

A Donor without Influence

THE EUROPEAN UNION IN CENTRAL ASIA

PONARS Eurasia Policy Memo No. 478

June 2017

Sebastien Peyrouse¹

George Washington University

Over the past fifteen years, the EU has sought to gain visibility and influence in Central Asia. It has pressed soft power strategies and a values agenda, but mostly has structured its approach along pragmatic lines focusing on economic and security issues. Its policies toward the region take into consideration Russia's "near abroad" interests, Afghanistan security, drug trafficking, migrants, refugees, and subsoil riches that Europe would benefit from accessing. The EU is a major commercial partner of Central Asian states, but it does not have the means or internal consensus for high ambitions. Moreover, Central Asia is not among its highest priorities, with a (relatively limited) budget [allocation](#) for the region of about \$1.2 billion for 2014 to 2020. Nonetheless, the EU has long-term social, technical, cultural, educational, and quality-of-life advantages to offer. Central Asia remains receptive to advances from Europe, which creates the potential for increasing a variety of mutually-beneficial ties.

A Double Challenge: Elaborating Strategies, Delivering Messages

At the beginning of the 1990s, Brussels only had moderate interest in Central Asia and many EU member states left Central Asian affairs to their embassies in Moscow and Ankara. In summer 2007, the German government ratified a "Strategy for a New Partnership with Central Asia," which was designed to give impetus for relations between the two regions. With this strategy, the EU made provisions for increasing its aid to Central Asia to €750 million for 2007-2013 under three major objectives: stability/security, poverty reduction, and regional cooperation, with the latter covering the domains of energy, transportation, higher education, and environment.

However, even dynamized, the EU Strategy in Central Asia remained without measure compared to its attention to Eastern Partnership states, namely Ukraine, Belarus,

¹ [Sebastien Peyrouse](#) is Research Professor at the Institute for European, Russian and Eurasian Studies at the George Washington University.

Moldova, and the three South Caucasian countries. Central Asia is not meant to be a part of the Eastern Partnership and the EU's normative impact on the region is therefore destined to remain limited.

The EU involves many actors, which lends it diversity and new ideas, but also limits its capability to act as a unified player, thereby inhibiting its visibility and impact, particularly on foreign policy issues. The EU is a complex structure with multiple spokespeople and three heads: the Commission, the Council, and the Parliament. Individual member states have conflicting perceptions of their interests in the Central Asian region. Germany in particular, but also Italy and to a lesser degree France, have advocated for a clearly utilitarian view of Central Asia, promoting economic cooperation and energy-centered projects, while the UK and the Nordic countries lean toward emphasizing a values agenda. In addition, the EU collaborates closely with other transatlantic organizations such as the OSCE and with international donors such as the UNDP, and it delegates some of its activities to them.

Three elements have been competing within the European interest in Central Asia: 1) the promotion of human rights, civil society, and the rule of law, which are fundamental to EU values as a basis for engagement; 2) energy interests that aim to link Turkmenistan to the Southern Corridor; and 3) fostering security in "Greater Central Asia," first through NATO's military engagement in Afghanistan from 2001 to 2014, and since then by continuing to equip and train Afghan border posts. In practice, these objectives have sometimes contradicted one another and the EU often lacks the means to resolve internal contradictions. The economic and financial crisis in several EU countries as well as the ongoing refugee crisis diverted attention from non-priority areas such as Central Asia. EU policy has remained torn between these different approaches, with a visible trend to prioritize energy and security over a values agenda.

The 2007 "EU Strategy for a New Partnership with Central Asia" mentions security among its goals, especially Afghanistan-related border management and drug trafficking. The Border Management in Central Asia (BOMCA) and Central Asia Drug Action Program (CADAP), implemented by the UNDP are the most well-known EU programs on border securitization. However, the EU does not position itself on the international scene as a hard security actor, and its security assistance is often associated with other institutions. Hard security is the domain of NATO, which has its own strategy of engagement with the Central Asian states. The member states also have their own bilateral programs (for example, police training), while soft security is mainly managed by the OSCE (for example, border guard training). Because of both the multiplicity of European actors and the fact that EU security mechanisms are too limited and dispersed to be effective, there is no European "grand narrative" on Central Asian security that could compete with those of Russia, China, or the United States.

