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**Role of Multilateral and Regional Trade Disciplines:
Kyrgyzstan's Experience**

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Materials published here have a working paper character. They can be subject to further publication. The views and opinions expressed here reflect the author(s) point of view and not necessarily those of the CASE.

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ABBREVIATIONS

CACO	Central Asian Cooperation Organization
CIS	Commonwealth of Independent States
EurasEC	Eurasian Economic Community
FDI	Foreign Direct Investment
FSU	Former Soviet Union
GDP	Gross Domestic Product
NBKR	National Bank of the Kyrgyz Republic
NSC	National Statistical Committee of the Kyrgyz Republic
PPP	Purchasing Power Parity
REER	Real effective exchange rate
TA	Technical assistance
USAID	United States Agency for International Development
VAT	Value Added Tax
WTO	World Trade Organization

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Abstract

The paper looks at a five-year experience of the membership of the Kyrgyz Republic in WTO. It provides an analysis of the pre-accession trade policies, the commitments taken by the Government of the country in the accession process and the post-accession record of foreign trade and investments in Kyrgyzstan. The paper considers also regional trade agreements in Central Asia, the extent to which these agreements influence the trade performance and the potential conflict related to the simultaneous membership in WTO and in regional economic cooperation structures. The paper concludes that neither of standard assumptions on consequences of WTO accession holds true with regards to Kyrgyzstan; so far the WTO membership had neutral effect for exports, imports and investment flows. The WTO accession's main impact on the economy consists in reorienting the Government and businesses from protectionist policies to structural reforms towards increased competitiveness of Kyrgyz produce.

1. Introduction

The Kyrgyz Republic has been the first CIS country joining WTO. At the same time it was and continues to be a member of several regional trade and economic cooperation organizations, in which other countries are not WTO members. The necessity to comply with both global and regional trade rules makes the environment for Kyrgyz foreign trade policy and practice rather complicated. Now, after more than five years of living in such environment it is worth to look at the experience accumulated by Kyrgyzstan and try to identify, what have and have not been achieved through the policy of openness and reliance on use of multilateral mechanisms of trade and economic cooperation promotion. This paper is focused on the commitments taken by the country in the WTO and regional organizations, the degree of these commitments compatibility and their impact on actual trade and investment flows to/from the country.

The structure of the paper is as follows. Chapter 2 discusses the factors affecting the Kyrgyz economy in the early years of independence, which determined the choice of the Government's foreign trade strategy. Chapter 3 describes the process and conditions of the accession of the Kyrgyz Republic to WTO. Chapter 4 provides a brief overview of the country's participation in different regional economic organizations and considers the practice of simultaneous membership in WTO and regional organizations. Chapter 5 provides a detailed analysis of the impact of the WTO/regional organizations membership on foreign trade and investments in Kyrgyzstan. Chapter 6 contains conclusions and recommendations.

2. Initial conditions and context for development of foreign economic relations strategy in Kyrgyzstan

Considering the process of the Kyrgyz accession to WTO it is necessary to take into account the initial conditions and circumstances of the country in the negotiations period (1996-1998). Most important issues were probably the geographical and historical factors, the degree of institutional development of the state, structure of economy and its exports/imports.

2.1. Geography and history

The major geographic factors affecting the country's economic development and foreign trade are its size, location, relief, and climate. The area of Kyrgyzstan is 199.9 thousand km²; its population is 5 mil. people, 65% of them live in rural areas and 35% – in towns. The country is

located in Central Asia (see Figure 1). Kyrgyzstan is a landlocked country, and all its neighbors¹ are also landlocked. On the east and south transport infrastructure is poorly developed; in addition to that potential southern transport corridor going through Afghanistan is still insecure. Mountains cover more than 90% of the country's territory, arable lands compose only about 7% of the total area. A majority of the population and larger part of economic activity are concentrated in valleys; the most important among them are Chui and Fergana valleys. There are two economic regions in the country – the North and the South. Because of mountains, communications between different parts of the country are quite difficult, for example, railway communication between North and South requires crossing Uzbek and Kazakh territories. The climate is continental, hot and dry. Highly productive agriculture is only possible on irrigated land; by this reason water resources and irrigation have a strategic importance for Kyrgyz economy. Naryn (Syr-Daria) river crosses the territory of Kyrgyzstan; there is a series of hydroelectric stations on the river. These hydroelectric stations supply large part of Kyrgyzstan and some neighboring countries with electricity and water. Kyrgyzstan has small and/or hardly accessible deposits of mineral energy products (oil, coal, natural gas); therefore, the country has to rely on supply of these products from Kazakhstan, Uzbekistan and, to a lesser extent, from Russia.

These geographic features imply that costs of accessing world markets for the Kyrgyz producers are high; the economy is dependent very much on regional cooperation, especially with Kazakhstan and Uzbekistan, in terms of transportation, water and energy issues. Another very important reason for enhancement of regional cooperation is the fact that the Central Asian economies are not large, therefore, each of them represents only limited interest for investments (apart from Kazakh oil and very few other sectors), while these countries taken together compose quite a sizable market.

From the middle of XIX century Kyrgyzstan was a part of Russian empire. In 1924 under Soviet power the first form of national autonomy was established; in 1936 Kyrgyzstan was transformed into one of the Soviet Union's republics, which meant a significant step towards emergence of modern-type statehood. In 1991 Kyrgyzstan became independent. After that the country started creating quickly all usual government institutions, which were not existent and had a very limited role in the pre-independence period: ministry of finance, central bank, border guard and custom services, etc. Of course, in their infancy these institutions performed imperfectly. For example, with regards to foreign trade the custom service was unable to stop a flood of smuggled consumer goods from China, United Arab Emirates and some other countries or contraband of gasoline from Kazakhstan and Uzbekistan.

¹ Apart from China, which has seaports. However, the part of China adjacent to Kyrgyzstan is very remote from the sea.

2.2. Structure of economy

At the end of Soviet period the Kyrgyz Republic was an industrial-agrarian country; in 1990 industry produced 34% of GDP, the share of agriculture was 33% (see table 1). The larger part of industry consisted of big (in the republican scale) enterprises, which were elements of complicated production chains involving producers from different and often distant from each other parts of the USSR. A significant portion of the economy was concentrated on military production. After collapse of the USSR and beginning the transition from plan to market the economy experienced a very considerable recession; GDP of the country in 1995 almost halved in comparison to 1990. The main reasons for the recession were cutting off subsidies from the Soviet central budget², rapid growth of prices on resources supplied from former republics of the USSR accompanied by unfavorable change in relative prices, loss of markets in these republics due to similar economic decline there. This recession was especially deep in industrial production and, in particular, in manufacturing; industrial production in 1995 was just 28% of 1990 level.

The industrial decline was accompanied by a radical change in agriculture. Old large farms (kolkhozes and sovkhoses) appeared to be unviable in new conditions, when the Government had not enough resources to support them as it was in Soviet times. These farms felt apart into a number of small and medium farms, which have less market and more subsistence orientation. The share of services in GDP has increased with petty traders prevailing among the service providers. Because of these sectoral changes, the economy and the country's exports are concentrated basically on primary production.

The economy of the country has never been large. With the population about 5 mil. people and GDP per capita about USD300 at market exchange rate and USD2,700 at PPP the domestic market is small, and very significant part of the population is poor (see table 2). The widespread poverty, the necessity to keep rather developed social sector from collapse after the USSR break-up and drying up subsidies from Moscow combined with the willingness of the Government to pursue market-oriented reforms led to the situation, when the country started to receive large foreign aid from the World Bank, IMF, Asian Development Bank and other donors. By estimates, in some years Kyrgyzstan received more than 10% GDP of foreign aid.

So, the small and aid-dependent economy had and has to be open with typical foreign trade turnover to GDP ratio of 80%. Taking into account unofficial trade flows (see also paragraph 5.7) the degree of openness is even higher. Thus, foreign trade is absolutely essential for the country,

² By conservative estimates, in 1990 the transfers from the central budget to Kyrgyzstan exceeded 10% of GDP. See *Kyrgyzstan. The Transition to a Market Economy. A World Bank Country Study*, 1993.

and the Government policy in this area composes an integral part of the national development strategy.

2.3. Strategic choices

From the early days of independence the Government started to formulate the national development strategy. The general course was taken on building market economy. This general choice required finding consistent specific answers on existing challenges in each of policy areas: fiscal, monetary, social, etc. Some of the strategic choices with regards to the foreign trade and economic cooperation policy, which every transitional economy were facing, were the following:

- Liberal or protectionism trade policy;
- Accent on export promotion or import substitution;
- Attraction of domestic or foreign savings for investments;
- Bilateral or multilateral approach to economic relations with other countries.

These problems are typical for any small developing country, and solutions for them are also more or less standard. Considering the economic situation in the country, the vicinity of neighboring countries with much larger economies (with the only exception of Tajikistan) and economic and political presence of such powers as USA and Russia in the region, already very well established relationships with international development organizations many of these choices were only theoretical, and in practice many solutions made were the only possible.

The Government had chosen liberal foreign policy first and foremost because there was no really strong demand for protectionism within the country. Manufacturing industry, which is usually the most sensitive to competition from imported goods, had shrunk in size dramatically. The structure of economy was changing very quickly and it was not quite clear, which sectors of economy required protection. Even if the Government would like to protect some sectors of economy³, it had no resources to provide effective support to these sectors and follow import substitution strategy. Additional argument for choosing openness and export orientation was the necessity to earn foreign exchange to serve the foreign debt, which accumulated quickly as a result of massive foreign aid received by the country.

Openness of the economy is also necessary, because the country has to rely on FDI rather than on domestic investments. Domestic savings are obviously insufficient to finance investments in the scale ensuring reasonable rate of economic growth (see table 2). As the narrow domestic

³ In fact, it did few attempts of this kind in mid 1990s.

market is not attractive for foreign investors, the economic policy is to be directed towards export promotion. Because low value-to-weight ratio is characteristic for many commodities exported by Kyrgyzstan, regional markets are primary destination for them. Large FDI could come to Kyrgyzstan only if goods produced here then could be sold not only in Kyrgyzstan, but also on the bigger regional market. This implies a very big importance of regional cooperation for Kyrgyzstan. Other issues requiring close regional economic cooperation are mentioned above interdependence of Central Asian countries in water and energy supplies and transshipment of goods through the territories of neighboring countries.

