

THE GOVERNMENT OF THE KYRGHYZ REPUBLIC

RESOLUTION

House of Government, Bishkek

November, 28, 1996, # 554

On Concept of development food and processing industry in the Kyrgyz Republic

Government of the Kyrgyz Republic notes that food and processing industry is the most important branch of national economy of the republic. 30 % of the whole output industrial production is production of food and processing industry, 25 % of export comprises production of food and processing industry.

During transitional period food and processing industry, based mainly on local resources suffered from deep crisis. From 1991 to 1995 productivity recession made up about 80 %, prices has gone up. The most obvious recession had been observed in meat processing industry - 91.6 %, dairy industry - 87.8 %, fruit processing industry - 69.5 %.

Volume of production of main agricultural goods has reduced by 20 - 25 %, industrial processing and output of meat products, sausages, cheese, butter and other food-stuffs had reduced and equal to the level of 1940-1950-s.

Reforms in sovhoz and kokhoz started in 1992 and establishment of farms and peasant farms, agricultural cooperatives and associations has influenced all branches of food and processing industry, because structure of agricultural production has changed. More than 60 % of gross output is produced by private sector, products are used mainly for their own consumption or sell it in the market, as a result volume of agricultural production for processing has significantly reduced.

Equipment of processing companies are not being used, coefficient of usage of this equipment has decreased and compiles only 15 - 35 % , in some cases this coefficient is even lower.

In order to solve this problem some companies started to work with resources which is given by customers to be processed. They did it in order to keep personal busy and to use their equipment. Barter has become main approach for economic activities in food and processing industry.

In order to use more effectively existing equipment of food and processing industry, to attract labour resources, to use local resources, to use financial and credit resources more effectively, to replace import with local products Government of the Kyrgyz Republic decrees :

1. To approve proposed Concept of development food and processing industry in the Kyrgyz Republic.

2. Ministry of Agriculture and Food of the Kyrgyz Republic, Ministry of Economics of the Kyrgyz Republic, Ministry of Finance of the Kyrgyz Republic, Ministry of Industry and Trade of the Kyrgyz Republic, State Property Fund, State JSC "Kyrgyzzalko" and "Kyrgyzztamekisi", oblast state administrations, local administration of Bishkek shall develop and approve measures on implementation of the Concept, approved by the given Resolution and monitor implementation of the Concept.
3. Ministry of Finance of the Kyrgyz Republic, Ministry of Economics of the Kyrgyz Republic shall :
 - envisage funds for implementation of the Concept of development food and processing industry in the Kyrgyz Republic when planning budget for 1997;
 - identify alternative sources of finance for measures on development of branches of food and processing industry before January, 1, 1997.
4. To establish Working Group for coordination of implementation of the Concept, approved by given Resolution. List of the members of the Working Group is attached in Appendix.
5. Ministries, administrative bodies, oblast administrations, local administration of Bishkek shall inform the Working Group once in 3 months and at the end of the year on progress of the implementation of the Concept, approved by given Resolution.

Prime Minister

A. Jumagulov

Appendix
to the Resolution of the Government
of the Kyrgyz Republic
of November 28, 1996
No 554

**Composition of the Working Group for coordination of implementation of the
Concept of development food and processing industry in the Kyrgyz
Republic**

Talgarbekov B. T.	Vice-prime Minister of the Kyrgyz Republic, Chairman of the Working Group
Abdimomunov K. A.	Minister of MAF of the Kyrgyz Republic, Deputy Chairman of the Working Group
Members of the Working Group :	
Nanaev K. K.	Minister of Finance of the Kyrgyz Republic
Koichumanov T. D.	Minister of Economics of the Kyrgyz Republic
Iordan A. A.	Minister of Industry and Trade of the Kyrgyz Republic
Kasiev N. K.	Minister of Health Care of the Kyrgyz Republic
Sarygulov A. I.	Chairman of SPF of the Kyrgyz Republic
Rysmendiev A. A.	Director of the State Inspection on Standards of the Kyrgyz Republic
Ermatov A. E.	General Director of state Joint-Stock Corporation "Kyrgyztamekisi"
Kurmanaliev D. B.	General Director of state Joint-Stock Corporation "Kyrgyzzalko"
Akimaliev J. A.	President of the Agrarian Academy
Kalchinov D. A.	Deputy Head of Chui oblast administration
Toktosunov N.	Deputy Head of Talas oblast administration
Bekturov O. A.	Deputy Head of Naryn oblast administration
Ergashev V. M.	Deputy Head of Djalal-Abad oblast administration

Kydyrgychev A. K.

