



Kyrgyzstan 2013

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The Kyrgyz Republic is a small landlocked Central Asian republic, mainly known in the West for its US airbase at Manas, which has been crucial to delivering supplies to ISAF forces in Afghanistan. The US base is closing in 2014 and it remains to be seen whether the economically weak country will become dependent on Russia or turn towards the West, or whether it will be China that dominates that region.

Contents

1	Introduction and recent history	2
1.1	Referendum and elections	3
2	Human rights	3
3	Foreign relations and defence	4
4	Return of Islam	5
5	UK relations	6
6	UK aid	6
7	Central Asia map	7
8	Economic profile	7
8.1	Economy recovering after gold-production-led contraction in 2012	8
8.2	Fiscal situation	8
8.3	Longer-term issues and risks to outlook	8
9	UK trade with the Kyrgyz Republic	9

1 Introduction and recent history

Kyrgyzstan is a landlocked country in Central Asia, having boundaries with the other Central Asian states and with China. Kyrgyz is a Turkic language and the Kyrgyz people have cultural links with other Turkic nations.

Kyrgyzstan declared independence from the Soviet Union in 1991 but, as was often the case in former Soviet states, the local leader under the Soviet system went on to lead the country after independence. In Kyrgyzstan, Askar Akayev remained President of the Republic of Kyrgyzstan from 1991 to 2005. Kurmanbek Bakiyev came to power in the so-called Tulip Revolution of March 2005, ousting Akayev, who was accused of nepotism and corruption.

People of the Kyrgyz ethnicity make up almost 70% of the population, while Uzbeks make up some 15%, concentrated in the fertile Ferghana Valley in the south. There is also a smaller population of ethnic Russians. There have often been sporadic outbreaks of unrest between the Kyrgyz majority and the Uzbek minority, especially in the southern city of Osh, where Uzbeks form the majority. Akayev had pursued a conciliatory policy towards ethnic minorities, but this was overturned by Bakiyev.

In early April 2010, street violence erupted in protest at endemic government corruption and utility price rises. In two days, President Bakiyev had fled the country, some 85 were left dead and the centre of the capital, Bishkek, had been looted. Popular resentment was fuelled by general economic failure, the influence of organised crime and the narcotics trade on the government, and a disregard for democracy: very much the same problems as those that brought the previous government down.

A thirteen-member interim government was installed, led by Roza Otunbayeva, a former foreign minister in Bakiyev's government who broke with him and joined the opposition. It has been beset by internal division from the start. Otunbayeva is generally regarded to be closer to Russia than her predecessor.

For several weeks, the situation in the country seemed to have become relatively calm. The government's plans to conduct a referendum which would legitimise its rule and parliamentary elections seemed reasonable. There were, however, simmering tensions in the south, where ousted President Bakiyev had much of his support. Ethnic Uzbeks, who form a large minority in the region, were prominent in helping the provisional government re-establish authority, leading to friction with ethnic Kyrgyz supporters of Bakiyev in the south. Ethnic Uzbeks accused the security forces, many of whom are close to the previous regime, of failing to protect them.

In June 2010, inter-ethnic violence flared up again, leaving scores dead. A state of emergency was declared. On 11 June, the provisional government called for Russia to intervene to control the fighting. Violence spread dramatically and tens of thousands of Uzbek refugees fled towards Uzbekistan. Unofficially, it was suggested that the death toll was approaching 2,000. By the June 16, violence had subsided and the barricades were being dismantled in the southern city of Osh, worst affected by the clashes.

As is often the case where freedom of information is not guaranteed, conspiracy theories abounded about the violence having been orchestrated. At first, fingers were pointed at Russia for allegedly arranging the downfall of the Bakiyev government in order to install a friendlier regime. When Bakiyev had fallen and violence broke out again in June, attention turned to Bakiyev's supporters, who were accused of hiring outsiders, particularly Tajiks, to

shoot at both Uzbeks and Kyrgyz to provoke violence between them and bring down the new government, although. Bakiyev denied any involvement. Some ethnic Uzbek refugees simply blamed the Kyrgyz state, while many people accused the international community of ignoring the crisis.

