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“Crisis in Kyrgyzstan: Fuel, Contractors and Revolution Along the Afghan
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PREPARED REMARKS OF

ALEXANDER COOLEY

ASSOCIATE PROFESSOR
BARNARD COLLEGE, COLUMBIA UNIVERSITY
AND
OPEN SOCIETY INSTITUTE GLOBAL FELLOW

Chairman Tierney, Ranking Member Flake and distinguished members of the Subcommittee, thank you for the privilege of addressing you today. I am a political scientist at Barnard College, Columbia University, who has followed the politics of the Manas airbase since its establishment in 2001. Manas has been the subject of several of my academic and policy-oriented articles about the U.S. military presence in Central Asia and was also a major case study in my book *Base Politics* that compared the local politics surrounding overseas U.S. military bases in East Asia, Southern Europe and the post-Communist states.¹

Regrettably, it is not surprising that the U.S. military presence has become intertwined with allegations that the U.S. supported the repressive and corrupt rule of former President Kurmanbek Bakiyev; the current political backlash against the base is a familiar – and recurring – pattern in U.S. relations with base hosts, both historically and in contemporary Central Asia. However, I also believe that the U.S. military presence in Kyrgyzstan can be salvaged and even put on a more secure footing if we candidly assess what has transpired politically and take proactive steps to change the way that we approach securing our overseas basing presence. Moreover, events in Kyrgyzstan raise broader concerns about the long-term political impact of a U.S. military presence abroad and suggest that policy planners need to pay greater attention to the political side of managing U.S. overseas deployments, even in lighter so-called “lily pad” facilities.

Manas and the Evolution of US-Sponsored Basing Rights Packages

To understand why an important military facility such as Manas faces recurring political controversy and legal jeopardy, we must first understand how the base is received within Kyrgyzstan. Simply put, the United States lacks the authority to establish an enduring military presence in Central Asia. Unlike the U.S. military presence in Japan, Korea or Germany, the United States did not acquire Manas as a result of a successful military campaign or wartime occupation. And unlike our NATO bases in countries such as Italy, Portugal or Turkey, Manas is not part of the efforts of a mutual security organization with a common defense purpose.

As a result of this lack of authority, the United States must negotiate on a *quid pro quo* basis with Central Asian governments to guarantee its basing and access rights. In the Kyrgyz case this has taken the form of economic incentives, both formal and tacit. As a result, the base has brought different types of benefits to the U.S. and Kyrgyz sides. Kyrgyz authorities publicly have claimed to strongly support the U.S. campaign in Afghanistan. But for the Kyrgyz government, the base’s primary function has been not as a key component of a vital international security effort, one from which the Kyrgyz state

¹ Alexander Cooley, *Base Politics: Democratic Change and the U.S. Military Overseas*. Ithaca, NY: Cornell University Press, 2008. I conducted field interviews on the Manas issue during separate research trips to Kyrgyzstan in 2005, 2008 and 2009. Previously, I lived in Kyrgyzstan in 1998 when I conducted field research for my dissertation on the effects of international aid flows on Kyrgyz domestic political structures and taught at the American University in Kyrgyzstan (now the American University in Central Asia).

also stands to gain, but rather as a source of rental payments and service contracts that have tended to serve the private interests of powerful Kyrgyz elites. This distinction between private and public benefits from the base has been a persistent problem in connection with Manas.

When the base was established in 2001, the formal rent paid by the United States to the Manas International Airport, a company controlled by then President Askar Akayev's son Aydar Akayev, was relatively small at \$2 million annually. However, U.S. officials also agreed to upgrade the airport's facilities and adopt a civil aviation fee structure under which military take-offs and landings were billed according to weight, amounting to payments of \$6,000 to \$7,000 each. The U.S. also agreed to pay extra for *ad hoc* parking fees beyond the originally agreed upon slots. The overall economic contribution of the base during the tenure of President Akayev (2001-2005) has been estimated at about \$40 to \$60 million a year, a not insignificant sum for a country whose official GDP in 2001, according to the World Bank, was only about \$1.5 billion.²