Deputy Head of Issyk-Kul oblast
administration

Satybaldiev A. S.

Deputy Head of Osh oblast administration

Head of Government Apparatus

Abdykalykov O.

Approved
by the Resolution of
the Government of the Kyrgyz Republic
November, 28, 1996
N 554

CONCEPT of DEVELOPMENT FOOD and PROCESSING INDUSTRY in the KYRGHYZ REPUBLIC.

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General measures for development of food and processing industry in the Kyrgyz Republic

Meat and dairy industry
Fruit processing industry
Sugar branch
Tobacco industry
Mill and bread industry
Alcohol branch of industry
Butter industry
Wine-making industry

INTRODUCTION

Agroindustrial complex (AIC) is very important for national economy of the Kyrgyz Republic. Fixed assets of AIC comprise one half of fixed assets of national economy as a whole. AIC produces 50 % of Gross output, its share in national revenue is 40 %, 70% of population of the country are employed here.

Food and processing industry is one of the branches of national economy. Under conditions of the going on reforms new approaches are needed for production and management activities.

Goal of the Concept - to develop organisational, economic and technical measures.

Concept gives the analysis of production and financial activities of food and processing industry and plans activities for each branch for nearest years.

Concept had been developed with active participation of :

- Ministry of Agriculture and Food of the Kyrgyz Republic
- Ministry of Industry and Trade of the Kyrgyz Republic
- Ministry of Economics of the Kyrgyz Republic
- Ministry of Finance of the Kyrgyz Republic
- State Property Fund
- State JSC "Kyrgyztamekisi"
- State JSC "Kyrgyzzalko"
- Association "Dan"
- TACIS project PABS.

1. REVIEW OF THE CURRENT SITUATION

Food and processing industry is one of the most important branch of national economy, it provides more than 30 % of the whole volume of industrial production

and 25 % of export. It bases mainly on processing of local resources for domestic consumption.

In 1991 - 1995 recession of production was 80 %, at the same time prices has gone up by 575 times, in flour industry relatively 69 % and 997 times. Peak of recession was in 1994 (more than 20 %), Th. highest growth of prices was in 1992 - 1994.

The most vulnerable branches, fully dependent of agricultural production development are : meat processing industry, where recession rate was 91.6 %, dairy - 87.8 %, fruit processing industry - 69.5 %.

Structure of industrial production of foodstuffs has changes. Share of farinaceous and sugarous products increased from 35 % in 1992 to 62.8 % in 1995. Share of meat products decreased from 12.5 % to 5 %, milk products - 12.4 % to 6.9 % and fruits - 5.2 % to 1.8 %.

Volume of production has decreased from 20 % to 95.%. output of meat, tins, cheese and butter has reduced to the level of 1940-1950-s.

Financial position of food and processing industry is extremely serious. Debts for September, 1, 1996 was 196.7 mln. KS, credits allocated - 282.7 mln. KS. Residue of production in stocks comprises 29.8 mln KS. Difficulties of marketing of the products are based on mutual debts of the companies and break the whole process of improvement of their financial position.

Main reasons which lead to continuous recession in food and processing industry:

- process of price liberalisation, abrupt disparity of prices for agricultural production and production of food and processing industry ;
- collapse of connections with CIS countries and loss of markets and sources of resources;
- absence of system of incentives for export commodity producers and state support of entrepreneurship;
- weak marketing activities ;
- out-of-dated equipment and shortage of investments for re-equipment.

Structure of agricultural production has changed because share of private sector has increased, they produced 60 % of all agricultural production which goes for domestic consumption or is sold in the market. At the moment they produce 72 % of meat, 76 % of milk, 67 % of vegetables, 84.4 % of potatoes, 88.8 % of eggs. As a result of the above mentioned reasons volumes of industrial processing of meat has reduced from 47.2 % in 1991 to 6 % in 1995, milk - from 41 % in 1991 to 6 % in 1995, vegetables - from 35 % to 4 %. In 1991-1996 production of grain has reduced by 31.5 %, import decreased 13.5 times, industrial processing of it has reduced 2.8 times.

Equipment of processing equipment is not being used, coefficient of its usage is 15-35%.

Some companies started to work with resources which is given by customers to be processed. So, production of sugar from resources given by customers in 1991-1995 increased 12 times, its proportion has increased from 1.3 % in 1991 to 98 % in 1995, production of tobacco on this basis - 75 %, oil - 82 %, flour - 44 %, vodka and alcohol beverages - 56 %.

