

2.2 Social and Economic Conditions

2.2.1 Social Conditions

(1) Population

The Kyrgyz Republic has a total population of 4,502,000 according to the national census of 1993. Table 2.2.1-1 shows the population of the Kyrgyz Republic in 1993 according to administrative divisions. The population distribution is 1,678,700 or 37.3% urban, and 2,823,300 or 62.7% rural.

Table 2.2.1-1 Population of the Kyrgyz Republic and its Breakdown by Oblasts (1993)
(1,000)

Region	Population	Urban Areas	Rural Areas	Percentages	
				Urban	Rural
Kyrgyz Republic	4,502.0	1,678.7	2,823.3	37.3	62.7
Jalal-Abad oblast	812.8	232.3	580.5	28.6	71.4
Issyk-Kul oblast	429.3	139.0	290.3	32.4	67.6
Naryn oblast	267.9	56.0	211.9	20.9	79.1
Osh oblast	1,380.9	368.5	1,012.4	26.7	73.3
Talas oblast	203.0	32.5	170.5	16.0	84.0
Chui oblast	774.0	219.6	554.4	28.4	71.6
Bishkek	634.1	630.8	3.3	99.5	0.5

Source: National Statistics Committee, Kyrgyz Republic

Comparison of the populations of the different oblasts reveal that Naryn oblast, which has the largest area, has a very small population. Most of the oblast lies in the Tien Shan mountain system which has hindered transport and contact with other areas. The regions's isolation was compounded by the fact that the border with neighbouring China remained closed for a long time. However, the Naryn oblast is expected to change greatly in the future, due to the reopening in recent years of the border with China. There is a large flow of people over the border. The economic downturn has also caused some 3,000 people to move to Bishkek every year.

Osh oblast, the second largest administrative division, is slightly smaller in area than the Naryn oblast, and has the biggest population. As mentioned earlier, two-thirds of the Kyrgyz Republic is mountainous. However, Osh oblast and its northern neighbour Jalal-Abad oblast are situated in a fertile plain at the foot of the Tien Shan mountains. The capital of Osh oblast on the border of the neighbouring Republic of Uzbekistan has many Uzbek immigrants, and over half the population of the city is Uzbek. At the same time, Osh serves as a gateway to Samarkand, Bukhara, Kokand, Tashkent and other cities which were important historical and cultural centres along the Silk Road. The Osh oblast is a unique region in the Kyrgyz Republic.

Table 2.2.1-2 shows the change in the population of the Kyrgyz Republic in the 13 years from 1981 to 1993.

Table 2.2.1-2 Changes in Population (1981~1993)

Year	Total Population	Urban Areas	Rural Areas	Percentages	
				Urban	Rural
1981	3,661.9	1,398.4	2,263.5	38.2	61.8
1982	3,735.2	1,423.3	2,311.9	38.1	61.9
1983	3,814.3	1,446.9	2,367.4	37.9	62.1
1984	3,898.6	1,479.3	2,419.3	37.9	62.1
1985	3,975.7	1,509.7	2,466.0	38.0	62.0
1986	4,051.6	1,537.7	2,513.9	38.0	62.0
1987	4,133.6	1,567.9	2,565.7	37.9	62.1
1988	4,213.0	1,601.7	2,611.3	38.0	62.0
1989	4,286.5	1,638.6	2,647.9	38.2	61.8
1990	4,367.2	1,663.8	2,703.4	38.1	61.9
1991	4,422.2	1,684.3	2,737.9	38.1	61.9
1992	4,484.5	1,697.4	2,787.1	37.8	62.2
1993	4,502.5	1,678.7	2,823.3	37.3	62.7

Source: National Statistics Committee, Kyrgyz Republic

The total population is increasing every year. It surpassed 4 million in 1986, and 4.5 million in 1993. The rate of increase was steady from 1981 to 1990 - about 2% per annum. However, the rate of increase has declined since 1991. In 1991 the rate of increase fell to 1.3%, and remained virtually unchanged at 1.4% in 1992. But in 1993 the rate of increase was a meagre 0.4%. Population growth in the Kyrgyz Republic is definitely slowing down. Economic decline is thought to be the cause. Since independence, the Kyrgyz Republic has experienced spiralling inflation, a fall in real wages and rising unemployment. Population increase is expected to remain stagnant while these economic conditions prevail.

(2) Number of Births, Deaths, Natural Increase

Table 2.2.1-3 shows the numbers of deaths and natural increase in 1992 for the whole country and for each oblast. The birth rate was 28.6 births per 1,000 for the whole country. Four oblasts: Jalal-Abad oblast, Naryn oblast, Osh oblast, and Talas oblast, have birth rates higher than the national average, especially the first three. Osh oblast and Jalal-Abad oblast have large populations to begin with. Yet Naryn oblast, with the second smallest population, has 33.8 births per 1,000 - over 5 more than the national average. Chui oblast has a large population, but has only 20.4 births per 1,000 - 8 less than the national average. This oblast is situated in the northernmost part of the Kyrgyz Republic and surrounds the capital Bishkek. Chui oblast is politically, economically and culturally very different from other regions in the Kyrgyz Republic.

The death rate is 7.2 deaths per 1,000 for the whole country. Regions with death rates higher than the national average are Chui oblast, the Bishkek administrative district and Issyk-Kul oblast, all of which are situated in the northern part of the Kyrgyz Republic. At the national level, the sum of the birth rate minus death rate indicates a natural rate of increase of 21.4 persons per 1,000. Bishkek is the the only region where the natural rate of increase is less than 10.

In 1991 Japan had a birth rate of 10 births per 1,000, and a death rate of 6.7 deaths per 1,000. The Kyrgyz Republic's birth rate of 28.6 births per 1,000 is similar to Japan's birth rate for the early 1950s. The death rate of 7.2 deaths per 1,000 is equivalent to

Japan's figures for the early 1960s. (Figures for Japan according to Vital Statistics issued by the Statistical Survey Department of the Ministry of Health and Welfare.)

Table 2.2.1-3 Number of Births, Deaths, and Natural Increase, National and by Oblast (1992)

Region	(per 1,000)								
	Number of Births			Number of Deaths			Natural Increase		
	Total	Urban	Rural	Total	Urban	Rural	Total	Urban	Rural
Kyrgyz Republic	28.6	21.1	33.1	7.2	7.3	7.1	21.4	13.8	26.0
Jalal-Abad oblast	33.9	26.5	36.9	6.5	6.8	6.3	27.4	19.7	30.6
Issyk-Kul oblast	27.0	24.5	28.2	7.5	6.8	7.8	19.5	17.7	20.4
Naryn oblast	33.8	35.5	33.3	6.8	4.3	7.4	27.0	31.2	25.9
Osh oblast	35.2	26.1	38.5	6.1	5.9	6.1	29.1	20.2	32.5
Talas oblast	31.0	24.2	32.3	6.4	6.4	6.4	24.6	17.8	25.9
Chui oblast	20.4	15.9	22.1	8.8	7.5	9.3	11.6	6.4	12.8
Bishkek	15.8	15.9	—	8.6	8.6	—	7.2	7.3	—

Source: National Statistics Committee, Kyrgyz Republic

Table 2.2.1-4 shows the change in the number of births, deaths, and natural increase from 1981 to 1993. The average birth rate for the thirteen year period is very high, 31 births per 1,000. The average death rate is 7.5 deaths per 1,000. The average rate of natural increase for the thirteen year period is 23 persons per 1,000. The death rate varies from year to year, but the birth rate has steadily declined after peaking in 1986 and 1987. The rate of natural increase is also slowly declining every year after peaking in 1986. In 1993 the natural rate of increase fell to 18.4 per 1,000. The birth rate and the rate of natural increase are expected to fall considerably by the year 2000 due to the sluggish state of the economy and further spread of family planning which is being promoted by the Kyrgyz government.

Table 2.2.1-4 Births, Deaths and Natural Increase (1981~1993)

(per 1,000)

Year	Births			Deaths			Natural Increase		
	Total	Urban	Rural	Total	Urban	Rural	Total	Urban	Rural
1981	30.7	25.5	33.8	8.0	7.5	8.3	22.7	18.0	25.5
1982	31.1	24.9	34.9	7.7	7.3	8.0	23.4	17.6	26.9
1983	31.3	25.0	35.1	7.8	7.2	8.2	23.5	17.8	26.9
1984	32.0	26.3	35.5	8.3	7.8	8.6	23.7	18.5	26.9
1985	32.0	25.8	35.8	8.1	7.4	8.4	23.9	18.4	27.4
1986	32.7	26.3	36.6	7.1	6.6	7.4	25.6	19.7	29.2
1987	32.7	26.3	36.6	7.3	7.0	7.6	25.4	19.3	29.0
1988	31.5	25.2	35.3	7.5	7.0	7.8	24.0	18.2	27.5
1989	30.4	23.6	34.6	7.2	7.1	7.3	23.2	16.5	27.3
1990	29.3	21.7	34.2	7.0	7.0	6.9	22.3	14.7	27.3
1991	29.1			6.9			22.2		
1992	28.6	21.1	33.1	7.2	7.3	7.1	21.4	13.8	26.0
1993	26.1			7.7			18.4		

Source: National Statistics Committee, Kyrgyz Republic

(3) Age Composition

Table 2.2.1-5 shows the breakdown of the population of the Kyrgyz Republic by age and sex, and the ratio of each to the total population.

