

# CRS Report for Congress

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## Kyrgyzstan: Recent Developments and U.S. Interests

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### Summary

This report examines Kyrgyzstan's uneven political and economic reform efforts. It discusses U.S. policy and assistance for democratization and other programs. Basic facts and biographical information are provided. This report may be updated. Related products include CRS Report RL33458, *Central Asia: Regional Developments and Implications for U.S. Interests*, by Jim Nichol.

### U.S. Policy<sup>1</sup>

According to the Bush Administration, the United States “must help” Kyrgyzstan to combat corruption, to reform its constitution, and otherwise to consolidate democracy. Kyrgyzstan “should serve” as an example of a “reforming market democracy that is based on the rule of law and civil society, functions on free-market economic principles, is at peace with its neighbors, is integrated into the world economy, and raises living standards.” U.S. aid also seeks to enhance Kyrgyzstan's sovereignty and territorial integrity, improve observance of human rights, prevent weapons proliferation, and to combat transnational terrorism and criminal activities including trafficking in persons and narcotics (State Department, *Congressional Budget Justification for Foreign Operations for FY2007*). During an August 2006 visit to Kyrgyzstan, Assistant Secretary of State Richard Boucher stated that bilateral ties remained close, despite Kyrgyzstan's 2006 ouster of two U.S. diplomats (the United States in turn declared two Kyrgyz diplomats *persona non grata*) and lengthy negotiations over U.S. use of the Ganci airbase (see below).



Source: Map Resources. Adapted by CRS. (08/02 M.Chin)

<sup>1</sup> Sources include Foreign Broadcast Information Service, *Daily Report: Central Eurasia; RFE/RL Newswire; Eurasia Insight*; International Monetary Fund (IMF); the State Department's *Washington File*; and Reuters and Associated Press (AP) newswires.

Cumulative U.S. humanitarian and technical budgeted assistance to Kyrgyzstan for FY1992-FY2005 was \$806.54 million (FREEDOM Support Act and other agency funds), with Kyrgyzstan ranking third in such aid per capita among the new independent states of the former Soviet Union (by comparison, EU grants and loans amounted to about \$250 million). Estimated foreign aid for FY2006 (FREEDOM Support Act, other Function 150 funds, and supplemental appropriations, and excluding Defense and Energy Department funds, or funding for exchanges.) was \$39.01 million. The Administration's FY2007 request for \$37.86 million in aid for Kyrgyzstan is planned to help the government adopt business-friendly fiscal management and zoning regulations, help businesses improve accounting procedures, assist civil society NGOs, provide legal advice to media, improve the efficiency of courts in handling commercial and anti-corruption cases, improve primary health care, and combat terrorism and trafficking in people and drugs (*Congressional Budget Justification* and U.S. Agency for International Development, *Budget Justification for FY2007, Program Annex*).

#### **Kyrgyzstan: Basic Facts**

**Area and Population:** Land area is 77,415 sq. mi.; about the size of South Dakota. Population is 5.21 million (*CIA World Factbook*, July 2006 est.).

**Ethnicity:** 65.7% Kyrgyz; 11.7% Russians; 13.9% Uzbeks, 1% Uighurs; 0.4% Germans, and others (*Kyrgyz Statistics Committee*, 2001 est.). Ethnic Uzbeks are a majority in southern Kyrgyzstan. About 420,000 ethnic Kyrgyz reside elsewhere in the former Soviet Union and 170,000 in China.

**Gross Domestic Product:** \$10.65 billion; per capita GDP is about \$2,100 (*CIA World Factbook*, 2005 est., purchasing power parity).

**Political Leaders:** *President:* Kurmanbek Bakiyev; *Legislative Speaker:* Marat Sultanov; *Prime Minister:* Feliks Kulov; *Foreign Minister:* Alikbek Dzhekshenkulov; *Defense Minister:* Ismail Isakov.

**Biography:** Bakiyev was born in 1949 in southern Kyrgyzstan and was trained as an electrical engineer. In 1991, he became first secretary of the Kok-Yangak city Communist Party committee, then chairman of the city soviet (council), then of the Jalal-Abad regional soviet. In 1994, he became chairman of the State Property Fund, in 1995 governor of Jalal-Abad region, and in 1997 of Chu region. In December 2000, he was approved as premier, but was held culpable in the deaths of protesters and ousted in May 2002. He became leader of the opposition People's Movement. He lost in the legislative run-off in March 2005. He was appointed premier and acting president by the legislature in late March 2005 following protests that led former President Askar Akayev to flee.