Technical level of storage and processing of agricultural production is very low. About 50 % of equipment is worn out by 75 %. Procurement of spare parts for foreign equipment has reduced. There are no facilities for packing of production.

Food industry imports quite significant part of resources : cacao - 100 %, cognac spirits - 60 %, champagne materials - 80 %, labels for confectionery and cigarettes.

Import mainly is based on barter, its share comprises 80 % and prevents improvement of relations between producers and customers.

Privatisation of food and processing industry is nearly finished. 92 units of "Kyrghyz-Dan-Azyk" and 114 units of "Kyrghyz-Tamak-Ash" had been restructured.

Privatisation of food and processing companies is one of the conditions of the World Bank and APEAC and FINSAC programs, which are implemented by State Property Fund of the Kyrghyz Republic.

About 50 JSCs still have state share of property. Some of them had been included to the list of companies for which foreign investors would be found.

With introduction of state monopoly for production of spirits and alcohol and state control of tobacco industry, Government reserved certain share of property not liable for privatisation.

After 4 years of recession in 1995 stabilisation and even growth of production has started.

For 8 months of 1996 volume of production in food and processing industry in comparison with last year increased by 28.2 %. Increase of production in food industry is connected with increase of sugar output which comprises more than 50 % of the whole output of food industry, pace of increase made up 242.8 % in comparison with 1995.

Processing industry is still in a very difficult position, recession continues in meat processing - 51.4 % in comparison with 1995, milk processing - 32.5 %, tobacco - 37.9 %, bread industry - 23.7 %.

Existing equipment for processing very often is foreign made, it is 20 years old, consumes a lot of electricity and materials.

Some companies practically have no possibility to switch for production of different products. Some fruit and vegetable companies could process some certain types of products. They can not meet requirements of market because of constraints of their equipment.

Recession in bread-making industry is presupposed by the fact that population make bread themselves, a lot of mini-bakeries appeared lately.

2. CONSTRAINTS

2.1 Privatisation and corporatisation

Investments should be attracted in the food and processing industry. For this we need sufficient tax system, legal framework, endurance of effective its observation.

2.2 Organisation structure

It is necessary to review the whole structure of food and processing industry. Role and functions of ministries, administrations and bodies should be identified very clearly in order to implement restructuring. Their role should be "assisting" rather than "managing". Information systems should be improved. Effective reorganisation of the Ministry of Agriculture and Food must become key issue in development of the branch.

2.3 Education and training

Agricultural education and training at the moment is the responsibility of the Ministry of Agriculture and Food of the Kyrgyz Republic, Ministry of Education and Science of the Kyrgyz Republic, Ministry of Labour and Social Protection of the Kyrgyz Republic. System of education and training should be changed in order to train students and prepare them to changes going on in agricultural sector and processing industry.

2.4 Credits

Banking system and structures are being formulated at the moment in the Kyrgyz Republic. Donor organisations like ADB (Pilot project for rural financing) and WB render their assistance in this sphere.

Kyrgyz Agricultural Financial Corporation (KAFC) was established in July, 1996 to assist commercially viable private financial units and financial market in rural area.

KAFC has short-term and long-term goals. Short-term goals - to implement financial support and to allocate credits to agricultural commodity producer and agro-business companies. KAFC would assist to development of commercially viable financial

organisations and financial market in rural area and replacement of state financing system with commercial system.

2.5 Quality of production

In the future quality of agricultural production should be improved in order to meet requirements. For this purpose system of sorting and quality control, storage, processing, transportation should be improved. Market system information should provide information for people dealing with marketing and processing of agricultural production.

2.6 Support to marketing

Assistance in identification of potential export markets is needed. Export connections should be established by means of participation in trade blocks and organisations, e.g. WTO - World Trade Organisation.

3. ANALYSIS OF ADVANTAGES, POSSIBILITIES AND RISK OF BRANCHES DEVELOPMENT (APRD)

Advantages :

- relatively low labour cost;
- early harvesting of fruits and vegetables (in Osh and Djalal-Abad oblasts)
- good connections with former CIS countries (markets);
- traditional production of good quality products (primary processing) for export;
- high level of literacy;
- economic comparative advantage in production of oil-yielding crops, sugar, some vegetables, cotton and meat.

