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# The Growing EU Engagement in Central Asia

Challenging the Russian Predominance in its Traditional "Backyard"

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## The growing EU engagement in Central Asia: Challenging the Russian predominance in its traditional "backyard"

On 18 November 2022, Samarkand hosted the "EU-Central Asia Connectivity Conference: Global Gateway". Preceded by the late October 2022 visit to Astana by European Council President Charles Michel, the summit confirmed a new and more vigorous European push towards the Central Asian region, historically located in the backyard of the Russian Federation. The high-level Connectivity Conference was well-attended, including the participation of the EU's High Representative for External Affairs and Security Policy and Vice-President of the European Commission, Joseph Borrell; Foreign and Deputy Foreign Ministers of the Central Asian countries; high-ranking officials of EU the member states; as well as international financial institutions and civil society representatives. At the meeting, the parties affirmed their commitment to intensify cooperation between the EU and Central Asia, as well as within the region. This involves strengthening energy security through the development of alternative energy supply routes, enhancing sustainable and secure digitalisation —including digital sovereignty—; improving transport connections; and transitioning into a green, sustainable, climate—and ecologically-positive economy and e-commerce environment.

#### Astana and Samarkand: Turning Points in the EU's Commitment

As Russia's "special operation" in Ukraine continues to drive a <u>wedge</u> through its relations with its Central Asian partners, top Western officials have been visiting the region to forge closer alliances and expand trade routes. In particular, the last few months have indeed signalled a strengthening of the relations between the EU and the Central Asian states. At the end of October 2022, Council President Charles Michel paid his first official visit to Astana to meet with the leaders of all five Central Asian states — Kazakhstan, Kyrgyzstan, Tajikistan, Turkmenistan, and Uzbekistan. <u>Michel</u> called the summit "more than just a dialogue between two regions" and stressed that the EU and Central Asia are "coming closer together and becoming more and more connected". At the summit, the <u>leaders</u> stressed the potential of cooperation in border management and security; the joint fight against terrorism; transnational organized crime and drug trafficking; human trafficking, and other security threats.

Then, mid-November 2022 HR/VP Borrell visited Kazakhstan and Uzbekistan. On 18 November 2022, he co-chaired the EU-Central Asia Ministerial and the EU-Central Asia Connectivity Conference in Samarkand. The Connectivity Conference was the first of its kind in the framework of the EU Global Gateway Initiative adopted in December 2021. As evidenced by Michel's visit and

the recent <u>Memorandum of Understanding (MoU)</u> on access to raw materials signed by European Commission President von der Leyen and Kazakh Prime Minister Alikhan Smailov during the COP27 in Sharm-el-Sheikh, the EU has clearly stepped up its game and increased its engagement to consolidate its presence in the region.

HR/VP Borrell pointed out the relevance of Central Asia in European foreign policy during his trip to Samarkand. Indeed, Central Asia occupies a strategically important position between East and West and has considerable energy resources (Kazakhstan alone is the EU's fourth crude oil supplier) and a high market potential (70 million inhabitants, 35% of whom are under 15 years old). In this regard, the summit was a critical occasion for Russia's traditional allies to set out the advantages of closer ties with Europe. "Having connections and options is good. Nevertheless, excessive dependencies and the absence of choice can come at a cost", Borrell addressed the EU-Central Asia Connectivity Conference. While it was a tacit reference to Central Asia's dependency on Russia, it also applies to Europe's energy security. In this regard, Brussels counts on the interest of Central Asia in diversifying its financial and economic interests.

One of the most pressing issues for Central Asia is to address the region's transport accessibility. In this context, the EU and Central Asia should expand their ties in order to secure their access to energy, critical commodities, and forge new transport corridors that do not rely on Russia. First and foremost, this involves the so-called "Middle Corridor" or Trans-Caspian Corridor, a rail freight and ferry system linking China with Europe. Starting from Southeast Asia and China, it runs through Kazakhstan, the Caspian Sea, Azerbaijan, Georgia and Turkey before reaching southern or Central Europe, depending on the cargo destination. As the EU is ready to engage in regional transport infrastructure projects as part of its new Global Gateway foreign policy initiative, the European Bank for Reconstruction and Development (EBRD) and the European Investment Bank (EIB) are already exploring potential projects to expand the railway network, port, and logistics infrastructure. Strengthening transport and energy connectivity can increase the trade volume and contribute by providing the stated amounts, as well as the developing and enhancing of infrastructure. This will increase the contribution of the EU to the region's development even more, while they already are the number one donor in Central Asia, having allocated 1.1 billion EUR between 2014 and 2020. In addition, 390 billion EUR is expected to be allocated to bilateral and regional programmes between 2021 and 2024. Among them, two regional, so-called "Team **Europe**" initiatives stand out in terms of importance, of which one on Digital Connectivity and the other on Water, Energy and Climate, both of which were officially launched by the EU in Samarkand.