Table 2.2.1-5 Population Breakdown by Age and Sex (1992)

Age	Total	Male	Female	Ratio to Total Population (%)		
				Total	Male	Female
Total Population	4,451,824	2,183,079	2,268,745	100	100	100
0 ~ 4	624,348	318,133	306,215	14.0	14.6	13.5
5 ~ 9	572,710	288,782	283,928	12.9	13.2	12.5
10 ~ 14	476,596	240,469	236,127	10.7	11.4	10.4
15 ~ 19	437,074	218,648	218,426	9.8	10.0	9.6
20 ~ 24	374,419	193,992	180,427	8.4	8.9	8.0
25 ~ 29	358,972	177,436	181,536	8.1	8.1	8.0
30 ~ 34	350,985	174,089	176,896	7.9	8.0	7.8
35 ~ 39	272,610	134,490	138,120	6.1	6.2	6.1
40 ~ 44	205,170	100,441	104,729	4.6	4.6	4.6
45 ~ 49	96,305	48,023	48,282	2.2	2.2	2.1
50 ~ 54	169,884	81,562	88,322	3.8	3.7	3.9
55 ~ 59	143,287	67,422	75,865	3.2	3.1	3.4
60 ~ 64	141,426	62,819	78,607	3.2	2.9	3.5
65 ~ 69	96,119	36,734	59,385	2.2	1.7	2.6
70 ~ 74	50,334	16,295	34,039	1.1	0.8	1.5
75 ~ 79	38,670	11,670	27,000	0.9	0.5	1.2
80 ~ 84	23,660	6,932	16,728	0.5	0.3	0.7
85 +	19,255	5,142	14,113	0.4	0.2	0.6

Source: National Statistics Committee, Kyrgyz Republic

The largest age group is the 0 to 4 years age group, followed by the 5 to 9 years age group, the 10 to 14 years age group, and the 15 to 19 years age group. The groups become smaller with advancing age. There is a sharp fall in the the 45 to 49 age group. The group accounts for only 2.2% of the total population. People in this group were born within the 5 years after the end of World War II, between 1945 and 1949. The former Soviet Union was victorious in the war, but conditions were very hard in the early post-war years. The pattern is seen in both sexes of this age group.

In the Kyrgyz Republic the average life span is 69 years, with an average life span of 64.6 years for males and 72.2 years for females. The Kyrgyz Republic divides its population into three categories, 'below working age,' 'working age,' and 'above working age.' Generally, the 'working age' is considered to be 16 to 59 for males, and 16 to 54 for females. When this classification is applied to the population of the Kyrgyz Republic, the total number of males and females of 'working age' is 50.3%, approximately one half of the total population. About 10% of the total population is living on pensions.

(4) Families

Table 2.2.1-6 shows the number of households in the Kyrgyz Republic and the average number of persons in a family. The 1989 census shows that there were 856,148 households in the Kyrgyz Republic, 43.2% in the urban areas and 56.8% in the rural areas. Households are concentrated in regions with large populations such as Osh oblast, Jalal-Abad oblast, Chui oblast, and the Bishkek administrative district.

The average number of persons in a family is 4.7 persons, with 3.9 persons in the urban areas and 5.2 persons in the rural areas. On the average, families in the rural areas have 1.3 persons more than families in the urban areas. This trend can be seen in all the oblasts. The traditional extended family system still exists in the rural areas.

Table 2.2.1-7 shows the annual income per household. The figures are for the ten years from 1983 to 1992, and the first nine months of 1993. The figures are given in Som, which was adopted as the unit of currency in the Kyrgyz Republic in May 1993. Prior to this date, the Russian rouble was in use. The figures in the Table predating May 1993 have been converted into Som, using the current exchange rate of 1 Som = 200 roubles. Household incomes in 1992 were 5.9 times those of 1991, while expenditure was 6 times greater. Incomes and expenditure in the first 9 months of 1993 were 27 times those of 1991. The average monthly income in 1993 was 130.7 Som; average monthly expenditure totalled 124 Som. (As of August 1994, the exchange rate was US\$ 1 = 10 Som.)

Table 2.2.1-6 Number of Households by Oblast and Average Size of Families (1989)

Region	Number of Households			Average Size of Families		
	Total	Urban Areas	Rural Areas	Total	Urban Areas	Rural Areas
Kyrgyz Republic	856,148	369,620	486,528	4.7	3.9	5.2
Jalal-Abad oblast	134,058	46,257	87,801	5.3	4.4	4.8
Issyk-Kul oblast	84,186	29,758	54,428	4.5	4.0	5.8
Naryn oblast	45,421	9,598	35,823	5.4	5.1	5.5
Osh oblast	219,535	69,159	150,376	5.5	4.6	5.9
Talas oblast	36,662	7,396	29,266	5.1	4.0	5.3
Chui oblast	184,951	56,874	128,077	4.0	3.6	4.1
Bishkek	151,335	150,578	757	3.6	3.6	4.3

Source: National Statistics Committee, Kyrgyz Republic

Table 2.2.1-7 Income and Expenditure per Household

Year	(Som)	
	Income	Expenditure
1983	18.4	18.1
1984	18.0	17.7
1985	18.8	17.6
1986	19.8	18.7
1987	20.5	19.5
1988	21.3	20.1
1989	22.3	20.7
1990	24.8	23.5
1991	42.5	40.6
1992	250.6	245.5
1993 (9 months)	1,176.7	1,116.4

Source: National Statistics Committee, Kyrgyz Republic

(5) Ethnic Composition

Like other countries in Central Asia, the Kyrgyz Republic is a multi-ethnic nation. The national flag depicts a sun with forty wavy rays in the centre of which is the roof of a yurt. The forty rays, called the 'forty daughters,' are said to represent the forty ethnic groups, although a total of over eighty ethnic groups permanently reside in the Kyrgyz Republic.

Table 2.2.1-8 gives a breakdown of ethnic groups residing permanently in the Republic in the three years from 1991 to 1993. The Kyrgyz make up the largest group, followed by Russians, Uzbeks, Ukrainians, Germans, Kazakhs and Tajiks. Numbers vary from year to year, but the order remains the same. The Germans, called 'Germans who do not speak German,' previously lived around the Volga. However, in 1941, at the outbreak of the war between Germany and the Soviet Union, they were deported on the orders of Stalin to Central Asia and Siberia.

The number of Kyrgyz is increasing every year, prompted by the Kyrgyz Republic's declaration of independence in 1991, following the collapse of the Soviet Union. Yet Kyrgyz account for just over 50% of the total population. The number of Russians, Ukrainians, Belorussians, Georgians, Turkmens and Germans are decreasing. These ethnic groups left the Kyrgyz Republic in large numbers after independence. The number of Uzbeks and the Kazakhs, who belong to the same Turkic stock as the Kyrgyz, are increasing, as are the Tajiks.

The Tajiks are a Persian people, but many Tajiks have fled the civil war in their nation and sought refuge in the Kyrgyz Republic. In the Republic of Tajikistan, the northern Tajik-dominated government and the anti-government southern Tajik forces have been at war since 1991. The number of Tajiks fleeing to the Kyrgyz Republic may increase if the conflict escalates.

Table 2.2.1-8 Population by Ethnic Groups (1991~1993)

Ethnic Group	Number of Permanent Residents			Ratio to the Total Population		
	1991	1992	1993	1991	1992	1993
Total	4,389,524	4,451,824	4,469,324	100	100	100
Kyrgyz	2,371,606	2,450,440	2,526,361	54.0	55.0	56.5
Russians	905,392	888,746	840,506	20.6	20.0	18.8
Uzbeks	580,318	593,301	604,241	13.2	13.3	13.5
Ukrainians	104,375	101,086	93,261	2.4	2.3	2.1
Germans	70,025	56,358	44,421	1.6	1.3	1.0
Kazakhs	39,530	40,900	41,364	0.9	0.9	0.9
Tajiks	34,692	35,215	35,534	0.8	0.8	0.8
Belorussians	8,948	8,762	8,151	0.2	0.2	0.2
Jews	4,228	3,560	3,028	0.1	0.1	0.1
Armenians	3,901	3,834	3,803	0.1	0.1	0.1
Moldavians	1,864	1,859	1,826	0.04	0.04	0.04
Georgians	1,120	1,114	1,083	0.03	0.03	0.02
Turkmens	814	810	785	0.02	0.02	0.02
Lithuanians	420	411	375	0.01	0.01	0.01
Estonians	380	366	366	0.01	0.01	0.01
Latvians	323	321	279	0.01	0.01	0.01
Others	173,931	177,165	178,850	3.98	3.88	3.99

Source: National Statistics Committee, Kyrgyz Republic

Table 2.2.1-9 shows the ratio of the ethnic groups in each oblast. The northern oblasts and the southern oblasts are very different in ethnic composition. Chui oblast and the Bishkek administrative district in the north have more Russians than Kyrgyz. In 1936, when the Kyrgyz Republic became a constituent republic of the Soviet Union, many Russians entered as factory workers and settlers; they helped develop the northern part of the nation. The southern oblasts of Jalal-Abad oblast and Osh oblast have many Uzbeks, and some schools follow the Uzbekistan curriculum.