Weak points :

- relatively small economy with strong dependency of international trade;
- non-participation in trade blocks of Northern America and Europe, because of what they have "to accept prices" rather than "to dictate prices";
- no access to sea and remoteness from possible expensive markets, which are difficult to reach because of high transportation costs;
- no packing industry;

- structural collapse of the system of material inputs followed by collapse of "command economy";
- shortage of business knowledge and deficit of information systems needed for effective management and marketing;
- low technical level of equipment, insufficient methods of storage and transportation of production;
- out-of-dated infrastructure of agro processing;
- under estimation of consumers needs in conditions of growing competition;
- absence of legally based standards, which limits issuing of licences for export to Western Europe and Northern America.

Possibilities :

- in the prospect Russian Federation could become a suitable market for Kyrgyzstan;
- to use markets of neighbouring countries - China and countries of Far East;
- to export meat (Khalal) to Far East countries ;
- to trade through Central-Asian Economic Union.

Risks :

- growing competition on the markets of CIS countries;
- purchase of production of Kyrgyzstan for low prices;
- badly organised food aid.

4. STRATEGY FOR DEVELOPMENT OF FOOD AND PROCESSING INDUSTRY IN 1996 - 1998 UP TO YEAR OF 2005

4.1 Priority directions of activities in processing industry

Main aims of development of food and processing industry :

- provision of minimum needs of population with foodstuffs;
- creation of conditions for growth of investment policy;
- ensuring of structural reorganisation of food and processing industry;
- re-equipment of companies;
- production of quality and competitive goods;
- increase of export.

Privatisation process in food and processing industry lead to establishment of JSCs. Corporatisation is opened for private investments in agriculture and processing industry. Reconstruction and modernisation of production facilities of food and processing industry should be done in connection with needs of population and requirements of potential export markets. Production of goods should be in accordance with international quality standards.

Forecast for development of food and processing industry envisages annual growth of production in 1996 - 1998 by 14.3 % , in 1999 - 2005 - 5.3 %. The highest growth is envisaged in sugar, tobacco, starch, fruit and vegetable, liqueur and vodka making branches, all of which are considered to be priority for food and processing industry.

Growth of production in 1996 - 1998 is based on usage of full capacity of equipment and operation of facilities which had not been used before. It is planned to use resources given by customers to be processed on the following companies : JSC "Bakai", JSC "Koshoi", SJSC "Kyrghyz Starch Plant". Assortment of goods should be widened in order to produce competitive goods. They should look for partners within the republic and outside it for delivery of resources and further marketing of goods. All this relates first of all to sugar industry, which comprises 50 % of the volume of food production.

Production growth of vodka made up 1.3 times and is presupposed by introduction of state monopoly for production, storage and sale of spirits and alcohol products, by establishment of SJSC "Kyrghyzalko", its main goals are : to follow state policy in price formation, to observe technology and quality of production, to increase production and ensure contribution to budget of excises and other fees.

One of the priorities in food and processing industry is development of fruit and vegetable processing. Country has capacities for production of fruit and vegetable for domestic consumption and export.

For stabilisation of production and development of canneries the following is needed :

- complex solution of problems in agriculture, namely - stimulation of fruit and vegetable production at the expense of credits for sowing;
- establishment of associations for each branch in complex with producers.

Increase of production in the future is possible after introduction of new capacities on SJSC "Aksui maize processing plant", on JSC "Kyrghyztamekisi", construction in the South of the republic of plant for production of children's food, small and medium size plants for processing of sugar beet, fruits, vegetables, meat, milk and other products.

For production of food-stuffs of high quality resources of high quality are needed, for this purpose quality standards for resources should be developed. Agricultural producers and population should be informed about standards. Relations between agricultural producers and processing companies should be based on contracts. Contract must clearly identify :

- type of required products;

- quality;
- amounts;
- schedule of delivery;
- prices and terms of payment.

4.2 Support to export

Food and processing industry has its certain place in export of the republic. In 1993 - 1994 it was 16.3 %, in 1995 - 30.6 %, in the first half of 1996 - 21 %. Goods for export - fermented tobacco (23.8 %), sugar (35 %), spirits (10.4 %), alcohol products (25.1 %), wine (4.1 %), confectionery (2.5 %).

More than 85 % of goods are exported to CIS countries. Export to foreign countries consists of tobacco and sugar.

For increase of export the following is needed :

- state regulation of internal activities;
- flexible tax and tariff system;
- international scientific and technical exchange;
- to change structure of import;
- import of know-how and new technologies for production.

Establishment of joint ventures with experienced foreign firms in order to produce competitive production.

