

## THE CHANGING DYNAMICS OF STATE-CRIME RELATIONS IN KYRGYZSTAN

By Erica Marat (02/20/2008 issue of the CACI Analyst)

The new government appointed by Kyrgyz President Kurmanbek Bakiyev following controversial parliamentary elections in December 2007 is comprised of a small group of political leaders whose business interests largely interconnect. About 10-12 high-ranking officials in the president's administration and ministerial cabinet determine the country's entire economic policy and political climate. Meanwhile, unlike before, non-state organized criminal groups and their leaders are no longer able to significantly influence the political domain, thus marking a sizable shift in state-crime relations in the country.

**BACKGROUND:** State-crime relations in Kyrgyzstan underwent several stages. In the 1990s, both state and non-state actors were able to enrich themselves by using their connections in public structures and the criminal world. The first wave of capital accumulation in Kyrgyzstan allowed local entrepreneurs to profit from the developing market economy, open political climate, and a weak state. Towards the 2000s, non-state actors who had accumulated capital through legal and illegal businesses sought to enter state structures in order to secure continuity of their economic activities. Corruption in state structures was booming, however there was still a clear separation between the political and criminal worlds. Leaders of both worlds interacted whenever their interests met and often conflicted over ownership of businesses.

Such separation into criminal and political domains was disturbed after the regime change in March 2005. The chaotic division of political and economic powers among members of the new government led by Bakiyev, on the one hand, and leaders of organized criminal groups on the other, cost the lives of three parliamentarians and a number of criminal leaders. However, after the death of notorious criminal kingpin Rysbek Akmatbayev in May 2006, state actors no longer felt intimidated by organized crime and were able to act more unconstrained. Then, law enforcement structures in particular sought to increase their influence over the remaining criminal groups.

The new government formed in two days in December 2007 promoted the most influential political and business figures into top positions. This brass of elite has both political power and controls the main sectors of the Kyrgyz economy – hydroelectric sites, customs controls, and the banking system. All three sectors are interlinked, often being intermeshed with illegal activities such as extortion of businesses, smuggling in drugs and weapons, and intimidation of political opponents. The new Prime Minister, Igor Chudinov, and Minister of Energy Saparbek Balkibekov, are former heads of major state hydroelectric enterprises infamous for their ineffective use of water resources and infrastructure. The profit made in the energy sector is processed through the local banking system controlled by individual public figures. President Bakiyev maintains influential allies controlling the parliament and security structures, including customs controls. These include Kamabarly Kongantiyev, the President's special representative in the parliament, and his brother Moldomusa Kongontiyev, Minister of Interior, one of the most influential ministries.

With such a government, Bakiyev was able to largely reduce the powers of the parliament and curb the activity of civil society activists. The president was also able to form a circle of close allies with an interest in the continuity of his regime for the longest period possible. Bakiyev's efforts to centralize his regime and curb political opposition is facilitated by public fatigue with mass protests that have often been used as a lobbying instrument by civil society organizations and political opposition leaders.

**IMPLICATIONS:** In a recent public address, President Bakiyev outlined five points for rehabilitating the Kyrgyz economy in 2008. The privatization of major hydropower sites, KyrgyzGaz, and Kyrgyz Telecom were the president's first stated goals. All of these sectors and enterprises indeed require serious investment. However, any investor must have long-

term interests in the country and be able to maneuver in the regional market. There is a risk that these sectors of the economy could turn completely bankrupt should an investor interested mainly in fast revenue be selected, who is unwilling to invest in the reparation outdated infrastructure and management. The transparency of the privatization process is largely in question, as Prime Minister Chudinov already announced, prior to the parliament's approval, that Russia will invest into KyrgyzGaz. Investors for the remaining sectors are also likely to be predetermined. In effect, the privatization of the last remaining large state enterprises will constitute an informal division of ownership or control within the ruling elite. If deals with foreign investors will be masterminded by a select few top officials, it is likely that the primary beneficiaries will be these same officials, not the national economy. Already now it is obvious that Russia will be the primary investor in the energy sector.

With the government comprised of wealthy and often corrupt officials, much of the significant crime in the country is now conducted by the government as well. For instance, a recent incident with illegal transportation of radioactive cesium-137 particle on a train traveling from Kyrgyzstan to Iran pointed at the involvement of government structures in this alleged smuggling incident. On December 31, 2007, Uzbek border guards detected the deadly train cargo that was uploaded in Kyrgyzstan and crossed three state borders – the Kazakh-Kyrgyz border twice and the Kyrgyz-Uzbek border once – before being apprehended in Uzbekistan. Kyrgyz security officials have remained largely silent about the incident, as the train compartment with the deadly cargo belongs to a government agency. Another mysterious incident took place in early January when one high-ranking official received a package containing the finger and ear of a dead person. The package warned the official of his cadre politics in security structures that conflicted with the interests of the ruling regime. Kyrgyz experts believe that the president's younger brother, Zhanysh Bakiyev, with a background in military structures, is a gray eminence in the president's intimidation of political opponents such as this. Zhanysh was allegedly involved in intrigues around the planting of heroin on opposition leader and former speaker of parliament Omurbek Tekebayev. Tekebayev was arrested in September 2006 in Warsaw airport with heroin in his luggage, but set free as authorities concluded it had been planted on him. A Kyrgyz parliamentary commission watched security camera footage from Bishkek airport and discovered evidence, such as a letter from the airport security head saying he had been ordered by Zhanysh Bakiyev to plant the heroin. Zhanysh was therefore fired as deputy head of the secret police, while maintaining his innocence.

President Bakiyev is unconstrained from implementing his favored policies while the parliament and civil society, earlier the two strongest gears to counter-balance executive power in Kyrgyzstan, are suppressed by the regime. However, Bakiyev is aware of his low public approval ratings and the unlikelihood of their changing upwards anytime soon. The president also knows that should opposition and civil society groups cooperate, they have a proven ability to mobilize masses against his regime in the next parliamentary and presidential elections in 2010.

Yet as it appears presently, the president's closest government allies are interested in the continuation of his regime after 2010. Meanwhile, the inflation rate in 2008 is expected to reach 15 percent or more, and the economy is crumbling. The criminalization of the Kyrgyz state is likely to mean the further suppression of small and medium entrepreneurship in the country along with the political opposition. The Kyrgyz economy is, nevertheless, expected to grow in the short-run thanks to the booming economy in neighboring Kazakhstan, tourism, and remittances by labor migrants.

**CONCLUSIONS:** Today, about a dozen high-ranking government officials are in control of Kyrgyzstan's major economic sectors. They are not countered by either the parliament or civil society. They are also no longer afraid of intimidation from the criminal underworld,

and are able to significantly influence security and law enforcement structures. Future economic policies concerning the remaining state enterprises are likely to be informally redistributed among this limited group of people. This marks the emergence of a new type of state-crime relationship in Kyrgyzstan, where public figures are responsible for organizing major crimes in the country. Such a state of play has regional implications as well. If Kyrgyzstan's energy sector further deteriorates, neighboring states will suffer from shortages of water and electricity. Kyrgyzstan is also likely to increasingly serve as a transit zone for drug trafficking, with illegal deals possibly brokered at the top levels of government, bypassing law enforcement agencies. As such, Kyrgyzstan is on track to a situation reminiscent of that in Tajikistan where the bulk of Afghan heroin appears to be smuggled by state actors and institutions.

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