

COUNTRY PROFILE: KYRGYZSTAN

January 2007

COUNTRY

Formal Name: Kyrgyz Republic (Kyrgyz Respublikasy).

Short Form: Kyrgyzstan.

Term for Citizen(s): Kyrgyzstani(s).

Capital: Bishkek.

Other Major Cities: Jalalabad, Kara-Balta, Karakol, Osh, and Tokmok.

Independence: Kyrgyzstan recognizes August 31, 1991, the date on which Kyrgyzstan declared its separation from the Soviet Union, as its official day of independence.

Public Holidays: New Year's (January 1), Russian Orthodox Christmas (January 7), Kurban Ait (Feast of the Sacrifice, movable date according to the Islamic calendar), International Women's Day (March 8), Nooruz (Kyrgyz New Year, March 21), Labor Day (May 1), Victory Day (May 9), Independence Day (August 31), and Eid al Fitr (end of Ramadan, movable date according to the Islamic calendar).

Flag: The flag of Kyrgyzstan has a red field with a yellow sun in the center, whose rays represent the 40 Kyrgyz tribes; in the center of the sun is a red ring crossed by two sets of three lines, a stylized representation of the roof of the traditional Kyrgyz yurt.



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HISTORICAL BACKGROUND

The modern Kyrgyz Republic is based on a civilization of nomadic tribes that moved across the northern part of Central Asia, intermixing with other tribes and peoples. The first Kyrgyz state, the Kyrgyz Khanate, existed from the sixth to the thirteenth century and extended at its greatest size from present-day south-central Siberia to present-day eastern Kazakhstan and eastern Kyrgyzstan. That state had trading relations with China, Tibet, and Persia. The khanate's territory began to shrink in the eleventh century, and by the twelfth century it occupied only regions in the Altay and Sayan mountains. Meanwhile, Kyrgyz tribes moved across Central Asia and mingled with other tribes. Islam was introduced to the Kyrgyz sometime between the ninth and twelfth centuries. In the thirteenth century, all the Kyrgyz groups were conquered by the Mongolian leader Dzhuchi, son of Genghis Khan, and the Kyrgyz remained under oppressive Mongol rule until 1510.

After gaining freedom from the Mongols, the Kyrgyz were overrun by the Kalmyks in the seventeenth century, the Manchus in the eighteenth century, and the Uzbeks in the nineteenth century. In 1876, after Kyrgyz forces had fought three unsuccessful wars of liberation against the Uzbek Quqon (Kokand) Khanate, Russia conquered the khanate, and the Kyrgyz became part of the Russian Empire. In the last decades of the nineteenth century, large numbers of Russian and Ukrainian settlers moved into the territory of the Kyrgyz tribes. Oppressive Russian land and taxation policies severely damaged the nomadic culture of the Kyrgyz, resulting in a bloody revolt that began in 1916 and spread to other parts of Central Asia. After the Bolshevik Revolution of 1917, the territory of the Kyrgyz became part of the Soviet Union, first as the Kara-Kyrghyz Autonomous Region (1924), then as the Kyrgyz Autonomous Republic (1926), and finally as the Kyrgyz Republic (1936). During the Soviet era, the Kyrgyz Republic played a specialized, uneventful role as the supplier of agricultural products and specific mineral and military products. Until the 1960s, Russians dominated the republic's government. Beginning in that decade, the accession of Kyrgyz politicians to high-level positions established the pattern of local patronage that still underlies politics in Kyrgyzstan.

In 1989 the liberalized policies of Communist Party First Secretary Mikhail S. Gorbachev ignited strife between the Kyrgyz and the minority Uzbek population in Osh Province. In the presidential election of 1990, the resulting general democratization movement led to the defeat of Communist Party chief Absamat Masaliyev by physicist Oskar Akayev. In 1991 Akayev, who was the first person without a substantial party résumé to lead a Soviet republic's government, became the first president of independent Kyrgyzstan. Akayev's stand in support of Gorbachev at the time of the August 1991 coup and his cautious approach to independence gained international respect for independent Kyrgyzstan. However, in the 1990s entrenched legislative and regional interests frustrated Akayev's reform agenda to improve the depleted economy. Other problems of the 1990s were a serious "brain drain" of Russian technical experts, a stream of refugees into Kyrgyzstan from the civil war in neighboring Tajikistan, and instances of high-level official corruption.

Beginning in the mid-1990s, Akayev took several steps to increase presidential power vis-à-vis the legislative branch, including questionable referenda and suppression of opposition groups. Before the 2000 presidential election, Feliks Kulov, Akayev's chief rival for the presidency, was imprisoned. In 2001 Kyrgyzstan offered the United States an air base at Manas Airport in support of Operation Enduring Freedom in Afghanistan, reinforcing relations with the United States but increasing tension with Russia. The arrest of dissident parliamentary deputy Azimbek Beknazarov in 2002 caused large-scale protests, and the harsh suppression of those protests brought about the resignation of the government. In 2003 a referendum, criticized by international monitors, approved Akayev serving his full presidential term (through 2005) in the face of strong demands for his resignation. That same year, the parliament approved lifelong immunity from prosecution for Akayev and his family. In February 2005, international monitors declared the first round of national parliamentary elections to have been unfair. In March the protests that arose in response, which came to be known as the Tulip Revolution, forced Akayev to flee into exile. Akayev resigned the presidency in April.

In a compromise division of power, an interim government was formed with opposition leader Kurmanbek Bakiyev as prime minister (hence, in the absence of a president, also acting

president), but the already elected parliament took office as scheduled. In a special election, Bakiyev was elected president in July 2005, running on the same ticket as his main political rival, Feliks Kulov. Bakiyev then named Kulov prime minister to achieve unity. Bakiyev was unable to gain parliamentary approval of a full cabinet until December 2005, by which time the Kulov and Bakiyev factions were at odds, and Bakiyev was at odds with the parliament that he inherited. However, each unable to survive without the other, Kulov and Bakiyev continued their alliance amidst constant infighting through 2006. Bakiyev's inability to end government corruption spurred periodic protests, and no reform measures were passed. Meanwhile, in July 2006 Kyrgyzstan negotiated an increase in the rent paid by the United States to use Manas Airport to a reported US\$150 million.