Table 2.2.1-9 Ratios of Ethnic Groups by Oblast (1993)

Ethnic Group	Jalal- Abad	Issyk- Kul	Naryn	Osh	Talas	Chui	Bishkek
Kyrgyz	63.9	72.0	97.7	61.2	82.4	33.8	28.4
Russians	5.5	19.0	0.8	4.3	7.8	40.3	52.2
Ukrainians	0.9	1.4	0.1	0.5	1.5	5.0	5.0
Uzbeks	23.9	1.0	0.5	27.6	1.0	1.7	1.7
Kazakhs	0.2	1.0	0.2	0.1	1.7	2.3	1.5
Tatars	1.9	1.0	0.1	1.6	0.3	1.2	2.7
Germans	0.3	0.3	0.0	0.1	1.2	4.1	1.0
Belorussians	0.06			0.1	0.06	0.3	0.6
Azerbaijans	0.05			0.4	0.1	1.0	0.4
Armenians	0.09			0.1			0.2
Tajiks	0.6			2.2			0.11
Georgians							0.06
Lithuanians							0.03
Moldavians							0.1
Latvians							0.03
Turkmens							0.05
Estonians							0.02
Jews							0.4
Others	2.6	3.7	0.6	1.8	3.94	10.3	5.50

Source: National Statistics Committee, Kyrgyz Republic

There have been noticeable changes among the various ethnic groups in the Kyrgyz Republic in the last two or three years since independence in 1991.

Table 2.2.1-10 shows the pattern of immigration and emigration by the different ethnic groups in the Kyrgyz Republic in 1993. With the exception of three groups including the Kyrgyz, all other ethnic groups are declining. The decline in the number of Russians is especially noticeable. There are two reasons for this. First, most Russians who emigrated could not speak the Kyrgyz language. These people had moved to the Kyrgyz Republic in the former Soviet period, when Russian was the first language of the country. These Russians do not think they can learn a new language, Kyrgyz. The second reason

is the closure of many factories. The former Soviet government's policy was not to have one republic produce one product from start to finish, but rather to have the product processed and finished in several republics. The collapse of the Soviet Union severed the close relationship between the republics. Many factories could no longer operate and were forced to close. The Russians and the Ukrainians, who made up the bulk of the workforce in these factories, started leaving in large numbers.

From 1970 to 1989, the working age population in the Kyrgyz Republic increased by an average of 43,000 persons per year (2.5%). From 1990 to 1992, it increased by only 17,000 persons (0.8%). The biggest single factor for the decline is the great number of people leaving the Kyrgyz Republic. Seventy percent of those leaving are of working age, and the majority are Russians. (Data supplied by the National Statistics Committee of the Kyrgyz Republic.)

**Table 2.2.1-10 Entries into and Departures from the Kyrgyz Republic
by Ethnic Groups (1993)**

Ethnic Group	Entries	Departures	Increase/ Decrease	Increase/ Decrease in 1992
Kyrgyz	5,998	3,211	2,787	2,208
Russians	9,336	84,062	(-)74,726	(-)42,559
Ukrainians	1,169	11,065	(-) 9,896	(-) 6,750
Belorussians	88	909	(-) 821	(-) 606
Uzbeks	1,983	8,185	(-) 6,202	(-) 5,589
Kazakhs	871	1,605	(-) 734	(-) 408
Georgians	14	24	(-) 10	(-) 24
Azerbaijans	526	398	(-) 28	(-) 332
Lithuanians	10	47	(-) 37	(-) 32
Moldavians	25	116	(-) 91	(-) 62
Latvians	6	68	(-) 62	(-) 36
Tajiks	385	582	(-) 197	(-) 537
Armenians	44	173	(-) 129	(-) 57
Turkmens	8	38	(-) 30	(-) 29
Estonians	5	33	(-) 28	(-) 4
Tatars	677	8,584	(-) 7,907	(-) 3,406
Jews	45	1,175	(-) 1,130	(-) 450
Germans	634	21,539	(-)20,905	(-)12,025
Uigurs	230	439	(-) 209	(-) 122
Dungans	269	223	46	113
Koreans	369	630	(-) 261	(-) 94
Turks	495	310	185	313
Others	709	3,961	(-) 3,252	(-) 1,675

Source: National Statistics Committee, Kyrgyz Republic

(6) Languages

As mentioned in the previous section, the Kyrgyz Republic is a multi-ethnic nation where many languages are spoken. In the Soviet Union period Russian was the official language, however, a law dated 23 September 1989 clearly stipulates that 'Kyrgyz is the national language of the Kyrgyz Republic.' The Fifth Article of the new Constitution, which took effect on 5 May 1993, stipulates the same. However, the place of other languages is not denied. The Second Clause of the Fifth Article states that 'the equality, unhindered development, and function of Russian and all other languages used by the people of the Republic are guaranteed.' There are now as many languages as there are ethnic groups in the Kyrgyz Republic, making it a truly multilingual nation.

Since the new Constitution was adopted, official documents have been prepared first in Kyrgyz, then in the Russian language. Russian was the language of instruction in schools, but Kyrgyz is gradually taking its place.

Nevertheless, it is impossible for the Kyrgyz Republic to completely sever its ties with Russia or discard the Russian language. Russian is an important language for the Kyrgyz Republic, both domestically and internationally. It is the common language of the many ethnic groups in the country. Russian is also an essential language for maintaining a friendly relationship with the countries of the CIS.

Secondly, Russian has many expressions that do not exist in Kyrgyz. In addition, the Kyrgyz Republic is a land-locked nation. People going outside of the Kyrgyz Republic pass through areas where Russian is spoken. Furthermore, the Russian language is deeply embedded in the society and economy of the Kyrgyz Republic; eliminating the language would greatly hinder the nation's social and economic development. Thus although Kyrgyz is the national language, it must be emphasized that the Russian language will continue to be an important language in the Kyrgyz Republic.

(7) Education

The Kyrgyz Republic has a high standard of education. In 1990, 93% of the labour force had a secondary education. School is compulsory from the age of six, and at present all children of this age are attending school. Figure 2.2.1-2 shows the education system of the Kyrgyz Republic.

