



The Possibility of “Six Sector Industrialization” in Kyrgyzstan Agricultural Products

■Profile of Kyrgyz Republic

The Kyrgyz Republic (Kyrgyzstan) is a state in Central Asia. Located in the western and central part of the Tien Shan mountain system. In the north it borders with Kazakhstan, in the west - with Uzbekistan, in the south-west - with Tajikistan, in the east and southeast - with China.

The Kyrgyz Republic is a sovereign, democratic, legal, secular, unitary, social state. Independence Date - August 31, 1991. The state language is Kyrgyz; the official language is Russian. The territory is 199.9 thousand km² (5.8% - forests, 4.4% - water, 53.3% - agricultural land, 36.5% - other lands). Almost 90% of which is located 1,500 m above sea level. The capital is Bishkek (859.8 thousand people). Big cities include Osh (255.8 thousand), Jalal-Abad (98.4 thousand), Karakol (68.0 thousand). Kyrgyzstan consists of 9 administrative-territorial units - Chui oblast, Talas oblast, Issyk-Kul oblast, Naryn oblast, Jalal-Abad oblast, Osh oblast, Batken oblast, Osh city and Bishkek city. Its key regional centers are Talas, Karakol, Naryn, Jalal-Abad, Osh, Batken.

■Overview of Agriculture Industry in Kyrgyzstan Republic

The Kyrgyz Republic began implementing agrarian reforms after the collapse of the

Soviet Union. These reforms have seen major changes in the agrarian sector. In the early 1990s, reforms were launched in agriculture to dismantle the planned economy and transition to market relations in Kyrgyzstan. In this regard, about 576 collective farms and state farms were abolished and these farms served to instead establish the base of a new entity -- the Agriculture Private Property Institute.

Agrarian reform has progressed through three stages during the last 28 years:

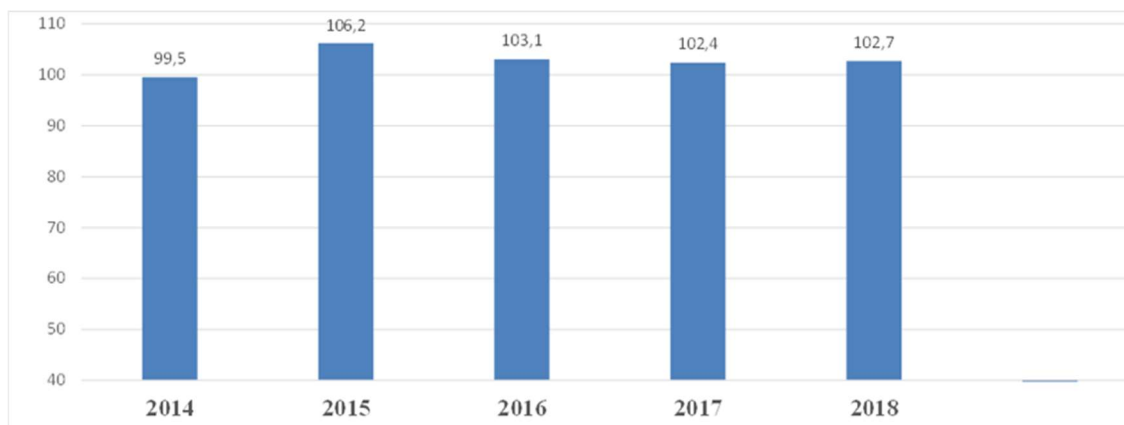
- From 1991 to 1994, reorganization of farms characterized the first phase of agricultural reform. An effort had already been made in 1991 to prepare to make the transition from collective to private property.
- The second stage of land reform began in 1994 when the restructuring program focused on individualizing agriculture.
- The third and the most recent stage of agrarian reforms began in 2004 and aimed at infrastructure development.

The agrarian sector is the primary sector of the economy of Kyrgyzstan, notwithstanding its mountainous terrain. Thus, about 64% of the population lives in rural areas of the republic. More than one third of the self-employed population is directly employed in the main agricultural sectors, and a further 15 percent in the food and food processing light industries.

According to the Kyrgyz Republic's National Statistical Committee as of 1 January 2019 More than 440 thousand economic entities operating in agriculture, forestry and fisheries are registered in the territory of the Kyrgyz Republic. Of these, approximately 333,000, or 75.6 percent of the total number of such entities, fall to peasant (farmer) enterprises, which 106,700 entities, or 24.2 percent fall to individual business people engaged in agricultural production. Osh oblast accounted for a significant proportion of such business entities-120.8 thousand, or 27.5% of the total as did Jalal-Abad oblast with 100.8 thousand, or 22.9%, and Chui oblast with 66.5 thousand, or 15.1%. The volume of gross output of agriculture, forestry and fisheries in 2018 for the republic as a whole amounted to 204 969.9 million soms.

