

**INTO EURASIA**  
**MONITORING THE EU'S**  
**CENTRAL ASIA STRATEGY**



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**REPORT OF THE EUCAM PROJECT**

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The views expressed in this report are those of the authors writing in a personal capacity and do not necessarily reflect those of CEPS, FRIDE or any other institution with which they are associated.

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## Glossary of Abbreviations

ADB	Asian Development Bank
AIDCO	Aid and Cooperation Directorate General (European Commission)
AKDN	Aga Khan Foundation for Development
ASEAN	Association of Southeast Asian Nations
bcm	Billions of cubic metres
BISTRO	EC programme (TACIS BISTRO) for Russia and Central Asia
BIT	Bilateral Investment Treaty
BOMBAF	Border Management Badakhshan, Afghanistan
BOMCA	Border Management Programme for Central Asia
BTC	Baku-Tbilisi-Ceyhan oil pipeline
BTE	Baku-Tbilisi-Erzurum gas pipeline
CAAEF	Central-Asian American Enterprise Fund
CACO	Central Asian Cooperation Organization
CADAP	Central Asia Drug Action Program
CAREC	Central Asia Regional Economic Cooperation
CAREN	Central Asia Research and Education Network
CEPS	Centre for European Policy Studies
CIS	Commonwealth of Independent States
CSTO	Collective Security Treaty Organization
DCI	Development Cooperation Instrument
DED	Deutscher Entwicklungsdienst (German Development Service)
DFID	Department for International Development (UK)
EaP	Eastern Partnership
EAPC	Euro-Atlantic Partnership Council
EBRD	European Bank of Reconstruction and Development
EC	European Communities
ECO	Economic Cooperation Organization
EECCA	Eastern Europe, Caucasus and Central Asia
EIB	European Investment Bank
EIDHR	European Instrument for Democracy and Human Rights
ENPI	European Neighbourhood Policy Instrument
EU	European Union
EurAsEC	Eurasian Economic Community
EUCAM	EU – Central Asia Monitoring
FREEDOM	Freedom for Russia and Emerging Eurasian Democracies and Open Markets
FRIDE	Foundation for International Relations and External Dialogue (Spain)
GONGO	Government-Operated Non-Governmental Organization



GSP	Generalized System of Preferences
GTL	Gas to Liquids
GTZ	Deutsche Gesellschaft für Technische Zusammenarbeit (German Technical Cooperation)
IBRD	International Bank for Reconstruction and Development
IFAS	International Fund for Saving Aral Sea
IFI	International Financial Institution
IfS	Instrument for Stability
IMF	International Monetary Fund
INOGATE	Interstate Oil and Gas Transport to Europe
IOM	International Organisation for Migration
IP	Indicative Programme
IPAP	Individual Partnership Action Plan
KfW	Kreditanstalt Für Wiederaufbau (German Development Bank)
KGB	State Security Committee (former USSR surveillance service)
KIMEP	Kazakhstan Institute of Management, Economics and Strategic Research
LNG	Liquefied Natural Gas
MFN	Most Favourite Nation
MtR	Mid-term Review
NATO	North Atlantic Treaty Organization
NGO	Non-Governmental Organization
OSCE	Organization for Security and Cooperation in Europe
OSI	Open Society Institute
PCA	Partnership and Cooperation Agreement
PFM	Public Financial Management
PfP	Partnership for Peace
RATS	Regional Anti-Terrorist Strategy
RSP	Regional Strategy Paper
SCO	Shanghai Cooperation Organization
SDC	Swiss Development Cooperation
SIDA	Swedish International Development Cooperation Agency
SSR	Security Sector Reform
STD	Sexually Transmitted Disease
TACIS	Technical Assistance Commonwealth of Independent States
TAIEX	Technical Assistance and Information Exchange instrument
TIFA	Trade and Investment Framework Agreement
TRACECA	Transport Corridor Europe-Caucasus-Central Asia
UNDP	United Nations Development Program
UNODC	United Nations Office on Drugs and Crime
USAID	United States of America International Aid
WEC	Water Energy Consortium
WTO	World Trade Organization



## PREFACE

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**E**uropean Union foreign and security policy is a work in progress. The EU seeks to become more of a global actor beyond its near neighbourhood, and this will now be boosted at the institutional level by the Lisbon Treaty.

The EU's decision to adopt a Strategy for Central Asia in 2007 is part of this move. Two years into the implementation of this Strategy (reproduced in Annex A), it is time to review progress. With this in mind, the Fundación para las Relaciones Internacionales y el Diálogo Exterior (FRIDE), Madrid and the Centre for European Policy Studies (CEPS) in Brussels joined together to undertake the present EU-Central Asia Monitoring (EUCAM) project, starting in September 2008. From the outset the Open Society Institute (OSI), through its offices in Almaty, Bishkek, Dushanbe, New York and Brussels, was closely involved through participation, advice and financial support. But several EU member states have also taken a keen interest in the project and contributed financially, first and foremost the Netherlands Ministry of Foreign Affairs, followed by the ministries of foreign affairs of the Czech Republic, Spain and the United Kingdom.

Over the last 18 months the project has aimed to raise the profile of the EU Strategy for Central Asia and more specifically to:

- Monitor critically, yet constructively, implementation of the EU's Strategy, and generate recommendations to strengthen it,
- Establish a network of experts and civil society institutions in the EU and Central Asia to raise awareness of the EU initiative and provide a forum for interested parties to comment on it,
- Enhance knowledge of Central Asia and the policy issues it raises among European policy-makers, researchers and civil society.

At the start of the project FRIDE and CEPS established an Expert Working Group (see Annex B) consisting of ten experts from the Central Asian states and the EU. This group has met several times in Brussels, Almaty, Madrid, Prague and Stockholm, each of the meetings dealing with

specific aspects of the Strategy and connected to public meetings in Europe and Central Asia (see Annex C).

The project has established its own web site - [www.eucentralasia.eu](http://www.eucentralasia.eu), publishing policy briefs, working papers, commentaries and news bulletins on almost all aspects of EU-Central Asia relations (see Annex D), with contributions from independent experts from Central Asia and Europe.

Most of the daily EUCAM business has been run from CEPS in Brussels by senior coordinator Nafisa Hasanova and junior coordinator Aigerim Duimagambetova, who have made EUCAM and its web site into a knowledge hub on EU-Central Asian relations, building an extensive network of relations and providing information to a host of readers.

Members of EUCAM staff have also travelled regularly to Central Asia for research purposes and consultations. The most substantial trip took place in September and October 2009 with a mission to all five countries (see map of the region on the following page), meeting government officials, diplomats, representatives of international organisations, academics and civil society experts, while also visiting major hydro-electric facilities.

This final monitoring report draws on all these resources and activities, including numerous discussions with EU officials in Brussels and those of member states in other European capitals. A small group of co-authors and advisors has been responsible for drafting this monitoring report. Michael Emerson (CEPS) took the lead in coordinating the current report together with Jos Boonstra (FRIDE). Marlène Laruelle and Sébastien Peyrouse from the Institute for Security and Development Policy in Stockholm made substantial contributions. Alain Deletroz, Johannes Linn, Neil Melvin and Jacqueline Hale served as external advisors and the main reviewers. Background research and coordination was provided by Nafisa Hasanova and Aigerim Duimagambetova.

We have had many contacts with the European Commission in Brussels and its delegations in Central Asia, with embassies of member states there, and with Special Representative Pierre Morel and his staff, to whom we are grateful for their very open cooperation. All views expressed in this report are attributable only to the authors.

Michael Emerson & Jos Boonstra  
Brussels & Madrid, February 2010

## Map of Central Asia





# EXECUTIVE SUMMARY & RECOMMENDATIONS

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The EU's Central Asia strategy was introduced in 2007 in order to upgrade the EU's cooperation with the five states of the region. The political context at that time was dominated by concerns in the EU over energy security and the war in Afghanistan. The strategy took a wide and comprehensive approach however, identifying a considerable number of priority actions (political dialogue, human rights and the rule of law, education, economic development, energy and transport links, environmental sustainability and water, common threats such as drug trafficking, etc.).

This approach has led to engagement in many dialogue procedures and projects. While there has been an undoubted increase in the level of activity, the extensiveness of the agenda and relatively low level of resources committed to the strategy entails a risk that the whole process may not have real impact and credibility. This risk is quite visible in most chapters of the strategy. For the time being it is felt by EU officials that these are early days still, and that results take time, and there has to be patience to deepen trust and experience in the region. Up to a point this may be valid. Yet there is a manifest need to sharpen the real operational objectives and raise the level of operations to the point of being demonstrably effective.

Our shortlist of critical recommendations in this sense is divided into two categories – the strategic and general, and then the more specific and technical:

## *Strategic aspects*

1. Well into its third year of implementation, the EU would do well to engage in a critical review of the Strategy. The political process could be initiated by the current Spanish EU Council Presidency in the first half of 2010 together with the new High Representative for foreign and security policy. A possible re-vamping of the strategy would be more appropriate in 2011 when the new External Action Service is in place.

2. The EU has some clear security concerns in relation to Central Asia: energy supply security through diversification of sources, and linkages with Afghanistan (supply logistics, political spillover risks, drug trafficking). All these security issues are quite rightly enumerated in the EU strategy and sit alongside the EU's general branding of its foreign policy strategy as seeking to contribute to the development of a normative, rule-based world order with strong reliance on human rights, international law, regional cooperation and multilateral institutions. Contrary to certain debates, we do not see this as a conflict of interests versus values, as long as legitimate interests are pursued in a principled manner. However, Central Asia presents a real challenge in this regard, since the present state of governance in the region is so distant from these principles. This presents the EU with a choice: either to pass over its preferred principles in this case, or to make a special effort to apply its principled approach in ways that are realistically operational in this difficult political environment. The EU strategy struggles to pursue the second approach, but not without ambiguity. This report seeks to clarify and reinforce such an approach. To do this effectively is crucial for the credibility of the EU's chosen role as a global actor working to promote a normative world order. A fuller discussion of the issues of principle is included at the end of this report.

3. The case of Kazakhstan deserves special mention as a key country in the region that has chosen to reply to the EU strategy by adopting its own 'Path to Europe'. Coupled with Kazakhstan's new chairmanship in 2010 of the OSCE, this European orientation as part of a multi-vectored foreign policy presents an important opportunity for political and economic convergence with Europe, including deepening relations with the Council of Europe. These strategic directions have been announced, and the EU has also responded by agreeing to work towards a new treaty-level agreement with Kazakhstan. These developments are to be welcomed, but should be accompanied by clarity over the steps in the political sphere that Kazakhstan needs to make, progressively, for this to be a real movement beyond mere political declarations. If this succeeds it should have a wider demonstration effect elsewhere in Central Asia, which would be an achievement of strategic importance. In particular it is to be hoped that a positive momentum in EU relations with Uzbekistan becomes feasible.

4. The EU's concept of regional cooperation in Central Asia needs revision. Intra-regional cooperation is surely desirable and the EU rightly tries to facilitate this. However it should not be over-emphasised in relation to opportunities for regional cooperation with neighbours external to the



region (Eastern Europe, Russia, China and South Asia), and where the EU has several major interests (e.g. in energy, transport and security). The EU does work on this wider regionalism with projects to link Central Asia to its Eastern Partnership initiative, but with limited regard to the region's Asian neighbours so far. Such elements of wider regional cooperation could help disenclave the land-locked Central Asia, and for the EU contribute to a wider 'EurAsia strategy' overarching and going beyond the several regional dimensions of the EU's present neighbourhood policy. This wider EurAsian dimension, involving all the major powers of the EurAsian landmass, would fit in with the increasingly evident need to channel the new global multi-polar dynamics into an ordered world system. These considerations go well beyond concern for Central Asia alone, but the region is inevitably going to be at the cross-roads of many issues of global significance.

### *Specific aspects*

5. The EU intends to increase its diplomatic presence in the region, and with the impetus of the new Lisbon Treaty provisions this needs to be done decisively, with adequately staffed EU delegations in all five states. It is already a positive feature of the Central Asia strategy that ways are being developed for individual member states of the EU to work more actively and synergetically with the Commission in the execution of various projects; to do this might seem obviously desirable, but it has not often been seen in practice so far.

6. In the human rights field a structured process has been set up at both official and civil society levels. But this needs to be carefully upgraded, without which it risks becoming little more than a token routine of political convenience for both sides. Requests to make the process symmetrical, with dialogue on EU experience in managing difficult human rights issues, should receive a positive response. The interaction between the official dialogues and civil society seminars could be strengthened, with the civil society seminars invited to undertake regular year-to-year monitoring of progress in relations to appropriate benchmarks. Publication of the results and recommendations of civil society seminars is in principle being done, but these are not yet accessible on Commission websites.

7. Concerning the rule of law initiative, it is too early to judge results since such work needs to be sustained over a long-term period. We call for the formulation of clear and practical benchmarks to evaluate progress in this field in a public document setting out the EU's priorities and strategies.

The full development of this initiative is important as a values-driven commitment to the region, especially given the absence of an explicit democratisation agenda.

8. The sanctions on Uzbekistan after the Andjian events in 2005 did not yield substantial change and have now been lifted for the sake of engaging with the regime. If the EU should in future resort to such measures in Central Asia (or elsewhere) it has to be disciplined and unified. Naturally this is a topic that elicits a range of political positions in democracies such as the EU, but when the decision is made it has to be loyally backed by all, otherwise the operation and the EU itself is discredited.

9. The Education Initiative so far mainly repackages existing programmes, but with a significant increase in funding, with both Tempus and Erasmus Mundus now to receive doubled funding from €5 to €10 million annually, the launch of a policy dialogue, and with the Bologna process serving to frame the reform of educational structures (notably in Kazakhstan and Kyrgyzstan). This increased prioritisation of education within the total aid effort is to be welcomed. However, the Commission should now evaluate the first results of the Erasmus Mundus programme in the region, which seems not be adequately adapted to Central Asian realities, and undertake a broader education strategy review for Central Asia. Consideration should be given to other projects (examples are given below) with a view to a clearer branding of the EU as promoter of a cluster of high-quality and independent education and research institutions, as well as a supporter of reform of the basic education systems. There are also some changes in the management of the Education Initiative within the Commission that seem to be warranted.

10. In the area of water management and hydro-electric power there is a robust case for major investment in upstream states that could also bring huge benefits for downstream states, and avert the real risks of interstate conflict over water. These risks are now heightened with the disintegration of the regional electricity grid. The EU is engaging in multiple initiatives in the area, ranging from the technical to political dialogue. This dialogue seems to remain rather general and superficial, however. While the EU is not in a position to lead on a resolution of the key water problem, it could help establish the technical-economic case for investment in increased hydroelectric capacity that could offer benefits to both upstream and downstream states, outline the mechanisms for regional

cooperation that would assure equitable implementation, and raise these issues at the top political level in alliance with major multilateral organisations. The EU should make available a special trust fund of grant resources for this purpose to enable the World Bank to draw up scenarios and cost-benefit calculations, in collaboration with the UN Centre for Preventive Diplomacy for Central Asia and the Asian Development Bank. In any case there is also a large agenda for 'no regrets' investments in improved water management, modest-sized hydroelectric facilities and solar and wind renewable energies.

11. In the field of energy policy the EU is conducting wide-ranging energy dialogues with Kazakhstan and Turkmenistan. The EU has a non-binding memorandum of understanding with Turkmenistan that envisages the purchase of gas, and this would fit into its Southern Corridor concept of diversifying gas supplies with a trans-Caspian link. The EU has indicated its support for the Extractive Industry Transparency Initiative, and should back this up in its energy policy dialogues and operational projects. While the EU has been debating various pipeline options for years, China has acted with great speed in constructing oil and gas pipelines across Central Asia. Meanwhile Iran also inaugurated a new pipeline to Turkmenistan that will increase the capacity of this southern export route. This is a classic example of how the EU and its member states have to negotiate and decide faster on elements of a common energy policy, or see the world leave it behind.

12. In the field of transport the EU's present corridors and axes that extend east through or around Central Asia have become in part obsolete, and need to connect with the new trans-continental Eurasian realities, east-west and north-south. The EU, and in particular the Commission's transport department and the European Investment Bank, should communicate to the CAREC programme of the Asian Development Bank their willingness to enter into discussions to optimise the coherence of EU and CAREC transport corridors that do or could link Central and Eastern Asia with Europe; in addition there is a new US initiative (Northern Distribution Network) to develop supply routes from Baltic and Caspian sea ports to Afghanistan via Central Asia. The EU has both grant funded technical assistance and loan finance for infrastructural investments to support the development of agreed priority corridors. Since China, Russia and the US all have major stakes in various of these transport corridors, the case for explicit coordination is evident.

13. The main contribution to combating common security threats has been regional programmes for border management (BOMCA) and hard drugs (CADAP). These programmes could be further built upon, with some management changes. The BOMCA model might be applied to other parts of the security sectors in Central Asia to enhance effectiveness and good governance of police and security forces, at least in Kazakhstan, Kyrgyzstan and Tajikistan, possibly in cooperation with the OSCE and through the active involvement of key EU member states.

14. Concerning EU assistance, Brussels should consider focusing on fewer priority areas, given the impossibility of having a real impact on all seven priorities of the EU strategy with the €719 million available over seven years under the Development Cooperation instrument (DCI). The EU does make differentiated priorities by country, but still there are difficult issues of assuring real effectiveness, going beyond 'ticking the boxes' indicated by the Strategy. We support the present move towards according higher priority to education programmes.

15. Assistance is most needed in Kyrgyzstan and Tajikistan. The EU has some leverage on the dire conditions in these countries through its sectoral budget support programmes. The impact of the economic crisis might, in combination with other security-related factors, even destabilise Tajikistan, which justifies the new social policy orientated programme of the EU. The case for conditional budget support to these two countries is in principle strong, but there should be no illusions over the difficulties in securing effective specification and implementation of the conditions. Analysis of the results of these conditional grants should be published. The EU has every interest in fostering donor coordination on the spot, especially with regard to these budget support programmes, and this should clearly be with EU member states and the rest of the donor community. Assistance allocated to energy-rich and fast developing Kazakhstan should be mainly confined to education and support to civil society, while Astana is in a position to buy into European expertise for many policy advice needs. Turkmenistan and Uzbekistan are only marginally receptive to EU assistance initiatives, where the EU would do well to focus on education for the time being.

16. The Commission has established a comprehensive project monitoring system for its aid programmes, but the results have not been published. The EU should create a database of monitoring reports to be made available on the Commission's website in the interests of

transparency and accountability. There is also a case for administrative separation of project evaluation from project operations to further guarantee objective analyses. The European Parliament should strengthen its oversight role in scrutinising EU Commission assistance to Central Asia, requesting more adequate analysis and monitoring assessments than so far made available.

17. The administration of funds for civil society should be simplified, especially for small projects, staffing at the delegations needs to be strengthened, with the contracting of projects to experienced and well-established NGOs with a strong presence on the ground. For small projects the requirement of co-funding and complex procurement restrictions should be scrapped, and ultra-simplified procedures adopted for mini-projects for civil society through the EIDHR. The BISTRO programme formerly used by the Commission in Russia and Ukraine could be revived.

# 1. INTRODUCTION – RATIONALE FOR A EUROPEAN UNION STRATEGY TOWARDS CENTRAL ASIA

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The Central Asian region has a population of only 61 million people, but a huge land mass, mainly in Kazakhstan, which stretches over one third of the way between Berlin and Beijing. While the region has a clear geographical and cultural-historical identity, it is subject to divergent economic fortunes, with huge advances in the oil/gas-based wealth of Kazakhstan and Turkmenistan, against impoverishment in the two mountain states, Kyrgyzstan and Tajikistan, with Uzbekistan in an intermediate position. Politically all five states are consolidated authoritarian regimes, although there are limited civil liberties in Kazakhstan, Kyrgyzstan and Tajikistan.

In 2007, the European Union decided to upgrade its policies towards Central Asia under the banner of a ‘strategy’. While this term tends at times to be overused, for our part in monitoring this initiative we take the language at face value: a strategy should be an initiative of broad and real importance backed up by adequate instruments of action.

The EU’s ‘strategic interests’ in the region are said to be its “security and stability”, and further defined in terms of a “peaceful, democratic and economically prosperous Central Asia”. A long list of instruments of action is then enumerated.<sup>1</sup> The problems here are that the strategic interests are expressed in such general terms that they lack vivid meaning; and the ‘instruments of action’ are such a varied and extensive mix of normative

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<sup>1</sup> Bilateral and regional cooperation; human rights, rule of law, good governance and democratisation; youth and education; promotion of economic development through trade and investment; strengthening energy and transport links; environmental sustainability and water; combating common threats and challenges; inter-cultural dialogue.

objectives and technical instruments that it is not evident where the action is going to be effective and indeed strategic, or where it will be only secondary or symbolic. Moreover, in the two years of implementation so far it has not become much clearer which of the several initiated policy dialogues are likely to become operationally significant.

Nonetheless, we consider that there is a robust case for a strategic approach to Central Asia, which we would build around three main propositions.

First, the EU has some clear security concerns in relation to Central Asia: energy supply security through diversification of sources, and linkages with Afghanistan (supply logistics, political spillover risks, drug trafficking). All these security issues are quite rightly set out in the EU strategy. However, the EU is not sufficiently equipped to be a hard security actor, and frames its foreign policy as seeking to contribute to the development of a normative, rules-based world order with strong reliance on human rights, international law, regional cooperation and multilateral institutions. Contrary to certain debates, we do not regard this as a conflict of interests versus values, as long as legitimate interests are pursued in a principled manner. Yet in this regard Central Asia presents a real challenge, since the present state of governance in the region is so far-removed from these principles. This presents the EU with a choice; either to pass over its preferred principles in this case, or to make a special effort to apply its principled approach in ways that are realistically operational in this difficult political environment. The EU strategy struggles to pursue the second approach, but not without ambiguity. This report seeks to clarify and reinforce such an approach. To do this effectively is crucial for the credibility of the EU's chosen role as a global actor that works in favour of a normative world order. A fuller discussion of the issues of principle is included at the end of this report.

Second, the case of Kazakhstan deserves special mention as a key country in the region which has chosen to reply to the EU strategy by adopting its own 'Path to Europe'. Coupled to Kazakhstan's new chairmanship in 2010 of OSCE, this European orientation as part of a multi-vectored foreign policy presents an important opportunity for political and economic convergence with Europe, including deepening relations with the Council of Europe. The strategic directions have been announced, and the EU has also responded by agreeing to work towards a new treaty-level agreement with Kazakhstan. These developments are to be welcomed, but

should be accompanied by clarity over the steps in the political sphere that Kazakhstan needs, progressively, to take for this to be a real movement beyond mere political declarations. If this succeeds it should have a wider demonstration effect elsewhere in Central Asia, which would become an achievement of strategic importance. In particular, it is to be hoped that a positive momentum in EU relations with Uzbekistan will become achievable.

Third, in our view the EU's strategy needs to pay more attention to the wider regional context, which necessarily involves Central Asia's neighbours at all points of the compass: Eastern Europe, Russia, China and Southern Asia. This concerns issues at the level of the transcontinental EurAsian map, and leads into questions of how the emerging global multipolarity is going to be managed. So far the EU strategy treats Central Asia as if it was a regional extension of its neighbourhood policy, and advocates regional cooperation, mainly among the five states. While better intra-Central Asian cooperation is an absolute necessity, there are also wider EurAsian horizons to be pursued. Central Asia is in fact the only place in the world that sees the interests of all the major powers intruding from all points of the compass, Russia to the North, China to the East, South Asia to the South, and Europe nearby to the West, together with the ubiquitous presence of the United States. We advocate that the EU, as part of its wider global strategy and world view, pursue opportunities in Central Asia for cooperative actions with the major external actors present there, and this report identifies several areas in which this could be done.



## 2. THE POLITICAL, ECONOMIC AND SOCIAL LANDSCAPE IN CENTRAL ASIA

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### 2.1 Political regimes, civil society

At the time of their declarations of independence, the Central Asian states attested to their will both to establish democratic political systems, inspired by the western model, and to make a more or less gradual transition to a market economy. The new Constitutions, drawn up between 1992 and 1993, are generally inspired by West European models; they claim to stand for human rights, the respect of individual liberties, and to lay down the foundations of democratic systems in the framework of a sovereign republic, one and indivisible. Despite these guarantees, all the states of Central Asia have moved (or are currently moving) towards the progressive concentration of powers in the hands of the president. The functions of the prime minister have been relegated to the background, and the most important ministers (Interior, Defence, Finance, Foreign Affairs, etc.) are directly appointed by the president. Political continuity with the Soviet regime has also been a structuring element: the first heads of state were all former First Secretaries of the Communist Parties of their respective republics, with the exception of Askar Akaev (a former scientist) in Kyrgyzstan.

During the first half of the 1990s, the political trajectories of these countries took separate paths. Turkmenistan refused to introduce the pluri-party system. Uzbekistan organised a presidential election in December 1991 in a relatively free way, but Islam Karimov came to feel threatened by his opponent Muhammad Salikh and around 1993 decided to harden the regime: indeed, pluri-partyism has become no more than a façade, where the majority of candidates advocate voting for the president on election day. Kazakhstan, Kyrgyzstan and Tajikistan all established more diversified political regimes. Already in 1992, however, Tajikistan was plunged into a civil war costly in human lives, and thereby served as a counter-model for all Central Asian regimes: an ill-assured presidential power is interpreted as risking destabilisation. Until 1995, Kazakhstan and

Kyrgyzstan remained the most liberal countries: the presidents found controlling their often rebellious parliaments difficult, and the opposition parties expressed themselves with relative freedom in the press.<sup>2</sup>

At the turn of the 1990s, all the regimes became more restrictive of political freedoms. Tensions between Russians and Kazakhs in the north of Kazakhstan, the Tajik civil war, the Afghan conflicts, claims staked by nationalist parties, and the emergence of an Islamist threat, all provided Central Asian leaders with reasons to justify authoritarian measures. They declared that it was impossible to import the Western political system into societies that were supposedly not yet mature enough for democracy. Each announced a specific path of development. The Kazakh, and to a lesser degree the Kyrgyz, political opposition was in large part muzzled; the media were increasingly subject to control; electoral processes were marred by multiple irregularities; the legislative and judicial powers became largely, if not entirely, controlled; and heads of state were consistently re-elected in the name of so-called popular will. Elections have therefore only rarely provided the political parties with any real representativeness.<sup>3</sup> Foreign observers, in particular the Organization for Security and Cooperation in Europe (OSCE), have continuously denounced the legal malpractices that impede opposition candidates from running for election. The OSCE refused to monitor several elections in Uzbekistan, never did so in Turkmenistan, and has delivered very critical reports of the elections held in the three other states.

A new bout of political hardening occurred throughout the region in the 2000s. The fear arose that the 'colour revolutions' would spread, so the presidents followed the Russian example, clamping down on public liberties, in particular with respect to NGOs. Then the Andijan tragedy, in May 2005, revived the spectre of popular uprising (see section 4.2.1). Today, in Uzbekistan there is complete uncertainty over how a successor to President Karimov might emerge, while pluri-partyism, though allowed through the Constitution, remains banned in practice in Turkmenistan. Tajikistan, which after the peace accords of 1997, has preserved a broad

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<sup>2</sup> M. Brill Olcott, *Central Asia Second Chance*, Carnegie Endowment for International Peace, Washington, D.C., 2005.

<sup>3</sup> M. Laruelle and S. Peyrouse, *Asie centrale, la dérive autoritaire*, Paris: CERI-Autrement, 2006.

democratic consensus involving a recognised Islamic Party (the sole case in Central Asia), is tending towards the Uzbek model, but its growing authoritarianism is provoking the discontent of former warlords and Islamist leaders. In Kazakhstan, the regime is broadly comparable to the Putin model: the country's economic success has guaranteed Nursultan Nazarbaev the broad support of the population, which sees no other emerging political or economic alternative and accepts authoritarianism in exchange for improvements in its living standards. In Kyrgyzstan, the 'tulip revolution' did not give way to a democratic revival after the authoritarian drift of the Akaev family, but confirmed the continuing struggle between the clans in power. President Kurmbanbek Bakiev has been trying to consolidate a 'vertical of power' similar to the Russian and Kazakhstan models.

An overall picture of the political regimes is given in Table 1, which gives quantitative readings of the shades of difference between the five Central Asian states, and comparison with three European states. Within Central Asia there are modest degrees of relative liberalism in Kazakhstan and Kyrgyzstan, with similar rankings also for Russia. The rankings for Bulgaria and Ukraine are in different categories, except that Ukraine's record on corruption is not so far from the Central Asian standard.

*Table 1. Democracy ratings, 2009*

	Electoral process	Civil society	Media independence	National govern.	Local gov.	Judiciary Independence	Corrupt.	Overall
Kazakhst.	6.75	5.50	6.50	6.75	6.25	6.00	6.32	6.32
Kyrgyzst.	6.00	4.75	6.25	6.50	6.50	6.00	6.25	6.04
Tajikistan	6.50	5.75	6.00	6.25	6.00	6.25	6.25	6.14
Turkmen.	7.00	7.00	7.00	7.00	6.75	7.00	6.75	6.93
Uzbekist.	7.00	7.00	7.00	7.00	6.75	7.00	6.50	6.89
Russia	6.75	5.75	6.25	6.50	5.75	5.50	6.25	6.11
Ukraine	3.50	2.75	3.50	5.00	5.25	5.00	5.75	4.39
Bulgaria	1.75	2.50	3.75	3.25	3.00	3.00	4.00	3.04

*Note:* 1 indicates the highest degree of freedom, 7 the lowest.

*Source:* Freedom House

(<http://www.freedomhouse.org/template.cfm?page=363&year=2008>).

In all Central Asian states, the judiciary is officially independent of the executive, but in reality subordinate to the latter. Judiciary procedures remain very opaque.<sup>4</sup> The death penalty was either abolished or stopped by moratorium in Kazakhstan, Kyrgyzstan, and Tajikistan at the end of the 1990s, and in Uzbekistan in 2008. However, these decisions are not necessarily irreversible; for example in the autumn of 2009 Kyrgyzstan saw intense debates about a possible return of the death penalty.<sup>5</sup> In Turkmenistan, although it was formally abolished in 1999, the international community has remained alert to the fact that political opponents continue to disappear. Generally, most of the accused do not choose their lawyers, who, in turn, can only rarely meet with their clients. The Turkmen and Uzbek regimes are engaged in the torture of individuals arrested and send human rights activists to psychiatric hospitals.

As in the Soviet era, the right to demonstrate, while officially recognised, is extremely limited in practice, with the exception of Kyrgyzstan. In Uzbekistan, political gatherings are systematically banned and their leaders are given prison sentences. In Kazakhstan, the authorities have the right to repress marches or public reunions that “might disturb the public order”, and strikes are banned in firms that operate day and night, and in a number of state-listed, ‘strategic’ sectors. There is practically no right to strike in Uzbekistan and Turkmenistan. Unions hardly exist or remain, in the Soviet tradition, an instrument of state propaganda over the work place.

The media soon became a prime target of the political authorities and were submitted to strong pressures. Administrative regulations (absence of registration, accusations of accounting errors or even drug trafficking, etc.) constitute one of the principal tools for regulating the media, as they enable the authorities to exonerate themselves of the charge of censorship or crimes against opinion. In Uzbekistan, printing houses are exclusively the property of the state. In Tajikistan opposition parties have been forced to have their newspapers printed in Kyrgyzstan. In Kazakhstan and Kyrgyzstan, the media have been bought by large private holdings close to the authorities. The difficulties encountered by the political opposition in

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<sup>4</sup> See Amnesty International’s many reports on this question at [www.amnesty.org](http://www.amnesty.org).

<sup>5</sup> E. Marat, “Death Penalty Receives Widespread Political Support in Kyrgyzstan”, *Eurasia Daily Monitor*, Vol. 6, No. 210, 13 November 2009.

possessing its own newspapers or televisual media have driven it to rely on new means of communication such as the internet. While access to the internet continues to be free in Kazakhstan, Kyrgyzstan, and Tajikistan (despite the fact that it is limited to the urban populations and middle-classes, and has not yet reached the rural milieus), its use is extremely limited in Uzbekistan and Turkmenistan. In addition, in the whole of Central Asia, the political powers that be seek to control access to dissident sites and have set up information filters to prevent them from being consulted from within the country.<sup>6</sup>

NGOs, which flourished at the start of the 1990s, have also been subject to pressures due to the political hardening of the Central Asian regimes. The difficulties in obtaining foreign financing, which is almost impossible in Turkmenistan and very complicated in Uzbekistan, have mounted in Kazakhstan and in Tajikistan. Local regulations on receiving outside support are strict: Those who manage to obtain foreign financing still have to endure growing administrative and legal pressures. NGOs have enjoyed a more propitious climate in Kyrgyzstan, although the situation is also deteriorating there. Social activities (defence of women, supervision of disabled children, combating alcoholism, etc.) are among the main activities still authorized. The political will to control this sector of civil society has given rise to GONGOs (government-operated non-governmental organisations), which are state-run but make it possible to display a democratic facade.

Lastly, the Central Asian heads of state have all instrumentalised Islamism to get their populations to accept secular authoritarianism. Religious rights differ in the five states. All Islamist parties are banned, except in Tajikistan. The Orthodox Church enjoys legal recognition throughout the whole region as the national religion of the Russian minority. In Turkmenistan and Uzbekistan, Islam is highly monitored, Muslim and Christian proselytism alike are banned, those who convert to Protestantism are arrested, and the dissemination of the bible is prohibited. The Uzbek regime practices massive arbitrary imprisonment.<sup>7</sup> The association for the defence of human rights estimates that today the

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<sup>6</sup> See Reporters Without Borders ([www.rsf.org](http://www.rsf.org)).

<sup>7</sup> S. Peyrouse, "Islam in Central Asia: National specificities and Post-Soviet Globalization", *Religion, State and Society*, Vol. 35, No. 3, 2007, pp. 245-260.

country has close to 6,000 political prisoners, the majority of whom are accused of 'Wahhabism'. In Tajikistan, the previously more liberal situation has also hardened: proselyte movements are pursued, and women are forbidden from frequenting mosques. In Kazakhstan and Kyrgyzstan, Muslims and Christians alike enjoy greater freedoms, with the exception of some Protestant movements, which are considered sects. There is widespread legislation aimed against the spread of an uncontrolled Islam and the groups that refuse to submit themselves to the tutelage of the Committee of Religious Affairs open themselves up to tough administration sanctions.<sup>8</sup>

## 2.2 Economic and social conditions

In the first half of the 1990s, the five states developed divergent economic strategies. Kyrgyzstan and Kazakhstan followed the Russian 'shock therapy' model and embarked on a rapid privatization of small, medium-size and large companies, employing a voucher system inspired by the one launched in Russia. This sudden economic shift led to a collapse of the population's living standards: in Kazakhstan, the rate of persons living below the poverty line went from 5 percent in 1991 to 50 percent in 1993-1994, while the poverty that was already very present during the Soviet period drastically increased in Kyrgyzstan and Tajikistan, in particular in rural areas. In Uzbekistan and Turkmenistan, the established powers, distinctly more reticent about the idea of reform, all profess to be following a specific 'gradualist' path of transition to the market economy, one which starts with small business, then medium-size enterprises.<sup>9</sup> The large enterprises remain in state hands, thereby enabling the central powers to keep control over the manna of primary resources.<sup>10</sup>

The present situation sees a wide range of approaches to economic development. The Uzbek economy is being organised along a dual axis: a progressive dismantling of the planned economic system and a reinforcement of its self-sufficiency in cereals and hydrocarbons. However,

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<sup>8</sup> See regular reports on [www.forum18.org](http://www.forum18.org).

