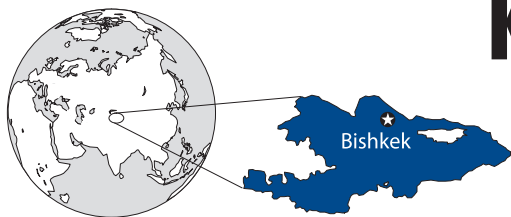


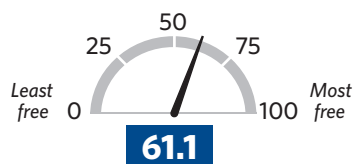
# KYRGYZ REPUBLIC



World Rank: **85**

Regional Rank: **15**

## Economic Freedom Score



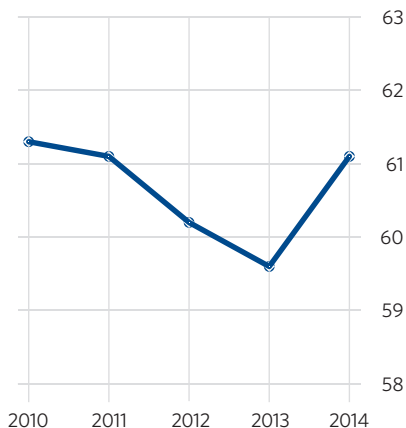
The Kyrgyz Republic's economic freedom score is 61.1, making its economy the 85th freest in the 2014 *Index*. Its score is 1.5 points better than last year, reflecting substantial advancements in investment freedom, monetary freedom, and the control of government spending. The Kyrgyz Republic is ranked 15th out of 42 countries in the Asia-Pacific region.

The Kyrgyz Republic was first graded in the 1998 *Index*, and its economic freedom has advanced since then by 9.3 points. Its overall score increase has been facilitated by improvements in six of the 10 economic freedoms, including gains of over 20 points in monetary freedom and fiscal freedom and gains of about 10 points in trade freedom and investment freedom. The Kyrgyz Republic has been mostly rated “moderately free” during the second half of its history in the *Index*.

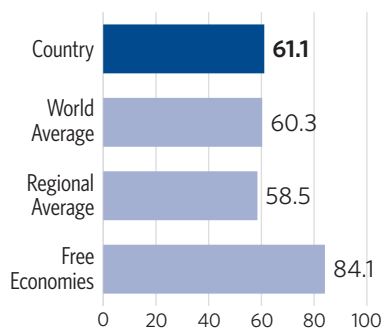
The country has lagged, however, in promoting the effective rule of law. The judicial system remains vulnerable to political interference, and property rights are not strongly protected. Corruption continues to undermine enforcement of the rule of law and hampers prospects for long-term economic growth and development.

**BACKGROUND:** The Kyrgyz Republic is one of Central Asia's poorest and least stable countries. President Kurmanbek Bakiyev, ousted in April 2010 following violent unrest after a rise in fuel prices, was succeeded briefly by interim President Roza Otunbayeva. In October 2011, with Moscow's support, former Prime Minister Almazbek Atambayev was elected president with over 60 percent of the vote. Challenges include extremist threats, high levels of external debt, dependence on foreign aid, organized crime, and corruption. The country attracts strong foreign investment, and domestic demand is robust. The parliament voted in June 2013 to terminate U.S. military use of the Manas international airport by July 2014. This will eliminate a key geostrategic point for the movement of U.S. troops and supplies into and out of Afghanistan.