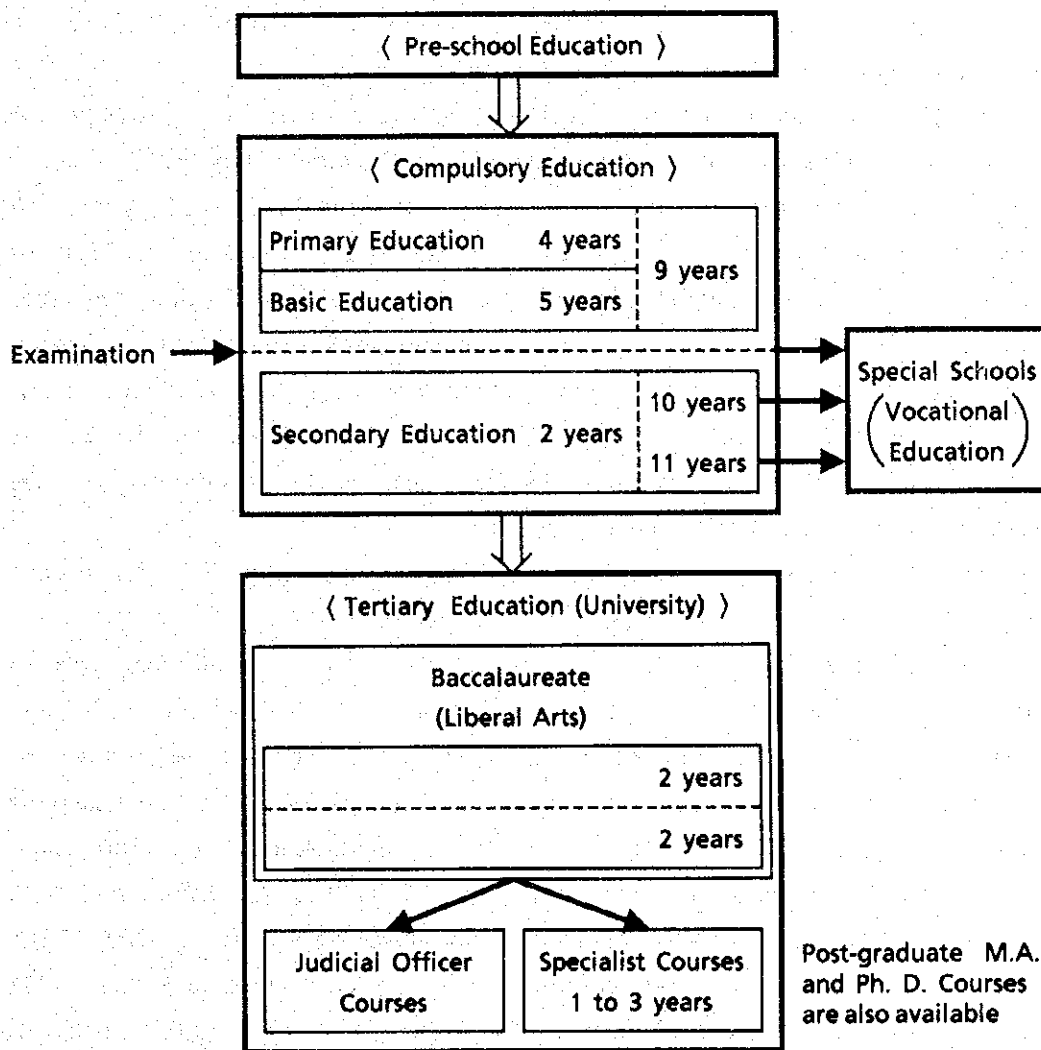


Figure 2.2.1-2 Education System in the Kyrgyz Republic

Pre-school education is the equivalent of kindergarten in Japan and is not compulsory. Students go to the same school for the nine years of compulsory education. They then take an examination to go on to secondary education. After completing secondary education, they can proceed to tertiary education. The four years of tertiary

education are divided into two two-year terms. After the first two years, students can either proceed immediately to the next two years or defer their education and resume it again after several months or years. Students who have only completed the first two years of study do not receive university degrees. Degrees are only given after completing four years. Graduates then have a choice of proceeding to judicial officer courses or other specialist courses. Students can major in many fields in the specialist courses. Above these courses there are Master of Arts and Doctorate programmes.

Another option is to proceed to a special school upon completion of the nine years of compulsory education. Students may also enter a special school after completing a year or the two full years of secondary education. The special schools offer a wide variety of courses in industry, construction, agriculture, health and physical education, education, law, art, music, transportation, communications and so on. These courses do not have a fixed number of years. The majority of students do not pay tuition fees. According to the Kyrgyz Ministry of Education, of the 53,000 university students in the country, only about 4,000 are paying tuition.

In 1993 the Kyrgyz Republic had 939,600 students in primary and secondary schools. School enrollment is nearly 100%.

The Kyrgyz Republic has a high level of education and a favourable education environment. However, there are several problems. One is the lack of classrooms and teachers. Most primary and secondary schools are operating in two shifts. The morning session is from 7:00 a.m. (7:30 or 8:00 in some schools) to 1:00 p.m., and the afternoon sessions from 2:00 p.m. to 6:00 p.m. Table 2.2.1-11 shows the number of schools operating under a two-shift system. The number of schools not having to operate in shifts increased from 1991 onwards, but they accounted for only 21% of schools in 1993. Schools operating in shifts also increased in the period from 1992 to 1993. The reason for this varies from school to school, but the main reason is the lack of teachers and classrooms.

The salary of teachers working in compulsory education schools is 100 to 300 Som a month (figures according to the Ministry of Education). Many teachers have sought jobs elsewhere because of dissatisfaction with their salaries. The Ministry of Education points out that another problem is the quality of teachers. The quality of

teachers in rural areas is lower than those in urban areas. The rural areas also suffer from a lack of facilities. The result is that the rural areas do not receive an adequate education. This state of affairs is due to financial constraints.

Table 2.2.1-11 Shift System in Primary and Secondary Schools

	1991	1992	1993
Number of schools operating without shifts	311	349	390
Ratio to total number of schools (%)	18.0	19.7	21.4
Number of schools operating in two shifts	1,420	1,419	1,435
Ratio to total number of schools (%)	82.0	80.3	78.6

Source: National Statistics Committee, Kyrgyz Republic

(8) Literacy Rate

Education in the Kyrgyz Republic faces a number of problems, but has managed to maintain a high standard. Enrollment in nine-years of compulsory education is almost 100%. The literacy rate is very high. In 1989 there were 2,581,300 out of a total of 2,661,900 people above the age of 15 who were literate, meaning a national literacy rate of 97%. The rate is as high as 98% in the urban areas, and 96.2% in the rural areas.

(9) Culture and Entertainment

The Kyrgyz Republic has many cultural facilities, such as play theatres, concert halls and opera houses, as a result of the cultural promotion policies carried out in the former Soviet period. In the capital Bishkek, there is the Kyrgyz Theatre which performs Kyrgyz plays, the Russia Theatre which performs mainly Russian plays, the Philharmonia Hall for concerts, and the National Opera House for operas and ballets. Daily performances include such popular works as Chekhov's plays at the Russia Theatre, operas like *Madam Butterfly* and *Aida*, and ballets such as *Swan Lake*. There is a large and smaller hall in the Philharmonia Hall; one is given over to classical music, and the other for the performances of local folk music and folk dancing.

Table 2.2.1-12 shows the number of specialized performing arts centres and their attendances.

Table 2.2.1-12 Number of Specialized Performing Arts Centres and Attendances

	1990	1991	1992
Total number of performing arts centres	9	9	10
opera/ballet	1	1	1
drama/comedy/music	6	6	6
other	2	2	3
Attendances (1,000)	1,111	1,352	989

Source: National Statistics Committee, Kyrgyz Republic

Attendances increased in 1991, but decreased in 1992 by 363,000. Ticket prices vary depending on the theatre and the performing artists. In Bishkek, a ticket costs 3 to 5 Som at the Russia Theatre, and 5 to 6 Som at the Opera House, and 10 Som at the Philharmonia Hall. (US\$ 1 = 10 Som as of August 1994)

Facilities where people pay to see films exist throughout the nation. This includes mobile cinemas which visit villages and small towns. Table 2.2.1-13 shows the number of cinemas and attendances.

Table 2.2.1-13 Number of Cinemas and Attendances

	1980	1990	1991	1992
Pay film facilities	1,209	1,350	1,191	617
(breakdown)				
Permanent facilities	988	1,115	991	539
Moving facilities	221	235	200	78
Film facilities in rural areas	949	1,097	973	521
(breakdown)				
Permanent facilities	752	892	796	455
Moving facilities	197	205	177	66
Attendances (1,000)	46,705	42,715	31,583	14,228
Number of attendances per person	13	10	7	3

Source: National Statistics Committee, Kyrgyz Republic

The number of cinemas increased in the period from 1980 to 1990, but decreased by almost half over the period from 1991 to 1992. The decrease was dramatic even in the rural areas where there are few entertainment facilities.

Attendances also halved over 1991-1992, as did the average number of attendances per person.

In the capital Bishkek, admission to a permanent movie theatre costs 3 to 5 Som, though prices vary from theatre to theatre.

Attendances for performing arts centres and cinemas, and the number of cinema facilities have declined rapidly since 1991. It is interesting to note that this coincides with the commencement of the commercial broadcasting service, *Piramida*. Another factor is the rising admission costs which will lead to further decrease in attendances in the future.

2.2.2 Economic Conditions

(1) Economic Structure

1) Overview

The Kyrgyz Republic's Ministry of Finance expects the nation's Gross Domestic Product to reach 2,001 million Som in 1994. Agriculture, including stock breeding, forms the backbone of the Kyrgyz economy. The main agricultural produce are cotton, sugar beet, cereals (wheat, barley, corn), potatoes, tobacco, fruit, vegetables, milk, beef and wool.

In recent years, the agricultural sector has accounted for 40 to 50% of the Net Material Product (NMP) and 33 to 35% of jobs. In 1992 agriculture accounted for 42.5% of NMP. In 1991 it provided 35.3% of jobs. Small private farms produce one-third to one-quarter of the nation's fruit and vegetables.

The second major sector of the Kyrgyz economy is the manufacturing industry. In 1992 manufacturing accounted for 37.8% of NMP. In 1991 it employed 18.2% of the total labour force. The manufacturing industry is still dominated by state-owned enterprises; they accounted for 85% of industrial production in 1992, followed by joint enterprises at 12.5%. The remainder was produced by individual and corporate enterprises.

The main manufacturing industries are textiles, food processing (including sugar refining), metal refining, and agricultural machinery. Light industries producing shoes, stockings, light bulbs, etc., have also become important in recent years.

The Kyrgyz Republic has hardly any deposits of petroleum or natural gas, and must import all of its petroleum-refined products. However, the nation is rich in water-power resources, and provides (sells) electricity to neighbouring countries. It is also rich in such mineral deposits such as gold, coal, mercury, uranium and antimony. All of these minerals, except coal, have been extensively mined since the Soviet period.