<sup>9</sup> D. Kandiyoti, "Post-Soviet institutional design and the paradoxes of the 'Uzbek path'", *Central Asian Survey*, No. 1, 2007, pp. 31-48.

<sup>10</sup> R. Pomfret, *The Central Asian Economies since Independence*, Princeton: Princeton University Press, 2006.

while this strategy was beneficial in the 1990s, today, in association with the regime's growing isolationism, it is leading to a deadlock. Turkmenistan is a unique case, since it has practically implemented no policies of liberalisation: only small street trade is privatised, the large factories are still subsidised by the state despite their inefficiency. Tajikistan only began to implement structural reforms after the peace agreements signed in 1997: the poorest country of the Soviet Union, it embarked on a process of privatisation of public enterprises and of distribution of land to farmers. As for Kazakhstan, although it has largely privatised its economy, the large monopolies (electricity, railways, hydrocarbons) have been kept in state hands, and since the 2000s the authorities attempt to re-centralise particularly profitable sectors such as metallurgy and banking. Kyrgyzstan aims to be the most market-driven Central Asian economy, a goal that was consolidated by its entry into the WTO in 1998.<sup>11</sup>

In the 1990s the early stages of the post-communist transition saw severe declines in output and increased social hardship. However, from 2000 until the 2008-2009 global economic crisis, all states of the region have benefitted from high and sustained rates of GDP growth (Table 2). The average for the region as a whole from 2000 to 2007 was consistently between 8 and 10 per cent. In Kazakhstan the high growth rates, led by the oil sector, made it possible to cut the number of people living below the poverty line by half, which has dropped to less than 15 percent of the population. It is the second richest country of post-Soviet space: with a GDP per inhabitant estimated at \$11,500 in 2008, it is placed just behind Russia (about \$16,000), but is far ahead of the other Central Asian countries. Its GDP represents 70 percent of the overall total of the five states. What bodes well for its long-term stability is that Kazakhstan has seen the emergence of some middle-classes; beneficiaries of the rapid economic development. This is especially the case for Kazakh state employees who accepted to leave their former capital, Almaty, for the new one, Astana. While in both cities a bourgeoisie linked to the sectors of oil and gas, construction, and diverse tertiary services has emerged, the transition to a market economy has been of less benefit to the inhabitants of provincial

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<sup>11</sup> G. Gleason, *Markets and Politics in Central Asia. Structural Reform and Political Change*, London: Routledge, 2003.

towns and the countryside.<sup>12</sup> Turkmenistan has seen the highest growth rates, entirely due to increased gas output, and ranging between 10 and even 20 per cent according to the year, but here the distribution of the increased wealth has been even more conspicuously concentrated in the capital city with huge construction works. But also the states with much more limited natural resources, Kyrgyzstan, Tajikistan and Uzbekistan, have seen robust growth in the 2000s. Kyrgyzstan and Tajikistan have been hard hit by the current economic crisis, however, whereas Uzbekistan seems to have weathered this much better.

*Table 2. Central Asian GDP growth rates, 2000-2009*

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Kazakhstan	9.8	13.5	9.8	9.3	9.6	9.7	10.7	8.9	3.2	-1.3
Kyrgyz Republic	5.4	5.3	0.0	7.0	7.0	-0.2	3.1	8.2	7.6	1.5
Tajikistan	8.3	10.2	9.1	10.2	10.6	6.7	7.0	7.8	7.9	2.0
Turkmenistan	18.6	20.4	15.8	17.1	14.7	13.0	11.4	11.6	10.5	6.0
Uzbekistan	3.8	4.1	4.0	4.2	7.7	7.0	7.3	9.5	9.0	7.0
<i>Average<sup>1</sup></i>	<i>8.4</i>	<i>10.8</i>	<i>8.6</i>	<i>8.9</i>	<i>9.8</i>	<i>9.1</i>	<i>9.8</i>	<i>9.2</i>	<i>5.0</i>	<i>0.8</i>

*Note:* 2009 data are forecasts or estimates.

*Source:* EBRD.

Nonetheless, the arrival of the market economy has resulted in widespread impoverishment of the rural and agriculture-based population. The pressure on the land is all the stronger as birth rates remain high, in particular in the countryside, where more than half of the populations of the four southern republics live.<sup>13</sup> In addition, in both Turkmenistan and Uzbekistan, given the difficulties of living in the city without work, a process of ruralisation has taken shape. Many persons have preferred to return to the land, setting up in their villages to work their own individual patches of land. Given the shortage of land, the rural populations are suffering from very high unemployment rates and overpopulation. The most acute situation is in the Fergana Valley, where more than 10 million people live, or nearly 20 percent of the entire Central Asian population.

<sup>12</sup> J.C.K. Daly, "Kazakhstan's Emerging Middle Class", *Silk Road Papers*, The Central Asia and Caucasus Institute, Washington, D.C., March 2008.

<sup>13</sup> According to figures from 2003, 65% in Kyrgyzstan, 72% in Tajikistan, 55% in Turkmenistan, 58% in Uzbekistan and 44% in Kazakhstan.



Table 3. Central Asian economic structures in 2008\*

	<b>Kazakhstan</b>	<b>Kyrgyzstan</b>	<b>Uzbekistan</b>	<b>Tajikistan</b>	<b>Turkmenistan</b>
<b>Population</b>	15.4 million	5.4 million	27.6 million	7.3 million	4.9 million
<b>GDP</b>	\$176 billion	\$11.41 billion	\$71.63 billion	\$15.4 billion	\$29.65 billion
<b>GDP per capita</b>	\$11,500	\$2,100	\$2,600	\$2,100	\$6,100
<b>GDP by sector</b>	Agric. 5.8% Indust. 39.4% Services 54.7%	Agric. 32.4% Indust. 18.6% Services 49%	Agric. 28.2% Indust. 33.9% Services 37.9%	Agric. 23% Indust. 29.4% Services 47.6%	Agric. 10.7% Indust. 38.8% Services 50.4%
<b>Labour force by occupation</b>	Agric. 31.5% Indust. 18.4% Services 50%	Agric. 48% Indust. 12.5% Services 39.5%	Agric. 44% Indust. 20% Services 36%	Agric. 67.2% Indust. 7.5% Services 25.3%	Agric. 48.2% Indust. 14% Services 37.8%
<b>Population in poverty</b>	13.8%	40%	33%	60%	30%
<b>Budget revenues</b>	\$29.64 billion	\$1.17 billion	\$8.005 billion	\$1.28 billion	\$1.393 billion
<b>Human develop. index**</b>	71	122	119	124	108

\* Based on the CIA world factbook economic data (<https://www.cia.gov/library/publications/the-world-factbook/>).

\*\* <http://hdr.undp.org/en/countries/alphabetical2008/>. The figures are rank orders of the 179 states according to measures of life expectancy, standard of living literacy etc. The calculation is favourable to the Central Asian states because it is based on the literacy rates given by the governments, which claim about 98% of the population to be literate. However, the reality is less positive.

Caught in the dilemma of cotton versus food self-sufficiency, the Central Asian states are hesitant about all land reform. They also have to contend with numerous other structural problems, including high levels of corruption in the agrarian administrative organs, the opacity of decision-making structures for the export of production, child labour, and serious environmental problems related to the overuse of the soil.<sup>14</sup> Kyrgyzstan and Tajikistan are classified among the poorest countries in the world.<sup>15</sup> This difficult situation contributes to the reinforcement of traditional domestic economies: withdrawal into the family, self-sufficiency based on working a patch of land; and partially demonetarised economies. The only sources of money stem from the sale of products at bazaars, while the rest of economic life functions according to a barter system and food self-sufficiency.

As a result the social fabric has been profoundly altered and each group has had to play the cards it was dealt. For instance, the representatives of the national minorities, who are excluded from the public service reserved to titular populations, have reoriented their activities towards the private sector. Small enterprises in the tertiary domain, technical maintenance (plumbers, electricians, etc.), servers and vendors in restaurants and boutique or private security services are considered as sectors in which Russians dominate,<sup>16</sup> while the Koreans work – as they did in the Soviet period – as sellers of fresh produce at the bazaars. Among the titular populations, several social groups have taken shape over recent years which are tied to specific categories of resources.

The first group, the one most directly heir to the Soviet system, is that of state employees. Their living standards remain extremely disparate, depending upon their level, all receive their incomes from state. This includes professionals such as teachers and doctors. Where the bureaucracy is concerned the public function is intrinsically linked to political power and to patronage systems. The high state employees are all connected, in one way or another, to the political authorities, and belong to regional clans

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<sup>14</sup> S. Peyrouse, *The Agricultural Sector in Central Asia*, EUCAM Working Paper, No. 3, EU-Central Asia Monitoring, CEPS and FRIDE, Brussels and Madrid, 2009.

<sup>15</sup> *Central Asia Human Development*, UNDP, Washington, D.C., 2005.

<sup>16</sup> S. Peyrouse, *The Russian Minority in Central Asia: Migration, Politics, and Language*, Kennan Occasional Papers, No. 297, Kennan Institute, Washington, D.C., 2008.

or solidarity networks giving them protection from above. Most members of the political elite already held posts under the Soviet regime and today are leaving their posts for their children, who are educated in the training institutions for cadres linked to the presidential apparatus, structures that are equivalent to the former Party schools. Irrespective of whether there has been a privatisation process of the large national enterprises, the local nomenklatura has managed to maintain its stranglehold over the primary resources.

The second social group to form over the last two decades is that of businessmen and traders. Trade constitutes one of the main areas of profitability for Central Asian economies, returning the region to its historical role as a trading crossroads. Yet even this private sector is hardly dissociated from that of state employees. Even more than in the 1970s-1980s, the political and economic networks are deeply enmeshed. If hydrocarbons, metals, and cotton are all in state hands, other sectors, such as drug trafficking, are located at the core of struggles for influence between the criminal milieus that initiated these illegal flows and the state structures that control them today, in particular the customs services. In addition, even in less criminal structures than those of drugs, many major businessmen, in particular owners of bazaars, have heavily invested in official political life in order to acquire political immunity for themselves.<sup>17</sup> This interaction is two-way, since the key high state employees, in particular those from the security sector (armed forces, militias, secret services, troops of the Interior Ministry, border guards, etc.), are themselves also implicated in commercial structures.

Last, the final group, namely rural populations, has only one resource, namely their labour power. All of Central Asia is experiencing strong migratory dynamics, which involves at least three million Tajiks, Uzbeks, Kyrgyz working abroad either permanently or seasonally. The migration flows are mainly bound for Russia, but also for Kazakhstan, which hosts many Uzbeks and Kyrgyz in agriculture and building. They also head to other countries such as South Korea and the United Arab Emirates, but to a lesser extent. These massive migrations entail a thorough

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<sup>17</sup> A. Kupatadze, "Organized crime before and after the Tulip Revolution: the changing dynamics of upperworld-underworld networks", *Central Asian Survey*, Nos. 3-4, 2008, pp. 279-299.

transformation of the Central Asian social fabric, in particular in Tajikistan and Kyrgyzstan, where, depending on the region, migrants reportedly represent between 25 and 45 percent of the male working-age population.<sup>18</sup> These migrant communities have suffered greatly in the 2008-2009 global economic crisis, some having to return home to desperate living conditions and with migrant remittances dropping substantially.

### 2.3 External trade and investment structures

The Central Asian economies are relatively unintegrated into the global market, nonetheless they are not closed economies. Natural resources play a primary role in their trade strategies. The 'black gold' of the Caspian Sea occupies the central point, particularly for Kazakhstan, whereas it is the 'blue gold' (gas deposits) for Turkmenistan and Uzbekistan.<sup>19</sup> Kazakhstan also has the world's second-largest reserves of uranium and in 2009 became the world's leading uranium producer. Lastly, the Central Asian states are rich in precious minerals (gold and silver, aluminium, copper, zinc, lead) and rare minerals (such as tungsten and molybdenum), and these are practically the only resources, apart from water, of Kyrgyzstan and Tajikistan.

*Table 4. Percentage of exports to the GDP and exported production*

	Exports/GDP %	By products
Kazakhstan	49	Oil, minerals, iron and steel
Kyrgyzstan	45	Gold and cotton
Uzbekistan	40	Gold, gas and cotton
Tajikistan	21	Aluminium and cotton
Turkmenistan	63	Gas and cotton

*Source:* World Bank World Development Indicators ([www.worldbank.org](http://www.worldbank.org)).

<sup>18</sup> M. Laruelle, "Central Asian Labor Migrants in Russia: The 'Diasporization' of the Central Asian States?", *The China and Eurasia Forum Quarterly*, Vol. 5, No. 3, 2007, pp. 101-119; E. Marat, "Labor Migrations in Central Asia. Implications of the Global Economic Crisis", *Silk Road Paper*, The Central Asia and Caucasus Institute, Washington, D.C., May 2009.

<sup>19</sup> On the hydrocarbons issue, see M. Denison, *The EU and Central Asia: Commercializing the Energy Relationship*, EUCAM Working Papers, No. 2, 2009, and N. Kassenova, *Kazakhstan and the South Caucasus Corridor in the wake of the Georgia-Russia war*, EUCAM Policy Brief, No. 3, EU-Central Asia Monitoring, CEPS and FRIDE, Brussels and Madrid, 2009.

Kazakhstan is heavily reliant on its oil, which represents more than 20 percent of its budget revenues and 58 percent of its exports; Turkmenistan is reliant on its gas, which accounts for 60 percent of its exports, while its cotton accounts for 25 percent of state revenues; and Uzbekistan is dependent on its cotton and its gold, which represent 17 and 25 percent of its exports respectively. Kyrgyzstan's main source of revenue in hard currency is the Kumtor gold mine, which alone represents 40 percent of Kyrgyz exports and 13 percent of its GDP; while in Tajikistan, the Tursunzade aluminium smelter counts for more than 60 percent of exports. The region's development is thus subject to the ups and downs of world prices of oil, gas, metals, and cotton. What has been emerging in Central Asia is hardly different from the situation in other rent economies: a widening of social inequalities and an absence of real legal or institutional constraints to ensure that economic decisions are made in the public interest.<sup>20</sup>

The impact of the economic crisis of 2008 has been severe at the economic, political and geopolitical levels. The banking and real estate sectors in Kazakhstan, the most globalised economy of the region, was close to collapse.<sup>21</sup> In the other states of the region, less subject to global flows, the impact of the crisis has been visible in the rise in prices of basic necessities, as well as in the decrease in salaries received by migrants and their remittances. This world financial crisis has dramatically weakened these already fragile economies, accentuated authoritarian measures, and intensified general social discontent. Large numbers of Central Asian migrants that were working in Russia and Kazakhstan returned to their countries of origin without the money they had been expecting to earn.

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<sup>20</sup> R. Pomfret, *The Central Asian Economies since Independence*, Princeton: Princeton University Press, 2006.

<sup>21</sup> R. Pomfret, *Central Asia and the Global Economic Crisis*, EUCAM Policy Brief, No. 7, EU-Central Asia Monitoring, CEPS and FRIDE, Brussels and Madrid, 2009.

*Table 5. Exports of the Central Asian countries (2007)*

	Exports	By commodities
Kazakhstan	\$66.6 billion	oil and oil products, ferrous metals, chemicals, machinery, grain, wool, meat, coal
Kyrgyzstan	\$1.7billion	cotton, wool, meat, tobacco; gold, mercury, uranium, natural gas, hydropower; machinery; shoes
Uzbekistan	\$9.9 billion	cotton, gold, energy products, mineral fertilizers, ferrous and non-ferrous metals, textiles, food products, machinery, automobiles
Tajikistan	\$1.4 billion	aluminum, electricity, cotton, fruits, vegetable oil, textiles
Turkmenistan	\$9.9 billion	gas, crude oil, petrochemicals, textiles, cotton fibre

Source: Based on the CIA world factbook economic data (<https://www.cia.gov/library/publications/the-world-factbook/>).

*Table 6. Imports of the Central Asian countries (2007)*

	Imports	By commodities
Kazakhstan	\$37.5 billion	Machinery and equipment, metal products, foodstuffs
Kyrgyzstan	\$3.5 billion	oil and gas, machinery and equipment, chemicals, foodstuffs
Uzbekistan	\$6.5 billion	machinery and equipment, foodstuffs, chemicals, ferrous and non-ferrous metals
Tajikistan	\$3.2 billion	electricity, petroleum products, aluminum oxide, machinery and equipment, foodstuffs
Turkmenistan	\$5.3 billion	Machinery and equipment, chemicals, foodstuffs

Source: Based on the CIA world factbook economic data (<https://www.cia.gov/library/publications/the-world-factbook/>).

Despite their subsoil wealth, the states of the region struggle still to find a model of economic development able to lift them out of their post-Soviet pauperization. Central Asia is particularly lacking in efficient transport infrastructures, making transport costs exorbitant. The agricultural sector happens to be caught in a complex logic, since the cotton-producing states (essentially Uzbekistan and Turkmenistan) tend to intensify cotton production, despite its being detrimental to the environment and harmful to the food security of the population, and refuse

to invest in grain and market garden produce.<sup>22</sup> The lack of cooperation over water distribution blocks the development of hydroelectricity. De-industrialisation is continuing and, with the exception of Kazakhstan, the Central Asian states lack investment in innovative technology or in the service industries.

Overall the Central Asian states are finding it difficult to open up their economies internationally. Their main economic partners are their big neighbours, Russia and China. The balance between these two powers is now changing in favour of Beijing, whose exponentially increasing trade with Central Asia will soon surpass that of Russia, and already exceeds it in some sectors in Kyrgyzstan and Kazakhstan.<sup>23</sup> Other countries are present in the Central Asian market, but this presence is often due to very specialised production niches: South Korea and Bangladesh in Uzbekistan, for the co-production of Daewoo cars and the purchase of cotton respectively; the United Arab Emirates and Switzerland in Kyrgyzstan for the sale of gold; the Ukraine in Turkmenistan thanks to the gas agreements between the two countries; while Turkey and Iran have managed to establish broader presences, but which are modest compared to China and Russia.

Lastly, the EU is a major trading partner of Central Asia. It is the foremost economic partner of Kazakhstan in total trade volume, ahead of Russia and China. It is in second place in Turkmenistan and Uzbekistan, in third place in Tajikistan and fourth place in Kyrgyzstan. Among EU member states, Germany is distinguished by its presence throughout the whole region, followed by Italy, Great Britain, the Netherlands, and France.<sup>24</sup>

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<sup>22</sup> "The Curse Of Cotton: Central Asia's Destructive Monoculture", ICG, *Asia Report* No. 93, 28 February 2005.

<sup>23</sup> M. Laruelle and S. Peyrouse, *China as a Neighbor. Central Asian Perspectives and Strategies*, Silk Road Monograph, Central Asia and Caucasus Institute, Washington, D.C., April 2009.

<sup>24</sup> S. Peyrouse, *Business and Trade Relationship between the EU and Central Asia*, EUCAM Working Paper, No. 1, EU-Central Asia Monitoring, CEPS and FRIDE, Brussels and Madrid, 2009.

*Table 7. Share of Russia, China, and the EU in Central Asian countries' imports, exports and total trade (2008) (€ million) and their rank*

	Imports	Exports	Total
Kazakhstan	Russia: 36% (1 <sup>st</sup> ) China: 24.3% (2 <sup>nd</sup> ) EU: 21% (3 <sup>rd</sup> )	EU: 45.9% (1 <sup>st</sup> ) China: 14.3% (2 <sup>nd</sup> ) Russia: 12.3% (3 <sup>rd</sup> )	EU: 34.4% (1 <sup>st</sup> ) Russia: 23.4% (2 <sup>nd</sup> ) China: 18.9% (3 <sup>rd</sup> )
Kyrgyzstan	China: 70.5% (1 <sup>st</sup> ) Russia: 13.9% (2 <sup>nd</sup> ) EU: 4.1% (3 <sup>rd</sup> )	Russia: 29.6% (1 <sup>st</sup> ) China: 7.6% (5 <sup>th</sup> ) EU: 2.5% (8 <sup>th</sup> )	China: 62.3% (1 <sup>st</sup> ) Russia: 15.9% (2 <sup>nd</sup> ) EU: 3.9% (4 <sup>th</sup> )
Uzbekistan	Russia: 27.6% (1 <sup>st</sup> ) EU: 17.9% (2 <sup>nd</sup> ) China: 16.3% (3 <sup>rd</sup> )	Russia: 25.3% (1 <sup>st</sup> ) EU: 11% (2 <sup>nd</sup> ) China: 6.1% (6 <sup>th</sup> )	Russia: 26.7% (1 <sup>st</sup> ) EU: 15.2% (2 <sup>nd</sup> ) China: 12.2% (3 <sup>rd</sup> )
Tajikistan	China: 26% (1 <sup>st</sup> ) Russia: 24.5% (2 <sup>nd</sup> ) EU: 6.4% (5 <sup>th</sup> )	EU: 24.7% (1 <sup>st</sup> ) Russia: 15.7% (2 <sup>nd</sup> ) China: 1.7% (9 <sup>th</sup> )	Russia: 22.6% (1 <sup>st</sup> ) China: 20.8% (2 <sup>nd</sup> ) EU: 10.3% (3 <sup>rd</sup> )
Turkmenistan	Russia: 16.6% (1 <sup>st</sup> ) EU: 15.7% (2 <sup>nd</sup> ) China: 14.7% (3 <sup>rd</sup> )	EU: 25.8% (2 <sup>nd</sup> ) Russia: 0.9% (11 <sup>th</sup> ) China: 0.3% (16 <sup>th</sup> )	EU: 22.5% (2 <sup>nd</sup> ) Russia: 6.0% (5 <sup>th</sup> ) China: 6% (7 <sup>th</sup> )

Source: <http://ec.europa.eu/trade/trade-statistics/>, October 2009.

## 2.4 Security threats and challenges

There are few classic, external security threats in Central Asia. Nor are there outstanding unresolved territorial border issues with the neighbouring states, with China having agreed its borders with Kazakhstan, Kryrgyzstan and Tajikistan amicably in recent years. Only the maritime borders of the Caspian Sea remain the object of continuing debate, in particular between Turkmenistan and Iran, and Turkmenistan and Azerbaijan. Kazakhstan, for its part, has negotiated the distribution of its Caspian assets and their common exploitation with Russia. The militarization of the Caspian Sea, especially the development of a Kazakh naval fleet, is supposed to respond not to classic military attacks, but to non-traditional threats, including the possible terrorist attacks on oil rigs and tankers.<sup>25</sup>

<sup>25</sup> M. Laruelle and S. Peyrouse, "The Militarization of the Caspian Sea: 'Great Games' and 'Small Games' Over the Caspian Fleets", *The China and Eurasia Forum Quarterly*, Vol. 7, No. 2, 2009, pp. 17-35.



Drug trafficking, however, is a major concern. Central Asia now ranks third after Iran and Pakistan on the list of export routes for Afghan opium. The civil war in Tajikistan (1992-1997) hastened the region's entry into drug trafficking, used by the Islamic opposition as its source of finance. In 2008, UNODC estimated that 121 tons of heroin and 293 tons of opium passed through the region, but the amounts are probably far greater.<sup>26</sup> While the main productive regions are situated in the south of Afghanistan, the border provinces with the former Soviet Union, Badakhshan, Balkh, and Badghis, have also seen a rapid increase in production levels. Until the end of the 1990s, the role of Central Asia in worldwide drug trafficking was that of a transit space. This situation has gradually changed so that today the five states are also becoming sites for its production, transformation, and consumption. As in the tribal zones of Pakistan, Central Asia has seen a rapid development of its transformation laboratories, which enable enormous profits to be amassed locally before stocks are transported to Russia and Europe. The trade explosion with China plays a major role in the development of these laboratories, since China's chemical industry is the primary supplier of the chemical products required to transform opium into heroin, in particular anhydride acetic. Central Asia is thus situated at the crossroads of two flows; those of the raw product of opium from Afghanistan and those of the chemicals required for its treatment from China.<sup>27</sup>

The drug trade that passes through Central Asia is mainly headed towards Russia and Western Europe, but equally seems to be making inroads into the Chinese market. Production also takes place in the region: the Chui Valley region of Kyrgyzstan where it is reported to produce annually close to 5 million tons of hemp capable of yielding close to 6,000 tons of hashish, and more than 2,000 of poppies yielding 30 tons of opium per year. One third of the drugs that pass through Central Asia are destined for domestic use, for about 500,000 drug-addicted people. In Kazakhstan, the cases of drug addiction are rising quickly, in particular among the youth. In the other republics, in particular in Tajikistan, the local

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<sup>26</sup> UNODC Opium/Heroin market 2008 ([http://www.unodc.org/documents/wdr/WDR\\_2008/WDR2008\\_Opium\\_heroin\\_market.pdf](http://www.unodc.org/documents/wdr/WDR_2008/WDR2008_Opium_heroin_market.pdf)).

<sup>27</sup> *Precursor Control on Central Asia's Borders with China*, Vienna: United Nations Office on Drugs and Crime Regional Office for Central Asia, no date of publication.

populations are hostage to the drug trade: they produce the drugs in their raw state, in the least profitable way, and above all serve as couriers, a poorly paid and very dangerous activity, often undertaken by women and children. The organization of the drug trade is in fact embedded in the social structure of these countries, using segments of the population that have no other economic alternatives.

In much of Central Asia the shadow economy, essentially drug trafficking, reaps important revenues and finances sections of the ruling circles. While the leaderships of Uzbekistan and Kazakhstan are to be credited with waging war against the drug mafias in their countries, Kyrgyzstan, Turkmenistan, and even more so Tajikistan can be regarded as quasi narco-states. A number of state representatives, at each administrative level, from directors of kolkhozes to regional authorities and the highest-ranking state officials, are directly involved in the drug trade. This has corrupted the entire state functioning, in particular customs officers and the police corps. The Islamist movements also profit from this revenue source. In 1999-2000 the Islamic Movement of Uzbekistan brought attention to itself by transferring great quantities of raw opium into Tajikistan, in its border bastions with Kyrgyzstan.<sup>28</sup>

The fact that in the worst cases both the political leadership and Islamist circles, ostensibly wholly opposed to one another, receive considerable revenues from similar drug-related sources and markets makes it extremely difficult for the international community to propose effective measures against the drug trade. Moreover, it is important to highlight the longstanding rivalries between the services and the army corps. On one hand, the traditional army, which is under the jurisdiction of the Defence Ministry, is loyal to the state, and is relatively neutral politically. On the other, the special units of the Interior Ministry, of the Ministry of Emergency Situations, of the National Security Committee (KNB, the successor of the KGB), the Border Guard Service, not to mention the presidential guard, are all very close to the circles of power. These

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<sup>28</sup> S.E. Cornell and N. Swanström, "The Eurasian Drug Trade. A Challenge to Regional Security", *Problems of Post-Communism*, Vol. 53, No. 4, 2006, pp. 10-28; S.E. Cornell, "The Narcotics Threat in Greater Central Asia: From Crime-Terror Nexus to State Infiltration?", *China and Eurasia Forum Quarterly*, Vol. 4, No. 1, 2006, pp. 37-67.

security service units are often involved in lucrative illegal activities. In such circumstances, the Central Asian intelligence system reveals its complexity: the rivalry between the various corps impedes their good functioning, exchanges of information, and their capacity to conduct collective operations; the units are very often involved in the operations against which they are supposed to be fighting.

Other non-traditional threats endanger the countries of the region, in particular from an ecological and pandemic viewpoint. The Soviet legacy has contributed to a general deterioration of the ecological situation: the Aral Sea catastrophe; massive increases in soil salinity, in particular in Uzbekistan; retention of polluting chemical industries with detrimental effects for public health; deterioration of access to potable water and of water quality; poor upkeep of irrigation structures and of major hydraulic dams, etc. Though Central Asia has not yet experienced great waves of ecological refugees, parts of its population may well soon find the living situation in some regions increasingly impossible; a danger to which the present governments are powerless to respond given the current state of affairs. These tensions are aggravated by the ominous lack of cooperation over cross-border water management between upstream and downstream states, which come close to the point of inter-state conflict (see below, section 2.5).

Concerning pandemics, the dismantling of the health systems inherited from the Soviet Union have heightened the fragility of the populations: low life expectancy, lower epidemiological supervision, growing cases of malnutrition in rural areas, a rise in at-risk pregnancies among women, renewed outbreaks of pathologies that had supposedly disappeared such as tuberculosis and cholera, an upsurge of cases of STD, a possible epidemic of HIV Aids, etc.

The presence of clandestine Islamist movements was openly confirmed back in the 1990s, with various assassinations, bomb attacks, suicide bombings and attacks against foreign embassies during the last decade.<sup>29</sup> Since spring 2009, renewed outbreaks of Islamist activism have been noted in areas where militants are historically rooted: the Uzbek-Kyrgyz border, the Batken region in Kyrgyzstan, the Gharm region, and the

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<sup>29</sup> V.V. Naumkin, *Radical Islam in Central Asia. Between Pen and Rifle*, Lanham: Rowman & Littlefield, 2005.

Karategin valley in Tajikistan. This can probably be connected to developments in Afghanistan and Pakistan as well as to domestic issues. Though a large part of Central Asia's population seems to remain in favour of a secular state, political and social tensions have sparked the emergence of Islamist movements. Today the dominant movement is the Hizb ut-Tahrir, which officially endorses non-violent methods of acceding to power and recruits by spreading educational and moral precepts, as well as by giving charity to underprivileged milieus. Although its leadership militates in favour of a world caliphate, the Hizb ut-Tahrir activists are focused on national and policy questions: in Uzbekistan, they demand Islam Karimov's resignation and the liberation of political and religious prisoners; they ask for Islam to be made the country's official religion and a key element of national culture, and want economic rules set up that are inspired by Islam and the respect for small Islamic entrepreneurship. Although it is much closer to the model of "Islamism" than to Jihadism, the Hizb ut-Tahrir appears to be encountering competition due to a revival of internationalised groups like the Islamic Movement of Uzbekistan, the Islamic Jihad and others, though not all radical by definition.

In Uzbekistan, the elimination of all secular opposition contributes to making the Islamists appear to be the only possible recourse. Some of the merchant classes are convinced that a 'purification' of the economic system, with the establishment of faith-inspired deontological rules, and a conjunction between personal enrichment and charitable activities is a model to follow.<sup>30</sup> Throughout the region it is observed that the presidential families have significantly appropriated the resources of the state in a process that has led to high levels of top-down corruption of the state edifice. This, together with growing social disparities, pauperisation in certain regions, and the criminalisation of state structures, all contribute to pushing rural groups into the arms of Islamism. This is also the case for the intellectual professions that were suddenly devalued such as teachers as well as, and increasingly starkly, the young educated generations without work prospects.<sup>31</sup> Lastly, the authorities' fearfulness of any

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<sup>30</sup> D. Kandiyoti (ed.), *The Cotton Sector in Central Asia: Economic Policy and Development Challenges*, School of Oriental and African Studies, London, 2007.

<sup>31</sup> E. McGlinchey, "Islamic Revivalism and State Failure in Kyrgyzstan", *Problems of Post-Communism*, May-June 2009.

uncontrolled form of Islam, even non-politicised, and of any overly public expression of piety has led many believers to frequent clandestine places of worship. These individuals are not necessarily politicised or even Salafist, but they contribute to developing a critical stance on official Islam, which is considered too subordinate to secular power.

## **2.5 Regional cooperation and tensions**

The Central Asian states have never displayed a great eagerness for collaboration. All the attempts at regional alliances, principally economic ones, have stumbled on national sensitivities, on the competition between leaders, and on struggles for influence, in particular between Kazakhstan and Uzbekistan. The main regional cooperation mechanisms have been driven by Russia and China, through the CSTO and SCO (see sections 3.1 and 3.2 below) and the Eurasian Economic Community (EurAsEC). In addition the Asian Development Bank has achieved results in the transport, trade, and energy sectors under the CAREC programme,<sup>32</sup> and the EU through its BOMCA border security programme.<sup>33</sup> However regional cooperation remains difficult, which is highly detrimental for the economic development of the whole region.

Border relations are generally tense, with the exception of those between Kazakhstan and Kyrgyzstan, whose checkpoints are by and large open and demilitarised. In Central Asia borders are part and parcel of the regime-sustaining logic and a symbol of independence, despite hampering international trade. Since 2002, Tashkent's isolationist policies have complicated all regional relations and rendered the border crossings extremely difficult for the local populations. The borders between Turkmenistan and Uzbekistan, despite slight improvements in 2008, remain difficult to cross even for the border populations who, in theory, are endowed with special permits. Each year there are occasional clashes between the populations and the customs services on the borders between Uzbekistan and Kazakhstan, owing to multiple forms of trafficking. The border relations between Kyrgyzstan and Tajikistan, as well as between Kyrgyzstan and Uzbekistan continue to deteriorate. In the Andijan-Osh-Khudjand-Batken area, the border crossings remain a constant subject of

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<sup>32</sup> <http://www.adb.org/carec/>.

<sup>33</sup> <http://bomca.eu-bomca.kg/>.

tension, all the more so as the zone is a major centre of drug trafficking. From the territorial standpoint, only Kazakhstan has settled its border issues with all its neighbours. For a decade, the Uzbek-Tajik border has been mined due to Tashkent's stance. Despite the fact that the deaths number in the tens each year, no solution is in sight. Between Tashkent and Bishkek, apart from the four Uzbek exclaves on Kyrgyz territory, more than 400 km of borders are still under dispute. For Kyrgyzstan and Tajikistan, many border zones in the mountains are not delimited and the two countries cannot agree on a border demarcation treaty. Clashes between the populations are regular and the relations between border posts tense.

For some years, the question of migration flows has become an important element in the relations between the Central Asian states. After Russia, Kazakhstan has the second largest in-take of migrants and is likely to receive increasing numbers from Uzbekistan and Kyrgyzstan, as well as from Tajikistan. According to official reports, the country hosts between half a million legal and one million illegal migrant workers. Taking seasonal flows and shuttle trade into account, however, a more plausible figure is about two million.<sup>34</sup> For Central Asian migrant workers, living conditions in Kazakhstan are affordable and good for maintaining close family relations. In the Uzbek-Kazakh border regions, more and more Uzbeks work on the Kazakh side during the day and return in the evening to sleep at home: these daily migrations partly explain the tensions that erupt when the border is closed or crossing it is made more difficult.

One of Kazakhstan's main difficulties is the implementation of legislation that is consistent with migrant supply countries; an agreement of 1994 on cooperation between CIS states concerning work migration never entering into force. In 2008, Astana initiated new discussions which led to an agreement among CIS countries about the protection of migrant workers, but it has yet to be ratified.<sup>35</sup> In June 2009, another agreement was

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<sup>34</sup> E. Eshamanova, "Tendentsii i puti sotrudnichestva Kazakhstana i Rossii v reshenii problem trudovoi migratsii iz stran Tsentral'noi Azii" [Tendencies and paths of cooperation between Kazakhstan and Russia in resolving the problem of work migration from Central Asia], *Informatsionno-analiticheskii tsentr izucheniia obshchestvennykh politicheskikh protsessov na postsovetskom prostranstve*, 5 March 2008 (<http://www.ia-centr.ru/expert/578/>).