GEOGRAPHY

Location: Kyrgyzstan is located along the eastern border of the Central Asian region, southeast of Kazakhstan, west of China, east of Uzbekistan, and north of Tajikistan.



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Size: The second-smallest of the five Central Asian states, Kyrgyzstan has an area of 198,500 square kilometers, of which 7,100 square kilometers is water.

Land Boundaries: Kyrgyzstan has 1,099 kilometers of border with Uzbekistan, 1,051 kilometers with Kazakhstan, 870 kilometers with Tajikistan, and 858 kilometers with China.

Disputed Territory: Kyrgyzstan has unresolved border disputes with Tajikistan (in the Isfara Valley to the southwest) and with Uzbekistan (on the status of Uzbek enclaves in Kyrgyzstan and elsewhere along the common border).

Length of Coastline: Kyrgyzstan is landlocked.

Topography: The topography is dominated by sharp mountain peaks and valleys, and considerable areas are covered by glaciers. The elevation of about 94 percent of the terrain is 1,000 meters or more above sea level, and 30 percent of the terrain is higher than 3,000 meters above sea level. The only relatively flat regions are the Kyrgyzstani part of the Fergana Valley, in southwestern Kyrgyzstan, and in the Chu and Talas valleys along the northern border.

Principal Rivers: Kyrgyzstan has no navigable rivers. The Chu River arises in the mountains of northern Kyrgyzstan and flows northwest into Kazakhstan. The Naryn River arises in the Tien Shan Mountains of eastern Kyrgyzstan and crosses central Kyrgyzstan before meeting the Kara Darya to form the Syr Darya in the Uzbek part of the Fergana Valley.

Climate: The major climatic influences are the mountains and Kyrgyzstan's location at the center of the Eurasian land mass, far from any body of water. The resulting continental climate includes winter temperatures averaging -30° C in the mountain valleys and summer temperatures averaging 27° C in the Fergana Valley. The western mountains receive as much as 2,000

millimeters of precipitation per year, but the west bank of the Ysyk-Köl, Kyrgyzstan's largest lake, receives only 100 millimeters per year.

Natural Resources: Kyrgyzstan's only mineral resource of economic value is gold. Substantial amounts of antimony and coal are present, but economic factors preclude large-scale exploitation. Kyrgyzstan also has deposits of mercury, tin, tungsten, and uranium oxide. Most of Kyrgyzstan's terrain is too mountainous to grow crops, but higher-elevation pastures support livestock raising.

Land Use: In 2005 some 6.5 percent of Kyrgyzstan's land surface was classified as arable, and 0.3 percent was planted to permanent crops. The remainder is mountains, glaciers, and high-altitude steppe that is used for grazing. More than 85 percent of arable land is irrigated.

Environmental Factors: Because it was not designated as a heavy industrial zone in the Soviet system, Kyrgyzstan has avoided the grave environmental problems encountered by the other Central Asian countries. The main problems are inefficient use and pollution of water resources, land degradation, and improper agricultural practices. Gold and uranium mining operations have leached toxic chemicals into soil and water in the eastern half of the country, and salinization is a problem along the eastern stretches of the Naryn River. In the post-Soviet era, increased automobile use has made air pollution a problem in urban centers. Overuse of forest reserves also is an environmental issue. In 2004 an unusually high number of avalanches, floods, and landslides was attributed to the melting of glaciers in the eastern mountains. The Ministry of Ecology and Emergency Situations is the national enforcement agency for environmental policy, which is summarized in the National Environmental Action Plan. However, that plan is heavily subsidized and directed by international donors, and the president's strong role in environmental policy has politicized some issues.

Time Zones: Kyrgyzstan's time zone is five hours ahead of Greenwich Mean Time.

SOCIETY

Population: In 2006 Kyrgyzstan's population was estimated at 5,213,898. The annual growth rate was 1.32 percent. In the early 2000s, increased emigration of Russians and other minority nationalities with technical expertise has been an important economic issue. In 2005 the net migration rate was -2.5 persons per 1,000 population. The population is concentrated in small areas in the north and southwest in the Chu (north-central), Fergana (southwestern), and Talas (northwestern) valleys. About two-thirds of the population lives in rural areas, and that figure has risen as the predominantly urban Russian population decreases.

Demography: In 2006 some 31 percent of the population was 14 years of age or younger, and 6 percent was 65 years of age or older. The birthrate was 22.8 births per 1,000 population, and the death rate was 7.1 per 1,000 population. Infant mortality was 34.5 deaths per 1,000 live births. Life expectancy for the total population was 68.5 years: 72.7 years for females and 64.5 years for males. The fertility rate was 2.7 births per woman. In 2006 the population's sex ratio was 0.96 males per female.

Ethnic Groups: According to the 1999 census, the following ethnic groups were present in Kyrgyzstan: 65 percent Kyrgyz, 14 percent Uzbek, 13 percent Russian, 1 percent Dungan (ethnic Chinese Muslim), 1 percent Tatar, 1 percent Uyghur, and 1 percent Ukrainian. Substantial numbers of Tajik refugees entered the country in the 1990s. In the early 2000s, about 15,000 Russians left the country annually. The Uzbek minority is concentrated around the southwestern city of Osh, and the Russian population is concentrated in Bishkek and adjacent Chu Province.

Languages: In the post-Soviet era, designation of official languages has been a sensitive issue in Kyrgyzstan. After a government campaign to expand the use of Kyrgyz in the 1990s, in 2001 the legislature designated Russian as the country's second official language, alongside Kyrgyz. Russian is the primary language of commerce and higher education.

Religion: About 80 percent of Kyrgyzstan's population is Muslim, and 16 percent is Christian. The vast majority of the Kyrgyz and Uzbek populations are Sunni Muslims. The Kyrgyz practice a version of Islam that is influenced by earlier beliefs and practices and by the nomadic nature of earlier Kyrgyz society. This combination is most prevalent in the north; the Islam practiced in the southwestern population centers (where the Uzbek minority is concentrated) resembles more closely that practiced elsewhere in Central Asia. Most of the Russian population professes Russian Orthodoxy. In the post-Soviet era, some Protestant and Roman Catholic missionary activity has taken place, but proselytization has been discouraged officially and unofficially. A "black list" of harmful sects includes the Seventh Day Adventists, Ba'hai Muslims, and Jehovah's Witnesses.