During the Soviet period, production and economic activities in the Kyrgyz Republic were limited to specific areas such as foodstuffs, processed foods, wool products, minerals, non-ferrous metals and provision of electricity. The Kyrgyz Republic was heavily dependent on trade with the other republics in the Soviet Union for such items as fuels, chemical products, medical supplies, timber, paper, machinery, and all construction supplies, except cement. The collapse of the Soviet command economy and insufficient foreign aid means the Kyrgyz Republic is now unable to import all of its needs. The shortage is seriously hindering production.

2) Economic Trends

The Kyrgyz economy has suffered greatly from the large decline in the manufacturing sector*, three-digit inflation and government budgetary constraints. In 1989 economic growth came to a standstill; the rate of economic decline has since accelerated. In 1992 national income contracted by 39% (the rate was 33.5% for the CIS as a whole). Consumer goods production fell by 24%. During this period the price index of consumer goods and services went up 1,974.5%, up from 1,896.7% in 1991. However, national income (nominal income) increased by only 8.8 times.

* Reasons for the decline in the manufacturing sector:

- Decrease in the purchase of machinery and appliances manufactured in the Kyrgyz Republic by the other CIS countries.
- Rising prices and lesser supplies of imported oil, metals, timber, other raw materials, and industrial parts.
- Suspension of foreign aid.
- Reduction in the number of workable manufacturing equipment and transportation facilities.
- Priority given to reform policies.
- Low quality of management and falling discipline and responsibility in business transactions.

In 1992 the Kyrgyz economy was thrown into further chaos. This was primarily due to the rapid liberalization of prices in Russia from early 1992. While the price of agricultural produce — the main export item of the Kyrgyz Republic — increased 100 to 120 times, the price of imported fuel increased 1,200 times compared to 1990. The deficit in trade with the CIS countries mounted in the first nine months of 1993: 187 million Som with Russia, 7.6 million Som with Kazakhstan, and 115 million Som with Uzbekistan.

In 1993 the Kyrgyz government implemented anti-inflation measures as a part of its attempts to overcome the economic crisis. As a result, while per capita national income for the first 9 months of 1993 decreased by 15.4% (compared to 26% in 1992), the rate of inflation, which was 40 to 50% in 1992, went down to 16 to 18% by the summer.

Key factors symbolizing the economic conditions today are the establishment of a banking system, drawing up of business legislation, and improvement of the business relationships with the CIS countries in the shift towards a market economy. As of December 1993 delayed and unpaid accounts totalled 415,485,000 Som, a sum equivalent to 63.9% of the total state expenditure for 1993 and 247.2% of state economic loans (which make up 25.8% of government outlays). The Kyrgyz Republic must deal with this crisis by responsibly repaying its debts, changing over to a

management policy which gives priority to debt repayment, and building up a business system which assures prompt transactions.

3) Economic Forecast (Mid-term Forecast)

An economic recovery in the 1990s will be closely connected to the economic trends in the other former Soviet republics. The other former Soviet republics make up the Kyrgyz Republic's largest trading partners. The Kyrgyz Republic must give priority to the implementation of various economic reforms. These reforms will determine the timing and speed of economic recovery. The restructuring of existing enterprises, establishment of a reliable commercial transaction system based on banking, provision of an environment attractive to new enterprises, and stabilizing prices will be essential for a recovery.

Forecasting the timing of economic recovery is made even more difficult by the uncertainties in the other former Soviet republics and the uncertainties of reforms in the Kyrgyz Republic. Sustainable economic growth may be secured in the late 1990s provided there is continued social stability, real progress in economic structural reforms, and provision of adequate levels of foreign aid. Table 2.2.2-1 shows that the Kyrgyz Republic can expect a growth in GDP from 1995.

Table 2.2.2-1 Goals and Forecasts of Economic Trends
in the Kyrgyz Republic (1991 - 1995)

	(%)				
	1991 ^(*1)	1992 ^(*1)	1993 ^(*2)	1994 ^(*2)	1995 ^(*2)
Real GDP growth rate	-5.0	-25.4	-16	-5.5	0.4
GDP	15.3 ^(*3)	200.5 ^(*3)	—	20,100 ^(*4)	—
Retail price index	179	1,259	1,208.7	210.8	50.7
Wholesale price index	288	4,031	—	—	—

(*1) Kyrgyz authorities and IMF staff estimates, Dec. 1992

(*2) Kyrgyz authorities estimated & forecasted, 25 May 1994

(*3) Unit: 1 billion roubles

(*4) Unit: 1 million Som (according to Kyrgyz Ministry of Finance)

Exchange Rate: 1 US\$ = 10 Som (August 1994)

(2) Production Trends

From 1987 to 1990 production in the Kyrgyz Republic grew 5% per annum. However, with independence in August 1991, production plummeted. The fall was due to the stagnation of trade with the other former Soviet republics, the sudden rise in the price of imported fuel, and damage from floods. Conditions had been tolerable in 1990. However, in 1991 and 1992 the consumer price index and the wholesale price index increased and real wages plummeted. These changes were experienced by all countries in the rouble zone. The unemployment figures announced in mid-1993 were very low, but real unemployment figures are thought to have been considerably higher due to the amount of lay-offs and fewer working days. Some observers say that 300,000 people are already unemployed.

Production has also been effected by the reduction in plant and equipment investment. Plant and equipment investment, which was 16% of NMP in 1988, was less than 4% of the NMP in 1991.

It is estimated that production fell by 19% in 1992, with almost all economic spheres experiencing a decline.

(3) Industrial Trends

In January 1994 the National Statistics Committee compiled a report on the economic conditions in the Kyrgyz Republic. The report said the most notable feature was the decline in production. The Committee pointed out that the main reason for the decline is the long-term suspension of production by enterprises, especially those in the light manufacturing sector and construction sectors. The shortage of gas and other raw materials provided by Uzbekistan, Russia, Belorussia, and Kazakhstan was also cited.

The Kyrgyz government has announced a goal of switching from fuel to electricity to supply energy needs. Hydro-electric power is plentiful in the Kyrgyz Republic. A greater use of water-power resources will lessen the dependence on fuel and provide exports in the form of electricity. Hydro-electric power is an important target for national investment in the future.

The electronics industry is another important sector with much potential for development. The reasons are as follows:

- Existence of plants which previously produced high-quality silicon crystals, semi-conductors, and electrical household appliances.
- Existence of engineers with advanced electronic and technical knowledge.
- Existence of competent engineers in the field of telecommunications and computers.

(4) State Budget

The state budget has been in deficit since 1992. The 1994 budget provides for a deficit of 850 million Som. Only 6.5% of the budget outlays is earmarked for development. The difficulty in reducing the current expenses and budget deficit hinders the acquisition of funds for fostering economic expansion. Deficits impose a severe burden. While the need for private investment (both direct and indirect) is recognized, it is essential that there be more government-led investment through increased development outlays in the budget. (See Tables 2.2.2-2, 3, 4)

Table 2.2.2-2 Summary of Consolidated Government Operations (1991 - 1994)

	1991	1992	1993	1994
	(in billions of roubles)		(in millions of Som)	
Total revenue	5.43	25.51	1,330.0	4,192.4
Tax revenue	2.66	22.39	721.3	2,831.3
Turnover tax	1.17	—	—	—
VAT	0.30	7.65	233.5	931.6
Excises	0.00	2.79	71.8	312.3
Personal income taxes	0.38	2.69	71.6	232.7
Profit taxes	0.65	7.78	228.6	879.3
Others	0.15	1.46	115.8	475.4
Non-tax revenue	0.84	3.14	138.6	833.2
Capital revenue	—	—	8.6	39.1
Union grants (net)	1.93	—	—	—
Recurring grants	—	—	164.5	488.8
Total expenditure and net lending	4.73	52.37	2,103.3	5,643.3
Net lending	—	12.14	473.7	726.6
Current expenditure	4.53	37.96	1,554.6	4,651.5
Wages and salaries	1.11	9.57	280.9	809.3
Goods and services	1.40	10.23	243.3	1,843.3
Subsidies	—	—	311.6	279.8
Transfers	2.03	10.53	633.7	1,226.7
Disaster relief	—	—	18.7	149.5
Interest payments	—	0.87	36.5	342.8
Others	—	6.76	—	—
Capital expenditure	0.19	2.28	75.0	265.2
Balance	0.70	- 26.86	- 773.3	- 1,450.9

Source : IMF reports (1993), data provided by the Kyrgyz authorities,
IMF staff projections

