



KCCI - Country Wrap: Kyrgyzstan



Kyrgyzstan – a brief overview

Kyrgyzstan is a landlocked and mountainous country located in Central Asia. It is bordered by Kazakhstan to the north, Uzbekistan to the west, Tajikistan to the southwest and China to the east. Its capital and largest city is Bishkek. Despite Kyrgyzstan's struggle for political stabilization, it maintains a unitary parliamentary republic. Kyrgyzstan is one of the active members of the Turkic Council and the TÜRKSOY community.

Economy of Kyrgyzstan

Kyrgyzstan has a dominant agricultural sector with tobacco and cotton being a main part of exports. The economy depends heavily on gold exports - mainly from output at the Kumtor gold mine - and remittances from Kyrgyzstan migrant workers, primarily working in Russia.

The Kyrgyz government remains dependent on foreign donor support to finance its annual budget deficit of approximately 3 to 5% of GDP. Progress in fighting corruption, improving transparency in licensing, business permits and taxations, restructuring domestic industry, and attracting foreign aid and investment are key to future growth. The country's Aug'15 accession to the Eurasian Economic Union (EAEU) is expected to bolster trade and investment, but slowing economies in Russia and China and low commodity prices continue to hamper economic growth.

Key Industries of Kyrgyzstan

Key industries are small machinery, textiles, food processing, cement, shoes, lumber, refrigerators, furniture, electric motors, gold and rare earth metals. Major agricultural commodities include cotton, potatoes, vegetables, grapes, fruits and cattle.

Kyrgyzstan's major trading commodities and partners

Major export commodities are gold, cotton, wool, garments, meat, mercury, uranium, electricity, machinery and shoes while major export partners are Switzerland (59.1%), Uzbekistan (9.4%), Kazakhstan (5.1%), Russia (4.9%) and UK (4%). Major import commodities include oil and gas, machinery and equipment, chemicals and foodstuffs while its major import partners are China (32.6%), Russia (24.8%), Kazakhstan (16.4%), Turkey (4.8%) and US (4.2%).

Economic Relations between Pakistan and Kyrgyzstan

Kyrgyzstan-Pakistan relations were established on 20th Dec'91 shortly after Kyrgyzstan became independent from the Soviet Union, when Pakistan extended diplomatic recognition to the Kyrgyz Republic. Pakistan's diplomatic resident Mission at Ambassadorial level was established at Bishkek in August 1995. Moreover, Bilateral Investment Treaty (BIT) has also been signed between the two nations in 1995.

Pakistan and Kyrgyzstan co-operate with each other in various fields for the promotion of trade and economic relations. A few Pakistan nationals have established their business concerns in the fields of hoteling, pharmacy and tourism in Kyrgyz Republic. One of the achievements in the economic co-operation between the two countries is the opening of the branch of the National Bank of Pakistan at Bishkek to boost the trade and economic relations.

Pakistan is extending all possible help for Kyrgyz nationals under the Technical Assistance program in the field of education, diplomacy, banking, English language and postal services, etc. The leadership of the Kyrgyz Republic has demonstrated keen interest to have more bilateral cultural cooperation and people to people contact by establishing sister city relationship with the cities of Kyrgyzstan and Pakistan. Establishment of sister city relationships between Quetta-Bishkek and Osh-Sialkot are under consideration.

Being the members of Organization of Islamic Cooperation (OIC) and Economic Cooperation Organization (ECO), Pakistan and Kyrgyzstan support each other on various global and regional issues as well as during the elections to the key posts in the international organizations. The 2 countries have also agreed to enhance bilateral trade to \$ 10Mn on the sidelines of Shanghai Cooperation Organization meeting held in Bishkek in Jun'19.

Trading Commodities between Pakistan and Kyrgyzstan

Kyrgyzstan's exports to Pakistan stood at \$ 0.39Mn in 2018 as compared to \$ 0.17Mn in 2017, depicting an increase of 129.4%. On the other hand, its imports from Pakistan amounted to \$ 4.96Mn in 2018, 14.8% up from \$ 4.32Mn in 2017. The trade balance in 2018 was in favor of Pakistan at \$ 4.57Mn as against \$ 4.15Mn in 2017, an increase of 10.1%.