Being a smaller partner for all its main trade partners, Kyrgyzstan relies as much as possible on multilateral regulations, which provides some common grounds for trade issues regardless of the economy size. Therefore, the country joined all regional organizations and all appropriate global ones. Of course, this does not revoke the necessity and importance of bilateral relationships with the neighboring countries.

It is worth to note that the formulation of the foreign trade policy has taken long time and started well before the beginning of negotiations on WTO accession in 1996 and their completion in 1998. Current shape of the policy has been summarized in the national strategy documents: Comprehensive Development Framework till 2010 adopted in 2001 and National Strategy for Poverty Reduction for 2003-2005 (2002).

3. Process and conditions of Kyrgyzstan's WTO accession

3.1. Pre-accession trade regime

For better understanding the commitments taken by the Government at WTO accession and assessing whether or not these commitments meant forced trade liberalization it is necessary to consider the trade regime, which existed in the country before the accession.

Before 1999 the import tariff had a flat rate of 10% regardless of commodity with concessions for goods originating from the following countries:

- 5% tariff rate – for developing countries;
- 0% tariff rate – for CIS countries and the least developed countries.

Apart from that, few special regimes existed. According to the law the Government had (and frequently used) the right to impose zero import duty on production inputs imported in accordance

with intergovernmental agreements. Physical persons importing goods (the so-called shuttles) had a generous allowance for duty-free imports and simplified rules of custom valuation based on cargo weight only. Finally, if a commodity is subject to excise duty, only the largest one of import and excise duties is used; excise rates are usually higher and that makes import tariff for excisable goods having no practical meaning. Because of large share of CIS countries in the Kyrgyz imports and a number of duty-exempt import contracts, the effective import tariff was much below the nominal 10% tariff rate; it was just 1.8% in 1996, 2.0% in 1997, and 2.2% in 1998⁴.

Before WTO accession the Government maintained higher excise rates for imported goods, than for the same domestically produced goods. There was also a mixed VAT regime for commodities imported from CIS and non-CIS countries. While the same 20% VAT was used, destination principle had been applied to the trade with non-CIS countries, and origin principle – to the trade with CIS countries.

The Government did not use any non-tariff import restrictions apart from import licenses related to a very limited number of specific commodities (armament, narcotics, etc.).

Another feature of the pre-accession regime was almost complete lack of budgetary support of agriculture⁵ and absence of any export subsidies, which simply were not affordable for the Government.

All said above allows assessing the pre-accession trade regime of the Kyrgyz Republic as very liberal.

3.2. Course of negotiations and stakeholders in the process of WTO accession

The Government started preparation to the process of WTO accession in the end of 1995, when the early transition shock was already over, primary macroeconomic stabilization had been achieved and economic growth resumed. The chronology of events related to the process of WTO accession is presented in table 3.

Considering complexity of WTO-related problems the Government created an Interministerial Commission, which included representatives from all key agencies involved in economic policy making including President's Administration, Prime Minister Office, Ministry of Foreign Trade and Industry, Ministry of Finance, Ministry of Agriculture and other. At that moment the Government

⁴ See the last row in table 20.

⁵ The Ministry of Finance of the KR estimated the level of budgetary support to agriculture in the period before accession as being much below of 1% of gross agricultural output.

had little experience of operations in multilateral organizations and few, if any, experts familiar with WTO procedures. Necessary expertise and support has been provided by the USAID TA project on Trade, Investment, Custom and WTO issues. International development organizations contributed to the WTO accession process also by providing structural adjustment loans with conditionality of the Government's adherence to the WTO rules⁶. Weakness of private sector and industrial lobby at that period resulted in very marginal role played by them in the process of negotiations and formulation of accession commitments taken by the Kyrgyz Republic.

Kyrgyz delegation had negotiations with the following countries/country groups on the bilateral phase of accession process:

- on market access for goods – Australia, Cuba, Czech Republic, European Union, Japan, Mexico, Slovak Republic, Switzerland, Turkey, United States;
- on market access for services – Australia, European Union, Switzerland, United States.

Partially these countries were major trade partners of Kyrgyzstan, while trade with others has always been negligible. Obviously, the latter group sought not specific concessions from Kyrgyzstan, but tried to impose some general discipline applicable to every WTO entrant.

3.3. WTO commitments given by Kyrgyzstan

Commitments given by the Kyrgyz Republic at the moment of accession to WTO may be grouped as: (i) commitments on tariff concessions for agricultural goods; (ii) commitments on tariff concessions for non-agricultural goods; (iii) specific commitments in services; and (iv) specific commitments on rules.

Tariff concessions for agricultural goods. The commitments affected 912 tariff lines. Bound rates vary from 0 to 30%; the simple tariff average is 11.6%. Zero rates apply to exotic fruits; 30% rate applies to white sugar, which is produced domestically in large quantities. For 7 lines (related to wool, which is also an important domestic product) an implementation period of 5 years was taken with base rate 10% and bound rate 5%.

Tariff concessions for non-agricultural goods. The commitments affected 6068 tariff lines. Bound rates vary from 0 to 20%; the simple tariff average is 6.7%. Zero rates apply to agricultural, construction, computing and scientific equipment, chemical products, steel and non-precious metals, wooden articles, paper, medicine; 15-20% rates apply basically to armament and luxury goods. For 3906 lines an implementation period of 1-7 years was taken with base rate 5-50% and

⁶ For example, this was one of the monitorable conditions of the Asian Development Bank's loan No. 1546-KGZ "Corporate Governance and Enterprise Reform Program."

bound rate 0-15%; highest base rates 30% and 50% were taken for armaments, explosives, silk and fur. The longest implementation periods apply to products from cotton and some mechanical equipment. All transitional commitments relate to the commodities, which are produced domestically.

Specific commitments in services. The Kyrgyz Republic has granted unlimited access to its market for almost all specific services with only exemptions of electric energy distribution, state-funded education, domestic air transportation, advocate and patent agent services. For several sensitive sectors a transition period has been set: telecommunications – demonopolization before 2003; maintenance and repair of aircraft – lifting of 49% limitation of foreign ownership of Kyrgyz legal entities before 2005; insurance – lifting of 49% limitation of foreign ownership of Kyrgyz legal entities before 2002; banking – elimination of distinction in minimum capital requirements for banks with more/less of 20% foreign participation before 2003.

Specific commitments on rules. In total the country took 29 commitments on different aspects of economic, trade, tax, investment regimes. The following were among the most sensitive commitments affecting existed at that time economic rules:

- Application of VAT destination principle to trade with all counties;
- Unification of import and domestic excise rates;
- Elimination of special tax privileges for enterprises registered at Free Economic Zones and for foreign investors;
- Refuse from subsidizing agricultural exports and restricting budgetary support to agricultural sector to 5% of gross agricultural output;
- Joining the Government Procurement Agreement (without specifying date of membership negotiation completion).

In general, WTO commitments of Kyrgyzstan confirmed and somewhat strengthened its liberal trade and investment regime. Kyrgyz Republic practically refused from attempts to protect from outside penetration those sectors, which are important for every country and which are often subject to extensive protection in many countries of the world – agriculture, manufacturing, financial sector, telecommunications, etc. This fact puts basis to criticism of Kyrgyz accession as being too fast and providing too many concessions. It is worth to consider this criticism in more detail.

Kyrgyz conditions of WTO accession could be compared with commitments of other countries, which went through similar accession process (see table 4). While being very formal, this comparison shows that Kyrgyz accession conditions are not worse than for other countries and that the speed of accession does not necessarily negatively correlate with the number of

commitments taken by countries. This implies that one could not expect that lengthier negotiations would result in better accession conditions.

Another issue is whether it was desirable (even if possible) to reserve more tools for domestic market and business protection in the accession process? As it was mentioned above, at that time it was impossible to identify sectors, which would benefit in the long run from tariff or non-tariff protection⁷. Business surveys show that local businessmen do not list competition from imported goods among major impediments for their activities⁸. In the services the real problem of the country is not how to close domestic market from competition of foreign companies, but how to attract foreign investments into banking, telecommunications, tourism, etc. The recent developments in this sector (acquisition of three Kyrgyz banks by larger Kazakh ones, going privatization of Kyrgyztelecom to a foreign investor, increased activity of foreign investors in Issyk-Kul resort area) are perceived by the Government and analysts as positive and long-expected.

It is also necessary to consider the institutional capacity of the Government in implementing of the protection measures. The practice has shown that import tariff rate and, more generally, cumulative tax rate (including also VAT) affects strongly the volume of official imports to the country, but not necessarily total imports, which have a large portion of contraband. If this rate increases, smuggling of goods scales up and may surpass the reduction in official imports; government revenue collections reduce as well. If the nominal rate decreases, it results in increase in official imports at the expense of smuggled and not domestically produced goods. This is especially visible with regards to excisable goods (cigarettes, alcohol, petrol). For example, in 2003 the Government reduced twice the excise for gasoline, and this action (paired with achieving agreement with Oil Traders Association) resulted in considerable increase of official imports of oil products with no significant change in domestic demand for them. From this perspective the decision of the Government not to adhere to high tariffs and other protection measures helped to avoid larger distortions, smuggling and corruption. Similarly, the accession provisions on elimination of tax privileges for companies operating in Free Economic Zones and foreign investors helped to close a very large hole in the legislation and remove one of biggest sources of distortions in the Kyrgyz economy.

WTO accession had one more institutional aspect. The process of negotiations significantly contributed to capacity building of the Government in foreign trade and economic cooperation issues, because the Government was exposed to the problems, which had never been considered before that. The necessity to tackle the requests from the Working Party members and partners in

⁷ Till now no one can reveal any serious demand for protection from domestic businesses.

⁸ See *National Business Opinion Survey – June 2003*. <http://www.abc.kg>.

bilateral negotiations required modernization of legislation and establishing more consistent and transparent government procedures.

4. Participation of Kyrgyzstan in regional trade and economic cooperation agreements

4.1. Regional cooperation structures

The Kyrgyz Republic is a member of virtually all regional economic cooperation organizations. These organizations consist of either exclusively FSU countries (Commonwealth of Independent States⁹, Eurasian Economic Community¹⁰, Central Asian Cooperation Organization¹¹), or include also other countries (Economic Cooperation Organization¹², Shanghai Cooperation Organization¹³).