<sup>35</sup> Consult the text online at [http://www.base.spinform.ru/show\\_doc.fwx?Regnom=4873](http://www.base.spinform.ru/show_doc.fwx?Regnom=4873).

signed concerning individual entrepreneurial activities undertaken by Kyrgyz citizens in Kazakhstan, which has now been made easier, in particular at the bazaars. Uzbekistan, however, which in recent years has been the main migrant supplier to Kazakhstan and Russia, has refused to negotiate any agreements on the issue.<sup>36</sup>

However, today it is the question of water management which most clearly jeopardises relations between Central Asian states.<sup>37</sup> Although theoretically very complementary, with three gas and oil producing states and two hydroelectricity producing ones, cooperation on energy issues between Central Asian states has proved more than difficult. Negotiations to exchange water for oil and gas regularly broke down, with each of the participants undermining the terms of engagement. The five states are divided over issues of how to use the water: for irrigation in summer or for heating in the winter? In November 2009, the common electricity grid disintegrated with the withdrawal of Kazakhstan and Uzbekistan, meaning that all will have to become increasingly self-sufficient - at a price.

Many regional structures have been created in order to facilitate cooperation in water management, such as the Water Energy Consortium (WEC), which was part of the Central Asian Cooperation Organization (CACO) that merged in 2005 with EurAsEC. Until now regional initiatives have been largely ineffective. The International Fund for the Aral Sea (IFAS) struggles to function as a common regional cooperative organisation for water management, although the move of its headquarters to Almaty in 2009 may mark a new beginning. The two upstream states, Kyrgyzstan and Tajikistan, both want to expand their hydroelectric capacities. The Uzbek authorities have thus far succeeded in blocking several projects for Tajik hydroelectric stations, in particular the Zaravshan project, which was to be constructed by the Chinese company Sino-Hydro.<sup>38</sup> The largest projects,

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<sup>36</sup> M. Laruelle, "Kazakhstan: Central Asia's New Migration Crossroads", in M. Laruelle (ed.), *Migratory Dynamics and Societal Changes in Central Asia*, forthcoming.

<sup>37</sup> M. Mizanur Rahaman and O. Varis (eds), *Central Asian Waters*, Water & Development Publications, Helsinki University of Technology, 2008; J. Allouche, "The governance of Central Asian waters: national interests versus regional cooperation", *Disarmament Forum*, No. 4, 2007, pp. 45-55.

<sup>38</sup> S. Peyrouse, "The Hydroelectric Sector in Central Asia and the Growing Role of China", *China and Eurasia Forum Quarterly*, Vol. 5, No. 2, 2007, pp. 131-148.

namely Rogun in Tajikistan, and Kambarata I in Kyrgyzstan, are extremely costly and geopolitically complex, and have therefore been delayed for several years.<sup>39</sup>

Besides the absence of regional cooperation on water management, the lack of investment, outdated infrastructure and bad governance are also the cause of current shortages. The questions of water management and electricity are intrinsically linked to the issue of food security.<sup>40</sup> The UN food program has stated that 2.2 million Tajik citizens are in a situation of food insecurity, representing 34 percent of the rural population and 37 percent of the urban population, and with 800,000 directly threatened by famine.<sup>41</sup> In Kyrgyzstan, the number of people subject to food insecurity is reportedly one million.

To conclude this sketch of the situation in Central Asia, the highlighting of certain positive points is also warranted. Except in the case of Tajikistan in the 1990s, the region has been able to avoid conflicts associated with independence; the populations are peaceful and virtually unarmed. In the 2000s poverty rates dropped, wages and household incomes partly recovered from the very low levels of the 1990s, while trade, transport, and investment improved. Kazakhstan is becoming a significant actor in the Eurasian space. Kyrgyzstan still enjoys a freedom of press that is unique in the region. Uzbekistan has managed to maintain its school system relatively well, compared to its Tajik and Turkmen neighbours. A new generation of children from the middle and upper classes study abroad, which contributes to opening up the region intellectually. The death penalty is abolished in some states. Central Asia possesses valuable

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<sup>39</sup> S. Juraev, *Energy Emergency in Kyrgyzstan: Causes and Consequences*, EUCAM Policy Brief, No. 5, EU-Central Asia Monitoring, CEPS and FRIDE, Brussels and Madrid, 2009.

<sup>40</sup> M. Fumagalli, *The 'Food-Energy-Water' Nexus in Central Asia: Regional Implications of and the International Response to the Crises in Tajikistan*, EUCAM Policy Brief, No. 2, EU-Central Asia Monitoring, CEPS and FRIDE, Brussels and Madrid, 2008.

<sup>41</sup> J.F. Linn, "The Compound Water-Energy-Food Crisis Risks in Central Asia: Update on an International Response", Brookings Institution Commentary, 12 August 2008 ([http://www.brookings.edu/opinions/2008/0812\\_central\\_asia\\_linn.aspx](http://www.brookings.edu/opinions/2008/0812_central_asia_linn.aspx)); and July 2008 UN WFP Emergency Food Security Assessments in urban and rural areas of Tajikistan (<http://home.wfp.org/stellent/groups/public/documents/ena/wfp>).



resources (hydrocarbons, minerals, hydroelectricity, agriculture), and a strategic geographical position ensures important revenues linked to the transit of goods. If well-managed and redistributed, though this is not presently the case, these assets can help to secure the future of the populations. All these points underline the case for a stronger EU involvement, given also that the states of the region are keen for Europe to play a more active role.

## 3. ROLES OF INTERNATIONAL ACTORS

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### 3.1 Russia

Russia is not a power like the others in Central Asia, as it is the region's former coloniser. This legacy has its positive and negative aspects: positive insofar as the long period of Russo-Central Asian cohabitation bequeathed elements of a common language, culture, history and feelings of common belonging; but negative insofar as it involves the political sensitivities and cultural misinterpretations of the coloniser-colonised relationship. Russian-Central Asian relations are therefore complex, with both actors having highly emotional perceptions of relations to the other.<sup>42</sup>

Since 2000, the Russian influence on Central Asian policy-making has become more direct. Russia has once again become the primary political reference for Central Asian regimes, which are attracted neither to western parliamentary systems nor to Chinese mono-partyism. The Central Asian leaders did not wait for the Putin period to limit political expression and the autonomy of civil society, but they have been able to draw additional arguments of legitimation from the Russian example.

Moscow's three main practical concerns in the region are political influence, economic presence, especially gas and oil exports from Central Asia, and security issues. In the economic domain, Russia has regained ground in the 2000s, although losing several important economic battles.<sup>43</sup> In the economic domain, Russian-Central Asian trade bounced back at the start of the 2000s and tripled between 2003 and 2007, from \$7 to \$21 billion,

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<sup>42</sup> M. Laruelle, *Russia in Central Asia: Old History, New Challenges?*, EUCAM Working Paper, No. 3, EU-Central Asia Monitoring, CEPS and FRIDE, Brussels and Madrid, September 2009.

<sup>43</sup> J. Perovic, "From Disengagement to Active Economic Competition: Russia's Return to the South Caucasus and Central Asia", *Demokratizatsiya*, No. 1, 2005, pp. 61-85.

a third of which is in the hydrocarbon sector.<sup>44</sup> Since 2006, Russia became Kazakhstan's main import partner, and its third largest export partner after the European Union and China. It is now once again Uzbekistan's premier commercial partner, accounting for more than a quarter of its total foreign exchange earnings (more than US\$3 billion in 2007). In addition, Moscow has become Kyrgyzstan's second largest trade partner after China but remains Tajikistan's largest partner, with China second. However, in the trade sector in Central Asia, Russia will in all likelihood be overtaken by China.<sup>45</sup> Russia's role has been heavily concentrated in the energy sector, but even here it is facing serious Chinese competition, as evidenced by the oil and now also gas pipelines from Kazakhstan into China, and the opening in December 2009 of the gas pipeline from Turkmenistan to China via Uzbekistan and Kazakhstan.

Despite the predominance of the energy issue, Russia's trade with Central Asia involves other important sectors of cooperation: uranium, electricity, construction, telecommunications, transport, railways, banks, the military-industrial complex, and lastly certain agribusiness sectors. It is an important actor in heavy industry and infrastructure. But it is a relatively modest and rather uncompetitive actor in the areas of consumer goods, small and mid-sized enterprises and new technologies. This stratification offers a more general reflection of the Russian economy as a whole, which still has difficulty diversifying itself. But it is also explained by the state of the Central Asian economies, in which small and mid-size enterprises and new technologies struggle to find a place. These economies have roles as transit zones for Russo-Chinese trade, hence the emphasis on infrastructure and freight-related services.

The economic crisis has paradoxically helped Russia reinforce its influence and stakes in its neighbouring countries. While the Russian rouble and currency reserves were weakened, the Central Asian states were even more vulnerable. The Kremlin decided therefore to set up a

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<sup>44</sup> V. Paramonov and A. Stokov, *Ekonomicheskoe prisutstvie Rossii i Kitaia v Tsentral'noi Azii* [The Economic Presence of Russia and China in Central Asia], Central Asia Series, Defence Academy of the United Kingdom, 2007.

<sup>45</sup> For more details, see S. Peyrouse, "The Economic Aspects of the Chinese-Central-Asia Rapprochement", *Silk Road Papers*, The Central Asia and Caucasus Institute, Washington, D.C., 2007.

stabilisation fund of \$10 billion to help its neighbours, of which it will finance three-quarters. For example Kyrgyzstan has been promised \$2 billion, of which part was emergency aid but most has been earmarked for the Kambarata hydroelectric station and the reconversion of Kyrgyz public debt into a Russian holding in the main Kyrgyz military-industrial enterprise.

The second key aspect of the Russian presence in Central Asia is that of regional security, which has been the primary driving force behind Moscow's continued interest in the region since the early 1990s. However, since 2000, the mechanisms of this collaboration have been transformed. The security challenges for Russia in Central Asia are multiple and complex. Any destabilization in the weakest (Kyrgyzstan, Tajikistan) or the most central (Uzbekistan) states would have immediate repercussions in Russia. The threats include Islamist infiltration in the Volga-Ural region and the North Caucasus, indeed in the whole of the country; an increase in the inflow of drugs reaching the Russian population; loss of control over the export networks of hydrocarbons, over uranium sites, strategic sites in the military-industrial complex, and electricity power stations; a drop in trade exchanges; a loss of direct access to Afghanistan; an uncontrollable surge of flows of migrants, in particular of refugees. For Moscow, the security of the southern borders of Central Asia is seen as a question of domestic security. The 7,000 kilometres of Russo-Kazakhstan border are virtually impossible to secure. This means that clandestine traffic has to be better controlled 'upstream' before the border, which goes to confirm Central Asia's role as a buffer zone for Russia.

Russo-Central Asian regional collaboration is organised mainly in the framework of the Collective Security Treaty Organization (CSTO). Apart from its role in the elaboration of collective strategies to counter terrorism and drug-trafficking, the CSTO is the only regional institution with a genuine military dimension.<sup>46</sup> The Collective Rapid Deployment Force for Central Asia, consisting of Kazakh, Kyrgyz, Russian, and Tajik units, totalling around 4,000 troops, is the only trained armed force capable of intervening in real time, and will probably be upgraded to 15,000 soldiers. CSTO common military exercises, carried out annually in one of the

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<sup>46</sup> V. Paramonov and O. Stopolski, *Russia and Central Asia: Multilateral Security Cooperation*, Central Asia Series, Defence Academy of the United Kingdom, 2008.

countries members, simulate terrorist attacks or anti-narcotics operations. However, bilateralism dominates in the domain of security. Russia has kept or regained numerous military and research facilities in Kazakhstan, Kyrgyzstan and Tajikistan, has gained two military bases in Kyrgyzstan at Kant, in Tajikistan at Aini, with the possibility of a further in Kyrgyzstan at Osh.<sup>47</sup> The second largest domain of cooperation, which assures Russia its dominant role in the military sector, is personnel training for hundreds of Central Asian officers trained each year in Russian military academies. Moreover, the FSB border service plays an advisory role and provides technical assistance to Kyrgyzstan and Tajikistan. And Russia offers the preferential sale of military material at domestic Russian market prices to Central Asian states, and has revived cooperation between military-industrial complexes.

Despite its 'return' to Central Asia in the 2000s, Moscow no longer has a monopolistic hold over the region. The Kremlin has not tried to reintegrate with the Central Asian states politically.<sup>48</sup> Though Moscow wishes to remain Central Asia's 'number one' partner, it no longer imagines that its presence can be exclusive. Russia's return has been a partial success insofar as it has again become accepted as an important partner and a legitimate ally. Despite its large presence in the domains of strategy and the military, Russia is without a strategic solution for the potential risks of destabilisation facing Central Asia, be it those related to Afghanistan (Islamism and drug trafficking), or those internal to Central Asian societies, which have to do with their difficult social and economic situations. For the present, the Kremlin is content to exercise its influence at the political, economic, cultural and individual levels as best it can, although some of its foreign policy actions have not helped (notably its invasion of Georgia and the recognition of Abkhazia and South Ossetia in 2008 was viewed very negatively in Central Asia).

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<sup>47</sup> R. McDermott, "CSTO in Crisis as Moscow Secures Second Military Base in Kyrgyzstan", *Eurasia Daily Monitor*, Vol. 6, No. 149, 4 August 2009 ([http://www.jamestown.org/single/?no\\_cache=1&tx\\_ttnews%5Btt\\_news%5D=35357&tx\\_ttnews%5BbackPid%5D=7&cHash=006b71f6e3](http://www.jamestown.org/single/?no_cache=1&tx_ttnews%5Btt_news%5D=35357&tx_ttnews%5BbackPid%5D=7&cHash=006b71f6e3)).

<sup>48</sup> L. Jonson, *Vladimir Putin and Central Asia. The Shaping of Russian Foreign Policy*, London: I.B. Tauris, 2004.

### 3.2 China

In less than two decades, Beijing has managed to make a massive and multi-faceted entry onto the Central Asian scene. Having resolved border issues with its direct Central Asian neighbours, it has proved itself a loyal partner on the level of bilateral diplomacy. China has become a leading trade partner as well as in investment in hydrocarbons and infrastructure, and has succeeded in turning the Shanghai Cooperation Organization (SCO) into a regional structure appreciated by its members. At the same time it has learned how to negotiate its advances in the region with Russia, the second major member of the Organization.<sup>49</sup> Both China and Russia share a common interest in preserving the political status quo in Central Asia. Both consider the established regimes to be stabilising elements.

Trade between China and Central Asia has been booming for almost a decade, and is profoundly changing the economic status quo in the region.<sup>50</sup> In 2007, Sino-Central Asian trade reached at least \$18 billion, compared to \$21 billion for Russia.<sup>51</sup> The trade gap between Russia and China is thus reducing to the advantage of the latter, whose commercial development seems exponential. Taking into account shuttle trade, China's economic presence in bordering countries like Kazakhstan and Kyrgyzstan is already greater than Russia's.<sup>52</sup> However, there is a particular lack of diversification in Central Asian exports to China, composed mainly of raw materials. Conversely, Chinese finished products account for more than 90

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<sup>49</sup> S. Peyrouse, *Central Asia's Growing Partnership with China*, EUCAM Working Paper, No. 4, EU-Central Asia Monitoring, CEPS and FRIDE, Brussels and Madrid, October 2009.

<sup>50</sup> V. Paramonov and A. Stokov, *Ekonomicheskoe prisutstvie Rossii i Kitaia v Tsentral'noi Azii* [The economic presence of Russia and China in Central Asia], Central Asian Series, 07/12, Conflict Studies Research Centre, Defence Academy of the United Kingdom, 2007, p. 3.

<sup>51</sup> V. Paramonov and A. Stokov, *Ekonomicheskoe prisutstvie Rossii i Kitaia v Tsentral'noi Azii*, op. cit., p. 4.

<sup>52</sup> G. Raballand and A. Andrésy, "Why should Trade between Central Asia and China Continue to Expand?", *Asia Europe Journal*, Vol. 5, No. 2, 2007, pp. 235-252.

percent of Chinese exports to Central Asia,<sup>53</sup> and the region seems bound to experience a reinforcement of its economic specialisation in raw materials.

The energy issue is of course one of the driving forces of Sino-Central Asian economic relations. In less than a decade, Chinese companies have successfully launched themselves in the Kazakh market, and by 2006, they were managing about 24 percent of Kazakh production.<sup>54</sup> The Chinese strategy is to connect all the acquired fields with the giant Sino-Kazakh oil and gas pipelines, which is presently under construction, and which will connect the shores of the Caspian to Dostyk/Alashankou border post in 2011. Secondly, China is interested in the gas deposits in Uzbekistan and Turkmenistan. In spite of the challenging regional situation, it has succeeded in building a gas pipeline at great speed from Turkmenistan across Uzbekistan and Kazakhstan into China, which began to operate in December 2009,<sup>55</sup> and also inaugurated a gas pipeline from Kazakhstan in January 2010. Beijing is further interested in the Central Asian hydroelectricity sector, in the mineral industry, in road and railways infrastructures, and in telecommunications.

The long-term implications of China's engagement for landlocked Central Asia in terms of transit and transport will therefore partially determine the future of the region. Chinese investments in infrastructure will enable the Central Asian states to escape from their dependence on the deteriorating Soviet-era infrastructure networks. China supplies many consumer products that suit Central Asian demands, including the growing technology consumption needs of the middle classes, in particular in Kazakhstan. The re-exportation of Chinese goods has also become one of the largest economic activities of Kyrgyzstan,<sup>56</sup> offering a new range of jobs in the tertiary sector. If Beijing has not yet managed to develop a cultural

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<sup>53</sup> V. Paramonov and A. Stokov, *Ekonomicheskoe prisutstvie Rossii i Kitaia v Tsentral'noi Azii*, op. cit., p. 5.

<sup>54</sup> But this proportional share of total Kazakh oil production will decrease in the forthcoming years as the exploitation of Tengiz and Kashagan increases the size of the pie to China's disadvantage.

<sup>55</sup> "Turkmenistan: gas pipeline to China is ready", *Asia News*, 22 August 2006 (<http://www.asianews.it/index.php?l=en&art=6997>).

<sup>56</sup> G. Raballand and B. Kaminski, "La déferlante économique chinoise et ses conséquences en Asie centrale", op. cit.

diplomacy, it has nonetheless undertaken to strengthen its linguistic influence in Central Asia. This has been well-received among the younger generations seeking profitable career opportunities. Fluency in Chinese also guarantees a quick rise up the social ladder in both the public administration (especially in the Ministry of Foreign Affairs), and the private sector (especially the sectors relating to trade, transit, freight, legal supervision, translation, etc.).<sup>57</sup>

In the security domain the SCO has helped to defuse a number of potential conflicts, especially those along borders. However it has no defined military structure like the CSTO, nor does it seek to create multilateral military units. It did establish the Regional Anti-Terrorist Structure (RATS) in Tashkent in 2004, which is meant to develop common approaches to combat terrorist movements.<sup>58</sup> Now that the SCO has passed a certain threshold of political development the organisation faces new challenges, since its manifold activities amount largely to declarations of intent. The financial resources of the SCO are small, and its bureaucratic structures weak.

The extension of the SCO, particularly to the economic sector, elicits a debate among member states that reveals their often-contradictory interests. China is obviously the main driver in favour of an economic reorientation of the SCO, regarding it as an opportunity for the development of its own 'Far West'. Given China's booming development, both Moscow and the Central Asian states are apprehensive about Chinese economic domination and argue that a free trade zone is possible only between countries that are on the same economic level. However, some sectors seem to be increasingly favoured in the multilateral framework of the SCO, such as transport corridors between China and the Caspian Sea that run through Russia and Central Asia; agreements on exporting electricity; and developing structures to coordinate the trade and transit of hydrocarbons among the SCO member states. However the SCO has failed

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<sup>57</sup> M. Laruelle and S. Peyrouse, *China as a Neighbor. Central Asian Perspectives and Strategies*, Silk Road Monograph, Central Asia and Caucasus Institute, Washington, D.C., April 2009.

<sup>58</sup> Zh. Huasheng, *Kitai, Tsentral'naia Aziia i Shankhaiskaia Organizatsiia sotrudnichestva* [China, Central Asia, and the Shanghai Cooperation Organization], Working Paper No. 5, Carnegie Endowment for International Peace, Moscow, 2005.



to coordinate joint activities against drug-trafficking or to become a platform for discussion on the water issue. Despite the fact that Dushanbe, Bishkek and Tashkent call for the SCO to mediate their water conflict, China has always refused to become involved, possibly because of sensitivities around its two rivers that flow into Kazakhstan.

The Central Asian region has a particular strategic importance for Beijing because of its proximity to Xinjiang. Any extension into Central Asia of the violence and instability observed in Afghanistan and Pakistan could impact upon China's north-west. For the time being, China and Russia share similar geopolitical objectives in Central Asia: both of them desire stability on their borders, are concerned about the ability of the Central Asian states to withstand destabilisation (whether from civil war, Islamist insurrection, popular uprising, or palace revolution), and to control drug-trafficking from Afghanistan. Both also reject the notion that the West ought to have any right to oversee the Eurasian space, and see advantages in the present cooperation, as in the SCO. Beijing seems little inclined to get more involved in the domestic politics of the Central Asian regimes. The Chinese authorities are aware of their limited ability to manage their own unstable border regions, especially after the events of spring 2008 in Tibet and those of July 2009 in Xinjiang. Beijing's Central Asian policy has therefore, first and foremost, been aiming at pragmatic results.

### **3.3 The United States**

In the early 1990s, American involvement Central Asia initially sought to prevent the proliferation of nuclear arms and weapons of mass destruction, and particularly focused on helping Kazakhstan proceed with the dismantling of its nuclear arsenal. Meanwhile the United States mainly financed development programmes for civil society and for the transition to a market economy, including the Freedom for Russia and Emerging Eurasian Democracies and Open Markets Support Act (making the remarkable acronym 'FREEDOM'), the Central Asian-American Enterprise Fund (CAAEF), etc. Each American visit to the region was accompanied by reminders about democratic norms. Trade relations nevertheless remained minimal and mostly centred on cotton (for example the latter represented nearly 90 percent of American purchases in Uzbekistan). American companies were scarcely interested by Central Asian markets, despite the presence of several large enterprises.

In 1997, Zbigniew Brzezinski signalled a strand in US geo-political thinking with his remark that Eurasia remains the chessboard on which the combat for global primacy is played out.<sup>59</sup> More operationally, in 1998-1999 changes in the zones of responsibility of the major American military commands moved Central Asia out of Eucom (European Command) and into Centcom (Central Command), thus no longer mapped as part of the post-Soviet space but rather as part of the so-called Great Middle-East. Uzbekistan was quickly perceived as a first-order ally in the region. This was reinforced after the events of September 11, 2001. The resolutely pro-American commitment of the Uzbek authorities highlighted the idea, in Washington, that Uzbekistan could be the centrepiece in the fight against Islamism and a special ally in Central Asia.<sup>60</sup> Washington concentrated on military cooperation with Tashkent, in particular in the struggle against Islamic terrorism, and on democratisation projects in Kyrgyzstan. The United States seemed at the apogee of its influence after September 11, 2001, when it acquired two military bases, namely Karshi-Khanabad in Uzbekistan and Manas in Kyrgyzstan, with the tacit agreement of Moscow.<sup>61</sup>

However, relations were far from being settled. The Central Asian regimes publicly rejected interference carried out in the name of human rights and civil society, and did not appreciate Washington's antagonistic relations with Russia, forcing them to take a stance one way or the other.<sup>62</sup> In addition, the Uzbek alliance turned out to be more complicated than expected, culminating in its geopolitical turnaround in 2005, with the closing of the American base. Moreover the re-centring of American foreign policy on the Middle East disappointed the Central Asian states, who felt

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<sup>59</sup> Z. Brzezinski, *The Grand Chessboard: American Primacy and its Geostrategic Imperatives*, New York: Basic Books, 1998.

<sup>60</sup> E. Yazdani, "US Democracy Promotion Policy in the Central Asian Republics: Myth or Reality?", *International Studies*, Vol. 44, No. 2, 2007, pp. 141-155.

<sup>61</sup> On the history of the US base in Uzbekistan, see G. Gleason, "The Uzbek Expulsion of U.S. Forces and Realignment in Central Asia", *Problems of Post-Communism*, Vol. 53, No. 2, 2006, pp. 49-60.

<sup>62</sup> M. Brill Olcott, *A New Direction for U.S. Policy in the Caspian Region*, Carnegie Working Papers, Carnegie Endowment for International Peace, Washington, D.C., February 2009.

abandoned. The Iraq war heightened the negative image of the United States in the region.<sup>63</sup>

On the economic level, American influence remained quite limited. The United States encouraged the accession of Central Asian states to prepare for accession to the World Trade Organization and signed a multi-party Trade and Investment Framework Agreement (TIFA) in 2005 with the five countries.<sup>64</sup> It also extended the benefits of the Generalized System of Preferences (GSP) to products from Kazakhstan, Kyrgyzstan and Uzbekistan, has Bilateral Investment Treaties (BITs) with Kazakhstan and Kyrgyzstan, and has signed a BIT with Uzbekistan, which has not yet entered into force. However, trade relations remain slight. The United States is Astana's fifth largest trading partner, the seventh largest of Turkmenistan, the ninth of Kyrgyzstan, the tenth of Uzbekistan, and the twelfth of Tajikistan.<sup>65</sup> Even at the level of energy, the ledger is meagre: if the Baku–Tbilisi–Ceyhan (BTC) oil pipeline and the Baku–Tbilisi–Erzerum (BTE) gas pipeline have opened up the Caucasus to the Turkish Mediterranean, but for Central Asia this has meant only a secondary export route for Kazakh oil that is trans-shipped across the Caspian.<sup>66</sup> The American projects hoping for an opening into India and Pakistan, with Afghanistan as a transit zone, have failed thus far (e.g. the proposed Turkmenistan-Afghanistan-Pakistan-India pipeline), or have only been realised to a limited degree (e.g. for the export of electricity).<sup>67</sup>

American aid for the democratisation of Central Asia was focused on the promotion of civil society mainly through NGOs, rather than on state reform. Here, too, the balance-sheet is modest. Since state-to-state relations on matters of democracy were difficult to construct and effectively put

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<sup>63</sup> M. Laruelle's and S. Peyrouse's interviews with Central Asian experts, spring 2008.

<sup>64</sup> G. Evstafiev, "Some Thoughts on the Evolution of US Approaches to Regional Security Issues in Central Asia", *Arms Control & Security Letters*, No. 1(164), February 2006.

<sup>65</sup> Table compiled on the basis of official figures available for each country at <http://ec.europa.eu/trade/issues/bilateral/data.htm>.

<sup>66</sup> J. Nichol, "Central Asia's Security: Issue and Implication for US's Interests", *Congress Research Service*, February 2009.

<sup>67</sup> Ibid.

aside, the result was support for a myriad of NGO's and individuals with the skills to access the financing on offer. But this led the United States to be seen as supporting actors that were in the eyes of the population associated with state weakness, implying the illegitimacy of the state apparatus, and indeed a dangerous conjunction between the market economy and social chaos. This was the perception of the authoritarian regimes of the region, such as that of President Karimov in Uzbekistan; whereas the counter-example of Kyrgyzstan, initially a quite open society, became less and less distinguished from the region's prevalent authoritarianism.<sup>68</sup>

As regards military cooperation, in 2003 the United States launched the Caspian Guard, a training programme for a network of special and police forces of Caspian countries that would enable rapid and effective reaction to emergency situations, in particular to terrorist threats against oil industry installations.<sup>69</sup> The ambitious final objective is reportedly to establish an integrated regime of air, sea and border control. The Caspian Guard principally concerns Azerbaijan and Kazakhstan. Since 1990s Astana has hosted many US coastguard delegations and has acquired military patrol boats. The United States' financial, technological and training assistance to the Kazakhstani navy increased in the 2000s, when Astana resolved to create a significant naval force.<sup>70</sup>

At the outset of the Obama administration Washington's influence in the region was at its lowest ebb.<sup>71</sup> The White House's declared objective is today to reconstruct its relations with the region. The priority concern over Afghanistan and Pakistan also presumes a strengthening of relations with Central Asia since of the four major roads leading to Kabul only the northern one from Central Asia crossing the Panshir Valley is secured. The United States has succeeded in obtaining from Tashkent and Dushanbe an

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<sup>68</sup> On this issue, see T.W. Simons, Jr., *Eurasia's New Frontiers. Young States, Old Societies, Open Futures*, Ithaca, NY and London: Cornell University Press, 2008.

<sup>69</sup> O. Oliker and D.A. Shlapak, *U.S. Interests in Central Asia. Policy Priorities and Military Roles*, RAND Corporation, Washington, D.C., 2005.

<sup>70</sup> M. Laruelle and S. Peyrouse, "The Militarization of the Caspian Sea: 'Great Games' and 'Small Games' Over the Caspian Fleets", *op. cit.*

<sup>71</sup> M. Brill Olcott, *A New Direction for U.S. Policy in the Caspian Region*, Carnegie Working Papers, Carnegie Endowment for International Peace, Washington, D.C., February 2009.

agreement on the transit of non-lethal supplies to Afghanistan via rail, road, and air<sup>72</sup> and is preparing two particular supply routes into Afghanistan from the north: Lithuania-Russia-Kazakhstan-Uzbekistan and Georgia-Azerbaijan-Kazakhstan-Uzbekistan. Rapprochement with Uzbekistan is progressing but its prospects are limited to the security domain. In summer 2009, the United States crystallised these ideas in establishing the Northern Distribution Network (NDN), as a series of logistic arrangements linking the Baltic and Caspian ports with Afghanistan via Russia and the Central Asian states. This will lead to a strengthening of the partnership between the United States and Central Asia and increase the stakes for Central Asian interests in Afghanistan.<sup>73</sup> The US has more generally adopted a wider regional view linking Central Asia strongly with the South Asian region, as highlighted by the choice of the State Department to group these regions together in their internal organigramme, thus disconnecting Central Asia from the rest of the former Soviet Union.

### 3.4 Turkey, Iran, Japan, India

While Turkey, Iran, Japan and India may be far behind the major players in Central Asia in terms of geopolitical influence and economic relations, their presence is still significant and permits the states of Central Asia to diversify their partnerships and to cooperate in specific domains without geopolitical complications.

With the independence of the Central Asia states at the start of the 1990s Turkey sought to play up their cultural affinities with the region.<sup>74</sup> It hoped to get actively involved in the political construction of the states through the introduction of the Turkish model of democracy, secularism, and modernity. However, a certain naive optimism in the early years led Turkey to make cultural misinterpretations that were particularly badly viewed by the new states: the discourse about the unity of the Turkic world

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<sup>72</sup> M. Laruelle, *Beyond the Afghan Trauma: Russia's Return to Afghanistan*, Jamestown Occasional Paper, The Jamestown Foundation, Washington, D.C., August 2009.

<sup>73</sup> A. Kuchins, T. Sanderson and D. Gordon, *The Northern Distribution Network and the Modern Silk Road*, CSIS, Washington, D.C., December 2009.

<sup>74</sup> B. Balci (ed.), *La Turquie en Asie centrale: La conversion au réalisme (1991-2000)*, IFEA Occasional Paper, No. 5, 2001.

was quickly denounced as a 'big brother' manoeuvre from Ankara.<sup>75</sup> While Ankara might have failed to entrench the idea of Turkic unity, intellectual exchanges, in particular for students, and the networks of Turkish schools and universities have become real marks of Turkish presence in Central Asia.<sup>76</sup> In addition, Turkey has adjusted its policies and objectives to a more modest reality. On the military level, Ankara has become one of the turntables of the NATO Partnership for Peace, hosting many Central Asian officers for training. On the economic level, Turkey is one of the major partners of Turkmenistan, and has seen its trade levels with Kazakhstan grow rapidly. However, Turkish companies occupy no more than a few secure trade niches: construction, textiles and foodstuffs. Their presence in other sectors such as energy, transport infrastructure, telecommunications and banking suffer strong competition from other players; China in particular.

Despite its proximity, in the years following independence the Iranian leaders lacked specific ideas about the region and did not consider it a priority.<sup>77</sup> Tehran only adopted a substantial Central Asian policy when Mohammad Khatami came to power in 1997. Confronted by Western pressures in the Middle East, Iran sought to reinforce its Asian identity. For their part the Central Asian states were hesitant in relation to Iran, which they suspected of wanting to promote radical Islam, in part because of its support for the Party of Islamic Rebirth of Tajikistan.<sup>78</sup> While religion-based accusations frequently recur, the relationships have changed with the process of 'de-ideologicalisation' of much of Iranian foreign policy.<sup>79</sup> The

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<sup>75</sup> J. Zardykhan, "Turkey and Central Asia: From Fraternity to Partnership", in M. Esteban and N. de Pedro (eds), *Great Powers and Regional Integration in Central Asia. A Local Perspective*, Fundación Alternativas and the Kazakhstan Institute of Management, Economics and Strategic Research in Almaty, 2008, pp. 79-93.

<sup>76</sup> B. Balci, "Fethullah Gülen's Missionary Schools in Central Asia and their Role in the Spreading of Turkism and Islam", *Religion State and Society*, June 2003, pp. 151-177.

<sup>77</sup> E. Efeğil and L.A. Stone, "Iran's interests in Central Asia: a contemporary assessment", *Central Asian Survey*, Vol. 20, No. 3, 2001, pp. 353-365.

<sup>78</sup> H.Y. Freij "State interests vs. the *umma*: Iranian policy in Central Asia", *The Middle East Journal*, Vol. 50, No. 1, 1996, pp. 71-83.

<sup>79</sup> S. Hunter, "Iran's Pragmatic Regional Policy", *Journal of International Affairs*, Vol. 56, No. 2, 2003, pp. 133-147.

Central Asian states for their part are generally pro-Israeli and reject Iranian discourses on this topic. Since the early 2000s, Iran has seemed a reliable regional partner, even if the sole collective regional organisation which they share with Central Asia, the Economic Cooperation Organization (ECO), plays a marginal role in the development of Iranian-Central Asian trade exchanges. Tehran has become an ally of the Turkmen government and one of its main electricity and gas clients, although relations have been deteriorating since 2008. Kazakhstan and Iran have set up an oil trade swap system: Kazakh oil is transported to the Iranian port of Neka via the Caspian, while Iran sends equivalent volumes to Kazakhstan's commercial partners from its terminals in the Persian Gulf. While relations with Uzbekistan are relatively poor, its linguistic proximity to Tajikistan has made Iran one of its premier political allies and economic partners. The Central Asian and Iranian governments hope to develop common transport networks in order to activate economic activity, whose levels have remained modest. However, there remain tensions, namely over legal the status of the Caspian Sea and the division of its waters, and over Iran's nuclear ambitions, which unsettles the Central Asian capitals.

Confronted with an exponentially growing Chinese presence and the preservation of a strong Russian influence, Japan has difficulty in establishing its place in Central Asia.<sup>80</sup> Between 1992 and 2004, Tokyo spent more than \$2 billion in the form of credits, subsidies for specific projects, and technical cooperation, to bolster the development of the Central Asian states. Despite this substantial aid, Japan remains rather invisible as a partner, illustrating the difficulties involved in projecting soft power in a region where precepts of spheres of influence and geopolitical rivalry are dominant.<sup>81</sup> Tokyo privileges long-term development as a way of contributing to global regional stability. Despite the pro-active discourses of Prime Minister Ryutaro Hashimoto on Japan's new "Eurasian diplomacy" in 1997, it was not until 2004 that any real impulse was observed. To this end, Tokyo has proposed the creation of an initiative

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<sup>80</sup> T. Uyama, "Japanese Policies in Relation to Kazakhstan: Is There a 'Strategy'?", in R. Legvold, *Thinking strategically : the Major Powers, Kazakhstan, and the Central Asian Nexus*, Cambridge, MA: MIT Press, 2003, pp. 165-186.

