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EUCAM Watch



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**How 'central' is Central Asia
in the EU-Asia connectivity strategy?**

A confusing strategy

At the end of 2018, the European Union (EU) presented its Europe-Asia connectivity strategy (CS). The CS applies to transport, energy, and digital networks, and includes a human dimension. It is also linked to several ongoing and planned EU projects and processes. While it has at its core the promotion of EU trade, the CS appears to be very broad and quite open to interpretation.

So far, the CS has raised more questions than provided answers. The main geo-political question is whether there is a real need for a connectivity strategy with Asia or if this is the EU's response to the Chinese Belt and Road Initiative (BRI). While most observers seem to lean towards the latter, given Asia's rising economic importance, it is still unclear how the EU plans to compete with China in Asia or if the EU will try to establish synergies around concrete issues between the CS and BRI.

A second question relates to the term 'connectivity', probably the EU's winning jargon buzzword of 2018 that can be applied to almost every aspect of the EU's dealings with other countries and regions. The CS argues that connectivity goes beyond transport, energy, and digital networks to include also people-to-people connectivity. Here there seems to be somewhat confusion between connectivity and mobility, as the CS mostly stresses mobility of students, researchers, artists, and athletes under this header.

Third, the many ingredients of the EU's connectivity approach seem to mix with EU development aid policies in areas such as support to developing countries' educational systems, local trade, etc. Whereas the securitisation of development aid was a concern in the first 15 years of the 21st century, the current trend seems to be moving towards a 'connectivisation' or 'trade-isation' of development aid, blurring European trade interests with development cooperation goals.

Regarding Central Asia, the main question is whether the region is seen as merely a transit zone that needs to be crossed in order to help the EU connect with Asia or it is itself important for the EU. The fact that the CS barely mentions Central Asia does not provide many clues, given that the EU has sought to avoid tying the strategy to specific countries or sub-regions. However, given that the strategy seems to exclude Russia and that the EU tends to see Central Asia as a post-Soviet territory that is an extension of Europe, it is unlikely that the CS will bring much to Central Asian countries besides transit profits for the region's leaderships.

Against this background, including an element of connectivity tailored to the region in the new EU strategy for Central Asia to be launched in 2019 is more likely to bring concrete results in terms of connecting Europeans and Central Asians. EU connectivity efforts should focus on local and regional trade development, as well as border management, with a view to eliminating trade barriers. Only if local trade is facilitated and boosted will Central Asians be able to connect to European markets. In addition, the new strategy should emphasise society programmes (focused on creating employment in the region and reducing labour

migration) and broad educational programmes, which can help Central Asians and Europeans to connect.

In this first EUCAM Watch of 2019, we connect with Boris Iarochévitch of the EEAS, who discusses the relationship between the CS and the EU's planned new Central Asia strategy; Frans-Paul van der Putten of Clingendael, who analyses how to coordinate European and Chinese activities in Central Asia; and Jacopo Maria Pepe of the Robert Bosch Center and German Council on Foreign Relations, who includes Russia in the geo-political mix and argues for an European balancing act between Russia and China. EUCAM fellows Sabrinisso Valdosh, Anastasiya Ten, and Gulnura Chekirova outline in a joint article Central Asian views on sustainable, comprehensive, and rules-based connectivity between Europe and Central Asia. At the end of this EUCAM Watch, you will find EUCAM's most recent updates.

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Interviews

Boris Iarochovich – Head, Central Asia Division, European External Action Service

How could a new EU-Central Asia strategy (planned for 2019) link to the EU-Asia connectivity strategy?

The EU's September 2018 strategy on 'Connecting Europe and Asia' sets out a vision of connectivity which is not just about transport corridors, but also energy links, digital networks, academic exchanges, and everything else that enables people, goods, services and money to flow from one part of the world to another. For the EU, which has a lot of know-how to share about linking up people and countries, connectivity must be economically, fiscally, socially and environmentally sustainable, and developed in partnership with state actors, international organisations, banks and the private sector, and civil society. The EU's 2007 strategy on Central Asia had already included a strong emphasis on creating new transport and energy links, and the EU, EIB and EBRD have supported a significant number of infrastructure, transport and other connectivity projects in Central Asia and in the EU's neighbourhood. And connectivity is certain to be at the heart of the EU's new strategy, expected in 2019. This will build on principles such as sustainability and partnership set out in the connectivity strategy and will focus on areas where the EU can offer genuine added value based on its own experience and lessons learnt, in Europe, in Central Asia and elsewhere.