Education and Literacy: In 2004 the literacy rate in Kyrgyzstan was 98.7 percent. Education is compulsory for nine years, between ages seven and 15. Following four years of primary and five years of lower secondary school, the system offers two years of upper secondary school, specialized secondary school, or vocational/technical school. In 2001 some 89 percent of the relevant age-group was enrolled in the compulsory program, but this figure has decreased in the early 2000s. In 2005 some 49 institutions of higher learning were operating, most notably the Kyrgyz State University, Kyrgyz Technical University, and Kyrgyz-Russian Slavonic University. The majority of primary and secondary schools teach in Kyrgyz, but the language of instruction in the higher institutions is Russian. Budget cuts that have reduced teacher salaries and equipment availability are reflected disproportionately in reduced numbers of female students. In 2003 some 4.5 percent of gross domestic product was spent on education.

Health: In the post-Soviet era, Kyrgyzstan's health system has suffered increasing shortages of health professionals and medicine. Kyrgyzstan must import nearly all its pharmaceuticals. The increasing role of private health services has supplemented the deteriorating state-supported system. In the early 2000s, public expenditures on health care decreased as a percentage of total expenditures, and the ratio of population to number of doctors increased substantially, from 296 per doctor in 1996 to 355 per doctor in 2001. A national primary-care health system, the Manas Program, was adopted in 1996 to restructure the Soviet system that Kyrgyzstan inherited. The number of people participating in this program has expanded gradually, and province-level family medicine training centers now retrain medical personnel. A mandatory medical insurance fund was established in 1997.

Largely because of drug shortages, in the late 1990s and early 2000s the incidence of infectious diseases, especially tuberculosis, has increased. The major causes of death are cardiovascular and respiratory conditions. Official estimates of the incidence of human immunodeficiency virus (HIV) have been very low (830 cases were officially reported as of February 2006, but the actual number was estimated at 10 times that many). The concentration of HIV cases in Kyrgyzstan's narcotics-injecting and prison populations makes an increase in HIV incidence likely. More than half of the cases have been in Osh, which is on a major narcotics trafficking route.

Welfare: The need to reform revenue collection and allocation systems has delayed a planned revision of the state unemployment insurance system. Unemployment benefits are paid for 26 weeks at the minimum wage level. Workers are eligible for state-funded pensions at age 62 for men and age 57 for women; minimum eligibility ages were scheduled to increase in 2007. Disabled workers receive the pension amount with a supplement. The state, which controls almost all pension funds in Kyrgyzstan, has been chronically late in pension payments. As a step in a long-term pension reform program, some private pension funds began to appear in 2003. The first stage of a pension reform was to go into effect in January 2007, including an optional supplementary fund, a 10 percent increase in pension amounts, and expanded coverage. The pension reform was scheduled for completion in 2010. The minimum pension was 12 percent of the average wage, an amount that has been inadequate to support a majority of recipients. In 2006 an estimated 40 percent of citizens lived below the poverty line; the figure was much higher in the southern regions of Kyrgyzstan. The government's 10-year Comprehensive Development Framework includes a poverty reduction program supported by the International Monetary Fund.

ECONOMY

Overview: Prior to 1991, Kyrgyzstan's economy was highly dependent on the economy of the Soviet Union. The loss of key Soviet inputs caused severe economic contraction in the 1990s and has required substantial restructuring. The market reform program pursued in the 1990s has been partly abandoned as the state assumed a greater planning role in the late 1990s and early 2000s. Agriculture and services are the most important sectors, as industry remains concentrated in specific regions and outputs. In the early 2000s, workers have moved from industry to subsistence agriculture as industrial enterprises fail. A Comprehensive Development Framework has set economic goals from 2001 to 2010, with strong guidance from international financial institutions. As much as 50 percent of the gross domestic product is contributed by the gray economy. The government has launched two major programs to privatize state enterprises, which by 2003 had shifted about 7,000 enterprises to the private sector. However, domestic opposition and low foreign investment have slowed the rate of privatization. In 2006 widespread unemployment was a major cause of large-scale street demonstrations.

Gross Domestic Product (GDP): After increasing by 6 percent in 2004, the GDP declined by 0.6 percent in 2005 to US\$2.14 billion (US\$10.1 billion in purchasing power parity, US\$420 per capita). In 2005 services accounted for 43.9 percent of GDP (up from 38.7 percent in 2004), agriculture for 35.3 percent (down from 38.5 percent in 2004), and industry for 20.8 percent

(down from 22.8 percent in 2004). In the early 2000s, operations in the Kumtor Gold Mine, Kyrgyzstan's single most productive asset, contributed 7 percent of GDP.

Government Budget: After Kyrgyzstan experienced high annual deficits through 1995, tax reforms and public expenditure restrictions reduced but did not eliminate annual deficits beginning in 1997. Several factors inhibit budget-balancing progress: state revenue is low as a percentage of gross domestic product, external debt remains high, and in 2004 social and welfare expenditures still were more than 50 percent of the budget. In 2004 revenues totaled US\$431.3 million, and expenditures were US\$445.4 million, incurring a deficit of US\$14.1 million. In 2005 revenues increased to US\$516.3 billion, but expenditures increased to US\$539.9 million, increasing the deficit to US\$23.6 million.

Inflation: In the early 1990s, inflation was a grave problem, as the rate reached 700 percent in 1993. Except for a brief spike caused by the Russian financial crisis of 1998, the government has controlled inflation much better in the late 1990s and early 2000s. In 2004 the inflation rate was 3.2 percent, and in 2005 it was 5.2 percent.

Agriculture: Agriculture remains a vital part of Kyrgyzstan's economy and a refuge for workers displaced from industry. Subsistence farming has increased in the early 2000s. After sharp reductions in the early 1990s, by the early 2000s agricultural production was approaching 1991 levels. Grain production in the lower valleys and livestock grazing on upland pastures occupy the largest share of the agricultural workforce. Farmers are shifting to grain and away from cotton and tobacco. Other important products are dairy products, hay, animal feed, potatoes, vegetables, and sugar beets. Agricultural output comes from private household plots (55 percent of the total), private farms (40 percent), and state farms (5 percent). Further expansion of the sector depends on banking reform to increase investment, and on market reform to streamline the distribution of inputs. Land reform, a controversial issue in Kyrgyzstan, has proceeded very slowly since initial legislation in 1998. The irrigation infrastructure is in poor condition.