The low effectiveness of all these organizations in terms of fostering trade and economic cooperation, which are urgently needed for every participating country, is well known; the very number of regional organizations with similar mandate is an indication of that. This paper is not aimed at discussing the cooperation potential, plans and their (non)implementation¹⁴. For our purposes it is necessary to attempt identifying the impact of these organizations on the regional trade rules and patterns.

In early 90s CIS countries adopted the Free Trade Agreement assuming zero import tariffs for all goods originating from any of these countries. While this Agreement had never entered into force formally, the Kyrgyz Republic and all its trade partners follow this rule in practice. The free trade arrangements have been reinforced by bilateral agreements of Kyrgyzstan with almost all CIS countries. However, it is necessary to note that the bilateral free trade agreements allow parties to introduce import duties on a limited number of commodities either for protecting of sensitive domestic industries, or as anti-dumping measures¹⁵. In few cases application of these

⁹ Includes all FSU republics except from Baltic ones.

¹⁰ Includes Belarus, Kazakhstan, the Kyrgyz Republic, Russia, and Tajikistan.

¹¹ Includes Kazakhstan, the Kyrgyz Republic, Tajikistan, and Uzbekistan.

¹² Includes Turkey, Iran, Pakistan, Afghanistan, Azerbaijan and all five Central Asian countries.

¹³ Includes China, Kazakhstan, the Kyrgyz Republic, Russia, Tajikistan, and Uzbekistan.

¹⁴ Comprehensive review of regional cooperation agreements and critical assessment of their effectiveness could be found in Pomfret R. (2004) *The Role of Multilateral and Regional Trade Disciplines in the Central Asian Countries*. Background paper for the OECD Regional Trade Forum on Economic and Trade Implications of the WTO Accession, Almaty, June 3-4, 2004.

¹⁵ The failure to achieve a multilateral agreement on the list of exemptions from the free trade regime is an important reason for incompleteness of the Free Trade Agreement.

rules affected adversely Kyrgyz exports to Kazakhstan, Uzbekistan, Ukraine and some other countries.

Another important achievement of CIS was the citizens' right of free cross-border movement. This arrangement facilitates establishing business contacts, trade, cooperation, and expanding employment opportunities. This agreement has been considerably eroded later on by the facts of visa regime introduction by Uzbekistan and Turkmenistan with respect to citizens of Kyrgyzstan and some other CIS countries, and also by increased regulation of domestic labor markets in Russia and Kazakhstan.

In 2000 the countries of the Custom Union (EurasEC) concluded an Agreement on Common Custom Tariff. This Agreement provides five-year period (could be further expanded) for formation of the Common Custom Tariff with special permission for Kyrgyzstan and Tajikistan to establish their own time schedule for adoption of the Tariff.

CACO (and its predecessor Central Asian Economic Community) provides a forum for discussing and developing coordinated policy with regards to water and energy exchange issues requiring multilateral participation. But, again, enforceable agreements have been achieved so far mainly on a bilateral basis.

Very few other practical results of regional organizations' activities have been achieved. Examples are coordination in tax collection methodology including indirect taxes and simplification and harmonization of custom rules (EurasEC), information exchange in different areas (CIS, EurasEC, CACO) or rather unsuccessful attempt to establish Central Asian Cooperation and Development Bank, which is now in the process of liquidation (CACO).

In fact, there is no any regional trade regulation having practical implications, which has ever fully entered into force in regards of the Kyrgyz Republic; only framework documents and declarations have been adopted in all regional organizations. Of course, trade and economic cooperation in the region does take place, but it is regulated by bilateral agreements.

4.2. Implications of the country's simultaneous membership in WTO and regional trade agreements

The commitments related to the simultaneous membership of the Kyrgyz Republic in the WTO, which establishes a non-discriminatory trade regime for all participating countries, and in regional treaties, which assume to provide preferential regime for countries of the region, seem to be in

conflict. However, it follows from the above discussion that there is no formal contradiction between multilateral and regional trade rules as no enforceable regional rules exist. Bilateral free trade agreements of the Kyrgyz Republic with neighboring countries are all quite in the framework of the WTO rules.

While there are no legal contradictions, one may question the consistency of the policy of simultaneous membership in the WTO and regional organizations. Presumably, the very low trade barriers in Kyrgyzstan for commodities originating from third countries could pose a danger to the neighboring countries, which try to limit access of imported goods on their domestic markets. However, the geography does not allow Kyrgyzstan to become a chink, through which cheap imports could flood Kazakh, Russian or Uzbek markets; statistics does not provide data of increased Kyrgyz (re)exports of consumer goods to these countries (see tables 12-14). Apart from that, current trade agreements provide enough possibilities for these countries to protect their markets in case they feel that their sensitive industries are affected. Of course, leaders of neighboring countries did comment rather critically on the fact that Kyrgyzstan entered WTO well before other members of regional organizations. However, one might argue, this had not any significant impact on the pace of regional cooperation and Kyrgyz position in them. The regional organizations have coordination problems regardless of the membership of Kyrgyzstan in the WTO. The reduction in regional trade did take place (see section 5.4 for details), but started well before the accession date in 1998 and continued with the same pace after that. The emergence of trade barriers was related to Kazakh attempts to protect domestic market in conditions of 1998-1999 financial crisis; confirmation for this is the fact that Kazakhstan introduced restrictions on trade not only with Kyrgyzstan, but also with other neighboring countries including Russia.

One of possible motivations for faster WTO accession, which were discussed in the country in the accession period, is the opportunity to participate in setting conditions for neighboring countries, when they would go through the accession negotiations process. This promised to increase “bargaining power” of Kyrgyzstan in bilateral relations with larger neighbors. While it is very difficult to imagine that Kyrgyzstan would extensively use this right with regards to neighbors, which are very important for the country, the right to set conditions in the WTO accession process is something like “weapon of last resort” for Kyrgyzstan. It is not only by chance that the package of documents signed by the Presidents of Kazakhstan and Kyrgyzstan in December 2003 in Astana, which contains a very important agreement on easing of transit arrangements and a provision of Kyrgyz enterprises with the right to use low domestic Kazakh prices for railroad transshipments through Kazakh territory, includes also a protocol of bilateral negotiations on conditions of WTO accession for Kazakhstan.

5. Impact of membership in multilateral organizations on Kyrgyz foreign trade and investment flows

The purpose of this section is to identify the impact of participation of the Kyrgyz Republic in the WTO and regional organizations on the Kyrgyz economy. The period under consideration is 1996-2002¹⁶; it allows accounting for developments before and after WTO accession.

Trade and investment flows to/from the country are considered both in aggregated and disaggregated form. Investment data are disaggregated by country of origin and sector of economy. Trade data are disaggregated by partner country and eight commodity groups, which are most typical for the Kyrgyz trade. These groups are:

- Agricultural produce (cotton, tobacco, vegetables for exports; wheat for imports, etc.);
- Electricity;
- Mineral energy resources (oil, gasoline, kerosene, mazut, natural gas, coal);
- Gold;
- Non-precious metals (ferrous and non-ferrous including metal scrap);
- Consumer goods (food, garments, shoes, etc.);
- Machinery and equipment;
- Intermediate goods (chemicals, construction materials, etc.).

5.1. General trends in exports and imports and other developments in balance of payments

Review of dynamics of foreign trade and balance of payments components allows identifying three periods: 1996-1998, 1999-2001, and 2002-2003 (see tables 5-7). Very large trade and current account deficits were characteristic for the first period; in 1998 the current account deficit exceeded 22% of GDP. This deficit had been financed by the big positive balance of the account of capital and financial operations and large net credit to the Government, in particular. The second period started after the financial crisis of 1998-1999. The crisis resulted in a sharp reduction in imports and some decline in exports. The deficits shrank significantly, and the net credit to the Government also started to decrease. At the end of this period trade flows became much more balanced, than in the mid-nineties. The third period started in 2001, when macroeconomic stabilization had been restored, and continues till now. Resumption in imports and exports (especially exports of services, see table 17) growth is characteristic for this period. Current account deficit is increasing again, however it accounts only for a fraction of pre-1998-crisis level.

¹⁶ 2002 is the last year for which all needed data are available.

Net credit to the Government is steadily declining, and the balance of capital and financial operations account just slightly exceeds zero.

Relatively high commodity and geographical concentration of exports is typical for Kyrgyz economy. The share of three major partner countries and three main commodities¹⁷ in Kyrgyz exports almost always exceeds 50% (see Figure 2). While geographical concentration has been eroded over time, commodity concentration, in contrast, increases (with only exception of 2002).

Obviously, these trends in exports and imports resulted, to some extent, from trade policies and membership of the country in different multilateral and regional organizations. But these trends are also results of changes in macroeconomic environment in the country and different exogenous factors, which are many for the small and vulnerable foreign trade of Kyrgyzstan. To reveal the net effect of trade policy on trade flows it is necessary to consider the impact of macroeconomic developments and exogenous shocks on the trade and balance of payments.

5.2. Macroeconomic and exogenous factors affecting the Kyrgyz foreign trade

The following macroeconomic factors and developments were among the most important for exports and imports of the country (see table 2 for the main macroeconomic indicators and table 5 for the balance of payments indicators):

- Starting from 1993-4, the country receives massive foreign aid, which is partially used for financing imports;
- For several years the aid allowed maintaining very large government budget deficit (in 1996-2000 it was around 10% of GDP) and current account deficit;
- With such deficits, the macroeconomic situation was very fragile and expectedly deteriorated considerably being influenced by the Russian financial crisis;
- The crisis triggered inflation growth and 2.5-times nominal exchange rate devaluation in 1998-1999; this, in turn, led to 50% depreciation of the real effective exchange rate of the national currency som with regards to trade with non-CIS countries;
- Because of similar inflationary and exchange rate developments in other CIS countries real effective exchange rate with regards to trade with CIS countries slightly appreciated;
- Strong real depreciation of som against US dollar undermined competitiveness of imported consumer goods originating from non-CIS countries (especially China) on the domestic market; imports reduced significantly and import-substituting industries demonstrated quite robust growth¹⁸;

¹⁷ Defined by 2-digit harmonized codes.

¹⁸ In 1998-2001 average annual growth rate of production for domestic market was 8.3%.