At the same time, the index of physical volume of production in 2018 in relation to the level of the previous year amounted to 102.7 percent.

Table № 1



Source: National Statistical Committee of the Kyrgyz Republic 2014-2018, Signed for printing: November 2019. Circulation 85 copies. Order No. 496. (<http://www.stat.kg/ru/publications/sbornik-selskoe-hozyajstvo-kyrgyzskoj-respubliki>).

In the total agricultural production, livestock products accounted for 48.2%, crop production - 49.2%, forestry and fisheries - 0.2% and services - 2.4%. The share of peasant (farm) farms together with personal subsidiary farms of citizens in the total volume of production is 95.8%.

In the regional context, a growth in gross agricultural output, forestry and fisheries was seen in all regions. The largest positive contribution to the growth of gross output was made by the Batken region, where the growth rate was 4.3% (contribution 0.28 percentage points), followed by Issyk-Kul - 3.7% (0.51 percentage points), Chui - 3.4% (contribution of 0.90 percentage points), Jalal-Abad - 2.2% (contribution of 0.40 percentage points) and Osh - 2.0% (contribution of 0.36 percentage points).

According to information from the Ministry of Agriculture, Food industry and Reclamation of the Kyrgyz Republic, there are a number of issues concerning the agriculture sector.

In general, problems divide into 7 groups:

1. Rural Poverty

A major problem is the financial situation of rural commodity producers, which is characterized by the following.

- small cash income from the sale of products due to low prices and limited sales
- lack of own working capital for seasonal financing of production and insufficient bank credit
- high payables, mainly on concessional public loans

2. Food Security

There is a negative trend discernible as an annual decline in Kyrgyzstan farm-produced wheat, with ramifications for the competitiveness of the produced bread and bakery products, and which could result in risks to supplies of Kyrgyzstan's main food staple.

3. Management of Natural Resources

Water resources are not being used efficiently. Genetic resources are gradually being depleted. This leads to a decrease in yields and greater exposure to natural disasters.

4. Production and Marketing

The interindustry disparity of prices and incomes remains an unresolved problem, as economic liberalization of agriculture ~~to~~ has an effect on monopolized suppliers' resources. Price pressure from having a mass of intermediaries and resellers has led to successive declines in the share of the retail price of the final product that agricultural products manufacturers can obtain.

5. Marketing and Export of Agricultural Products

The problem of export for domestic commodity producers concerns trade expansion of products which lack competitiveness due to low quality, absence of distinct

comparative advantages of the products produced and how this play into sales and exports.

6. Absence of Large Trade and Logistics Centers

There is an absence of accredited laboratories needed for plant quarantine to determine the quality of agricultural products, defects in packaging, calibration, labeling, etc.

7. Common Issues

There are public systems for regulating the food market, however, they are ineffective.

The former administrative-distribution bodies were abolished, and although new mechanisms were established, they tend to perpetuate previous operating conditions, rather than explore economic development more enterprisingly. This makes it difficult to form a single cohesive market for the country which has resulted in significant inefficiencies for the agricultural sector, and the population.

Problems of demographic and personnel cooperation include a lack of specialists and managers, an insufficient level of engagement from management, organizational and consulting work on the formation and the functioning of new market structures.

Problems of financial support for agriculture include low accessibility of rural population to loans and a lack of insurance for agricultural enterprise.

Similarly, the problems for processing industries include the lack of their own financial resources for the procurement of raw materials, or the modernization of equipment which are both essential for the production of high-quality export-oriented products.

■Heritage from Soviet Union Era

The adoption in 1991 of the Land Code of the Kyrgyz Republic and the Law “On Peasant (farmer) economy”, and “On Land Reform” marked the beginning of land reforms in the country. This was followed in 1992 by the Decree of the President of the Kyrgyz Republic “On measures for further the implementation of land and agrarian reform in the Kyrgyz Republic” to further encourage this transformation. Then, in 1994, the Decree of the President regarding the maximum size of land in use by one family. The significance of these legal documents is that they mean agrarian reform could progress on a scale of historical proportions.

In fact, agrarian reform has led to a reform of the hitherto stereotypical thinking of the agricultural communities themselves. The full significance of the reforms was not immediately grasped. Transformations in villages, cities, were achieved through by different methods. In the countryside, reforms aimed at changing the system of land relations prevailing in Soviet times by denationalization and privatization, changing the form of its ownership.

Agrarian transformations aimed to provide conditions for equitable development of all forms of ownership, the introduction of land-use fees, and the formation on this basis of multi-structure system. This implementation of the transition from imposed administrative methods of land management to market-focused land utilization was carried out simultaneously with the institutional reorganization of collective farms and state farms. Of course, in this case there were major omissions and the rush inherent in general for all post-Soviet countries due to weakened economic discipline. Even some well-established horse-stable farms, pedigree breeding farms and seed farms were unfortunately destroyed or eliminated. Inevitably, agriculture including highly-bred

animals and high-yielding varieties of agricultural seeds were damaged. The main wealth of the mountain farmers is in farm animals, especially sheep, but this suffered greatly, being reduced to a bare minimum.