How can Central Asian communities' benefit from a broad EU-Asia connectivity strategy?

Despite its strategic location at the crossroads of Europe and Asia, Central Asia has long been one of the least connected regions in the world – remote, landlocked, separated from Europe and East Asia by sparsely populated steppes and high mountains. Travelling is still difficult, and the five Central Asian countries do less than 1/10th of their total foreign trade with one another. All that is gradually changing now, as the countries of the region have begun to show a new interest in engaging with one another (through cooperation on intra-regional trade facilitation and border management, which the EU is aiming to underpin through its own regional cooperation programmes) and in linking up their economies with global value chains. China, Russia and other neighbouring countries are closely involved in this process. The EU's goal is not to compete with them, but to cooperate. Thanks to its experience of the Single Market and other initiatives (e.g. Erasmus+), the EU is in a unique position to help Central Asian countries dismantle barriers to trade and travel, and promote P2P contacts. Another particular asset that the EU can offer is its emphasis on sustainability – the idea that connectivity projects must be good for the environment, local communities and businesses, while avoiding huge debts that governments cannot pay back.



Frans-Paul van der Putten – Senior Research Fellow, Clingendael

Is an EU-Asia connectivity strategy important for the EU or is it a reaction to the Chinese Belt and Road Initiative?

The Europe-Asia connectivity strategy seems to be primarily a reaction to China's Belt and Road Initiative, which in turn appears to have been triggered partly by the US's strategic 'rebalance to Asia' under President Obama. From 2009-2010, the United States, more actively than before, tried to limit Chinese influence in East and Southeast Asia. It was in this context that China launched BRI in 2013. This then led to an accelerated increase of Chinese influence in Asia, Africa, and Eastern Europe. Competition among the great powers has thus raised the geo-political relevance of regions such as Central Asia. Now, the EU has an even greater interest in showing and proving its commitment to Central Asia's development. Its connectivity strategy may help make more funds available for investment in infrastructure development and put pressure on China to raise the quality of its own investment projects in the region. In other words, there may be a partial convergence in the way that the EU and China approach Central Asia.

Are there concrete options for Europe and China to cooperate on the development of Central Asia?

In principle, Europe and China could cooperate on Central Asia's development by jointly investing in infrastructure for transport, communication and energy. Both sides agree that there is a need for such investments, and China is clearly focused on moving forward with the Belt and Road Initiative. European governments and the European Union could stimulate and assist European financial institutions such as banks, asset managers and pension funds to co-finance infrastructure projects together with Chinese banks. This would be beneficial to China as it would enlarge the scale of BRI, contribute to its legitimacy, and raise the quality of individual projects. The latter aspect would also be helpful to the Central Asian countries themselves. However, large-scale official engagement from Europe with BRI is unlikely as long as European governments are unsure of how China will use its growing international influence. A possible way forward could be the creation of a multilateral

platform for connectivity in Central Asia that merged BRI and the EU connectivity strategy. This kind of institutionalisation would formalise and clarify the roles of China, Europe and regional states, and move away from China's current approach which is mainly bilateral. It could also lead to new standards for investment in infrastructure development that are acceptable to all stakeholders.

Jacopo Maria Pepe – Research Fellow, Robert Bosch Center for Central and Eastern Europe, Russia and Central Asia, and the German Council on Foreign Relations

Can the EU-Asia connectivity strategy help develop better links between Central Asia and Europe?

In contrast to China's BRI and Russia's 'closed regionalism' with the Eurasian Economic Union, the EU-Asia connectivity strategy represents an opportunity for Central Asia to avoid possible 'debt traps', unilateral dependencies or autarchic trade integration schemes, while supporting the ongoing process of intra-regional cooperation, trade, and transport linkages. The strategy is also open to bilateral and regional cooperation in different Eurasian sub-regions and with different actors, which increases the chances for Central Asian countries to become an active part of its implementation.

