and 56 Iranian companies operating in Kyrgyzstan. American capital is present in 33 companies and organizations operating within the country, and the capital of the British Virgin Islands - in 32 companies.

Companies with foreign capital from Ukraine, India, Germany, Canada, Cyprus, Uzbekistan, Pakistan, Afghanistan and Azerbaijan are represented as well.



## Operating enterprises with foreign investment by region



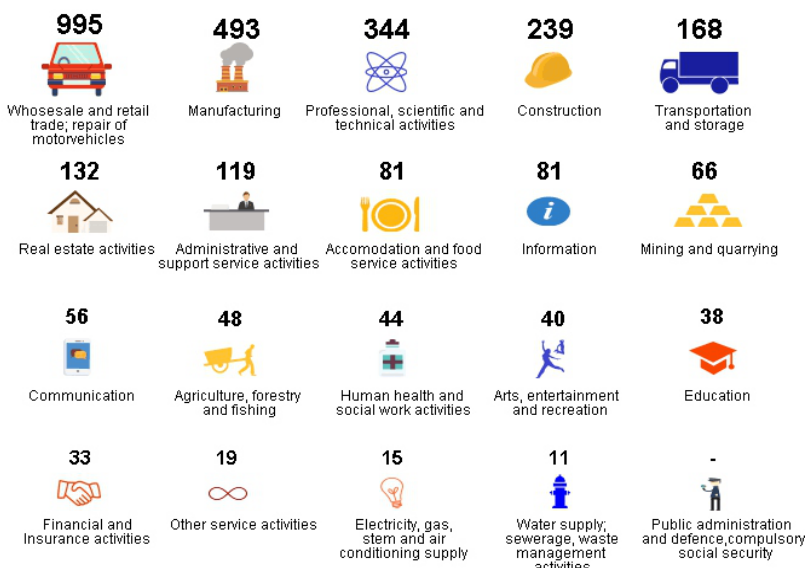
This section demonstrates a number of active enterprises with foreign investments distributed by region for 2014 in Kyrgyzstan.

Out of the total number of 3,022 enterprises funded by foreign investments, 2,555 registered in Bishkek, making up approximately 85%, followed by Chui region, Osh, Jalal-Abad, and Issyk-Kul, respectively. The least attractive region in terms of business establishment with foreign investments was Batken region, eight in total.

## Operating enterprises with foreign investment by the type of economic activity

The most attractive and occupied economic sectors, with the largest number of enterprises, have been identified as wholesale and retail trade, repair of motor vehicles and motorcycles.

There is a vast gap in the number of enterprises separating the first from the rest, which includes manufacturing, professional and scientific activities, construction, and transportation and storage. The water supply, sewerage, and waste management operations were found to be the least occupied economic activity sectors, with 11 enterprises in 2014.



\*Infographics prepared by the American Chamber of Commerce in the Kyrgyz Republic on the basis of the latest available data (2014) provided by the National Statistical Committee of the Kyrgyz Republic. Data source: [www.stat.kg](http://www.stat.kg)

## The deposits of JSC "Bank Companion" clients are under state protection

On January 16, 2016, the JSC "Bank Companion" became a participant of the deposit protection system of the Kyrgyz Republic. This was reported by the bank's PR-service. The state guarantee system provides protection for the population's savings placed in deposits in JSC "Bank Companion". These protection mechanisms are implemented in accordance with the Law of the Kyrgyz Republic "On protection of bank deposits", which provides that, upon the occurrence of warranty case, depositors shall be paid compensation up to 100,000 som, including interest on the deposits.



«Through becoming a member of this system, Bank Companion helps protect the financial interests of the population. Entrusting their savings to Bank Companion, the residents of our country can be assured of the safety and augmentation of their funds. Bank Companion will offer deposit-related products tailored to the interests and needs of our customers,» – said the Chairman of the Board of JSC "Bank Companion", Ulanbek Termechikov.

According to the Deposit Protection Agency of the Kyrgyz Republic, the bank deposit protection system is designed to provide additional protection of the rights and legitimate interests of depositors of commercial banks, to increase confidence in the banking system, and to stimulate the inflow of the population's savings into the banking system.