<sup>81</sup> C. Len, T. Uyama and T. Hirose (eds), *Japan's Silk Road Diplomacy. Paving the Road Ahead*, Silk Road Monograph, The Central Asia and Caucasus Institute, Washington, D.C., 2008.

called “Central Asia + Japan”, modelled its relationship with ASEAN. This would be designed to shift from bilateral relations to a multilateral dialogue on complex subjects such as economic cooperation, the joint management of energy resources, trade development through regional transport, the fight against terrorism and drug trafficking.<sup>82</sup> While Japan struggles to establish a significant role in the region alongside Russia and China, Japanese investments are quite diversified, from oil and gas projects to the management of natural catastrophes, the supply of food and agricultural aid, and support for schools. Major Japanese companies such as Mitsubishi, Marubeni, Toshiba, JGC, Itochu, etc., are prepared to invest substantial sums in strategic domains such as access to hydrocarbons, the construction of refineries, and uranium. Indeed, Kazakhstan is in the process of becoming one of Tokyo’s major partners in the nuclear domain.<sup>83</sup>

Central Asia is of increasing interest to both Islamabad and New Delhi, which also means a new space of competition between India and Pakistan.<sup>84</sup> The Central Asian regimes, for their part, favour the entry of both these two states into their markets, seeking in particular to avoid being caught up in the stresses of Russian-Western or Russian-Chinese relations, and to facilitate their own geopolitical openings. However, despite the official discourses that vaunt the development of cooperation, Central Asia has not become a priority for either India or Pakistan.<sup>85</sup> For their part the states of Central Asia do not consider these two countries to be political models: Pakistan is perceived as an unstable state and a potential Islamist threat, while India’s democratic system is hardly more attractive. India’s and Pakistan’s nuclear status and their refusal to join the nuclear non-proliferation treaty also displeases the Central Asian regimes.

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<sup>82</sup> T. Yuasa, “Japan’s Multilateral Approach toward Central Asia”, in A. Iwashita (ed.), *Eager Eyes Fixed on Slavic Eurasia: Volume 1, Russia and Its Neighbors in Crisis*, 21<sup>st</sup> Century COE Program Slavic Eurasian Studies, No. 16-1, Slavic Research Center, Hokkaido University, Sapporo, June 2007, pp. 65-84.

<sup>83</sup> K. Shima, “Japan’s Energy Strategy towards West and Central Asia under Contemporary Globalization”, in *ibid.*, pp. 157-174.

<sup>84</sup> S. Akbarzadeh, “India and Pakistan’s Geostrategic Rivalry in Central Asia”, *Contemporary South Asia*, Vol. 12, No. 2, 2003, pp. 219-228.

<sup>85</sup> M. Singh Roy, “Pakistan’s Strategies in Central Asia”, *Strategic Analysis*, Vol. 30, No. 4, 2006, pp. 798-833.



Moreover, relations between the two regions – Central and South Asia - are hampered by a multitude of factors, due not so much to geographical distance (the gap separating them is only some several hundred kilometres, and even less along the Wakhan corridor which links the Tajik Pamir to the north-west regions of Pakistan), as to Afghanistan's chronic instability.<sup>86</sup> Nonetheless, for some years several factors have emerged that are favourable to the development of Indian-Pakistani-Central Asian relations.<sup>87</sup> New Delhi and Islamabad are both interested in Central Asian energy resources, through a proposed electricity transmission link (the CASA 1000 project) going from Kyrgyzstan and Tajikistan through Afghanistan to Pakistan and India, and through the proposed TAPI gas pipeline link (Turkmenistan-Afghanistan-Pakistan-India). A certain number of sectors have been identified for the development of trade exchanges between Central Asia and India: energy of course, but equally the pharmaceutical market, information technology, expertise services, textiles, and mechanical construction. Indo-Kazakhstan and Indo-Tajikistan military cooperation is also in full development, as is that between Astana and Delhi in the spatial sector.

*Table 8. Turkey, Iran, Japan and Indian bilateral trade with Central Asia, 2008 (€ million)*

	<b>Kazakhstan</b>	<b>Kyrgyzstan</b>	<b>Uzbekistan</b>	<b>Tajikistan</b>	<b>Turkmenistan</b>
<b>Turkey</b>	4 <sup>th</sup> (2,105)	5 <sup>th</sup> (172)	5 <sup>th</sup> (611)	6 <sup>th</sup> (223)	4 <sup>th</sup> (736)
<b>Iran</b>	6 <sup>th</sup> (1,209)	17 <sup>th</sup> (14)	13 <sup>th</sup> (131)	7 <sup>th</sup> (119)	3 <sup>th</sup> (1,155)
<b>Japan</b>	8 <sup>th</sup> (689)	14 <sup>th</sup> (26)	9 <sup>th</sup> (253)	29 <sup>th</sup> (1,3)	14 <sup>th</sup> (56)
<b>India</b>	19 <sup>th</sup> (139)	20 <sup>th</sup> (7)	16 <sup>th</sup> (59)	22 <sup>th</sup> (6,7)	20 <sup>th</sup> (36)

*Source:* Table compiled on the basis of official figures available for each country at <http://ec.europa.eu/trade/issues/bilateral/data.htm>.

<sup>86</sup> S. Morre, "Peril and Promise: a Survey of India's Strategic Relationship with Central Asia", *Central Asian Survey*, Vol. 26, No. 2, 2007, pp. 279-291.

<sup>87</sup> I. Komissina, "Will India Become A Full-Fledged Participant In The Big Game In Central Asia?", *Central Asia and the Caucasus*, Vol. 49, No. 1, 2008, pp. 57-69.

### **3.5 International organisations (OSCE/UNDP/NATO/ADB/EBRD/IBRD)**

Activities of the OSCE centres in Central Asia depend on the mandate formulated between OSCE and the individual member states. This does not leave much room for activities in the human dimension, especially in Turkmenistan and Uzbekistan, where they focus on security questions (fight against trafficking in small arms, drugs, people, nuclear and chemical substances, etc) and on the environment (liquidation of the stocks of waste left over from the Soviet regime, prevention of and preparation for natural catastrophes, access to environmental information). In Kazakhstan, on the other hand, the OSCE has more diversified programmes, including police training, support to NGOs and media development, presence in the universities to promote the institution, reinforcing the axis against human trafficking, gender issues, and improvements in the transparency of the electoral system. In Kyrgyzstan, the OSCE is more focused on questions of development, with support to small business and youth entrepreneurship, improvements in migrants' rights, assistance to municipal services to attract investments and aid in poverty-stricken areas. It also runs an anti-corruption and anti-money laundering programme, and another for the reform of the legal system, in particular for the humanisation of laws (abolition of the death penalty) and for a better treatment of prisoners. In Tajikistan, its tasks are similar, including help for development via the amelioration of the economic and investment climate; the securing of the borders and combating trafficking; gender studies; and media development. In May 2009, the OSCE opened a border staff training centre in Dushanbe whose mission is to enhance cross-border and inter-agency co-operation in the region, between the Central Asian states and with Afghanistan.<sup>88</sup> Overall the results of these programmes are difficult to gauge. The most political measures (human rights, media rights, electoral reforms and fight against corruption) are those which have the least success, and OSCE is constantly criticised by the Russian and Central Asian governments for these democracy promotion initiatives. Security domains such as the prevention of ecological risks, the protection of women, etc., are more readily accepted by local actors.

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<sup>88</sup> [www.osce.org](http://www.osce.org).

Though the UNDP is less focused on political questions than the OSCE – although it does have a programme for the promotion of democratic government – it pursues a similar programme in the area of development aid. Until December 2009 it executed the EU's BOMCA/CADAP programmes for border management and anti-drug trafficking. The UN Centre for Preventive Diplomacy, opened in Ashgabat in 2008, focuses on conflict prevention capacities through enhanced dialogue between the five Central Asian states and organises competence building in the struggle against organised crime, drug trafficking, and environmental degradation. The UNDP has also set up measures to fight against poverty (micro-finance, etc.), against the HIV Aids epidemic, against malnutrition, and for the protection of groups at risk (migrants, prisoners, prostitutes). The UN agency also has a large ecological programme providing education in environmental issues, as well as help in natural risk prevention and in safeguarding biodiversity in fragile areas (deserts and mountains), the establishment of protected zones, and the promotion of renewable energies, etc. The UNDP works in partnership with the national governments and is therefore focused on specific topics in accordance with the requests of the beneficiary states.<sup>89</sup>

NATO activity in Central Asia is relatively sparse. However, the five states belong to the Euro-Atlantic Partnership Council (EAPC) and to the Partnership for Peace (PfP). NATO's aim in Central Asia is not to prepare states for membership but to keep the lines of communication open with the local governments by involving them as much as possible in activities such as common planning, joint exercises, and information exchanges. The organisation also offers educational facilities, with some Central Asian officers trained at the NATO Defence College and the NATO School. The PfP is officially not concerned about the democratisation of the Central Asian regimes, but foremost about defence cooperation. Some of its objectives, however, such as the reform of civil-military relations and the safeguarding of democratic control of armed forces are however discussed with Central Asian states, although mostly in multilateral settings within the PfP.<sup>90</sup> Cooperation in relation to the war in Afghanistan, and the use of

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<sup>89</sup> [www.undp.org](http://www.undp.org).

<sup>90</sup> J. Boonstra, *NATO's Role in Democratic Reform*, FRIDE Working Paper, No. 38, Madrid, May 2007.

military bases, is of key importance. Apart from the American base in Manas, NATO member states have three other military bases in the region geared to supplying operations in Afghanistan: Germany in Termez, France in Dushanbe, and the US at Kuliab. Kazakhstan is the most advanced in terms of cooperation with NATO: it has an IPAP which involves legislative reforms and a greater democratic opening up in defence management. It is the only country in the region to have created a joint intervention force with NATO troops under a UN mandate, Kazbrig. It participates in the Partnership Action Plan on Terrorism, which foresees the sharing of information with NATO about counter-terrorism and border security. And it also hosts the annual joint counter-terrorist exercise "Steppe Eagle".<sup>91</sup> In years to come, Kazakhstan hopes to officially become the first Central Asian state with NATO interoperability. Relations with Kyrgyzstan and Tajikistan are more limited, in great part due to the weakness of their national armies. Relations were almost completely cut off with Uzbekistan after Andijan but have partly resumed since 2007, while relations with Turkmenistan are very thin.

The Asian Development Bank (ADB), very present in Central Asia, specialises in supporting schemes relating to transport, trade, and energy, in particular via the Central Asia Regional Economic Cooperation (CAREC) programme, whose secretariat is provided by the ADB, and is supported by six multilateral institutions: ADB, EBRD, IMF, UNDP, the Islamic Bank of Development, and the World Bank. Inclusion of the EU was considered at one stage but not pursued, but this could be reconsidered now in the light of its Central Asia strategy and the mandate given to the European Investment Bank. CAREC has developed a comprehensive set of road and rail transport corridors, and has organised a strong consortium of international financial institutions to co-finance multi-billion dollar infrastructural investments, the largest part of which cross Kazakhstan. Kazakhstan works in partnership with the ADB in other areas, including support to the private sector, sustainable development projects, and improving the supply of drinkable water in rural areas. Uzbekistan has been granted a total of \$1.2 billion in loans and \$37 million in technical assistance, principally in the education sector (publishing of textbooks), agriculture (restoring of irrigation networks), and in the transport sector

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<sup>91</sup> More information on <http://www.nato.int/cps/en/natolive/index.htm>.

(principally railways). Kyrgyzstan and Tajikistan are among the ADB's largest aid recipients and enjoy special loan conditions given their weak income levels. The aid to Kyrgyzstan is principally earmarked for the agricultural, educational, and transport sectors, with the greatest part of ADB assistance going to the latter. Tajikistan, in addition, has been the beneficiary of more traditional programmes, namely a post-conflict portfolio centred on poverty reduction and the repairing of infrastructure destroyed during the civil war.<sup>92</sup> Turkmenistan is the country that is least involved in the ADB and, in 2009, had not yet been given a specific programme, even if several technical assistance programmes have been realized, in particular the coordination of a study for the Turkmenistan–Afghanistan–Pakistan–India Gas Pipeline project.

The EBRD is the largest investor outside the oil and gas sector in Kazakhstan. The Bank focuses on promoting domestic and foreign investment, anti-money laundering schemes, supporting the financial sector, small and medium-sized enterprises, and public sector infrastructure. The EBRD supports the government's efforts to improve the investment climate and to diversify the economic structure, and cooperates with the state sovereign wealth fund, Samruk-Kazyna, to achieve corporate governance and operational improvements. It aims to promote transparent practices and fight corruption to improve the business environment. In Kyrgyzstan and Tajikistan, the EBRD is helping to ensure that the private sector plays a prominent role in the economic development by focusing on small and medium-sized enterprises and strengthening the banking sector. In Dushanbe, recent EBRD loans have also assisted in road rehabilitation and construction. Relations are less developed with Turkmenistan and Uzbekistan. With Ashgabat, the EBRD is trying to develop the local private sector and to dialogue with the government on issues such as the need to unify the dual exchange rate, to restructure the Foreign Exchange Reserve Fund, and to improve the provision of economic data. With Tashkent, the EBRD maintains continuous policy dialogue and encourages economic reforms and institution-building, but has stopped intervention in cotton-related projects due to malpractices in this sector (child labour).<sup>93</sup>

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<sup>92</sup> [www.adb.org](http://www.adb.org).

<sup>93</sup> [www.ebrd.com](http://www.ebrd.com).

The World Bank (IBRD) has very different level of interaction with the Central Asian states. In Kazakhstan, the Country Partnership Strategy does not focus on financing but on helping the country build a modern, rapidly growing and diversified economy. In Kyrgyzstan, the World Bank works with the Asian Development Bank, the Swiss Development Cooperation, Germany, the UK Department for International Development, the EU and the United Nations Agencies on a core strategy to support the Kyrgyz's development agenda to improve the environment for business and economic growth and the quality of access to basic services (health, education, water and sanitation). In Tajikistan, the World Bank concentrates on three goals: improving business opportunities in rural and urban areas; enhancing the quality of the human capital; and exploiting the country's hydropower potential. As for other international actors, relations with Turkmenistan and Uzbekistan are more difficult. In 2007, Ashgabat and the World Bank renewed their dialogue after many years of cold relations. The Bank has since been supplying technical assistance for anti-money laundering schemes, the countering the financing of terrorism, human pandemic preparedness, the modernising the hydro-meteorological services, revenue management, and statistical capacity building. In Uzbekistan, the previous framework for policy dialogue proved largely ineffective but Tashkent and the World Bank have reached a consensus on the need to address poverty reduction and persistent socio-economic inequalities.<sup>94</sup>

Lastly, the role of some other significant external actors should be noted, including Switzerland, which has a significant and successful engagement in Central Asia, and some international non-governmental actors, in particular the Open Society Institute (OSI), which is influential through local offices in Kyrgyzstan, Kazakhstan and Tajikistan where it focuses on civil society, education, human rights and governance programmes. Though not present in Turkmenistan and Uzbekistan, OSI closely monitors developments and works through advocacy campaigns.

The Aga Khan Foundation for Development (AKDN) is another non-governmental actor in Central Asia that is based on the principle of solidarity of the Ismaili community, but extends its operations far more widely in poor countries of Muslim culture. Some political circles in

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<sup>94</sup> [www.worldbank.org/ibrd](http://www.worldbank.org/ibrd).

Central Asia are quite concerned about the growing presence of the Aga Khan Foundation, seeing it as potential political competition, but they all collaborate with it nevertheless. The foundation has three main priorities: long-term economic development, the improvement of social infrastructure, in particular in the sectors of tourism and health, and providing support to cultural and educational activities. The AKDN is focused on the reduction of poverty through development. It endorses a partnership between the state and the private sector and considers that the absence of links between the government, civil society and the business sector forms a major obstacle to the development of the regions concerned. It promotes an ideology of private entrepreneurship that encourages isolated and impoverished communities to participate in their own development. Firmly established in Tajikistan and Kyrgyzstan, less so in Kazakhstan, it supports extremely varied projects ranging from energy autonomy (hydroelectric stations in the Pamir) and mobile telephony, to the granting micro-credits for the diversification of agricultural production and breeding, support for mountainous communities, the promotion of tourism and cultural riches, and the co-financing of regional cooperation projects (bridges between Tajikistan and Afghanistan), etc.<sup>95</sup> Its ambitious plan to set up a University of Central Asia, with campuses in three states, seems to encounter delays in getting off the ground.

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<sup>95</sup> [www.akdn.org](http://www.akdn.org).

## 4. THE EUROPEAN UNION IN CENTRAL ASIA

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### 4.1 Presence of the EU and member states since independence

The EU member states recognised the independence of the five Central Asian states without delay in 1992, and later opened negotiations to place its bilateral relations with each state in the framework of Partnership and Association Agreements (PCAs). Programmes of technical assistance (Tacis) were opened with all five states at an early stage. Progress in completing the PCA agreements has been long and chequered, with disruptive political developments in several instances. In the cases of Kazakhstan, Kyrgyzstan and Uzbekistan the PCAs entered into force after ratification in 1999. However the PCA with Uzbekistan was partly suspended by the EU in 2005 in response to the Andijan events, and this was only lifted in 2008. The PCA with Tajikistan was signed only in 2004, essentially because of the state of civil war that had prevailed during much of the previous decade, and was finally ratified in September 2009. The PCA with Turkmenistan was signed in 1998, but ratification has been not been completed on the EU side by two member states (France and UK) because of the political nature of the regime, but completion is expected in 2010.

In general the PCAs with the Central Asian states follow a similar model, with agreement to extend to each other most-favoured nation (MFN) treatment for trade tariffs. The EU also offers tariff preferences under the General System of Preferences (GSP) regime. The PCAs also set out a loose commitment for the Central Asian states to pursue regulatory approximation on EU standards, which has however seen a very thin application in practice. The agreements also provide for regular bilateral meetings at the foreign minister level in Cooperation Councils, and at senior official level in various sectoral committees and sub-committees. In the case of Kazakhstan it is now envisaged in the context of the Central Asia strategy to negotiate a new more advanced framework agreement, which could take some inspiration from the new 'advanced' agreements



being negotiated with Ukraine in the context of the European Neighbourhood Policy. Kazakhstan is thus being treated as front-runner of the states of the region.

The diplomatic presence of the EU member states sees embassies in all five central Asian capitals only from Germany and France, with the UK present in four. Eighteen member states have embassies in Kazakhstan, and ten in Uzbekistan, with many of these ambassadors having multiple accreditation in other Central Asian states. The nine member states that have no embassies in the region are generally represented by ambassadors accredited with the Central Asia states but resident in their home capitals.

The Commission has so far only a fully fledged Delegation in Kazakhstan. It has Delegations also in Kyrgyzstan and Tajikistan, but the position of Head of Delegation and Ambassador had up to the end of 2009 been assumed by the Head of Delegation to Kazakhstan, with only *chargés d'affaires* and other staff resident. By early 2010 the missions to Kyrgyzstan and Tajikistan were in the course of being upgraded, with resident Heads of Delegation/Ambassadors having been appointed. In Turkmenistan and Uzbekistan the Commission is represented only indirectly by so-called 'Europa Houses', which are staffed by contracted consultants and lack full diplomatic status and political responsibilities. It is expected that a Delegation in Tashkent will be established in a not distant future, whereas the opening of a Delegation in Turkmenistan will have to follow later depending on budget priorities.

The European Commission's technical assistance and other aid programmes are the largest compared to the actions of the member states (for detail see section 4.3 below). The numbers of projects in Table 10 show that of projects currently in operation or planned the Commission accounts for somewhat more than all the actions of the member states together (data on the total monetary value of member state programmes is not available). Moreover some of the relatively important contributions by member states are being ended. The Swedish SIDA is withdrawing from the region and the UK's DFID agency is intending to withdraw after the end of its current multi-year programme. However Finland starts a new programme of development projects covering East Europe and Central Asia, with €64 million committed for this wider region for 2009-2013 (figures for Central Asia alone not available). On the other hand there are some interesting initiatives by new member states. The most striking is a scheme for university students by Poland, which in 2008-2009 has seen the award of as

many as 800 scholarships, reaching out in particular to the significant Polish diaspora in the region, especially in Kazakhstan.

*Table 9. Diplomatic representation of the EU in Central Asia as of 2009*

<b>Country</b>	<b>KZ</b>	<b>KG</b>	<b>UZ</b>	<b>TJ</b>	<b>TR</b>
<b>Representation</b>					
<b>European Commission</b>	*	Delegation with chargé d'affaires, currently being upgraded	Europa House	Delegation with chargé d'affaires, currently being upgraded	Europa House
<b>Austria</b>	*				
<b>Belgium</b>	*				
<b>Bulgaria</b>	*		*		
<b>Czech Republic</b>	*		*		
<b>Finland</b>	*				
<b>France</b>	*	*	*	*	*
<b>Germany</b>	*	*	*	*	*
<b>Greece</b>	*				
<b>Hungary</b>	*				
<b>Italy</b>	*		*		
<b>Latvia</b>	*		*		
<b>Lithuania</b>	*				*
<b>Netherlands</b>	*				
<b>Poland</b>	*		*		*
<b>Romania</b>	*		*		*
<b>Slovakia</b>	*		*		
<b>Spain</b>	*				
<b>UK</b>	*		*	*	*
<i>Without embassies</i> <b>Cyprus, Denmark, Estonia, Ireland, Malta, Luxembourg, Portugal, Slovenia, Sweden.</b>					

Among the contributions of the member states the operations of Germany in all five states are by far the most substantial. Germany's commitment dates back to the reunification of Germany and the dissolution of the Soviet Union, when Chancellor Kohl undertook to launch a substantial programme of aid to the transition process in all former Soviet republics. In the case of Central Asia there was also an historic ethnic German diaspora in the region, many of whom subsequently have migrated to Germany. With Embassies in all five countries and additional offices of the German Technical Cooperation (GTZ), the German Development Service (DED) and the German Development Bank (KfW) in most Central Asian countries, it employs more staff in the region than the EU. German assistance amounts to around €60 million a year,<sup>96</sup> which amounts to about two-thirds of the annual expenditures of the Commission planned for 2007 to 2013. Close co-operation between the German embassies and agencies and the EU presence is therefore a must if the EU and its member states' efforts are to be seen as a coherent whole.

The war in Afghanistan has impacted on the presence in Central Asia of some member states. Germany has located in the Uzbek town of Termez, which lies on the frontier with Afghanistan, its logistic hub for supplying its troops in Afghanistan. France has used the airport of Dushanbe in Tajikistan as its air base for operations in Afghanistan, including for some time the basing there of a squadron of fighter-bombers (the base is currently used only for logistic supplies).

It is generally recognized that the Commission's staffing in its Delegations is overstretched in relation to the magnitude of the operations they are charged to manage, and by comparison with most member state embassies. The staff-budget ratios in the member states' embassies are probably of the order of at least twice as high, as also in the case of USAID offices in the region. With the passing of the Lisbon Treaty the Commission's Delegations will be converted into European Union Delegations of the European External Action Service (EEAS), mandated therefore to represent the entirety of EU competences. This will require expansion of their staffing on political questions, notwithstanding the

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<sup>96</sup> Central Asia Indicative Programme (2007-2010), p. 38  
([http://ec.europa.eu/external\\_relations/central\\_asia/rsp/nip\\_07\\_10\\_en.pdf](http://ec.europa.eu/external_relations/central_asia/rsp/nip_07_10_en.pdf)).

stated resolve of the Council to give birth to the new External Action Service on a budget-neutral basis.

*Table 10. Total number of projects in Central Asia by country and by EU member state underway or planned in 2008*

Member state	Number of projects by CA country					Total by member state
	KG	KZ	TJ	TR	UZ	
D	20	16	16	11	24	87
UK	3	7	5	8	7	30
Nl	4	4	4	5	4	21
Fl	4	3	5	4	3	19
Fr	3	7	2	1	4	17
Sw	8	0	7	1	1	17
It	3	2	3	3	3	14
Irl	3	2	3	2	2	12
At	4	1	2	1	2	10
Cz	3	2	1	1	1	8
Lat	3	1	1	1	1	7
Cy	1	1	1	0	1	4
Ro	0	1	1	1	1	4
Sk	1	3	0	0	0	4
Lx	0	1	0	0	1	2
Bg	0	1	0	0	0	1
Be	0	1	0	0	0	1
Lit	0	1	0	0	0	1
Pl	0	1	0	0	0	1
Pt	0	1	0	0	0	1
<b>Total by member states</b>	60	56	51	39	55	261
<b>European Commission</b>	75	64	64	50	50	303

*Source:* Based on EU strategy documents.

With the launch of the Central Asia strategy the Commission's aid programmes are programmed to double in amount to €719 million for the period 2007 to 2013. From these data it is evident that the Commission and

future External Action Service have the predominant role in executing the Central Asia strategy, with only Germany having a substantial operational presence in all five states of the region. The division of labour between the EU and its member states is thus quite different to major capitals such as Washington, Moscow and Beijing where most or all member states have full diplomatic presence. This in turn means that for the credibility of the Central Asia strategy it is vital to complete a full set of five adequately staffed Delegations.

Given the thin or zero representation of many member states in much of the region, taken together with the imminent creation of the External Action Service, the scene is set for considering initiatives to arrange common services for the EU as a whole in the future EU Delegations. The easiest development would be to have the Delegations supply political intelligence systematically to all 27 member states as well as the EU institutions. Over time this could lead to an increasing reliance on the EU for such services, with more member states cutting down on duplicative reporting. Another field would be for consular services. This could see the EU delegations provide certain consular protection services to EU citizens. A more fundamental and logical development would be a common service to issue Schengen visas to visit all such member states, either initially for member states without consulates or for the whole of the Schengen area. There is already results a patchwork of ad hoc cooperative arrangements in Central Asia, with for example the German and French consulates also each issuing visas also for a few other Schengen states on an ad hoc basis. The logic of the Schengen area, with no frontier checks between member states and the availability of the Schengen Information System (negative visa list of high risk individuals, illegal migrants, criminals, suspected terrorists), makes common services for the issuance of visas a natural next step. Central Asia could be a plausible region for a first experimental trial of common visa services located in the EU Delegations. This would be a step of more than administrative advantage, and would help boost the image of the EU quite noticeably.

These needs for more adequate representation are amplified by the poor level of knowledge of the European Union in the region. We heard regularly the comment that officials in the five capitals have difficulty in understanding what the EU is, which is understandable given the poverty of information sources available in these countries in locally used languages and the complexity of the EU as a political institution. Also necessary therefore is a well developed public information instrument on

EU relations with Central Asia. For example the East European and South Mediterranean neighbourhood relationships are both now seeing a technically advanced electronic information service ([www.enpi-info.eu](http://www.enpi-info.eu)), available in the East in both English and Russian. Such information efforts should complement reforms in aid management procedures to make them more user-friendly (see further below).

*Evaluation:* The upgrading of the EU's own diplomatic presence, and its staffing for aid operations, are necessary steps for the effectiveness and credibility of the Central Asia strategy. This is planned but is far from completed. Arrangements for some common consular services should be developed, including most importantly an experimental innovation for common visa services for Schengen states, located in the EU Delegations. A first-class electronic information service about the EU and its actions in Central Asia, in English and Russian, is called for, together with reform of aid management procedures (see further below).

## **4.2 The EU Central Asia strategy since 2007**

The EU's increasing interest in Central Asia was first seen in the appointment in June 2005 of the first Special Representative for the region, with the position held since October 2006 by Ambassador Pierre Morel. Already in the early autumn of 2005 the German foreign ministry and the EU institutions began preparing for the strategy, and Germany's interest in promoting the topic was also heightened by its impending EU Presidency in the first half of 2007. The proposed strategy was duly presented by Germany to the EU Council in June 2007, and adopted at summit level by the European Council in July 2007.<sup>97</sup> The political atmosphere surrounding its adoption was heavily influenced by three entirely separate factors: the logistics of supplies for the ongoing war in Afghanistan, the Andijan uprising in Uzbekistan May 2005, and concern for the diversification of energy supplies following the Russian-Ukrainian gas crisis of January 2006.

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<sup>97</sup> For an early account of the strategy see Andrea Schmitz, "Efficiency and its Costs: The 'Strategy for a New Partnership' with Central Asia", in D. Kietz and V. Perthes (eds), *The Potential of the Council Presidency – An Analysis of Germany's Chairmanship of the EU, 2007*, SWP Research Paper, Berlin, January 2008.

### *4.2.1 Political dialogue*

There have already been regular annual meetings bilaterally at foreign minister level in the framework of the PCAs, where these have entered into force. Since the start of the Central Asia strategy the main innovation has been the holding of regional-multilateral meetings at foreign minister level between the five Central Asia states and the EU Troika. The first such event was in September 2008 in Paris and focused on security issues. The second was in Brussels in September 2009 in Brussels, when a wider agenda was discussed, including regional security issues, energy, water, environment and the global economic and financial crisis. The EBRD and EIB were also represented, which should facilitate the integration of financing with policy directions decided by ministers. The form of regular annual regional-multilateral meetings seems to have become established.

The EU's Special Representative, Ambassador Pierre Morel, has been regularly present in the region, holding consultations up to the highest level. His work is in general highly appreciated in EU diplomatic circles and the foreign ministries of the Central Asian states. He has also been characterised as a necessary 'lightning conductor' in dealing with sensitive matters such as the EU sanctions on Uzbekistan and the big regional water-hydro power questions. Human rights organisations in the region regret, however, that they have not been able to hold consultations with him on the occasion of his visits to the governments, and that he positioned himself so clearly in favour of lifting the Uzbek sanctions even though the EU did not get its conditions accepted. Another concern is that Ambassador Morel has in the last year also been charged with the Georgia peace process, diluting his work in Central Asia.

Inter-cultural dialogue was announced as a topic in the 2007 strategy document, but little appears to have been done so far. There could be useful political dialogue on Islamist movements and parties, and this may start soon in the case of Tajikistan. The EU and its Mediterranean neighbours have ongoing concern for the political participation of moderate Islamist parties, the absence of which can be viewed as a factor aggravating the problem of radical Islam in Central Asia as in the Arab world.

*Evaluation:* the process of political dialogue has been established, but has not got beyond rather general discussions and does not yet have a record of concrete achievement.

### *4.2.2 Human rights and democracy*

One of the first results of the Central Asia strategy has been the establishment of a highly structured Human Rights Dialogue process, with annual meetings at official level, with, in principle, civil society seminars in between at which human rights lawyers and NGOs from the Central Asian states and the EU meet together to prepare detailed materials. The process has now been underway for two yearly cycles in 2008 and 2009. There have been two official rounds of dialogue, and one so far of the civil society seminars. There is now a standard template for this activity, although it only fully works for Kazakhstan, Kyrgyzstan and Tajikistan, with problems in the case of Turkmenistan and Uzbekistan to which we return in a moment. The official dialogue sessions involve on the EU side the human rights officials of the Commission and the Council Presidency and Secretariat, and on the Central Asian side officials from relevant departments such as ministries of the interior and justice.

There is a standard agenda template, which goes through recent and current developments in the human rights situation in the Central Asia state, a list of key topics such as the judicial system, penal system, civil rights and freedoms, cooperation with relevant international organisations, cooperation projects supported by the EU, and finally lists of individual cases of concern (e.g. human rights defenders subject to detention or imprisonment without due legal process). As regards individual cases the EU side typically hands over to the Central Asian side a short document identifying around five cases and presenting the reasons for the EU's concern. The EU side meets with human rights activists the day before the official dialogue sessions when these are held in the Central Asian state.

The civil society seminars assemble large gatherings in the cases of Kazakhstan, Kyrgyzstan and Tajikistan of around one hundred human rights activists and NGOs and legal experts, with academic and NGO counterparts from the EU. The example of the Kazakhstan civil society seminar in July 2009 in Almaty may be described more precisely to illustrate the nature of the activity. The seminar assembled around 100 participants for two days, under the title "Judicial System and Places of Detention: towards European Standards", producing jointly many pages of detailed recommendations on the independence of the judiciary, court efficiency, jury trial, the execution of court decisions, conditions of penal detention, and the regulation of administrative responsibility. The agenda was worked out by the Commission Delegation in Astana with Kazakh



officials. The subject matter was mostly about rather technical matters of legal processes, and by agreement with the Kazakh authorities avoided debate on individual cases. While there was an official EU presence in the seminar, there was no official Kazakh participation. However the Commission subsequently tabled the recommendations at the official dialogue that followed in October 2009. The Kyrgyz and Tajik civil society seminars held in March and July 2009 respectively had comparable civil society participation, but also (unlike the Kazakh case) saw participation by senior officials of these two countries. The Kyrgyz seminar concentrated on prisoners' and children's rights; the Tajik forum on the right to fair trial and independence of the judiciary.

The detailed recommendations and conference reports, in English and Russian, are in principle public documents, and we give our own EUCAM internet links to them here in footnote,<sup>98</sup> since the documents do not yet seem to be available on the websites of the Commission and its Delegations, which is disappointing. A year-by-year monitoring of results observed in relation to the recommendations, with substantial continuity in the experts involved, could become a useful benchmarking mechanism to the official human rights dialogue.

This standard template of official and civil society dialogue seems to be functioning in a relatively satisfactory manner in the cases of Kazakhstan, Kyrgyzstan and Tajikistan. In these three states there is at least some open space for civil society in the human rights field. Although the official sessions are not open, we hear largely consistent reports that the dialogue process is engaged in detail, with both sides exchanging seriously prepared positions in a largely constructive atmosphere. But the limits of the process are also clear: it is a process of dialogue and not one of negotiation. However, it could be given more structured substance by

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<sup>98</sup> Final report from the 1<sup>st</sup> EU – Kazakhstan civil society seminar on Judicial System and Places of Detention: Towards the European Standards ([http://www.eucentralasia.eu/fileadmin/user\\_upload/CS\\_seminars\\_final\\_reports/eu\\_kazakhstan\\_seminar\\_final\\_report\\_sept\\_2009\\_en.pdf](http://www.eucentralasia.eu/fileadmin/user_upload/CS_seminars_final_reports/eu_kazakhstan_seminar_final_report_sept_2009_en.pdf)).

Final report from the 1<sup>st</sup> EU – Tajikistan civil society seminar on The Right to a Fair Trial and the Independence of the Judiciary ([http://www.eucentralasia.eu/fileadmin/user\\_upload/CS\\_seminars\\_final\\_reports/EU-Tajikistan\\_civil\\_society\\_seminar\\_final\\_report\\_English.pdf](http://www.eucentralasia.eu/fileadmin/user_upload/CS_seminars_final_reports/EU-Tajikistan_civil_society_seminar_final_report_English.pdf)).

exploiting the benchmarking potential of the recommendations coming out of the civil society seminars.

The cases of Turkmenistan and Uzbekistan are much more difficult. These are among the most repressed states in the world, with no open space for civil society or NGOs to work on human rights issues. The official human rights dialogues with these two countries follow the same formal template. However, the tone of the sessions is by all accounts difficult, described as 'evasive' on the side of Turkmenistan, and 'aggressive' on the side of Uzbekistan. In particular the Uzbek side has insisted that the dialogue be a symmetrical one, with a place on the agenda for discussion on the human rights situation in the EU, leading to various criticisms of EU treatment of various minorities (e.g. Russian-speakers in the Baltic states) and of Islamophobia in Europe. The pressure for symmetry in the dialogue process should be acceptable as a matter of principle, and explanations of how the EU, member states and the European Court of Human Rights address problem cases within the EU could only be beneficial.