1.1 Referendum and elections

A referendum on a new constitution took place on 27 June 2010, with over 90% of the votes cast in favour, and the presidential system was replaced with a more liberal, parliamentary one. The Organisation for Security and Cooperation in Europe (OSCE) sent a police delegation to Osh, although this was not welcomed by the Kyrgyz mayor of the city.

Legislative elections took place in October 2010 and were generally reported to be free and fair. A coalition government was formed under the leadership of Almazbek Atambayev of the SDPK and shortly afterwards, a commission set up to investigate the inter-communal violence reported that it had been fuelled by some community leaders and that the authorities had failed to act quickly enough to stop it.¹

On 25 September 2011 Atambayev resigned as Prime Minister in order to contest the forthcoming presidential election. Atambayev was duly elected with 62% of the votes cast on a turnout of 61%. The OSCE observer mission reported that the election campaign had mainly met democratic standards and the voting had been largely peaceful but there were a number of violations in the count.²

Omurbek Babanov was appointed Prime Minister in his place but was unseated when his coalition collapsed after accusations of corruption and in September 2012 the current incumbent, Jantoro Satybaldiev, was appointed.

2 Human rights

The inter-ethnic violence in 2010 continues to cast a long shadow over communal relations and the justice system in Kyrgyzstan. According to Amnesty International Uzbeks are being arrested disproportionately in relation to the episodes. Torture and other forms of mistreatment are frequently used to force confessions from prisoners, according to the organisation.³ The courts system has serious problems too, with violence by families of victims against defendants being permitted.

Human Rights Watch reports that violence and intimidation against women who do not match up to rigid gender norms and transgender men is a common problem and one which the police do little to combat, even participating in abuses themselves. Although sex between men was decriminalised in the 1990s (sex between women was never illegal), attitudes have changed little and the government has done almost nothing to prevent discrimination or encourage a more tolerant society.⁴

The case of Azimzhan Askarov has been particularly high-profile. Askarov is a campaigner against human rights abuses who comes from an Uzbek ethnic background. According to his supporters, he was trying to monitor the violence at the time of the clashes between Uzbeks

¹ This section largely based on Kyrgyzstan, in Europa World online. London, Routledge, <http://www.europaworld.com/entry/kg>

² 'Kyrgyzstan's presidential election was peaceful, but shortcomings underscore need to improve integrity of process', Press release, OSCE ODIHR, 31 October 2011

³ Amnesty International Annual Report 2013, [Kyrgyzstan](#)

⁴ [These Everyday Humiliations](#), Report, Human Rights Watch, 2008

and Kyrgyz in Osh in 2010 and sent information to foreign media organisations. He is currently serving a life sentence having been found guilty on charges of inciting violence and being complicit in murder, at a trial in which he and his legal team were openly threatened with violence. Many human rights organisations criticised the trial and he has been designated a prisoner of conscience by Amnesty International.⁵

3 Foreign relations and defence

Kyrgyzstan's strategic location on the Northern Distribution Network, the route used by NATO countries to supply the Afghanistan operation, is an advantage that Kyrgyzstan has sought to exploit. It has also tried to play rivals for regional influence Russia and the United States off against each other.

The US military opened an air base at Manas airport near the capital Bishkek in 2001, with the aim of supporting Afghan operations. The then President Bakiyev threatened to close it in 2008, after securing a loan from Russia. When the US offered to more than triple the rent for the base, the decision was reversed.

