

Highlights

Local government elections (local *keneshes* – legislatures) were the last stage of the country's transformation following the 7 April 2010 events. The final phase followed the passing of the new Constitution of the Kyrgyz Republic, and parliamentary and presidential elections. Current local legislature elections were special in that they were based on lists of candidates nominated by 29 political parties.

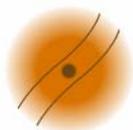
Preliminary figures for national economic growth in 2012, or its decline to be more precise, total 1.5-1.8% according to the Kyrgyz government. The government attributes the decline of GDP growth to a drop-off in the extraction of gold at the Kumtor gold mine. At the same time, the government says economic growth would be 4.5% without taking into account the impact of Kumtor, and that it is higher than the equivalent 4% average in other CIS countries.

Domestic policy

Twenty-nine political parties took part in the local government elections held on 25 November, with 23 competing for the country's capital city legislature. Compared to the previous elections, local governments gained broader powers -in the financial area too- as a result of the decentralization policy that has been pursued. It should be noted that town legislatures gained the power to actually impact the election of town

mayors. The redistribution of power to the benefit of local governments explains the scrutiny to which the 2012 elections were subject.

In March 2012, the country held elections in large towns such as Osh, Karakol, Tokmok and Balykchi. The results of the elections represented in the national Parliament were deplorable. In Osh, a coalition mainly represented by SDPK and Respublika failed to push the positions of incumbent mayor Melis Myrzakmatov. Ata Meken gave a dispiriting performance, with the party's leader in the national parliament, Omurbek Tekebayev, urgently initiating a draft law that prohibited electoral groups and blocs to participate in elections. Other so-called national-level political parties enthusiastically supported him. The main question was the composition of the city legislature of the country's capital – Bishkek, where prospective members of legislature will be deciding on the fate of the mayor, ensuring political support for their active businesses and participating in projected revenue-generating projects including the further sale of municipal land, realization of the \$35 million Turkish loan, expropriation of land to demolish existing buildings in the centre of the capital, handling of the mortgages for social residential housing, etc.



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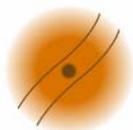


For the incumbent national leadership, and for President Almazbek Atambayev, local government elections were supposed to show the irreversibility of processes initiated in April 2010. In order for that to happen, the current authorities find it important to make sure that elections are as fair as possible. Therefore, the overwhelming success of SDPK in Bishkek, for instance, would have been perceived by the public more negatively than its failure. In addition, under the former scenario, chances of post-election instability would increase drastically, while the political destabilization due to local government elections is the worst-case scenario for the incumbent President. Nevertheless, according to data supplied by the Central Electoral Commission, at 203 polling stations in Bishkek, SDPK received the most votes, followed by Respublika, Ata Meken (7 seats) and Zamandash-Sovremennik (*Contemporary*).

Representatives of six political parties –Meken Kyrgyzstan, Ata Meken, Zamandash-Sovremennik, Butun Kyrgyzstan, Akshumkar and Respublika– declared that local government elections in Jalal-Abad were unfair. As a representative of the Egemen Kyrgyzstan political party noted, during the elections there were massive cases of “electoral carousel” in which citizens of Uzbekistan and residents of districts of the Jalal-Abad province took part. Only 30-35% of town residents actually participated in the election there. However, all districts and territorial electoral commissions sided with the Onuguu Kyrgyzstan political party. “It is Kyrgyzstan’s tragedy that elections take place in such an unfair manner,” he said. A representative of the Zamandash-Sovremennik political party mentioned that the main violators of the electoral legislation were the district electoral

commissions themselves, who allowed massive violations of the electoral process to take place. On 29 November, the chairman of the Central Commission for Elections and Referenda (CIC) Tuygunaaly Abdraimov stated that recounts would take place at three polling stations in the Issyk-Kul province, two in the Talas province, three in the Naryn province, three in the Chui province and seven in the Jalal-Abad province. In Bishkek, recounts will take place at 14 polling stations. He added that as of that day, members of CIC would be travelling to remote areas to participate in recounts at certain polling stations.

On 30 November, President Atambayev made a speech concerning the local government elections that had taken place in Kyrgyzstan. “The 2012 local government elections were free and competitive and became yet another step by the people of Kyrgyzstan toward the solidification of democracy. At the same time, in several cases, the elections in question demonstrated the viability of dirty methods of campaigning and pre-election competition,” he stated. “Primacy in elections throughout the country was claimed by a few political parties rather than just one of them which was the case in previous years when results of elections were predetermined by officials in defiance of the choice made by Kyrgyz voters. These elections were not perfect, but they undoubtedly became a step toward the promotion of democracy,” added the President. On 17 December, at a press conference in Bishkek dedicated to results of 100 days of work of the new government, prime minister Jantoro Satybaldiyev stated, “We did not pose any specific goal – as in achieving something in 100 days.” This was a very surprising statement by the head of government evidencing a lack of any planning or goal-oriented strategy. “I don’t



know, 100 days... whether it's too little or too much, but I can briefly tell you what the government did manage to accomplish," said the prime minister. According to Jantoro Satybaldiyev, the government was able to maintain social and political stability in society, successfully finalize the harvesting season, improve the public safety situation, and prevent an abrupt economic decline and a passport crisis. In addition, according to the prime minister, the government is continuing work to reform its structure and pursue administrative reform. The government also spent time studying issues concerning the country's regions.