The process of reorganization of collective farms and state farms meant the transformation of the peasant into becoming the owner of the land, and switching means of production was started without taking into account the mentality of the rural population. The scale of change and the rush led them to a shock state, causing a catastrophic decline in volume and production of quality agricultural products. Despite this vacuum, the appropriateness of the chosen direction, which is to say the transition from the command and administrative system of management, to a market-focused economy still met popular approval and a firm course on what would become an increase in agricultural production progressed.

The effect of the shock state came to be replaced by the effect of increasing profits from allotted lands. By 2001, compared to 1997, the country's gross agricultural output had grown 252% (18,685.2 million soms in 1997 and 47,101.3 million soms in 2001), including increases in gross crop production of 296%, and cattle breeding of 212% (Kyrgyzstan in numbers. B. 2002. S. 79).

Citizens were found to form a sense of ownership of the land. They began to appropriate rents as income from the earth. During the reform, the state's monopoly on land was eliminated. A property-owning has come to be created in the village multi-structure economy. This was facilitated by the acceleration of land privatization in 1998. This happened after National referendum on private ownership of land and in accordance with the Decree of the President on 10/13/1998 entitled "On the concept of introducing private ownership of land in the Kyrgyz Republic".

Likewise, as adopted in June 1999, the new Land Code of the Kyrgyz Republic, together with and the Law on Agricultural “Land Management destination” (December, 2002) the owner receives the right to sell his land as real sovereign heir and master. This stage of the program to transform land utilization includes implementation of technological, legal, organizational and managerial measures, and is informative and educational in nature. It was largely completed by 2003. Of course, there is scope for further improvement of land-agrarian relations, and further advances in the complex of work of rational land use.

This is primarily land management based on environmental, economic and legal norms for distribution and redistribution of land, preparation of conditions for their cooperation, development of a set of measures aimed at rational use and protection of land for the conservation and improvement of soil fertility. Three points are of particular note in this plan, and merit further attention.

It is known that the distribution of land at the first stage was very hasty and, in many places, haphazardly done. In practice, according to the Decree of the President on 01/13/1992 regarding “Features of denationalization and privatization of state farms and other state (communal) agricultural enterprises in the Kyrgyz Republic”, households were prescribed for two months (in most regions - until March 1, 1992) to make a decision on the form of ownership of land. Then, during 1992, land privatization and reorganization of farms were carried out. This embraced new forms of management with ownership transferred free of charge to members of collectives of land shares according to the norms established by the area authorities’ executive power. These events are largely progressive in their transition to market conditions of economic housekeeping.

They were a necessary step in the implementation of certain matter of honor. But

unfortunately, in many places, the norms for the distribution of land shares were adopted hastily and were not always fair. They did not take into account the internal properties of soil types nor quality characteristics of agricultural land by mechanical composition. The results of the overall assessment are not implemented in practice for agricultural land, without mentioning indicators of economic valuation of land. Norm sizes and land shares calculated on the basis of their properties and land characteristics would undoubtedly aspire to be completely equal and fair. The third stage of land and agrarian reform is the basis of legal provision and, taking into account local conditions in consultations with farmers' requirements, and whenever necessary, unifying the land plots for the purpose of cooperation. This is an essential step towards more efficient use of land for agricultural production, in line with standards endorsed by world best practice, independent of political ideology.

Source: Kukanov A.K., Mamyrbayev J.R. "Agriculture of Kyrgyzstan and ways of its development".

■Kyrgyzstan: History of National Drinks by "SHORO"

The idea of producing a national drink and calling it "Maksym" first came to the mind of the would-be President of the company, Taabaldy Egemberdiev in 1987. This was the era of rapid development of the cooperative movement, yet even so, this idea seemed too fantastic for many. Nevertheless, Taabaldy managed to convince his younger brother Zhumadyl and his mother Suyun, the main keeper of the sourdough, of the potential of "Maksym".

The "marketing research" that convinced them of an assured place in the market for "Maksym" was reflecting now whenever the brothers met guests from the city in their mother's house, the main object of their attention was certainly neither the food

“Beshbarmak”, nor the alcoholic drinks provided, but the home hospitality generated by the beverage, “Maksym.

The Egemberdiev brothers were confident in their undertaking, but knew its implementation needed careful planning and timing. Both brothers were highly educated civil engineers and had already established careers in their specialty. As such, it would have been difficult to quit and take on a new business, having no premises, no money, or partners, not to mention the alarming difficulties with bureaucracy experienced by the first-wave cooperators.