Forecast for export of goods of food and processing industry in the Program of development of export of the Kyrgyz Republic for 1996 and medium-term envisages annual growth of export by 30 - 40 %. Increase of export should be based on traditional goods.

State support of export-oriented companies :

- credits and loans for activities aimed at increase of quality, expansion of production, establishment of sufficient packing and advertisement, purchase of good resources;
- establishment of favourable taxation for export;
- flexible regulation of import by means of increase of custom fees for goods which are produced in country.

Potential increase of export - output of tobacco goods, within 2 - 3 years reconstruction of JSC "Kyrghyztamekisi" with participation of foreign investors should be finished, tobacco factory will be constructed in the South.

Processed wild fruits for children's food and concentrated juice plus sufficient advertisement could become export goods.

Drying of apricots and grapes is possible in Osh and Djalal-Abad oblasts.

In the future frozen fruits could be exported. This requires good transportation and storage system with usage of refrigerators on all stages of processing.

Apart from this it is necessary to start training agrobusiness managers in all aspects of modern management :

- methods of business control;
- budgets and forecasts;
- reaction for changes of the market;
- use of resources;
- analysis of expense;
- identification of price;
- drawing up of contracts and negotiations.

5. CONCLUSION

Draft of the Concept for development of food and processing industry is based on the analysis of work of food and processing industry and agricultural production. Given analysis covers all aspects from agricultural production to marketing of goods. Examination of activities made it possible to identify advantages and weak points of processing industry and possibilities of its further development.

In the "Indicative Social-Economic Plan of the Kyrgyz Republic for 1996 - 1998 and year of 2005" it is mentioned, that processing industry is considered to be a priority in the national economy and should be based on local resources and should not require a lot of investments and expenses.

Privatisation in agriculture and processing industry is in the final stage, so state support to private entrepreneurship could formulate necessary component for industrial production of food-stuffs.

Implementation of the Concept for development of food and processing industry of the Kyrgyz Republic could allow to reach the following aims :

- more effective use of resources;
- increase of production and economic potential;
- employment of population;
- creation of conditions for attraction of foreign investments.

Sustainability of increase paces of food-stuffs production will be implemented at the expenses of introduction of new export oriented goods, increased use of capacities of processing companies which do not operate because of recession of production.

Establishment of regional concepts for development of food and processing industries on the basis of given program could draw up levels of development of different regions and level of consumption of food-stuffs by population of those regions.

**General measures for development of food and processing industry of the
Kyrgyz Republic**

N	Measures	Type of document	Period	Executors
1	To accelerate bankrupt process, sanation and liquidation of loss-making companies	Resolution of SPF	constantly	SPF, MAF, Min of Trade, "Kyrgyzzalko", "Kyrgyzzamekisi"
2	Annual credits and bank loans for operation capital for processing companies for seasonal procurement of resources	Government Resolution	annual-ly	MOF, NBK, MAF, JS banks
3	Restructuring of penalties and fines, calculated on taxes from previous years	Government Resolution	1997	MOF, tax inspections
4	To study needs in spare parts for re-equipment of companies		1996-1997	MAF, Min of Trade, companies
5	State support of industrial companies, research institutes producing spare parts for equipment in processing industry by means of allocation of targeted credit resources		1997 - 2000	MOF, NBK
6	To formulate list of export oriented companies and support of them by the state	Government Resolution	1997	MAF, Min of trade, Min of Economics, MOF
7	Organisation of auctions and future transactions for sale of agricultural	Resolutions of local	annual-ly	MAF, Min of trade, oblast

	production and products of processing companies	administrations		administrations
8	Establishment of save credit and financing system for procurement of agricultural production		constantly	MOF, MAF
9	To organise production of modern packing materials and labels	Government Resolution	1997 - 1998	MAF, Min of Trade
10	To establish Tasting Commission and Arts Council under MAF of the Kyrghyz Republic for supervision of quality of goods, produced by companies irrespective of ownership type.	Government order	1996	MAF, Min of Health Care, State Standard Inspection
11	To data base for inputs, resources and goods with issuing of information bulletins and advertisement		1997	Nat.Stat.Com MAF, Min of Economics
12	Training of specialists	Program	1997	Min of Education, Agrarian Academy
13	Preparation of business plans for investments	business plans of the companies	1996-1997	companies of processing industries
14	To review existing and develop new standards for sources and goods with orientation for world standards	state standards	1997-1998	State Standard Inspection, Research Institute of MAF, Min of Health Care
15	Introduction of licences for production of food stuffs			Min of Trade, "Kyrghyzalko", "Kyrghyztamekisi"
16	Establishment and improvement of marketing services in the companies		constantly	Min of Trade, "Kyrghyzalko", "Kyrghyztamekisi", companies

Meat and dairy industry

There are 15 meat packing plants with capacity - 500 tons, 25 milk plants with processing capacity 1500 tons a day.

