

Bishkek electric vehicles evs

China produced almost 60 percent of the world's electric vehicles (EVs) in 2022. In Central Asia, the market for EVs is small but growing, and Chinese companies are especially dominant. While imports from China accounted for only 3 percent of Europe's EV sales in 2022, over 90 percent of EVs sold in Uzbekistan that year came from China. In Uzbekistan, brands like BYD are shifting perceptions of "Made in China" products.

Chinese brands also dominate EV imports to Kyrgyzstan, but unlike in Uzbekistan, where local demand is driving sales, few EVs from China can be seen on the streets of Bishkek or Osh. Instead, Kyrgyzstan serves as a convenient base for re-export to Russia.

From January to August 2023, Kyrgyzstan imported 4,085 EVs from China — almost six times more than the same period last year. Bishkek consistently ranks as one of the most polluted cities in the world, and Kyrgyzstan is trying to tackle pollution by encouraging the use of EVs through preferences such as a zero import tax rate.

Given Kyrgyzstan's geographical distance from Europe and ongoing sanctions against Russia, China is a major supplier of vehicles. Although Chinese cars were associated with low quality just three to five years ago, today their popularity is rapidly gaining momentum.

However, the current state of electric charging station infrastructure in Kyrgyzstan leaves much to be desired. There are only about 30 charging points across the country, most of which are located in the capital, Bishkek. Bureaucratic hurdles also hinder the rollout of charging infrastructure, with approximately 195 days needed to obtain the necessary permits.

The shortage of service points for EVs significantly hinders the development of demand among the population. One Kyrgyz owner of a Chinese EV who we spoke to, Adilet, said that he decided to purchase his EV only because he owns a private house, which allows him to charge the car.

Most of the growing number of Chinese EV imports into Kyrgyzstan are re-exported to Russia. One importer of Chinese automobiles in Kyrgyzstan, speaking on condition of anonymity, shared that the demand for EVs within Kyrgyzstan is still low. His business primarily focuses on re-export to Russia, where purchasing power is higher, and there are fewer issues with energy supplies.

According to the importer, Chinese EV manufacturers have several significant advantages compared to Western ones: Geographical proximity and the "absence of restrictive conditions" due to sanctions; rock-bottom prices due to "the dumping of Chinese manufacturers;" and most importantly, Chinese companies are "ready to declare an official price in documents that is much lower than the actual price."

Kyrgyzstan has become an attractive country for re-export due to the absence of indirect taxes. A Kyrgyz importer emphasized, "We don't have excise taxes. No fees for recycling. So it's cheaper to import through us. Secondly, our value-added tax is 12 percent - in Russia they pay 19-20 percent for a car."

At this stage, the growth in the import of Chinese cars in Kyrgyzstan mainly benefits businesspeople and smugglers eyeing re-export to Russia. Efforts by authorities to encourage the population to switch to EVs appear to be largely unsuccessful, given that the infrastructure and economic incentives for demand are not yet well established.

Since 2019, Kyrgyzstan has been trying to encourage Chinese EV companies to build manufacturing plants in Kyrgyzstan. If plans to open an assembly plant for Chinese EVs do move from the realm of announcements to practical implementation, opportunities will emerge. However, the government must still address the primary hurdle to a burgeoning EV market: the energy deficit, which is estimated at 3.2 billion kilowatt-hours this year.

Uzbekistan's government has also introduced a number of benefits to encourage the adoption of EVs, and on the face of it, these measures are yielding greater results. From January 1, 2019, a zero customs and excise tax rate has applied to the import of EVs, and in September 2021, Uzbek President Shavkat Mirziyoyev exempted EVs from road transportation fees.

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