Forestry: Only 4 percent of Kyrgyzstan is classified as forested. All of that area is state-owned, and none is classified as available for wood supply. The main commercial product of the forests is walnuts.

Fishing: Kyrgyzstan does not have a significant fishing industry. In 2002 aquaculture contributed 66 percent of the country's total output of 142 metric tons of fish, but in 2003 the aquaculture industry collapsed, producing only 12 of the country's total of 26 metric tons.

Mining and Minerals: In the post-Soviet era, mining has been an increasingly important economic activity. The Kumtor Gold Mine, which opened in 1997, is based on one of the largest gold deposits in the world. Several other gold deposits have been developed slowly, and the closing of Kumtor—expected by 2010—will deplete the contribution of the mining sector to gross domestic product. New gold mines are planned at Jerooy and Taldy-Bulak, and a major gold discovery was announced at Tokhtonysay in late 2006. The state agency Kyrgyzaltyn owns all mines, many of which are operated as joint ventures with foreign companies. Uranium and antimony, important mineral outputs of the Soviet era, no longer are produced in significant amounts. Although between 1992 and 2003 coal output dropped from about 2.4 million tons to

411,000 tons, the government plans to increase exploitation of Kyrgyzstan's considerable remaining deposits (estimated at 2.5 billion tons) in order to reduce dependency on foreign energy sources. A particular target of this policy is the Kara–Keche deposit in northern Kyrgyzstan, whose annual output capability is estimated at between 500,000 and 1 million tons. The small domestic output of oil and natural gas does not meet national needs.

Industry and Manufacturing: In the post-Soviet era, Kyrgyzstan's industries suffered sharp reductions in productivity because the supply of raw materials and fuels was disrupted, and Soviet markets disappeared. The sector has not recovered appreciably from that reduction; if gold production is not counted, in 2005 industry contributed only 14 percent of the gross domestic product (GDP). Investment and restructuring have remained at low levels, and the electricity industry (traditionally an important part of industry's contribution to GDP) has stagnated in recent years. Government support is moving away from the machine industries, which were a major contributor to the Soviet economy, toward clothing and textiles. Food processing accounted for 10 to 15 percent of industrial production until encountering a slump in 2004. In recent years, the glass industry has surpassed clothing and textiles in investment received and as a contributor to GDP. In the early 2000s, the construction industry has grown steadily because of large infrastructure projects such as highways and new gold mines. Housing construction, however, has lagged because of low investment.

Energy: Because it has limited deposits of fossil fuels and low investment in extraction industries, Kyrgyzstan is very dependent on foreign sources of energy. Most natural gas imports come from Uzbekistan, with which Kyrgyzstan has had a series of imperfect barter agreements. Per capita energy consumption is high considering average income, and the government has no comprehensive plan to reduce demand. An estimated 45 percent of electricity generated is diverted illegally or leaks from the transmission system. Hydroelectric plants generate some 92.5 percent of domestically consumed electricity, and only three commercial thermoelectric plants are in operation. Because of its rich supply of hydroelectric power, Kyrgyzstan sends electricity to Kazakhstan and Uzbekistan in return for fossil fuels. A new hydroelectric plant on the Naryn River at Kambar–Ata would supply power to parts of China and Russia, improving Kyrgyzstan's export situation and domestic energy supply. However, in 2006 that project, which would include one of the largest hydroelectric dams in the world, remained incomplete because of lack of investment. An antiquated infrastructure and poor management make Kyrgyzstan more dependent on foreign energy when water levels are low. In the early 2000s, Kyrgyzstan was exploiting only an estimated 10 percent of its hydroelectric power potential. In 2001 Kyrgyzstan had about 70,000 kilometers of power transmission lines served by about 500 substations. Kyrgyzstan would be a member of the Shanghai Cooperation Organization's Asian Energy Club, which Russia proposed in 2006 to unify oil, gas, and electricity producers, consumers, and transit countries in the Central Asian region in a bloc that is self-sufficient in energy. Other members would be China, Kazakhstan, Tajikistan, and Uzbekistan.

Services: Substantial post-Soviet growth in the services sector is mainly attributable to the appearance of small private enterprises. The central bank is the National Bank of the Kyrgyz Republic, which nominally is independent but follows government policy. Although the banking system has been reformed several times since 1991, it does not play a significant role in investment. High interest rates have discouraged borrowing. A stock market opened in 1995, but

its main function is trading in government securities. Because of the Akayev regime's economic reforms, many small trade and catering enterprises have opened in the post-Soviet era. Although Kyrgyzstan's mountains and lakes are an attractive tourist destination, the tourism industry has grown very slowly because it has received little investment. In the early 2000s, an average of about 450,000 tourists visited annually, mainly from countries of the former Soviet Union.

Labor: In 2000 Kyrgyzstan's labor force was estimated at 2.7 million; 55 percent of workers were employed in agriculture, 30 percent in services, and 15 percent in industry. Estimates of unemployment are not likely accurate because many people are engaged in unofficial economic activities, are underemployed, or do not register for benefits. In 2004 the official rate was 18 percent. In rural villages, long-term unemployment exceeds 70 percent, especially in the younger generations. The numbers fall when summer farming work is available. In 2004 the minimum wage was US\$2.30 per day, and the average monthly wage was US\$44. In 2006 an estimated 500,000 Kyrgyz worked seasonally or full-time in Kazakhstan, Russia, or Tajikistan.

Foreign Economic Relations: Beginning in the 1990s, the government of Kyrgyzstan has attempted to liberalize its trade policies. In 1998 Kyrgyzstan became the first country in the Commonwealth of Independent States (CIS) to gain membership in the World Trade Organization (WTO). However, Kyrgyzstan's isolated geographic position and import requirements have hindered the development of trade relations outside the former Soviet Union. Beginning in 1997, increased gold exports have provided new world markets, but reliance on the gold trade also has decreased export diversity. Gold accounts for about 80 percent of exports outside the CIS. In 2005 the principal suppliers of imports, in order of value, were China, Russia, Kazakhstan, and Turkey. The principal customers for Kyrgyzstan's exports, in order of value, were the United Arab Emirates, Russia, China, and Kazakhstan. In 2005 the principal exports were gold and other precious and semiprecious metals; mineral products; textiles and fabrics, prepared foods, beverages, and tobacco; electric power; and machinery and electrical equipment. The principal imports were mineral products, including fossil fuels, machinery and electrical equipment, chemical products, prepared foods and beverages, and textiles and fabrics.

