



**ANALYSIS OF POLITICAL EVENTS IN KYRGYZSTAN FOR  
APRIL-JUNE 2007**

**Bishkek, 2007**

## 1. Main political events

Date	Event
03.28 – 04.01.2007	Government under leadership of Almazbek Atambaev was formed
04.11 – 04.19.2007	Organization of demonstration by opposition and its dispersal.
April-May-June 2007	Emergence of conflicts around gold ore deposits.
April 2007	Inception of party factions and joined opposition in Jogorku Kenesh
06.5. – 06.19.2007	Active decision making phase on privatization of energy sector and opening construction of power stations to private capital
May-June 2007	Mobilization of movements for withdrawal of the US air base and visits of high U.S. officials
06.07.2007	Identification of a course on reforming administrative and territorial structure.
June 2007	«Espionage scandal» in Jogorku Kenesh

## 2. Main political trends

The processes occurring in the country in the period of April – June can be described as a transformation from political demonstrations and party slogans (observed to have prevailed at the end of 2006 and the first quarter of 2007), to the solution of specific political and economic issues related to the increase and redistribution of resources.

In this regard several key events took place during a period of April – June, 2007. The first was the formation of the Government under the leadership of Almazbek Atambaev, one of the “For Reforms” opposition movement leaders. The government formation process was politically new for the country and new mechanisms for political consultation were tested during the formation of the executive power. Also, new kinds of relations between the President and Prime

Minister were probed. The fact that the Government is still not formed speaks volumes on the challenges of this process.

The assignment of Atambaev as Prime-Minister and the formation of the new Government, despite the refusal of some opposition members to participate, nevertheless has split the opposition.

At the same time this assignment led to several positive political effects.

Firstly, this move decreased confrontation between Government structures and became a subject of new compromise between Prime Minister and President. The essence of this compromise came down to the following: that President does not interfere in the activity of the Cabinet of Ministers to the minimum extent possible, while Cabinet of Ministers provide as much support for the President as possible.

As a result of this principle, a sufficient number of political groups received practical benefit. First of all, the Social Democratic Party headed by Prime Minister Atambaev got an advantage because any positive shift in economics is a bonus for any political force related to the process in the context of the upcoming pre-election cycle. The second party profiting from such a partnership is the presidential team, who by giving part of their authority to one of the opposition movement leaders managed to ensure stability and predictability in political process at least in the short term.

Secondly, the active and pro-market position of the new Prime Minister, along with other factors, contributed to the promotion of a few economic steps that had fundamental strategic meaning. There were decisions made allowing for amnesty of capital as well as solutions on the fourth stage of the implementation of the Energy Sector Privatization program. This is a serious victory for the executive branch. At the same time, these decisions launch a new wave of political struggle that will probably reach its peak in autumn of this year.

The assignment was least advantageous for the leaders of the opposition organizations, parties, etc. The demonstration of April of this year highlighted the crisis of the opposition. This crisis is apparent in a lack of programs, concepts, doctrines, which could have become an alternative platform for existing power groups.

At the same time, this situation in the opposition led to positive trends in the enhancement of opposition parties. The process of party building in new political structures such as "Ak-Shumkar" Union of Democratic Forces, and the Ata-Jurt party, properly began. In the end of April, 2007 there was an announcement of the creation of joint parliamentary opposition that put forward a demand for the self-dissolution of Jogorku Kenesh and the organization of early elections by party lists.

Along with the process of party building the process of altering some articles in the Constitution continues, which should decrease the influence of the President on Government and transfer many of the functions to the Parliament of the republic, including the authority to elect a Prime Minister from the list of candidates nominated by Deputy Factions and associations.

The corresponding draft of the Constitution is submitted to the Constitutional Court for evaluation. Currently, Constitutional Reform is not finalized, which leaves space to maneuver for various political forces in adjustment to the new edition of the Constitution.

The deadline for consideration of this draft legislature in the Constitutional Court is the end of August – beginning of September, which anticipates a new political focus in this direction with the beginning of the next Jogorku Kenesh session.