However, the strategy still lacks a specific Central Asia angle, i.e. its practical implications for Central Asia will depend on its relationship with the upcoming EU-Central Asia strategy. For the strategy to actually help develop better links with and within Central Asia, to help increase connectivity both 'from within' and 'from without', *first* it needs a much greater financial commitment to the region as part of the broader Eurasian space. This commitment should go far beyond current EU investments and the funding planned for the Asia-Pacific in the next external action budget. *Second*, the EU should more clearly define its political, geo-political and geo-economic priorities for the region and for Eurasia at large, most notably: how and if to cooperate with China and/or Russia in Central Asia and, if not, how to implement and enforce European interests in the region in an increasingly competitive environment.

Do the Chinese Belt and Road Initiative and the EU-Asia connectivity strategy circumvent Russia in the broader Eurasian region?

The EU-connectivity strategy is presented as an attempt to frame an autonomous European way to connectivity independently from other initiatives. However, it is clear that it is more a response to the Chinese BRI than to Russia or its Eurasian Economic Union. The EU strategy is more in line with the geo-economic approach of the Chinese BRI than with the Russian geo-political approach, and circumventing or even ignoring Russia could be a tempting exercise, the more so if considering that, on the ground, the BRI itself attempts to silently develop multiple corridors which do not necessarily rely on Russian participation.

However, from a European perspective, there are two problems with this approach. *First*, circumventing Russia would require massive investments in alternative routes, prioritising, for instance, either the route through the Caucasus and the Southeast European countries or the route through Iran and Turkey. In both cases, while China might very well further increase its investments in countries such as Iran or Pakistan to find alternative access to the Middle East, political and economic considerations limit this option for Europe and might unleash a harsh Russian reaction. The *second*, political problem is that, while synergies and cooperation between the EU connectivity strategy and the BRI are possible, the EU is increasingly aware of the political and economic risks attached to the BRI and it is not yet ready for full-fledged political cooperation. For its part, China will hardly join Europe in an attempt to openly challenge Russia's position in Eurasia. Europe should hence play a more 'Chinese', flexible and multi-level game which sets on *ad-hoc* cooperation with both players, carefully navigates between the two, and does not openly side-line with either Beijing or Moscow.

Article

Sustainable, comprehensive, and rules-based. What does that mean?

The EU strategy on connecting Europe and Asia argues that connectivity should be *sustainable, comprehensive, and rules-based*. We asked our EUCAM fellows how they see this from a Central Asian perspective.

Anastasiya Ten sees *sustainability* as a modern label that can be applied to almost everything. However, when thinking about sustainability, the importance of switching from fossil to renewable energy stands out. Previously, EU-Central Asia relations were dominated by EU energy diversification interests and the development of the Southern Gas Corridor. Today, the EU is following a renewable energy direction (aiming for 27 per cent by 2030). This path is also seen in the EU's external connectivity policies. The EU-Asia connectivity strategy argues that 'based on its experience, the EU should promote regional energy connectivity platforms that focus on market principles, encourage modernisation of the energy system and the adoption of clean (decentralised) solutions, energy efficiency and support energy connectivity both between and with partners in Asia'.

Currently, fossil fuel dominates Kazakh, Uzbek and Turkmen consumption, while hydroelectric energy is used in Kyrgyzstan and Tajikistan. Rapid population growth in Central Asia is increasing energy demand. This poses concerns as well as opportunities for renewables. The region's governments should seek to meet this increasing demand by making use of solar, wind and biomass energy sources, especially in the fossil-energy-rich states. But there are many obstacles to increasing the share of renewables in the energy mix: a low oil energy price, a lack of regulatory and technological capacity, a lack of qualified human resources, and an unfavourable business climate. For now, Central Asian states' decarbonisation plans remain paper tigers.

It will be important for Central Asian countries to promote clean energy solutions through

energy decentralisation, market-friendly regulations, awareness raising, and human capital development. Most importantly, all Central Asian countries need to re-educate local communities in energy generation and use.

To do so, Central Asian republics need help from international partners. The EU could help by investing in educational programmes, sharing expertise, encouraging investors to bet on renewable energy, and bringing Central Asian countries together around renewable energy objectives. The EU and individual member states could also share their experiences in community energy projects. Community projects could help with decentralisation by facilitating renewable energy generation in Central Asia's many remote districts. They could also empower the local populations, especially women who have been left behind by their labour migrant husbands, given their potential to create new jobs or stimulate the set-up of new businesses.