An external push came in 1992. By this time, the five Egemberdievs (Zhumadyl Egemberdiev, his wife Sapysheva Zhekin, Taabaldy Egemberdiev, his eldest son Egemberdiev Almaz, the brothers’ sister Anara Egemberdiev), together with five other people. They consisted of two subordinates from their former work (namely Dokturbek Kenzhebaev and Toktokozhoev Keldibekov), another two from Oskon, engineer Keldibekov and worker Akkmat), and the chief technologist Suyun (who was also the mother of the president). This was the team that created the Shoro company on May 1992 and brought the first 80 liters of “maxim” to the market. All 80 liters were sold in 2 hours, confirming their confidence in the product.

From that time, the company had one problem: the inability to meet demand in the market - the entire volume of the prepared beverage (3 tons) ran out by dinner. The preparation of the drink was carried out according to traditional technology, i.e. completely by hand and in 100-liter cauldrons. So, in 1995, the President of the company T. Egemberdiev decided to break from his second profession as a public figure, and to devote his energies solely to this business.

In doing so, he was able to devise ways to mechanize the “maxim” cooking process

and he announced the goal that within three years. All the workers would be attired in white coats for all their work tasks, which would be largely automated except for pressing buttons and opening and closing of faucets with precision almost a pipe dream to the workers. The fairy tale, until its full implementation, came through many mistakes of its author in the form of a series of manufactured and discarded equipment due to obsolescence or unsuitability and resulting in hundreds of tons of drink being poured away due to the search for optimal technology.

Eventually, the author's perseverance and obsession translate the story into reality and now Shoro is the only company in the world that owns the fully mechanized production technology of "Maksym-Shoro", with a production capacity of 70 tons per day, which comfortably meets market demand. In 1998, the company began to produce "Maksym-Shoro" in a bottled form. In 1999, the company acquired a line for bottling water and was the first in the Kyrgyz market to start producing "Legenda" drinking water and other mineral waters "Arashan" and "Baytik". Subsequently, the range of mineral waters increased with the waters "Issyk-Ata", "Jalal-Abad", "Shoro-Suu", "Kara-Keche" and "Bishkek".

The idea of producing another national drink, a high-quality "koumiss" (fermented mare's milk) with a long shelf life, occurred to the President of the company Taabaldy Egemberdiev in 1996. It was in that year that his two-time attempt to collect koumiss from Son Kul farmers and sell them on the market for bottling ended in a complete financial collapse. Collected koumiss, without any foul play, became unfit for consumption only in 3 -4 days. This failure, however, did not deter them from their goal.

T. Egemberdiev had been studying the intricacies and secret methods of making good koumiss for 4 years with his grandparents and came to the firm opinion that it was

impossible to make high-quality koumiss using traditional technology i.e. in bangs and wineskins, especially in grassland conditions, which were inappropriate. Failure to achieve consistent quality koumiss led to two important operational decisions. First, instead of collecting koumiss, it would be better to collect just the basic ingredient, the ~~but~~ mare's milk. Second, to centralize the making of koumiss in Bishkek where using new technology, stainless containers, aided by laboratory supervision would ensure consistent quality production. In 2000, this idea came to fruition when the company mastered a completely new technology for the production of koumiss with a shelf life of up to 6 months.

Since 2001, the company has exported 70% of the koumiss produced to Moscow. Since 2004, the company began production of two more types of national “Zharmā” drinks – “Toyboss” and “Chalap – Tagay”. Today, these drinks are in demand not only in Kyrgyzstan, but also in Kazakhstan. Another significant event of 2004 was the holding of the Shoro Leaders Factory recruiting contest among talented youth of Kyrgyzstan. In this selection of the four most difficult rounds, more than 3,000 students participated, out of which 35 were selected for the honor of accelerated training before being appointed to key positions in company departments as new progressive employees.

The company has high hopes for these talented staff. In the same year, the company held a Republican Scientific and Practical Medical Conference to discuss “the potential medical benefit of the ‘Maksym-Shoro’ drink” in Bishkek, Osh and Jalalabad in the largest cities of Kyrgyzstan. The materials of this conference were published in the Central Asian Medical Journal.

In 2005, the company successfully entered the market of the Republic of Kazakhstan. To date, the “Maksym-Shoro” manufacturing plant has been built in Kordai and a

distribution office has been opened in Almaty, which is engaged in the sale of bottled products of the company on the Kazakh market.

The Shoro company, through its human resources management department, is pursuing a modern, personnel-based policy based on the principles of democracy. Each employee in the company is protected, and the hiring of new personnel is always carried out on a competitive basis. Moreover, periodically, employees are trained at the expense of the company, and with training of the best consulting companies in Kyrgyzstan.

There is also a library for the company's employees, which presents the world's best-selling books on management, marketing, sales, PR, etc.