Note : See Table 2.2.2-3, 4 for the 1994 state budget

Table 2.2.2-3 State Budget (Revenue) of the Kyrgyz Republic for 1994

	(ths Som)
Revenue	1994 (forecast)
Value-added tax	1,061,000.0
Profits tax for enterprises and organizations	695,300.0
Excise (tax)	457,000.0
Income tax paid by citizens to their enterprises, institutions, organizations and tax inspectorates	250,077.0
Customs duty	120,000.0
Income from forestry	4.0
Fees taken by the courts of arbitration	18,320.0
Collections and other non-tax incomes	65,000.0
Payments for water	400.0
Property tax	23,875.0
Transfers for development of mineral and raw material base	10,400.0
Transfers for prevention and relief of extreme situations	246,000.0
Tax on juridical person's use of motorways	128,384.0
Profits from sales and leasing of State property	39,100.0
The remainder of State Property Fund's account for 1 July 1993	-----
Land tax from juridical and natural persons	82,710.0
Incomes from sale of rare earth metals	-----
Payment for natural resources	29.0
Task for mobilization of financial resources	152,396.0
Means transferred to the local Soviets' extra-budgetary funds	3,000.0
The remainder of budget means used for covering outlays	10,000.0
Total Revenue	3,363,259.0

Source : Ministry of Finance of the Kyrgyz Republic, 20 April 1994

Table 2.2.2-4 State Budget (Expenditure) of the Kyrgyz Republic for 1994

Expenditure	(ths Som)		
	1994 (forecast)	Current expenses budget	Develop- ment budget
Financing the Republic's national economy	785,139.0	555,883.6	229,255.4
Fuel and energy sector	36,005.8		36,005.8
Machine building sector	9,118.0		9,118.0
Agricultural sector	292,549.2	277,049.2	15,500.0
Social sector	5,431.0	5,431.0	
Construction sector	19,326.4	1,114.4	18,212.0
Transport and communications sector	127,179.0	126,082.0	1,087.0
Defence sector	6,485.3	6,485.3	
(Other)	289,044.3	139,711.7	
Measures for prevention and relief of extreme situations	230,083.0	230,083.0	149,332.6
Social and cultural measures	1,790,290.2	1,752,385.2	37,905.0
Science	17,210.8	17,210.8	
Defence	108,016.0	107,016.0	1,000.0
Public order	156,457.9	154,426.9	2,061.0
Government administration	4,108.1	4,108.1	
Legislative bodies	32,347.3	32,347.3	
Judiciary	10,334.2	10,334.2	
Government management	85,151.5	85,151.5	
Reserve fund of the Government	23,908.0	23,908.0	
Covering the internal state debt	8,000.0	8,000.0	
Payment of interest on internal loans	95,000.0	95,000.0	
Expenditures for covering internal loans			
Payment of interest on external loans	204,100.0	204,100.0	
Expenditures for covering external loans	47,520.0	47,520.0	
Compensation for losses of banks on soft loans given up to 1994	2,075.0	2,075.0	
Expenditures for banks' compensation of their costs on the Kyrgyz Republic's State Internal Loan draws and auctions of treasury bills	250.0	250.0	
Expenditures for lottery payments on the Kyrgyz Republic's State Internal Loan draws of 1993	1,529.0	1,529.0	
Expenditures for purchase of hard currency at the National Bank	77,232.0	77,232.0	
Expenditures for realization of Programme "ARAL"	43,759.0	43,759.0	
Loans to enterprises and organizations	43,000.0	43,000.0	
Other undertakings	95,719.0	92,620.6	3,098.4
Expenditures for elections	5,029.0	5,029.0	
Unemployment benefits/compensation	47,000.0	7,000.0	
Expenses for salary increase in budgetary organizations, scholarships, benefits (from July 1994)	300,000.0	300,000.0	
Expenditure - Total	4,213,259.0	3,939,969.2	273,289.8
Excess of Expenditure Over Revenue	850,000.0		
Gross Domestic Product (GDP)	20,100,000.0		

Source : Ministry of Finance of the Kyrgyz Republic, 20 April 1994

(5) National Development Programme

1) Economic Reform Programme

Parliament approved an Economic Reform Programme in July 1992. This Programme has provided an important basis for the development of various government policies. The political and economic direction of the former Soviet republics were for a time uncertain, but have become clearer. These countries are now more willing to work with the Kyrgyz Republic in a spirit of international cooperation.

Phase 1 of the Economic Reform Programme called for the introduction of a price policy (price liberalization). However, when price liberalization was actually implemented, it had a negative impact on the economy and put back privatization plans. The delay in privatization and lack of foreign investment are slowing the transformation from a planned economy to a market economy, and are responsible for export industries not yet reaching the expected level of production, and well as other negative effects.

However, it is hoped that implementation of the restructuring called for in Phase 2 of the Programme will have positive economic effects, such as an expansion of foreign investment in new capitalistic enterprises, the establishment of a banking system, and a shift to manufacturing away from the supplying of raw materials.

2) National Development Programme

Given the rapid changes in the Kyrgyz economy, the government has not yet announced a definite National Development Programme. But a National Investment Programme (which provides a guide for national development) and a Social and Economic Development Strategy and Emergency Measures (in the form of a Report by President Akayev) have already been announced.

3) Investment Policy

The current investment policy of the Kyrgyz Republic is set out in the National Investment Programme announced by the National Commission on Foreign Investment and Economic Assistance (hereinafter referred to as GOSKOMINVEST). GOSKOMINVEST is responsible for formulating policies that will attract and oversee foreign investment in the Kyrgyz Republic.

Some of the investment projects earmarked for credit extension in 1994 (selected by GOSKOMINVEST in 1993) have already entered the implementation stage. Investment up to May 1993 was less than 10% of the amount planned for 1993. (See Table 2.2.2-5)

Some projects, which have cleared feasibility studies, have not yet received credit in 1994. The achievement rate is only 10% of the expected total, which is probably due to the delay in the extension of credit. There are projects for which studies were made in 1993 but which are still waiting for credit extension. Investment is expected to increase considerably in 1994.

Table 2.2.2-5 List of Investment Projects (Summary)

As of 7 May 1993

	Number of Projects	%	Investment Volume (million US\$)	%	%
Total Number of Projects	179	100.0	1,117.433	—	100.0
Projects in Category A, B, C	32	17.9	292.8	100.0	26.2
Projects in Category A	9	5.0	143.1	48.9	12.8
Projects in Category B	11	6.1	38.1	13.0	3.4
Projects in Category C	12	6.7	111.6	38.1	10.0

Category A subject to feasibility studies

Category B subject to feasibility studies and contracts

Category C on the credit line

Source: National Investment Programme Appendix: Foreign Investment, GOSKOMINVEST

4) Social and Economic Development Strategies and Emergency Measures

In November 1993 the government released a Presidential Report on economic strategy. In the chapter titled 'Economic Development Strategy,' President Akayev stated the following strategies as essential for the country's economic development.

- Stabilization of the macroeconomy by introduction of a market economic system.
- Formation of a progressive economic structure.
- Improvement of technology and facilities in key priority industries.

The President proposed the drawing up of a 7-year development plan with the help and cooperation of many people.

(6) Promotion of Privatization

The first law approving privatization and incorporation of state enterprises was enacted in 1991, with privatization beginning in various sectors in the following year. Parliament in January 1994 approved the commercialization and privatization of state-owned assets and guidelines for commercialization and privatization in the period 1994-1995.

Privatization represents a new system of ownership in the Kyrgyz Republic, however, it has lagged behind schedule. State-owned enterprises and assets, which were insolvent, were earmarked for sale (profits from the sales go into the national coffers).

As of 10 August 1993 a total of 3,703 enterprises worth 23.362 million Som have been privatized. Table 2.2.2-6 shows the number of firms and the degree of privatization achieved for each sector.

Table 2.2.2-6 Number of Firms & Degree of Privatization Achieved for Each Sector

	Total Value of State Assets (million Som)	Number of Enterprises that have been Privatized	Value of Privatized Assets (million Som)	Degree of Privatization Achieved (%)
Manufacturing	29.335	217	10.758	36.7
Social Services	14.245	—	2.909	20.4
Consumer Services	0.430	1,700	0.361	84.0
Trade & Food	1.400	1,310	0.940	67.1
Agriculture	16.155	166	4.979	30.8
Construction	4.085	160	2.150	52.6
Transport	4.305	47	0.587	13.6
Other	25.468	103	0.677	2.7
Total	95.423	3,703	23.362	24.5

Source: Kyrgyz authorities and IMF
Exchange Rate: 1 Som = 240 RBL

Of the more than 23 million Som in assets that were privatized, 79.1% of the total was privatized through the establishment of joint ventures with private capital (578 enterprises); 19.32% by sales to labour unions (1,011 enterprises); 0.7% by auction (1,222 enterprises); 0.54% by purchase option leaseholds (67 enterprises); and 0.34% by sales to private individuals (825 enterprises).

