

Kyrgyz Republic - Tourism

This is a best prospect industry sector for this country. Includes a market overview and trade data.

Overview

The tourism industry in the Kyrgyz Republic contributes an estimated 4.7% to GDP and represents an important growth industry for jobs and economic development. The Kyrgyz Republic features numerous unique natural and cultural attractions such as Lake Issyk-Kul -- the second-largest alpine lake in the world, the prominent Tian-Shan mountain range, and a section of the historic "Silk Road," all with potential to attract additional international visitors. In September 2018, the Kyrgyz Republic will host the third World Nomad Games, and a concerted PR campaign will attract global media attention to the Games and help promote the Kyrgyz Republic's unique brand on the international stage.

The Kyrgyz Republic was a popular regional tourist destination during Soviet times, with nearly one million visitors annually during the 1980s, predominantly from other Soviet republics. A wide array of tourist lodging, along with supporting physical infrastructure including paved roads, was developed. Following the dissolution of the Soviet Union, tourism in the Kyrgyz Republic collapsed, with arrivals declining by nearly 90% by the end of the 1990s. The tourism industry experienced years of contraction and disinvestment, from which the sector is only recently beginning to recover.

Since independence the number of tourists has steadily rebounded to 1.3 million in 2017, and visitors from the former Soviet Union continue to comprise the overwhelming majority of tourists who travel to the Kyrgyz Republic. According to estimates, approximately 70% of tourists visit from Kazakhstan, and 13% from Russia, with roughly 2% from European countries. The tourism sector employs approximately 40,000 people, or roughly 2% of the Kyrgyz Republic's total formal employment.

While the sector has made significant strides in recent years, it continues to face several challenges. Standards, particularly in customer service, remain weak and inconsistent across the sector, and service capacity is underdeveloped. Tourist infrastructure is slowly improving, but significant capital investment is needed to reverse two decades of degradation. Promotion of the sector, particularly to external markets, is also improving, but lacks a unified marketing and information campaign. Due to a failure to fully comply with International Civil Aviation Organization (ICAO) standards, the Kyrgyz Republic remains on the EU's "black list," which prevents European carriers from operating direct routes to the country and subsequently hampers the further

development of tourism.

Through its Business Growth Initiative, USAID has worked with partners across the sector to improve tourism potential in the Kyrgyz Republic. USAID support has helped establish and coordinate international marketing efforts, fostered the development of basic industry standards, improved local planning, and upgraded tourist information and sector outreach.

Opportunities

The tourism industry in the Kyrgyz Republic offers targeted opportunities for U.S. investment, particularly in the hospitality sector. Bishkek has very few Western hotel chains, and the popular resort destination of Lake Issyk-Kul has none. Local Kyrgyz entrepreneurs are exploring the possibility to opening franchise locations of major U.S. hospitality chains. Opportunities also exist for U.S. tour operators seeking to sell both individual tour packages to the Kyrgyz Republic and regional trips to Central Asian destinations along the historic Silk Road.

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