



INTERNATIONAL  
BUSINESS  
COUNCIL

# IBC Events

## Business and government to improve mutual understanding

***"Business has always faced problems and will face them in the future. It is important how the Government responds to them. It has done much to improve the investment climate but we need more," Executive Director of the International Business Council Temirbek Azhykulov said at a roundtable on the theme: "Role of investment in economic development."***

Businesses, especially SMEs, need long cheap money but the loan interest rates now reach 30 percent in the country's commercial banks. Many banks issue loans to individuals under a large collateral in the form of property only.

Tax administration in Kyrgyzstan has to be reformed, Azhykulov added. According to a survey conducted by the International Finance Corporation, Kyrgyz SMEs have to spend up to 6 percent of their profit for reporting to the State Tax Service and Social Fund.

"Business expects simplifying the administration of taxes and social contributions," Azhykulov said.

Another problem hindering business in Kyrgyzstan is the unpredictability of legislation. "Legal amendments should be drafted according to 'do no harm' principle and should not deteriorate

the business climate," Azhykulov said at a meeting of Prime Minister of Kyrgyzstan Temir Sariyev with the business community.

Business is also facing challenges with the provision of land for construction and mining. It is necessary to speed up the solution of land allocation issues, to simplify this process and make it transparent and clear.

The Government with the support from the OSCE is implementing a Systematic Regulatory Review project aimed at identifying and eliminating barriers to doing business in Kyrgyzstan, simplifying procedures, and reducing the time for preparation and submission of financial statements.

More information is available at [link](#)



### IBC Monthly Bulletin

March-February, 2016

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## Business community calls for stability in the country

**IBC Executive Director Temirbek Azhykulov took part in a press conference on the theme: "Business community of Kyrgyzstan calls for stability in the country."**

The press conference was held on March 24 at the AKIpress news agency. The event was also attended by Executive Director of the JIA Business Association Ruslan Akmatbek, CCI Deputy Board Chairman Nurlan Musuraliev, representative of the Union of Entrepreneurs of Kyrgyzstan Talantbek Jumabekov, and Head of the NABA Secretariat Elvira Borombaeva.

The IBC investment surveys which have been conducted for fifteen years show that investor's confidence drastically reduced after political events in Kyrgyzstan, said Azhykulov. Firstly, investors see country's risks in their decision-making, he added.

The press conference participants appealed to the society to solve issues not at the meetings but through negotiations.

More information is available at [link](http://www.ibc.kg/en/analysis/articles/1957_ibc_political_instability_discourages_investors_in_kyrgyzstan_)

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## Kyrgyzstan's business associations invited to investment forum in Italy

A meeting of the Secretariat of the Business Development and Investment Council under the Government of the Kyrgyz Republic was attended by Honorary Consul of Italy in the Kyrgyz Republic Maria Bepalova, Senior Advisor to the Honorary Consul Giorgio Fiacconi and representatives of business associations including IBC. According to Fiac-

coni, a large investment forum will be held in September in Italy. The forum aims to discuss the possibility of cooperation between entrepreneurs of Italy and Central Asia. Representatives of the Consulate of Italy invited Kyrgyzstan's business associations to take part in the forum.



## New law on administrative activities discussed

**IBC initiated a meeting to discuss the new Law of the KR "On Principles of Administration and Administrative Procedure."**

The meeting was attended by developers of the law, representatives of the Economy Ministry and the State Agency for Geology and Mineral Resources. The IBC members - representatives of the mining companies are concerned about the peremptory norm of law regarding the mandatory pre-trial settlement of disputes. According to the law developers, the law is aimed at protecting the interests of business representatives, as it requires government bodies to make informed decisions.

IBC invited the law developers to participate in a meeting of the IBC Committee on Mineral Resources for a detailed discussion of certain provisions of the law.

## Optimizing procedure for obtaining construction documentation

***Focus group including SRR (Systematic Regulatory Review) project experts and representatives of the construction industry discussed the current procedure for obtaining permits for construction.***

The meeting was attended by executive director of Mega Stroy construction company Narbek Abdulayev and representatives of the Construction Committee of the JIA Business Association. The participants developed recommendations to simplify the procedure for obtaining authorization documents by

reducing the time of their review and streamlining the duplicating procedures.

The recommendations will be analyzed by SRR experts and sent to the Government to initiate amendments to the legislation.

## InterConsult and IBC had a business breakfast

***The InterConsult company and IBC had a business breakfast for corporate executives and quality management professionals.***

InterConsult Director General Alexey Gorshenin spoke about the development of business processes, ISO 9001: 2015 international standard and risk management.

The participants were interested in discussing important issues for the companies that are the basis of successful business, such as quality management, de-

velopment of business processes, choice of a model providing valuable approach to a company.

The seminar was attended by manufacturers and consulting companies including Manas Management Company, Air Manas (Pegasus), Beyond Investment Group, Ak-Bata, as well as the Japan International Cooperation Agency (JICA), and others.