Trade Balance: In 2005 Kyrgyzstan's exports were worth a total of US\$759 million and its imports, US\$937.4 million, creating a trade deficit of US\$178.4 million. This shortfall continued a sharp reversal since 2001, when the trade surplus was US\$40 million.

Balance of Payments: In 2004 the overall balance of payments was US\$144.5 million. Beginning in 2000, the current account balance has fluctuated considerably but always remained negative. In 2004 the current account deficit was US\$87.9 million. Portfolio investment has been very small, and foreign direct investment decreased sharply in the early 2000s before rallying substantially in 2004 to US\$175 million.

External Debt: At the end of 2004, Kyrgyzstan's external debt totaled US\$2.4 billion, more than half of which was long-term public debt. Since 2001 Kyrgyzstan has renegotiated some of its debt with Russia and all of its debt of US\$450 million with the Paris Club of Western creditors, and it has engaged in a debt-swapping program of the United Nations Development Programme.

Foreign Investment: Foreign direct investment reached a peak during construction of the Kumtor Gold Mine in the late 1990s, then dropped sharply. In the early 2000s, foreign investment has been concentrated in the gold industry and in Bishkek, which has received more than 50 percent of the total. Norox Mining of the United Kingdom is the chief foreign developer of gold resources outside Kumtor, which is operated and one-third owned by Cameco of Canada. The Anbang Company of China owns assets in Kyrgyzstan's modest oil industry. Aside from Kazakhstani and Russian firms, foreign investors generally have been discouraged by insecure business conditions in Kyrgyzstan.

Currency and Exchange Rate: Kyrgyzstan's currency is the Kyrgyzstan som. In January 2007, the exchange rate of the som was about 38.1 to the U.S. dollar. The last currency reform occurred in 1998.

Fiscal Year: The fiscal year is the calendar year.

TRANSPORTATION AND TELECOMMUNICATIONS

Overview: Land transportation is a critical element of national unity because the regions of Kyrgyzstan (particularly north and south) are separated by natural barriers. In the early 2000s, foreign investment has been instrumental in long-term improvement projects for rail, road, and air transportation lines.

Roads: In 1999 Kyrgyzstan had 18,500 kilometers of roads, 16,854 kilometers of which were paved. Of that total, 140 kilometers were classified as highways and 3,160 kilometers as main roads. Major expansion projects with international funding include a 650-kilometer, north-south highway linking Bishkek and Osh, a road connecting Lake Issyk-Köl with Aksu in China's Xingjiang Province, and an east-west highway connecting Osh with the Chinese border. Those roads are to be completed by 2008.

Railroads: In 2005 Kyrgyzstan had only 470 kilometers of railroad track, all broad-gauge. Hence, Kyrgyzstan is largely dependent on the railroad systems of neighboring countries. Passenger service was reduced in 1999. Long-term government plans call for upgrading the railroad system to include Kyrgyzstan in the flow of rail traffic across Central Asia and the establishment of urban rail systems in Bishkek, Osh, and Jalalabad. Kazakhstan and Kyrgyzstan plan to build a 100-kilometer connector to bring Kazakhstani tourists from Almaty to Lake Issyk-Köl.

Ports: Kyrgyzstan's only port is Balykchy, a fishing town on Lake Issyk-Köl.

Inland Waterways: None of Kyrgyzstan's rivers is navigable, and the country has no canals.

Civil Aviation and Airports: In the early 2000s, international funding upgraded the main airport, Manas, at Bishkek and a smaller facility at Osh. In 2006 Manas was the only one of Kyrgyzstan's 37 airports with a runway longer than 3,000 meters and the only airport supporting international flights. Smaller airports provide connections among domestic destinations.

Pipelines: The limitations of Kyrgyzstan's pipeline system are a major impediment to fuel distribution. In 2006 the country had 367 kilometers of natural gas pipeline and 16 kilometers of oil pipeline, after adding 167 kilometers of natural gas pipeline in 2003.

Telecommunications: In the early 2000s, Kyrgyzstan used international investment support to restructure its telecommunications system, which in 2002 had 7.7 telephone lines per 100 inhabitants and 53,100 cellular phones in use. As part of the upgrading process, the government has attempted to sell a majority interest in the state-owned telecommunications company, Kyrgyztelecom, to foreign bidders. Companies from Russia, Sweden, and Turkey have been possible buyers. However, in 2005 an estimated 100,000 applicants were waiting for telephone line installation. In the early 2000s, Internet use has expanded rapidly. Between 1999 and 2005, the number of Internet subscribers increased from 3,000 to 263,000. In 2004 some 12,300 Internet hosts were in operation. The long-term goal of the government's information and communications technology strategy is for the telecommunications sector to contribute 5 percent to gross domestic product by 2010. The June 2006 launch of the KazSat communications satellite from Kazakhstan was expected to reduce the dependence of all the Central Asian countries on European and U.S. telecommunications satellites. Launch of a second KazSat is planned for 2009.

GOVERNMENT AND POLITICS

Overview: Kyrgyzstan is a unitary presidential republic that began the post-Soviet era as the least authoritarian of the five Central Asian states. The constitution, which calls for three separate branches of government, has been amended several times to change the structure of the legislative branch. Beginning in the late 1990s, the regime of the thrice-elected President Oskar Akayev increasingly bypassed democratic processes, despite increasing protests. Constitutional changes concentrated power in the presidency, to the detriment of the legislative branch, and made removal of the president more difficult. The parliament has blocked some presidential proposals, but it has not been an effective check on executive power. The judicial branch is effectively under the control of the executive branch. In his election platform of mid-2005, provisional president Kurmanbek Bakiyev promised government reform to curb the power of the presidency, but Bakiyev's new government included mainly established politicians. In 2006 opposition groups increasingly accused Bakiyev of taking all the executive power that Akayev had exercised before his overthrow. Significant regional political power centers continued to exist in 2006, with a pronounced split between northern and southern provinces. In many cases, political loyalties still are defined by clan rather than party. In 2006 organized criminals reportedly achieved increased access to political leaders, contravening Bakiyev's promised political cleanup and sparking new street demonstrations. A new constitution was approved in November 2006 after large-scale protests forced Bakiyev to grant increased power to the legislative branch.