Shortly afterwards the Russian military was allowed to open an air base in Kyrgyzstan. Having written off Kyrgyz debt to Russia, Russia was allowed to extend its lease on the Kant airbase by 15 years and in June 2013, it was announced that the US lease on Manas base would not be extended after 2014. This more or less coincided with the announcement of about \$1 billion of Russian military aid to Kyrgyzstan. Shortly after the end of the US presence at Manas was announced, Russia said that it would double the number of aircraft at its Kant base.⁶ While the Russian base serves a political purpose, countering the US presence in Russia's claimed sphere of influence, rather than a practical one, Kant may serve as the principal base for the mooted Collective Security Treaty Organisation's joint air force.⁷ Despite the forthcoming withdrawal from the Manas airbase, the US maintains some security links with Kyrgyzstan, training its special forces, for instance, and offering some of the US military equipment after the 2014 Afghanistan drawdown.⁸

One reason for Kyrgyzstan's close relationship with Russia is the large number of migrant workers dependent on jobs in Russia. Building on existing economic ties, Russia has been promoting a customs union with some of the former Soviet states to try to bring the components of its former empire closer together, as part of the proposed Eurasian Union. So far, Kazakhstan and Belarus have joined with the Russian Federation, and Armenia recently broke off negotiations with the EU to announce that it too would join the customs union.

Kyrgyzstan has indicated interest in joining the customs union but is reported to be setting very tough conditions for its accession.⁹ This is not only a question of stringing Russia along by delaying entry to the customs union. The Kyrgyzstan economy is weak and depends heavily on cheap imports from China, many of which are re-exported to Kazakhstan and Russia. If Kyrgyzstan had to raise its tariffs on Chinese imports and turn its trade towards the other members of the customs union, it could be severely damaged.

⁵ 'Prisoner of conscience at risk in Kyrgyzstan', Amnesty International urgent action, 5 August 2010

⁶ 'Russia To Double Presence At Kyrgyzstan Air Base', *eurasianet*, 28 October 2013

⁷ The Collective Security Treaty Organisation is the mutual self-defence treaty signed by members of the Commonwealth of Independent States, formed by most of the former Soviet states when they became independent in the early 1990s. More Western-orientated states such as Ukraine and Georgia are not members of the CSTO.

⁸ 'Great Game in Central Asia After Afghanistan', *The Diplomat*, 27 March 2013

⁹ 'Kyrgyzstan: Is Bishkek Stalling on Customs Union?', *eurasianet*, 17 September 2013

Despite the balancing act between the old rivals of Russia and the US, the real strategic winner in the Central Asia region will probably be China. While the old infrastructure used to dictate that oil and gas from Central Asia had to go via Russia, new pipelines have been built and deals struck that bind the region to China. China has also expressed an interest in converting the Manas airbase to civilian uses, when the Americans have left.¹⁰

The annual meeting of the Shanghai Cooperation Organisation was held in Bishkek in September 2013 and was attended by the Chinese President Xi Jinping.¹¹ Touring other Central Asian countries, he announced investment and deals worth tens of billions of pounds. However, a close relationship with China is not universally welcomed in Kyrgyzstan: Chinese workers in the country have been beaten up recently.

There has been some talk of the possibility of armed conflict between Kyrgyzstan and Uzbekistan.

4 Return of Islam

Islam in Kyrgyzstan was traditionally based on Sufism, a spiritualist form of Islam. It was suppressed under Soviet rule, but since independence traditional Islam has regained popularity in the country.¹²

Tablighi Jamaat, the 'Proselytizing Society', is one group that worries some Kyrgyz officials. It spread into Central Asia following the collapse of the Soviet Union. The group has its roots in Bangladesh and children have been sent to Islamic schools in that country. Tablighi Jamaat is banned in Russia and all Central Asian countries, except for Kyrgyzstan. However, the group is specifically not Islamist, in that it forbids political engagement, unlike Hizb ut-Tahrir, another group that is active (but in this case banned) across the region.

There is often thought to be a considerable risk of violent extremism developing in countries such as Kyrgyzstan. With inter-ethnic tensions still a concern, and corruption and other governance problems in evidence, the possibility that political violence could take root should not be dismissed. However, there have not been many terrorist incidents in Kyrgyzstan in recent years.¹³

Nevertheless, governments in the region are worried that radical Islamism may spread, particularly after NATO's withdrawal from Afghanistan. Quite apart from the potential for Afghan heroin supplies to flood northward, a return of significant areas of Afghanistan to Taliban control might well bring with it a concerted attempt to bring Taliban-style radicalism to the Central Asian states.