Sabrinisso Valdosh picks up where Anastasiya Ten left of: developing small businesses. She views the term *comprehensive* as a broad concept that best applies to the human dimension: how to increase Europe-Asia people-to-people connectivity and bring countries, societies and people closer together?

Comprehensive connectivity can be accelerated with education. One of Central Asian countries' main challenges is providing quality education for the new generation. Curricula are weak and teaching methodologies are old-fashioned. Hence, young people often lack the necessary skills demanded by businesses or to become entrepreneurs. Central Asia needs to improve its secondary, tertiary and vocational education curricula to better adapt it to market needs and to promote entrepreneurship. A better educated population would create a more diversified and prosperous business environment, benefiting the economy at large. This is crucial for Central Asia's social-economic development.

The EU could help by supporting entrepreneurship training, offering internships and fellowship opportunities in Europe for Central Asians, or organising fora to bring together



Photo: From Osh to Toktogul by Ninara via Flickr under Creative Commons license

European, Central Asian and Asian young entrepreneurs or aspiring entrepreneurs, among other initiatives.

In Kyrgyzstan, the development of a promising 'ecosystem' of start-ups is a step in the right direction. Small, individual start-ups from different sectors operate under one incubator that provides basic facilities, trainings and coaching, and a system whereby start-ups can give each other discounts on services. This system creates many opportunities and synergies.

Small and medium sized business should be a pillar of a comprehensive connectivity approach to Central Asia built on education and connecting people.

Gulnura Chekirova discusses what *rules-based* could mean in terms of investment. Rules-based international connectivity should emphasise the soft security aspects of investment that safeguard equal access to markets and resources for all.

Central Asia is not a cohesive region. Each Central Asian country has its particular investment needs. Commodity-driven economies like Kazakhstan, Uzbekistan and Turkmenistan are more capable of attracting investors than Kyrgyzstan and Tajikistan, which are more dependent on development aid. One common denominator among all five Central Asian countries is that almost all foreign investments are directed at raw materials and extractive industries, and the oil and gas industries. In order to help diversify and strengthen their economies, there should be increasing investments in high-added-value products and services and less on low-added-value ones like agricultural products. In this sense, it is also important to invest in education (also as part of foreign development aid).

China, Russia, and the United States are all trying to mould the international rules-based order to their own images. Many in Central Asia see the EU-Asia connectivity strategy in the same way. While Central Asian countries do welcome (additional) European investments, they might be concerned about any rules-based rhetoric. At the same time, there is a risk that the EU connectivity strategy focuses mostly on Asia's largest economies to the detriment of smaller and less attractive partners economically.

Even though difficult, the EU should try to avoid mixing the promotion of rules-based investments with its own priorities and economic interests. The EU should seek to establish fair and equal investment partnerships with Central Asian countries that seek to support high-added-value-product development. Investments in the services sector in addition to existing investments in the extractive and agriculture sectors would help Central Asian countries to develop and would contribute to establishing a genuine partnership between both regions.

EUCAM News

Welcome to Fabienne Bossuyt as EUCAM associate researcher

Fabienne Bossuyt is assistant professor at the Centre for EU Studies of the Department of Political Science at Ghent University (Belgium). She holds a PhD from Aston University (UK) and Ghent University. Her doctoral dissertation analysed the EU's influence in post-Soviet Central Asia. Her main research interests relate to EU foreign policy, particularly EU policies towards the Eastern neighbourhood and Central Asia, as well as the EU's democracy promotion and human rights policies.

Welcome to Nienke de Deugd as EUCAM advisory group member

Nienke de Deugd is assistant professor at the Department of International Relations and International Organisations of the Faculty of Arts of the University of Groningen (The Netherlands), and a member of the Board of the Centre for European Security Studies, which hosts the EUCAM programme. Her research mostly focuses on the twin-processes of transformation and integration that have been taking place in the former Soviet space since the end of the Cold War.