For several years, the Shoro company has been collaborating with the international TAM program (Turnaround management), funded by the European Bank for Development and Reconstruction. Many of the specialists involved in this program brought their expertise from having worked in the food industry for many years in such countries as the USA and Canada. Key staff and management at Shoro were able to benefit from expert advice regarding aspects of production, management, marketing, human resources management, etc., which allowed the company to adapt and improve to become on a par with counterpart organizations elsewhere in the world.

<http://www.shoro.kg/en/products/drinks/>

■ "One Village - One Product" Project

According to the Ministry of Economy of the Kyrgyz Republic, One Village - One Product (OSOP) project is a strategic movement specifically designed and initiated in Japan that has contributed to successful regional development in the Land of the Rising Sun. The uniqueness of this approach is that by identifying and further manufacturing

products exclusively from local resources, developing packaging and label designs, subsequent quality control, together with promoting local and world markets, it is possible to achieve regional economic development.

This project is implemented by the Ministry of Economy of the Kyrgyz Republic in partnership with the Japan International Cooperation Agency (JICA).

The dissemination of OSOP experience to other regions is reflected in the Concept of the Regional Policy of the Kyrgyz Republic for 2018-2022. In this connection, within the framework of this project, with the technical support of the Japan International Cooperation Agency (JICA), field studies were conducted in the regions of the republic in order to disseminate the successful experience of the Issyk-Kul model of OSOP in other regions.

The activities of the OSOP project show good results in creating a small business model through the OSOP approach.

Table № 2

Years	Number of producer groups	Number of people involved
2011	64	550
2016	178	about 2000
2017	220	about 2200

Source: Ministry of Economy of the Kyrgyz Republic 2018.

It should be noted that total sales in 2017 (11 months) increased by 35% compared with total sales in 2016.

In the process of implementing the OSOP project, local communities not only developed local products, but were also able to gain invaluable experience in promoting products both in the domestic and foreign markets.

The OSOP project implemented by the Ministry of Economy of the Kyrgyz Republic with the support of JICA is recognized as one of the most successful JICA projects currently being promoted in various countries of the world. In this regard, in 2016, the Ministry of Economy of the Kyrgyz Republic was awarded a letter of gratitude on behalf of the President of JICA.

Within the framework of the project, with the technical support of JICA, the model for promoting small business in Issyk-Kul oblast through the “One Village - One Product” approach launched the 3rd phase of the project.

The duration of the project is 3 years. The project is to be implemented in two stages: the first 1.5 years are intended for the study of detailed planning (research for the feasibility study of the OSOP Center) and the remaining 1.5 years for the full-scale implementation of the project.

During 2017, representatives of the OSOP project and the Ministry of Economics of the Kyrgyz Republic, responsible for the implementation of the project, held a series of joint meetings with activists and the business community of Batken, Jalal-Abad, Osh, Talas and Naryn regions.

In particular, the meetings discussed issues related to the implementation of the OSOP project, potential raw materials opportunities of the regions, possible participants of the OSOP in the regions, and a number of other issues aimed at successfully positioning and implementing the OSOP project in the regions.

The project conducted a baseline study in the regions and collected basic information

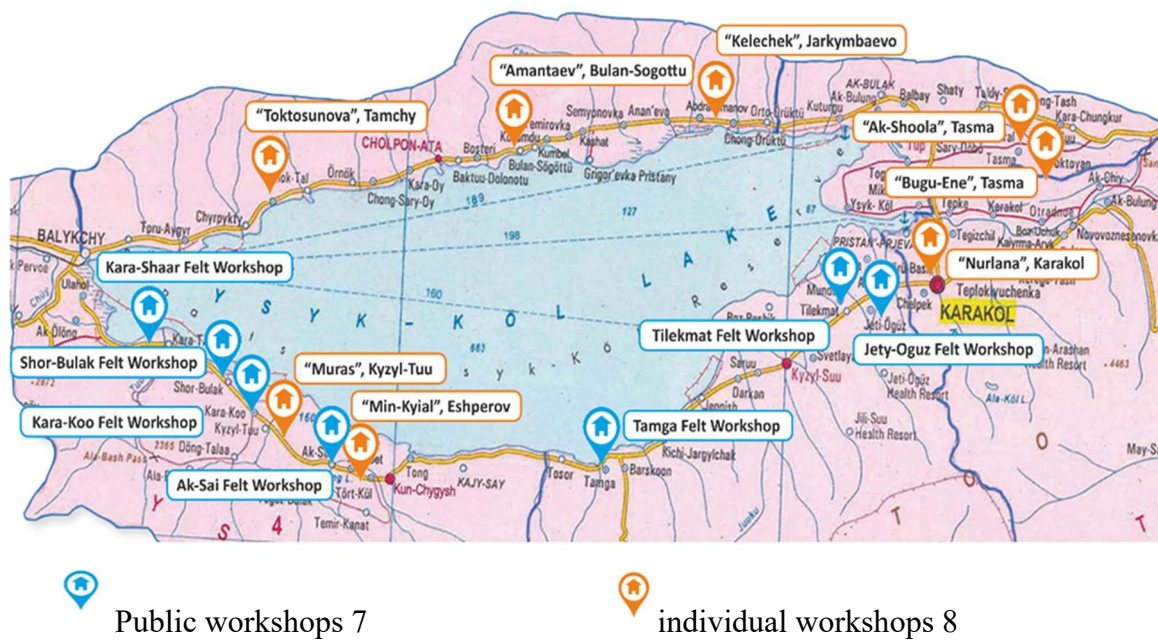
about agricultural products, processed products, producers, and activities of other donor organizations in the regions. As a result, undeveloped or under development potential local products and manufacturers who want to expand sales channels were identified in the regions.