In addition to the landing fees, the Akayev ruling family reportedly benefited privately from the service contracts for the base. Of these, by far the most lucrative, and controversial, were the fuel contracts. These were secured by the airport-run Manas International Services Ltd., a separate legal entity from Manas International Airport, and Aalam Services Ltd., another legally independent fuel company, which was owned by Adil Toiganbayev, President Akayev's son-in-law. A *New York Times* investigative story in November 2005 revealed that out of a total of \$207 million sent by U.S. Department of Defense on fuel contracts during the Akayev era to the Western contractors Avcard (2002) and Red Star (2003-2005), Manas International Services and Aalam Services received \$87 million and \$32 million, respectively, in subcontracts from these companies.³ The amounts and structure of these payments were kept opaque and were not reported in the Kyrgyz media, which failed to draw attention to base-related arrangements and contracts before the collapse of the Akayev regime. A subsequent FBI investigation found that the Akayev clan had embezzled tens of millions of dollars of these base-related revenues through a network of foreign banks, including two based in New York.

After the collapse of the Akayev regime in the Tulip Revolution, the details of these contracts and base-related payments, predictably, became a major political issue in domestic Kyrgyz politics. From the outset of his Presidency in 2005, Kurmanbek Bakiyev thrust Manas into the political spotlight, claiming that base-related payments had lined the pockets of the Akayev family and had not benefited the Kyrgyz country as a

² Estimates of the net economic impact are provided in Roger McDermott, "Reflections on Manas," *Eurasia Daily Monitor*, June 30, 2008; and Alexander Cooley, "Depoliticizing Manas: The Domestic Consequences of the US. Military Presence in Kyrgyzstan." PONARS Policy Memo 362, February 2005.

³ David Cloud, "Pentagon's Fuel Deal is Lesson in Risks of Graft-Prone Regions," *New York Times*. Nov. 15, 2005.

whole. But despite promises to reform the nature of base-related contracting, Bakiyev seems to have quickly replaced the previous regime's web of contracts and influence with his own.⁴

Since his election in July 2005, Bakiyev also demanded ever-increasing formal rental sums from the United States for the use of Manas. Initially, the Kyrgyz President held out for a hundred-fold increase in rent, from \$2 million to \$200 million, a figure at which U.S. officials balked, and insisted that the United States provide \$80 million in compensation to the new Kyrgyz government to make up for funds that were allegedly embezzled by the Akayev regime.

After nearly a year of contentious negotiations, the two sides in July 2006 signed a new five-year accord governing Manas. But the terms of this agreement were ambiguous and only served to heighten Kyrgyz dissatisfaction with the base-related economic package that the United States offered. The Kyrgyz interpreted the agreement as establishing an annual \$150 million base rights package, including a \$17 million rental payment. For their part U.S. officials viewed the pledge as a long-standing commitment to provide payments and bilateral economic assistance to the Kyrgyz Republic and denied that this agreement represented any formal *quid pro quo* for basing rights.

But such legal nuances annoyed officials in Bishkek, who quickly became frustrated that more of the \$150 million was not being given in cash. In my own interviews with Kyrgyz National Security Council members and base negotiators in 2008, it was clear that the Kyrgyz side was frustrated, and even irate, that U.S. programs such as the Peace Corp. or USAID were considered to be part of the \$150 million package. Beyond these financial considerations, the Kyrgyz side showed little interest in developing other forms of cooperation with the United States, even when U.S. negotiators offered these.

From this frustration with the implementation of the economic aspects of the 2006 accord, Bakiyev initiated a bidding war in 2009 between Moscow and Washington over Manas. In a February 2009 joint press conference with Russian President Dmitry Medvedev in Moscow, Bakiyev announced that he would be closing Manas, even though the agreement was supposed to run until 2011. At the same conference, it was announced that Russia would provide Kyrgyzstan with a \$2 billion assistance and investment package – including \$450 million in grants and soft loans and a promise to invest \$1.7 billion in the Kambarata hydroelectric project (in exchange for 50% equity in the project). The Kyrgyz president called a vote in parliament, which passed with only one deputy voting against the proposed closure.