One of the reasons for Russia's military aid to Kyrgyzstan and for the attempts to strengthen the Collective Security Treaty Organisation's capabilities is exactly that fear – Russia is particularly conscious of the threat posed to its own security by the spread of radical Islam from the south. China is equally conscious of the potential for a challenge to its territorial integrity by the Muslim-background Uyghurs in the west of the country. Central Asian states are home to significant minorities of ethnic Uyghur people.

¹⁰ 'Last but Not Least, Chinese Santa Doesn't Forget Kyrgyzstan', *eurasianet*, 12 September 2013

¹¹ The Shanghai Cooperation Organisation is a strategic alliance between Russia, China and the Central Asian states

¹² 'Kyrgyzstan: Islamic Revivalist Movement Quietly Flourishing', *eurasianet*, 25 October 2011

¹³ Janes Terrorism and Insurgency Centre

5 UK relations

Britain has an interest in the maintenance of stability in Central Asia, partly because European plans for energy security involve the area's energy reserves, particularly natural gas.

The US military base at Manas in Northern Kyrgyzstan is central to the military mission in Afghanistan, allowing the Northern Distribution Network to resupply UK and other NATO troops.

Maxim Bakiyev, the son of the ousted president, was reportedly arrested in Britain in October 2012. He is wanted by the provisional government on serious fraud allegations, some of them involving contractors working for NATO and the US on the Northern Distribution Network. Both the Kyrgyz government and the US authorities are seeking his extradition but Maxim Bakiyev is seeking asylum in the UK. The UK has no extradition treaty with Kyrgyzstan. The US extradition request may be diplomatically convenient for the UK. It has also been described as being in 'bad faith' by Bakiyev's legal team, who say that the US wants to hand him over in return for an extension on the lease to the Manas air base.¹⁴ The fact that Mr Bakiyev has not been sent to Kyrgyzstan is a sore point in relations between the two countries. The president said in an interview in July: "Britain is saying: 'We want to help with democratic development in Kyrgyzstan.' That's a lie. You're hosting a guy who robbed us."¹⁵

In March 2013, the government set out its policy of improving relations with the country in answer to a PQ:

Mr Lidington: The UK has a good bilateral relationship with Kyrgyzstan, which we are committed to developing further. We were pleased to open a British embassy in Bishkek last year, with the UK's first resident ambassador accredited in March 2012. When he visited London in July 2012, the then Kyrgyz Prime Minister met a range of UK Ministers, including the Deputy Prime Minister, the right hon. Member for Sheffield, Hallam (Mr Clegg). The Minister of State, Department for International Development, my right hon. Friend the Member for Rutland and Melton (Mr Duncan) and the then Minister of State for the Armed Forces, the hon. Member for North Devon (Sir Nick Harvey), made useful visits to Kyrgyzstan in October 2011 and March 2012 respectively. We are keen to maintain momentum in these senior level contacts. The Department for International Development (DfID) programme in Kyrgyzstan totals some £7 million per annum and is focused on improving governance and security, boosting regional trade and deepening democracy. In addition, the UK Government are contributing nearly £800,000 this year to projects aimed at conflict prevention issues. We and the Kyrgyz Government are keen to deepen cooperation in a range of areas including supporting Kyrgyzstan's reform programme, regional security, trade, parliamentary links and educational issues.¹⁶

6 UK aid

The UK is spending about £7 million in Kyrgyzstan in 2013.¹⁷ Projects include one to assist with public financial management, another aimed at improving economic opportunities for

¹⁴ 'Kyrgyzstan's 'prince' Maxim Bakiyev in the dock as US extradition battle begins', *Independent*, 7 December 2012

¹⁵ 'Kyrgyz president attacks UK for 'hosting a guy who robbed us'', *Guardian*, 14 July 2013

¹⁶ [HC Deb 20 March 2013, c742W](#)

¹⁷ Department for International Development, [Project database: Kyrgyzstan](#)

poor people in the south and a drive to improve peace and security among the Central Asian states.