- The currency devaluation resulted in immediate hike in the value of the government foreign debt, which exceeded 100% of GDP and became unsustainable;

The debt problem required a sensitive fiscal adjustment in 2000-2001 and considerable reduction in further foreign borrowings, even those taken on the very concessional conditions from the World Bank, Asian Development Bank, and other international financial institutions;

This adjustment allowed to stabilize macroeconomic situation in 2001 and to receive restructuring of the debt by Paris Club.

Thus, the foreign aid, the exchange rate, and the foreign debt (of course, all interdependent) have become major macroeconomic factors, which affected strongly the trade of the country first contributing to abnormally high imports and then causing a decline in imports of goods and services (see Figure 3). Regressing imports of goods (IMP) on real effective exchange rate (REER) and official foreign aid (AID) for the period 1996-2002 gives the following results¹⁹:

$$\log(\text{IMP}_t) = 14.21 - 1.90^* \log(\text{REER}_t) + 0.20 \log(\text{AID}_t), \quad R^2 = 0.82.$$

This indicates on big elasticity of imports with regards to REER (-1.90) and positive²⁰ relationship between imports and the aid.

The macroeconomic situation had much less impact on exports of the country. This is easily understandable: (i) the foreign aid goes mainly to public investment and current spending and does not affect exports or affects it very indirectly, and (ii) there were not large changes in real effective exchange rate with regards to trade with CIS countries, where exports largely (with one big exception of gold) go to. However, Kyrgyz exports are subject to large and frequent exogenous shocks.

The major exogenous factors, which are not related to the trade policies, are:

- fluctuations in production of gold and prices for it, which depend on technological factors and world market situation;
- fluctuations in electricity sales to neighboring countries, which depend much on climate conditions and the demand of Uzbekistan and Kazakhstan for water for irrigation purposes;
- establishment in Kyrgyzstan of a military air base of the anti-terrorist coalition; this base consumes considerable amounts of oil products (mainly kerosene) re-exported by Kyrgyz companies from Kazakhstan, it also uses extensively different services of Kyrgyz airport, hotels, etc. (see table 17).

¹⁹ Asterisk means significance at 5% level.

²⁰ While insignificant with few observations available.

Accounting for these factors reveals much deeper decline in other (i.e., trade policy sensitive) exports, than in export totals (Figure 4).

Thus, altogether macroeconomic and exogenous factors account for a significant portion of changes in Kyrgyz foreign trade in 1996-2002.

5.3. Changes in trade with WTO countries

Analysis of the trade data (see tables 6-8) shows that the share of trade with WTO in total trade turnover has increased considerably after the WTO accession; in 1996-1998 this share was 36%, while in 1999-2002²¹ it became 54%. Similarly, the share of WTO countries in Kyrgyz exports increased from 34% in pre-accession time to 55% after accession. This may serve as an indication of a certain shift in trade directions and re-orientation to new markets after entry to the WTO. However, several reservations should be made. First, the number of WTO countries increased during this period, so increase in trade with WTO countries is explained partially by transition some of partner countries from non-WTO to WTO group (for example, in 1996-2001 China was non-WTO country, and starting from 2002 it has been added to WTO group). Second, as it was said above, it is necessary to control for exogenous factors and, most importantly, for the changes in exports of gold and electricity. The impact of these two reasons is shown on Figure 5. Third, share of WTO countries in total trade depend not only on trade with WTO, but also with non-WTO countries. If one considers export flows excluding gold, electricity, kerosene for the airbase and commodities sold to new WTO member countries (China and also some East European countries), it appears that average annual exports to WTO countries decreased (!) from 56 mil. USD in 1996-1998 to 44 mil. USD in 1999-2002, and average annual exports to non-WTO countries decreased from 298 to 172 mil. USD. Therefore, despite of the decline in absolute figures, the share of exports to WTO countries slightly increased from 16% to 19% because of even deeper fall of exports to non-WTO countries.

Exports to the WTO countries consist from gold, agricultural products (mainly cotton fiber) and rather small amounts of machinery and inorganic chemistry products (see table 8). No surprise that with such commodity structure, where products of manufacturing are almost absent, the WTO accession of Kyrgyzstan had not any significant and positive impact on Kyrgyz exports. Imports from WTO countries are mainly equipment and machinery, intermediate goods (raw materials and production inputs), and consumer goods. Two first categories very much depend (with some time lag) on the aid and FDI inflows to the country. Imports of consumer goods are sensitive to the exchange rate dynamics; this component of imports reduced almost twice after sharp devaluation

²¹ 1996-1998 is the pre-accession period, and 1999-2002 is the post-accession period.

of som in 1998-1999 (despite of WTO accession and lowering of many import tariff rates, which took place at that time) and started to increase with nominal and real appreciation of som in 2002-2003. It is also necessary to take into account that a considerable part of imports of consumer goods is humanitarian aid (medicines, wheat flour, etc.), which goes from USA, Germany and some other developed countries (see table 16).

The entry of China into the WTO has big potential for expanding trade with this largest neighboring economy as well as with other WTO member countries. However, the experience of 2002-2003 (which is, of course, too short period to make any definite judgment) did not show signs of sustainable increase in trade with China. Some increase of exports to this country in 2002 had taken place mainly due to only one commodity – animal skins, which are subject to big fluctuations in quantity and price; in fact, exports of this commodity fell in 2003²² almost to zero returning total exports to China for this year to 2001 level.

Thus, in contrast to the standard expectations of increase in both exports and imports after the WTO accession, Kyrgyz trade with WTO countries did not demonstrate any sensitivity to the fact of accession responding basically to other factors rather than to the changes in trade regime (which were not particularly big, as it was discussed in section 3.3).

5.4. Changes in trade with countries of the region

Trade data for different regional organizations (CIS, EurasEC, CACO, tables 9-11) are mainly a result of developments in trade with three neighboring countries – Russia, Kazakhstan, Uzbekistan (tables 12-14), which are the largest trade partners of Kyrgyzstan accounting for 90-95% of trade turnover with member countries of these organizations.

In 1996-2001 the common trend in trade with all these countries was a permanent and rather quick fall of exports and imports; in 2001 turnover of trade with each of them more than halved in comparison to 1996. This should be attributed to a number of factors: continuing disruption of old cooperation ties and production decline in or closures of the Soviet legacy enterprises, some reorientation of trade to other markets, frequent and unfavorable exchange rate movements, especially in the context of Russian 1998 crisis. However, trade barriers created by Kazakhstan and Uzbekistan have become the most harmful for Kyrgyz trade with these countries as well as with Russia. These barriers and their consequences for trade have been well described in the

²² Preliminary data of NSC.

literature²³. They include quantitative and tariff restrictions on exports of different commodities from Kyrgyzstan, exchange rate controls, impediments for inter-country payments, cross-border trade and movement of people (with regards to trade with Uzbekistan), and, above all, prohibitively costly procedures of transit through territories of Kazakhstan and Uzbekistan. Obviously, joint membership of Kazakhstan, Kyrgyzstan and Uzbekistan in many regional organizations does not help to remedy these trade problems. The regional agreements either do not regulate problematic areas, or contain special reservations allowing countries effectively impede trade with other agreement signatories.

Russia and Kazakhstan are the first and second large non-gold and non-electricity export markets for Kyrgyzstan and main absorbers of Kyrgyz agricultural produce (cotton, tobacco, vegetables, fruits), consumer goods, construction materials, and machinery. All these commodities are very sensitive to transportation costs and have become primary victims of the trade barriers on Kazakh side. Trade with Uzbekistan suffers from still remaining barter arrangements, when Uzbek natural gas is exchanged for Kyrgyz electricity/water and some other commodities; the share of non-energy commodities trade turnover is shrinking – from 50% in 1996 to 29% in 2002.

In 2002-2003 the situation in trade with Kazakhstan and especially with Russia started to improve. The economic growth and large inflow of oil dollars to these countries resulted in emergence of large companies, which started to expand their activities in neighboring countries including Kyrgyzstan²⁴. FDI from Russia and Kazakhstan to Kyrgyz industrial, tourism and banking sectors are increasing during last years (see table 19); the increase contributes both to growth of exports to and imports from these countries. Growth in exports of services (tourism in Issyk-Kul area, in particular, see table 18) is also visible. Establishing of closer economic ties with Russian and Kazakh companies helped to resolve one of the most acute problems of Kyrgyz foreign trade – as it was mentioned above, in December 2003 Presidents of Kazakhstan and Kyrgyzstan signed a package of documents, which effectively lifted restrictions on Kyrgyz transit through Kazakh territory. Immediately, Kyrgyz businessmen started to report a dramatic improvement in competitiveness on markets of Siberia and other Russian regions.

5.5. FDI flows

One of the largest disappointments related to the WTO accession is the FDI dynamics after 1998 (see table 19). It was a hope that joining WTO would provide investors with better prospects

²³ See, for example, *Kyrgyz Republic – Selected Issues and Statistical Appendix. IMF Country Report No. 03/53, February 2003*. Therefore, these issues are not considered here in much detail.

²⁴ One of examples is the takeover of the largest Kyrgyz dairy producer “Bishkeksut” by Russian company “Wimm-Bill-Dan”.

of exports to WTO member countries and attract them into Kyrgyz industrial sector. The hopes were reinforced, when China entered the WTO, and Kyrgyzstan had a chance to be the only window onto Chinese market among all CIS countries. However, all this did not happen, in 2000-2001 FDI fell by one-third in comparison to 1998 level.

Analysis of structure of FDI by sector and by country shows the small size and instability in FDI flows, where facts of beginning/finishing of construction period on any single large enterprise are easily traceable. The investments went into traditional industries or service sector, which could export their produce almost exclusively to the regional markets. Access to Chinese market is limited not that much by trade regime, but by very poor transportation infrastructure in Chinese direction. Therefore, regional cooperation is much more important for FDI inflow, than the WTO membership. The FDI increase in 2002 and 2003²⁵ would be attributed to macroeconomic stabilization, some expansion of domestic market, and, importantly, to Russian and Kazakh money coming to Kyrgyzstan (for example, in 2002 Russia and Kazakhstan provided 74% of this year's increase in FDI).