Ever the hard bargainer, Bakiyev waited on Moscow's initial payment of \$300 million in the spring of 2009 and then proceeded to renegotiate with U.S. officials a new one-year extension of the base, which was renamed the Manas Transit Centre. Under these new terms, the formal rent was more than tripled to \$60 million, while the United States

⁴ Andrew E. Kramer, "Fuel Sales to U.S. at Issue in Kyrgyzstan," *New York Times*. April 11, 2010.

retained its commitment to provide \$118 million in economic aid and assistance. With these new financial flows secured from Moscow and Washington, Bakiyev appeared to weather the financial crisis and successfully navigated his re-election in July 2009. The fact that the Kyrgyz leader had moved up presidential elections by a year at the same time as his Manas gambit suggests that he carefully orchestrated the episode with this specific domestic political goal in mind.

In addition, the United States, as a result of these 2009 negotiations, also agreed to provide \$30 million to upgrade infrastructure and \$36 million to upgrade air traffic control facilities at Manas.⁵ It is unclear whether any of the new military-to-military cooperation programs with CENTCOM, such as the opening of the U.S.-financed Kyrgyz special forces training center in the city of Tormok in October 2009 or the proposed anti-terrorism training center in the southern province of Batken, were part of these renewed basing rights, but the origins of this and other initiatives warrants further investigation.⁶

Although many U.S. commentators interpreted the successful Manas renegotiation as a diplomatic triumph over Russia, it also sowed the seeds for the subsequent rapid deterioration in Russian-Kyrgyz relations that ultimately contributed to Bakiyev's collapse. It is important to recognize that unlike in post-Soviet Georgia or the Baltic States, most Kyrgyz citizens have always favored maintaining close relations with Moscow. Indeed as much as 40 percent of Kyrgyzstan's GDP is comprised of external remittances from Kyrgyz migrants working in Russia, and Bakiyev's public spat with Moscow did not ingratiate him to the Kyrgyz public.

Manas as a Symbol of Bakiyev's Authoritarian Excesses and Corruption

Despite the intentions of U.S. base commanders or the U.S. Embassy in Bishkek, the perception among the Kyrgyz public and the political opposition was that the United States supported the authoritarian and corrupt rule of Bakiyev in order to maintain access to Manas.

After the Tulip Revolution of 2005 Bakiyev quickly reneged on his pledges to enact Constitutional reforms and tackle corruption. Instead he quickly established a criminal state, promoting family members to key government positions, and launched an assault on political opponents and the media, especially investigative journalists. This year the NGO Freedom House rated Kyrgyzstan as "Not Free" for the first time since the Tulip Revolution.

U.S. policymakers claimed that the presence of the base allowed for the United States to engage the Kyrgyz government on a variety of issues, including governance and human

⁵ Jim Nichol, "Kyrgyzstan and the Status of the U.S. Manas Airbase: Context and Implications." Congressional Research Service Report, July 1, 2009, p. 4.

⁶ Deirdre Tynan, "US Intends to Construct Military Training Center in Batken." March 4, 2010. <http://www.eurasianet.org/departments/insightb/articles/eav030410.shtml>

rights. However, members of the Kyrgyz opposition counter that U.S. authorities muted their criticism when faced with threats from the Kyrgyz government over the status of the base and that U.S. officials avoided meeting with members of the opposition. Kyrgyz civil society and opposition figures were particularly disappointed that President Obama personally courted President Bakiyev last year in an attempt to save the base, while the United States remained silent following Bakiyev's highly flawed presidential re-election in July 2009, which took place just weeks after the new basing agreement was announced in June. Once vocal defenders and staunch supporters of Kyrgyzstan's democratic development, the United States stopped publicly criticizing the country's growing democratic shortcomings.

The U.S. reluctance to criticize Bakiyev stands in stark contrast to how Moscow, and the Russian-backed press in Kyrgyzstan, launched a protracted media onslaught in recent months against Bakiyev's repression, corruption and nepotism. This critical media coverage owed less to a genuine concern by the Kremlin for human rights and governance in Kyrgyzstan and more to a desire to punish the Kyrgyz leader, but Russia's critical bombardment resonated with the Kyrgyz public and provided a striking contrast to U.S. official silence on these same domestic issues.