## **Contributions to the Campaign Against Terrorism**

The Kyrgyz government declared its support for the war on terrorism almost immediately after the September 11, 2001, attacks on the United States and approved a U.S. request to use Kyrgyz airspace for counter-terrorist operations in Afghanistan. In November 2001, it was reported that U.S. combat aircraft were to be deployed in Kyrgyzstan. Reportedly, Uzbekistan's restrictions on flights from its airbases were a major spur to this U.S. decision. The U.S. military repaired and upgraded the air field at the Manas international airport (the U.S. facilities were named after the late New York City firefighter Peter J. Ganci), and war support to Afghanistan began in March 2002. The Defense Department reported in late 2003 that the airbase at that time was the "primary hub" for trans-shipping personnel, equipment, and supplies to Afghanistan.

In mid-2005, after Uzbekistan imposed more limits on U.S. flights at the Karshi-Khanabad (K2) airbase and then ordered its closure, U.S. flights increased at Ganci. Although Bakiyev had endorsed a call by the Shanghai Cooperation Organization (SCO; see below) in early July 2005 to consider closing regional bases supporting operations in Afghanistan, he pledged to visiting U.S. Defense Secretary Donald Rumsfeld in late July

2005 and visiting Secretary of State Condoleezza Rice in October 2005 that operations at Ganci would continue. Negotiations over the scope of U.S. payments for basing and related services were drawn out. In April 2006, President Bakiyev threatened to close Ganci unless the United States soon agreed to new terms, including a reported yearly payment of \$200 million. On July 14, 2006, the two sides issued a joint statement that they had resolved the basing issue. Although not detailing how much the United States would pay for access to Ganci, it was announced that the United States would provide \$150 million to Kyrgyzstan in “total assistance and compensation over the next year,” subject to congressional approval. Some reports indicated that the portion of this amount devoted to “renting” the airbase would be \$20 million.

Just after U.S.-led coalition forces began ground operations in Iraq in March 2003, Kyrgyzstan’s Legislative Assembly (lower chamber) issued a statement calling for the United States to cease “gross violations” of international law. Although Kyrgyzstan’s then-Foreign Minister Askar Aytmatov told Vice President Cheney during a June 2003 U.S. visit that Kyrgyzstan was ready to send peacekeepers to Iraq and Afghanistan, in April 2004 the presidential spokesman and the defense minister announced that Kyrgyzstan had no plans to send peacekeepers to either country.

## **Foreign Policy and Defense**

In a speech to the legislature in September 2006, President Bakiyev stated that his “new blueprint” for foreign policy emphasized ties with its neighboring states — Kazakhstan, Uzbekistan, Tajikistan, and China — to ensure border security and trade. Among second-tier “foreign” countries such as Russia, the European Union, Japan and the United States, he stated that Kyrgyzstan would form “partnership” ties with those that support Kyrgyzstan and would not permit them to interfere in Kyrgyzstan’s “internal affairs.” Cultivating good ties with China, Kyrgyzstan joined Russia, Kazakhstan, and Tajikistan in 1996 and 1997 in signing agreements with China on demarcating and demilitarizing the former Soviet-Chinese border. Many in Kyrgyzstan are concerned that China’s economic and population growth in bordering areas threatens the country.

Kyrgyzstan’s relations with Uzbekistan have been marked by trade, border, and other disputes. Tension escalated in mid-2005 when Kyrgyzstan permitted U.N. emissaries to evacuate about 450 Uzbek refugees who had crossed the border to flee fighting in Andijon. Uzbek officials maintained that Kyrgyzstan had served as a base of operations for “terrorists” (including citizens of Kyrgyzstan) who invaded and attacked Andijon and as a safe haven after the “terrorists” fled. Perhaps somewhat easing tensions, the security services of the two countries signed an accord in July 2006 calling for joint anti-terrorism operations, which has resulted in the arrests of dozens of mainly ethnic Uzbek “terrorists” in Kyrgyzstan. Visiting President Bakiyev and Karimov also issued a statement in October 2006 reaffirming mutual adherence to the 1996 Kyrgyz-Uzbek Treaty on Eternal Friendship and setting forth future goals for strengthening relations.

Bakiyev has stressed close relations with Russia. Reasons include hoped-for economic and trade benefits and security ties to alleviate concerns about terrorism and to balance ties with the United States and China. These ancillary (and perhaps partly countervailing) security ties with the United States and China (and NATO and the SCO), create what former Kyrgyz President Askar Akayev in December 2003 hailed as “comprehensive” security. Kyrgyzstan and Russia concluded a Friendship and

Cooperation Treaty in 1992, and Kyrgyzstan signed the Commonwealth of Independent States' (CIS) Collective Security Treaty (CST) in 1992 and 1999. These and other agreements call for cooperation with Russia in training and defense.