Executive Branch: The executive branch comprises the president, the prime minister, and a cabinet consisting of four deputy prime ministers, 13 ministers, the general prosecutor, and the heads of six national agencies, commissions, and committees. Following the constitutional reform of 2006, the prime minister is appointed by the party receiving a plurality in the latest

parliamentary elections. That reform also deprived the president of the right to dismiss parliament. Presidential power increased as the result of a 2003 referendum, the conduct of which received international criticism. The president is directly elected to a five-year term, with a two-term limitation that was circumvented by Akayev in a 1998 referendum. In the early 2000s, Akayev's informal power base among the business elite and younger politicians eroded as he increasingly favored the clans of the north (his region) over those of the south. In early 2005, energized by manifestly unfair parliamentary elections, opposition demonstrations in the cities brought about Akayev's resignation in what became known as the Tulip Revolution. His successor, former prime minister Kurmanbek Bakiyev, pledged in 2005 to restore some powers to the legislative branch. Upon election he retained most of the acting cabinet that he had selected on Akayev's resignation. The choice of former security chief Feliks Kulov as prime minister symbolically united Kyrgyzstan's opposing regions: Bakiyev is from the south, Kulov from the north. The two officials maintained an uneasy truce throughout 2006.

Legislative Branch: Members of the unicameral, 75-member Supreme Council (Zhogorku Kenesh) are directly elected to five-year terms. In 2006 there were no women in the Supreme Council. A referendum in 1998 substantially weakened the Supreme Council's power to block legislative proposals of the president. In 2003 a referendum changed the legislature's structure from bicameral to unicameral, after a referendum in 1994 had established a bicameral legislature in place of the much larger unicameral legislature that had been established by the 1993 constitution. Both changes aimed to increase presidential power at the expense of the legislative branch. Pursuant to the referendum of 2003, the disputed elections of early 2005 seated a new 75-member unicameral legislature. After his election in mid-2005, Bakiyev did not call for new parliamentary elections, despite the irregularities of the previous vote.

Judicial Branch: Although nominally independent, the judicial branch is substantially under the control of the president, who recommends appointments to both of the main judicial institutions: the Supreme Court and the Constitutional Court. (The constitutional amendments of 2003 abolished a third national court, the Supreme Court of Arbitration, awarding its role as arbiter of commercial disputes to the Supreme Court.) The Supreme Court is the highest appeals court for civil and criminal cases. The Constitutional Court, whose chief justice is one of very few women holding significant national office, rules on constitutional interpretations and on the validity of presidential elections. The members of those courts are elected to 10-year terms by the Supreme Council, after being nominated by the president. The president appoints judges to seven-year terms at the subnational levels. High-profile cases have shown the courts' bias toward the executive branch. In 1998 the Constitutional Court ruled on a technicality that Akayev could stand for a third presidential term, contrary to the constitutional prohibition. In the early 2000s, criminal trials of opposition figures demonstrated substantial partisanship by the courts toward the executive branch.

Administrative Divisions: Kyrgyzstan is divided into seven provinces and the municipality of Bishkek, the capital. Provinces are divided into a total of 40 districts. The districts in turn are divided into rural communities, each comprising up to 20 small settlements.

Provincial and Local Government: Each province is headed by a governor (*akim*) who is appointed by the president. District administrators are appointed by the central government. Rural communities are governed by directly elected mayors and councils.

Judicial and Legal System: Although the constitution provides for an independent judiciary, Kyrgyzstan's court system is widely seen as under the influence of the prosecutor's office. Low salaries make the bribery of judges commonplace. Most cases originate in local courts; they then can move via the appeals process to municipal or regional courts, with the Supreme Court the final court of appeals. Property and family law disputes and low-level criminal cases are heard by traditional elders' courts, which are loosely supervised by the prosecutor's office. Economic disputes and military cases are heard in specialized courts. The constitutional amendments of 2003 expanded the scope of the Supreme Court in civil, criminal, and administrative proceedings. Many protections of Western jurisprudence have not been incorporated into Kyrgyzstan's system, which retains many features of the Soviet system. The right to counsel and the presumption of innocence of the accused are guaranteed by law but often not practiced. There is no trial by jury. Reform legislation under consideration in 2006 would establish a jury system and bolster the independence of the judicial branch.

Electoral System: A new electoral code signed in 2004 is characterized by international authorities as an improvement over the previous law but still failing to meet international standards. Suffrage is universal, and the minimum voting age is 18. The Central Election Commission approves candidates, conducts elections, and certifies election results. International monitors have identified substantial irregularities in the presidential election of 2000, referenda in 1998 and 2003, and the parliamentary elections of early 2005 (in which only six opposition candidates gained seats). The prospects of opposition parties were hurt by the abolition in 2003 of party list seats in parliament and by election code changes in 2004. International and domestic monitors declared the special presidential election of July 2005 basically fair; turnout was estimated at 58 percent.

Politics and Political Parties: In the 1990s, numerous political parties with a variety of agendas developed, but few had broad national followings. An exception was the Communist Party of Kyrgyzstan, an opponent of free-market economic reform, which in the parliamentary elections of 2000 gained 28 percent of the vote. In general, opposition parties retained a high level of activity but were unable to form a united front against the Akayev regime; in the 1990s and early 2000s, opposition parties formed several unstable coalitions. A major opposition bloc, For People's Power, was established in 2004. The abolition in 2003 of party list voting for parliament and the abolition of runoff elections hampered the election efforts of opposition parties. The resignation of President Akayev brought a fundamental realignment of parties, but the north-south divide remained a critical distinction among factions in 2006. In April 2006, the Union of Democratic Forces united seven parties and 11 nongovernmental organizations in a coalition that became a leading voice for reform. Among other opposition parties in 2006 were Ar-Namys, Asaba, Ata-Meken, the Pro-Reform Movement, and the Social Democratic Party.