Digitalizing the economy and society was a topic widely addressed during the summit. "In the digital field, we will look for opportunities to build secure platforms, overcome geographical obstacles, improve public service delivery and support education and job creation", <u>Borrell</u> stated.

The EU presents its technology as a tool to support the digitalization of Central Asia and increase its presence in the region.

Furthermore, at the Samarkand Summit <u>Borrell</u> pushed for green economy targets to be evaluated in the context of climate change. "In order to make them [the projects] a reality, I think we – the European Union – are ready to back you as much as we can to deliver sustainable connectivity, high-level standards and supporting the decarbonisation of energy to build a green economy". Although the EU's dependence on fossil fuels may be one of the determining factors in its Central Asian orientation, both the EU and its partners in the region are <u>determined</u> to reach their climate targets in the medium and long term. "We have big ambitions, but what is very important is that we also have the will and interest to fill these ambitions with concrete content – for the benefit of stronger ties between our regions, and for the benefit of our people".

The EU-funded project "Sustainable Energy Connectivity in Central Asia (SECCA)" (2022-2026) is a concrete example of this commitment. The SECCA project, with a total budget of 6.8 million EUR, aims to promote a more sustainable energy balance in Central Asia in accordance with the European Green Deal and the 2019 New EU Strategy on Central Asia. In particular, the project seeks to strengthen national policies of transition to a sustainable energy system, and increase investment, capacity and awareness in renewable energy and energy efficiency in the region. As a result, green economic development is a driving factor in the EU's relations with the Central Asian capitals.

#### Engaging the EU's Central Asian Strategy

The EU's latest engagement with the five former Soviet republics and its call for enhanced cross-border cooperation has a strategic rationale which is only partially motivated by the recent Russian military operations in Ukraine.

It is the EU's geopolitical ambition to adjust its status as a secondary actor in this region that straddles a strategic geographic space at the heart of Eurasia, bordering Russia to the north, China to the east, and Afghanistan and Iran to the south. The <u>EU's engagement</u> in Central Asia has long been "modest, lacking both a clear sense of political priorities and the resources necessary to have a serious impact on the countries of the region". Its key engagement tools were centred around the bilateral <u>Partnership and Cooperation Agreements (PCAs)</u>, while these were "modest" agreements and did not cover all Central Asian states, suggesting that the EU's influence in Central Asia has always been minimal compared to other great powers like China and Russia. Over the past few years, the <u>EU</u> has shifted its views on Central Asia and decided "to concentrate on concrete projects" to help improve the living standards of the broader population. The effort culminated in

2018 with the first EU-Central Asia leaders' summit in Astana and the second summit in November 2019 in Tashkent. This new approach also led to the adoption of the current EU Strategy on Central Asia, which shifted EU foreign policy from a Brussels-centric normative power approach toward more principled pragmatism and resilience. It recalibrated the bilateral relationship between the EU, its member states, and the five Central Asian republics with a focus on promoting resilience for "building into the current situation in order to then try to influence its development from within".

The latest November 2022 Samarkand summit confirms this commitment. The EU reiterated its ambitions to intensify cooperation with Central Asia and to increase Euro-Asian connectivity through physical and non-physical infrastructure via which goods, people, ideas, and services can move more freely. The EU intends to further strengthen its relations with the Central Asian states through EBRD and EIB investment projects and a bilateral approach based on Enhanced Partnership and Cooperation Agreements (EPCAs), considering the unique characteristics of each country in the region. The EPCA is designed to be a "new generation" type of agreement that will remain a cornerstone of EU engagement with Central Asia. The EU Council conclusions on the New Strategy also draw a special attention to EPCA, underlining that the scope of the EU's relations is linked to the readiness of individual Central Asian countries to undertake reforms and "strengthen democracy, human rights, the rule of law and the independence of the judiciary", as well as to modernise and diversify the economy. This typology of agreements offers the EU more flexibility in power projection schemes and effectively blunt Russian and Chinese efforts at blocking external, non-regional influence in Central Asia. The EU has already concluded an EPCA with <u>Kazakhstan</u>, Kyrgyzstan, and Uzbekistan, and it is committed to negotiate an EPCA with Tajikistan. A PCA concluded with <u>Turkmenistan</u> in 1998 is yet to be ratified by all EU Member States. Pending ratification, an Interim Agreement on trade and trade-related matters entered into force in 2010.

