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RELEASE IN PART
B1,B7(E),1.4(D),B7(C),B6

From: H <hrod17@clintonemail.com>
Sent: Saturday, April 24, 2010 4:19 PM
To: 'sbwhoeop' [redacted]
Subject: Re: H: Important new memo on Kyrg. Sid

B6

Thx to you and [redacted]

----- Original Message -----

From: sbwhoeop [redacted] <sbwhoeop@ [redacted]>
To: H
Sent: Fri Apr 23 14:25:36 2010
Subject: H: Important new memo on Kyrg. Sid

CONFIDENTIAL

April 23, 2010

For: Hillary
From: Sid
Re: Kyrgyzstan Update

[redacted] my friend with deep contacts in Kyrgyzstan and who testified this week on the latest developments there before the House Oversight Committee, has sent me a memo containing important new information and including some recommendations. Here it is:

To: Sid Blumenthal
From: [redacted]
Date: April 23, 2010
Subj: Kyrgyzstan Update

This is to update you on some key developments in Kyrgyzstan since I last wrote, drawing largely on discussions with leading figures in the interim government, staffers, and several independent analysts on the ground both in Bishkek and the country's south.

1. Interim Government Struggling to Restore Order in Capital and Across North; Exercising Weak Authority in Country's South. Following the 2005 revolution, the new government was able to restore peace to the capital and exercise its authority across the nation within 72 hours. This was largely due to Feliks Kulov, an opposition leader who was a career policeman and commanded deep respect within the police forces. Following the 2010 revolution, the interim government continues to have an extremely difficult time restoring order two weeks later. A large part of the problem comes in motivating the police and getting them back out on the street and doing patrols. Relations between the government and the police rank-and-file are terrible and police claim that they risk being beaten or shot simply by going out on the streets. Much of this stems from breeding resentment over the deaths (now put at 85, but with hundreds still in the hospitals with wounds, nearly a hundred with life-threatening wounds). The break down in law and order is reaching Hobbesian dimensions. Squatters, frequently armed with iron bars and stones, and sometimes with guns, attempt to occupy homes and buildings on the outskirts of the capital. In the Issyk Kul resort area, several hotels and dozens of vacation villas have been seized. But spontaneous "squatters actions" are reported all across the country, and government authority is especially feeble in the south (and hardly apparent in the Jalalabad Province). Government leaders express confidence that they will get the situation in hand, though they agree it may take some weeks. But others see serious vulnerability and point to menacing coverage of the situation in the Russian media, much of it broadcast into Kyrgyzstan, coupled with concerns of possible threats against ethnic Russians. The situation could be exploited by Russia as a pretext for police operations in Kyrgyzstan, but the Kyrgyz leaders I speak with consider this a remote possibility. Restoring police order across the country is still the top priority for the interim government. Recommendation: U.S. support to the new government to help restore police operations is critical; basics like paying salaries and furnishing fuel is essential.

2. Criminal Investigation Targeting

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3. Base Politics. On balance, I believe the Manas Transit Center can be retained for another year. Beyond that, an assessment shouldn't be attempted until after the fall parliamentary elections and the formation of a new government. However, the effort is increasingly difficult, and there is little margin for error. The U.S. has to play its cards very astutely to get through this. There are three keys to success:

(a) Work with Russia. As one of Otunbayeva's assistants tells me, "If this is a Russia vs. U.S. matter, you shouldn't be in suspense: the U.S. loses." That same interlocutor told me, however, that the U.S. was playing things "just right" by working at the White House level through Medvedev and making the case for the base in the context of joint interests. Russia will continue low-level anti-base propaganda, and the U.S. can survive this. But if Russia turns up the heat, the new government will jump to its tune. There is a strong sense that Russia is justly angry because Bakiyev took their money and betrayed them, and that Russia has to be appeased over this.

(b) Admit Mistakes. Beknazarov is building a case against the U.S. over the fuel contracts. He is arguing that they were a form of bribery pursued by the U.S. to corrupt the government. He has assembled a strong evidentiary portfolio already. Kyrgyz prosecutors have shown me documents showing much of the paper path between Red Star/Mina and DOD; they have payment records to the Bakiyev-controlled companies; they even have pricing data showing that fuel was being sold at around \$3.25. They have detailed research on role and tapes of some of his communications which show him operating as if he were a fully integrated part of the DESC team, and they've identified other figures in the Red Star operations in London who they believe are U.S. intelligence operatives. Almost all of this information is being kept tightly under wraps in Washington even as it can be easily sourced in Bishkek. Beknazarov will use this to bolster claims that the U.S. is still scheming and is still misleading on this issue. The only effective response to

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this is to let in the natural disinfectant of sunlight. Recommendation: The U.S. has to admit the essence of what it did (though not necessarily the particulars of who did it), acknowledge it was wrong, and say that this will stop. It should offer cooperation with Kyrgyz law enforcement though steering their efforts towards Kyrgyz citizens involved, rather than U.S. persons. It should undertake to rebid the corrupt contracts and take Red Star out of the process. One alternative worth some thought would be to bid the fuel supply arrangements to a Kyrgyz state supplier—an arrangement which might help the Kyrgyz deal with their crisis over electricity costs (another particularly grave challenge to the government).