During this period, conflicts around gold deposits developed more intensively than Constitutional Reform issues. In particular, a few attempts were made at changing the status and property titles for the development of existing gold ore deposits.

Many stakeholders were part of these debates including various NGOs, Deputies and Prime Ministers to residents of the region. In the Parliamentary context it resulted in the initiation of a draft bill on the nationalization of the Kumtor deposit and the mobilization of Parliamentary commissions for gold ore deposits (B. Sherniyazov's commission). The government on its part created a commission for the development of new negotiation terms in reviewing agreements with a working Kumtor Company.

Prime Minister A. Atambaev, who had initially undertaken and attempted to review decisions regarding the organizations of tenders made by former Governments on large new ore deposits (Taldy-Bulak and Andash), later gave up and limited his claims to ecological concerns only. Concurrently, he tried to resolve the situation with the Djerui deposit, where there was conflict between mining and current owners. The conflict was resolved by a formal "victory" of Prime Minister and caused series of negative political consequences that will appear again if the Djerui problem stays unresolved.

The most important economic event that acquired political flavor was the resolution of the issue of commencing construction of the Toktogul Cascade – Kambarata 1 and 2 for private capital, the privatization of a Heat Power Station for Bishkek and distributive circuits.

The first attempt at adopting a bill failed. Whereupon a second speech of the President in Parliament was required to have an affect and the bill was passed with a majority of two votes. The fact that the President spoke in Parliament on the same issue twice in two weeks demonstrates how important investment in the energy sector of the country is for the Presidential team.

A draft bill was passed on June 19<sup>th</sup>. Discussion of energy issues raised the question regarding the redistribution of resources generated from the sale of power on the domestic and foreign markets. In particular, speculations were made that income from the power sector is profiting a small group of people and is hardly reaching the budget.

Very few Deputies spoke against the participation of foreign companies on the construction and exploitation of power projects on the territory of the republic. The main focus of the discussion was who and how much would be received on Kyrgyz side as a result of it. In other words the main issue was whether 49% of shares should be sold and who would manage remaining 51% and how.

Corresponding draft bills were passed but they do not solve the problem, and instead create a space for new political conflicts. The privatization of the energy sector will be among the key topics in the autumn political season. It was an attempt in the beginning of some oppositionist deputies (of Ak Shumkar party) to appeal to the Constitutional Court against the legality of decisions made on access to capital in the power sector.

Administrative division and the shift to a two-tiered budget also became a space for political playing. It was started by MP Beknazarov who introduced a draft bill on the administrative and territorial division of the country with a three level system of management and the elimination of one. This initiative caused active confrontation from the executive power. The commission for administrative and territorial management was created and started working actively. As an outcome, the President published a Decree on Administrative reform providing for a three-stage process of reforming administrative management and the current state of territorial division. According to this, actions suggested by A. Beknazarov are beyond the term of the current President – around 2010-2012.

The period also had a number of political campaigns related to the preparation for the imminent SCO Summit in August in Bishkek.

One of these is related to the inception of a movement for the withdrawal of the US air base. It was initiated by political groups affiliated with certain foreign political forces.

They attempted to organize political campaigns although they only brought together a small number of people.

Concurrently a group of Deputies that came back from the intra- Parliamentary Assembly of NIS in Saint Petersburg initiated the adoption of a bill on the withdrawal of the base. The draft bill did not pass farther into discussion in Parliamentary committees.

On the same level is the initiative of Felix Kulov on the creation of a Confederation with Russia, beginning with the collecting of signatures.

Such an obviously planned campaign caused the reaction of the USA. Defense Minister Robert Gates and Assistant to State Secretary Richard Boucher visited the Kyrgyz Republic where state leadership persevered in assuring them of their former positions towards the base.

Nevertheless, the closer we get to the SCO Summit, the more frequently different political forces will raise the issue of the U.S. air base.

### **3. Short term trends**

In the second quarter of the current year stabilization in politics emerged in the country. Regardless of the existent political contradictions, political groups managed to make several important decisions.

Several factors contributed to this: First of all, a new Cabinet of Ministers that does not have (or at least does not have obvious) confrontation between

Ministers and Agencies as well as opposition to the Government Leadership as it was during Felix Kulov's times.