Mass Media: Although the constitution guarantees freedom of the press and prohibits censorship, government restrictions exist. Competition among media outlets is skewed by heavy government support of pro-government newspapers and broadcast outlets. In the early 2000s, an

increasing number of such outlets were controlled by individuals with ties to the government. In 2003 two national, state-run radio networks and four television stations were in operation. There were 187.6 television sets per 1,000 population in 2004; no statistics were available on radio use. In 2003 some eight of Kyrgyzstan's 25 to 30 newspapers and magazines were state-owned, and the state publishing house, Uchkun, was the major newspaper publisher in the country. After the change of government in 2005, opposition views generally received more exposure in the media. However, access to the mass media by opposition spokespersons remained limited.

Foreign Relations: In the post-Soviet era, Kyrgyzstan has joined several regional organizations in an effort to improve its security and economic position. Among those organizations are the Shanghai Cooperation Organization (SCO) and the Collective Security Treaty Organization of the Commonwealth of Independent States. Because such organizations have not had the intended effect, Kyrgyzstan's meaningful foreign relations have largely been bilateral. However, SCO membership assumed particular meaning for Kyrgyzstan in 2005 as the SCO, assuming a more active geopolitical role than previously, urged that Kyrgyzstan expel U.S. troops stationed there. Relations with Russia have remained a primary concern because Kyrgyzstan had been unusually dependent on the Soviet structure in security and economic matters. The rights of the technically adept Russian minority have been a sensitive issue. After the posting of U.S. troops in Kyrgyzstan for the antiterrorist operation in Afghanistan in 2002, President Akayev sought to balance that presence with ongoing Russian interests. The early policy of Akayev's successor, Kurmanbek Bakiyev (elected in July 2005), sought to retain that balance in the face of pressure from China and Russia to expel U.S. troops. However, U.S. influence diminished in September 2005 as Russia concluded a bilateral agreement with Kyrgyzstan. The agreement expanded Russian military aid, arms sales, and aid in building energy infrastructure. Bakiyev continued to cultivate political support from Russia in 2006. Relations with the United States were strained in early 2006 when Kyrgyzstan demanded a hundredfold increase in U.S. payments for use of the Manas air base. In July 2006, a new rental agreement, favorable to Kyrgyzstan, relieved tensions temporarily. Since 2000 tensions with Uzbekistan have increased because of disputes over the two countries' fuel-for-power arrangement and Uzbekistan's unilateral steps against cross-border terrorist organizations. Uzbekistan's mining of the common border has brought complaints from Kyrgyzstan. In 2005 more than 500 refugees from the Andijon crisis in Uzbekistan fled to Kyrgyzstan, causing further tension when Uzbekistan demanded their return. Some refugees were granted political asylum outside Central Asia in 2006. Relations with China have improved steadily since 1991, as trade has flourished and border issues have been settled. Kyrgyzstan's large population of Uyghur emigrants concerns China, however, because of separatism in China's adjoining Xingjiang Province, from which they migrated.

Membership in International Organizations: Kyrgyzstan is a member of the following international organizations: the Asian Development Bank, Central Asian Cooperation Organization, Collective Security Treaty Organization (of the Commonwealth of Independent States), Commonwealth of Independent States, Economic Cooperation Organization, Eurasian Economic Community, Euro-Atlantic Partnership Council, European Bank for Reconstruction and Development, Food and Agriculture Organization, International Atomic Energy Agency, International Bank for Reconstruction and Development, International Criminal Police Organization (Interpol), International Development Association, International Finance Corporation, International Fund for Agricultural Development, International Labour

Organization, International Monetary Fund, International Organization for Migration, International Telecommunication Union, Organisation for the Prohibition of Chemical Weapons, Organization for Security and Co-operation in Europe, Partnership for Peace (of the North Atlantic Treaty Organization), Shanghai Cooperation Organization, United Nations, United Nations Committee on Trade and Development, United Nations Educational, Scientific, and Cultural Organization, United Nations Industrial Development Organization, Universal Postal Union, World Customs Organization, World Federation of Trade Unions, World Health Organization, and World Trade Organization.

Major International Treaties: Among the multilateral treaties to which Kyrgyzstan is a signatory are the Basel Convention on the Control of Transboundary Movements of Hazardous Wastes and Their Disposal; Convention on Long-Range Transboundary Air Pollution; Convention on the Prohibition of the Development, Production, and Stockpiling of Chemical Weapons and on Their Destruction; Geneva Conventions (1949); International Covenant on Economic, Social and Cultural Rights; Montreal Protocol on Substances That Deplete the Ozone Layer; Treaty on the Non-Proliferation of Nuclear Weapons; United Nations Convention to Combat Desertification; and United Nations Framework Convention on Climate Change and its Kyoto Protocol.

NATIONAL SECURITY

Armed Forces Overview: In the post-Soviet era, Kyrgyzstan has not developed an armed force of significant size, and it remains dependent on Russia in many aspects of national defense. Between terrorist attacks that occurred in 1999 and 2003, military spending increased by about 50 percent, but the armed forces did not grow significantly during that period. Ground forces constitute the main fighting element. In 2006 Kyrgyzstan's army had 8,500 active personnel, and its air force had 4,000 active personnel. Some 57,000 individuals were in military reserve status, and the paramilitary Border Guard Service had 5,000 troops.

Foreign Military Relations: In the early 2000s, both the United States and Russia established bases in northwestern Kyrgyzstan (the United States at Manas in 2002 to support operations in Afghanistan, Russia at nearby Kant in 2003 under the Collective Security Treaty Organization of the Commonwealth of Independent States). The Kyrgyzstani government has tried to balance the competing military interests of those countries, and of neighboring China, in Central Asia. Because of the importance of that balance and under pressure from China and Russia, Kyrgyzstan has been reluctant to allow a permanent U.S. military presence. In 2006 tension over increased fees was reduced when the United States negotiated a new agreement paying Kyrgyzstan a reported US\$150 million to continue using Manas. (Russia pays nothing to occupy its Kant base.) Russia and Kyrgyzstan conducted joint military exercises in the summer of 2006.