Several hundred Russian border troops (most reportedly were Kyrgyz citizens) guarded the Chinese border until 1999, when Russia handed over control to Kyrgyzstan, citing costs and other reasons. However, Russia ramped up its security presence in September 2003 with the signing of a 15-year military basing accord with Kyrgyzstan for use of the Soviet-era Kant airfield near Kyrgyzstan's capital of Bishkek and the Ganci airbase. A Russian military publication stated in September 2005 that the base hosts about 10 aircraft and 250 troops (well under announced levels) and that the runway and infrastructure needs upgrading. The Russian troops ostensibly also form part of a CST rapid deployment force. Although the purpose of the base purportedly is to combat regional terrorism and defend southern CIS borders, Putin stressed that the base "enshrines our military presence in Kyrgyzstan," appearing to underline that the base also counters U.S. and NATO security influence. In September 2006, Russian media reported plans for a CST "Joint Force Grouping," consisting of some 10,000 troops based in the regional states, including at Kant, which would come under an integrated command in the case of outside aggression. Allegedly, Kyrgyzstan has raised concerns about this Russian proposal. The CIS Anti-Terrorist Center — a body created at Putin's urging to facilitate cooperation between intelligence agencies of the member-states — set up a regional branch in Bishkek after September 11, 2001.

Kyrgyzstan's armed forces number about 12,500 active ground and air force troops. There are also about 5,000 border guards (*The Military Balance 2005-2006*). Most of the troops are ethnic Kyrgyz conscripts, though some officers are Russians. Many or most Kyrgyz officers have received training in Russia. Most weapons and equipment are purchased from Russia. Defense Minister Isakov is phasing in Kyrgyz as the language of command. He also has raised the minimum age of conscription to 20 and adopted a twelve-month term of conscription and plans for eventually switching to an all-volunteer military. Kyrgyzstan joined NATO's Partnership for Peace (PFP) in 1994 and has participated in several PFP exercises in the United States, Central Asia, and elsewhere.

A reported 800 guerrillas belonging to the terrorist Islamic Movement of Uzbekistan (IMU) and other groups from Tajikistan invaded Kyrgyzstan in July-August 1999, taking Japanese geologists and others hostage and occupying several Kyrgyz villages. They allegedly aimed to create an Islamic state in south Kyrgyzstan as a springboard for jihad in Uzbekistan. Another possible aim may have been to secure drug trafficking routes. Kyrgyzstan received air support from Uzbekistan and Kazakhstan and expelled the invaders in October 1999. The incursion illustrated ties between terrorists in Central Asia, Russia (Chechnya), and Afghanistan, and the need for Kyrgyzstan to bolster its defenses. In August 2000, a reported 500 IMU and other insurgents again invaded southern Kyrgyzstan (others invaded Uzbekistan), taking U.S. tourists hostage and causing thousands of Kyrgyz to flee. Uzbekistan provided air and other support, but Kyrgyz forces were largely responsible for defeating the insurgents by late October 2000. An incursion across the Tajik border by about a dozen alleged IMU members in May 2006 appeared to shock the government and lead to closer Kyrgyz security ties with Uzbekistan and the SCO.

The State Department designated the IMU as a Foreign Terrorist Organization in September 2000. According to the State Department, the IMU did not invade Central Asia in 2001, in part because Al Qaeda and the IMU were helping the Taliban to fight the Afghan Northern Alliance. Although much of the IMU was decimated by U.S.-led coalition operations in Afghanistan in late 2001, the IMU seemingly has restored some of its presence in Kyrgyzstan. In 2002 and 2003, the IMU set off bombs in Bishkek and Osh. Kyrgyzstan arrested the bombers in May 2003, allegedly before they were able to carry out a plan to bomb the U.S. Embassy. After an armed incursion from Tajikistan by about a dozen alleged IMU members in May 2006, Defense Minister Isakov stated that the IMU, HT, and other such groups were increasingly threatening national security.

## Political and Economic Developments

Dissatisfied with a 1993 constitution that he described as democratically “idealistic,” former President Akayev orchestrated constitutional referendums to enhance his power in October 1994, February 1996, and October 1998. These changes created a weak bicameral legislature called the Jogorku Kenesh (Supreme Assembly), gave the president greater power to veto legislation, dissolve the legislature, and appoint all but the prime minister without legislative confirmation, made it more difficult to impeach the president, restricted legislative power over bills involving the budget or other expenditures, and limited a legislator’s immunity from prosecution. Despite these constitutional changes, the legislature continued to display a degree of independence by overriding presidential vetoes, criticizing government policies, and voting on confidence in the prime minister and cabinet. The most recent referendum, in February 2003, re-created a unicameral legislature (the Jogorku Kenesh) of 75 members and eliminated party list voting, a provision many of the 43 registered parties feared would threaten their ability to gain seats and hence to survive politically.