Bureaucratic Complexities and Limited Effectiveness

In contrast with programs that preceded the 2007 “EU Strategy for a New Partnership with Central Asia,” which included the five Central Asian states within the same regional approach, the EU turned its focus toward bilateral relations in order to better target the specific issues of each country.

European aid is structured around the Development Cooperation Instrument (DCI), which concentrates mostly on the two poorest states, Kyrgyzstan (rule of law, education, and rural development) and Tajikistan (health, education, and rural development). Apart from the DCI, EU assistance is grounded in four thematic programs: democracy and human rights, nuclear safety, stability, and humanitarian. The Humanitarian Office of the European Commission has been assigned the mission of helping the victims of natural and human catastrophes. The European Union runs some specific economic programs for the region: the Central Asia Invest Program—designed to promote sustainable economic development in the private sector and among small- and medium-size companies; Interstate Oil and Gas Transport to Europe (INOGATE)—responsible for facilitating the establishment of an international legal regime around the Caspian Sea and the Black Sea; and the Transport Corridor Europe-Caucasus-Asia (TRACECA)—aimed at opening up Central Asia and the Caucasus through the creation of a vast transport and communications corridor along an east-west axis.

Despite this multitude of instruments, paradoxically, the EU is not highly visible as a political entity in Central Asia. The EU (like Japan) is one of the largest donors to the region but one of the least known. Several EU projects, like TRACECA, have been nearly forgotten. Infrastructure projects are today clearly dominated by Chinese investment, especially by the Belt and Road Initiative in which Beijing is investing tens of billions of dollars. Although most EU program publications are conventionally upbeat about successes, numerous observers have given reserved, even critical, assessments of the results obtained and the visibility of the EU. One major issue is that the human rights [situation](#) in all five Central Asian states has continued to deteriorate and the institutionalized dialogue on human rights has not been having an impact local realities.

Many European programs have been roundly criticized by Central Asian actors, both official and unofficial, with different motives. For example, some critiques are that: they have grandiose objectives but only modest means, there is an absence of transparency in the recruitment of European companies to work on EU programs in the region, there are disproportionate salary levels offered to European expatriates, a lack of monitoring of allocated funds (which favors misappropriation), and an overly opaque bureaucracy for NGOs and social activists who wish to benefit from offered opportunities. Broad-ranging [EU aspirations](#) therefore tend to work against the focused pursuit of achievable and measurable objectives.

Fostering the European Commitment through Trade and Investments?

Although EU institutions all but ignored Central Asian economic issues in the 1990s and regarded them as best dealt with by individual member states or the private sector, the EU is now increasingly focusing on Central Asia's economic potential as a driver for its involvement in the region.

Taken as an entity, the EU is the second highest [trading partner](#) of the Central Asian region after China and before Russia. Since the beginning of the 1990s, [Kazakhstan](#) emerged as the principal Central Asian partner of the EU, with trade rising exponentially, from \$6.2 billion in 2003 to \$38.2 billion in 2014, despite a sharp decline in 2015 and 2016 (\$22-23 billion). Uzbekistan and Turkmenistan [follow](#) in second place (\$1.9 billion each in 2016), far behind their Kazakh competitor. Trade with Kyrgyzstan (\$0.32 billion) and Tajikistan (\$0.27 billion) remained minuscule in 2016 and the settlement of European companies in these two countries is still very limited and often linked to EU assistance programs.

EU-Central Asia trade is driven by the energy sector. About 80 percent of EU imports from Kazakhstan are oil products. After hydrocarbons, the nuclear sector constitutes a major portion of Europe's presence in Central Asia, whether through the extraction of Kazakh and Uzbek uranium, or the construction of nuclear power plants. The military industry also has a rising influence since Central Asian military budgets have been growing steadily since 2007. To this group of drivers can be added the extraction of precious minerals and metallurgy as well as Central Asia's electricity sector, in which European firms are established despite strong international competition.