Furthermore, three of the five Central Asian countries (Kyrgyzstan, Tajikistan and Uzbekistan) benefit from favourable access to the EU market, through the <u>Generalised Scheme of Preferences</u> (GSP) or GSP+. While Tajikistan meets the standard GSP criteria, Kyrgyzstan and Uzbekistan have also joined the EU's GSP+ arrangement currently under review, which grants additional preferences. Kazakhstan and Turkmenistan, as upper middle income-level economies, can no longer benefit from this scheme.

The European Union also aims to step up cooperation on security challenges in Central Asia and Afghanistan. With the foreign policy shift to principled pragmatism/resilience, the EU has developed a <u>pragmatic approach</u> to broader global security issues, underlining the impact of neighbouring states and their close neighbours on the EU concerning security, terrorism, migration, and economics. Therefore, the <u>EU</u> prioritises domestic and border security in line with a pragmatic ad hoc emphasis on external powers close to Europe. In this context, it is to the strategic benefit of the <u>EU</u> to promote the resilience of states and societies in Central Asia. Acknowledging

the crucial role of the <u>region</u> in global efforts to promote inclusive peace, security, and sustainable development in Afghanistan, the EU is keen to enhance cooperation with the Central Asian states on such issues and encourage closer connectivity between Central Asia and South Asia.

#### Another Player in the New "Great Game"?

The Central Asian states have long demonstrated a growing interest in the emergence of new external players in the region, capable of counterbalancing the major powers of Russia, China, and the United States, emphasising their desire to avoid a single geopolitical choice. The "depoliticised" agenda of economic cooperation is most in demand. The EU's growing engagement is thus timely and highly welcome among the five states of the region. The EU's activism also fits into its long-anticipated ambition of building a truly European geopolitical power, one able to compete with other big Eurasian centres. This signals a shift in the bloc's thinking from seeing Central Asia through the prism of its "European Neighborhood Policy" to a more geopolitical, and therefore pragmatic approach.

The Samarkand summit and Michel's visit to the region represented a <u>crucial development</u> in the new "great game". They indicated that the links between Central Asia and the EU in transportation, energy, and digitalization will be further strengthened in the near future. Yet, while the EU's engagement in the region may be largely driven by its geopolitical and geoeconomic interests; to prevent the unhindered rise of <u>Russian and Chinese influence</u>; and by its domestic concerns to tackle security challenges in Central Asia and beyond, this is not just the case for EU-Central Asia connectivity. It shows that essential opportunities have emerged, which can contribute to the <u>East-West interaction</u>, primarily through the <u>Middle Corridor</u>. In the short term, growing cooperation among Middle Corridor countries and companies may help improve railways, ports and soft infrastructure; increase the corridor's capacity; and develop fast transportation to strengthen sustainability and efficiency for increased trade. While the Middle Corridor will not provide an exhaustive alternative to the Northern Corridor that passes through Russia, in the near future, optimization efforts will increase the corridor's potential to effectively offset losses from the Northern Corridor and reduce reliance on it in the long term.

The security of the transportation corridors, which came to the fore with the conflict in Ukraine, has made Caspian-based initiatives more critical than ever. Thus, the European Union is strengthening its ties with the region at a fast pace. In addition, this approach will allow the former Soviet republics to intensify comprehensive partnerships with the EU, which can play a positive part in the region by offering an alternative to Moscow and Beijing and assist the Central Asian countries to diversify their economies, intensify regional connectivity and cooperation, and further advance their societies.

The EU's ambition to change its secondary player status to a more active one seems relatively feasible in this context. However, the EU will have to compete with Russia and China, along with other rising regional powers in the region like Turkey, India, and Iran. It should thus come well-prepared, offering proposals and projects the Central Asian states cannot resist.

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