Recall that JSC "Bank Companion" has received a license from the National Bank of the Kyrgyz Republic to conduct banking operations in national and foreign currency as of January 11, 2016. The bank has an extensive branch network, thus providing the residents of the country's most remote regions with access to banking products and services for business development. To date, Bank Companion has 113,000 customers, 900 employees, more than 100 branches and savings banks across the country.

## International Accounting Standards Board published the new lease accounting standard

According to KPMG International, the new standard brings added transparency to the balance sheet.

On 13 January the new lease accounting standard[1] was published by the International Accounting Standards Board (IASB). The new standard requires companies to bring most leases on-balance sheet, recognising new assets and liabilities. At present, many analysts adjust financial statements to reflect lease transactions that companies hold off-balance sheet.

Commenting on the new standard, Kimber Bascom, KPMG's global IFRS leasing standards leader, said: "All companies that lease major assets for use in their business will see an increase in reported assets and liabilities. This will affect a wide variety of sectors, from airlines that lease aircraft to retailers that lease stores. The larger the lease portfolio, the greater the impact on key reporting metrics.»

Full version of the press release is available at [www.kpmg.kg](http://www.kpmg.kg).

[1] IFRS 16 Leases

## KICB issues the corporate Bonds

On the 1st of September, 2015 CJSC "Kyrgyz Investment and Credit Bank" announced about starting of placement of the largest issue of corporate Bonds in the history of Kyrgyzstan stock market.

Parameters of the Bonds Issue:

- Volume of issued Bonds – 200 000 000 KGS;
- Bonds price – not less 1 000 KGS;
- Interest income – 14% per annum;
- Payment of interests – 16 December, 16 March, 16 June and 16 September;
- Date of maturity – 10 September 2017.

KICB Bonds are placing from September 10, 2015 till May 31, 2016 by public offering. The organizer of the issue is the Financial company "Senti" (the "underwriter"), through which any investor can purchase bonds. You can purchase Bonds, review with the Terms of the public offer and Prospectus and get more information about issue on the next addresses:

1. KICB head office: 21, Erkindik av., Bishkek and in all KICB branches; tel.: 0312 620101.
2. "Senti" Financial company: 9th floor, 219, Chui Ave., Bishkek; tel.: 0312 614589; 614647.

## Start-up from Kyrgyzstan wins Eurasia Mobile Challenge!



Beeline, leader of telecommunication market, is glad to announce that the team from Kyrgyzstan has won Eurasia Mobile Challenge! Beeline congratulates the authors of Artasian project with such an achievement!

Over 550 teams of digital entrepreneurs from 7 countries of the region participated in Eurasia Mobile Challenge. 3 finalists from each country progressed to a final round that took place on Jan 28 in Moscow. A team from Kyrgyzstan became a winner! Artasian project is a marketplace that enables talented artisans from Central Asia to promote and market their unique and practical handmade products like personal accessories, clothing, interior decoration items, musical instruments and many more. Project's goal is to attract English-speaking audience to a cultural traditions and values of our region.

Yernar Nakisbekov, Head of Beeline-Kyrgyzstan: "On behalf of Beeline-Kyrgyzstan I send my sincere congratulations to the winners – Artasian team from our country! Leadership of Kyrgyzstan in Eurasia Mobile Challenge is an another indication of a significant innovative potential of youth in the republic. It is pleasant to note, that all three prize-winners of the contest present Central Asian countries. Digital-market of our region develops swiftly and successfully. My congratulations – to all the prize-winners. Wish you luck in Barcelona!"

Mdirect from Kazakhstan (with an app for online selling of auto parts) and Stolik from Uzbekistan (who had developed an international app for restaurant table bookings) are among prize-winners. All 3 teams will now represent Eurasia in the Global Mobile Challenge final in Barcelona at the Mobile World Congress, 22-26 February 2016.