5.6. Changes in government budget revenues

The commitments of WTO accession included several items affecting directly the government budget revenues: (i) transition to VAT destination principle in trade with all countries, (ii) equalization of import and domestic excise rates, (iii) lowering of many import tariff rates with simultaneous increase of tariffs for a limited number of commodities. Implementation of these commitments affected government revenues in different directions (see table 20). Transition to the VAT destination principle has been completed only in 2001 as it took time to coordinate this process with Russia and some other CIS countries. It had very positive impact on the budget revenues, because having origin- rather than destination-based VAT in conditions of negative balance in trade with all important CIS partners led to losses for the government budget. Now the situation has been considerably improved, and VAT on imports provide the largest tax collections among all taxes in Kyrgyzstan.

Equalization of excise rates also had positive effect for the budget revenues; average annual collections in real terms in 1999-2002 increased on 43% in comparison to 1996-1998 annual average; share of this collections in GDP also increased. This means that better reporting and administration of this tax more than compensated some reduction in import excise rates. However, change in import tariffs did contributed to some decline in tax collections, because those rates, which become higher, play more protective than fiscal role, and lowering of other rates was not

²⁵ Preliminary data for 9 months of 2003 indicate 25% growth with regards to corresponding period of 2002.

compensated by proportional increase in import volumes, to a large extent because of general contraction in imports due to exchange rate devaluation.

Altogether, the government budget revenues from foreign trade have considerably increased providing now more than half of all tax collections in the country.

5.7. Informal commodity, labor and capital flows

The above analysis is based on official statistics on trade and financial flows. However, in Kyrgyzstan the informal economy is quite significant in size²⁶, and shadow cross-border commodity, labor and capital flows are significant too.

Shadow commodity flows include imports of consumer goods from China, United Arab Emirates, Turkey, gasoline, tobacco and alcohols from Kazakhstan and Uzbekistan, and so on. Kyrgyz shadow exports consists of Kyrgyzstan-produced garments and re-exports of Chinese consumer goods going to Russia and other CIS countries, re-exports of Uzbek and Kazakh non-ferrous metal scrap going to China, etc.

Informal financial flows are basically related to a very high labor migration to Russia and, to a lesser extent, to Kazakhstan. By official estimates, 300 thousand Kyrgyz citizens (6% of the country population) live and work now in Russia; unofficial estimates go as high as 700 thousand people. These people send very significant remittances back home, which are an important source of the trade deficit financing. In the last couple of years similar labor flows from Uzbekistan to Kyrgyzstan have become also visible; they generate remittances (much smaller in size though) going in opposite direction – out of Kyrgyzstan.

The scale of these informal flows is very difficult to estimate. An indication for value of these flows is the item “Errors and omissions” of the balance of payments, which could be considered as a balance of unofficial flows. In different years it achieved the level of 60-70 mil. USD with either positive, or negative sign. This implies that the magnitudes of both inflow and outflow of money are much higher. For example, Chinese statistics for 11 months 2003 reports 280 mil. USD of trade turnover with Kyrgyzstan²⁷, while Kyrgyz statistics provides an estimate of just one-third of this figure, thus leaving almost USD200 million for unofficial imports/exports. Thus, the amplitudes of

²⁶ It comprises, by different estimates, from 25% to 50% of official economy. The notion “informal economy” used in this paper assumes activities associated with tax evasion and does not include criminal activities (drug traffic, etc.).

²⁷ According to the embassy of the People's Republic of China in the Kyrgyz Republic.

informal flows may be in the range from one-and-half to three hundred million USD, i.e., comparable to 25-50% of the country's exports.

There is no any evidence that the WTO accession or the regional cooperation agreements affected in any way these informal flows. This underlines the limited significance of all these trade arrangements for real trade flows. At the same time, regional non-cooperation (for example, introduction of visa regime by Uzbekistan or transit problems) does affect adversely both official and unofficial trade.

6. Conclusion

Common wisdom assumes that the liberal WTO accession conditions should result in increasing Kyrgyz imports and exports, attracting more FDI to the country, have an adverse effect on the government revenues, because of easing of market access both domestically and abroad and lowering import tariff and excise rates. The above discussion allows stating that neither of these assumptions became a reality. Both imports and exports reduced quite considerably in post-accession period, same is true for FDI, the government budget revenues went up. It is obvious that the WTO accession was of secondary importance for all these developments.

Similarly, the regional organizations hardly had any significant positive influence upon Kyrgyz economy and trade. These organizations failed to remove trade barriers, which are a big impediment for regional economic cooperation. The recent improvements in transit arrangement through Kazakh territory or the progress in Kyrgyz-Russian trade is to be connected to bilateral relations and not to multiparty coordination mechanisms.

It does not follow from the above that the membership in the WTO and in regional organizations is useless. Still, these organizations provide Kyrgyzstan with an opportunity to maintain a dialog on sensitive issues on the multilateral basis and have somewhat stronger position in negotiations. The WTO accession was useful in strengthening the liberal stance of the Kyrgyz foreign economic policy; it made impossible any serious attempts to promote some selected industries at the expense of the remaining economy, thus contributing to concentration of businesses on their most urgent task – increase in productivity and efficiency. The importance of WTO may increase in the future, when all (or, at least, some) neighboring countries would join the WTO, and the WTO rules would start to apply to trade with the most important partners.

One of important reasons for the very limited impact of the WTO accession is the difficulty to export Kyrgyz production to the markets of the majority of the WTO members. High transportation

costs, prevalence of primary products, small production capacity of many enterprises and small possible size of export supplies, sensitivity to the technical barriers to trade (certification, standardization, etc.) are very important problems for Kyrgyz exports. It is worth to note that even if all trade and transit problems of the Kyrgyz economy would be fully resolved once, this should not necessarily result in a very fast growth in exports and FDI inflow. To make Kyrgyz produce (apart from gold and other mining products, which share is expected to reduce in the future) to be really competitive on international markets, it is necessary to implement very deep structural reforms directed at increase in productivity, quality of production, reduction in transaction costs. For success of these reforms a favorable trade regime, accessible regional market as well as sound macroeconomic policy are necessary, but not sufficient conditions.

Thus, the WTO membership of Kyrgyzstan is only one of many elements of the economic policy and does not pretend to be “a panacea” for all problems. In Kyrgyzstan it had and has more long-term, environment-creating, rather than short- or mid-term influence on the trade and the economy as a whole.

TABLES

Table 1. GDP dynamics and structure in Kyrgyzstan

	1990		1995		2002	
	In % to 1990 level	In % to GDP	In % to 1990 level	In % to GDP	In % to 1990 level	In % to GDP
Industry and construction	100.0	34.1	28.1	18.1	51.2	21.3
Agriculture	100.0	32.9	65.6	40.7	85.3	34.4
Services	100.0	33.0	66.2	41.2	83.3	44.3
GDP	100.0	100.0	53.0	100.0	73.1	100.0

Source: NSC

Table 2. Macroeconomic indicators

	1996	1997	1998	1999	2000	2001	2002
GDP, current prices, mil. soms	23399.3	30685.7	34181.4	48744	65357.9	73883.3	75366.7
Real GDP growth rate, %	7.1	9.9	2.1	3.7	5.4	5.3	0.0
GDP per capita at market exchange rate, USD	394	377	345	258	280	310	323
GDP per capita PPP, current international USD	2210	2403	2405	2543	2711	2807	n/a
Inflation, % (change in CPI year average)	32.0	23.4	10.5	35.9	18.7	6.9	2.0
Nominal exchange rate, soms/USD	12.84	17.37	20.77	39.02	47.72	48.44	46.92
Real effective exchange rate, CIS countries, (1997 = 100)	88.6	99.8	94.2	96.9	94.8	95.3	91.0
Real effective exchange rate, non-CIS countries, (1997 = 100)	90.6	99.4	111.5	153.8	150.1	137.6	139.5
Government budget deficit, % of GDP	9.5	9.2	9.5	11.9	10.4	5.0	5.4
Foreign debt of the Government (end of period)							
mil. USD	780.8	951.5	1093.5	1314.5	1399.2	1441.5	1576.4
% of GDP	42.8	53.9	66.4	105.2	102.2	94.5	98.1
Openness of economy, %	87.3	84.5	94.5	99.2	89.4	73.7	82.9
Gross domestic savings, % of GDP	-0.6	13.8	-6.1	3.2	14.3	17.7	13.8
Population, mil. persons	4.625	4.690	4.769	4.837	4.888	4.927	4.965
Poverty level, % of the population	51.9	51.0	54.9	55.3	52.0	47.6	44.4

Sources: NSC, NBKR, IMF, World Development Indicators

Table 3. Chronology of Kyrgyzstan's Accession to WTO

Date	Event
November 27, 1995	The Government of the KR created an Interministerial Commission of the Kyrgyz Republic on Negotiations with the WTO
February 13, 1996	The Kyrgyz Republic officially applied to WTO for full-scale membership
April 16, 1996	The General Council of WTO created a Working Group to consider Kyrgyz

Date	Event
	application and granted an observer status to the Kyrgyz Republic
July 24, 1996	The Memorandum on the Foreign Trade Regime of the Kyrgyz Republic had been prepared by the Interministerial Commission and handed over to the WTO Secretariat
March 10-11, 1997	First meeting of the Working Group on the Kyrgyz accession
July 17, 1998	Last, six meeting of the Working Group had taken place, which tentatively approved the report of the Working Group, the Protocol of Accession and the draft decision of the General Council
October 14, 1998	The General Council adopted a decision on accession of the Kyrgyz Republic to the WTO and the Protocol of Accession had been signed
November 20, 1998	Jogorku Kenesh (Parliament) of the Kyrgyz Republic ratified the Protocol of Accession
December 20, 1998	The Kyrgyz Republic officially became a WTO member

Source: Web-site of the Ministry of Foreign Trade and Industry of the KR <http://www.mvtp.kg/>

Table 4. Comparison of WTO accession conditions for different countries

Country	Accession negotiations period, years	Number of tariff bindings for agricultural goods	Number of tariff bindings for non-agricultural goods	Number of specific commitments in services	Number of specific commitments on rules
Kyrgyz Republic	<3	912	6068	29	29
Albania	8	2125	8459	25	29
Bulgaria	10	725	2491	21	27
China	15	977	6181	25	82
Chinese Taipei	9	1349	7284	25	63
Ecuador	3	1019	5758	20	21