N	Measures	Type	of	Period	Executors
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		document		
1	To organise temporary mini slaughter houses for saving of operation expenses on huge meat-packing plants			Bishkek, Osh, Tokmok, Talas Kainda meat-packing plant
2	Establishment of intestinal resource base for procurement, processing and export		1997	Meat-packing plants
3	Construction of slaughter-house in Ak-Tala, Naryn with capacity 10 tons a shift (500.000 \$)		1997-1998	Raion administration, MAF
4	Annual allocation of credits and loans for procurement of livestock and milk	Government resolution	annually	MAF, MOF, JS banks
5	To develop conditions of processing of sick livestock in order to prevent infection of people and animals	Instructions for receiving of sick livestock	1997	MAF, Min of Health Care
6	To develop Regulations on certification of milk products sold by rural commodity producers through trade network.	Regulations	1997	MAF, State Standard Inspection, Veterinary Dept, Min of Health Care
7	Advisory services and practical assistance to farmers for establishment of mini processing plants for meat and milk		constantly	MAF
8	To render assistance to associations on meat and milk processing with rural commodity producers		constantly	MAF, milk plants, meat-packing plants, rural commodity producers

Fruit processing industry

N	Measures	Type of document	Period	Executors
1	Development of business plans for reconstruction of fruit processing companies in MAF of the Kyrgyz Republic	business plans	1996 - 19997	Companies of food and processing industry
2	Annual allocation of credits and loans for seasonal procurement of resources and auxiliary materials	Government resolution	annually	MOF, JS banks
3	Construction of glass plant for production of glass jars for Osh	Feasibility study	1998	Oblast administration

	oblast			
4	Reconstruction (1 mln. KS) of Bishkek glass plant for production of glass jars	Feasibility study	1998	Min of Trade
5	Purchase and installation of line for carton packing of friable materials (2 lines - 16 mln. KS)	Feasibility study	1997 1998	MOF, MAF
6	Purchase and installation of line for drying of fruits (3 lines - 6 mln. KS)	Feasibility study	1997 1998	MOF, MAF, Min of Trade
7	Installation of line for potato processing (2 lines - 5 mln. KS)	Feasibility study	1997 1998	MOF, MAF, Min of Trade
8	Attraction of investments for purchase and installation of line for drying of apricots in JSC "Jany-Jer", Batken raion (1 line - 1.8 mln. KS)		1996 1997	MOF, MAF, SPF
9	Purchase of lines for packing materials of Tetra-Pak type with installation of equipment for packing of juices and drinks in Bishkek, Djalal-Abad and Osh oblasts (3 lines - 80 mln. KS)	Feasibility study	1997 1999	MOF, MAF, Min of Trade
10	Expansion of sowing areas for some varieties of vegetables, fruits and berries		annually	MAF, farms and peasant farms
11	Development of export of fruit production by means of improvement of its quality and meeting of requirements of international standards		constantly	Companies, rural commodity producers
12	To ensure harvesting of wild fruits and berries in all regions of the republic for increase of production of tins (rose hips, barberry, etc)		annually	Farms, processing companies, State Forest Agency
13	For lengthening of fruit processing companies to establish production of semi-products for further processing in winter (jams)		annually	Farms, processing companies
14	To organise production of concentrates and confectionery in winter, for this purpose delivery of resources and auxiliary materials should be ensured		constantly	MAF, Min of Trade, companies