External Threat: No neighbor constitutes a conventional military threat to Kyrgyzstan. The porous southern and western borders, however, have allowed terrorist groups to enter and occupy southwestern Kyrgyzstan from the Fergana Valley and Tajikistan. Events in 2006 caused speculation about a possible resurgence of the terrorist Islamic Movement of Uzbekistan in that area. As of 2006, membership in the security-oriented Shanghai Cooperation Organization had

not materially improved Kyrgyzstan's border security. A bilateral border treaty with China has improved security to the east.

Defense Budget: Since 1999 Kyrgyzstan's defense budget has increased significantly, albeit from a very low starting point. Between 2003 and 2005, military expenditures increased from US\$55.2 million to US\$73.1 million.

Major Military Units: In 2006 Kyrgyzstan's army had one motorized rifle division, two independent motorized rifle brigades, one air defense brigade, one antiaircraft artillery regiment, and three special forces battalions. The air force had one fighter regiment, one composite aviation regiment, and one helicopter regiment.

Major Military Equipment: In 2006 the army had 215 main battle tanks, 30 reconnaissance vehicles, 387 armored infantry fighting vehicles, 63 armored personnel carriers, 141 pieces of towed artillery, 18 pieces of self-propelled artillery, 66 mortars, 21 multiple rocket launchers, 26 antitank guided weapons, 18 antitank guns, and 48 air defense guns. The air force had 48 combat aircraft and 9 attack and 23 support helicopters.

Military Service: The minimum age for conscription or voluntary military service is 18, and the term of service is 18 months. Conscription eligibility continues until age 27. Since 2000 the military has moved from a conscription system to a mainly volunteer army, but pay failures have caused increased desertions.

Paramilitary Forces: Kyrgyzstan has a border guard force of about 5,000. A nominal National Guard is manned by regular army personnel.

Foreign Military Forces: In 2006 about 1,000 U.S. troops were stationed for the fifth year at Manas Airport as a supply point for U.S. and allied operations in Afghanistan. In 2006 about 300 Russian troops were stationed at Kant Air Force Base, but plans called for an increase to 750, and Russia has invested substantial funds in upgrading the facility. Russia has a 15-year extendable agreement at Kant.

Military Forces Abroad: No Kyrgyzstani combat forces are stationed abroad; small observer groups are with United Nations forces in Burundi, Liberia, Sierra Leone, and Sudan.

Police: The main law enforcement agencies are the Ministry of Internal Affairs (for general crime), the National Security Service (for state-level crime), and the national prosecutor's office, which prosecutes all types of crime. All police forces are under civilian authority. Police, who are under the jurisdiction of the Ministry of Internal Affairs, have been used to disrupt political demonstrations. The violent demonstrations of 2002 brought about a police reform program aimed at improving public perceptions of a force known for taking bribes, criminal ties, and violence and plagued by low pay. However, in 2005 many cases of police malfeasance still were reported. About 25,000 regular police were active in 2005.

Internal Threat: Corruption and incompetence in the police force have led to uncontrolled crime in urban parts of Kyrgyzstan. In 2005 and 2006, the Bakiyev government came under

increased criticism for failing to control criminal organizations as incidents of violent crime increased. In the early 2000s, Kyrgyzstan's location between Tajikistan (a major transit country for narcotics from Afghanistan) and Russia has made the western part of Kyrgyzstan (particularly Osh) a major transit region for narcotics and human trafficking, with related increases in overall crime and in the incidence of human immunodeficiency virus. During that period, domestic narcotics production and abuse have grown sharply. In 2005 Kyrgyzstan had the third-highest rate of opium addiction in the world. Domestic crime groups also have become linked increasingly with transnational groups. In the Fergana Valley, tension exists between citizens of Kyrgyzstan and Uzbekistan over land and housing rights. The political ferment of 2005 included public demonstrations that raised fears of long-term instability. Reportedly, in 2004 and 2005 the activity of Hizb ut-Tahrir (the Party of Liberation), a nominally nonviolent Islamic group advocating the overthrow of secular governments in Central Asia, increased substantially, although the group was outlawed in 2003.

Terrorism: In the late 1990s and early 2000s, Kyrgyzstan has suffered incursions by terrorist groups (notably the Islamic Movement of Uzbekistan—IMU) from hotbeds of Islamic insurgent activity in nearby Tajikistan and the Fergana Valley. In 1999 Islamic terrorists took a group of Japanese and Kyrgyzstani hostages in Kyrgyzstan, and an Islamic insurgency continued in Batken and Osh in 2000. In 2003 a series of minor incidents in Osh were attributed to terrorists. Those events showed that Kyrgyzstan did not have sufficient security forces to prevent a major terrorist incursion. Domestic forces have been upgraded somewhat in the early 2000s, but Kyrgyzstan likely would need assistance from Russia or Uzbekistan to counter a serious insurgency. In 2006 Kyrgyzstan received US\$2 million from the United States to combat domestic terrorism as part of the new Manas rental agreement. The money was earmarked for the purchase of border-patrol helicopters.

Human Rights: Beginning in the late 1990s, journalists who criticized the Akayev regime often were imprisoned, as were opposition political figures such as Feliks Kulov. Four political parties were barred on technicalities from the parliamentary elections of 2000. The election code changes of 2004 restricted access to electoral procedures by the media. Courts often do not observe the nominal right to counsel and to presumption of innocence of the accused. Prisons are overcrowded and have serious shortages of food and medical support. In the early 2000s, tuberculosis and human immunodeficiency virus rates in prisons were high, and authorities were accused of having lost control of the prison population when a major prison riot occurred in November 2005. The reporters of some independent media outlets have been harassed and threatened, acts of violence have occurred, and copies of independent newspapers have been confiscated. Registration of new media outlets has been prolonged or denied, and the government's awarding of broadcast frequencies prolonged. Authorities have restricted the activities of some Muslim groups considered extremist and of some Christian missionary groups. The constitutional amendments of 2003 contain several nominal improvements to human rights protections, but genuine reform has not occurred. Women, who have equal status by law, are well represented in most professions, particularly law, medicine, banking, and nongovernmental organizations. However, women are more likely than men to lose their jobs in economically difficult times, and domestic violence and forced marriage reportedly are common.