Source: Reports of Working Parties on WTO accession of the countries, http://www.wto.org/english/thewto_e/acc_e/completeacc_e.htm

Table 5. Balance of Payments of the Kyrgyz Republic, mil. USD

	1996	1997	1998	1999	2000	2001	2002
Current account	-427.4	-138.4	-363.9	-184.0	-79.5	-18.9	-34.6
Goods ²⁸	-251.7	-15.2	-220.7	-88.6	4.0	39.9	-54.0
Exports	531.2	630.8	535.1	462.6	510.9	480.3	498.1
Imports	-782.9	-646.0	-755.7	-551.1	-506.9	-440.4	-552.1
Services	-217.5	-126.1	-112.8	-89.4	-86.9	-44.4	-7.1
Exports	31.5	45.0	62.8	64.9	61.8	80.3	138.4
Imports	-249.0	-171.1	-175.7	-154.3	-148.8	-124.7	-145.5
Income	-39.4	-64.6	-79.2	-74.0	-83.9	-65.5	-59.7
Current transfers	83.9	67.6	48.7	68.0	87.4	51.1	86.1
Capital and financial operations account	346.3	241.5	276.3	205.4	53.0	-0.4	43.0
Capital account	-15.9	-8.3	-8.1	-15.2	-11.3	-32.0	-27.9
Financial account	362.3	249.9	284.4	220.6	64.3	31.6	70.9
Net credit to the Government	105.2	137.5	129.6	176.8	92.9	67.2	37.1
Errors and omissions	57.9	-57.6	63.6	-3.4	10.3	18.6	20.8
Overall balance	-20.5	45.6	-24.0	18.1	-16.2	-0.7	29.2

²⁸ fob prices.

Source: NBKR

Table 6. Trade in goods by country, mil. USD

	1996	1997	1998	1999	2000	2001	2002
<i>Exports</i>							
Total	505.4	603.8	513.6	453.8	504.5	476.2	485.5
Russia	134.6	98.8	83.7	70.7	65.1	64.5	80.0
Uzbekistan	115.8	101.5	38.5	46.6	89.4	48.0	27.8
Kazakhstan	112.5	87.1	85.5	45.0	33.4	39.0	36.8
Germany	2.9	18.1	192.2	148.2	144.6	94.4	1.8
Switzerland	0.9	162.3	1.1	18.1	34.1	124.2	96.4
China	36.4	31.6	15.7	25.3	44.1	19.4	41.1
USA	17.6	17.9	7.6	11.2	2.8	7.1	36.1
Other countries	84.7	86.4	89.3	88.7	90.9	79.5	165.6
<i>Imports²⁹</i>							
Total	837.7	709.3	841.5	599.7	554.1	467.2	586.8
Russia	174.5	190.8	204.1	109.4	132.6	85.1	116.7
Uzbekistan	131.5	128.6	122.2	50.0	74.6	66.7	60.1
Kazakhstan	139.5	69.6	75.3	72.7	57.4	81.8	123.9
USA	35.7	39.6	40.9	54.2	53.8	26.8	47.4
China	7.8	32.5	44.4	36.9	36.9	48.5	59.1
Germany	31.8	38.4	53.1	47.3	25.2	24.3	31.4
Turkey	47.6	43.7	37.4	23.1	26.8	15.8	17.0
Other countries	269.3	166.1	264.2	206.2	146.9	118.3	131.1

Source: NSC

Table 7. Trade in goods by commodity groups, mil. USD

	1996	1997	1998	1999	2000	2001	2002
<i>Exports</i>							
Total	505.4	603.8	513.6	453.8	504.5	476.2	485.5
Agricultural produce	127.0	112.8	108.6	87.5	89.1	77.8	114.9
Electricity	73.6	83.2	25.6	52.0	79.8	46.8	22.0
Mineral energy resources	4.2	4.1	3.4	1.6	2.7	7.7	36.1
Gold	0.0	185.1	195.8	183.1	195.3	224.6	162.8
Non-precious metals	39.3	31.2	20.8	26.5	33.8	14.7	22.0
Consumer goods	137.4	71.9	39.0	22.9	17.5	15.8	24.6
Machinery and equipment	54.0	60.1	65.0	45.7	52.6	56.9	51.2
Intermediate goods	69.9	55.3	55.5	34.5	33.6	31.9	51.9
<i>Imports</i>							
Total	837.7	709.3	841.5	599.7	554.1	467.2	586.8
Agricultural produce	40.5	47.6	32.6	44.6	57.7	29.5	30.6
Electricity	26.7	23.8	7.9	2.8	7.6	9.8	9.7
Gold	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Non-precious metals	41.8	32.7	42.8	29.3	24.9	25.5	27.4
Mineral energy resources	213.2	182.8	201.1	118.9	121.1	111.2	142.3
Consumer goods	189.9	146.8	188.9	102.2	95.3	93.8	123.4
Machinery and equipment	230.0	156.6	211.8	208.6	153.0	98.1	134.5
Intermediate goods	95.6	119.0	156.4	93.3	94.6	99.3	118.8

Source: NSC

²⁹ In tables 2-16 imports are in cif prices.

Table 8. Trade with WTO member countries, mil. USD

	1996	1997	1998	1999	2000	2001	2002
<i>Exports</i>							
Total	59.4	238.7	249.9	229.1	240.5	278.2	307.3
Agricultural produce	23.8	29.6	25.4	16.9	26.7	19.5	51.4
Electricity	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Mineral energy resources	0.0	0.3	0.7	0.5	0.3	2.5	29.9
Gold	0.0	185.1	195.8	183.1	186.4	224.6	162.8
Non-precious metals	13.6	7.5	3.7	2.5	3.7	2.4	15.2
Consumer goods	1.7	1.6	1.3	2.6	4.4	4.5	4.2
Machinery and equipment	2.1	6.7	11.3	7.9	6.1	11.3	16.0
Intermediate goods	18.3	7.8	11.7	15.6	12.9	13.4	27.6
<i>Imports</i>							
Total	327.3	229.8	343.1	293.4	208.0	154.3	260.4
Agricultural produce	19.0	25.4	12.4	23.7	29.1	6.5	7.7
Electricity	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Mineral energy resources	2.8	2.7	3.5	2.1	2.0	1.6	3.7
Gold	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Non-precious metals	12.3	8.9	12.1	11.9	4.7	5.1	6.6
Consumer goods	110.8	70.5	123.6	62.6	49.1	49.0	79.3
Machinery and equipment	165.5	96.8	151.9	162.5	93.3	60.3	106.0
Intermediate goods	16.9	25.5	39.6	30.6	29.8	31.7	57.0

Source: NSC

Table 9. Trade with CIS countries, mil. USD

	1996	1997	1998	1999	2000	2001	2002
<i>Exports</i>							
Total	393.4	319.3	230.6	183.3	207.4	168.5	168.8
Agricultural produce	74.9	63.0	68.9	59.5	52.5	49.0	58.2
Electricity	73.5	83.2	25.6	52.0	79.8	46.8	22.0
Mineral energy resources	7.0	7.5	6.0	3.5	4.7	6.4	7.7
Gold	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Non-precious metals	15.6	12.5	10.8	4.2	2.6	4.4	6.4
Consumer goods	126.7	63.7	33.3	18.7	9.9	10.9	18.2
Machinery and equipment	43.4	44.4	45.5	29.2	38.5	33.6	27.7
Intermediate goods	52.3	45.0	40.5	16.3	19.4	17.4	28.5
<i>Imports</i>							
Total	486.9	435.8	440.7	259.3	298.6	257.0	322.5
Agricultural produce	21.0	21.0	19.9	21.5	27.2	20.9	23.1
Electricity	26.7	23.0	7.9	2.8	7.6	9.8	9.7
Gold	196.0	168.1	185.8	109.1	99.2	100.1	135.1
Non-precious metals	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Mineral energy resources	28.0	22.3	29.2	13.5	18.7	18.2	20.8
Consumer goods	79.2	63.4	47.9	30.2	46.1	36.3	45.6
Machinery and equipment	60.3	55.9	49.5	35.1	50.5	25.7	27.6
Intermediate goods	75.7	82.1	100.6	47.0	49.3	46.0	60.6

Source: NSC

Table 10. Trade with CACO countries, mil. USD

	1996	1997	1998	1999	2000	2001	2002
<i>Exports</i>							
Total	236.6	201.3	132.4	101.0	130.3	93.8	74.9
Agricultural produce	16.3	10.6	11.5	4.2	5.3	6.5	5.6

	1996	1997	1998	1999	2000	2001	2002
Electricity	73.5	83.2	25.6	52.0	79.8	46.8	22.0
Mineral energy resources	3.9	2.4	2.0	0.5	1.8	2.1	0.8
Gold	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Non-precious metals	8.7	6.6	6.3	1.9	0.8	2.6	4.2
Consumer goods	90.9	45.9	25.1	13.2	5.9	6.9	9.4
Machinery and equipment	18.9	24.4	31.6	18.8	24.9	15.2	12.2
Intermediate goods	24.4	28.2	30.3	10.3	11.8	13.7	20.7
<i>Imports</i>							
Total	277.3	208.2	203.9	126.7	133.9	150.0	187.5
Agricultural produce	14.8	15.3	11.9	14.6	21.2	18.8	20.5
Electricity	26.7	23.0	7.9	2.8	7.6	9.8	9.7
Mineral energy resources	170.4	119.2	131.4	81.5	81.8	91.0	111.7
Gold	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Non-precious metals	11.1	7.1	6.1	2.7	3.2	4.6	7.6
Consumer goods	16.2	10.9	6.7	4.7	5.1	8.3	14.4
Machinery and equipment	9.6	9.9	5.0	4.1	7.7	3.4	4.3
Intermediate goods	28.4	22.8	34.9	16.4	7.2	14.0	19.3