## Freedom Trend



## Country Comparisons



## Quick Facts

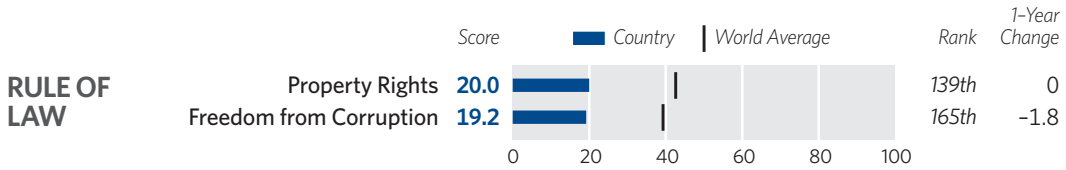
**Population:** 5.6 million  
**GDP (PPP):** \$13.3 billion  
 -0.9% growth in 2012  
 5-year compound annual growth 3.0%  
 \$2,376 per capita  
**Unemployment:** 7.7%  
**Inflation (CPI):** 2.8%  
**FDI Inflow:** \$372.2 million  
**Public Debt:** 48.9% of GDP

### How Do We Measure Economic Freedom?

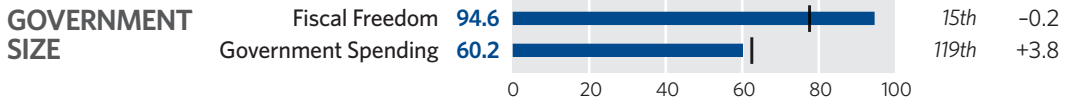
See page 471 for an explanation of the methodology or visit the *Index* Web site at [heritage.org/index](http://heritage.org/index).

2012 data unless otherwise noted.  
 Data compiled as of September 2013.

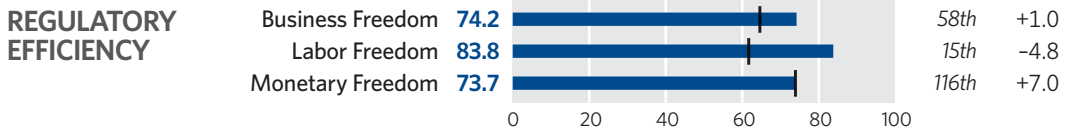
**THE TEN ECONOMIC FREEDOMS**



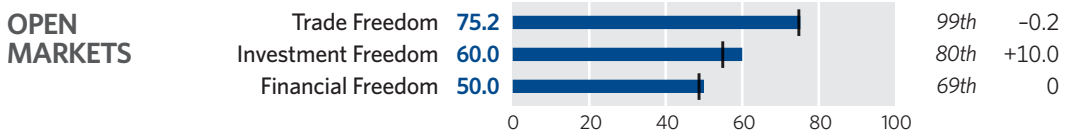
Corruption is pervasive from the family and associates of former President Bakiyev on down. In 2012, the former president’s brother was due to stand trial for corruption but escaped from a clinic where he had supposedly been receiving treatment. Courts are largely unreformed, judges are often corrupt, and the legal framework is weak. Licensing, registration, and enforcement of contracts are prone to dispute.



The individual income and corporate tax rates are a flat 10 percent. Other taxes include a value-added tax (VAT). The overall tax burden has reached 18.5 percent of gross domestic income. Government expenditures are 36 percent of GDP. Public debt is equivalent to slightly less than 50 percent of the domestic economy. A new aid package sponsored by Western countries, China, and Russia has boosted spending.



Despite reform efforts, bureaucratic impediments hamper private-sector production and investment. Obtaining necessary licenses takes over 140 days and costs more than the level of average annual income. The labor market remains inefficient. Monetary stability has improved following a contraction in 2012 caused by disruptions in gold production, but vulnerabilities remain.



The average tariff rate is 2.4 percent. Importation of goods is expensive and time-consuming. Legal protections for investors may be difficult to enforce in the courts in a timely manner. The financial sector remains vulnerable to state interference, although the level of financial intermediation continues to increase. Some progress has been made in strengthening microfinance.

**Long-Term Score Change (since 1998)**

RULE OF LAW		GOVERNMENT SIZE		REGULATORY EFFICIENCY		OPEN MARKETS	
Property Rights	-10.0	Fiscal Freedom	+22.3	Business Freedom	+19.2	Trade Freedom	+10.2
Freedom from Corruption	-10.8	Government Spending	-12.4	Labor Freedom	+19.0	Investment Freedom	+10.0
				Monetary Freedom	+32.7	Financial Freedom	0