In 10 months from January to October 2018, the sales of the “One Village One Item” Association (OVOP) rose by 22 per cent compared to the previous year's sales of 10 months. Six workshops were run in the southern part of Issyk-Kul to produce effectively, increase commodity exports, and grow domestic retail points.

Currently, as part of the promotion of this project, measures are being taken to open an OSOP center in Bishkek. The main goal of opening the center is to unite the efforts of people in the development of the economy of rural areas of Kyrgyzstan through the promotion of local products. The OSOP Center in Bishkek will provide local producers with products and know-how to improve the products of local communities, consulting and information services. Also, the center will assist in the development of products, organization of retail sales, and establishment of business relations.

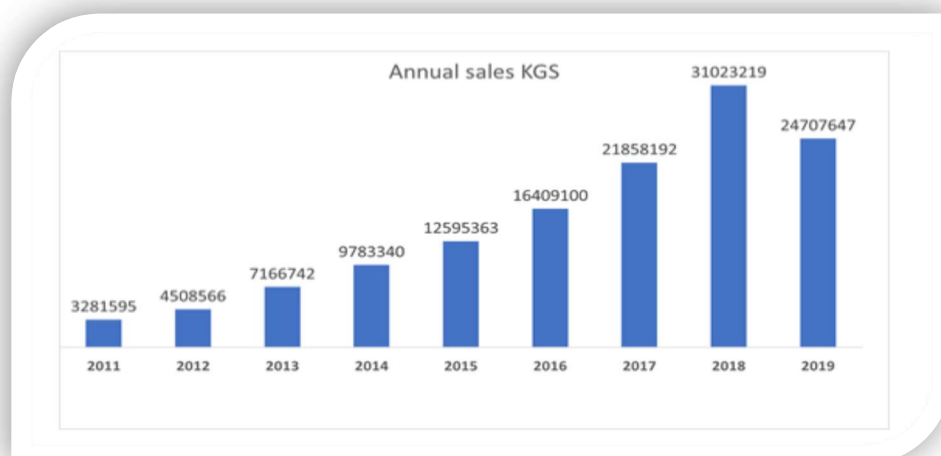
Issyk-Kul OSOP model Association "One Village One Product" consisted in 2011 of 64 groups, 550 people, and 39 villages, but by 2019, the corresponding figures were 300 groups, 2,300 people, and 57 villages.

Figure №1 Location of workshops in villages



Source: Ministry of Economy of the Kyrgyz Republic 2018.

Table № 3



Source: Ministry of Economy of the Kyrgyz Republic 2018.

Which countries are exported to, and what are the export dynamics?

Principle export markets are Japan, America, Europe, China, and Russia with felt products and honey being the primary products thus far. Negotiations are underway regarding export of organic cotton yarn and mushrooms among other things.

Table № 4

The volume of exports of felt products to the Japanese company Mujirushi Ryohin”
(in USA dollars)

Export	MUJI (USD)
2012	53,550.00
2013	78,360.66
2014	48,764.50
2015	68,810.00
2016	93,099.72
2017	124,321.80
2018	131,740.40
2019	88,833.00
TTL	687,480.08

Source: Ministry of Economy of the Kyrgyz Republic 2018.

■National Strategy Development of the Kyrgyz Republic for 2018-2040

“Agro-industrial complex and cooperation”

Kyrgyzstan, using its geographical and climatic advantages, looks set to become a leading supplier in the regional market and the EAEU market of high-quality environmentally friendly, organic agricultural products from its mountainous and foothill areas. Medium and large processing complexes will be created in the country's agro-industrial complex, and logistics centers will be developed for exporting products to foreign markets. Farms will actively participate in the production process through cooperatives and agglomerations that will allow producers to benefit directly from any

added value, contributing to an increase in the incomes of the local population.

In the field of agriculture, the main policy is to provide the population of the Kyrgyz Republic with quality food and to turn the industry into a supplier of high-quality environmentally friendly, organic products to the world and regional markets. State support will be directed to large rural enterprises, farms and cooperatives that are involved in the production and processing of agricultural products that create higher added value.