A February 27, 2005, election (and March 13 runoff) of this new legislature resulted in opposition candidates winning less than 10% of seats, although there reportedly were many close races where they “lost” only by a few votes. The U.S. State Department judged the election as somewhat improved over previous ones but still falling seriously short of democratic standards. According to the OSCE, serious irregularities included biased state-controlled media and other heavy government use of administrative resources. Opposition party-led protestors called for a new election and Akayev’s resignation, and they occupied several regional and district government buildings, including in the southern city of Osh. When they stormed government buildings in Bishkek on March 24, 2005, Akayev fled the country. Some observers hailed this coup as a third instance of a so-called “democratic revolution” in Eurasia, like those in Georgia and Ukraine. (See also CRS Report RL32864, *Coup in Kyrgyzstan*.)

Opposition politician and acting president Kurmanbek Bakiyev received 88.71% of about 2.0 million votes in a 7-person presidential election in Kyrgyzstan held on July 10, 2005. The OSCE stated that “fundamental civil and political rights were generally respected,” but it raised concerns about the “problematic” vote count. Bakiyev’s main competitor, Feliks Kulov, pulled out of the race after the two agreed that if Bakiyev won, he would nominate Kulov as premier. The “tainted” legislature was retained, purportedly because Bakiyev feared that another election would exacerbate political instability. The legislature increasingly has raised concerns about executive branch policies, corruption, and nepotism. Helping to relieve regional tensions, Bakiyev symbolizes southern interests

and Kulov northern interests. In February 2006, the sitting legislative speaker, Omurbek Tekebayev, resigned and joined the opposition to Bakiyev. In September 2006, the legislature passed a resolution calling for the arrest of Bakiyev's brother (formerly an official in the National Security Service) in response to sensational allegations involving the planting of drugs on Tekebayev.

A constitutional working group published three drafts in July 2006, with one creating a strong president, one a presidential-legislative system with checks and balances, and one a strong legislative branch. There is contention about how a new constitution may be enacted. Bakiyev has proposed a referendum in late 2006 to choose the type of political system, after which a final draft will be drawn up and another referendum held.

Kyrgyzstan's human rights record improved considerably after Akayev's overthrow, although problems remained, according to the State Department's *Country Reports on Human Rights Practices for 2005*. At times, police beat detainees and prisoners to extract confessions and arrested persons on false charges. Prison conditions were very poor, but food supplies and medical services reportedly improved during the year. Citizens commonly viewed most judges as corrupt or susceptible to outside pressure. The government continued to restrict freedom of the press by seeking to censor critical reporting. The new government did not restrict opposition demonstrations, and NGOs generally operated freely. Trafficking in persons remained a problem. However, the government made significant efforts to address the problem, including by prosecuting several officials involved in trafficking and by improving assistance to victims.

Foreign assistance has been a significant factor in Kyrgyzstan's budget, contributing by 2006 to public foreign debts of about \$2 billion. The Paris Club of government lenders eased Kyrgyzstan's debt payment burden in 2002 and 2005. The IMF considers Kyrgyzstan as eligible for debt relief under its Highly Indebted Poor Country (HIPC) initiative, but the Kyrgyz government reportedly still is undecided on joining. The IMF in June 2006 praised Kyrgyzstan for economic growth in recent years, low inflation, and rising foreign reserves and tax receipts. It called on the government to reduce foreign debt and continue to constrain budget expenditures. Kyrgyzstan pledged targeted efforts to reduce poverty among an estimated one-half of the population, as urged by the IMF.

Kyrgyz GDP stopped declining in 1995 and has grown in most years since, including by 2% in 2005 (less than expected by many observers, who attribute this low growth to political turmoil during the year). Consumer price inflation in 2005 was 5.2% (*CIA World Factbook*). Gold production still is the most significant industrial source of GDP and export earnings. In July 2006, Kulov reported that soil instability at the Kumtor gold mine likely would harm production and GDP. Agriculture accounts for the largest portion of GDP and employs much of the workforce. Cotton, tobacco, wool, and meat are the main agricultural products. Up to one-fifth of the labor force (500,000 people) are working in Russia and elsewhere, and reportedly remit \$200 million or more to Kyrgyzstan each year. Crime and corruption stifle economic growth and private foreign investment. Kyrgyzstan leads Central Asia in the privatization of farms, industries, housing, and retail outlets. Kyrgyzstan has surplus hydroelectric energy, rare earth mineral reserves, and tourism potential that could boost its development. U.S. support contributed to Kyrgyzstan's admission into the World Trade Organization in late 1998.