Source: NSC

Table 11. Trade with EurasEC countries, mil. USD

	1996	1997	1998	1999	2000	2001	2002
<i>Exports</i>							
Total	261.0	207.2	182.8	130.1	109.0	113.5	128.4
Agricultural produce	56.2	55.5	61.8	57.4	51.2	47.5	56.1
Electricity	37.0	18.9	9.5	20.4	15.5	12.1	4.5
Mineral energy resources	2.1	1.6	2.2	0.8	1.9	4.3	4.8
Gold	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Non-precious metals	8.4	8.5	7.0	3.4	2.1	4.2	6.3
Consumer goods	87.4	53.5	28.4	14.8	8.7	10.0	16.9
Machinery and equipment	31.5	32.8	40.0	22.2	19.4	24.7	21.9
Intermediate goods	38.6	36.5	33.9	11.1	10.3	10.6	17.9
<i>Imports</i>							
Total	326.4	280.7	295.4	191.4	195.8	174.3	249.2
Agricultural produce	17.3	16.3	15.9	16.7	20.8	19.7	22.3
Electricity	3.9	5.4	5.4	2.8	1.1	0.2	0.8
Mineral energy resources	109.4	79.0	88.8	66.8	45.0	48.2	89.4
Gold	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Non-precious metals	20.9	19.9	25.9	12.7	18.0	16.8	19.5
Consumer goods	57.6	43.1	30.9	19.2	25.3	24.6	36.8
Machinery and equipment	56.2	49.0	45.7	30.2	40.4	22.7	24.2
Intermediate goods	61.1	68.1	82.8	42.9	45.1	42.1	56.2

Source: NSC

Table 12. Trade with Russia, mil. USD

	1996	1997	1998	1999	2000	2001	2002
<i>Exports</i>							
Total	134.6	98.8	83.7	70.7	65.1	64.5	80.0
Agricultural produce	45.9	43.8	50.4	51.0	44.2	38.5	50.0
Electricity	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Mineral energy resources	0.0	0.8	0.7	0.5	0.4	2.5	4.3
Gold	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Non-precious metals	6.0	5.3	3.3	1.7	1.3	1.7	2.0

	1996	1997	1998	1999	2000	2001	2002
Consumer goods	34.9	17.5	7.6	4.8	3.9	3.7	8.4
Machinery and equipment	23.4	19.0	12.9	9.1	12.8	16.6	13.2
Intermediate goods	24.3	12.4	8.8	3.6	2.4	1.4	2.1
<i>Imports</i>							
Total	174.5	190.8	204.1	109.4	132.6	85.1	116.7
Agricultural produce	4.1	3.4	4.5	3.2	3.5	1.9	2.2
Electricity	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Mineral energy resources	24.9	48.3	53.4	27.5	17.2	8.8	23.1
Gold	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Non-precious metals	12.0	14.8	21.9	10.6	14.9	13.1	12.2
Consumer goods	44.0	36.2	26.3	13.7	20.3	16.3	22.5
Machinery and equipment	45.7	37.0	38.6	26.2	36.9	16.2	18.1
Intermediate goods	43.7	51.0	59.4	28.2	39.7	28.8	38.7

Source: NSC

Table 13. Trade with Kazakhstan, mil. USD

	1996	1997	1998	1999	2000	2001	2002
<i>Exports</i>							
Total	112.5	87.1	85.5	45.0	33.4	39.0	36.8
Agricultural produce	6.6	7.3	7.5	2.9	4.5	5.7	4.9
Electricity	33.8	16.4	9.3	15.8	11.6	10.4	3.4
Mineral energy resources	1.8	0.2	1.1	0.1	0.7	0.8	0.1
Gold	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Non-precious metals	1.4	2.4	2.3	1.0	0.2	2.2	4.0
Consumer goods	49.4	28.2	16.8	6.8	3.7	4.7	6.0
Machinery and equipment	7.0	12.7	25.7	12.0	5.5	7.1	6.6
Intermediate goods	12.5	20.0	22.7	6.3	7.2	8.1	11.9
<i>Imports</i>							
Total	139.5	69.6	75.3	72.7	57.4	81.8	123.9
Agricultural produce	12.4	12.2	11.1	13.3	17.2	17.7	20.1
Electricity	1.3	0.0	2.8	0.4	0.0	0.0	0.0
Mineral energy resources	84.3	30.6	35.1	38.9	27.5	39.4	65.4
Gold	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Non-precious metals	7.5	2.5	2.4	2.0	2.7	3.4	6.8
Consumer goods	12.5	5.5	3.5	3.6	4.5	7.7	13.6
Machinery and equipment	7.2	5.2	2.4	1.6	1.1	2.2	2.9
Intermediate goods	14.4	13.7	17.8	12.9	4.5	11.4	15.1

Source: NSC

Table 14. Trade with Uzbekistan, mil. USD

	1996	1997	1998	1999	2000	2001	2002
<i>Exports</i>							
Total	115.8	101.5	38.5	46.6	89.4	48.0	27.8
Agricultural produce	9.0	3.0	2.4	0.8	0.6	0.2	0.5
Electricity	36.5	64.4	16.1	31.6	64.3	34.7	17.5
Mineral energy resources	1.8	1.6	0.5	0.2	0.3	0.3	0.4
Gold	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Non-precious metals	7.1	4.0	3.8	0.7	0.5	0.2	0.1
Consumer goods	38.9	9.9	4.9	3.8	1.2	0.8	0.9
Machinery and equipment	11.4	11.3	5.2	6.4	18.5	7.2	3.5
Intermediate goods	11.1	7.3	5.7	3.0	4.0	4.5	4.9

<i>Imports</i>							
Total	131.5	128.6	122.2	50.0	74.6	66.7	60.1
Agricultural produce	1.8	2.4	0.5	1.1	3.9	1.0	0.3
Electricity	22.8	17.6	2.6	0.0	6.5	9.6	8.9
Mineral energy resources	86.0	88.6	95.9	42.1	54.1	51.6	45.4
Gold	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Non-precious metals	2.4	2.1	2.2	0.6	0.2	1.0	0.5
Consumer goods	3.6	5.1	3.1	1.1	0.6	0.5	0.8
Machinery and equipment	2.0	4.4	2.6	2.4	6.6	1.2	1.3
Intermediate goods	12.8	8.3	15.3	2.8	2.6	1.8	2.9

Source: NSC

Table 15. Trade with China, mil. USD

	1996	1997	1998	1999	2000	2001	2002
<i>Exports</i>							
Total	36.4	31.6	15.7	25.3	44.1	19.4	41.1
Agricultural produce	24.1	15.7	7.1	3.1	5.0	7.2	22.0
Electricity	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Mineral energy resources	0.0	0.0	0.0	0.0	0.1	0.2	0.6
Gold	0.0	0.0	0.0	0.0	8.9	0.0	0.0
Non-precious metals	8.6	9.2	5.1	18.7	26.2	7.4	11.5
Consumer goods	2.4	3.8	1.7	0.7	0.4	0.2	0.3
Machinery and equipment	0.5	0.1	0.3	0.5	1.1	2.6	4.5
Intermediate goods	0.7	2.8	1.5	2.4	2.4	1.8	2.2
<i>Imports</i>							
Total	7.8	32.5	44.4	36.9	36.9	48.5	59.1
Agricultural produce	0.7	1.5	3.1	2.5	3.5	1.9	2.7
Electricity	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Mineral energy resources	1.3	0.1	0.2	0.0	0.1	0.0	0.1
Gold	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Non-precious metals	1.0	1.1	1.3	3.6	1.3	2.0	2.8
Consumer goods	2.0	18.0	19.9	10.8	12.9	14.0	20.1
Machinery and equipment	1.9	2.4	5.3	5.4	5.1	10.1	12.1
Intermediate goods	1.0	9.3	14.5	14.5	14.1	20.4	21.4

Source: NSC

Table 16. Humanitarian aid imports, mil. USD

	1996	1997	1998	1999	2000	2001	2002
Total	39.4	35.2	24.2	51.9	58.2	30.2	50.7
USA	20.5	25.2	15.1	41.4	40.7	20.4	34.2
Germany	0.9	2.6	2.3	3.7	2.1	1.7	3.9
Other	18.0	7.4	6.7	6.8	15.4	8.1	12.5

Source: NSC

Table 17. Trade in services, mil. USD

	1996	1997	1998	1999	2000	2001	2002
<i>Exports</i>							
Total	31.5	45.0	62.8	64.9	61.8	80.3	138.4
Transport	7.2	8.8	19.1	19.9	16.6	20.4	37.5
Tourism	4.2	7.1	8.4	14.1	15.3	24.4	35.7
Communications	9.0	9.4	9.8	10.3	9.3	8.7	8.9
Construction	1.2	4.9	6.7	3.9	3.1	4.5	4.9

	1996	1997	1998	1999	2000	2001	2002
Insurance	0.0	0.0	0.9	0.7	0.5	0.2	0.3
Business services	0.0	0.5	3.4	3.7	4.5	7.1	18.4
Other	9.8	14.3	14.5	12.3	12.4	15.0	32.8
<i>Imports</i>							
Total	249.0	171.1	175.7	154.3	148.8	124.7	145.5
Transport	103.4	79.8	93.2	77.7	69.9	49.8	54.0
Tourism	5.7	3.7	3.5	10.7	15.6	11.9	9.9
Communications	8.2	8.5	8.3	8.2	7.0	7.9	7.0
Construction	50.7	7.0	9.7	3.2	6.0	6.7	8.5
Insurance	10.7	12.8	11.6	10.1	8.0	7.4	8.9
Business services	65.2	47.5	31.3	26.9	29.3	30.0	38.7
Technical assistance	44.8	23.3	19.8	18.5	20.4	21.3	21.0
Other	5.1	11.8	18.1	17.6	13.0	10.9	18.6

Source: NSC

Table 18. Exports of tourism services, mil. USD

	2001	2002
Total	24.4	35.7
Kazakhstan	8.9	9.6
USA	1.7	5.1
Russia	2.4	3.4
Uzbekistan	2.8	2.8
China	1.5	1.9
Other	7.1	12.9