Confectionery and Sugar Industry

N	Measures	Type	of	Period	Executors
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		document		
1	To prepare plan for development of sugar beet branch for period up to year of 2005 (distribution of sowing area, seed breeding, training of the staff)	Program "Sugar"	1997	MAF, MOF, Min of Economics, Chui oblast administration
2	Establishment of service centres for agricultural machinery on the basis of former "Selkhoztekhnika"		1997 1998	Raion administrations, MAF, "Kyrghyzaiylk omok "
3	To organise annual procurement and distribution of seeds, plant protection stuff, fuel and advance for purchase of sugar beet for sugar beet growing farms		annually	MAF, MOF, "Kyrghyzaiylk omok", SJSC "Kaindy-Kant"
4	To construct units for collecting sugar beet in Kemin, Issyk-Ata and Kara-Bura raious		1996 - 1998	SJSC "Kaindy-Kant", raion administrations
5	Development and submission of business plans for reconstruction of sugar plants to the Ministry of Trade	business plans	1997	SJSC "Tunguch-Kant", JSC "Koshoi", SJSC "Kaindy-Kant"
6	To select investors for reconstruction of sugar plants		1996- 1997	Min of Trade, MAF
7	Establishment of JV "Chui-Glass"		1997	Concern "Kyrghyzkurulush materialy" "Panter Holding and C"
8	Establishment of JV "Bakai-Suu" (packing of mineral water)		1996 - 1997	JSC "Bakai", Central Asian Fund for Support of Entrepreneurs
9	Establishment of mini-plant for production of packing materials		1997	JSC "Bakai"
10	Establishment of mini-sugar plant		1997	SJSC "Tuhguch-Kant"
11	Output of mineral water with participation of French firm "Klekner"		March 1997	JSC "Salkyn"
12	To take measures for production 4.000 tons of barley for production of malt		1997 and annually	MAF, oblast and raion administration

			y	
13	Completion of construction of new shop for production of sweets and oats goods		1997	JSC "Tattuu"

Tobacco industry

N	Measures	Type of document	Period	Executors
1	To introduce state support of tobacco producers by means of favourable financing (annual consumption - 45 mln. KS)	Government resolution	annually	MOF, MAF
2	Restoration of activities of Kyrghyz experimental breeding seed station for the following purposes : - provision of farms with elite tobacco seeds; - research and improvement of agricultural technologies ; - development of new varieties of tobacco		1996 - 1997	SJSC "Kyrghyztamekisi", MAF
3	Increase of production of fermented tobacco : 1995 - 17.9 thous. tons 1996 - 18.8 thous. tons 1997 - 19.0 thous. tons 1998 - 19.0 thous. tons 1999 - 19.0 thous. tons 2000 - 23.0 thous. tons 2005 - 23.0 thous. tons		1996-1997	SJSC "Kyrghyztamekisi", MAF
4	Increase of production of tobacco products : 1996 - 1335 mln. pcs 1997 - 2000 mln. pcs 1998 - 5000 mln. pcs 1999 - 5000 mln. pcs 2000 - 7000 mln. pcs		1997 - 2005	SJSC "Kyrghyztamekisi", NBK, MOF, MAF
5	To attract foreign investments for completion of construction of cigarette factory in Bishkek with capacity -7 billion a year Investments - 35 mln. \$			SJSC "Kyrghyztamekisi"

Mill and bread industry

N	Measures	Type of document	Period	Executors
1	To take measures for grain production : - food wheat - 800 thous. tons/year ; - forage grain (wheat, barley, oats, maize) - 700 thous. tons/year ; - groats grain - 60 thous. tons/year		annually	MAF, Association "Dan"
2	To organise production of non-grain resources for production of fodder		annually	MAF, Association "Dan"
3	To establish regional stock exchanges and auctions for purchase and sale of grain with obligatory management of grain market		annually	MAF, oblast administrations
4	To establish measures for quality control, scientifically grounded identification of composition of bread products;		1996 - 1998	Min of Health Care, National Academy of Science
5	To allocate credits for formulation of operation capital for procurement of grain		annually	MOF, NBK
6	To attract foreign and domestic investments : - re-equipment of bread and flour plants ; - construction of plants for deeper processing of grain		constantly	MAF, SPF, Association "Dan"

Alcohol industry

Production of alcohol beverages and spirits in 1996 - 2005

		1995	2000	2005
1	Liqueurs and vodka	938.5	1200	1600
2	Spirits	2242.0	2400	2500.0
3	including local production	125.2	500	1000

N	Measures	Type of document	Period	Executors
1	To examine companies re : issuing of licences		III - IV quarter of 1996	SJSC "Kyrghyzalko", companies
2	Establishment and development of infrastructure		1997	SJSC "Kyrghyzalko", local