Commercial involvement may foster wider European values/goals in the region, such as to: consolidate the overall EU-Central Asian relationship; prevent the Central Asian countries from having to rely too heavily on a few markets; help strengthen civil society and good governance; and address poverty as the root cause of instability. In theory, the EU could make use of its business potential to help disseminate the societal model that it wishes to embody, and choose to privilege business relations that commit to respecting the rights of local workers, the fight against corruption, promoting fair competition and good corporate governance, and recognizing the importance of contracts. The long-term objective would be to augment the social responsibility of Central Asian enterprises, something that is supposed to have indirect repercussions on the societies themselves insofar as it favors the emergence of a middle class with potential political clout.

However, in a globalized world, Central Asia is not a profitable area for European enterprises. The cost of labor is relatively high, the technical specializations developed in the Soviet era are in the process of disappearing, the investment climate is negative, and political contexts are fragile. The EU cannot oblige private actors to be involved if they do not consider Central Asia to be profitable. Moreover, large firms, mainly in the

energy sector, which shape European economic engagement in Central Asia, do not seek to promote EU values but rather to build strong alliances with Central Asian leaders to secure their investments.

This raises several questions, the answers to which are not unequivocal. Can energy be the driver of EU engagement if energy firms do not support the EU global agenda in the region? Can the promotion of the business sector find a place in the EU's overall strategy without contradicting its value objectives? Should the aim be to promote a sort of committed, holistic business strategy, proving that it is possible to respect social rights, principles of good governance, and support the emergence of a middle class? Should the EU lend its support to business that is principally oriented toward the fight against poverty and sectors involving important ethical issues? As is often the case, the envisaged solutions do not so much depend on the type of relations built with Central Asia, but much more on choices internal to the EU and on the ability of member states and European private actors to reconcile their divergent interests.

Conclusion

In twenty years, despite the EU's objectives to engage Central Asia – to promote stability, development, and democratization – local political authorities have viewed democracy as a threat, and the situation of human rights has been worsening. Despite its status as a major trading partner of Central Asia, the EU remains insufficiently visible as an independent actor and is sometimes challenged by its own member states that do not necessarily seek to coordinate their activities with each other or with Brussels. On the other side, the Central Asian governments are disappointed by Brussels' lack of enthusiasm, by the small amounts of financing it offers in comparison with the sums invested by China and Russia, and by what they interpret as political "blackmail" in terms of human rights and democratization. Central Asian leaders always give preference to bilateral over multilateral relations, and seek to build direct personal connections with the heads of European states rather than institutionalize contacts between bureaucracies. Moreover, for nearly two decades, the European approach has been fragmented and aimed at financing multiple projects, rather than at elaborating a genuine strategy.

The EU's Strategy for Central Asia was last reviewed in 2015, and the recommendations in the resulting [report](#) could be used to spur the EU to increase its influence. The report, prepared for the Committee on Foreign Affairs by Tamás Meszerics (Hungary), reiterated that the long-term priority areas defined therein remain relevant for European engagement in the region. It notes, however, that the EU's strategic approach to date has demonstrated only limited viability and success. The EU should therefore seek to have more of an impact by focusing in a few specific areas and making better use of its prestige in Central Asia, which admires its culture, education, know-how, and quality of life. In focusing on long-term development and on the security-development nexus,

Europe may acquire the means to [influence](#) the reshaping of Central Asian societies, perhaps rather slowly but without any geopolitical jolts.



This project has been funded with support from the European Commission. This publication reflects the views only of the author, and the Commission cannot be held responsible for any use which may be made of the information contained therein.



PONARS ● NEW APPROACHES
E U R A S I A ● TO RESEARCH AND
● SECURITY IN EURASIA

**Elliott School of
International Affairs**

THE GEORGE WASHINGTON UNIVERSITY

© PONARS Eurasia 2017. The statements made and views expressed are solely the responsibility of the author. PONARS Eurasia is an international network of scholars advancing new approaches to research on security, politics, economics, and society in Russia and Eurasia. PONARS Eurasia is based at the [Institute for European, Russian and Eurasian Studies \(IERES\)](#) at the George Washington University's Elliott School of International Affairs. This publication was made possible in part by a grant from Carnegie Corporation of New York. www.ponarseurasia.org