## IBC and WB experts discuss the investment climate in the country

***IBC Executive Director Temirbek Azhykulov and partner of the Colibri Law Firm Denis Bagrov met with experts of Global Trade and Competitiveness Department of the World Bank Group, Syed Akhtar Mahmood and Gerlin Mae Katanga.***

The meeting participants discussed the current state of the investment climate in the country, in particular, the situation on the settlement of investment disputes. Ac-

cording to Azhykulov, the results of the IBC survey on tax disputes, conducted among the IBC members showed that the current appeal mechanism of tax authorities is ineffective. The Tax Service is reviewing its own acts, which is a priori wrong, because there is a conflict of interest.

The meeting also noted a significant improvement in the economic situation in Kyrgyzstan compared to the situation 10 years ago.



## Results of a survey on construction materials presented

*The International Business Council and JIA Business Association with support of the USAID Business Growth Initiative Project (BGI) held a roundtable on the theme: "Development prospects of construction materials industry in the Kyrgyz Republic."*

The meeting brought together representatives of the Government, the USAID Mission in the Kyrgyz Republic, country's leading construction companies and enterprises - manufacturers of construction materials, as well as companies involved in logistics and marketing.

The participants discussed the results of a survey of construction materials value chain in Kyrgyzstan.

More information is available at [www.ibc.kg](http://www.ibc.kg)



## IBC Executive Director spoke at Investment Forum in Istanbul

***IBC Executive Director Temirbek Azhykulov participated in the Central Asia Investment Forum held by the EBRD and Financial Times in Istanbul. The forum – the first such event in the region – was supported by TOBB (the Union of Chambers and Commodity Exchanges of Turkey).***

Representatives of governments, investors and experts from Central Asia, including Mongolia, discussed the challenges and opportunities of the Great Silk Road. The Forum was held under the motto "Forging Relationships for Growth."

Temirbek Azhykulov spoke during panel discussions. Leading investors, policymakers, economists and experts discussed the current state of the economies in the region, particularly in the Eurasian Economic Union member countries, as well as investment opportunities in the region.

Azhykulov paid special attention to investment opportunities in the mining sector of Kyrgyzstan.

The Forum provided a platform to discuss the practicalities of doing business in the region, the opportunities

for international investors in Central Asia and how to navigate the complexities of operating in the region.

Turkey's Deputy Prime Minister, Mehmet Simsek, opened the forum together with EBRD President, Sir Suma Chakrabarti. Leading ministers from the five participating countries - Kazakhstan, Kyrgyzstan, Mongolia, Tajikistan, and Turkmenistan – presented new opportunities for investment.

China's program of Silk Road revival, known as One Belt One Road, was explained in a presentation by Executive Vice President of China's Silk Road Fund, Ms Wang Dan. Keynote address by the CEO of Coca-Cola Icecek, Burak Basarir, explored the corporate view of Central Asia.





## Partnership of business and career centers

Roundtable on the topic "Partnership of Business and Career Centers: How to Prepare Students for Employment" was held by the International Business Council (IBC), JIA Business Association and Association of Educational Institutions «Education Network» as part of the project funded by the USAID Collaborative Governance Program.

The meeting participants discussed problems of career centers and their solutions.

The discussion was attended by representatives of government agencies, universities, entrepreneurs and experts.

More information is available at [www.ibc.kg](http://www.ibc.kg)



## El Group Consulting and IBC hold HR-Event

Participants discussed the following topics: "Assessment of the current state of wage market. Short term forecasts under the conditions of economic crisis" and "How to reduce costs in tough times without sacrificing the quality."

E-Consulting Group experts presented the results of assessment of the current state of the market in the country, as well as forecast for the near future in conditions of the economic crisis. Companies operating in the financial sector, processing industry, production of consumer goods, IT and telecommunications participated in the survey.

According to the survey, 47% of respondents planned to review salaries in 2016, increasing it by an average of 11%, while in 2015 65% of companies - participants of the survey increased salaries by an average of 10%. For the first time in the history of the Salary Market Research, in 2015, the key factors for revision of salaries was individual contribution of employees, company's performance, position held, whereas in previous years inflation was the main cause for salary increase.

## SAGMR Director participates in IBC MRC meeting

*Director of the State Agency for Geology and Mineral Resources under the Government of the KR (SAGMR) Duyshenbek Zilaliev attended a meeting of the IBC Mineral Resources Committee.*

The meeting discussed cooperation between the IBC Committee and the Agency. The Agency is ready to collaborate with the IBC Committee on all issues related to subsoil use, Zilaliev said. He proposed to hold committee meetings at the agency's premises.

The meeting participants discussed the draft regulations related to subsoil use.