				administrations
3	Development and submission of feasibility studies to MOF, Ministry of Economics for allocation of credit resources for operation capital	Feasibility studies	1997	SJSC "Kyrghyzalko"
4	Development and submission of investments projects to MOF and SPF for reconstruction and modernisation of wine-making industry, beer, liqueur and vodka		2000	SJSC "Kyrghyzalko", companies
5	Establishment of shop for production of gotret packing in Bishkek liqueur and vodka plant		1997	SJSC "Kyrghyzalko"
6	Identification of the list of export oriented companies		constant ly	SJSC "Kyrghyzalko"
7	Establishment of the Commission for protection of rights of local producers and customers from false alcohol products and contraband goods		constant ly	SJSC "Kyrghyzalko"
8	Participation in development of legislation for ensuring of state monopoly for production, storage and sale of spirits and alcohol products	Drafts of legislative acts	constant ly	SJSC "Kyrghyzalko", Min of Health Care, Min of Justice, State Standard Inspection
9	Advertisement of SJSC "Kyrghyzalko" in mass media		constant ly	SJSC "Kyrghyzalko"
10	Putting into line normative acts on production, storage and sale of spirits and alcohol products with legislation on establishment of state monopoly			SJSC "Kyrghyzalko", Min of Health Care, State Standard Inspection

Butter and fat industry

N	Measures	Type of document	Period	Executors
1	To check quality of goods, produced by small plants		constant ly	Kyrgyzstan-dard, Min of Health Care
2	To start production of soup in SJSC "Ak-Mai", output in 2000 - 870 tons		1997 - 2000	Osh oblast administration, SJSC "Ak-Mai"
3	To install shop for desodoration in SJSC "Ak-Mai"		1997 - 2000	Osh oblast administration,

	To look for foreign investors for SJSC "Ak-Sui Maize Processing Combinat"		1996	SJSC "Ak-Mai" SPF
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Wine-making industry

		1996 - 2005
1	Reconstruction of JSC "Kyrghyzstan", capacity packing of 1.5 mln. Dekaliters of wine a year	4.0 mln. \$
2	Reconstruction of JSC "Kyrghyzshampagne", capacity - packing of 1.5 mln. Dekaliters of wine a year	4.0 mln. \$
3	Reconstruction of JSC "Adis", capacity - packing of 1.5 mln. Dekaliters of wine a year	1.9 mln. \$
4	Renewal of main production facilities and equipment of wine-making plants	8.0 \$
	TOTAL	18.9 \$

Wine-making

N	Measures	Type of document	Period	Executors
1	Reconstruction of JSC "Kyrghyzshampagne", capacity - packing of 1.5 mln. Dekaliters of wine a year	Government resolution	1997	JSC "Kyrghyzshampagne", SJSC "Kyrghyzalko"
2	Reconstruction of JSC "Adis", capacity - packing of 1.5 mln. Dekaliters of wine a year	Government resolution	1997	MAF, Moscow raion administration
3	Reconstruction of JSC "Kyrghyzstan", Kara-Sui raion, capacity - packing of 1.5 mln. Dekaliters of wine a year	Government resolution	1997 - 2000	SJSC "Kyrghyzalko"
4	To reach production of wine up to 0.5 mln. Dekaliters a year in Peasant Farm named after Lenin and JSC "Juzum-Sharaby"	Resolution of MAF Collegium	1997	MAF
5	To envisage specialisation of wine-growing farms of Batken and	Resolution of MAF	1997	MAF

	Layilayk raions for growing varieties for cognac spirits	Collegium		
6	Renewal and modernisation of main production facilities and equipment of wine-making plants	Government resolution	1997-2000	MAF
7	Export of Kyrghyz wine after improvement of their quality and presentation	Resolution of Collegium	1997 - 2000	MAF SJSC "Kyrghyzalko"

Viniculture

N	Measures	Type of document	Period	Executors
1	Production of grapes seedlings in 1996-2000 should be 1 mln. pcs a year, in 2000-2005 - 2.5 mln. pcs a year. To organise growing of seedlings in Sokuluk, Belovodsk and Uch-Kurgan nurseries	Resolution of MAF Collegium	1997	MAF, oblast administrations
2	To envisage establishment of wine-growing farms in Chui oblast, area - 1.4 thous. ha on the lands from Land Redistribution Fund (0.7 thous. Ha each) on new lands not suitable for other agricultural crops	Government resolution	1997	MAF, Moscow and Sokuluk raion administration
3	To envisage establishment of experimental wine-growing farms in Chui, Osh, D-Abad oblasts, one in each oblast for introduction of new technologies	Government resolution	1997	MAF, Chui, Osh, D-Abad oblast administration
4	To cover vineyards with reed mats for winter time in Chui oblast	Resolution of MAF Collegium	1996	MAF
5	To stop groundless destruction of vineyards without MAF permission	Resolution of MAF Collegium	constant ly	MAF