Almost all of the 10.7 million Som (99.05%) in manufacturing sector assets (191 enterprises) were privatized through the establishment of joint ventures. Joint ventures were the most popular means of privatizing government assets in the food and trade (62.6%), construction (95.51%), and transport sectors (97.23%). They also figured prominently in the privatization of consumer service sector assets (42.04%). However, 65.62% of the assets in the agricultural sector were privatized through sales to labour unions.

(7) Foreign Aid and Investment & Trade Balance with the CIS

1) Foreign Aid

From 1994 to 1995 the IMF plans to extend US\$ 60 million in credit to the Kyrgyz Republic for its privatization programme and enterprise restructuring. The World Bank is also planning to finance private enterprises and technical support projects (totalling US\$ 15-20 million). The World Bank will provide a further US\$ 50 million for unemployment projects (such as a re-training), US\$ 15-20 million for improvements in the agricultural sector, and US\$ 10 million for telephones and telecommunications. The Kyrgyz government is also negotiating with the Japanese government for US\$ 40 to 60 million in aid to construct a bank accounting system.

2) Investment by Foreign Corporations

As of 15 June 1993, 118 joint ventures (JV) and 36 foreign enterprises had registered their offices and branches in the Kyrgyz Republic. Especially notable are the activities of Chinese enterprises. A total of 154 foreign enterprises are doing business in the Kyrgyz Republic, but this number is still small compared with neighbouring Uzbekistan (where about 800 foreign enterprises were registered at the beginning of 1993). A law regulating foreign investment in the Kyrgyz Republic was implemented in June 1993.

Number of Registrations by Country

Country	Number of Registrations	Country	Number of Registrations
China	51	Canada	4
U.S.A	18	United Kingdom	4
Turkey	18	Hong Kong	4
Germany	13	Afghanistan	4
South Korea	5	Others	33

Number of Registrations by Economic Sector

Registered Area	Number of Registrations
Production of consumer goods	51
Processing and sale of agricultural produce	29
Trade	24
Construction, medicine	7
Tourism, construction supplies	6
Mining, transportation, finance	13

3) Trade Balance with the CIS Countries

When the Kyrgyz Republic introduced a new currency in May 1993 it owed 114.251 billion roubles in debt to the CIS countries. The Kyrgyz Republic is expected to record a 1.323 billion Som trade deficit with the CIS in 1994. This estimate does not take into account the price increase of petroleum products planned for January 1994. The trade deficit exceeds the allowable credit index of the Kyrgyz Republic by 440%. The trade deficit with the CIS countries in the period from 1989 to 1993 reached 8 to 11% of GNP. The Kyrgyz Republic must attempt to arrest this trade imbalance and reduce the trade deficit to 4.5% of GNP.

(8) Current Problems & Progress

1) Delay in the Settlement of Accounts

There are various reasons for the failure to settle accounts on time, but defaulting is the reason in nearly all cases. The delay in settling payments is a prime factor causing social and economic instability. Commercial banks extending loans to businesses cannot expect to be repaid by the due date. In 1993 delayed repayments and unretrievable debt respectively amounted to 21% and 36% of national expenditure.

2) Economic Trends

Frequent price rises and the failure to fulfill business contracts have resulted in a slowing down of business activity and an increasing number of lay-offs. The unemployment rate released by the government is 0.1%, but the real figure is expected to be much higher.

In February 1994 the government passed two laws on the bankruptcy of insolvent enterprises. The government is taking a harder line regarding bankruptcies. Implementation of this legislation is expected to lead to a large increase in the official unemployment rate.

The labour force is now shifting towards employment in product transactions. The government is concerned that this trend might lead to the lowering of production capacity.

Associated with the development of a market-oriented economic system is the increasing need to train people in new occupational fields, such as management, banking and law, which were unthinkable in a planned economy.

3) Legal System

In the Soviet period laws governing the economic sphere did not permit private ownership of the means of production or assets. Profit-seeking activities were considered criminal. The legal system is now being modified to allow for the shift to a market economy.

4) Other

The Kyrgyz Republic has special strengths in areas where the differences between a market economy or planned economy matter little. It is important to make it clear to the world that, from the point of cultural heritage, the Kyrgyz Republic has always been a developed country. There is potential strength in the fields of science, engineering and medicine.

2.3 Future as an Independent Nation

(1) The National Economy & Social Stability

The CIS countries are trying to make full use of their valuable historical opportunity as independent nations to solve their various economic, political and cultural problems. Political freedom and stability in all aspects are necessary conditions for establishing an open market economic system that is viable with the national, regional, cultural and historical traditions of the respective countries. Economic development will foster political freedom and stability. A market economic system, political freedom, and social stability have an interactive relationship. They pose the greatest challenge to all CIS countries.

The former Soviet countries, including the Kyrgyz Republic, are now facing the task of restructuring their governments and other systems to exist as independent nations. To achieve full independence, the CIS nations must provide more time, policies and funding to strengthen their economies. The Kyrgyz Republic is already promoting various policies, including the procuring of foreign aid.

The Kyrgyz Republic places emphasis on the following economic policies:

- Privatization and restructuring of remaining state-owned enterprises
- Industrialization and promotion of trade
- Attracting foreign capital and fostering private participation in monopoly markets
- Restructuring of the financial sector to foster corporate restructuring and the growth of the private sector
- Establishment of an efficient social welfare net

In the medium term the government wishes to utilize the nation's abundant mineral and hydro-electric power resources and foster agricultural production and the development of light industries. Another mid-term strategy is to overcome the unfavourable balance of trade by developing export-oriented industries.

The prosperity of the Kyrgyz Republic is not possible without stable and close cooperation with its neighbours. A close, cordial

relationship, especially in economic matters, is essential. The Kyrgyz Republic is steadily concluding cooperation and friendship agreements with its neighbours.

The Kyrgyz Republic is facing various difficulties as an independent nation. This situation is expected to continue for some time. However, the Kyrgyz Republic has the potential to become an important and powerful nation in the CIS if it can develop a market economy and maintain political stability.

(2) The Outlook of National Development for the Next Ten Years

With the collapse of the Soviet Union and the formation of the CIS, the former unified economic structure collapsed. The economic relationships between the CIS republics are still strong, though considerably weaker than before. In the future, the Kyrgyz Republic has to not only restore its relationship with the CIS republics, it must also make a geopolitical re-evaluation of itself within the global economic community and find new economic partners outside the CIS with whom it can maintain a permanent and stable relationship of cooperation.

The Kyrgyz Republic is now facing the problem of finding new ways to increase and control production and foster development, all of which will have a bearing on policies for the nation as a whole.

Along with price liberalization, privatization and other radical reforms, the Kyrgyz Republic has to overcome the problems caused by the closure of inefficient industries, and retrain hundreds of thousands of unemployed workers. The complicated process of privatization may prove to be an obstacle to reform.

But progress made in reforming the production sectors will accelerate the government's policy of fostering investment. The government has to enact anti-monopoly laws and property laws, make information more open to the public, implement international currency reform, and establish a sound banking system and credit transaction system. Attracting foreign investment, increasing exports and bringing in new technology are also necessary for economic development.

Economic policies for 1994-1995 include establishing priorities in various economic sectors and industries, making market regulating mechanisms more efficient, anti-inflation measures, and measures to

ensure macroeconomic stability. The government needs to guide enterprises so their activities will meet domestic needs, and recognize the diversification in the forms of ownership to ensure a competitive market environment.

If the expansion of foreign capital and other forms of foreign investment cannot be realized, the 1994-1996 period is expected to be a period of economic recession. The economy will continue to be slow but stable in the 1997-1998 period. The Deputy Prime Minister of the Kyrgyz Republic says that at least 15 years are required to activate the Kyrgyz economy, and full-scale economic revival will take place only after the year 2010.

(Article from the 25 February 1994 issue of Res Pubkica)

(3) Relationship with the Central Asian Republics and other CIS Countries

1) The Ashkhabad Summit

In December 1993 at the summit meeting of the leaders of the CIS countries held at Ashkhabad, three important documents were adopted. The documents were a Charter of the Republics, an Agreement of Economic Alliance, and an Agreement for Mutual Security. These agreements have already been ratified by eight CIS countries. The Agreement of Economic Alliance includes the establishment of a price regulating system, a unification of the tax systems, and the removal of tariff barriers among former Soviet republics. The CIS currently consists of 12 countries, including Turkmenistan, which has recently joined.

2) Relationship of the Kyrgyz Republic and the other Central Asian republics

The Kyrgyz Republic has announced its intention to promote mutual understanding and cordial relationships with all other CIS countries, and to respect and support their economies, governments and cultures.

In September 1992 the Kyrgyz Republic and Uzbekistan concluded a mutual cooperation agreement in Tashkent. In June 1993 the Kyrgyz Republic and Kazakhstan signed an agreement of friendship, cooperation and mutual support in Almaty. In January 1994 representatives from the Kyrgyz Republic, Kazakhstan, and Uzbekistan met in Bishkek and signed a resolution establishing a common economic zone.