7 Central Asia map



Map courtesy of the University of Texas

8 Economic profile¹⁸

Kyrgyzstan has a small open economy, which is heavily dependent on gold exports (mostly from the Kumtor mine) and on remittances from Kyrgyzstani migrants (mostly in Russia). Kyrgyzstan is a poor country with GDP per head of \$1,150 in 2012, ranking 151st out of 186 countries in the IMF. One-third of the population live below the extreme poverty line of \$2.50 per day.

¹⁸ Information in this section is based on a number of source and most heavily on: World Bank, “[WORLD BANK GROUP– KYRGYZ REPUBLIC PARTNERSHIP PROGRAM SNAPSHOT](#)”, Oct 2013; IMF, *Article IV consultation staff report*, June 2013; IMF, “[Statement at the Conclusion of an IMF Staff Mission to the Kyrgyz Republic](#)”, Jul 2013; IMF, “[IMF Announces Staff-Level Agreement with the Kyrgyz Republic on the Fifth Review of the Extended Credit Facility](#)”, Oct 2013; IMF, “[IMF Executive Board Approves US\\$106 Million Extended Credit Facility Arrangement for the Kyrgyz Republic](#)”, Jun 2011; and FT beyondbrics blog, “[Kyrgyzstan takes on mining group](#)”, Mar 2013.

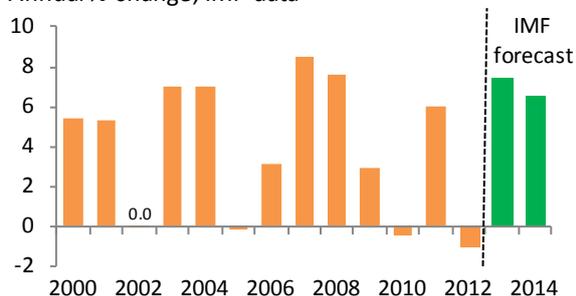
Key statistics		Currency: som		Source: IMF
Population (2013)	5.6 million	GDP per capita (2012)	\$1,150 (151/186, IMF)	
GDP growth (2012)	-0.9%	Gov budg bal (%GDP)	-5% ('13 IMF forecast)	
GDP growth forecast	7.4% in 2013 (IMF)	Gov debt (%GDP)	49% ('13 IMF forecast)	
Inflation rate (2013)	9% (IMF forecast)	Curr. account (%GDP)	-10% ('13 IMF f'cast)	

8.1 Economy recovering after gold-production-led contraction in 2012

Kyrgyzstan's economy averaged annual growth of 4.3% during 2000-2011, although growth was volatile over this period (see chart below). Growth rebounded in 2011, only to falter again in 2012. However, the deterioration in activity in 2012 – GDP fell by 0.9% – was due to a 40% decline in gold production following disruptions at the Kumtor mine. Non-gold GDP growth was actually robust at 5.0%. Overall growth has recovered strongly in 2013, with broad-based growth recovered. The IMF forecasts GDP growth of 7.4% in 2013 and 6.5% in 2014.

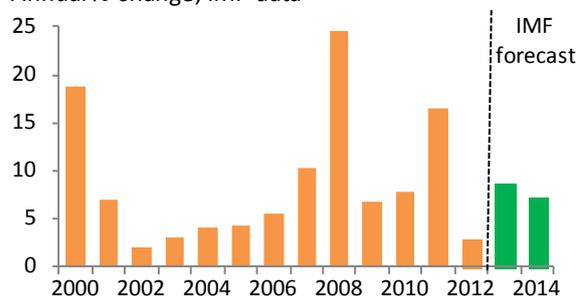
Kyrgyzstan - GDP growth

Annual % change, IMF data



Kyrgyzstan - Inflation

Annual % change, IMF data



8.2 Fiscal situation

The government has committed to a fiscal reform strategy, including aiming to reduce the budget deficit to 3% of GDP in 2016 (it is forecast by the IMF to be 5.3% in 2013). In 2011, the IMF agreed to provide a \$100 million loan¹⁹ to the government in order to provide support following the crisis in 2010. So far about \$90 million has been disbursed, with the IMF noting that the government's programme performance (structural reforms and fiscal consolidation) remains on track.