Source: NSC

Table 19. FDI by sector and country of origin, mil. USD

	1996	1997	1998	1999	2000	2001	2002
Total	153.1	86.3	136.3	108.6	89.6	90.1	115.7
<i>By sector</i>							
Industry	120.9	43.2	29.8	61.4	48.6	59.5	60.2
Trade & catering	28.1	14.7	31.8	8.4	5.9	12.4	13.1
Procurement	0.0	9.7	27.4	4.3	9.2	6.3	4.2
Construction	0.5	4.1	21.2	12.8	4.7	0.4	2.5
Finance	0.0	6.0	5.4	1.7	1.6	0.5	6.0
Other	3.6	8.6	20.7	20.0	19.7	11.1	29.7
<i>By country</i>							
Canada	126.5	31.4	8.5	4.9	6.8	13.0	12.7
USA	4.3	10.0	32.5	19.2	23.6	17.5	20.1
Turkey	10.9	17.6	15.4	23.3	12.1	16.3	13.4
United Kingdom	0.6	13.4	20.9	26.1	6.1	1.6	2.5
Germany	0.7	1.3	1.9	15.6	9.5	22.4	9.0
Russia	0.8	0.7	1.3	1.5	5.4	3.0	17.1
Korea	0.0	0.3	13.9	0.8	0.1	3.9	7.7
Kazakhstan	0.3	1.2	4.4	1.3	0.2	1.5	6.3
Other	8.9	10.5	37.3	16.0	25.9	10.8	26.7

Source: NSC

Table 20. Trade-related tax collections

	1996	1997	1998	1999	2000	2001	2002

	1996	1997	1998	1999	2000	2001	2002
<i>Collections in real terms³⁰, mil. USD (2002 prices and exchange rate)</i>							
Total of three types of taxes	23.7	44.5	69.6	60.6	57.9	79.6	89.7
VAT on imports	7.5	26.0	41.2	34.0	40.6	62.4	69.5
Import excises	5.7	7.6	12.9	17.5	10.9	10.6	11.3
Import duties	10.4	10.9	15.5	9.1	6.4	6.6	8.9
<i>In % to GDP</i>							
Total of three types of taxes	1.9	3.3	5.0	4.2	3.8	5.0	5.6
VAT on imports	0.6	1.9	2.9	2.4	2.7	3.9	4.3
Import excises	0.5	0.6	0.9	1.2	0.7	0.7	0.7
Import duties	0.8	0.8	1.1	0.6	0.4	0.4	0.6
<i>In % to imports</i>							
Total of three types of taxes	4.1	8.1	9.7	8.7	9.4	16.2	15.3
VAT on imports	1.3	4.7	5.8	4.9	6.6	12.7	11.9
Import excises	1.0	1.4	1.8	2.5	1.8	2.2	1.9
Import duties	1.8	2.0	2.2	1.3	1.0	1.3	1.5

Source: NSC

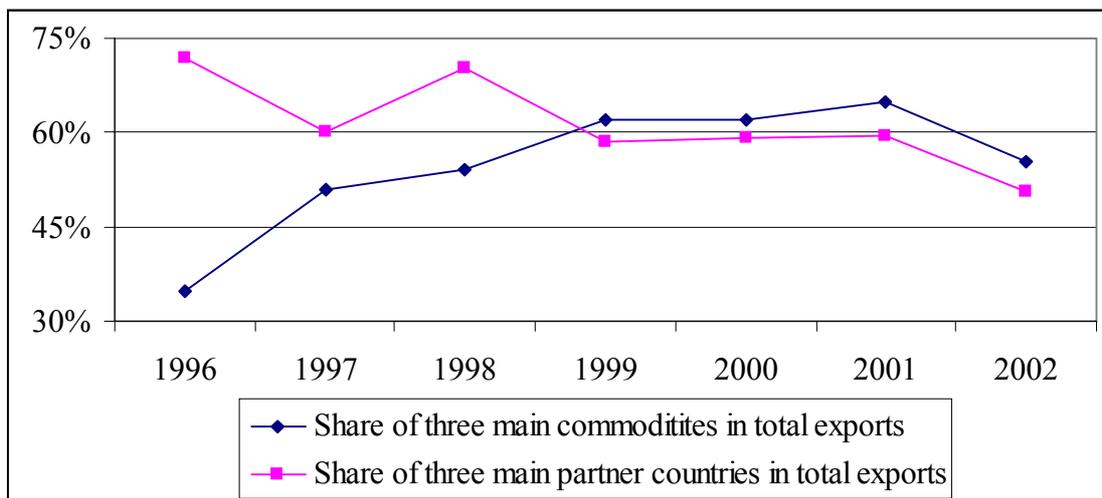
³⁰ Deflated by GDP deflator.

FIGURES

Figures 1. Map of the Kyrgyz Republic

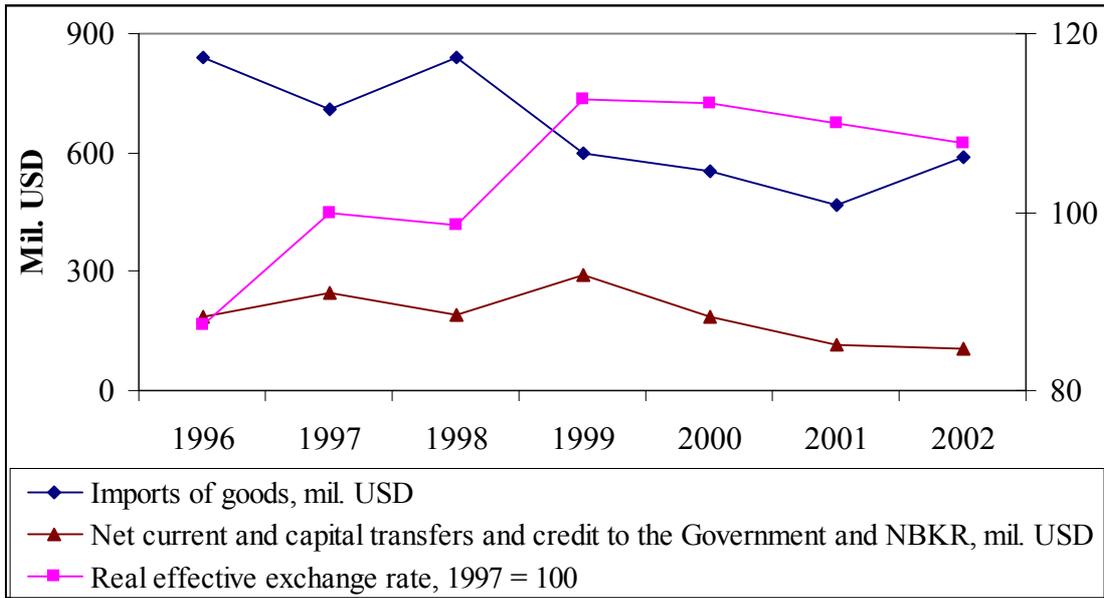


Figures 2. Commodity and geographical concentration of Kyrgyz exports



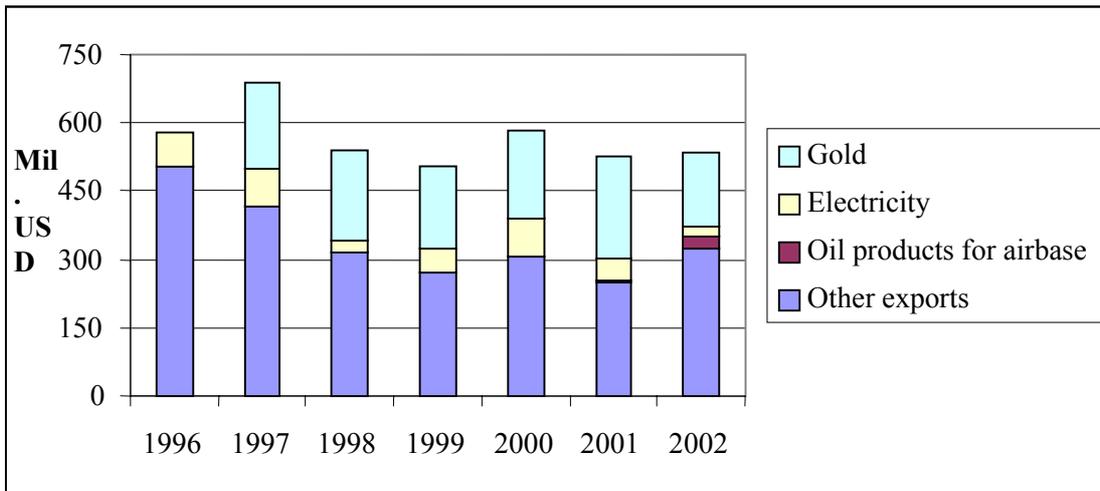
Source: NSC, Author's calculations

Figures 3. Effect of foreign aid flows and real effective exchange rate on imports



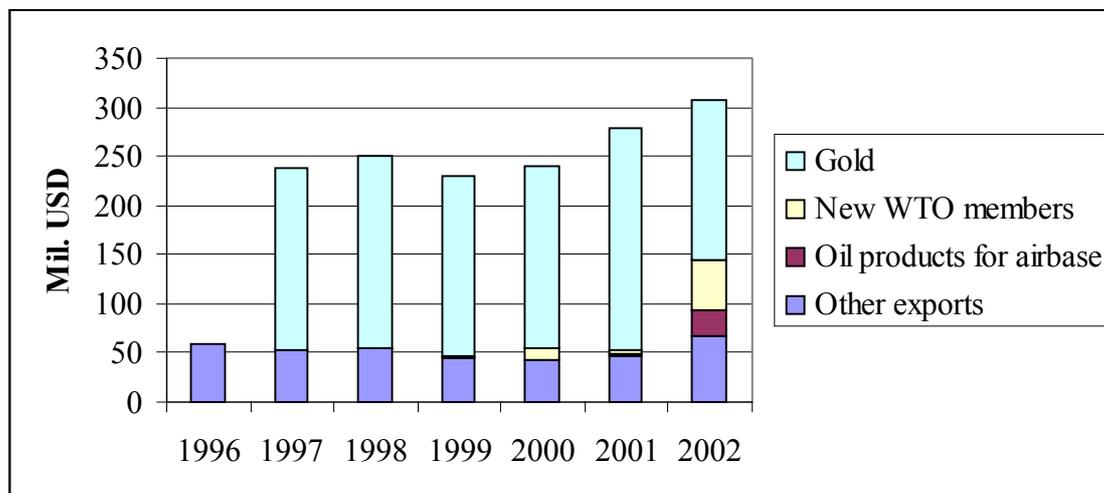
Source: NSC, NBKR, author's calculations

Figures 4. Effect of exogenous factors on exports



Source: NSC, author's calculations

Figures 5. Effect of exogenous factors and WTO membership expansion on exports to WTO countries



Source: NSC, author's calculations