All of these agreements will promote cordial relations between the Kyrgyz Republic and the other Central Asian countries. On 1 February 1994 tariff barriers between the Kyrgyz Republic and Uzbekistan and between the Kyrgyz Republic and Kazakhstan were removed. This action had important political as well as economic significance.

3) Relationship between the Kyrgyz Republic and Russia

The Kyrgyz Republic is trying to maintain a close relationship with Russia. In June 1992 representatives went to Moscow to sign an agreement of friendship, cooperation and mutual aid with Russia. The results of the agreement are already being felt. At the end of 1993 Russia officially approved the use of the Russian industrial standard in the Kyrgyz Republic, which is expected to represent a savings of millions of Som for the Kyrgyz Republic.

President Akayev has said that 'The situation in Russia will determine the success of economic reforms in the former Soviet Union countries. The CIS will only survive if Russia is capable of pursuing and promoting democratic reform.' Russia will continue to play an important role in the future development of the CIS countries, including the Kyrgyz Republic.

Chapter 3 Current Situation of Broadcasting

Chapter 3 Current Situation of Broadcasting

3.1 Current Situation of Broadcasting Services

State-run broadcasts are presently made up of programmes produced and sent out by the SNBC, which are then relayed by the MOC to transmitters across the nation and sent out on broadcast waves.

In the capital Bishkek, there are 10 radio services using 9 channels, and 7 television services using 6 channels. The SNBC has two radio services and 1 television service. The remaining radio and television services are provided by private or foreign networks. The foreign networks provide their broadcasts in the Kyrgyz Republic via relay.

In the capital of each oblast there is an Oblast Broadcasting Company (OBC). The OBCs are subordinate to the SNBC; they do not possess their own broadcast waves, but conduct broadcasts using the SNBC's network. There are no private broadcasting networks outside the capital.

(1) Radio Broadcasting (Table 3.1-1)

Radio broadcasting is making use of medium waves, shortwaves, FM, and long waves.

The SNBC's Kyrgyz Radio 1 service offers comprehensive programming for 19 hours a day. People all around the nation have access to this service.

Kyrgyz Radio 2 broadcasts mostly music for 10 hours a day. Some broadcasts are in stereo. Like the Kyrgyz Radio 1 service, it is accessible nationwide.

Private broadcasting stations offer services only in and around the capital, Bishkek. They are not yet broadcasting in regional areas.

The foreign networks of Russia, Mayak, Yunost, VOA, and Svoboda (Radio Free Europe) also provide nationwide services by relay broadcasts.

Table 3.1-1 Radio Broadcasting (as of 16 August 1994)

Source: Kyrgyz Ministry of Communications

Broadcasting Service	Transmitting Media				Hours	Areas
	Medium	Short	FM	Long		
Kyrgyz 1	05:00-24:00 882 kHz	05:00-24:00 4010 kHz	05:00-24:00 67.94 MHz		19 hrs/day	Nationwide
Kyrgyz 2		07:00-17:00 4050 kHz	b ₀ 07:00-17:00 66.38 MHz		10 hrs/day	↗
Russia (Moscow) (L0-4)				06:00-25:00 200 kHz	19 hrs/day	↗
Mayak (Moscow)	06:00-25:00 612 kHz				19 hrs/day	↗
Yunost (Moscow) (L2-D4)	06:00-25:00 1278 kHz				19 hrs/day	↗
Piramida (Private station)	a ₀ 07:00-12:00 1323 kHz		b ₁ 17:00-19:00 66.38 MHz		7 hrs/day	Capital, and other limited areas
Almaz (Private station)	a ₁ 15:00-19:00 1323 kHz		b ₂ 00:00-04:00 Mon. Sat. Sun. 66.38 MHz		4 hrs/day	Capital
VOA			b ₃ 19:00-24:00 66.38 MHz		5 hrs/day	Nationwide
Svoboda (Radio Free Europe)			b ₄ 06:00-07:00 66.38 MHz		1 hrs/day	Nationwide
MCN (Private station)	a ₂ 12:00-15:00 1323 kHz				3 hrs/day	Capital, and other limited areas

Same channels used by different services in different time slots

a₀ ~ a₂ b₀ ~ b₄

(2) Television Broadcasting (Table 3.1-2)

Television broadcasting is conducted mainly on the VHF band, and in part on the UHF band.

The SNBC's Kyrgyz TV offers comprehensive programming like the Kyrgyz Radio 1 service. Kyrgyz TV is on the air for four and a half hours a day, and can be received anywhere in the nation.

The private broadcaster Piramida broadcasts only in and around the capital Bishkek.

Russia's Ostankino and Russia TV (RTV) networks provide nationwide services. Turkey's TRT (Turkish Radio-Television Corporation) network also services Bishkek and the Chui oblast. Ostankino reduced its broadcasts from 19 hours to 6 hours a day from July 1994 due to financial reasons. Some hotels in Bishkek can receive the Star television and CNN services.

Table 3.1-2 Television Broadcasting (as of 16 August 1994)

Source: Kyrgyz Ministry of Communications

Broadcasting Service	Transmitting Media		Hours	Areas
	VHF	UHF		
Kyrgyz	Ch. 1 18:30-23:00		4 1/2 hrs/day 7 hrs/day Sat. 9 hrs/day Sun.	Nationwide
Ostankino	Ch. 11 18:00-24:00		6 hrs/day	"
Russia	Ch. 9 08:00-12:00 15:55-01:00		13 hrs/day	Capital
Turkey	Ch. 5 09:00-02:00		17 hrs/day	Capital, and Chui oblast
Uzbek/Kazkh		Ch. 33 22:00-23:30	1 1/2 hrs/day alternating each day	Capital
Kazakh/Uzbek	Ch. 3 a ₀ 21:00-23:30		2 1/2 hrs/day alternating each day	"
Piramida	Ch. 3 a ₁ Week days 06:00-09:30 17:00-21:00 Sat. Sun. 14:00-21:00		7 1/2 hrs/day 7 hrs/day Sat. Sun.	"

Same channels are used by switching

a0 ~ a1

3.2 Framework for Broadcasting Businesses

(1) Laws Concerning Broadcasting Operations

1) Presidential Decree on the Establishment of the SNBC

The forerunner of the SNBC was the State TV and Radio Broadcasting Company, which was formed from GOSTELERADIO in February 1991 prior to independence. In April 1992 it was reorganized as the State TV and Radio Broadcasting Agency.

A presidential decree of March 1993 established the SNBC in its current form. The decree stipulates the SNBC is a government organization that is to implement broadcasting policies nationwide. The OBCs are subordinated to the SNBC as the SNBC's regional organizations.

2) Government Ordinance on the SNBC

This ordinance was enacted in May 1993. It sets down the purposes for establishing the SNBC, the SNBC's roles, its rights and obligations, finances, organization, relations with the OBCs and other matters.

The ordinance states that the SNBC is a national administrative organization in charge of broadcasting. One of its stated basic roles is to help the nation shift to a market economy.

3) Presidential Decree on the Functions of the Ministry of Justice

The decree stipulates that those who wish to establish mass media organizations, including private broadcasting networks, must register with the Ministry of Justice. This decree was enacted in June 1992. The Piramida station is duly registered with the Ministry of Justice under this law.

4) Law on Mass Communications

This law outlines the procedures for establishing mass media organizations, their duties, rights, and the obligations of journalists. The law was enacted in July 1992. It contains articles on the prohibition of censorship, storage of programme material, and a proscription on the publicizing of state secrets, etc.

5) Regulations on Operations of the Ministry of Communications

The regulations stipulate all transmitting and programme transmissions are to be carried out by the Corporation for TV & Radio Broadcasting and Radiorelay Trunk-lines (TVRT) within the MOC.

6) Broadcasting Law

A basic law governing broadcasting activities as a whole is yet to be enacted. The SNBC prepared a draft in November 1991 and presented it to Parliament in March 1992. Parliament sent back the draft claiming certain provisions needed the prior approval of various government ministries and bodies. The SNBC has shown a desire to have the law enacted. But it appears it will be some time yet before Parliament does so.

The draft is made up of 8 chapters and 60 articles. It contains comprehensive provisions, including procedures for the establishment of broadcasting organizations, rights and obligations in programme production, and the protection of the rights of audiences. The draft stipulates that the SNBC is the key broadcaster of the Kyrgyz Republic; the provisions for the SNBC's position, organization, functions, finances, and relationships with political parties, etc., are for the most part in common with the May 1993 Ordinance on the SNBC. The draft also mentions that the people of the Kyrgyz Republic have a right to receive broadcasts from foreign networks and imposes no restrictive provisions.

(2) Standards for Broadcasting Technology

1) Standards established in the Soviet period are still in force. No new standards have been established. The Soviet standards were based upon recommendations by the CCIR and CCITT. The present standards pose no technical problems.

2) Standards from the former Soviet Union are also used for radio and television studio equipment, transmitting equipment, and television and film production.

3) Channel allocation and technical standards for controlling channels were established in the Soviet period.