8.3 Longer-term issues and risks to outlook

Although economic activity appears to be back on track, there are a number of structural issues facing the country. These include the economy's reliance on gold production and remittances. A slowdown in global growth – and in particular from Russia, where most of the remittances come from – pose real risks to the outlook. Although inflation has stabilised, any global oil and food price shocks could exert upward pressure on prices. The fragile political situation is another potential risk.

In international comparisons of competitiveness Kyrgyzstan performs poorly. In its Global Competitiveness Report, the World Economic Forum ranks Kyrgyzstan 121st out of 148

¹⁹ Technically called an Extended Credit Facility.

countries in 2013/14.²⁰ Meanwhile, the World Bank's *Doing Business* rankings show Kyrgyzstan in a better light ranking 68th out of 189 countries for "ease of doing business".²¹ In certain categories it ranks highly, such as in starting a business (12th) and getting credit (13th); in others it ranks very low, such as getting electricity (180th) and trading across borders (182nd). Corruption remains a problem: Transparency International ranks Kyrgyzstan 154th out of 178 countries for levels of transparency in public institutions in 2012.²²

Economic statistics and forecasts: Kyrgyzstan

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
						<i>forecasts</i>					
GDP											
% growth	7.6	2.9	-0.5	6.0	-0.9	7.4	6.5	5.3	5.0	5.0	5.0
GDP per capita											
\$	959	864	875	1,120	1,158	1,282	1,398	1,500	1,594	1,701	1,818
Inflation											
%	24.5	6.8	7.8	16.6	2.8	8.6	7.2	6.6	6.0	5.7	5.4
Unemployment											
%	8.2	8.4	8.6	7.9	7.7	7.6	7.6	7.5	7.4	7.3	7.2
Current account balance											
% GDP	-15.5	-2.5	-6.4	-6.5	-15.3	-9.6	-8.3	-7.9	-6.3	-5.4	-5.2
Public sector budget balance											
% GDP	1.0	-1.1	-5.8	-4.6	-5.8	-5.3	-4.2	-2.6	-2.3	-2.5	-2.5
Public sector gross debt											
% GDP	48.5	58.0	60.3	50.1	48.9	49.3	49.8	49.0	48.0	46.1	44.6
Population											
millions	5.3	5.4	5.5	5.5	5.6	5.6	5.7	5.8	5.8	5.9	5.9

Source: IMF, World Economic Outlook database, October 2013

9 UK trade with the Kyrgyz Republic

Since 1999, the EU's bilateral trade and investment relations with the Kyrgyz Republic have been governed by a Partnership and Cooperation Agreement (PCA). This affords EU Member States most favoured nation treatment (i.e. the lowest tariffs applied by the Kyrgyz Republic to any country similarly apply to EU Member States, and vice versa);²³ it also prohibits quantitative trade restrictions, and provides for non-discriminatory treatment of foreign investors.

The Kyrgyz Republic is a very minor trading partner for the UK, accounting for £12.4m of goods exports (0.004% of total UK goods exports) and £1.2m of goods imports (0.0003% of total UK goods imports) in 2012.²⁴ Services trade figures are not available.

The top ten products exported to the Kyrgyz Republic, and imported from there, over the period 2009-12 are shown in the two tables below. Oil accounted for almost half of UK exports over this period.

²⁰ World Economic Forum, [The Global Competitiveness Index 2013–2014 rankings](#)

²¹ World Bank, [Ease of Doing Business in Kyrgyz Republic](#) [accessed 5 Nov 2013]

²² Transparency International, [Corruption perceptions index 2012](#) [accessed 5 Nov 2013]

²³ This does not include trade preferences extended under regional trade agreements (e.g. within the EU itself).

