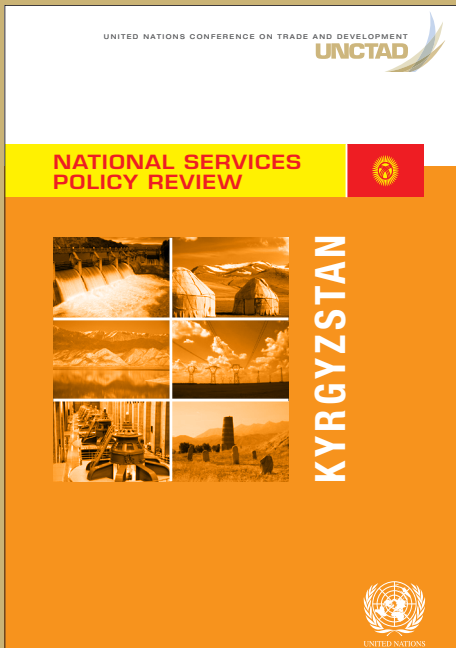




Services Policy Review: Kyrgyzstan



The services sector in Kyrgyzstan has gradually assumed a greater role in the country's economy. Services account for 51.1 per cent of GDP today, having grown from a level of 43.1 per cent in 2001. This compares with a 67 per cent share for services in world GDP, and a 57 per cent share for services – on average – in the GDP of transition economies. The Services Policy Review of Kyrgyzstan provides a strategic vision for the development of the services sector, and focuses on two future growth areas within the services sector, namely tourism and energy services.

During the course of preparing the Services Policy Review, a range of important issues key to the development of these sectors were examined, including (a) national development objectives; (b) effectiveness and weaknesses in the current sectoral policy frameworks; (c) regulatory and institutional challenges inhibiting sectoral development; (d) prospective policy options to strengthen domestic supply capacity and the competitiveness of small and medium-sized enterprises (SMEs); and (e) potential impacts from services trade liberalization on FDI, SMEs, efficiency, employment, and universal access to basic services in these sectors, as well as access to foreign markets.

Recommendations for enhancing Kyrgyzstan's tourism services sector that have emerged through the consultations with stakeholders include:

- focusing tourism on the local or community level, in order to increase the contribution of tourism to poverty reduction;
- enhancing the income gained from trekking and mountaineering tourism; and
- introducing health and wellness tourism.

Recommendations for the energy services sector include:

- improving the administration and management of energy companies;
- improving the performance of the energy sector by creating an independent regulatory body endowed with wide-ranging powers; and
- increasing the attractiveness of the sector to investment by improving the tariff policy.