Potential for enhancing bilateral trade relations between Kyrgyzstan and Pakistan

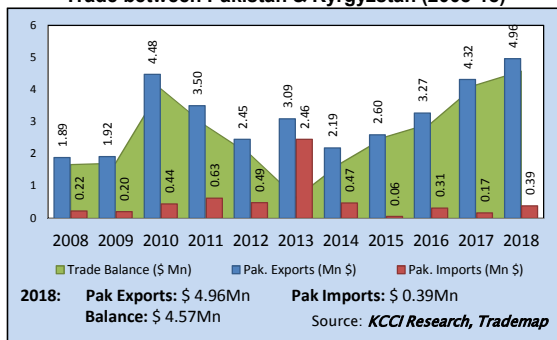
- Immense trade potential exists between the two nations as both had signed BIT in 1995.
- To improve trade, both countries need to raise awareness of each other's business communities.
- The chemical sector in Pakistan has high potential of enhancing exports from Pakistan.
- Food security issues are priority question for Kyrgyzstan which Pakistan can help in.
- Pakistan can also help in Kyrgyzstan's health care sector.

Economic Indicators

Indicators	Unit	2016	2017	Change
GDP (PPP)	\$ Bn	22.14	23.15	4.56%
GDP per Capita	\$	3,600	3,700	2.78%
GDP growth	%	4.30	4.60	0.30%
Forex Reserves	\$ Bn	1.97	2.2	10.51%
External Debt	\$ Bn	8.18	8.16	-0.22%
Exports of Goods	\$ Bn	1.5	1.8	19.17%
Imports of Goods	\$ Bn	3.7	4.2	12.89%
Trade Balance	\$ Bn	-2.2	-2.3	-8.41%
Current Account	\$ Bn	1.54	1.84	19.17%
FDI - at Home	\$ Bn	5.2	6.0	15.22%
FDI - at Abroad	\$ Bn	0.66	0.71	8.21%
CPI	%	0.4	3.2	2.80%
Prime Lending Rate	%	22.32	18.49	-3.83%
Population	Mn	N/A	5.85	N/A
Unemployment	%	7.2	7.1	-0.10%
Literacy Rate	%	99.5	99.5	0%

Sources: KCCI Research, CIA Factbook

Trade between Pakistan & Kyrgyzstan (2008-18)



Kyrgyzstan's Trade with the World - Commodity Wise (2018)

Top 10 Exports Items (\$ Bn)	Top 10 Imports Items (\$ Bn)
Natural or cultured pearls 0.68	Mineral fuels & oils 0.62
Mineral fuels & oils 0.14	Machinery & apps. 0.46
Articles of apparel 0.14	Footwear 0.37
Ores, slag and ash 0.12	Electrical mach. & equip. 0.30
Edible vegetables 0.06	Articles of apparel 0.24
Copper & articles 0.05	Iron & steel 0.18
Cotton 0.03	Man made staple fibres 0.18
Machinery & apps. 0.33	Plastics & articles 0.17
Vehicles & parts 0.33	Pharmaceutical product 0.16
Dairy products 0.33	Vehicles & parts 0.15

Sources: KCCI Research, Trademap

Kyrgyzstan's Trade with Pakistan - Commodity Wise (2018)

Pakistan's Exports (\$ Mn)	Pakistan's Imports (\$ Mn)
Pharmaceutical products 1.68	Edible Vegetables 0.22
Machinery & apps. 0.81	Mineral fuels & oils 0.04
Toys, games & sports 0.55	Raw hides & skins 0.03
Articles, not knitted 0.33	Machinery & apps. 0.03
Coffee & tea 0.29	Cutlery 0.03
Articles, knitted 0.23	Aircraft & spacecraft 0.02
Cutlery 0.19	Articles of iron or steel 0.005
Cereals 0.14	Live animals 0.002
Edible fruit & nuts 0.07	Other madeup textile 0.002
Optical & photographic 0.07	Meet & edible meet offal 0.001

Sources: KCCI Research, Trademap