In the case of Turkmenistan there has been no civil society seminar, because there is no independent civil society. There is an 'Institute for Democracy and Human Rights' in Ashgabad, but this is a government agency which is the main Turkmen representative in the official dialogue. In the case of Uzbekistan there was one civil society seminar, at which the Uzbek side was represented only by GONGOs (government organised NGOs). A more recent attempt to organise a second meeting encountered such difficulties and obstacles from the Uzbek side that the process was abandoned.

The EU side says that the process is still at an early stage, and in particular that the building of trust between the parties is somewhat fragile. The EU representatives are of the opinion that only a rather soft approach is possible if the process is not to be aborted, and that there has to develop a sense of common purpose. Is such activity contributing to the cause of improving human rights in these two states, or is it merely a pretence on both sides to be engaging in the intended activity? European diplomats in these capitals say that at present the process is moving forward as far as is feasible. To push harder with benchmarking or conditionalities would, in this view, abort the process. But the risk here is not just that of minimal impact but of a counterproductive effect, through appearing to legitimize activities that are no more than public relations efforts by the repressive state. To avert this risk there should be careful steps to upgrade the process.

The interaction between the official dialogue and the civil society seminars could be strengthened, for example. In particular, the civil society seminars could be tasked with a continuous monitoring of developments, the establishment of benchmarks for this purpose, and the publication of their analyses.

In October 2009 the EU closed the episode of sanctions against Uzbekistan in response to the brutality of the suppression of the Andijan uprising in 2005 (the details of which are given in Box 1). There have been no comparable cases since then in any Central Asia state, even if some of the regimes are extremely repressive. The effectiveness of the Andijan sanctions, and the wisdom of lifting them, is contested. Some observers of Uzbekistan judge that the sanctions served their purpose in inflicting reputational damage on the regime internationally, and even if this led to no evident reforms, the likelihood of a repeat of atrocities at this level may have been reduced. Others criticise the lifting of the sanctions on the grounds that the announced conditions for this were not met, and which therefore has given the wrong message to the regimes of Central Asia. While these are matters of conflicting judgements, the EU has lessons to be taken on board. The first of these is that if the EU is to engage in such measures it has to be disciplined and unified. Naturally this is a topic for a range of political positions in democracies such as the EU, but when the decision is made it has to be loyally backed by all, otherwise the operation and the EU itself is discredited.

The EU will surely continue to be confronted with specific cases of human rights abuse requiring urgent response outside the regular annual cycle of the Human Rights Dialogue. A very recent example has been the case of Evgeniy Zhovtis, a Kazakh human rights defender, which was the subject of an official EU foreign ministers' statement of concern and disappointment at the OSCE, a few days before Kazakhstan acceded to the presidency of the OSCE (see further below in section 4.4.1).

*Box 1. EU sanctions on Uzbekistan after Andijan*

After the massacre of over 700 protestors in May 2005 in the city of Andijan, the EU requested Tashkent to accept an international investigating commission. As President Karimov refused, in November 2005, the EU imposed a three-tier sanction package against Uzbekistan:\* a visa ban against twelve Uzbek officials who had direct responsibility for the killings; an embargo on European arms sales; the cessation of high-level bilateral relations, which meant a de facto partial suspension of the Partnership and Cooperation Agreement (PCA) with that country. The Council also laid out benchmarks for those measures to be reviewed, the clearest among which was the Uzbek government's cooperation with "any independent, international rapporteur appointed to investigate the disturbances in Andijan". That was the first time that the EU had partially suspended a PCA with a partner country.

The sanctions were well received among human rights defenders, all the more so since the European Union was the only regional body that reacted so strongly. The Bush administration was very careful not to follow the European example and Russia later signed a new defence agreement to help secure Karimov's regime in case of internal troubles.

Nevertheless, not all the EU member states were behind this common position. Discussions in the Council were robust each time the measures came up for renewal between countries, led by Germany, who wanted to drop sanctions altogether and those, led by the Netherlands, Sweden and the UK, wanting to maintain them. The Council unwound the sanctions step by step.

- November 2006, lifting of partial suspension of PCA, arms embargo renewed.
- May 2007, four officials off the visa ban list.
- November 2007, visa ban suspended.
- November 2008, visa ban ended
- October 2009, arms embargo lifted.

Each step was accompanied by language along the lines "welcoming progress achieved in Uzbekistan with regard to respect for the rule of law and protection of human rights," although the Commission had a hard time reporting on any real progress in its human rights dialogue with Tashkent. None of the steps towards easing the sanctions were really matched by serious steps from Tashkent, beyond the freeing of a few human rights defenders from Uzbek jails. In particular Tashkent never acted on the European demand for an independent investigation into the Andijan events. Uzbek diplomacy sought to convince the EU that sanctions would not work. These efforts betrayed Karimov's deep annoyance with the European sanctions.

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\* Council Common Position 2005/792/CFSP.

For the EU, human rights and democracy are part of a single normative continuum. In the present state of affairs in Central Asia, however, effective democracy is nowhere on the agenda. As elsewhere in regions dominated by authoritarian regimes, North Africa for example, the EU is not currently pursuing any significant democracy promotion agenda. The accent is on human rights and aspects of 'governance' including the rule of law. The EU seems to be saying that the improvement of human rights is a practical matter to be pursued ahead of, and maybe many years ahead of, any notional timetable for political reforms bringing in pluralistic democracy. In general the promotion of democracy worldwide is experiencing a crisis of confidence over what can effectively be done, although for the near European neighbourhood European standards are understood to be and remain the normative reference. There is a range of views between those who consider that human rights situations can be improved to a rather acceptable quality, even under authoritarian regimes (in a new version of the 'enlightenment'), and those who would argue that democracy, civil liberties and human rights are a package that cannot be taken apart and pursued selectively with wide sequencing margins between the components. Similarly, there is a range of views between those who would advocate parallel economic and political liberalisation processes, and those who see the need for a long period of gradual economic and social advance before democracy can become an effective form of government. In any case, in Central Asia it seems clear that there is currently no movement towards political democracy, with contrary movements seeing the contraction of civil liberties, for example in Kyrgyzstan, and with the post-Niyazov succession in Turkmenistan failing to bring a significant advance in civil liberties.

*Evaluation:* The establishment of the Human Rights Dialogue with all five Central Asian states is one of the innovations of the Central Asia strategy, which involves civil society as well official meetings. For Kazakhstan, Kyrgyzstan and Tajikistan the process is engaged with seriously structured and prepared agendas, including detailed reviews of human rights situations and the tabling by the EU of individual cases of greatest concern. The process is one of dialogue, however, not of negotiation, and results are not visible in the short run. There is a danger of the process falling into an inconsequential routine. For this to be avoided we advocate that the EU raise the bar carefully, for example by inviting the civil society seminars to draw up benchmarks for monitoring progress, and we illustrate the possible content of this in section 4.4 of this report at the

level of each individual state. We regard the use of sanctions, as seen in the Andijan episode, as being a necessary last recourse in the event of extreme circumstances, but the EU has its lessons to be learned about the necessity for manifest unity of purpose in such cases.

### **4.2.3 Rule of law**

The Rule of Law Initiative is one of the regional priority projects of the Central Asia strategy, intended to “support ongoing modernization of the legal sector, as part of a more comprehensive strategy to foster stability, prosperity and respect for human rights”.<sup>99</sup> While the EU lacks an active democratisation agenda for the region, the current work on rule of law – which is more acceptable to the Central Asian authorities – is important as an intertwined element of EU engagement in good governance and human rights. The initiative proceeds at two levels, with high-level political dialogue and specific technical assistance programmes.<sup>100</sup> The official launch event was a ministerial conference in Brussels in November 2008, which agreed to hold two subsequent conferences, which have now been held in 2009, with one in Bishkek organised by Germany and the other in Tashkent organised by France. While the work at the regional level seeks to address similar problems shared by the five states, the state-specific activity is adapted to the different stages of development of the legal systems of each country. The modernisation of legal systems is relatively more advanced in Kazakhstan and Kyrgyzstan. In these two states and Uzbekistan the emphasis is on reform of the judicial courts, in Turkmenistan on training, and in Tajikistan on penal reforms.

The initiative builds on a number of pre-existing projects, notably by the German GTZ agency, which has emphasised trade and commercial law, and the Venice Commission of the Council of Europe which addresses issues of constitutional law. Both Kazakhstan and Kyrgyzstan have observer status with the Venice Commission. The work of the Venice Commission in the context of the Rule of Law initiative is now launched, and is being co-funded by France, Germany and the European

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<sup>99</sup> Council of the EU, Central Asia Strategy document, op. cit., 2007.

<sup>100</sup> For a detailed account see Rico Isaacs, *The Rule of law Initiative in Central Asia*, EUCAM Policy Brief, No. 9, EU-Central Asia Monitoring, CEPS and FRIDE, Brussels and Madrid, August 2009 ([www.eucentralasia.eu](http://www.eucentralasia.eu)).

Commission. Other member states have been supporting various bilateral projects in the broad rule of law domain.

It is still too early to allow an evaluation of results. It should in principle lead to a clearer strategy for the many projects and sub-projects in this field, and better synergies in the results. But there should be no illusions over how challenging the task is when the authoritarian leaderships of all five states control their judicial institutions as part of the single power structure. Whether it is going to be possible to see a higher degree of independence develop for the legal system is not clear. Some examples exist in other countries where the judiciary maintains its independence in an authoritarian state; the case of Egypt comes to mind. On the other hand it has to be noted that Uzbekistan in December 2008 required all lawyers to apply to be re-qualified for the bar in an obvious bid to secure their political compliance.

The rule of law initiative is notable as an example of where two member states, France and Germany, co-fund with the Commission and take on responsibility for executing a project that is explicitly part of the EU strategy, rather than running their bilateral programmes. This is not such a minor administrative point as it might seem. The quest for getting synergies out of the combined efforts of the EU and its member states is important for the effectiveness and credibility of the EU's external actions, serving to counter the image of the member states and the EU being often out of step with each other. In addition, with the EU institutions generally overstretched with their operational commitments, one can welcome this mobilisation of the extra diplomatic convening capacity of the member states.

*Evaluation:* While it is too early to evaluate the initiative, a recent study concludes with a call for such work to be sustained over a long-term period, since short-term results cannot be expected, and for the formulation of clear and practical benchmarks to evaluate progress, since such benchmarks are so far absent from the EU documents.<sup>101</sup> The full development of the regional EU Initiative on Rule of Law is important as a values-driven commitment to the region, especially taking the absence of an active democratisation agenda into account. Cooperation and assistance in this field of normative EU principles should be geared at promoting rule

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<sup>101</sup> R. Isaacs, op. cit.

of law as closely intertwined with good governance and human rights. The mobilisation of member states (France and Germany) in support of an element in the common strategy is to be welcomed.

#### **4.2.4 Education**

The state of education systems in Central Asia is generally highly problematic, with a widespread collapse of funding at all levels; contraction of secondary education with closure of vocational schools; falling standards of literacy in schools and widespread corruption in higher education (buying of access and even of degrees). But there is also a wide range of performance between the states of the region, ranging from the former president of Turkmenistan's bizarre policies of curtailing schooling, and in the case of Tajikistan and Kyrgyzstan the closure of schools in winter when electricity supplies fail, whereas Kazakhstan and Uzbekistan are making major investments in the education infrastructure. For example, Kazakhstan now invests \$500 million in a new technical university in Astana, which will teach in English and employ foreign professors. There are some important education reforms underway, with both Kazakhstan and Kyrgyzstan converging on the Bologna system for the structuring of Baccalaureat-BA-MA-PhD studies, which is necessary inter alia for international recognition.

The Education Initiative, announced as one of the strategy's priorities, has two main dimensions: a policy dialogue called the EU-Central Asia Education Platform, and operational programmes including Tempus, Erasmus Mundus, the Bologna Process, vocational education supported by the European Training Foundation, CAREN and various bilateral initiatives of member states.

These activities are described and evaluated in some detail in a supporting Working Paper.<sup>102</sup> The Education Platform is planned to have a series of regional meetings at both high-level and technical working groups, and national level dialogues. These meetings have begun to take place, but it is not yet evident whether the process is becoming meaningful in practical terms. The operational activities are largely continuing pre-

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<sup>102</sup> For a detailed discussion see Peter Jones, *The EU-Central Asia Education Initiatives*, EUCAM Working Paper, EU-Central Asia Monitoring, CEPS and FRIDE, Brussels and Madrid, forthcoming.



existing projects, with a rebranding under the Education Initiative label. The Bologna Process and Tempus can be seen as complementary activities, with the former providing the strategic structure for higher education reform, whereas Tempus provided expertise for practical curriculum reform at the university level. The Tempus has a long experience behind it, and seems to be appreciated as an instrument basically devoted to curriculum reform, for which there is a manifest need.

The Erasmus Mundus facility is new to the Central Asian region since 2007. The three years 2007-9 have seen the organisation of six consortia ('lots'), three led by the Eindhoven University of Technology and three by the Erasmushogeschool of Brussels (we interviewed the latter). Each consortium consists of about 8 EU universities and 6-10 Central Asian universities. The numbers of Central Asian universities participating have so far been 26 from Kazakhstan, 14 from Uzbekistan, 6 from Kyrgyzstan and 4 from Tajikistan, and (reflecting its very closed political order) only 1 from Turkmenistan. The essence of Erasmus Mundus is mobility exchanges, with 602 individuals programmed under the six consortia to spend periods of usually around one year (actually between 6 months and in some cases 3 years). Of the total number of individuals mobilised, three-quarters are Central Asians spending time in the EU, and one quarter Europeans in Central Asia. An interesting feature is that for each of the six consortia a Turkish university has been co-opted on the European side, since most Central Asian students can easily achieve good Turkish language skills. Otherwise almost all of the EU universities teach in English, for which the language competence of most students seems to be adequate. Lithuanian and Bulgarian universities in the Brussels-led consortium teach in Russian as well as English. The scale of funding for Erasmus Mundus is currently being doubled from €5 to €10 million per year, although surprisingly there is no evaluation of the first years yet available. There are arguments being made that Erasmus Mundus is not yet sufficiently adapted to Central Asian realities. In particular, the programme has been seen to work best elsewhere in the world where there are comparably high standards of universities on both sides, which is not so with most of the state universities in Central Asia. In this situation the standard Erasmus Mundus package needs amendment, and proposals are made below.

The CAREN project installs a high speed terrestrial broadband network for students and researchers from 200 Central Asian universities and research institutes with a commitment of €5 million from the EU over the period 2009-2011.

There was mention in the 2007 Central Asia strategy document of creating a European Studies Centre, and supporting existing European higher education initiatives, such as the Kazakh-British and Kazakh-German universities in Almaty, or the Westminster University in Tashkent. These intentions have not yet been followed up in practice, however. In earlier years the Commission supported the start-up of the KIMEP business school and Social Science University in Almaty teaching in English, which has now grown to a substantial size (6,000 students). There are some other independent international universities in the region, including in Bishkek an American University, while the Aga Khan Foundations plans an ambitious University of Central Asia which would have three campuses (in Kazakhstan, Kyrgyzstan and Tajikistan). These various independent universities are of particular value because of the serious problems of low standards and corruption in many state universities. They also could provide a potential base for the EU to make a more visible contribution to the education sector, branding itself as promoter of a cluster higher educational centres of excellence in the region. This could consist of several initiatives, some of which would require innovations in the Commission's operating instruments:

- Scholarships for European/international universities in the region. At present only students from rich families can attend these elite institutions. Scholarships for students from families of modest means would be an effective measure to reduce glaring inequalities. Such scholarships would be for a full university degree course, and the Erasmus Mundus programme could thus be extended to include scholarships for full course of study as well the conventional Erasmus-mobility year in the EU.
- Creation of a faculty or course for European Studies in an independent university, which we understand to be under consideration by the Commission, supported by a Jean Monnet chair for which there is an open world-wide invitation to tender.
- Creation of a Central Asia Public Policy Research Centre, with both a central office in a leading city and a network structure in the other states, possibly to be located in a major independent university.
- Creation of a number of multi-lingual 'European Schools' to provide the last two years of high school teaching reaching international baccalaureate standards, to ensure a more adequate supply of students for international standard universities.

- Exploration of how the EU could contribute to the success of Kazakhstan's major new technical university, where the problem is going to be the efficient mobilisation of university expertise rather than funding. A possible link to the new European Institute of Technology in Budapest could be examined.

The member states are formally part of the Education Initiative, and several have significant programmes underway. A new compendium of study opportunities in the EU, with website accessibility, is part of the initiative.

There is also a question of administrative organisation within the Commission which seems to merit reconsideration. Responsibility for the Education Initiative for Central Asia has been entrusted to the EuropAid Cooperation Office (AIDCO), whereas formerly such operations were managed by the Education and Culture directorate general (EAC), and which has the main professional experience in education policy. The EAC retains responsibility for the education platform of the Eastern Partnership, which addresses the needs of these former Soviet republics. It would seem natural for the Central Asian Education Initiative to be run alongside that for the Eastern Partnership, given some commonality of challenges coming from the Soviet legacy.

*Evaluation:* The Education Initiative so far mainly repackages existing programmes, but with a significant increase in funding, with both Tempus and Erasmus Mundus now to receive doubled funding from €5 to €10 million annually. This increased prioritisation of education within the total aid effort is to be welcomed. However the Commission should now evaluate the first results of the Erasmus Mundus programme, and undertake an education strategy review for Central Asia. Consideration should be given to other projects (examples given above) with a view to a clearer branding of the EU as promoter of a cluster of high-quality and independent education and research institutions, as well as supporter of reform of the basic education systems. There are also some changes in the management of the Education Initiative within the Commission that seem to be warranted.

#### ***4.2.5 Energy – oil and gas***

The EU's energy policy initiatives in the region started already in 1995 with the Inogate programme of technical assistance projects, later boosted in 2004 by the Baku Initiative, which brings together states of the Black Sea,

Caucasus and Caspian regions in a multilateral policy dialogue. In Central Asia specifically the EU has initiated energy policy dialogues with Kazakhstan and Turkmenistan. However these various initiatives have hardly got beyond limited technical projects and general policy dialogue.

The current context for the EU's interests in Central Asia oil and gas production is defined in its Strategic Energy Review documents, of which the second was published in November 2008, and which identifies the priority infrastructures needed for the diversification of gas supplies. These are to consist of LNG supply systems, the completion of electricity and gas networks in the EU and its near neighbourhood, and the creation of a Southern Corridor for gas supplies from the Caspian and Middle East regions. The urgency of these projects has been spurred by the continuing concern over the reliability of Russian gas supplies transiting through Ukraine.

The Kazakh oil sector is growing very fast, with various EU companies participating as investors. The agenda of the energy policy dialogue is wide-ranging, with discussion for example of infrastructures, renewable energy supplies, energy efficiency, and in a long-term perspective, possible supplies of gas that would transit the Caspian Sea. Kazakhstan wishes to have multiple export outlets for oil and gas, diversifying its prior reliance on routes through Russia. It is expanding its shipments of oil by tanker across the Caspian Sea to Baku, from where it is transported either by pipeline (to the Mediterranean by the Baku-Tbilisi-Ceyhan pipeline, or to the Georgian Black Sea coast) or by rail (so far to Georgia's Black Sea coast, but there is a new rail line from Georgia to Kars in Turkey under construction). These supplies are of considerable and growing importance, but there is no big policy issue here for the EU. Kazakhstan diversifies its outlets of its own volition, and oil is in any case a competitively distributed world market product.

By contrast the issue of gas supplies from Turkmenistan does pose an issue of policy choice for the EU, since these supplies could become a major component of the proposed Southern Corridor.<sup>103</sup> A start was made in April 2008 in a MoU signed between the Commission and Turkmenistan

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<sup>103</sup> For a detailed review see Michael Denison, *The EU and Central Asia: Commercialising the Energy Relationship*, EUCAM Working Paper, No. 2, EU-Central Asia Monitoring, CEPS and FRIDE, Brussels and Madrid, July 2009.

envisaging the supply of 10 bcm of gas to be exported to the EU. Since then contacts with the EU have intensified within the framework of the energy policy dialogue. The Commission is endorsing the Caspian Development Corporation, which has been established as a consortium of gas companies (including the Austrian OMV and German RWE) capable of aggregating the needs of different EU gas distribution companies for imports from Turkmenistan. At the time of writing there is a feasibility study being prepared for the Commission evaluating technical options for proceeding with such a consortium, which should meet conditions of EU competition policy as well as the interests of the Turkmenistan government. The two companies OMV and RWE have also formed the Caspian Energy Company together, which will examine the technical and legal possibilities of building a trans-Caspian pipeline and other related gas transport infrastructures.

There possible gas supplies would feed into the planned Southern Corridor. The Nabucco project, initially proposed in 2002, is being designed to link the EU to Turkey with a capacity of up to 31 bcm seems to advance, albeit all too slowly. In July 2009 the project saw the signing of an inter-governmental agreement by Austria, Bulgaria, Hungary, Romania and Turkey. There is also a White Stream project under consideration and subject to a feasibility study, which would see a sub-sea gas pipeline with a capacity of up to 32 bcm under the Black Sea from Georgia to Romania, meaning that Turkey would not have a monopolistic hold over the Southern Corridor. A variety of gas supplies could feed into these pipelines, including Azerbaijan, Iraq and other Middle East suppliers. However a key initiative would be the making of a large offer (30-40 bcm for many years) to buy gas from Turkmenistan, to be sent across the Caspian Sea, with several options for its transport including LNG, Gas to Liquids (GTL), Compressed Natural gas (CNG) as well as sub-sea pipelines. This would rely in part on off-shore gas, but more substantially on supplies from gas fields in east and south-east Turkmenistan, which would be brought to west Turkmenistan by a new east-west pipeline with a capacity of 30 bcm, and which was put out for tender in 2009. From there the gas could in part flow north to Russia via Kazakhstan along the east Caspian coast, and in part flow west across the Caspian to connect with the EU promoted pipelines.

While the EU has been considering the Nabucco project for seven years without yet laying a first pipe, China opened in December 2009 its gas pipeline link from Turkmenistan through Uzbekistan and Kazakhstan

to Western China. While initial flows of gas may be of the order of 6 bcm when the pipeline builds up to full capacity output by 2012 it will be supplying 40 bcm of gas to China (by way of comparison the EU's total gas imports have in recent years been around 140 bcm. The project took 3 ½ years from signing of the preliminary agreement to its opening, with China bringing 8,000 of its own workers to do much of the construction work.

If the EU made an important bid for long-term gas supplies from Turkmenistan it would presumably seek to coordinate commercial and political objectives with a sustained emphasis on progressive corporate social responsibility, transparency and accountability in the energy sector. The (outgoing) Commissioner for energy, Andris Piebalgs, has indicated his support for the Extractive Industries Transparency Initiative (EITI), which is the new global standard for transparency in the extractive industries, in order to enhance public finance management and accountability, and create a stable environment for investment. This is a multi-stakeholder initiative, advanced by civil society as well as government, the corporate sector and multilateral institutions such as the World Bank and the EBRD. Azerbaijan was the first country to start implementation of EITI in 2009, followed by Kazakhstan in 2005, with Tajikistan moving in this direction in 2009. The prospects for Turkmenistan and Uzbekistan joining this initiative are unclear at this point. The Commission as well the IFIs operating in Central Asia are in a position to support the EITI.<sup>104</sup>

*Evaluation:* The energy dimension to the Central Asia strategy is potentially important, although the relationship with Kazakhstan as a major supplier of oil is unproblematic from the policy standpoint, and more a matter for corporate interests to pursue. However the issue of securing large supplies of gas from Turkmenistan is not only an important option in the EU's strategic diversification objective, but also requires a strong coordination on the part of the EU, its member states and the major energy companies. The EU has indicated its support for the Extractive Industry Transparency Initiative, and should back this up in its energy policy dialogues and operational projects. While the EU has been

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<sup>104</sup> See for detail, "The Nabucco Gas Pipeline: A chance for the EU to push for change in Turkmenistan", The Quaker Council for European Affairs, Brussels, December 2009.

considering the Nabucco project for seven years, China has actually built a strategic gas pipeline from Central Asia over thousands of kilometres in half that time. The EU has in this and other cases to make up its mind whether it is to become come a viable international actor, or see the world leave it behind.

#### *4.2.6 Water and hydro-energy*

The major issue is the present tension and potential conflict between the upstream states over their plans to expand their hydro-electric capacity, and the downstream states that fear loss of summer water supplies for agriculture.<sup>105</sup> Tajikistan seeks to complete the Rogun damn, which at 335 metres would be the highest in the world. Kyrgyzstan builds the Kambarata II damn with Russian financing and would like to follow with a bigger Kambarata I dam. However the water sector has many more complex dimensions to it, including the need for better basic data on water flows, modern water use and management policies, repair of ageing irrigation infrastructures, reform of water-intensive agriculture, renewal of some major turbine/power generating equipments, etc.

At the institutional level the International Fund for the Aral Sea (IFAS) provides in principle the structure for regional cooperation by the five states at both political and technical levels. So far this has been a largely dysfunctional organisation, with its offices being rotated regularly between capital cities. However there are hopes for its reform following its installation in January 2009 in Almaty with new leadership, although the current disintegration of the regional electricity grid is a new setback for regional cooperation in the energy sector (see further below).

The EU's activity in the water area proceeds at two levels, firstly political level dialogue sessions currently being organized by Italy, with a third high-level conference held in Rome on 4-5 November 2009. The Rome conference had an agenda focused on climate change, environmental governance and water. The conclusions of this meeting refer mainly to procedural steps for establishing a Working Group on Environmental Governance and Climate Change, re-activating an EU-Eastern Europe,

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<sup>105</sup> World Bank, "Water Nexus in Central Asia – Improving Regional Cooperation in the Syr Darya Rover basin", January 2004; and "Central Asia/South Asia Electricity Conference, Islamabad", Background Paper, May 2006.

Caucasus and Central Asia (EECCA) Working Group, and also a Joint Platform for Environment and Water Cooperation, with meetings of senior officials and ministers now scheduled for 2010, 2011 and 2012. To the external observer it is not yet possible to judge whether this extensive diplomatic activity will lead to operational results; so far it has not done so and EU representatives are adopting a low profile on key issues.

At the second, more technical, level the Commission undertakes several projects coordinated by its Delegation in Almaty, notably one on 'Water Governance in Central Asia'. There are several other international aid efforts underway, including those of the World Bank, Germany's 'Berlin Process', Switzerland (SDC), and the UN Regional Centre for Preventive Diplomacy for Central Asia in Ashgabad. As project of the 'Berlin Process', executed by GTZ, has an expert embedded in the IFAS, who is able to advise directly on this organisation's efforts to develop a more effective cooperative regime. The experts employed by these various organisations assemble valuable expertise and meet together in working groups organised mainly in Almaty, and ensure at least a sharing of information with a view to ensuring rational divisions of labour. The EU's main technical assistance project at present on Water Governance involves three states, with the conspicuous and unfortunate absence of Uzbekistan (this country also blocks the initiation of a project on cross-border aquifers) and Turkmenistan. The Water Governance project is rather heavily concerned on water quality standards, which seems to be a rather secondary matter in the region by comparison with problems around the volume of water supplies, although the project also deals with vital water use and management issues.

There seems to be a robust case technically and economically for the expansion of upstream reservoirs and hydro capacity.<sup>106</sup> The major hydro investments, actual and proposed, are in cascade formation in major river basins, the Naryn in Kyrgyzstan and the Vakhsh in Tajikistan, which flow into the Syr Darya and Amu Darya rivers respectively. The cascade structure of multiple dams in the same river basin can reconcile the interests of the downstream states in summer water flows for irrigation and the upstream states for winter power generation: the higher dams can

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<sup>106</sup> See World Bank, "Water Energy Nexus in Central Asia" – Improving Regional Cooperation in the Syr Darya Basin", January 2004.



release water in winter, which the lower dams hold back until the summer. There are two further factors that strengthen the case for investment in increased reservoir and power generating capacity. Climate change threatens both more erratic climatic extremes and desertification of downstream Central Asia, and these factors militate in favour of bigger reservoir capacity upstream.<sup>107</sup> In addition South Asia (Afghanistan, Pakistan, India) have big demands for summer electricity supplies (to keep cool), which is consistent with downstream demands for summer water, and for which the World Bank has a project at concept stage for a 1000MW power transmission line (CASA 1000).<sup>108</sup> This project would of course depend also on adequate security conditions in Afghanistan and Pakistan prevailing in due time. These technical arguments are also consistent with the political need for investments in conflict prevention (war over water is not inconceivable). Therefore the EU should move into a more pro-active role in favour of a global diplomatic initiative of all regional and global players to pursue a comprehensive plan of cooperative actions to avert economic and social disasters in the upstream states, and the risks of conflict with downstream states. Moreover, the current reform of the International Fund for the Aral Sea (IFAS) provides a regionally owned organisation within which to embed future agreements.

On the other hand there are disturbing signs that existing cooperation through the regional electricity grid is being broken up, Kazakhstan having announced in November 2009 its intention to withdraw, and Uzbekistan announcing its withdrawal as of 1 December. This means each state of the region will now seek to become self-sufficient in electricity (at a price), with the temptation then for Kyrgyzstan and Tajikistan to manage their hydro-electric potential with a view to national needs exclusively (i.e. neglecting downstream interests in summer water release). The situation in Tajikistan has become desperate to the point that the president has called upon all Tajik citizens except the poorest to transfer salary income into the purchase of shares in the Rogun dam; meanwhile a Russian-owned hydro-power plant, Sangtuda 2, is cutting electricity supplies to the Tajik state energy company because the latter is unable to pay its bills. This is a highly

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<sup>107</sup> Eurasian Development Bank, "The Impact of Climate Change on Water Resources in Central Asia", September 2009.

<sup>108</sup> See World Bank, "Central Asia South Asia Regional Electricity and Trade" (CASA 1000), Project Information Document No. AB3686, January 2009.

perilous scenario for the stability of the region, quite apart from its economic wastefulness. It intensifies the need for the EU and other external influences to try, urgently, to shift the action back to cooperation strategies.

Pending advances on these strategic but controversial investments there is a large agenda for 'no regrets' actions, including investments in solar and wind power for which the EU has strong industrial capacities, assistance to water management practices, and small and medium sized hydro-electric plants that can be useful elements for local development efforts.

*Evaluation:* The EU seeks to facilitate the development of political will and trust among the states of the region in favour of cooperative solutions to the dramatic problems of the water sector. So far however, the EU abstains from taking any substantive position on the main variables of possible solutions. A more pro-active position could be taken in favour of investments in upstream increased reservoir and hydro-electric capacity, which could be beneficial to both upstream and downstream states alike. The EU is not in the position to lead this process, however, and should ally with other international partners, notably the World Bank and the UN, to prepare and advocate fundamental solutions, inter alia by funding a feasibility study to demonstrate the potential benefits to both upstream and downstream states of cooperative solutions. There is also in any case a large agenda for 'no regrets' investments in renewables and modest sized hydroelectric facilities.

#### **4.2.7 Transport corridors**

The maps of EU-sponsored transport strategies (Traceca and Trans- or Pan-European corridors/axes) are in need of revision.<sup>109</sup> The Traceca (Transport Corridor Europe-Caucasus-Asia) programme was initiated by a multilateral agreement signed in 1998 between the EU and 14 other states as a comprehensive road, rail and sea transport corridors to link the EU from Southeast Europe through the South Caucasus into Central Asia. The Traceca programme consists of a large number of technical assistance

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<sup>109</sup> For M. Emerson and E. Vinokurov, *Optimisation of EurAsian Inter-Continental Land Transport Corridors*, EUCAM Policy Brief, EU-Central Asia Monitoring, CEPS and FRIDE, Brussels and Madrid, forthcoming and M. Emerson et al., *Synergies vs. Spheres of Influence in the Pan-European Space*, CEPS Paperback, Brussels, 2009.

projects with some investment financing spread across a map of priority routes. There is a permanent secretariat of Traceca in Baku since 2001, which has a coordinating role, and whose effectiveness is questioned. The political premises of Traceca were that the states of the Caucasus and Central Asia would be open to cooperative transport strategies, and that it would be good to diversify away from the Moscow-centric routes of the Soviet Union (Traceca routes do not pass through Russia). Both of these premises are now questionable.

More recently with the enlargement of the EU into Central Europe the EU has promoted a set of Trans- or Pan-European corridors and axes, which extend beyond the enlarged EU into Belarus, Ukraine and Russia. For example Corridor II consists of road and rail links along the line Berlin-Minsk-Moscow-NizhnyNovgorod-Ekaterinburg. The whole set of Trans-European corridors and axes is estimate to have cost €126 billion up to 2007, and to cost a further €150 billion until 2013, and a further €120 billion up until 2020, with substantial funding coming from the European Investment Bank.<sup>110</sup> Most of this funding goes to investments within the EU, but the EIB now has a new mandate to invest in Central Asia together with its longer-standing mandates to operate in Russia and Ukraine.

Up to a point the Traceca's southern routes that bypass Russia, with the Trans-European Corridors' northern route that extends from Moscow across the Urals on into Siberia, can be considered to be technically complementary. However both of these strategic maps have been prepared in the context of integrating the wider European neighbourhood, virtually ignoring the Asian dimension and in particular the rise of Chinese trade and investments. Since 1997 the Asian Development Bank has with strong Chinese support been promoting the Central Asia Regional Economic programme (CAREC), which brings together all four Central Asian states<sup>111</sup> together with Afghanistan, Azerbaijan, China and Mongolia, and is further supported by the World Bank, EBRD and IsDB. In November 2008 they announced a \$6.7 billion programme of investments of major transport projects in the region, including a "West China – West Europe Corridor 6", which crosses Kazakhstan with key road and rail routes, to which the

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<sup>110</sup> European Commission, "TEN-T – Trans-European Transport Projects – Implementation of the Priority Projects Progress report", May 2008.

<sup>111</sup> All except Turkmenistan.

World Bank is contributing its biggest ever loan of \$2 billion. In addition the CAREC corridors include road and rail routes to South Asia to disenclave the land-locked Central Asia with access to the Gulf and Indian Ocean via Afghanistan and Iran or Pakistan. India, Russia and China wish to improve this transport axis. But also the US, NATO and EU are interested in improved access to Afghanistan for Central Asia to its north, either today for wartime logistics or hopefully tomorrow as an investment in economic development. As noted above (section 3.3) the US is currently launching a Northern Distribution Network (NDN) to route supplies to Afghanistan via Central Asia, with routes that link either to the Black Sea or through Russia to the Baltic coast.

These developments call for revision of the EU's priority corridors to its East. The European and Asian transport strategies have been drawn up without coordination, and see in fact some incoherence. The new West China – West Europe Corridor 6 route for rail and road, promoted by CAREC, strikes a path to the west that passes north of the Caspian Sea, roughly halfway between the southern Traceca route which crosses the Caspian Sea and the Northern Trans-European Corridor II passing through the Urals, and connects with neither. There is a case for an extension of this Corridor 6 from west Kazakhstan into southern Russia (in the vicinity of Astrakhan, Volgograd and Rostov), passing on through Ukraine into the EU for both road and rail. There could also be a strategic crossover point in West Kazakhstan between this East-West corridor and enhanced North-South corridors, with new rail connections currently being built along the East Caspian coast from Russia through Kazakhstan and Turkmenistan to the Middle East and South Asia. The EU (the Commission's Transport directorate and European Investment Bank), should approach the CAREC consortium with a view to prepare a unified map of priority corridors, in consultation of course with Russia, Ukraine and the Central Asian states. With the European Investment Bank now newly mandated to invest in Central Asia the coordination or integration of EU operations with those of CAREC has an obvious rationale. Moreover the Commission's grant-funded technical assistance resources could also be brought alongside the huge loan funding of CAREC and its associated IFIs. The Traceca secretariat could be discontinued, in favour of joint project preparation with CAREC.