They also considered possible subsoil licensing problems arising in connection with the entry into force of the Law "On Principles of Administration and Administrative Procedures," as well as subsoil problems related to water management including the Water Code.



## Business associations and MPs discuss problems of entrepreneurs

*IBC Executive Director Temirbek Azhykulov spoke at a roundtable held by the Chamber of Industry and Commerce of the Kyrgyz Republic.*



Representatives of the leading business associations of the country, the CCI and deputies of the Jogorku Kenesh discussed how to create a favorable business environment and find effective solutions to business problems.

The discussion involved a group of deputies of the Social Democratic Party faction (SDPK) headed by the leader of the faction Chynybay Tursunbekov.



A large number of drafted normative legal acts affecting business were discussed by the Parliament without participation of business, IBC Executive Director said.

Representatives of business associations should be necessarily invited to the meeting of the relevant parliamentary committees - on Economic and Fiscal Policy, on Energy and Subsoil Use, as well as on Budget and Finance, Azhykulov added.

To protect their own producers, EEU member states have introduced requirements, which cause additional charges and increase the final cost of goods manufactured in Kyrgyzstan, making them uncompetitive in the market of a particular EEU partner country, the SDPK leader said.



## Sut Bulak, leader among cheese producers

*Sut Bulak JSC (trademark Dairy Spring), an IBC member, has become the leader for contributions to the state budget among cheese producers in Kyrgyzstan, according to the Tazabek IA rating, based on the data of the state information portal "Open Budget".*

The company paid 8.6 million soms to the budget of in 2015 and 6.7 million soms in 2014.

Kyrgyz President Almazbek Atambayev solemnly awarded Sut-Bulak with Diploma of the Kyrgyz Republic for its contribution to the social and economic potential of the country on results of 2015, the Year of Strengthening the National Economy.

The Sut Bulak JSC was founded on January 5, 1996. In June 1997, the company brought Dairy Spring brand to the Kyrgyzstan's market. Sut Bulak produces 13 types of cheese and other dairy products. The company collects milk from farmers at 60 milk collection centers.



In the photo: President of Kyrgyzstan Almazbek Atambayev presents the Diploma of the Kyrgyz Republic to Sut Bulak Board Chairperson Elena Isayeva.

## Charity festival supports orphanages

*The Seventh Annual Charity Festival "Kyrgyzstan the country of skiing and winter holidays" was held at the ZIL Ski Base.*

The event was organized by the Business Development and Investments Council under the Government of the Kyrgyz Republic, Tourism Department under the Ministry of Culture and Tourism of the KR, International Business Council, Bishkek Business Club, JICA Alumni Association, ZIL Ski Base, Hiking Union, and Retro FM radio.

About 1,000 tickets were sold at the festival. The money collected will go to support orphanages.





## Ruslan Chynybaev, IBC Board Chairman

*Ruslan Chynybaev is Corporate and Legal Affairs Director at the Imperial Tobacco Kyrgyzstan Company LLC. Earlier, he worked at Reemtsma Kyrgyzstan OJSC, Jyldyz Shparta German-Kyrgyz JSC, and Ala Insurance JSC.*

Ruslan graduated from the Middle East Technical University in Ankara, Turkey, and the Kyrgyz National University in Bishkek. He received additional training in the Japan Education Center in Bishkek (SMEs Management, Enterprise Management and Corporate Relations), Kazakhstan Institute of Management, Economics and Strategic Research under the President of the RK (KIMEP) in Almaty, Kazakhstan, and European Center of Management in Milan, Italy.

From 2011 to 2013 he was IBC Board Deputy Chairman.

Language skills: Kyrgyz, Russian, English (good) and Turkish.



## IBC made proposals to the Government Action Plan

IBC took part in a meeting of the Business Development and Investment Council under the Government of the Kyrgyz Republic chaired by the Prime Minister of the Kyrgyz Republic. The participants discussed crisis management part of the Action Plan of the Government to implement the Government Program for 2016 titled "Stability, trust and new opportunities."

IBC Executive Director Temirbek Azhykulov stressed the need for structural reforms (in particular, optimization of the state machine), reduction of direct state involvement in market relations by gradual privatization of major economic state-owned entities, as well as the inexpediency of creating a state insurance company.

## MP participates in the IBC committee meeting

Deputy Chairman of the Committee on Economic and Fiscal Policy of the Jogorku Kenesh Dastan Bekeshev attended a meeting of the IBC Committee on Fiscal Policy to discuss the mechanisms of cooperation between the Parliament and the IBC committees.

The IBC Committee members expressed their willingness to provide necessary consultations or other expert assistance to the MP in initiating amendments to the legislation related to fiscal issues.

The Committee discussed problems of communication operators in connection with the failure of Kyrgyzstan's fiscal authorities to implement international obligations. Tax authorities require that communication operators pay VAT for international calls, while Kyrgyzstan is a member of international treaties, according to which international call services are exempt supplies.



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