For more details, visit [www.eurasiamobilechallenge.com](http://www.eurasiamobilechallenge.com)



## A Memorable St. Valentine's Day at Hyatt Regency Bishkek



*Spend an unforgettable Valentine's Day at the luxury Hyatt Regency Bishkek hotel.*

*Upon arrival, you will find compliments awaiting you in the room, and in the evening - a romantic dinner at the Crostini Restaurant, where chef Ronny Badendik will cook a special menu for you. In addition, you will be able to extend the holiday until the next morning, while enjoying an American breakfast. The cost of this special offer for two is USD 225, including all taxes.*



## Turkey will continue to support Kyrgyzstan's economic development



Turkey was the first country to recognize the independence of Kyrgyz Republic on 16 December, 1991. Diplomatic relations were established on 29 January, 1992. The Turkish Embassy in Bishkek and the Kyrgyz Embassy in Ankara were opened in 1992.

Over the course of the last 23 years, much has been achieved in terms of achieving sustainable economic development in the Country. For the first time in the region, Kyrgyzstan became a member of World Trade Organization (WTO) and has become the pioneer among the CIS Countries in transferring to free market economy. Turkey will continue to support Kyrgyzstan's aspirations for integrating into the world trade system.

Sharing common historical, linguistic and cultural ties, Turkey and Kyrgyzstan have special ties and relations. Turkey has signed more than 100 agreements and cooperation protocols with Kyrgyzstan in various fields, such as education, culture, trade, economy, transportation, communication, defense and military. Economy and trade have been the major and most dynamic pillars of the bilateral relations.

Frequent high-level visits between Turkey and Kyrgyzstan have provided us valuable opportunities to expand the areas of cooperation on economy-related bilateral, regional and international issues. Kyrgyzstan's entrance to the Eurasian Economic Union (EEU) in 2015 has actually changed many parameters, which would be expected to create a major trade deviation affect to the disadvantage for the third countries. However, Turkish companies have been surprisingly showing more interest in trading with and investing in the country after the unification. That is likely due to the fact that they consider Kyrgyzstan as an opening door into the EE, as well as to the neighboring countries' markets (Uzbekistan, China, Tajikistan etc.).

Turkey's economic relations with Kyrgyzstan have developed rapidly, and significant progress has been achieved in the fields of trade, transportation, aviation, processing industries, packaging sector, retail sector, education and finance fields so far. In the near future, new cooperation opportunities seem to be emerging in agriculture and agricultural machineries, mining, tourism, textile, energy and communication sectors.

The trade volume between the two countries in 2015 (for the first 11 months of the year) amounted to USD 345 million, falling short of expectations, particularly given the excellent political relations between the two countries. Our target is to reach US\$ 1 billion in the next three years.

The Kyrgyz statistics record that the total value of Turkish direct investments between 1995 and 2015 (for the first 9 months of the year) has reached around USD 385 million. Accordingly, Turkish investments occupy the sixth place in the country. However, those are known as the most diversified and penetrated investments from the point of view of public. Today, nearly 500 Turkish companies have been operating on the ground.

The loans and grants given by Turkey to Kyrgyzstan, through Turkish Eximbank and other governmental organizations, have reached the level of nearly USD 170 million.

In the future, Turkey will continue to support Kyrgyzstan's economic recovery through economic, trade and credit instruments.

*Çağatay ÖZDEN*

*Economic and Commercial Counsellor to Turkish Embassy in Bishkek*

## AUCA campus at a glance

In the fall of 2015, the American University of Central Asia (AUCA) moved to a new campus, which happens to be the most progressive and environmentally friendly building in Central Asia. The campus provides AUCA students and lecturers with favorable infrastructure and all the technology essential for the 21st century. Founded in 1993, AUCA educates future leaders for the democratic changes in Central Asia.



AUCA is the first university in Central Asia issuing US- accredited degrees in the field of humanities, through partnership with Bard College in the United States. Along with the Bard College, AUCA also collaborates with many other universities and organizations around the world.

## "Atlas Global" opens a new flight destination

Starting March 27 2016, the "Atlas Global" airline launches a new flight with the route Bishkek-Istanbul-Sharjah-Istanbul-Bishkek.

For more information, please contact the "Global Atlas" company by phone: +996 312 624 -000.