*Evaluation.* The EU Central Asia strategy so far largely ignores the need for updating and revision of transport strategies involving Central Asia, which is needed in the light of the increasing trade flows and

infrastructural investments coming into the region from West China. A rationalisation of EU and Asian priority corridors should see the tracing of a Central Trans-Eurasian Corridor that would have an optimal connection through southern Russia and Ukraine into the EU, with a strategic crossover with a north-south corridor in West Kazakhstan. The EU (Commission and European Investment Bank) should approach CAREC and its supporting IFIs to concert such plans together, with operational collaboration over technical assistance and infrastructural investments. The case for coordination also with the new US Northern Distribution Network deserves consideration.

#### ***4.2.8 Security and border management***

Central Asia faces a broad range of security challenges. Due to the region's position at the crossroads between Russia, China, Afghanistan, Pakistan, Iran and the Caspian Sea it is confronted with a range of trans-national issues such as drug trafficking, human trafficking, organised crime and terrorism. Central Asia also encounters specific regional threats including (as discussed above) scarcity of water resources for generating power and irrigation purposes. At the national level the poorest Central Asian republics face the threat of instability due to a combination of bad governance and the harsh impact of the economic crisis.

In the Strategy the EU argues that security and stability are its main strategic interests. Thus much of the activity from political dialogue to assistance programmes is part of the Strategy's security objective; in most cases indirectly (good governance programmes etc.) and in some cases directly (border control). In September 2008 the French EU Presidency organised a Minister of Foreign Affairs level Security Forum that focused on Afghanistan, terrorist threats and trafficking. This was followed up a year later in September 2009 by the Swedish Presidency with a Ministerial Conference discussing regional security issues, water, energy and the impact of the economic crisis. This seems to shape a pattern of an annual ministerial dialogue between the EU and Central Asian states on security issues. Meanwhile the EU Special Representative Pierre Morel maintains a continuous high-level dialogue with the region's leaders, inter alia on security issues.

The EU's main operational activity in the security field has consisted of two substantial projects concerning border management (BOMCA – Border Management in Central Asia) and drugs (CADAP – Central Asia

Drug Action Programme). Both were already in place before the launch of the EU Strategy for Central Asia and both are multi-year projects executed for the Commission by the offices in the region of the UNDP.

BOMCA's aims have been described as a Sisyphean task.<sup>112</sup> The programme seeks to upgrade the capacity of border services, with their customs and immigration services, and mobile command and control centres, with a view to combating cross-border crime and trafficking in drugs, arms and human beings, and at the same time to facilitate trade and transit. BOMCA's achievements have included supplying modern equipment to border posts, the building of some large infrastructure projects at border points, militating in favour of revising obsolete laws governing border controls, and engaging usefully even with the region's most closed states. There have been training courses for hundreds of officials but BOMCA has not uniformly fulfilled its entire action plan. BOMCA's capacity and budget for training are limited, and can provide classes and workshops for only a small portion of eligible border officers. The new OSCE Border Management Staff College in Dushanbe, launched in May 2009, should help take up the slack in training.

However the BOMCA programme appears as a sound model for border control assistance. It is more coordinated and comprehensive than other border management assistance initiatives in the broader Eurasian region. U.S. assistance to the region, for example, tends to be more piecemeal and focused on paramilitary training. Additionally, BOMCA is inexpensive relative taking into account to its geographic span and thematic scope, covering the Central Asian region for over half a decade for less than 50 million Euros. But the EU could do more to enhance BOMCA's work, for instance by enhancing coordination with other border management assistance sponsors such as the OSCE and SCO. Also BOMCA should create synergy with members of the international community that are currently reforming and expanding training efforts for the Afghan border police and border authorities. A good example of linking border control support in Afghanistan and Central Asia is the Border Management Badakhshan (BOMBAF) programme which has also been largely EU

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<sup>112</sup> Parts of the information presented here are derived from George Gavriliis, *Beyond the Border Management Programme for Central Asia (BOMCA)*, EUCAM Policy Brief, No. 11, EU-Central Asia Monitoring, CEPS and FRIDE, Brussels and Madrid, December 2009.

funded and implemented by UNDP, and which is focused on building three border crossing points on the Tajik-Afghan border while also training Afghan border guards and providing equipment.

These border management activities necessarily intersect with counter-narcotic programmes. Drug trafficking networks ferry Afghan opiates across the region to markets in Russia and Europe, a trade whose export value across the region approximates several billion euro. Counter narcotics assistance is the purview of Central Asia Drug Assistance Programme. CADAP is run by the same five in-country teams which run BOMCA and officials of the two programmes share the same offices and often work on both programme action plans. CADAP has provided airports and border crossings with drug detection equipment, legal assistance and training to Central Asian drug enforcement agencies, and training of drug-scenting dogs. The de jure separation of the two programmes keeps BOMCA's public profile insulated from the issue of cross-border drug interdiction, a task that is fraught with pitfalls given the difficulty of interdiction and massive corruption generated by the drug trade across the region.

An aspect of BOMCA and CADAP that is subject to comment among EU embassies in the region is the use of UNDP as executive agency for the Commission. There is concern for the loss of visible EU identity for these important projects, while this should now be alleviated by the CADAP programme now to be executed by EU member state agencies. The OSCE is also active in these fields with funding support from some EU member states, and there is an obvious need here for efficient complementarity of efforts.

Besides border control the EU has so far been barely engaged in Security Sector Reform (SSR)<sup>113</sup> in Central Asia. However, some initiatives, such as a project on human rights awareness in the Kyrgyz police forces or assistance to judicial reform in Kyrgyzstan and (as proposed for) Kazakhstan are part and parcel of the SSR concept, although they may not be presented in this way in Brussels. It would be worthwhile to use the

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<sup>113</sup> Parts of the information presented here are derived from Jos Boonstra, *The EU Strategy for Central Asia says 'security'. Does this include Security Sector Reform?*, EUCAM Policy Brief, No. 10, EU-Central Asia Monitoring, CEPS and FRIDE, Brussels and Madrid, November 2009.

BOMCA experience and try to transfer the model to other parts of the security sector in Central Asia. The EU could consider applying the integrated border management approach to less politically sensitive sectors such as the handling of emergency situations, which also demands the involvement of a host of security services and ministries.

Although all five Central Asian states have strong presidential regimes, there are substantial differences between them in the degrees of permitted political freedoms and participation, and the possibilities for security sector reform. In Kazakhstan, Kyrgyzstan and Tajikistan there might be interest in EU-supported small-scale projects on SSR that touch on governance and even democratisation aspects. Radical reform projects are unlikely but smaller civil society driven projects, with support through EIDHR, the Non-State Actors/Local Authorities Development programme, and especially through EU national government funding, should be taken up and supported. An additional option would be increased support to the OSCE field offices through funds for specific projects. This would be a viable way for the EU to get increasingly involved in SSR through a joint effort of OSCE member states and by using OSCE 'eyes and ears' on the ground. In Turkmenistan and Uzbekistan prospects are for the time being dim for EU involvement in SSR and governance support. Nonetheless, the EU should make an effort to closely liaise with NATO, which maintains reasonably positive diplomatic and military contacts with these countries. Cooperation with the OSCE Project Coordinator in Tashkent and the OSCE Centre in Ashgabat could also be useful, for instance in the form of jointly organising modest public discussion sessions.

*Evaluation:* fostering security and stability lie at the core of the EU Strategy for Central Asia but most EU programming is not directly security-oriented. The EU's flagship projects in the domains of border management (BOMCA) and hard drugs (CADAP), and these have achieved a certain profile in the region, and receive favourable comments. Both have been executed so far by the UNDP. However CADAP will now be executed by EU member states, which may enhance EU visibility. In addition OSCE develops related activities in these domains, with which the EU should obviously coordinate. The positive experiences should be translated into the expansion of these programmes and investigating possibilities of using the BOMCA model in other fields of the security sector (police reform or emergency response), and for operations connecting with Afghanistan.



### 4.3 EU assistance<sup>114</sup>

EU assistance to Central Asia is a complicated affair, with insufficient analysis made publicly available by the Commission. In 2007 the European Commission presented two assistance documents: an overarching Regional Strategy Paper for assistance to Central Asia over the period 2007-2013 (RSP)<sup>115</sup> and a more detailed and programme-orientated Central Asia Indicative Programme (IP) valid from 2007 until 2010<sup>116</sup>. The EU's budgetary grant commitments allocated for the period 2007-2010 initially totalled €314 million (to which has been added a further €42 million of advance commitments for the period 2011-2013, giving a total of €356), with the breakdown by sector and recipient shown in Table 11. In the most recent revision of these figures the amounts allocated to education under the regional programme have been substantially increased.

The total commitment for the entire seven year budget planning period 2007 to 2013 is €719 million, which means the pace of annual commitments will rise substantially from present levels to what is planned for the last years covered, hence the statement that the EU's budget commitment to Central Asia is being roughly doubled since the beginning of the Strategy.

The policy for EU assistance for Central Asia is shaped through the Commission documents drafted by RELEX, the Directorate General dealing with external relations, while implementation is the responsibility of AIDCO (EuropeAid Cooperation Office) and the EU Delegations in the region (where these exist).<sup>117</sup> Until 2006 the bulk of EU Assistance for Central Asia was delivered through the Technical Assistance Programme to

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<sup>114</sup> For an in-depth account of EU Assistance to Central Asia, see also Jos Boonstra and Jacqueline Hale, *EU Assistance to Central Asia: Back to the Drawing Board?*, EUCAM Working Paper, No. 8, EU-Central Asia Monitoring, CEPS and FRIDE, Brussels and Madrid, January 2010.

<sup>115</sup> European Community Regional Strategy Paper for assistance to Central Asia for the period 2007-2013  
([http://ec.europa.eu/external\\_relations/central\\_asia/rsp/07\\_13\\_en.pdf](http://ec.europa.eu/external_relations/central_asia/rsp/07_13_en.pdf)).

<sup>116</sup> Central Asia Indicative Programme (2007-2010)  
([http://ec.europa.eu/external\\_relations/central\\_asia/rsp/nip\\_07\\_10\\_en.pdf](http://ec.europa.eu/external_relations/central_asia/rsp/nip_07_10_en.pdf)).

<sup>117</sup> For assistance to Turkmenistan and Uzbekistan AIDCO in Brussels acts as the 'delegation'.

the Commonwealth of Independent States (TACIS). In 2007 TACIS was replaced by the Development Co-operation Instrument (DCI) with a view to establishing a closer connection to the Millennium Development Goals and as part of a broader overhaul of EU assistance instruments. This is reflected in the priorities set for 2011 to 2013, as in Table 12. Previously agreed TACIS projects have been running since 2007 in parallel with DCI assistance although most TACIS work has been concluded by now.

Table 11. EU grant aid to Central Asia in 2007-2010

<b>Regional Cooperation: 30 % of total resources (2007-2010), € million</b>	
Focal sectors	Indicative budget (€)
• Education	65
• Energy	29
• Transport	12
• Environment	10
• Border management	13
<b>Total Regional Central Asia</b>	<b>136</b>

<b>Bilateral cooperation: 70% of total resources (2007-2010)</b>	
National programmes	Indicative budget (€)
• Kazakhstan	44
• Kyrgyzstan	55
• Tajikistan	66
• Turkmenistan	22
• Uzbekistan	33
<b>Total Bilateral Central Asia</b>	<b>220</b>

Source: European Commission.

The DCI operations can be divided into thematic and regional programmes. In the case of Central Asia relevant thematic programmes include the Food Security Programme (Kyrgyzstan and Tajikistan) and the Non-State Actor/Local Authorities Programme. Regional programmes in Central Asia include, for example, the business programme Central Asia Invest; the energy and transport programmes INOGATE and TRACECA; the education programmes TEMPUS and ERASMUS MUNDUS; and the security oriented programmes of BOMCA (border control) and CADAP (fighting drug trafficking).

Table 12. Central Asia Indicative Programme for Technical Assistance  
(2011-2013, draft)

Priority area	Focal priorities	Relevant countries
Poverty reduction, improving living standards	Regional and local community development	KG, TR UZ
	Sector-specific reforms, agriculture and land reform	TR
	Social sector reforms	TJ
	Health	TJ
	Energy development	TR
Support for good governance and economic reform	Democratic development and good governance	All CA countries
	Rule of Law, legal and Judicial Reform	KZ, KG, UZ
	Public administration and Public Finance management	KZ
	Private Sector Development	TJ
	Improvement of human capital development	TR
	Enhancing trade, business climate, SMEs development	UZ
Promotion of regional cooperation	Sustainable regional development (energy; environment, water)	All CA countries
	Border management and fight against trafficking	
	Educational, scientific and people-to-people cooperation	

Source: European Commission.

The most recent data on aid commitments and disbursements (Table 13) show annual amounts in the range of €60 to 80 in 2007 and 2008 under the DCI instrument. Given that the total for the seven year period 2007-2013 amounts to €719 million, the rate of annual expenditures appears set to rise to well over €100 million towards the end of the period. In particular the expenditures for Uzbekistan are very low, given that it is the most populous state of the region, and not endowed with anywhere near as rich natural resource endowment as Kazakhstan or Turkmenistan. Of course for aid programmes to Uzbekistan to rise to its full potential would depend on a positive development of the political relationship with the EU.

*Table 13. Commitments and payments to Central Asia under Tacis and DCI programmes, 2004 to 2008 (€ million)*

Commitments	TACIS			DCI		Total
	2004	2005	2006	2007	2008	
Kazakhstan	9.46	12.99	12.26	19.00	0.00	<b>53.71</b>
Kyrgyz Republic	6.55	24.82	16.51	13.60	17.00	<b>78.48</b>
Tajikistan	13.05	27.42	25.50	23.10	9.00	<b>98.07</b>
Turkmenistan	2.20	5.75	3.50	6.00	4.15	<b>21.60</b>
Uzbekistan	11.00	9.25	8.70	0.10	4.20	<b>33.25</b>
CA Regional	n.a.	n.a.	n.a.	18.90	29.01	<b>47.91</b>
<b>TOTAL</b>	<b>42.26</b>	<b>80.23</b>	<b>66.47</b>	<b>80.70</b>	<b>63.36</b>	<b>333.02</b>

Payments	TACIS			DCI		Total
	2004	2005	2006	2007	2008	
Kazakhstan	8.24	5.97	9.84	6.70	10.80	<b>41.55</b>
Kyrgyz Republic	18.44	14.37	9.54	13.42	21.50	<b>77.27</b>
Tajikistan	9.35	13.12	14.83	7.61	16.83	<b>61.74</b>
Turkmenistan	0.24	0.78	1.42	1.52	2.10	<b>6.06</b>
Uzbekistan	2.45	7.28	10.04	6.98	6.74	<b>33.49</b>
CA Regional	n.a.	n.a.	n.a.	21.88	21.52	<b>43.40</b>
<b>TOTAL</b>	<b>38.72</b>	<b>41.52</b>	<b>45.67</b>	<b>58.11</b>	<b>79.49</b>	<b>263.51</b>

n.a. not available

Source: European Commission.

*Monitoring aid programmes.* At the level of individual projects the Commission arranges for monitoring reports to be prepared by external consultants, generally at least once a year. A standard grid of criteria and ratings is used, the criteria being relevance, efficiency, effectiveness, impact and sustainability, with the ratings of A (very good), B (good), C (problems), and D (serious deficiencies). The monitoring system seems itself to work effectively. These reports, which we have been able to see in some cases, are not published. However it would seem desirable in the interests of transparency and accountability for the data base of reports to be made available on the Commission's website for the use of the European Parliament and independent analysts. The monitoring reports are contracted by the Commission's programme managers directly concerned,

which implies a certain hazard for the monitor, who may be inclined to report what the contractor wants. In other organisations such as the World Bank the project evaluation function is undertaken by a department that is independent of the operating department. In the EU context it is for consideration whether the monitoring function should be contracted by, or undertaken at least in association with the European Parliament.

As regards the substantive ratings there is a strong concentration of results for a collection of one hundred project monitoring reports in the two middle categories of 'good' and 'problems', with very few excellent or disastrous ratings. It may be disappointing that there are not more excellent results, but not surprising that there are frequently encountered problems given the poor professionalism and endemic corruption in the public administrations of the region. The results for Kazakhstan, Kyrgyzstan and Uzbekistan seem to be more favourable than for Tajikistan and Turkmenistan, or for regional projects.

These substantial investments in monitoring reports represent a considerable resource, but so far as we can see they are used mainly for management checks on whether projects are proceeding according to contracted terms. This is in itself a necessary function, but it is disappointing that this mass of information is not regularly translated into an analysis relevant for broader policy assessments. Answers to basic questions about which groups or types of project are achieving relatively good or poor results seem not to be available. We see no policy-oriented synthesis or summary analyses being published or evidence of them being undertaken. This task of evaluation is not easy, since it requires distillation of huge amounts of information. If the Commission staff are so heavily occupied with their basic management duties to do such analyses, then the monitoring reports could be made available on a Commission website, allowing independent analysts to make such assessments. For our part we would have been ready to invest time in attempting such an analysis if the documentation had been freely available. We consider that the European Parliament might make such a request in line with the principles of transparency of information, to which the Commission is in principle committed.

We note ongoing changes in the structure of Commission aid to Central Asia, with less weight now to be given to the general category of individual technical assistance projects, and more weight to be allocated to two categories: first, sectoral programmes that combine budget grants with project financing; and second, education programmes. We presume that

this reflects judgements that the first category mentioned (individual technical assistance projects) were not giving the best results, but this is not transparent to us. Overall we are concerned that the EU is trying to prioritise too many ‘focal’ areas, with projects and programmes aiming at all seven priorities of the EU strategy, justified mainly by the need to ‘tick all the assistance boxes’ indicated by the Strategy.

*Sectoral & budget support grants.* An increasingly important element in the EU’s aid to the region consists of sectoral budget support grants to Kyrgyzstan and Tajikistan, the two poorest states of the region, with conditions that aim to ensure their allocation to various social and food security policy objectives. This method is controversial. Some observers point to the fungibility of budget resources, which is especially hazardous in states with endemic corruption; others defend the system on the grounds that the delivery conditions can get real leverage, alongside the conditions for IMF and World Bank aid, and that the programmes are always accompanied by actions to reform public finance management.

These programmes have been subject to detailed monitoring reports, which we have been able to study as regards operations up until 2006.<sup>118</sup> In Kyrgyzstan the Commission has been sustaining grants under a Food Security Programme continuously from 1996 to 2006 at a rate of between €8.5 to 10 million per year. In Tajikistan the Commission has sustained Food Security Programme grants also from 1996 to 2006 with more variable amounts, but from 2004 to 2006 at a constant rate of €11 million.

The grants to Kyrgyzstan were assessed by the monitors as being highly relevant, but with a limited effect on reducing extreme poverty. While the execution of the budget payments was correctly done technically, it is pointed out that the fungibility of funds in the budget means that the earmarked use of the funds cannot be guaranteed. There were confusions in the complex conditionalities. As regards impact and sustainability it was noted that the government was reverting to practices that undermined the efforts of the EU and other donors to install sound private market mechanisms in the food and agriculture sector.

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<sup>118</sup> Gruppo Soges (consultants), “Evaluation of the Implementation of the EC Food security Programme in the Republic of Tajikistan and the Kyrgyz Republic from 1996 to 2006”, Main Report, June 2008.

For Kyrgyzstan the most recent sector support programme for the years 2007-2009 targets social protection and public finance management, with a total budget of €25.5 million, and for which we have also been able to see detailed monitoring reports.<sup>119</sup> The budget provides for two instalments per year in the range of €3 to 5 million. There are multiple conditions to be fulfilled, concerning 1, social protection strategy, 2, macroeconomic stability (linked to IMF operations), 3, improved public finance management, 4, internal audit, 5, improved annual budget process, and 6, improved targeting of social assistance, and 7, improved actions for vulnerable families. In 2008 part of the planned disbursements were not made because of incomplete compliance with the conditions. The monitors have in 2009 found full compliance with the conditions, recommending payment of instalments. We observe however that this is a long, and maybe excessively long, list of both general and specific conditions.

In Tajikistan the Food Security Programmes were also highly relevant after the end of a prolonged civil war. The grants were correctly executed from the technical budgetary standpoint, but again with no possibility to control their fungibility inside the government budget. There was little sign that the objective of sustainable land reform was advanced, with problems of overly complex conditions leading to elements of leniency in application of conditions for the release of funds.

For Tajikistan the current 2007-2009 programme, which has been extended to 2011, targets social protection with a total budget of €23 million. It aims to help the government improve the design and effectiveness of social protection policies and strengthened public finance management in this sector. The funds are disbursed upon fulfilment of three sets of conditions, regarding macroeconomic stability, public finance management, and social protection policies (labour market, social assistance). Disbursements are typically made in amounts of €2 or 3 million twice a year, with disbursement decisions taken by the Commission (AIDCO) in Brussels after receiving recommendations from the Delegation in Dushanbe on the basis of detailed monitoring. We have not seen the monitoring reports for this programme, although we note that it was

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<sup>119</sup> EC-SPSP Kyrgyzstan 2007-2009, Social Protection and Public Finance Management, 2007-2009, Third Review, June 2009; and Fourth Review, November 2009.

suspended for one year because of misreporting by the Tajik authorities to the IMF, which implies that the conditionalities are not taken for granted and there is coordination with the IMF over their programmes.

We find it difficult to make a firm assessment of these budget support programmes which involve considerable sums of finance. We would need to get closer to (and indeed inside) the operations in order to do so. This is also a reason to argue for more transparency concerning the conditions established between the EU and recipient states, including reporting and publication of the results.

The general proposal to move away from isolated technical assistance projects to programmes targeted and conditioned on specific policy priorities, and combining budget and project support, seems in itself a fair idea. Success in such operations has however to overcome formidable obstacles in the shape of poor governance in the recipient states, and the monitoring of conditionalities has to be a very serious exercise. The Commission's Delegations have to be adequately staffed to do this, and Brussels has to be willing to suspend payments when the conditions are not met.

*Reforming procedures for small grants to civil society.* The European Initiative for Democracy and Human Rights (EIDHR), the EU's specific tool for supporting democracy, protecting human rights and funding civil society directly is mostly active in Kazakhstan, Kyrgyzstan and Tajikistan. On a regional basis EIDHR provides specific funding for the civil society seminars in all five Central Asian republics. The regional rule of law initiative, one of three flagship initiatives under the political Strategy for Central Asia, was allocated €600.000 in 2009.

The EIDHR has allocated €9 million of grants to Central Asia for the period 2005-2011 in a total of 54 projects, or around €160,000 on average. These are relatively much smaller than the typical Tacis or DCI technical assistance projects which tend to be in the range of €1 to 5 million. This links to the issue of the EU's notoriously burdensome regulations and procedures governing aid expenditures. The EU's financial regulation gives absolute priority to avoidance of risk of financial irregularities. These requirements are maybe understandable for large projects, but for small projects, such as for the EIDHR they are disproportionately onerous, and result in long delays, discouragement of the partners and unfavourable comparisons with other donors which are no less interested in financial probity. In Central Asia we heard references to the procedures of other



donors who are equally concerned for financial rectitude (USAID and the UK's DFID) as being 'reasonable', whereas those of the EU are 'impossibly onerous'. The question is posed therefore how this unfortunate situation might be reformed.

*Table 14. European Instrument for Democracy and Human Rights (EIDHR) ongoing projects, 2005-2011 (as of 5 March 2009)*

	<b>Number of projects</b>	<b>Amount in €</b>
Regional	3	1,020,686
Kazakhstan	16	1,743,552
Kyrgyzstan	16	2,895,763
Tajikistan	19	3,481,018
<b>TOTAL</b>	<b>54</b>	<b>9,141,019</b>

We would take up the question at the level of the standard regulatory requirements for project tendering, contracting and financial reporting, and then the case for simplified procedures for small projects. As regards the standard system the Commission is under the control of the Council and European Parliament, with the latter having famously dismissed the whole of the Santer Commission in 1999 on grounds of financial irregularities. As has been pointed out since by independent scholars, this episode was more about party political competition in the European Parliament than about the only slight and exceptional financial irregularities found in the Commission.<sup>120</sup> However the repercussions of this institutional crisis to this day extend all the way to harming the efficacy of EU aid instruments in Central Asia as elsewhere in the world, where the Commission has been obliged to adopt zero-risk procedures that are ill-adapted to operating conditions, especially for small projects in countries where aid beneficiaries have limited administrative skills. In Central Asia we hear the consequent criticisms, especially from civil society organisations that are beneficiaries of EIDHR grants. There have been attempts at reform in recent years, but these have produced only minor results. The member states in the Council and European Parliament have their responsibilities for facilitating

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<sup>120</sup> Nils Ringe, "The Santer Commission Resignation Crisis: Government-Opposition Dynamics in Executive-Legislative Relations of the EU", University of Pittsburgh, February 2003 (<http://aei.pitt/2919/01/156pdf>).

necessary reforms, rather than indulge in easy criticisms of the over-bureaucratic Commission.

With respect to small projects we advocate the re-establishment of an ultra-simple instrument for very small projects, like the one set up in the early 1990s in the Moscow Delegation of the Commission, and later also applied in Ukraine. This 'Bistro' instrument allowed the Head of Delegation to authorise grants in the range of €5,000 to €10,000 to civil society actors on the basis of just two pages of paperwork, relying essentially on the programme officer's personal judgement of the applicant. Such tiny sums can be extremely valuable in poor societies where civil society activists have the greatest difficulty to survive. Small grants are of course proportionately expensive to administer, but it would be worth employing one local agent in each delegation in Central Asia to work as very small project manager. Standard regulations governing procurement rules and co-financing should not apply in such cases. Simplified rules could also apply for somewhat large EIDHR projects up to €50,000 for example. An alternative approach would be make block grants to independent international NGOs with experience on the ground in Central Asia, and let them administer sets of small grants. There do seem to be some movements in this direction in Commission practice, but without apparently easing the burden of paper work.

*The Instrument for Stability (IfS)* is a third EU instrument that could be used in Central Asia, next to DCI and EIDHR. The IfS is generally intended to respond to the needs of civil crisis or conflict situations, especially in very weak or failing states.<sup>121</sup> In the IfS Indicative Programme 2009-2011 only one project area concerns Central Asia; 'fighting organised crime on the heroin route: Phase II the Black Sea Basin and the Western Balkans'.<sup>122</sup> Over three years the IfS planned to spend €5-8 million on this programme, of which only a small part will reach Central Asian countries' security sectors.

*The European Parliament* has its role to play in the democratic scrutiny of EU assistance as joint authority on the EU budget and direct

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<sup>121</sup> Tajikistan is ranked 33 from the bottom in a listing of 197 states of the world by criteria defining the 'failed state', in which Somalia is ranked first and Norway last.

<sup>122</sup> The Instrument for Stability – Multi-annual Indicative Programme 2009-2011 ([http://ec.europa.eu/external\\_relations/ifs/docs/mip\\_2009\\_2011\\_en.pdf](http://ec.europa.eu/external_relations/ifs/docs/mip_2009_2011_en.pdf)).

representative of the European taxpayer. As part of its political powers the Parliament has demanded right of oversight of programming documents – including those pertaining to Annual Action Programmes which are ordinarily subject of bilateral financing agreements between the European Commission and the beneficiary government (with some scrutiny by the Member States Management Committee). In the case of the Annual Action Programme 2007 for Uzbekistan, which proposed to provide equipment to the Parliament of Uzbekistan as well as to the National Association of NGOs, Parliament blocked this funding, although the project was resubmitted and passed through the Parliament in the following year. The Parliament should naturally be interested in the monitoring and evaluation process already discussed.

*Aid and the petro-states.* Kazakhstan and Turkmenistan need technical assistance for supporting reform efforts, but not financial assistance. Recently Kazakhstan has made an agreement to fund USAID with \$20 million in order to procure technical assistance and training services. The EU should examine the possibility to do the same, with the offer to redistribute the funds received in additional assistance to Kyrgyzstan and Tajikistan. Uzbekistan remains a difficult case for EU assistance since Tashkent is mostly interested in security cooperation. Meanwhile the absence so far of an EU Delegation makes project identification and implementation extremely difficult.

*Evaluation:* EU aid to Central Asia is in the course of being doubled in amount. This naturally calls for analysis of the results being obtained by existing programmes. There is a thorough monitoring process for all projects, which should provide the basis for such analysis and evaluation. However the monitoring reports are not published, nor are there any published policy-oriented analyses of the aid programmes to Central Asia so far. More transparency is needed in the monitoring and evaluation process, which would help the European Parliament fulfil its role. The Commission is currently shifting the emphasis away from isolated technical assistance projects in favour of both education for the region as a whole, and for the poorest countries of the region (Tajikistan and Kyrgyzstan) sectoral programmes that combine conditional budget and project support. We see the case for these developments, but caution that conditional budget support is a hazardous process in very problematic governance environments. EU contracting procedures need to be lightened, especially for small projects involving civil societies in the region. Grants to the petro-rich Kazakhstan and Turkmenistan should be more restricted,

with concentration on educational programmes, while Uzbekistan will need to show a more active interest to cooperate before increased EU assistance should be forthcoming.

#### **4.4 Differentiated policies towards the Central Asian states**

##### **4.4.1 *Kazakhstan***

There are now major opportunities for Kazakhstan and the EU to deepen their bilateral relationship with the objective of bringing the rapid economic development of this rich country into a process also of political and social progress, and participation in an enlightened conception of international relations. At present there is only limited space for political democracy and civil society, and the workings of the state security system is similar to other Central Asian countries (viz. the incarceration of human rights defenders). The workings of the state power system are complex and see different factions acting in different directions. However the leadership has a determined modernization strategy, and its multi-vector foreign policy includes a European vector, and a clear wish not to be over-dependent on a duopoly of its two big neighbours, Russia and China.

The markers of the European dimensions to its foreign policy are the 'Path to Europe' white paper adopted early in 2009 and its OSCE Presidency for the year 2010. The 'Path to Europe' is an action plan reminiscent of those produced by the European Union. It has 86 action points, and the Ministry of Foreign Affairs monitors implementation every six months. At the last count in October 2009 18 actions had been completed and 32 were work in progress. It is too early to say how the OSCE Presidency will work out, but one priority theme is to work for better cohesion between the EU and CIS states. If Kazakhstan hosts an OSCE Summit (as some reports suggest - the last one took place in 1999) this could provide an occasion for the EU, that makes up the bulk of OSCE membership, to closely work with Kazakhstan on strategic issues for the wider European area.

The EU and Kazakhstan envisage the negotiation of a new Agreement, which would replace the existing PCA. The content of the new Agreement could be much more developed than the PCA, and take as a reference the structure of the new model Advanced Agreements of the European Neighbourhood Policy/Eastern Partnership, which has been completed in the case of Morocco and is well advanced in the case of Ukraine. The main feature of these new agreements is that they can cover

the whole range of the EU's competences (the old EC competences as at the time the PCAs were negotiated, plus now justice and home affairs and foreign and security policy). However the trade policy content will be limited by the fact that Kazakhstan joins now with Russia and Belarus in a customs union, which excludes the possibility of a free trade agreement with the EU unless done by all three together. The EU can also consider how close Kazakhstan could be brought towards or into the Eastern Partnership. There are two options. The first, which could be activated already now, would be to invite Kazakhstan to join in the work of the region-multilateral working groups of the Eastern Partnership, for which there is already provision for 3<sup>rd</sup> country participation on an ad hoc basis. The second more ambitious option would be to invite Kazakhstan to join fully the Eastern Partnership.

Kazakhstan seeks to develop its relationship with the Council of Europe, acceding to some of its Conventions, but not those for Human Rights Conventions since this would entail the jurisdiction of the European Court of Human Rights and full membership of the Council of Europe. It seeks observer status at the Parliamentary Assembly, but this should be conditioned on steps in favour of political freedoms. Overall the EU should encourage Kazakhstan to aim as high as it wants to in terms even ultimately of Council of Europe membership, which would be conditioned on serious democratic development and naturally meeting the Council of Europe's human rights requirements.

The EU has established an energy dialogue with Kazakhstan, which in any case is diversifying its oil export routes across Caspian Sea to Baku.

The state budget of Kazakhstan is now sufficiently rich that the EU should no longer consider it to be a recipient of aid, except for a restricted category of operations, mainly in the education and civil society fields. As regards technical assistance, for which Kazakhstan has big needs, the Commission should explore the model between Kazakhstan and the US noted above, whereby Kazakhstan funds USAID with \$20 million for USAID to procure the needed expert services. The Commission should aim at this same model, providing no funding, but arranging access to European suppliers of expertise, which the TAIEX bureau could help arrange. This would have the double advantage of saving EU funds and allowing Kazakhstan to access European expertise without all the burden of EU regulations for tendering and contracting.

The education sector deserves priority support from the EU in ways that go beyond existing programmes such as Tempus, which however is well placed to help Kazakhstan's move to align higher education on the norms of the Bologna process. Kazakhstan is due to open in 2010 a major new technical university in Astana, with an initial budgetary endowment of \$500 million, and to teach entirely in English and to be staffed with foreign professors. The Commission should arrange for participation of EU universities in this important project in whatever way is suitable, i.e. not restricted to some Erasmus scholarships. Kazakhstan also has in Almaty several private universities, which assure European level higher education (see section 4.2.5). These universities have to charge fees which only the rich families of Kazakhstan can afford. The EU could devise a scholarship scheme for children from families of modest means to go to these universities, which would be a contribution assuring greater equality of opportunity in Kazakhstan.

The human rights dialogue with Kazakhstan is well engaged, but needs to become more rigorous with identification of feasible benchmarks for monitoring progress, or its absence (see Box 2). As already remarked the EU foreign ministers have felt it necessary to issue a statement in December 2009 on the case of Evgeniy Zhovtis, whose treatment by Kazakhstan's judiciary is out of line with its international commitments, and notably so in view of its OSCE chairmanship in 2010.

*Box 2. Agenda for the human rights dialogue with Kazakhstan*

- Strengthening of judicial authorisation of arrest (approval of arrest warrant).
- Non-interference of the state into legal profession
- Protection of rights during pre-trial stages of prosecution
- De-criminalisation of slander and insult
- Further development of the legislation on freedom of assembly
- Legislation for freedom of association in line with international standards
- Promotion of the freedom of expression, liberalisation of legislation on media
- Strengthening the Ombudsman office

#### **4.4.2 Kyrgyzstan**

Relations with the EU are positive, and in the course of being reinforced by a full Delegation with a resident Ambassador/Head of Delegation.

The economy of Kyrgyzstan is extremely weak, with much activity in the capital city revolving around a huge wholesale market for the transit of Chinese goods into Kazakhstan and Russia, which may now be undermined by more rigorous border controls by these two countries upon introduction in 2010 of their customs union.

The hydro-electric power resources are considerable, and new investments are being made, yet even this sector has serious problems. The water reserves of the huge Toktogul reservoir were depleted to dangerously low levels in 2008, but have partly recovered in 2009. The major power generating infrastructures date back to the 1970s and are in urgent need of renewal.