Secondly, the April demonstration of the opposition, where opposition forces lost and were forced to reconsider their positions towards the President and his policies. Deprived of a pressure method such as new demonstrations, opposition Deputies moved into the field of legislative struggle.

Thirdly, the Parliamentary break. It is useless to take any active steps in public confrontation to power before the break because it will have the least public resonance. Therefore if the opposition decides to do anything it will not happen earlier than September of this year.

This very period will most likely become the hottest one in politics this year because if amendments to the Constitution are passed in the same form they were discussed in the Parliament it will create a space for Deputy Groups and Factions to struggle. It will also touch upon the interests of many Deputies because of "the high prize", the position of the Prime Minister and the opportunity to form a Cabinet of Ministers. And that means it is not just a position on a bet but an opportunity to establish control over financial flows from the power and mining sectors.

There is also the possibility that Parliament will not reach an agreement about a candidate for Prime Minister and none of the candidates will get majority vote (in other words more than half) – then the President can appoint a Prime Minister from all the nominated candidates. There is a high probability that Almazbek Atambaev will again become a Prime Minister, while considering the fragmentation of the Parliament could strengthen the positions of the President and the executive branch in general. Thus the trends in the country can lead to several scenarios:

**The first scenario.** The main struggle will occur in Parliament and will revolve around voting on Constitutional amendments at first and then, if they are passed, for a new candidate for Prime Minister. This scenario is the most probable because amendments have already passed through the Constitutional Court and Parliamentary Committee on Legislation and are now awaiting their turn in the line of draft legislature that Jogorku Kenesh should consider during the session in autumn.

Besides, tender for energy projects will start which will also become a subject for bargaining between various types of Parliament and Government groups.

Probably this very scenario will become a subject of summer work for the Parliamentary Opposition.

**Risks.** Considering a trend in Parliament and the overall weakness of the Parliamentary system in the country, victory will most likely go to the Presidential team. It will be a legitimate one but Presidential opponents will get a new opportunity to blame him for usurpation of power, etc which might lead to new demonstrations possibly of a local scope, where roads for the Djerui and Kumtor companies will be blocked and confrontation will start around the adoption of legislature related to the energy sector.

**Second scenario.** The Opposition will move forward in terms of party building and will manage to find agreement within the neutral Deputies regarding a candidate for the position of Prime Minister who can be represented by one of the opposition leaders.

**Risks.** In this case, political balance is jeopardized by the emergence of two opposition currents within one branch of power, which will immediately affect the economic situation of the country since political confrontation will lead to the resignation of the government and new spring demonstrations.

This development scenario has its opportunities as well, i.e. the opposition having received real leadership practice, and having acquired responsibility, will develop the ability to listen and to negotiate.

**Third scenario.** This option can be described as no war - no peace. Constitutional amendments will not be passed. The current balance of powers will remain; people will save their energy for spring.

**Risks.** This scenario bears a risk that Parliament will retain its current de-fragmentation, while the process of designing real competitive programs on state development by various political groups will freeze. Lack of strict division of the Parliament into groups supporting certain development programs will then create the conditions for manipulations within the Parliament by, first of all, the executive branch, because the executive branch that has to negotiate with foreign actors currently drives programs or state development programming.

#### **4. Conclusion**

Both in the first and second quarters there was a need to create a party based Parliament and to create parties that have political programs. In the context of the current interaction in the executive branch, on behalf of the President and Prime Minister, the position of the Parliament looks much weaker because of remaining autonomy of Deputies' actions.

The adoption of Constitutional amendments should contribute to the inception of a trend for further cooperation of one-Deputy parties into larger associations and promote the transformation of Parliament activity to be based on Factions. This, in its turn will be a step towards the development of joint programs for Deputies adherent to the same faction, thus create a more sustainable basis for Parliament's activity as a fully-fledged branch of power.

Thus despite certain progress in state decision making processes on political and economic issues, all of it can be attributed to the tactical achievements of one of the political groups. But most importantly, the maintenance of strategic stability in the country requires a balance in the distribution of powers, within the branches of power, as well as in their interaction.