

# Kyrgyzstan

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## Mining industry

- 1 What is the nature and importance of the mining industry in your country?

Thousands of deposits of various mineral resources have been discovered in Kyrgyzstan, namely ferrous and non-ferrous metals, rare-earth metals, coal, chemical, optical and ceramic raw materials, carbonic deposits, semi-precious and facing stones.

Among them are deposits with significant reserves, such as Kumtor (gold), Jerooy (gold), Taldy-Bulak Leftbank (gold), Khaidarkan (mercury), Kadamjay (antimony), Kara-Korum (wollastonite), Sary-Jaz (tin and tungsten), large coalfields. Today Kyrgyzstan remains one of the largest mineral producers of mercury in the world (after China and Bolivia).

These mineral resources are considered an important part of the Kyrgyz economy.

For example, Kumtor gold mining has accounted for 15 per cent to 24 per cent of the national industrial output and 2.5 per cent to 8.5 per cent of Kyrgyzstan's GDP. Kumtor makes up more than one-third of the national exports of goods and services.

It is clear that exploration and mining of the mineral resources requires heavy capital investments; therefore, Kyrgyzstan has to appeal to and attract foreign investors.

- 2 What are the target minerals?

Gold, iron, tin, copper, vanadium, manganese, mercury, antimony, etc, are the main target minerals in Kyrgyzstan.

- 3 Which regions are most active?

The northern region of Tien Shan, the Issyk-Kul region, the Talas region and the southern regions are the most active.

## Legal and regulatory structure

- 4 Is the legal system civil or common law-based?

Kyrgyzstan's legal system is civil law-based.

- 5 How is the mining industry regulated?

According to the Constitution, the Jogorku Kenesh (parliament) is a representative body that exercises legislative power and controlling functions within its authority. The Jogorku Kenesh adopts laws and decrees related to the mining industry.

The main regulatory body in the mining industry is the Ministry of Natural Resources (the Ministry). The function of the Ministry is to enforce effective and rational use of natural resources (minerals, land and water), control over the compliance with environmental protection and environmental laws in the course of prospecting and

use, the implementation of state policy on mining and fuel resources. The Ministry issues, suspends and cancels licences related to the use of natural resources. Moreover, the Ministry has the authority to execute licence agreements.

- 6 What are the principal laws that regulate the mining industry? What are the principal regulatory bodies that administer those laws?

The most important and principal laws that regulate the mining industry are the following:

- Constitution of 27 June 2010.
- Regulation on the Ministry of Natural Resources of Kyrgyzstan approved by Government Decree No. 734 of 4 December 2009.
- Law on Subsoil of 2 July 1997 (the Subsoil Law).
- Law on Oil and Gas of 8 June 1998.
- Law on Coal of 3 February 1999.
- Law on Licensing of 3 March 1997.
- Law on Production-Sharing Agreements of 10 April 2002 (the PSA Law).
- Law on Concession and Foreign Concessionary Enterprises in Kyrgyzstan of 6 March 1992 (the Concession Law).
- Tax Code of 17 October 2008.

The main state regulator of mineral resources is the government. According to the Subsoil Law the government develops normative and methodological provisions, rules, regulations, and technological standards of subsoil use. It shall use state funds of subsoil directly through state agencies for subsoil use. The government shall develop and implement the state policy in exploring and research of the subsoil. Also, it shall monitor the status of subsoil studies, expertise, movement of explored reserves of mineral resources, develop and manage the subsoil fund.

The Ministry is the most important regulatory body in the mining industry, controlling the activities of companies working in the mining industry. The main functions of the Ministry are geological research of the subsoil, developing present and future perspectives, state and regional programmes of improvement of the use of subsoil and controlling how subsoil users implement their rights regarding the subsoil and the environment.

- 7 What classification system does the mining industry use for reporting mineral resources and mineral reserves?

Mineral reserves in Kyrgyzstan are categorised based on the extent to which the reserves have been explored, and Kyrgyz law provides for four categories of mineral resources of mineral reserves, which are A, B, C1, C2, and three categories of potential mineral resources, which are P1, P2, P3.