Beyond tempering U.S. criticism of Bakiyev's authoritarian excesses, many Kyrgyz also viewed the base itself as an actual site for the greed and corruption of the Bakiyev regime. As in the case of his presidential predecessor, base-related service and fuel contracts were perceived as directly lining the pockets of the Bakiyev family. Of special interest has been the company Mina Corp., which in recent years has managed the Manas fuel contracts, and the possible ties that its subcontracted fuel providers may have had to the Bakiyev regime. In July 2009, Mina Corp signed an annual agreement with the Department of Defense to provide up to \$239 million worth of fuel.⁷ Given that the Bakiyev family had acquired private stakes in every money-making sector in the country, including the Kumtor gold mine, the banking and electricity sectors, Kyrgyz analysts and the Kyrgyz public took it as a given, despite the lack of public details concerning these associations, that the Bakiyev family also privately benefited from these fuel sales.

Political Stability and Basing Rights: Drawing the Wrong Lessons?

As U.S. officials observed the Bakiyev regime's excesses, I believe they drew the wrong comparative lessons about the relationship between authoritarianism, political stability, and the status of the base. Many pointed to the recent U.S. experience with Uzbekistan and the loss in 2005 of the airbase at Karshi-Khanabad (K2) as cautionary. After the Uzbek government violently cracked down on a group of protestors in the eastern city of Andijon in May 2005, the international community, including the U.S. State Department and members of the Congress, criticized its actions and called for an international investigation of these events. U.S.-Uzbek relations rapidly deteriorated and in late July, when Washington announced that it would back a United Nations plan to resettle a group

⁷ Deirdre Tynan, "Kyrgyz Contracts to Face Scrutiny," *Eurasianet* April 8, 2010. <http://www.eurasianet.org/departments/insight/articles/eav040810c.shtml>

of Andijon refugees to Europe rather than return them to Uzbek authorities for interrogation, the Uzbek government evicted the United States from K2.⁸ The lesson drawn from the Uzbek experience by U.S. defense officials seemed to be that any criticism of Central Asian host governments for human rights violations or lack of democratization would jeopardize military access.

The flaw in this thinking was two-fold: First, Uzbekistan's political structure and post-independence development has differed significantly from that of Kyrgyzstan. Uzbekistan's authoritarian-patrimonial rule has been ironclad from the early 1990s, with political power concentrated in the Presidency and reformers gaining very little traction or space for maneuver. President Islam Karimov, through his powerful internal security services, has persistently cracked down on all forms of political opposition, earning his regime the reputation as one of the most repressive in the world.

By contrast, Kyrgyzstan's political culture has remained significantly more open, despite its dysfunctional bouts, as the small Central Asian country has retained a civil society, some independent media, and political space for national power struggles among competing elites and regional power factions. Moreover, in Kyrgyzstan the Tulip Revolution of 2005, during which President Akayev was deposed following popular protests, provides recent evidence of the fragility of ruling regimes in Kyrgyzstan. Unlike the Uzbek case, Kyrgyz security services, when confronted with waves of street protests and demonstrations, did not intervene to support either the Akayev or Bakiyev regimes. Thus, there never was one standard "Central Asian" political culture that was true of all countries in the region.

Second, the Kyrgyz case also demonstrates that the often-positing trade-off between supporting "political stability" in authoritarian governments and promoting good governance and democracy, is often a false choice. U.S. officials mistakenly came to accept Bakiyev's authoritarianism as evidence, in and of itself, of Kyrgyzstan's political stability, yet the cumulative effects of his repression and corruption clearly both impoverished and destabilized the country. Tellingly, it was popular dissatisfaction with the high levels of corruption and mismanagement, especially in the electricity sector, that triggered the anti-government protests across the northern cities of Naryn and Talas that toppled the regime so suddenly. Clearly, the regime's excessive corruption and mismanagement contributed to its swift demise.