The main progress in the development of the agricultural sector and the agro-industrial complex is in overcoming the country's limited competitive abilities in foreign markets as a supplier of significant volumes of agricultural products to world and regional markets, and the lack of production capacities for traditional crops. The industry will introduce an international quality control system for the production, storage, and processing of agricultural products.

In order to increase access to credit resources for rural producers, and reduce interest rates on loans, an affordable soft loan program will be implemented in the future, along with specialized financial tools for lending to facilitate export of agricultural products.

State policy to increase the competitiveness of the agricultural sector and the agro-industrial complex will support the production of various types of agricultural products, giving priority to environmentally friendly, organic products that have high added value and for which world demand is growing rapidly. The wide development of greenhouse complexes will also continue, and new high-tech production methods will be introduced, while remaining environmentally friendly, to ensure the organic orientation of the country's agricultural sector.

To increase the economic efficiency of agriculture, the state will facilitate the transformation of small private farms into cooperatives.

Given the large number of small farms and the length of the transformation process, the policy of supporting such farms belonging to low-income rural residents will be continued in order to improve their productivity, and competitiveness, while diversifying incomes and promoting self-sufficiency in food.

An agrarian policy will be adopted to increase the efficiency in the use of water and land resources. This will also involve using energy more efficiently in agricultural labor, by specializing and concentrating regional production in zones, by regularly monitoring balanced use of the land with a view to developing the processing sector and expanding the irrigation network along with introduction of agricultural technology that helps increase crop yields.

Overall, the state policy in agriculture aims to ensure food security and nutrition, increasing food independence of the country and this involves ensuring the physical and economic accessibility of food for the population. All this to be in accordance with the minimum food consumption standards as established by the state, and subject to state health and safety requirements.

As can be seen, even though there is strident “six sector industrialization”, ensuring food security and energy value of food products for the population of the country remains the essential basis of the health of the nation and future generations.

Field Research (2020 February).

Interview at Toyboss company

Interviewee: Deputy General Director Bakchiev Samat.

Company Established in 2012, the “Toyboss” Trade Mark succeeded to prove itself as the manufacturer of quality, healthy and tasty meat products in the Kyrgyz market. company provides not only high-quality products prepared of ecologically clean and natural products, but also provides high level of services and timely delivery of products across the country.

In 2017, the company successfully passed an audit and was officially declared as an enterprise functioning in compliance with legislation of the Kyrgyz Republic and Technical Regulations of the Customs Union. It was also recognized that the company adheres to Food Products Safety Management System and rules of HASSP System. International TÜV Thüringen e.V. issued ISO 22000:2005, ISO/TS 22002-1:2009 and FSSC 22000 certificates confirming company’s adherence to these standards. Moreover, the whole manufacturing process is consistent with the principles of “Halal” and certified by KR Muslims Spiritual Authority, as well as the Kyrgyz Republic State Standardization Body. Toyboss exports only 10% mainly to Kazakhstan. Import is 90%.

The main problems are

- technical regulation, sanitary-epidemiological, quarantine phytosanitary and veterinary-sanitary requirements, which in the framework of the Customs Union turned out to be more stringent because they were based on more modern and advanced international practices. As a result, the export of goods from Kyrgyzstan to the territory of the countries of the Customs Union has become more costly.

- High interest rates from the State Department.

- Small commodity
- Limited meat products especially in the winter.
- The quality of the meat does not always comply with international standards.

State support is needed to resolve these issues:

- Low interest rates, develop human resources, citizens should relate to farming as a business, focus on environmental products;
- strict control by Veterinarians;
- strict control about chemical fertilizers.

«Photo by author»

<http://www.toyboss.kg/index.php>



Field Research (2020 February)

Interview at Project “One village - one product”

Interviewee: Akihisa HARAGUCHI.

He told how the project “One village - one product” is being successfully implemented in Kyrgyzstan. According to this project, new jobs are being created in the villages. Within the framework of the project “One Village - One Product”, more than 2,300 people were employed. The aim of the project was to create and disseminate a small business model through the One Village One Product approach, the concept of which is to produce high-quality products from local resources, then promote these products in local and international markets. Annual sales increase every year, which speaks of the dynamics of growth and development. Exports goods to Japan, America, European countries, China, Russia.

Nowadays , in all seven regions, the project “One village - one product” is being implemented

Ecologically natural and safe products of rural producers began to be popular and in demand not only in their native region, but also beyond its borders, becoming a real brand of a specific locality.

During the inspection of the store there were Various products from felt and leather, environmentally friendly processed agricultural products, food, each region uses its capabilities, especially for the development of local entrepreneurship. The main problems are human resources.

There are many Kaizen system in one product one village. And it is clearly observed that in the long run, the project “One Village - One Product”, the Kyrgyz brand will be included in the list of the best brands in the world.

«Photo by Ministry of economics KR»

«Photo by author»



Field Research (2020 February)

Interview at Agricultural cooperative "Zhayil"

Interviewee: Doolotbay Avaskanov the Chairman of the Board of the agricultural cooperative "Zhayil".