## new MEMBER



Green Light is a system integrator in the information technology industry in Central Asia.

We solve business problems of our customers using technology from leading manufacturers. Our customers are among the top 100 organizations in Kyrgyzstan by the volume of business, and include: CJSC "Alfa Telecom" (Megacom), JSC "Kyrgyztelecom", JSC "Kumtor Gold Company", CJSC "Demir Bank" and the Government of KR.

The employees of Green Light undergo yearly audits for compliance with the quality requirements of Cisco Systems, Microsoft, VMware and Intel. Their professionalism is attested by certificates of international standard.

We offer expert services in the following areas:

- \* Corporate data network
- \* Information Security
- \* Unified communications (telephony, video conferencing, contact centers)
- \* Data processing centers

People choose us because we:

- \* Do not sell, but help acquire the right solution
- \* Do not spend your time and money, but invest them profitably
- \* Are not afraid of new ideas and solutions, but give them the green light!

Address: 57 Tabyshaliev Street, Bishkek, Kyrgyz Republic, 720000

Contact: +996 (312) 979-900



## AmCham Discount Program Partners for 2016



# Reader's DIGEST

by "Grata" Law Firm



## Changes in the Labor Code of the Kyrgyz Republic starting 2016

**O**n December 18, 2015, changes and additions were made to the Labor Code of the Kyrgyz Republic (the "Labor Code of KR") and the Law of the Kyrgyz Republic "On ensuring timely payment of wages, pensions, allowances and other social benefits".

One of the amendments was the introduction of Part 6 to Article 157 of the Labor Code of KR, regulating the use of the maximum amount of penalty, which should certainly be of interest to both employers and employees.

In accordance with Art. 157 of the Labor Code of the Kyrgyz Republic, the employee has the right to demand additional payment of late fees (0.15% or 0.5%) for each day of delay by the employer of the payment of wages and settlement of severance pay. That is, previously there were no restrictions on the amount of late payment penalties and the fee was calculated for each day of delay until the date of actual payment. This amount could

be significantly greater than the sum of the principal debt. For instance, let's say an employee was dismissed four years ago.

At the time of the dismissal, the employee has not received a final settlement. In accordance with the wording of Article 157 of the Labor Code prior to the introduction of the new amendments, the employee has the right to seek recovery of unpaid wages, plus interest at the rate of 0.5%. Thus, the amount of the principal debt in the amount of 7,000 som, plus the amount of the fine for 4 years in the amount of 51,100 som. Today, the updated rules state that the interest amount should not exceed 200%.

However, it should be noted that the limitation of the maximum amount of penalty fee shall not apply if the employee has filed a written claim to the employer to pay him the outstanding amounts of debt - wages, vacation and other benefits related to labor relations, and until the submission by the employee of a written claim to the employer for the payment of

overdue debt amount.

After the submission by the employee of a written request to the employer for the payment of overdue debt amount, the limitation of the maximum amount of interest is not applicable, and the interest accrues up to the date of actual payment.

That is, if the worker applied to the employer with a written claim for payment of the outstanding amount and the employer continues to breach and does not pay the employee the amount of debt, the amount of interest due will accrue until the actual date of settlement.

This provision has already entered into force at the beginning of January this year and is expected to have a positive impact, at least because it is aimed at increasing the level of legal consciousness of both the employee, who submits prompt requests for payment of outstanding debts, and the employer, providing timely payment of such debts.

*P.S. The American Chamber of Commerce in KR thanks "Grata" Law Firm for this special edition of the digest.*

# MEMBERS OF THE AMERICAN CHAMBER OF COMMERCE IN THE KYRGYZ REPUBLIC



Contact us:  
 +996 (312) 62 33 89, 62 33 95  
[pa@amcham.kg](mailto:pa@amcham.kg); [memberservices@amcham.kg](mailto:memberservices@amcham.kg)  
[www.amcham.kg](http://www.amcham.kg)

Address:  
 Hyatt Regency Bishkek,  
 191 Abrakhmanov Str., Office #123  
 Bishkek, Kyrgyz Republic, 720011