²⁴ Sources: [Uktradeinfo database](#) and ONS Pink Book 2013 [Series LQAD and LQAL](#)

UK exports to Kyrgyz Republic, 2009-12 - top ten product groups

out of 62 product groups (SITC 2-digit classification), £000s

	£000s	% of total
Petroleum, petroleum products & related materials	16,530	47.1%
Miscellaneous manufactured articles n.e.s.	3,568	10.2%
Plastics in primary forms	3,542	10.1%
Power generating machinery & equipment	1,315	3.7%
Other transport equipment	1,300	3.7%
Professional, scientific & controlling ins & app n.e.s.	973	2.8%
Machinery specialized for particular industries	910	2.6%
General industrial machinery & eqp. & machine pt.n.e.s.	819	2.3%
Telecomms & sound recording & reproducing app. & eqp.	775	2.2%
Office machines & adp machines	703	2.0%

Source: Uktradeinfo database

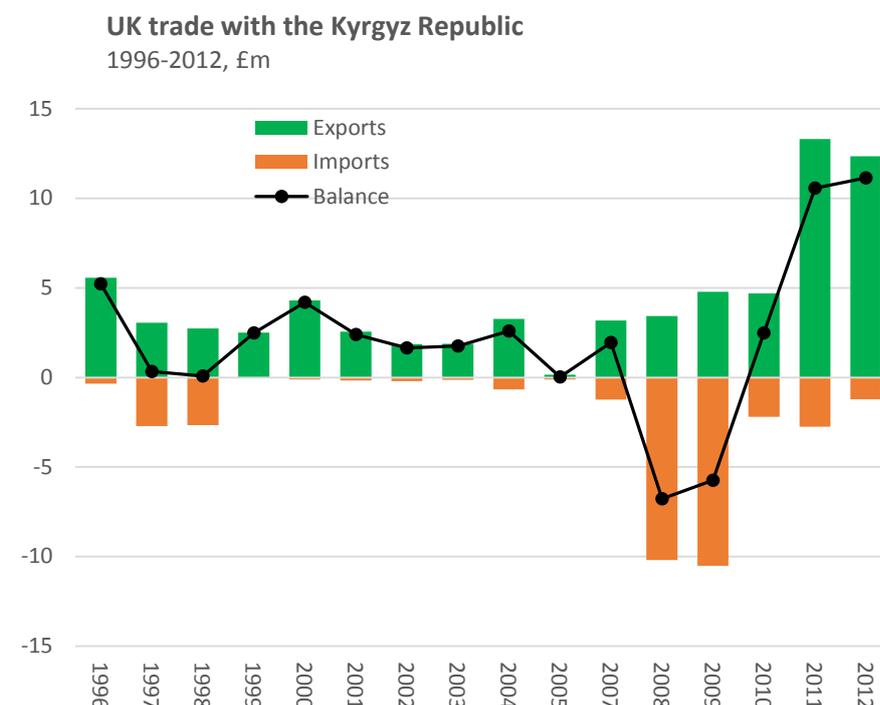
UK imports from Kyrgyz Republic, 2009-12 - top ten product groups

out of 62 product groups (SITC 2-digit classification), £000s

	£000s	% of total
Power generating machinery & equipment	7,776	47.1%
Other transport equipment (besides motor vehicles)	5,760	10.2%
Professional, scientific & controlling ins & app	641	10.1%
General industrial machinery & eqp. & machine pt	621	3.7%
Elec machinery, app & appliances & ele pt thereof	617	3.7%
Telecomms & sound recording & reproducing app. & eqp.	295	2.8%
Office and data processing machines	231	2.6%
Cork & wood	197	2.3%
Furniture & parts thereof; bedding, mattresses etc	178	2.2%
Textile yarn, fabrics, made up articles etc	101	2.0%

Source: Uktradeinfo database

The chart below shows trends in trade with the Kyrgyz republic since 1996.



Source: Uktradeinfo database