(c) Make clear the relationship isn't just about the base. Every opposition leader I speak with says he or she wants to see real evidence that the relationship between the U.S. and Kyrgyzstan is shared values like democracy and the rule of law and shared security concerns—not the Manas Transit Center. That means that the best way to secure the base going forward is to be supportive of Kyrgyzstan in ways completely unrelated to the base. The number one option is education (support the American University, the scholarship programs, the secondary education programs for instance). The number two option is broad support for civil society, especially geared to the Constitutional referendum and upcoming parliamentary elections.

Threat on the Horizon. Masaliev, the head of the Communist Party, has emerged as interim speaker of the parliament and has established himself as a key conciliator. He states openly that he will run against the base, using it as a lead issue in the elections. Roughly half of the core group of political figures carrying the interim government seems primed to do the same. The other half will spout anti-base rhetoric, but behind the scenes they are clearly prepared to be reconciled provided the corruption issue is bridged, an agreed platform of security interests can be articulated, and the base can clearly be shown to provide economic benefit to the country as a whole. It will be essential that the U.S. not undermine its friends in this process; their task will be tough enough.

4. Constitution and Elections. Tekebayev has taken the lead in crafting a new constitution and it will circulate publicly very soon. I have seen his draft and have offered comments. In essence, the new constitution moves the country away from the presidential model now favored in the post-Soviet space and towards something much closer to continental European parliamentary government. It is poised to establish a lists- rather than mandate-based system for parliamentary elections, designed to help assure balanced representation among ethnic groups, regions, religions and party affiliations. As now drafted it offers an extraordinary measure of protection for minority parties (they get automatically control of the Budget Committee, for instance), so much so that one has to wonder whether this is workable. However, it has a strong focus on balance-of-power concepts and avoiding autocratic power in the hands of a president. It retains the office of the president, however, while making the government an independent base of power. Recommendation: Tekebayev is moving too quickly on the constitution project. For it to have legitimacy, the proposal needs to be open to public debate and discussion for a longer period of time, and civil society groups need to have proper input. The U.S. should support their efforts at consultation and consensus-building provided they don't over rush the process.

Elections are now foreseen for the fall. This promises to be Kyrgyzstan's first fully free and fair elections—though some Kyrgyz elections in the past have been fairer and freer than almost anywhere else in Central Asia. It would make sense to deploy the full election support apparatus—helping with international monitors, involving IRI and NDI and other civil society organizations that can help the Kyrgyz parties get out and compete vigorously. The elections, like the constitution, are essential to creating a government with legitimacy, of which the interim government has a very short supply.

5. DOS Relations. Assistant Secretary Blake's visit was assessed positively. "We have a long way to go," is the balancing comment. Also they insist that the new leaders are absolutely unimpressed with the words of professional diplomats; the words must be followed by concrete action that gives them meaning. I am now hearing a higher level of animosity expressed against Ambassador Gfoeller and her staff—bitterness over the fact that she did not meet with opposition leaders, including those who formerly held high office or were members of parliament. One leader, who I could count as pro-America, told me that "no one will ever forget that when the revolution came, Gfoeller was on the way to Washington to help Maksim bait new victims." That's a reference to the trade show which Maksim Bakiyev, the president's son and the nation's Überkleptocrat, which was to have opened in Washington with DOS presence and

support. In the eyes of the new government, this is irredeemable evidence of bad judgment and a bond with corruption, and it tightly involves the State Department. Others say they know Gfoeller was just doing what the U.S. military expected of her. Recommendation: Highest possible level contacts should be continued, White House involvement at some point (trip by Michael McFaul, for instance), and a substitution of ambassadors seems advisable at the earliest opportunity.

6. Congressional Hearings. I testified before the House Oversight Committee on Thursday on the Kyrgyz revolution and its relationship with the DOD fuel contracts. Chair John Tierney told me afterwards that this hearing was merely a "framing and research" exercise to prepare for subsequent hearings with DOD and DOS representatives in May. The hearing was heavily attended and the questioning was very well informed. Moreover, it seems that both Democrats and Republicans on the committee were both focused on the corruption issue and highly dissatisfied with the official statements that have come so far from the Pentagon and State and very sympathetic with the criticisms that come from the Kyrgyz interim government about the fuel contracts. The committee will be sending researchers to Kyrgyzstan to look into the situation on the ground, and it appears both Chairman Tierney and Ranking Member Flake will go. I was asked to help them arrange meetings with Kyrgyz prosecutors who are investigating the fuel contract arrangements.