The Zhayil cooperative produces seeds, ears of corn, corn and perennial grasses, and is engaged in animal husbandry. About 2.5 thousand hectares are processed. Annual supplies 700-1000 tons to the seed fund of Kyrgyzstan. Faced with such problems with short terms of lease of lands of the redistribution fund for the development of cooperatives, seed farms, interest rates from banks.

In Zhayil cooperative work 170 employees. 70 of them are engaged in animal husbandry, 100 field crop cultivation and others.

During the interview, he noted that after the collapse of the union there was a great decline in primary seed production. He noted that in Kyrgyzstan there is a high

credit interest rate, the high cost of agricultural machinery. Weak human resources in the field of agriculture. And that on an ongoing basis, it is necessary to conduct continuing education courses for beginner farmers.

He noted that in Kyrgyzstan, separation of land into small plots does not allow efficient use of crop rotation, which leads to irrational use of irrigation water, equipment and financial resources.

Agricultural cooperatives contribute to the rational use of material and financial resources, reduce production and other costs, achieve certain advantages in the market and play a significant role in realizing the interests of producers. Especially if the agricultural cooperative will supply the processing enterprise with its products for processing.

It is necessary to increase the cooperation of farmers and peasant farms throughout the country. Today, small farmers rent or even sell their land to wealthier farmers. Cooperatives will be a great success in the future. Already, the most successful agricultural enterprises are Cooperatives.

REFERENCES

1. Government Report of the Kyrgyz Republic for (2018) <https://www.gov.kg>
2. Profile of Kyrgyz Republic <http://www.president.kg/ru/kyrgyzstan>
3. Agriculture industry in Kyrgyzstan republic <http://agroprod.kg/language/ru/main>
4. Heritage from Soviet Union Era by Kukanov A.K., Mamyrbaev J.R. “Agriculture of Kyrgyzstan and ways of its development”.
5. <http://arch.kyrlibnet.kg/?&npage=view&nadd=8544>
6. Kyrgyzstan: History of National drinks of “SHORO”
<http://www.shoro.kg/en/products/drinks/>
7. One village - one product" <http://mineconom.gov.kg/en>
8. National Strategy Development of the Kyrgyz Republic for 2018-2040
<http://www.stat.kg/ru/nsur/>

1) Agriculture data

Kyrgyz Republic's National Statistical Committee 1 January 2019. Responsible for release: G. Mursabekova .Computer layout Z. Osmonov, A. Arynov, G. Omoralieva, B. Amirakulov. Phone: (+ 996312) 66 40 43; 32 46 21. Signed for printing: November 2019. (<http://www.stat.kg/ru/publications/sbornik-selskoe-hozyajstvo-kyrgyzskoj-respubliki>).

Ministry of Agriculture, Food industry and Reclamation of the Kyrgyz Republic

2) Regulation/Laws of Agriculture in Kyrgyzstan.

National Strategy Development of the Kyrgyz Republic for 2018-2040, Agro-industrial complex and cooperation”. (<http://www.stat.kg/ru/nsur/>) published November 2018.

Law of the Kyrgyz Republic Bishkek, 26 May, 2009 № 166 “On the development of agriculture of the Kyrgyz Republic”. <http://cbd.minjust.gov.kg/act/view/ru-ru/202555/20?cl=ru-ru>.

Law of the Kyrgyz Republic Bishkek, 11 June 2004 № 70 “About cooperatives”. <http://cbd.minjust.gov.kg/act/view/ru-ru/111810?cl=ru-ru>.

Law of the Kyrgyz Republic Bishkek , 4 August 2008 № 183 “About food security of the Kyrgyz Republic”. <http://cbd.minjust.gov.kg/act/view/ru-ru/202397>

Resolution of the Government of the Kyrgyz Republic Bishkek 25 August 2015 № 600 «On approval of the guidelines for the creation and development of a system of trade and logistics centers of agricultural products in the Kyrgyz Republic for 2015-2017» (2. Analysis of the current situation). <http://cbd.minjust.gov.kg/act/view/ru-ru/97868/10?cl=ru-ru>

Resolution of the Government of the Kyrgyz Republic Bishkek, 20 February, 2012 № 140 “On the Ministry of Agriculture, Food Industry and Land Reclamation of the Kyrgyz Republic”. <http://cbd.minjust.gov.kg/act/view/ru-ru/92925>

In using any part of the transcript, the precise part of the text used should be specified and the appropriate acknowledgement of the source of information, the name of IUJ who has the copyright of the transcript and the title of the transcript should be given as described below:

Text citation: (IUJ 2020)

Reference: International University of Japan. 2020. “The Possibility of “Six Sector Industrialization in Kyrgyzstan Agricultural Products.” JICA-IUJ Case material series. Tokyo