In the early years of independence in the 1990s Kyrgyzstan had a much more open civil society than other parts of Central Asia, as witnessed by active NGOs and the development of private universities. However the space for civil society, the freedoms of assembly and media, and political pluralism is currently contracting, after the so-called 'tulip revolution' of 2005 turned out to be no more than the replacement of one ruling clan by another. Political opposition is being harassed and effectively marginalized. These unfavourable tendencies make the EU's human rights dialogue highly relevant, as long as it can get engaged with the key issues (see below), identify practical benchmarks to monitor and help reverse the current negative trend.

The government seeks to implement an education reform with introduction of Bologna curriculum structures for higher education, and this can be supported by the EU Tempus programme. Budget assistance from the EU is presently targeting the social sector, but we understand that education is a potential new sector for this instrument.

The private university sector has achieved a certain regional niche, with an American University and an OSCE Academy that offers post-graduate course in disciplines relevant to OSCE core values (conflict and peace studies, political science democracy, and next year a course in European studies). There is an ambitious plan by the Aga Khan Foundation to establish a University of Central Asia, headquartered in Kyrgyzstan, with campuses also in Tajikistan and Kazakhstan, with a specialization in studies for mountain societies. These various initiatives should be considered by the EU as bases for supporting the development of a modern and incorrupt education sector.

*Box 3. Agenda for the human rights dialogue with Kyrgyzstan*

- Cessation of harassment and persecution of opposition members
- Liberalisation of law restricting freedom of assembly
- Cessation of government harassment of human rights groups and activists
- Independent investigation of allegations of deaths and injuries from torture in police custody
- Cessation of violence against journalists; guarantees for their safety
- Cessation of government intimidation of NGOs

**4.4.3 Tajikistan**

Tajikistan may be regarded as a fragile but not failed state. This very poor country suffers grave hardships through extreme poverty, compounded by breakdowns of electricity supplies in winter, despite its endowment with huge hydro-electric power potential. Tajikistan is also highly sensitive to the risks of spillover of the war and chaos in Afghanistan, where its co-ethnic Tajik population accounts for 35% of the total, and thus number far more than in Tajikistan itself.

Relations with the EU are good. The European Commission's Delegation has a substantial programme of operations, with its staff due to be beefed up in 2010 from 12 to 24 persons, and with appointment of a resident Ambassador/Head of Delegation. The Commission and Germany are together representing the bulk of aid from Europe. The EU's aid aims at poverty reduction and avoidance of state collapse, with sustained budget support for social welfare programmes. As already discussed (section 4.3) this is a controversial programme, with diverging views between those who applaud this attempt to help the country in its huge difficulties with a programme model that involves an integrated package of sectoral policy advice and conditions, capacity building and delivery of social benefits/projects, through to those who doubt that budget support for such a corrupt regime can reach its intended beneficiaries. The EU and other European donors support the local development work of the Aga Khan Foundation which has a remarkable network of local experts to execute projects reaching up into the Pamir mountain villages.

There is a certain space open for civil society, and this makes the EU's human rights dialogue potentially meaningful, even if there are signs that these existing civil liberties are under threat. The civil war of the 1990s between communists and Islamists was basically won by the communists,



but there remains a necessary place for the Islamist political party, and the EU is invited to include support for political dialogue with the Islamists as a project. This is highly desirable, alongside the tendency in much of Central Asia to brand Islamist tendencies as radical terrorists, which has a counter-productive effect.

The government's major economic priority is completion of the Rogun dam, for which it would welcome a consortium of international investors. As noted above (section 4.2.7) this could be linked to investment in high voltage power lines into South Asia, through Afghanistan into Pakistan and India. While this project is extremely ambitious it deserves support by the EU since it offers both some chances of advance for the economy, together with regional links to South Asia which could become part of a post-war regional economic recovery.

*Box 4. Agenda for the human rights dialogue with Tajikistan*

- Open access to prisons for civil society organisations and the Red Cross.
- Ratify the Optional Protocols to the Convention Against Torture, and
- ... to the Convention on Discrimination Against Women
- De-criminalise punishment for defamation.
- Stop the use of child labour on cotton fields.
- Introduce an article on torture in the Criminal Code.
- Reform the system of free legal aid to the low-income population.
- Compensation for forced displacement of people due to state needs.

#### **4.4.4 Turkmenistan**

Modern Turkmenistan, and in particular its capital Ashgabad, has to be seen to be believed. The scale of monumental investments in the last decade in giant marble palaces housing the government's offices and the private accommodation of the enriched elite surrounding the leadership, and in extravagant monuments celebrating the state and its former president, must have been accounting for a large share of the nation's GDP and revenues from gas sales. The population is also supplied with free gas and electricity, which is much appreciated, especially when comparisons are made with neighbouring Tajikistan and Kyrgyzstan. The new president has made some positive moves, but only very limited ones, over the record of his notorious predecessor. The population now has freedom of movement within Turkmenistan and to some extent externally, and some

reversal of the former president's idiosyncratic education policy of reducing schooling from 11 to 9 years, and university from 3 to 2 years. But still this remains a tightly controlled state, with zero possibility for political opposition, media freedoms, or NGOs concerned with political or human rights questions. The only NGOs are for family problems and citizen's advice bureau. How repressed are the people? Experienced observers say that the people know full well what the rules are, what can and cannot be done. So self-enforcement of the rules is the main mode, with zero manifestations of political debate or opposition. The system is endemically corrupt, and those who get imprisoned are those who fail to make the right payoffs. Overall Turkmenistan enters the 21<sup>st</sup> century still largely cut off from the rest of the world, having wasted huge amounts of its natural resource wealth on grandiose construction in the capital city.

In these circumstances the room for the EU to develop its relations with Turkmenistan is severely limited, even if an interim agreement on trade policy has now entered into force, and a human rights dialogue has been set in motion, for which some benchmarks are suggested below. The EU is still little known and understood in Turkmenistan, where publicly available information is in short supply. A first step to establish the EU's credibility has to be a fully accredited Delegation. The present 'Europa House' exercises some functions of a delegation but on a small scale, without diplomatic accreditation, and staffed by contracted consultants.

As regards aid activities the most plausible at this stage is to support scholarships for students to study in suitable universities necessarily outside the country, and this should include scholarships to the private universities that exist in Almaty and Bishkek, and not only in Europe (see section 4.2.5). However In the autumn of 2009 the Turkmen authorities took the extraordinary step of denying the exit of Turkmen students who were heading abroad for the beginning of the new academic year. Students who had already left earlier for universities in Kyrgyzstan and Bulgaria were forced to return to Ashgabat via pressurisation of their families by the security services, and have been black-listed (i.e. not able to travel abroad for at least 5-7 years).

The main strategic question open at this stage is whether the EU will become a large scale buyer of Turkmenistan's gas. As discussed above (section 4.2.6) the EU could become pro-active in offering to buy long-term a large quantity of gas, which would be transported across the Caspian Sea to Baku. The moment to make such a proposal is relatively propitious, since

the explosion of the gas pipeline to Russia in April 2009, due to a sudden reduction in Russian demand. While the pipeline has now been repaired, and a new commercial agreement made with Moscow in January 2010, the incident has made Turkmenistan increasingly interested in a multi-vector gas export policy. China has now inaugurated its gas pipeline link, with transit across Uzbekistan and Kazakhstan, which may carry 40-50 bcm of gas per year when fully operational. Supplies through a pipeline to Iran are now likely to go up from 8 to 14 bcm. An internal West-East pipeline of 40 bcm capacity is out for tender, which would take gas west to the Caspian coast, and thence either go north up the Caspian coast to connect with the Russian network, or cross the Caspian to connect with the Nabucco or Southern Corridor projects. The government says it is open to export in all directions: they will get the gas to the frontier. Turkmenistan says it can do all onshore development itself, but this is questionable. The next fields for development are deep down, and will need foreign technology, and Turkmenistan may be obliged to change its restrictive policy on foreign investment.

*Box 5. Agenda for the human rights dialogue with Turkmenistan\**

- Stop collective punishment, release the family members of prisoners
- Stop recruiting prisoners to coercive labour that is hazardous to their health
- Create harmonious conditions for culture and tradition of national minorities
- Create conditions for independent mass media and outlaw state censorship
- Guarantee possibilities for independent public organizations, reform NGO law
- Stop the persecution of dissidents and civic activists
- Allow free entrance into and exit from the country, and notably for students
- Create standards of economic transparency for use of energy revenues

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\* This list draws on *A Common Vision for the Advancement of Human Rights in Turkmenistan*, circulated by the Norwegian Helsinki Committee, 20 October 2009.

#### **4.4.5 Uzbekistan**

The lifting in October 2009 by EU foreign ministers of the remaining arms embargo sanction imposed after the 2005 Andijan events was a controversial decision. The EU hopes that this will be taken as encouragement for progressive reforms, whereas independent human rights NGOs protest that this will give the opposite wrong message.

However the decision to end the sanctions has been taken, and this logically marks the switch to a mode of engagement, and the need to work out how to make this effective. The next step already envisaged will be to open a full EU delegation in Tashkent, which should incorporate a strong public information unit to make the EU better known and understood.

As of today Uzbekistan remains an extremely difficult environment within which to work, given the omnipresent security services, exemplified by internal checkpoints at the frontiers of every oblast. However Uzbekistan has the ambition to be a leading player in the region and to regain international prestige. Its place as the most populous and geographically central state of Central Asia makes this a fair ambition. Yet this can only come with a greater openness for the movement of people and commerce across its borders, and profound reforms also for the liberalization of internal commerce and agriculture. The EU can in its political dialogue advocate this, and also try to persuade Uzbekistan to adopt a more constructive and modern attitude towards regional cooperation, first of all in the field of water. The EU has several technical assistance cross-border or regional projects in the field of water management, which Uzbekistan currently blocks or excludes itself from. As argues earlier (in section 4.2.7) there are benefits for downstream states on offer from objectively feasible cooperation schemes.

The level of material prosperity in the main cities of Tashkent and Samarkand is quite impressive, in contrast at least to neighbouring Kyrgyzstan and Tajikistan, with evident investment in the car stock and buildings, including school and colleges of higher education. However, Uzbekistan's industrial structure is dependent on heavy tariff protection (e.g. the automobile sector with 200% tariffs), except for free trade within the CIS from which it has evidently profited.

There is a new rail link inside Uzbekistan reaching down to Termez on the border with Afghanistan, which then links with routes into Iran and down to the port of Bandar Abbas. Uzbekistan is concerned with disenclaving its economy to the south, and this can fit into the revision of the trans-continental transport corridor strategies discussed above (section 4.2.8).

There are almost no functioning EU projects in Uzbekistan at present. An exception is an EU funded (UNDP-executed) rural living standards project, which received favourable evaluation for getting to the grass roots of poverty reduction. Given the extreme difficulties for active operations within Uzbekistan the education sector provides a plausible sector for

concentrated effort. For example the British Council's offices in Tashkent is a beehive of learning activity for Uzbek students, with a German cultural centre next door doing the same. In spite of the regime's repression there is a private Westminster University flourishing in Tashkent, and support for ventures such as these with scholarships for studies at this local campus is desirable, complementing the Erasmus scheme for mobility to Europe.

*Box 6. Agenda for the human rights dialogue with Uzbekistan*

- Release of human rights defenders and prisoners of conscience
- Liberalisation of accreditation and operation of NGOs
- Guarantee of freedom of speech and of independent media
- Implementation of conventions against child labour
- Alignment of election processes with OSCE commitments
- Cooperation with UN special rapporteurs on human rights issues
- Abolition of restrictions on free entrance and exit of the country
- Cessation of fabricated 'terrorist threats' for imprisoning religious leaders
- Independent investigation of allegations of torture in prisons, punishment for offenders
- Law to permit independent journalism in all areas (economic, political, cultural)
- Liberalisation of international cooperation of civic activists and organizations
- Legislation to regulate law-enforcement bodies (police)

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\* The first six items come from the EU's press release of 27 October 2009 announcing the lifting of the arms embargo.

#### ***4.4.6 The regional dimension – from Central Asia to EurAsia***

The EU seeks to foster enlightened regional cooperation among the five states and allocates 30% of its budget to regional projects. It comes to Central Asia with a presumption in favour of regional cooperation, although the more ambitious concept of regional integration looks like remaining way beyond the political horizon for Central Asia for many years. But has the regional dimension to the EU Central Asia strategy been adequately conceived for the 21<sup>st</sup> century? The Eurasian landmass is witnessing huge changes with the rise of China and India, after the 20<sup>th</sup> century when Central Asia was a region integrated only into the Soviet Union, sealed off from the rest of the world?

The EU Central Asia Strategy has already seen a significant development of the regional dimension to the processes of political dialogues between the EU and all five Central Asian states together, of which there are several circuits: foreign ministers concerned with broad political and security issues, and sector-specific dialogue circuits for education, water and environment, and the rule of law. These all involve structured meetings at various ministerial, senior official and expert levels. Concrete results from these activities are not so far visible, yet the EU seeks to promote a gradual movement of ideas among the Central Asian participants in favour of regional cooperation, even if there are some sharp contrary developments happening outside these meetings (e.g. the current breakdown of the regional electricity grid). The case in favour of this considerable investment in regional political dialogue with the EU is that it may produce a mutual learning process between the states of the region; and, as and when the participants see the case for regional cooperation, this will have to be based on common norms and rules. If this advances it will be a valuable systemic achievement.

However the objective limits to Central Asian regionalism are evident, and this is reflected in a shift in EU spending, reducing the weight of regional programmes and increasing bilateral ones. At the same time there is also a case for a second concept of regional cooperation, which we may call 'external' rather than 'internal' regionalism. The external regionalism would involve cooperative activity with neighbours external to the region, whereas the internal regionalism is restricted to the five Central Asian states. With its modest population size the Central Asian regional cooperation does not have much potential if it is not part of a wider economic openness. While there are some activities which have intrinsically a cross-border regional cooperative dimension, such as border management itself, transport corridors and above all water management, it is nonetheless the case that all these three examples have vital cross-border dimensions linking to neighbours external to the region, with trans-continental dimensions. Thus, border management concerns above all the trafficking of drugs where Central Asia is just a transit passage between Afghanistan and Europe, Russia and China. Transport corridors are essentially a trans-continental affair, with links from West China to West Europe being developed as well as North-South links down to South Asia. The water issue also, until now viewed as the quintessential Central Asia question, sees a possible South Asian hydro-electricity link option that might unlock the way for easier intra-Central Asian cooperation (South

Asia has demand for summer electricity, which is when downstream Central Asia wants the water for agriculture). The Commission is seeking to develop linkages between the Eastern Partnership and Central Asia through regional projects joining the two regions, especially in the energy, transport and environment sectors. However what is lacking is a framework for wider EurAsian cooperative projects in which the EU's activities in Central Asia would link also to Russia, or China, or South Asia, or combinations thereof.

One may also look at the political priorities of the states of the region in this light. Kazakhstan looks west to Europe with its "Path to Europe" programme as a strategic move to avoid exclusive dependence on Russia and China, and as part of its modernization drive. Turkmenistan, while remaining a closed and repressive political system, nonetheless frames its development priority in the opening of gas pipeline connections towards all points of the compass, North to Russia, East to China, South to Iran, and potentially East across the Caspian Sea to Europe, if the EU were to make a credible and major offer. Kyrgyzstan's economy is now substantially dependent on a transit trade function for Chinese goods to flow through to Kazakhstan and Russia. Tajikistan and Uzbekistan are concerned to disenclave themselves to the south with transport corridors through Afghanistan, Iran and Pakistan to the Gulf and Indian Ocean, and they are now inescapably affected by the Afghanistan drama, with their ethnic kin forming the most important minorities there.

All these wider regional or trans-continental issues that involve Central Asia are also of concern to the EU, but in a much wider context than just Central Asia. For the EU there is a cluster of essentially EurAsian issues here, more than just Central Asian issues, with important long-term implications for the EU's relations with Russia, China, and India, as well as the shorter-term priority of finding some kind of political resolution of the Afghanistan imbroglio. The case for the EU making a move towards an EurAsian policy in cooperation with other major powers and multilateral institutions was already developed in 2006 by Linn and Tiomkin.<sup>123</sup> One recent US-authored study suggests that the western policy makers should

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<sup>123</sup> Johannes F. Linn and David Tiomkin, "The new Impetus towards Economic Integration between European and Asia", *Asia Europe Journal*, Vol. 4, No. 1, April 2006.

regroup Central Asia with South Asia, rather than in a former Soviet Union group, and the US State Department has reorganised itself in this way.<sup>124</sup> The EU has moved partly in this direction by grouping Central Asia with the rest of Asia for the purpose of its aid administration, but we feel that for the EU a EurAsia frame is more suitable than just a link to South Asia.

EU foreign policy has now to focus on the issues of the newly emerging multi-polar world, with China, India, Russia, and the EU itself as newly emerging or re-emerging major powers on the Eurasian land mass. The No 1 strategic challenge is to find ways to secure some kind of normative cooperative order across a host of economic, political and security issues, based on some mix of multilateralism and cooperative arrangements between the major players. In this context Central Asia is unique as a landlocked region sitting in the middle between the big four of EurAsia: Russia to its North, China to the East, India to the South and the EU to the West.

*Evaluation.* The EU has reason to make a further step in its conception of the multiple regional dimensions of its foreign policy, which already has the Eastern Partnership, Northern Dimension, Union for the Mediterranean, Black Sea Synergy and now the Central Asia strategy. Each of these initiatives has its rationale. What is missing, however, is an overarching EurAsian dimension, looking for the ways to devise cooperative ventures reaching across these several regions into the wider Eurasian landmass, adapted to the needs of the emerging multi-polar world. Such an initiative would, inter alia, be a constructive move towards Russia after the awkward period in which the launch of the Eastern Partnership has been seen as deepening the segmentation of the post-Soviet space in EU policies.<sup>125</sup> The present 'internal' regionalism of the Central Asian strategy would continue its role of facilitating political dialogue with and between the five states. But major issues should find their place in an 'external' regionalism that could be framed as part of a wider EurAsian strategy.

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<sup>124</sup> See Frederick Starr (ed.), *The New Silk Road – Transport and Trade in Greater Central Asia*, Central Asia-Caucasus Institute, Washington, D.C. and Uppsala University, 2007.

<sup>125</sup> This point has been developed in M. Emerson et al., *Synergies vs. Spheres of Influence in the Pan-European Space*, CEPS Paperback, Brussels, 2009.



## 5. LOCATING CENTRAL ASIA IN A NORMATIVE GLOBAL STRATEGY

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This final chapter explores how the Central Asia strategy might fit into a global concept of EU foreign policy, which first requires some definition of the EU's global strategy. The EU already has relationships with most of the world's regions, including sub-Saharan Africa, Southeast Asia, Latin America and Central Asia, as well as the European neighbourhood, and bilaterally through strategic partnerships with China, India, Russia and the EU. But what is it trying to do in all these places?<sup>126</sup> Can there be a strategic coherence running through these operations in a very heterogeneous set of regions and major states, which would be the core content of an EU foreign policy?<sup>127</sup> If so, how might a Central Asia Strategy fit in with this?

One might wonder whether it is necessary to ask such questions for a region with a modest population size compared to the billions of people in the world's main continental regions or states. However, it is an important special case, given that it sees the presence of virtually all the world's global actors at a time when a new world order is in the making. The new assembly of major powers might as well try to come to terms with one another in this relatively simple and unthreatening case, since they will be faced with far more dramatic challenges elsewhere. In this respect Central Asia could be of some exemplary importance for the future world order.

These broad questions are indeed of huge practical importance. The world leaves its US-dominated uni-polar episode in the last half century. It

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<sup>126</sup> The EU has produced some documents to answer these questions, notably: "A Secure Europe in a Better World – European Security Strategy", submitted by Javier Solana to the European Council in December 2003.

<sup>127</sup> As is argued in Sven Biscop (ed.), *The Value of Power, the Power of Values: A call for an EU Grand Strategy*, Egmont Paper No. 33, Brussels: Academia Press, October 2009.

is entering a new multi-polar epoch, with emerging or re-emerging major powers – China, India, Russia and Brazil, to which may be added the EU; or, according to some authors, it is becoming a non-polar<sup>128</sup> or inter-polar<sup>129</sup> world. This confusing terminology only reflects the uncertainties surrounding the emerging world constellation. The fundamental question, which is as yet unanswered, is whether the new epoch is going to prove to be stable and enlightened, or anarchic, unstable and conflict-ridden. There are two extreme and alternative views on offer.

The first one is a realist, hard power view of international relations, with a long historical reality behind it, reflecting the prevalence of balance of power politics in Europe over several centuries preceding the present epoch.<sup>130</sup> Time and again situations with fragile balances of power between multiple great powers have broken down into violent struggles for power, and catastrophic war. In this view of history the urge for power is the driver of international relations. Hegemonic orders have been seen to be quite stable. But multi-polarity, in this gloomy view, is condemned to be unstable because of the inherent problems of uncertainty over the intentions of different actors, and the dangers of strategic miscalculation. The current epoch may differ from earlier centuries in that China, India, Russia, the US and two EU member states all have nuclear capability, and so the nuclear logic of mutually assured destruction may help keep the peace. On the other hand, the real difficulties of achieving ordered world governance in the new multi-polar world are only now becoming clear, and the global economic and financial crisis and failure of the Copenhagen climate change summit show the enormity of the issues at stake.

The alternative world view, which is today only partly a reality, advocates a rule-based, law-based and international normative world order with effective multilateral institutions. All the world's major powers say in principle that they want this, but it is more easily said than done, as a review of the current and recent policies of China, India, Russia, the US and

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<sup>128</sup> Richard N. Haas, "The Age of Non-Polarity: What will follow US Dominance?", *Foreign Affairs*, May-June 2008.

<sup>129</sup> Giovanni Grevi, *The Inter-Polar World: a New Scenario*, EUISS Occasional Papers, No. 79, Paris, June 2009.

<sup>130</sup> John Mearsheimer, *The Tragedy of Great Power Politics*, New York: Norton, 2001.

also the EU actually shows.<sup>131</sup> The EU declares that it wants to contribute to a normative world order, and indeed is now bound by the Lisbon Treaty to do so (see Box 7). However, other global actors are more focused on the exercise of power. This is certainly the case in Central Asia where the actual political environment is so distant from European values of human rights and democracy, and where Russia and China are now the most prominent external actors, with Russia pursuing an ultra-realist policy, and China very present economically but abstaining from any kind of normative influence beyond a general doctrine of political non-interference.

*Box 7. Lisbon Treaty - General Provisions on the EU's External Action – Art. 21*

1. The Union's action on the international scene shall be guided by the principles that have inspired its own creation, development and enlargement, and which it seeks to advance in the wider world: democracy, the rule of law, the universality and indivisibility of human rights and fundamental freedoms, respect for human dignity, the principles of equality and solidarity, and respect for the principles of the United Nations Charter and international law. The Union shall seek to develop relations and build partnerships with third countries, and international, regional or global organisations which share the principles referred to in the first subparagraph. It shall promote multilateral solutions to common problems, in particular in the framework of the United Nations.

2. The Union shall define and pursue common policies and actions, and shall work for a high degree of cooperation in all fields of international relations, in order to:

- (a) safeguard its values, fundamental interests, security, independence and integrity;
- (b) consolidate and support democracy, the rule of law, human rights and the principles of international law;
- (c) preserve peace, prevent conflicts and strengthen international security, in accordance with the purposes and principles of the United Nations Charter, with the principles of the Helsinki Final Act and with the aims of the Charter of Paris, including those relating to external borders;
- (d) foster the sustainable economic, social and environmental development of developing countries, with the primary aim of eradicating poverty;

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<sup>131</sup> Nathalie Tocci (ed.), *Who is a Normative Foreign Policy Actor? The EU and its Global partners*, CEPS Paperback, Brussels, 2008.

- (e) encourage the integration of all countries into the world economy, including through the progressive abolition of restrictions on international trade;
- (f) help develop international measures to preserve and improve the quality of the environment and the sustainable management of global natural resources, in order to ensure sustainable development;
- (g) assist populations, countries and regions confronting natural or man-made disasters; and
- (h) promote an international system based on stronger multilateral cooperation and good global governance.

The actual world lies somewhere between these two poles. There is a growing body of international law governing political and security issues on matters of interstate relations and human rights, as well as commercial and economic affairs. There are significant multilateral institutions, all of which are active in Central Asia (UN, OSCE, World Bank, IMF, Asian Development Banks and EBRD), and important continental sub-systems with their own institutions and governing rules, of which the EU is the most developed example. The major powers work with and through these various institutions and bodies of international law, as well as bilaterally. But the question that remains is the relative weight in the system between the realist power play, versus the international public sphere governed or seriously framed by international law, norms and values.

How then might such an EU strategy be framed for the particular case of Central Asia, founded on norms of general validity for foreign and security policy?

The approach can be framed in terms of two pillars:<sup>132</sup>

- Protection of the home territory from external threats, and
- Projection of a values-based order in the world outside.

Both can be discussed from a normative perspective, which is more promising than to join in the stereotyped debate that opposes interests and values.<sup>133</sup> Energy supplies and security concerns are cited as the key drivers

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<sup>132</sup> This again follows S. Biscop, *op. cit.*

<sup>133</sup> The frequently heard distinction between values and interests has been severely questioned in scholarly analyses, since the interpretation of a value is conditioned by underlying interests, or on the other hand values represent the conceptual

of realist geo-politics. Like everyone else, the EU has existential interests for its economy and society in reliable energy supplies and protection from various security threats. But there are different ways of securing these interests, in which a values-driven approach can still be of the essence.

### 5.1 Protection from security threats

The states of Central Asia and the EU share a highly developed normative code for international security in the basic principles of the Helsinki Final Act of 1995, now embedded in the OSCE. The Helsinki principles amount to a comprehensive normative security concept, aiming at conflict prevention and resolution.<sup>134</sup> President Medvedev has been advocating a strengthening of the pan-European security order, “from Vancouver to Vladivostok”, in a draft Treaty for European Security published in December 2009. While there are discussions underway in the OSCE on this, it is not clear how this would be operationalised or mark an advance on the Helsinki principles. Its normative content is in fact much more limited than the Helsinki principles, excluding all that in OSCE terminology related to the human dimension. Discussions are ongoing, however, and Kazakhstan’s presidency of the OSCE in 2010 provides an opportunity for the EU to work with the Central Asian states towards a greater common interest in strengthening the effectiveness of the OSCE in the region.

Concretely Central Asia presents no direct security threats to the EU. However it is relevant to three such threats.

*Insecurity of energy supplies.* Central Asia can contribute to the expansion and diversification of supplies of oil, especially from Kazakhstan, and gas especially from Turkmenistan. The exploitation of energy resources can be framed by norms of environmental sustainability, corporate governance and income distribution – all considerations of first

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prism through which interests are prioritised. For a discussion see N. Tocci, op. cit, pp. 5-6.

<sup>134</sup> I. Sovereign equality, respect for the rights inherent in sovereignty, II. Refraining from the threat or use of force, III. Inviolability of frontiers, IV. Territorial integrity of States, V. Peaceful settlement of disputes, VI. Non-intervention in internal affairs, VII. Respect for human rights and fundamental freedoms, VIII. Equal rights and self-determination of peoples, IX. Co-operation among States, X. Fulfilment in good faith of obligations under international law.

rate relevance in Central Asia, for which the above-mentioned Extractive Industries Transparency Initiative (EITI) is relevant.

Diversification of oil and gas supplies dilutes monopolistic concentrations of energy power, which is in principle desirable both as a matter of economic policy, and in order to lessen the hazard of energy supplies being used (as in practice by Russia) as a geo-political instrument. In the case of Turkmenistan it is sometimes argued that the EU should not try to buy its gas because of the extremely repressive nature of its political regime. But is it plausible to boycott its gas for this reason? If so what about supplies from Russia, Iran, Saudi Arabia, Libya or Venezuela – all authoritarian regimes with varying degrees of political repression? The world's hydrocarbon resources are concentrated in these places, and this may be no coincidence as extreme concentrations of such wealth induce concentrations of power. Under these conditions the normative energy policy can push for standards of corporate governance, transparency over the use of revenues and income distribution in the producing states as through the EITI, but the ultimate norm is that of environmental sustainability at the global level through reduced dependence on fossil fuels, i.e. climate change policy.

*Al Qaida and Talibanisation.* Central Asia is adjacent to the war in Afghanistan, which is being fought to protect Europe and the world from al Qaida, with logistical routing of supplies for NATO forces through Central Asia. These routes have to be maintained, and can hardly be criticised as an unprincipled pursuit of interests. Central Asia is not, at least for the time being, seeing a spillover of Talibanisation as in Pakistan, but there are dangers of spreading Islamic radicalisation in Central Asia, with Europe inclined to advocate dialogue with moderate Islamist movements, and their inclusion in political processes.

*Drug trafficking.* Central Asia is also part of the route for drug supplies from Afghanistan to Europe, which is a matter of vital concern for the public health of Europe and its society. The EU supports a sustained effort to combat drug trade and addiction in Central Asia, and should explore the means to extend this into effective cooperation with Russia and Eastern Europe.

## **5.2 Projection of values**

How would the EU, as a global actor seeking to work towards a normative world order, address the situation in Central Asia in practical terms? Its

values-based agenda, as can be extracted from official documents, is long and complex. One can discuss political values, yet for countries faced with huge economic development challenges the priorities most often begin with basic issues of poverty reduction, food security, economic development and environmental security. The EU has aid instruments aiming at several points in this agenda, but the scale is modest compared to the massive investments now being made by China in particular in economic infrastructures. This means that the EU's efforts have to be profiled very distinctly, and here the grants towards social and educational programmes are examples. Expansion of the education programme could prove the most effective and durable way to introduce European civil, professional and cultural values and standards into Central Asia.

*Human rights.* It is evident that the EU makes a substantial effort to help Central Asian states improve their highly problematic human rights situations. The legitimacy of this activity is based on the common normative principles enshrined in the Universal Declaration of Human Rights of 1948, to which all Central Asian and EU states have subscribed, coupled to the voluntary willingness of the Central Asian states to enter into human rights dialogue with the EU. The EU is well placed to do this, since the human rights Conventions of the Council of Europe, to which all EU member states adhere, are based on the Universal Declaration, and further developed through the jurisprudence of the European Court of Human Rights. It is notable that no one else among the major external partners of Central Asia is willing or able to engage in human rights dialogue with Central Asian states, certainly not Russia or China, nor even the United States at present

*Democracy and the rule of law.* Contrasting with human rights, democracy is not internationally codified legally. There are open questions concerning the length of the time horizon – from medium to long-term – over which major progress might be expected in Central Asia. The EU is cautious in pushing for Western-style democracy in political and cultural contexts which are very far from this, or where the basic needs of the population for survival and escape from extreme poverty are the first concerns of the population. Given that political change must necessarily come about bottom-up and from within, the major contribution of the EU at this stage would be to help create a rule-bound context in Central Asia conducive to political change. This relates, as we have seen, to one of the EU's priority actions on the rule of law. Beyond domestic legal systems this should also mean the entrenchment of European and international law in

the bilateral relations the EU establishes with the Central Asian republics. The EU is well placed to do this given that its foreign policies are typically carried out through contractual relations with third states. The Partnership and Cooperation Agreements with the Central Asian states are the vehicle for this, and these agreements can be progressively renewed and deepened, as is planned with Kazakhstan in the first instance. This is because these contractual ties delve into a wide variety of policy areas and affecting a wide range of institutions, laws and administrative structures and procedures within neighbouring countries. While not amounting to democracy per se, the establishment of the rule of law is a necessary prerequisite for home-grown democracy to emerge from within.

*Regionalism.* Central Asian regional cooperation should be supported where it can clearly deliver benefits, but the EU should not imagine some transplant of its own experience of regional integration. The Central Asian region is too small, heterogeneous and enclaved between very big neighbours for intra-regional cooperation to become a main driver of progress as has been the case in Europe. While there should therefore be no exaggerated or premature hopes for regional cooperation in Central Asia, the quest for a renewed and modern Central Asian regional identity is something that should be viewed sympathetically, with the chance that this would naturally lead to some authentic normative foundations. The development of the several regional policy dialogues between the EU and the five states together can help foster this. On the other hand, as argued above (section 4.4.6) the concept of regionalism advocated by the EU for Central Asia could be supplemented in a more outward looking or 'extroverted' direction, in addition to the quest for intra-regional cooperation. This links to the issue of trans-continental cooperation around Central Asia or a EurAsian dimension to EU policies, and the quest for cooperative multi-polarity, to which we return in a moment.

*Multilateralism.* The EU makes substantial use in Central Asia of international organisations such as the UNDP and Council of Europe for executing some important projects (e.g. border management, rule of law), and this helps take the pressure off the Commission's limited administrative resources while at the same time supporting multilateral organisations which pursue the same normative objectives as the EU. OSCE could also be included in such cooperation; it already receives considerable project funding from EU member states bilaterally, but could also be supported by the EU itself. The EU can and actually does work cooperatively with the World Bank, IMF, and EBRD, with various funding



or co-funding operations. It is striking that these multilateral organisations are to a high degree staffed with European nationals, including now those from new member states who more often have Russian language competence. The EU should exploit these strengths, and regard it as part of its alliance building for values-based reform efforts.

*Multi-polarity.* This is the new challenge, given the passing of the unipolar US-dominated epoch and the rise of the new or renewed major powers almost all of which are present in Central Asia. The challenge is of great difficulty given the different foreign policy philosophies currently on display, between on the one hand non-democratic Russia and China who join in the SCO club with the Central Asia states agreeing on a strong doctrine of political non-interference, versus on the other hand democratic EU, US, Turkey and India which are all inclined in maybe differing degrees to advocate a different normative foreign policy concept. The capacity of the major powers to work more cooperatively at the global level is uncertain to say the least. Yet this is where the case of Central Asia presents an opportunity. Could the several major actors work together in this region concretely as an example of global cooperation? There are at least three spheres of policy which could see this could be done. The first would be cooperation over common security threats coming from Afghanistan and Pakistan, in particular in the form of drugs and radical Islamic terrorism. The second is the regional water-hydropower nexus, where major solutions could best rely on international consortia with all major players present. The third is the optimisation of trans-continental transport routes for trade. As for organisational initiatives, the EU might, if invited, become an observer member of the SCO. Or, alternatively, the EU meetings with the five Central Asian states could for some purposes be extended to include Afghanistan, Pakistan and India.

Overall we conclude in support of the shaping of a distinct normative or values-based strategy that would be at the heart of the branding of EU foreign policy world-wide, while seeing its application adapted to the conditions of various regions of the world. At first sight it might be supposed that it would be difficult or impossible for such a strategy to fit into a region such as Central Asia with political regimes that are currently so distant from European democratic norms. Yet on close examination the case of Central Asia shows that this need not be so, on the contrary. Moreover, since the EU has decided to have a Central Asia strategy it is obliged as a matter of strategic consistency to articulate this in its world view.

# ANNEXES

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## **Annex A: Official text of the EU's Central Asia Strategy, 2007**

### **“The EU and Central Asia: Strategy for a New Partnership”**

Text adopted at a summit meeting of the European Union (European Council) in July 2007

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- ANNEX - EC 2007-2013 regional assistance strategy for Central Asia

#### **I. Introduction: The EU and Central Asia**

Central Asia has a centuries-old tradition of bringing Europe and Asia together. It lies at a strategically important intersection between the two continents. The Central Asian States of Kazakhstan, the Kyrgyz Republic, Tajikistan, Turkmenistan and Uzbekistan have known considerable evolution in political and economic transformation since attaining independence. They have established statehood, safeguarded multi-ethnic understanding and inter-religious communication. By joining the OSCE, they subscribed to the Organization's values, standards and commitments. By signing the United Nations Millennium Declaration they set themselves ambitious goals.