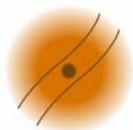
Government critics justly note that when speaking of socio-political stability, we should not lose sight of the fact that the main problems still lie ahead. Mass grievances are prone to accumulate and reach their critical point by spring (as has been the case on two occasions). Mass electricity and natural gas outages in December when ambient air is registered at minus 16 °C only facilitate that. The improvement of the public safety situation is also a questionable statement since 100 days is not enough to conclude that the streets of towns and villages have become safer. With respect to the passport crisis, figures are deplorable too since more than 60,000 citizens of the Kyrgyz Republic were unable to obtain their ID cards on time, with the head of the government accused of corruption in participating in the struggle for the control of cash flows stemming from passport issuance.

Foreign policy

On 4 December, Kyrgyzstan was officially visited by Wen Jiabao, the Premier of the State Council of the People's Republic of China, who met with the prime minister and the president of the

Kyrgyz Republic. During the meeting, Wen Jiabao noted that PRC was willing to assist Kyrgyzstan and that "today our countries maintain active high-level contacts which even further deepens the political trust between Kyrgyzstan and China." The head of the Chinese State Council stressed that China respects the development path chosen by the people of Kyrgyzstan and expressed confidence in the ability of the Kyrgyz government and its people to achieve new accomplishments in the development of their state and contribute to the prosperity of entire Central Asia. During the meeting, President Atambayev noted, "I am very grateful to the attention you pay to the development of our bilateral relations. Your official visit, Mr. Premier, is successful. We already signed a set of important instruments. I would like to thank you for your support." The Kyrgyz President also mentioned that in 2012 Kyrgyzstan and China were celebrating 20 years of diplomatic relations and that impressive results had been achieved in economy, security, humanities and other areas. In turn, Wen Jiabao noted that in 2012 alone he met with the Kyrgyz leadership three times, which meant that both sides paid a lot of attention to the development of relations. The meeting of heads of governments of the Shanghai Cooperation Organization (SCO) in Bishkek became a major significant event for the development of the organization and bilateral relations.

On 11 December, President Atambayev made his first official visit to the European Union and to the "west" per se. In Berlin, President Atambayev met with the Chancellor Angela Merkel. During the meeting, the sides discussed cooperation between the two countries in all areas of mutual interest. As part of President Atambayev's official visit to Germany, the sides



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signed bilateral instruments, particularly, the Joint Statement of Intent of the Government of the Kyrgyz Republic and Government of the Federal Republic of Germany on Cooperation in Culture and Education Policy, a treaty to replace debt liabilities in the amount of €8,500,000 as part of the conversion of indebtedness to reduce poverty in Kyrgyzstan, and a joint statement between the Ministry of Healthcare of the Kyrgyz Republic and the Federal Ministry of Healthcare of the Federal Republic of Germany on cooperation in healthcare as part of the action plan. The sides also issued a communiqué on the results of the 8th session of the Kyrgyz-German Inter-Governmental Commission of German Affairs in the Kyrgyz Republic held on 14 November 2012 in Berlin. The sides exchanged notes on the Agreement between the Government of the Kyrgyz Republic and the Government of the Federal Republic of Germany on Financial Cooperation for 2011-2012 and the Agreement between the Government of the Kyrgyz Republic and the Government of the Federal Republic of Germany on Technical Cooperation for 2011-2012 as signed on 9 November 2012 in Bishkek. The sides also covered the Treaty between the Government of the Kyrgyz Republic and the Government of the Federal Republic of Germany on the Second Stage of the Water Initiative in Central Asia (“The Berlin Process”).

The first official visit by President Atambayev to the European Union was preceded by a meeting on 27 November in Bishkek with the High Representative of the European Union for Foreign Affairs and Security Policy and Vice President of the European Commission Catherine Ashton. During the meeting, the sides discussed issues of cooperation of the Kyrgyz Republic with the European Union. In his welcoming speech, President Atambayev noted, “For the past 20

years, the European Union provided immense assistance to our country. We are very grateful to you for that.” In turn, High Representative Catherine Ashton noted, “I would like to sincerely thank you for this meeting. Today was a fruitful day for cooperation. The EU strategy for Central Asia is being updated. I think it’s important to look five years back and see what has been achieved between Kyrgyzstan and the European Union and then look ahead. It is important for the bilateral cooperation between the Kyrgyz Republic and the European Union.” The High Representative stressed that the European Union is willing, and expects to continue, to render support to Kyrgyzstan in the latter’s efforts to build a democratic society and pursue economic development.

Yet, the main result of 2012 was a significant strengthening of Russian positions in Kyrgyzstan. Having signed treaties on the Joint Russian Base in the Kyrgyz Republic, which were passed by Jogorku Kenesh (parliament) on 13 December and signed by President Atambayev on 18 December, Russia managed to solidify its military presence not only in Kyrgyzstan but also in the broader Central Asian region. Also, in 2012 agreements were signed to construct and operate the Kambarata Hydro Power Plant-1 and the Verhkne-Narynskiy Hydro Power Plant Chain (that are strategically important to the Kyrgyz energy security), where the Russian side has a set of priorities and areas of preferential treatment. Agreements were also reached on the privatization of the Kyrgyz gas monopoly Kyrgyzgaz by Russia’s Gazprom. In return, the Russian side forgave a Kyrgyz debt of \$15 million in return for the presence of its military installations in the Kyrgyz territory, made a donation of 57 vehicles to the Kyrgyz government and issued a \$25 million grant and 20,000 tons of grain as humanitarian aid.