Recommendations and Comparative Lessons

If they wish to guarantee Manas's future, U.S. officials need to take seriously the rise in anti-American attitudes in Kyrgyzstan. The interim government's decision to proceed with the automatic lease renewal for another year is a welcome development and one that gives U.S. policymakers a few months to reassess and implement a new set of policies that, if managed carefully, can put Manas on a firmer legal and political footing. But it is

⁸ Alexander Cooley, "Base Politics," *Foreign Affairs*. Vol. 84, No. 6. November/December 2005.

imperative that U.S. officials not fall into the trap of thinking that access to Manas can be guaranteed by merely rerouting the same murky base-related payments to the new interim government or its successor. If a new agreement is not quickly concluded with interim leader Roza Otunbayeva's government, the status of the base will become a major issue in the next Kyrgyz presidential campaign in six months time. A number of candidates, such as the head of the Communist Party and new Speaker of the Parliament Ishak Masaliev, will campaign on an anti-base platform, presenting themselves as pro-Moscow candidates, anti-Bakiyev democrats, or the new guardians of Kyrgyzstan's compromised sovereignty.

First, the United States needs to take bold and decisive steps to rehabilitate its battered public standing within Kyrgyzstan. With only \$80 million reportedly remaining in the Kyrgyzstan state budget at the moment, a good first step would be to provide humanitarian assistance and respond positively to Kyrgyz requests to support priority issue areas, including funding the upcoming election. Russia has already pledged \$50 million in emergency support and the United States would do well to match or exceed this figure. Lingering instability and the collapse of the interim government would serve neither the interests of the Kyrgyz people nor the United States.

Second, U.S. officials should publicly declare their willingness to cooperate with any Kyrgyz investigation into Bakiyev-era base-related business practices and open these transactions to public scrutiny. Such investigations will no doubt inconvenience base officials, but it is critical that the base and the embassy be perceived publicly as cooperative during this politically sensitive time. U.S. officials also should explore ways in which they can turn Manas-related payments and service contracts into a public benefit for Kyrgyzstan as a whole, rather than a private revenue stream for connected insiders. One possibility might be to ensure that revenues from service-related contracts flow directly into the Kyrgyz general budget, not to private entities with offshore registrations.

Third, U.S. officials should use the situation in Kyrgyzstan to develop more cooperative ties with their Russian counterparts. Putting an end to the competitive "Great Game" dynamics surrounding Manas – and perceptions on both sides that Russia and the United States are locked into zero-sum struggle for influence in Central Asia – is critical to the stability of any future Kyrgyz government. For sure, there are factions in the Russian defense community that will never accept the legitimacy of a U.S. military presence on former Soviet territory, whatever its stated purpose. But it is also clear that, if consulted, the Kremlin can be persuaded to play a constructive role. To this effect, the recent deliberations involving Presidents Obama, Medvedev and Nazerbayev that facilitated Bakiyev's flight from Kyrgyzstan is an example of how important it is for Washington to maintain open lines of communications and, when possible, to coordinate its policies with the other important regional players.

Fourth, both President Obama himself and the U.S. Congress should mend fences as soon as possible with the Kyrgyz public by committing to renewed broad-based U.S. economic, political and social engagement with the impoverished Central Asian country. Already, Assistant Secretary of State Blake's pledge to double assistance for

Kyrgyzstan's civil society and democratic development is a welcomed step that should be supported by the Congress.

Finally, it is important that we understand that what has happened in Kyrgyzstan is one example of a recurring historical pattern concerning the political reception of U.S. overseas bases. Time and time again, we have seen how new governments in democratizing overseas host states can quickly sour on the U.S. military presence by tying it to U.S. support of a previous authoritarian regime. Events in Kyrgyzstan echo similar political developments in the Philippines, Thailand, Greece, Spain, Turkey and Korea, where new governments, as part of an anti-U.S. democratization backlash, either contested the legality of the U.S. presence or actually evicted the United States from important facilities.

These lessons are all the more important now that U.S. defense planners continue to maintain a global network of facilities in new regions, including Central Asia and Africa, where the United States has traditionally not maintained an onshore military presence. The Kyrgyz case is not unique. Just a couple of years ago, the United States failed to secure the renewal of a basing facility in Manta, Ecuador, due to an unanticipated domestic political campaign by civil society and its allies in the Ecuadorian parliament that questioned the legal standing and political legitimacy of the base. If we are to maintain an extensive global network of military facilities, it is imperative that U.S. planners think more strategically about how a basing presence interfaces with local political conditions and anticipate, rather than block, democratic political change in these host countries.