

K&A NEWS ALERT

2021 ELECTIONS

On October 15, 2020, President Jeenbekov resigned after unrest following a disputed parliamentary election. *Presidential Elections* were held on January 10, 2021 and Mr. Sadyr Japarov won the Presidency by receiving 79% of votes cast. On January 28, Mr. Sadyr Japarov was sworn in as the 6th president of the Kyrgyz Republic.

In a referendum also held on January 10, 2021, 80% of voters opted for a presidential system that will lead to *constitutional reform* which is expected to transform the Kyrgyzstan's political system and will give the newly elected president greater powers when a new constitution is passed. Possibly in Spring 2021, the Kyrgyz Republic will adopt the new Constitution by another parliamentary or national vote.

Following the annulment of the results of *parliamentary elections held in October 2020*, after the expiry of the term of office of the current Parliament, the next parliamentary elections will be held in 2021, but the exact date is unknown. Moreover, in the light of the upcoming constitutional reform, even the number and powers of deputies to be elected are still unknown.

The Central Election Commission of the Kyrgyz Republic scheduled *elections to local self-government authorities* (village, city councils) on April 11, 2021.

PRESIDENTIAL DECREE ON REFORMING THE MINING INDUSTRY

On his first day in office, President Japarov issued 5 major decrees, including the Decree on the Protection of Private Property and Investment and the Decree on Reforming the Mining Industry.

In the Presidential Decree on Reforming the Mining Industry of the Kyrgyz Republic, the President recognizes the importance of the mining industry for the Kyrgyz economy, but also criticizes it for being inefficient and having a negative impact on the environment. The Decree stresses the urgent need for radical reforms in the management system of the country's mining sector.

President Japarov recommends the Government to take measures, which, according to the Decree, are aimed at increasing the productivity of the mining industry, creating a transparent regulatory system, unlocking the industry's potential, ensuring public safety and minimizing the environmental impact, as well as creating a favorable investment climate and expanding opportunities for country's economic growth.

The recommended measures include:

- developing a draft Mining Code (*see more about this item below*);
- strengthening control over illegal mining, including licensing control, ensuring rational use of subsoil, industrial and environmental safety, taking into account best international standards;
- audit geological information to identify commercially promising deposits, as well as expanding the register of deposits of national importance;
- measures to stimulate geological exploration and discovery of new deposits,
- considering the adoption of international minerals reporting systems
- ensuring 90% local employment requirement for mining companies and contractors, subject to norms of international treaties in effect;

- ensuring 80% local procurement of goods and services, except when such goods or services are not produced in the Kyrgyz Republic, subject to norms of international treaties in effect
- ensuring rationality, efficiency and transparency in the distribution of financial resources coming from mining companies to the funds, republican and local budgets through the use of digital platforms;
- developing and implementing mechanisms for electronic licensing of subsoil use rights and foreign economic activities carried out by subsoil users to eliminate corruption risks (by September 1, 2021) and other.

NEW MINING CODE

President Japarov in his Decree recommends the Government to develop a new Mining Code which envisages the following:

- development of deposits of national importance exclusively by a national mining company with 100% state ownership. This requirement shall not apply to mining companies which hold development licenses to deposits of national importance at the time of adoption of the Mining Code);
- state share in the companies engaged in the development of mineral deposits not included in the register of deposits of national importance.

The Decree recommends the Government to prepare and submit the draft Mining Code to the Parliament by July 1, 2021.

CONTINUING MORATORIUM ON ISSUANCE OF NEW GOLD LICENSES

On November 12, 2020, the Kyrgyz Government introduced a temporary ban (moratorium) on issuance of licenses to engage in geological prospecting, exploration and development of gold (including vein and alluvial gold), silver and copper. This ban applies only to issuance of new licenses. The rights of the company which already hold gold prospecting, exploration and development licenses to use, extend, transform their licenses are not affected by the moratorium.

ABOUT KALIKOVA & ASSOCIATES

This news alert is prepared by Kalikova & Associates (K&A). K&A provides a full range of legal services related to mining & exploration in the Kyrgyz Republic. We have extensive experience in advising clients on all aspects of mineral prospecting, exploration, mining, marketing and processing, as well as related environmental protection issues. We provide legal advice on all phases of mineral operation, comprehensive issues of international joint ventures, corporate finance, project finance and mergers/acquisitions. Our unique approach is based on offering practical solutions to our clients, taking into account legal, political, socio-economic, tax and regulatory matters faced by this industry in the Kyrgyz Republic.

The news alert is for informational purposes only and should not be construed as legal advice. For further information and legal advice please contact us at: *1A, Igemberdiev Street, 7th floor, AURORA Business Center Bishkek, Kyrgyz Republic*, www.k-a.kg telephone: + (312) 976843, e-mail: lawyer@k-a.kg.