EUCAM's input to a conference on the EU and Central Asian civil society

In November 2018, Anastasiya Ten and Sabrinisso Valdosh travelled to Brussels with EUCAM coordinator Jos Boonstra for several meetings organised by Andreas Marazis of the European Neighbourhood Council. They also attended a conference organised on 15 November by the EUSR for Central Asia and the European Endowment for Democracy (EED) on 'Strengthening Civil Society in Central Asia', which gathered Central Asian civil society representatives and EU officials. EUCAM produced a discussion paper (https://eucentralasia.eu/wp-content/uploads/2018/11/EU-CA-civil-society-Eucam-discussion-paper.final_.pdf) for the conference. Former EUCAM fellows Nushofarin Noziri and Sevara Khamidova were also invited to attend the event. On 16 November, they also participated with other Central Asians in a training organised by the EUSR and EED.

New Publications at www.eucentralasia.eu

A new EU-Central Asia Strategy: deepening relationships and generating long-lasting impact

EUCAM Working Paper No. 20 (November 2018)

Jos Boonstra (ed.), Marlene Laruelle, Andreas Marazis and Tika Tsertsvadze

In June 2017, the European Council agreed to renew the 2007 EU Strategy for Central Asia by the first half of 2019. As the European External Action Service (EEAS) drafts a new strategy, the Europe-Central Asia Monitoring (EUCAM) initiative wishes to contribute by providing insights and recommendations. Rather than looking back and reviewing the current strategy and its implementation, EUCAM has looked ahead and hereby presents some ideas on what an ideal new strategy should look like in terms of content and format.

<https://eucentralasia.eu/2018/11/a-new-eu-central-asia-strategy-deepening-relationships-and-generating-long-lasting-impact/>

A Russian-language version of this working paper is available at:

<https://eucentralasia.eu/ru/2018/11/a-new-eu-central-asia-strategy-deepening-relationships-and-generating-long-lasting-impact-ru/>

The European market remains a dream for Kyrgyz exporters

EUCAM Commentary No. 32 (January 2019)

Gulnura Chekirova

In 2016, Kyrgyzstan was granted the EU's Generalised Scheme of Preferences Plus (GSP+) status. So far, however, the scheme has not yielded substantial results for Kyrgyz exporters. What can both partners do to increase the impact of GSP+?



Photo: Across Kyzyl Kum by Dan Lundberg via Flickr under Creative Commons license

<https://eucentralasia.eu/2019/01/the-european-market-remains-a-dream-for-kyrgyz-exporters/>

SMEs as the backbone of the economy: a daunting development challenge for Tajikistan

EUCAM Commentary No. 33 (January 2019)

Sabrinisso Valdosh

Small and medium-sized enterprises (SMEs) are essential players in economic development. In Tajikistan, it is difficult to create or maintain SMEs due to geographical, bureaucratic and financial hurdles, and widespread corruption. While SME development should be led by the Tajik authorities, there is also a need for focused assistance, for instance through support to the Chamber of Commerce.

<https://eucentralasia.eu/2019/01/smes-as-the-backbone-of-the-economy-a-daunting-development-challenge-for-tajikistan/>

Going Tajikistan: Mind your step

EUCAM Commentary No. 34 (January 2019)

Anastasiya Ten

Tajikistan has the potential to become the next popular destination on the bucket list of foreign travellers. But it has to be careful in order to avoid mass tourism and develop instead 'smart tourism' that could drive local communities' long-term economic development. Can the EU increasingly include tourism in its development aid portfolio?

<https://eucentralasia.eu/2019/01/going-tajikistan-mind-your-step/>



EUCAM

Established in 2008 by FRIDE as a project seeking to monitor the implementation of the EU Strategy for Central Asia, EUCAM has grown into a knowledge hub on broader Europe-Central Asia relations. As part of CESS, EUCAM will continue to raise the profile of European-Central Asian relations in general, and more specifically to:

- Critically, though constructively, scrutinize European policies towards Central Asia;
- Enhance knowledge of European engagement with Central Asia through top-quality research;
- Raise awareness on the importance of Central Asia and Europe's engagement, as well as discuss European policies among Central Asian communities;
- Expand the network of experts and institutions from Europe and Central Asia and provide a forum for debate.



CESS

The Centre for European Security Studies (CESS) is an independent institute for research and training, based in Groningen, the Netherlands. CESS seeks to advance political development, democracy, human rights and in particular security, by helping governments and civil society face their respective challenges.

CESS is an international, multidisciplinary and inclusive institute. Its work is part of the European quest for stability and prosperity, both within and outside Europe. CESS encourages informed debate, empowers individuals, fosters mutual understanding on matters of governance, and promotes democratic structures and processes.



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