At the beginning of the 21st century, the time has come for a new partnership between the EU and Central Asian States in a globalised world.

The common goal of achieving stability and prosperity by means of peaceful inter-action makes Europe and Central Asia partners for increased cooperation. The strong EU commitment towards its Eastern neighbours within the framework of the European Neighbourhood Policy will also bring Europe and Central Asia closer to each other, both in terms of political cooperation and economic development.

The development and consolidation of stable, just and open societies, adhering to international norms, is essential to bring the partnership between the European Union and Central Asian States to full fruition. Good governance, the rule of law, human rights, democratisation, education and training are key areas where the EU is willing to share experience and expertise.

The EU can offer experience in regional integration leading to political stability and prosperity. Lessons learnt from the political and economic transformation of Central and Eastern Europe can also be offered. With their rich traditions and centuries-old exchanges, the EU and Central Asia can contribute actively to the dialogue between civilisations.

Many challenges facing the globalised world affect Europe and Central Asia alike, and warrant a common response. Security questions and regional economic development require close cooperation of the EU with each Central Asian state, taking into account their geographical location, in particular with respect to Afghanistan, Pakistan and Iran. This applies i.a. to developments in the areas of border management, migration, the fight against organized crime and international terrorism, as well as human, drugs, and arms trafficking.

The dependency of the EU on external energy sources and the need for a diversified energy supply policy in order to increase energy security open further perspectives for cooperation between the EU and Central Asia. EU efforts to strengthen local energy markets will help to improve investment conditions, increase energy production and efficiency in Central Asia and diversify energy supply and distribution in the region.

Through this Strategy and the Commission's assistance programme for the period of 2007-2013, the EU defines the priorities for its cooperation with each Central Asian state according to its specific needs, requirements and performance, including human rights, good governance, democracy and social development. Within the new external assistance instruments based on the EU-budget 2007-2013 the EU has planned to double the financial means for assisting Central Asian States.

Building upon and complementing the Commission's assistance programme, Member States of the EU are prepared to study specific bilateral partnership and twinning programmes with individual Central Asian States as well as programmes with a regional dimension based on an adequate and coordinated needs-assessment. Member States will support the Community's programmes to contribute to a more coherent and visible EU policy in the region.

In order to address issues of particular importance, the EU will within the framework of this Strategy:

- Establish a regular regional political dialogue at Foreign Minister level;
- Start an "European Education Initiative" and support Central Asian countries in the development

- of an “e-silk-highway”;
- Start an “EU Rule of Law Initiative”;
- Establish a regular, result-oriented “Human Rights Dialogue” with each of the Central Asian States;
- Conduct a regular energy dialogue with Central Asian States.

In implementing the goals and objectives laid down in this Strategy, the EU will be guided by the principles of equal dialogue, transparency and result orientation. It will seek close cooperation with all neighbouring countries of Central Asia.

## **II. EU strategic interests: Security and stability**

The EU has a strong interest in a peaceful, democratic and economically prosperous Central Asia. These aims are interrelated. The aim of the EU Strategy is therefore to actively cooperate with the Central Asian States in reaching these goals as well as to contribute to safeguarding peace and prosperity in neighbouring countries.

The Strategy builds on the progress which the Central Asian States have themselves made since attaining independence. It takes account of their common aspects as well as specific national contexts and requirements.

It also builds on the results obtained under the implementation of the various Partnership and Cooperation Agreements, EU assistance programmes and other initiatives taken by the EU to support the states of Central Asia.

The Strategy is based upon common interests of the EU and the states of Central Asia. To align expectations of Central Asian partners with those of the EU will be a mutually beneficial and reinforcing process.

The EU has an interest in security and stability as well as in adherence to human rights and the rule of law in Central Asian States because:

- Strategic, political and economic developments as well as increasing trans-regional challenges in
- Central Asia impact directly or indirectly on EU interests;
- With EU enlargement, the inclusion of the Southern Caucasus into the European Neighbourhood Policy and the Black Sea Synergy Initiative, Central Asia and the EU are moving closer together;
- Significant energy resources in Central Asia and the region’s aim to diversify trade partners and supply routes can help meet EU energy security and supply needs.

The EU strongly believes that strengthening the commitment of Central Asian States to international law, the rule of law, human rights and democratic values, as well as to a market economy will promote security and stability in

Central Asia, thus making the countries of the region reliable partners for the EU with shared common interests and goals.

### **III. Instruments**

In order to intensify cooperation with Central Asian States, the EU will make full use of the potential of Partnership and Cooperation Agreements, Commission and Member States programmes, cooperation frameworks such as the Baku Initiative and political dialogue, using the variety of CFSP instruments. Cooperation with the UN, in particular the ECE, the OSCE, the Venice Commission of the Council of Europe, NATO, international financial institutions and with other regional organizations and fora will be enhanced. The EUSR, EU Member State embassies and the European Commission delegations should seek to strengthen cooperation with the OSCE. In addition, the EU seeks to put into place, together with

Central Asian States, new forms of cooperation, such as a regular bilateral human rights dialogue.

The EUSR and the Commission as well as Member States play an important role in implementing this Strategy. The EUSR shall, on behalf of the High Representative and in accordance with his mandate, together with the Commission and the Presidency, and without prejudice to Community competence, monitor the implementation process, make recommendations and report to relevant Council bodies on a regular basis.

Twinning and seconding staff between EU and Central Asian administrations or companies is an essential part of EU cooperation with Central Asia in order to introduce EU-wide best practices in connection with Community legislation. This policy will be intensified based on the experience gained.

Public-private partnership initiatives as well as bilateral instruments and Member State programmes can play an important role in increasing the EU's commitment in Central Asia.

Interaction with international financial institutions will be strengthened, including the World Bank and the European Bank for Reconstruction and Development (EBRD). The European Investment Bank (EIB) should play an important role in financing projects of interest to the EU in Central Asia.

### **IV. Bilateral and regional cooperation**

The EU Strategy aims at a balanced bilateral and regional approach. The EU will balance policy approaches in Central Asia according to the differing needs of every country and to the performance of each country. The EU will foster regional cooperation among Central Asian States and between Central Asian States and other regions.

Bilateral cooperation will be of special importance. It will be strengthened to respond adequately to individual proposals brought forward by each of the five

Central Asian States. It is essential to cooperate bilaterally on issues such as human rights, economic diversification, energy and other sectoral issues, including youth and education. The intensity of the cooperation will reflect the commitment to transition and reform of each country.

A regional approach is suitable for tackling common regional challenges such as organised crime, human, drugs and arms trafficking, terrorism and non-proliferation issues, inter-cultural dialogue, energy, environmental pollution, water management, migration as well as border management and transport infrastructure. In this regard the EU will cooperate with international financial institutions, multilateral and regional organizations and institutions.

The EU is prepared to enter into an open and constructive dialogue with regional organizations in Central Asia and to establish regular ad hoc contacts i.a. with EURASEC, the Shanghai Cooperation Organization (SCO), CICA, CSTO, CAREC and CARICC.

## **V. A strengthened EU approach**

### ***Human rights, rule of law, good governance and democratization***

The development of a stable political framework and of functioning economic structures are dependent on respect for the rule of law, human rights, good governance and the development of transparent, democratic political structures.

The EU and its Member States intend to step up support for the protection of human rights and for the creation and development of an independent judiciary, thus making a sustainable contribution to the establishment of structures based on the rule of law and international human rights standards. Cooperation on justice between the Central Asian States and the EU Member States will also be appropriate. The EU will cooperate closely with the OSCE, the Council of Europe, the UN and the UN High Commissioner for Human Rights in this field.

The EU is engaged in human rights dialogues with a number of countries. Those dialogues are an instrument of the Union's external policy. Human rights dialogues constitute an essential part of the EU's overall strategy aimed at promoting respect for human rights and fundamental freedoms, sustainable development, peace and stability.

Against this background and on the basis of the relevant EU guidelines, the EU will raise human rights issues with each Central Asian state through an appropriate channel for discussion, inter alia by entering into a structured, regular and results-oriented human rights dialogue. The form and the modalities of such dialogue will be defined individually and at a future stage. The objectives of a human rights dialogue with each of the countries of Central Asia should include:

- Discussing questions of mutual interest and enhancing cooperation on human rights, inter alia in multilateral fora such as the United Nations and the OSCE;

- Raising the concerns felt by the EU as regards the human rights situation in the countries concerned, information gathering and initiatives to improve the relevant human rights situation.

In addition, human rights dialogues contribute to supporting practical steps aimed at meeting human rights objectives at national level, in particular through financial and technical cooperation and specific projects to be funded under the European Instrument for Democracy and Human Rights.

The EU will respond to suggestions put forward by the Central Asian States and will further intensify cooperation on matters pertaining to the rule of law, good governance and combating corruption. To this end, the EU will develop a Rule of Law Initiative which addresses the specific priorities identified by each country. EU Member States and the Commission will coordinate their projects closely. Within the framework of this Rule of Law Initiative, the EU will support the Central Asian States in core legal reforms, including reform of the judiciary, and in drawing up effective legislation, for example in the fields of administrative and commercial law.

In promoting the consolidation of peace and international justice, the EU and its Member States are determined to share, with the Central Asian States their experience in the adoption of the necessary legal adjustments required to accede to the Rome Statute of the International Criminal Court, and in combating international crime in accordance with international law.

The EU and Member States will aim to:

- Allocate adequate funds to this Rule of Law Initiative;
- Second judicial and administrative experts to Central Asian States on both short-term and longterm assignments;
- Provide training opportunities to experts from Central Asian States;
- Support the transparent implementation of legal reform;
- Offer the possibility of international exchanges by organizing and sponsoring specialized conferences;
- Facilitate cooperation by Central Asian States with the Venice Commission of the Council of Europe;
- Encourage implementation of ILO norms and conventions for decent work;
- Coordinate closely with existing activities of OSCE field missions, the Office for Democratic Institutions and Human Rights (ODIHR), bilateral programmes as well as the UN and the UN High Commissioner for Human Rights;
- and provide technical assistance and establish close cooperation aimed at making the legislative and constitutional amendments required for accession to and implementation of the Rome Statute.

The task of sustaining a culture of human rights and making democracy work for its citizens calls for the active involvement of civil society. A developed and active civil society and independent media are vital for the development of a pluralistic society. The EU will cooperate with the Central Asian States to this end and promote enhanced exchanges in civil society.

The EU will also pursue its objectives of ensuring the promotion and protection of human rights throughout the world, as well as in Central Asia states, through international bodies such as the General Assembly or the Human Rights Council as appropriate. The EU is willing to cooperate with Central Asian States in these international fora to achieve this common aim.

***Investing in the future: youth and education***

Central Asia's future will be shaped by its young people. The majority of Central Asia's population is under the age of 25, providing enormous potential for development. Good education is essential in order to open up this potential for the younger generation.

The EU and Member States will therefore set up a European Education Initiative for Central Asia in order to contribute to the adaptation of the education systems of Central Asian States to the needs of the globalised world. It is willing to cooperate with major international partners and donors supporting educational programmes and institutions.

Under the European Education Initiative, the EU and Member States will in particular offer support in the fields of

- Primary school education;
- Secondary school education;
- Vocational education and training;
- Higher education cooperation, academic and student exchanges, for instance under the new Erasmus Mundus facility and TEMPUS and bilaterally.

The EU will support the development of regional education centres and cooperate closely with the OSCE Academy in Bishkek. The EU stands ready to open European Studies Institutes in the region. The EU is prepared to grant scholarships for students from Central Asian countries to European universities.

The EU will also support the continuation of the activities performed by the European Training Foundation in the field of vocational education and training in Central Asia.

Furthermore, the EU stands ready to support Central Asian States in linking with the EU e-network through the development of an 'e-silk-highway' and to promote long distance learning. It is our aim to link Central Asia to global Internet-based communication networks and to enable Central Asian students, teachers, academics, and scientists to participate in modern forms of life-long learning.



***Promotion of economic development, trade and investment***

The EU supports the removal of trade barriers between the Central Asian States and it will continue to support WTO accession for the four Central Asian States which are not yet WTO members on commercially viable terms and in full compliance with WTO requirements. WTO accession is key for wider economic reforms and diversification and better integration of the countries into the international trade and economic system. The EU will promote the creation of regulatory and institutional frameworks for an improved business and investment environment and further support economic diversification. The EU will continue to cooperate with Central Asian States in order to improve access for Central Asian products to EU markets. In this regard the renewed EU Generalised System of Preferences (GSP – 2006/2015) offers the best ever preferential framework aimed at encouraging exports and economic diversification in these countries. Equally, it will be an incentive for diversifying their economies on the basis of the market access advantages offered by the EU.

Under INOGATE (Baku Initiative) and TRACECA (funded through DCI and ENPI), the EU will promote the development and expansion of the regional infrastructure in the fields of transport, energy and trade in order to make better use of Central Asia's economic potential, not least through improved regional cooperation. As an important trade corridor between East and South Asia and Europe, Central Asia can benefit from increasing trade.

The EU will continue to support the development of market economy structures in Central Asia. In this connection, the EU will cooperate with interested companies from the EU in a public-private partnership to promote the market economy. It will offer training and assistance programmes for Central Asian partners. The EU will support the aspirations and actions of the Central Asian States towards market economy structures.

The EU will:

- Support deeper integration of Central Asia into the world trade and economic system, in particular through the WTO accession process and eventual membership;
- Support economic diversification with a view to promoting sustainable development by improving local skills and potential (science and technology, innovation, tourism), promotion of SMEs, development of basic infrastructure (road, rail, telecom, IT);
- Support substantial reforms of the financial systems which are needed in most countries, especially in the banking and micro credit sector; improved banking regulation, supervision and enforcement; privatisation of state banks; increased competition among banks and easier entrance for foreign banks are key steps which Central Asian States need to take;

- Study further possible options to enhance the Central Asian States' ability to make better use of the available GSP and encourage regional trade;
- Develop the necessary systems, including with regard to regulatory approximation to the EC acquis, to allow a practical better access to the EU market for Central Asian products;
- Continue to support the efforts of the Central Asian States to fully implement the trade and economic provisions of the Partnership and Cooperation Agreements;
- Extend trade-related technical assistance and policy advice to facilitate the creation of legislative and institutional frameworks conducive to better business environments and to attracting foreign direct investment;
- Help the countries of the region to work out strategies to improve their individual credit ratings in order to qualify for future lending programmes;
- Support these countries in enforcing best customs practices as set by the World Customs Organisation;
- Support initiatives for know-how transfer and capacity building.

### *Strengthening energy and transport links*

The EU and Central Asia share a paramount interest in enhancing Energy Security as an important aspect of global security. There is a common interest in diversifying export routes, demand and supply structures and energy sources.

Besides oil, gas and electricity, water management is a decisive aspect of energy cooperation with Central Asia. Hydro-power production and distribution are crucial to promoting stability and prosperity in Central Asia and beyond, including Afghanistan and Pakistan. Its potential has not been sufficiently addressed.

The development of resources in oil and gas has significantly increased the role of Central Asian States as energy producers and transit countries. Increasing oil and gas exploitation will contribute to better world market supplies and will be conducive to diversification. Gas deliveries from the region are of special importance to the EU.

The key elements for a long-term partnership based on common interests and reciprocity can therefore be established in the years to come: the exploitation of the energy resources of Central Asian States calls for substantial and sustained investment as well as for comprehensive policies addressing all the components of their energy sectors and facilitating access to most developed markets. The EU, for its part, is ready to consider all options for the development and transportation of these resources, in cooperation with other interested partners.

A market-based approach to investment and procurement and transparent, stable and non-discriminatory regulatory frameworks guarantee, for all sources of energy, the best prices and increased opportunities for all stake-holders. Against

this background, the EU will conduct an enhanced regular energy dialogue with Central Asian States in the framework of the Baku Initiative<sup>1</sup>. EU activities will also be based on the Energy Charter and bilateral MoUs on Energy issues.

The EU will support the exploration of new oil, gas and hydro-power resources and the upgrading of the existing energy infrastructure. To enhance EU security of energy supply, the EU will also support the development of additional pipeline routes and energy transportation networks.

It will also contribute to regional energy security and cooperation, and widen export markets for Central Asian producers. The EU will lend political support and assistance to Central Asian countries in developing a new Caspian Sea - Black Sea – EU energy transport corridor.

The EU will promote the creation of an integrated Central Asian energy market and will support public-private partnerships which encourage EU investment.

Based on the objectives laid down in the Baku Initiative the EU will focus cooperation with Central Asian States in particular on the following matters:

- Converging of energy markets on the basis of the EU internal energy market principles taking into account the particularities of the partner countries;
- Enhancing energy security by addressing the issues of energy exports/imports, supply diversification, energy transit and energy demand;
- Transparency and capacity-building in statistics and in the governance of the energy sector;
- Supporting and enhancing technological cooperation between the EU and the Central Asian States in the energy sector;
- Supporting sustainable energy development, including the development of energy efficiency, renewable energy sources and demand side management;
- Attracting investment towards energy projects of common and regional interest;
- Supporting the rehabilitation of existing pipelines and the construction of new pipelines and electricity transportation networks inside the region and towards Europe;
- Supporting the development of comprehensive action programmes aiming at the promotion of energy saving, energy efficiency and renewable energy, notably with a view to meeting commitments in the framework of the Kyoto protocol;
- Supporting the 'Global Energy Efficiency and Renewable Energy Fund' initiative;

- Encouraging the countries to take initiatives similar to those taken by the EU in the Action Plan for an Energy Policy for Europe (European Council of March 2007).

In addition, the EU will continue to promote the Extractive Industries Transparency Initiative within the Central Asian region as a means to contributing to sustainable development and poverty reduction.

#### *Environmental sustainability and water*

Fair access to water resources will be a major challenge for the world in the 21st century. Most major environmental issues in Central Asia are related to the allocation, use and protection of the quality of water resources. With the region connected through cross-boundary rivers, lakes and seas, a regional approach to protecting these resources is essential. Linked to this is the need to improve forestry management. There is a need to have an integrated water management policy (upstream and downstream solidarity).

For the EU water cooperation is of particular interest, especially in view of achieving by 2015 the Millennium Development Goals on clean drinking water and good sanitation facilities.

Promoting cooperation on water management can at the same time foster regional security and stability and support economic development.

An EU-Central Asia dialogue on the environment was launched in Spring 2006 and will provide the basis for joint cooperation efforts.

Environmental issues related to the extraction and transport of energy resources as well as vulnerability to climate change and natural disasters are also matters of major concern. Questions pertaining to the protection of the environment should be taken into account in regional dialogue at all levels.

The EU will therefore:

- Support the implementation of the EECCA (Eastern Europe, Caucasus, Central Asia) component of the EU Water Initiative (EUWI-EECCA) for safe water supply and sanitation and integrated water resources management.
- Promote transboundary river basin management as well as regional cooperation under the Caspian Sea Environmental Convention;
- Give particular support to the integrated management of surface and underground trans-boundary water resources, including the introduction of techniques for a more efficient water use (irrigation and other techniques);
- Enhance cooperation for appropriate frameworks for facilitating the financing of water related infrastructure projects, including through attracting IFI's and public-private partnership funds;
- Support regional capacity building on integrated water management and production of hydropower;

- Cooperate with Central Asian countries on climate change including support for the introduction and further implementation of the Kyoto Protocol mechanisms at regional level;
- Cooperate with Central Asian countries in combating desertification and safeguarding bio-diversity including support for the implementation of the UN Conventions on Biological Biodiversity and to combat Desertification;
- Improve sustainable management of forests and other natural resources in Central Asia, providing assistance for regional aspects of the indicative actions under the Forest Law Enforcement and Governance Ministerial process (FLEG);
- Encourage increased environmental awareness and the development of environmental civil society including through cooperation with the Central Asia Regional Environment Centre (CAREC).

In the context of the above priorities, the EU will also give attention to related issues:

- Support Central Asian States in developing policies for pollution prevention and control;
- Upgrade natural disaster preparedness and assessment capability in Central Asia;
- Intensify cooperation with EnvSec Initiative.

#### ***Combating common threats and challenges***

Modern border management creating open and secure borders could facilitate trade and exchange in the region and help combat regional criminal activity, especially the international drug trade.

Assistance in fighting organised crime will be one of the priorities of the EU in the region aiming at a reduction of non-conventional threats to security.

Migration is one of the major global challenges of the 21<sup>st</sup> century. The impact of migration, both positive and negative, can be felt in all countries, including in Central Asia. The EU seeks to enhance dialogue and cooperation on migration with regions of transit, origin and destination through the EU's Global Approach to Migration. As part of the Global Approach the EU proposes to launch a close dialogue on migration with the eastern and south-eastern neighbouring regions.

The EU will step up its support for the development of modern border management in the region of Central Asia, including the borders with Afghanistan. Afghanistan's cooperation with its neighbours should be strengthened. Through BOMCA, the EU will seek a multilateral and regional approach.

The EU will broaden BOMCA activities and seek synergy with projects under implementation to reform customs services. The EU will seek better

coordination and explore possibilities of close cooperation between BOMCA, the OSCE and other border projects from Member States and third countries.

The EU will:

- Continue to introduce the basic principles of integrated border management in border guard services and other relevant services;
- Work on specific border crossing points;
- Provide organizational assistance to support transformation of border guards from a conscript to a professional service; to support transition from a purely military system to a more police-style law enforcement agency and to support efforts to strengthen control mechanisms;
- Seek increased involvement of customs services to facilitate trade;
- Update the legal framework in accordance with international law in the field of combating organized crime (e.g.: UN Convention against Transnational Organized Crime and its Protocols), with a focus on illegal migration, trafficking in human beings, preventing and countering drugs and precursors trafficking; improve institutional capacity of law enforcement agencies, and strengthen regional cooperation in fighting trans-national organised crime.

At the same time, the EU will continue to offer its assistance to help the interested Central Asian States –both at national and at regional level- to manage migration in a more balanced manner, which implies setting up well functioning systems to match labour demand and supply, facilitating integration of legal migrants and providing international protection to asylum seekers and refugees and other vulnerable persons.

The EU will give greater support to the fight against corruption, the drug trade, human trafficking, illegal trade of weapons from and to Afghanistan and organised crime in Central Asia. It will step up cooperation with the Central Asian States to combat international terrorism. The EU will strengthen the fight against drugs with a specific EU presence in Dushanbe. It will support the rapid installation of the regional anti-drug centre (CARICC) in Almaty and intensify cooperation with UNODC also with a view to tracking chemical precursors of heroin production. Cooperation with China and the Shanghai Cooperation Organization on drug-trafficking will be strengthened.

The Ferghana Valley best embodies the challenges and possible perspectives of Central Asia. The EU is therefore prepared to lend assistance to Central Asian countries sharing borders in the Ferghana Valley in promoting projects which are designed to bring stability, prosperity and sustainable development to that region. The EU will dedicate special attention to programmes which address questions of border management, intra-regional trade and free movement of goods and persons.

***Building bridges: inter-cultural dialogue***

The diversity of religions and centuries-old traditions of peace and tolerance constitute a valuable heritage in Central Asia. Moderate and tolerant Islamic thinking respecting the constitutional secular principle is a hall-mark of the Central Asian countries. The EU highly values the peaceful multi-ethnic and multi-cultural coexistence of various creeds in Central Asia.

Building on this, the EU will promote dialogue within civil society and respect for freedom of religion.

**VI. The EU and Central Asia in the future**

This EU Strategy for Central Asia serves as an overall framework for the EU policies in the region of Central Asia. The EU sees a mutual interest in sustained dialogue and cooperation with the five Central Asian States respecting their differences and fostering closer cooperation among them on regional issues.

The EU is willing to contribute substantially to security, stability and prosperity in Central Asia. To this end the EU is committed to opening Commission delegations in all five Central Asian countries. Member States will consider expanding the network of embassies in Central Asia.

The EU will ensure coherence between this Central Asia Strategy and other EU regional initiatives, including the Black Sea Synergy Initiative. It will support intraregional trade and cooperation. It will also support active integration/participation of Central Asia in the WTO in order to ensure better integration of these countries in the world trade and economic system.

With this Strategy, the EU invites Central Asia to establish an enhanced political dialogue, including regular meetings at Foreign Ministers' level with the EU troika. The EU will hold annual meetings of its Heads of Mission in the region.

Based on the principles of this Strategy, the EU will work with each of the Central Asian countries to develop individual approaches to implementation, according to the specific needs and performance of each country, building on existing and future agreements, including PCAs.

The progress made on implementing the Strategy will be reviewed by the Council in June 2008 and at least every two years thereafter.

**ANNEX - EC 2007-2013 regional assistance strategy for Central Asia**

The EC's 2007-2013 Assistance Strategy for Central Asia is conceived as a tool to support strengthening of political dialogue with the Central Asian States at regional and national level and to pursue the objectives defined above. In order to reflect greater EU engagement in the region, the EC assistance budget to Central Asia will be significantly increased under the new financial perspectives 2007-2013 to a total of € 750 mio, with the average annual allocation to the region under the

development cooperation instrument increasing from € 58 mio in 2007 to € 139 mio in 2013.

The bulk of EC assistance to Central Asia – 70% – will be directed at the bilateral assistance programmes, taking into account the policy agenda of the individual Central Asia countries and their distinct political and social realities.

With more than 50% of the rural population living below the poverty line, poverty reduction through social sector reforms and schemes, including education, to increase living standards especially in rural areas, will continue to be the key priority for EC bilateral assistance. Implementation of Poverty Reduction Strategy Papers or similar policy documents to which the Central Asian governments have committed themselves will serve as guiding framework for such programmes. The second focus of bilateral assistance will be promotion of good governance and democratic processes and the strengthening of public institutions coupled with implementation of core investment and trade policy reforms. The content of the programmes will be defined in agreement with the authorities and tailored to the specific needs of each country.

Given its importance for the sustainable development of Central Asia, 30% of assistance will be dedicated to facilitating closer inter-state cooperation both within Central Asia and between Central Asia, South Caucasus and the EU, particularly in the energy, transport, environmental and education sectors. In these domains, the alignment of regional cooperation priorities and programmes for Central Asia with the regional strategy for EU Eastern neighbours lies at the heart of future assistance policy. Closely linking the focus of EU regional cooperation with Central Asia with that of the ENPI regional programmes will enable Central Asian countries to benefit effectively from the relevant inter-state energy, transport, environment and education initiatives and strengthened programmes set up under the ENPI East, facilitating their anchoring to Eastern Europe and access to global markets.



## **Annex B: The EUCAM Expert Working Group**

The Expert Working Group consisted of the following members:

- Anton Artemyev, Director, Kazakhstan Revenue Watch Program, Soros Foundation, Kazakhstan
- Michael Denison, Research Director, Control Risks, United Kingdom
- Nicolas De Pedro, Expert Central Asia, Fundacion Alternativas/OPEX, Spain
- Matteo Fumagalli, Assistant Professor, Department of International Relations and European Studies, Central European University, Hungary
- André W.M. Gerrits, Professor, Department of European Studies, University of Amsterdam, Senior Research Fellow, Netherlands Institute for International Relations (Clingendael), the Netherlands
- Anvar Kamolidinov, Freelance consultant, Water Resources, Water Policy, Irrigation & Drainage, Tajikistan
- Nargis Kassenova, Assistant Professor, Department of Political Science, KIMEP, Kazakhstan
- Parviz Mullojanov, Executive Director, Public Committee for Democratic Processes, Tajikistan
- Sebastien Peyrouse (France), Senior Research Fellow, Institute for Security and Development Policy, Sweden
- Gulnura Toralieva (Kyrgyzstan), MA Science Journalism Student, City University London, United Kingdom

### Annex C: List of EUCAM Events

- First Expert Working Group meeting, 6-7 October 2008, internal event, CEPS/FRIDE, Brussels.*
- The EU Strategy for Central Asia @ One year: Aims, achievements and prospects, 8 October 2008, project launching event, European Parliament in partnership with CEPS/FRIDE, Brussels*
- Defending human rights and promoting democracy: Euro-Atlantic approaches towards Turkmenistan and Uzbekistan, 12 December 2008, seminar, FRIDE in partnership with the Ministry of Foreign Affairs of Spain, Madrid*
- Second Expert Working Group meeting, 27-28 February 2009, internal event, CEPS/FRIDE, Brussels*
- Promoting regional cooperation and development in Central Asia, 2-3 March 2009, conference, CEPS/FRIDE in partnership with Carnegie Endowment, Brooklyn Institution and Asian Development Bank, Brussels*
- The European Union and Central Asia: Building an energy security relationship, 16-17 April 2009, conference, CEPS/FRIDE in partnership with Institute for International Relations and the Ministry of Foreign Affairs of Czech Republic, Prague*
- The OSCE Chairmanship of Kazakhstan in 2010, 6 May 2009, roundtable, Eurasian Transition Group in partnership with CEPS/FRIDE, Vienna*
- Preventive Diplomacy and the Role of UNRCCA in Central Asia, 11 May 2009, seminar, CEPS, Brussels*
- Third Expert Working Group meeting, internal event, CEPS/FRIDE, 26 June 2009, Almaty*
- The EU and Central Asia: Searching for Synergy and Promoting Cooperation of Civil Societies, roundtable, CEPS/FRIDE, 27 June 2009, Almaty*
- Security Issues in Central Asia and the Swedish Presidency, 5 November 2009, roundtable, Institute for Security and Development Policy in partnership with CEPS/FRIDE, Stockholm*
- Findings of the EUCAM Central Asian Mission, research seminar on the results of the mission to 5 countries of Central Asia by the EUCAM team, 16 November 2009, CEPS, Brussels*
- First conference for launch event of the present report "Into EurAsia – Monitoring the EU's Central Asia Strategy", CEPS, 22 February 2010, Brussels*
- Second conference for launch event of the present report "Into EurAsia – Monitoring the EU's Central Asia Strategy", FRIDE, 25 February 2010, Madrid*

## Annex D: EUCAM Publications at [www.eucentralasia.eu](http://www.eucentralasia.eu)

### *Working Papers*

- No. 1 Sébastien Peyrouse [Business and Trade Relationships between the EU and Central Asia](#), July 2009
- No. 2 Michael Denison [The EU and Central Asia: Commercialising the Energy Relationship](#), July 2009
- No. 3 Marlène Laruelle, [Russia in Central Asia: Old History, New Challenges?](#) September 2009
- No. 4 Sébastien Peyrouse, [Central Asia's growing partnership with China](#), October 2009
- No. 5 Nargis Kassenova, [The impact of the global economic crisis on Central Asia and its implications for the EU engagement](#), October 2009
- No. 6 Sébastien Peyrouse, [The multiple paradoxes of the agriculture issue in Central Asia](#), November 2009
- No. 7 Michael Emerson and Evgeny Vinokurov, [Optimisation of Central Asian and Trans-continental Land Transport Corridors](#), December 2009
- No. 8 Jacqueline Hale and Jos Boonstra, [EU Assistance to Central Asia: Back to the Drawing Board?](#), January 2010
- No. 9 Peter Jones, [The EU-Central Asia Education Initiative](#), February 2010

### *Policy Briefs*

- No. 1 Matteo Fumagalli, [The 'Food-Energy-Water' Nexus in Central Asia: Regional Implications of and the International Response to the Crises in Tajikistan](#), October 2008
- No. 2 Neil Melvin and Jos Boonstra, [The EU Strategy for Central Asia @ Year One](#), October 2008
- No. 3 Sebastian Peyrouse, [Facing the Challenges of Separatism: The EU, Central Asia and the Uyghur Issue](#), January 2009
- No. 4 Nargis Kassenova, [Kazakhstan and the South Caucasus corridor in the wake of the Georgia-Russia war](#), January 2009
- No. 5 Shairbek Juraev, [Energy Emergency in Kyrgyzstan: Causes and Consequences](#), February 2009
- No. 6 Sukhrobjon Ismailov and Balazs Jarabik, [The EU and Uzbekistan: Short-Term Interests versus Long-Term Engagement](#), July 2009

- No. 7 Richard Pomfret, [Central Asia and the Global Economic Crisis](#), July 2009
- No. 8 Gulnura Toralievva [The EU's Approach to the Development of Mass Media in Central Asia](#), July 2009
- No. 9 Rico Isaacs, [The EU's Rule of Law Initiative in Central Asia](#), August 2009
- No. 10 Jos Boonstra, [The EU Strategy for Central Asia says 'security'. Does this include Security Sector Reform?](#), November 2009
- No. 11 George Gavrilis, [Beyond the Border Management Programme for Central Asia \(BOMCA\)](#), December 2009
- No. 12 Anna Matveeva, [Tajikistan: 'Revolutionary situation' or a resilient state?](#), December 2009

*EUCAM Commentaries*

- No. 1 Natalia Mirimanova, [Water and Energy Disputes of Central Asia: in search of regional solutions?](#), February 2009
- No. 2 Nicolas de Pedro, [The Kyrgyz Republic Presidential Elections: No surprises but few opportunities for democratization](#), August 2009
- No. 3 Jiri Copal, [Human Rights in Kazakhstan and Tajikistan: How realistic is to expect further results after an EU open debate with civil society?](#), August 2009
- No. 4 Adil Nurmakov, [Kazakhstan's grip on virtual reality](#), August 2009
- No. 5 Maxim Ryabkov, [Studying Europe in Central Asia: The Case of Kyrgyzstan](#), December 2009
- No. 6 Marlene Laruelle, [The Growing Illiteracy in Central Asia: A Challenge for the EU](#), December 2009

More commentaries can be found in the periodic EUCAM Newsletter at [www.eucentralasia.eu](http://www.eucentralasia.eu).

## **Annex E: About the Authors**

**Michael Emerson** is co-chair of the EUCAM project and Senior Research Fellow and Programme Director for European foreign, security and neighbourhood policies at CEPS. He is a graduate of Balliol College, Oxford and during his career held positions at the OECD in Paris (1966-1973), the European Commission (1973-1996), including the position of EU Ambassador to Moscow.

**Jos Boonstra** is co-chair of the EUCAM project and Senior Researcher at FRIDE. Before 2007, Boonstra worked as Programme Manager and Head of Research at the Centre for European Security Studies (CESS) in the Netherlands. He holds two MA degrees from the University of Groningen, in Contemporary History (1997) and International Relations (2000).

**Nafisa Hasanova** is Coordinator of the EUCAM project and holds an MA from the University of Fulda, Germany. She completed her BA at the Samarkand State Institute of Foreign Languages in Uzbekistan and gained working experience at CEPS since 2007, and through an internship at the German Bundestag (2006). Her research interests are Uzbekistan, Central Asian Roma, border studies and political anthropology.

**Sébastien Peyrouse** is Senior Research Fellow with the Central Asia-Caucasus Institute & Silk Road Studies Program, a Joint Center affiliated with Johns Hopkins University's SAIS in Washington, D.C., and the Institute for Security and Development Policy, Stockholm. His main areas of research have been the impact of the Russian/Soviet heritage in Central Asia, and political regimes in Central Asia, Islamism, and geopolitics.

**Marlène Laruelle** is Senior Research Fellow at the Central Asia and Caucasus Institute & Silk Road Studies Program Joint Center (SAIS, Johns Hopkins University, Washington, and the Institute for Security and Development Policy, Stockholm). Her main areas of expertise are the intellectual trends and geopolitical conceptions of the Russian and Central Asian elites. She also has expertise in Russian policy towards Central Asia.