

Central Asia and the EU Connectivity Strategy

RISING TO THE GOOD GOVERNANCE CHALLENGE

PONARS Eurasia Policy Memo No. 617

October 2019

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The EU connectivity [strategy](#) for Eurasia, adopted by the European Council in October 2018, is the Union’s response to China’s Belt and Road Initiative (BRI) and its growing presence in Europe and adjacent regions. It outlines the “European” approach to connectivity as “sustainable, comprehensive and rules-based,” while implying a shortage of these features in Chinese practices. It enlists Central Asia as *one* of the regions where this new approach should shape European policies. Another policy document, the [new EU strategy for Central Asia](#), publicized in May 2019, prioritizes establishing partnerships on sustainable connectivity *with* Central Asian states. This plan argues that the EU connectivity strategy can be seen as a new attempt aimed at transforming Eurasia through regulations and standard setting.

Instead of the political and economic reforms aspired for in the 1990s, the latest approach places good governance at center stage. This opens new opportunities for developing closer relations between the EU and Central Asian states, to which all of the governments of the region have voiced their support. However, the gap between the good governance standards outlined in the strategy and the reality on the ground in the region is so large that the desired connectivity might dissipate in a series of policy and implementation disconnects. Failure will be particularly bad for Central Asian states: apart from the damage of futile investments, they risk suffering from stronger dependence on China. If they succeed at improving their governance, particularly of infrastructural projects, they will have a chance to connect to the emerging good governance paradigm as exemplified by the EU-Japan strategic partnership.

What is New in the EU’s Connectivity Strategy for Eurasia?

Conceptually, the EU connectivity strategy is Europe’s most daring effort to shape Eurasia since the 1990s. Back then, in the aftermath of the collapse of the USSR, the EU

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provided massive technical assistance for CIS countries and Georgia (via TACIS) in support of their recovery from crisis and transition to pluralistic democratic societies and market economy. The 1990s approach featured a connectivity aspect: the EU launched the Transport Corridor-Caucasus-Asia (TRACECA) and the Interstate Oil and Gas Transportation to Europe (INOGATE) programs to help its eastern neighbors, including those in Central Asia, access European and world markets. It was a way to strengthen the political and economic independence of fledgling Eurasian states. These EU technical assistance programs made a difference, but they did not fully achieve their major goals of political-economic transition and transport-infrastructure connectivity.

The 1990s attempt was caused by the dissolution of the partner-competitor Soviet Union, the need to prevent chaos, and the perceived imperative to influence developments there. This time, the focus stems from the rise of a new partner-competitor in China. The EU is dealing not with a post-Soviet power vacuum, but with the expansion of a new power that possesses economic and financial resources commensurate with those of the EU, but able to command them in a consolidated and centralized manner that the EU cannot match. In contrast to Russia, a country to reckon with but one in overall decline, China projects the image of a successful authoritarian modernizer, which is impressive and inspiring for other authoritarian states, including those in Central Asia.

It is not surprising, therefore, that the EU does not put transformative political and economic reform at the center-stage in its current approach to Eurasia. The [Global Strategy for the European Union's Foreign and Security Policy](#) stresses resilience of states and societies, revealing a much less optimistic attitude. Instead, the EU bets on transformation that is less dramatic, but equally if not more profound, to be carried out through setting and developing compliance with good governance norms, standards, and practices. It is counting on its superior regulatory power, embedded in the biggest market in the world.

The European approach to connectivity is defined as comprehensive. It includes transport links, digital networks, and energy networks and flows. Its sustainability ideal is holistic. Projects need to be economically efficient and fiscally viable. They should comply with high environmental standards “to respond to challenges of climate change and environmental degradation.” They should have “high standards of transparency and good governance, and give voice to the people affected by the projects, based on appropriate private consultations.” As for digital connectivity, human rights and freedoms online, including personal data, should be protected. The [toolkit](#) of the new approach is rules-based, following “internationally agreed practices, rules, conventions and technical standards, supported by international organizations and institutions.”

The latter requires building partnerships on the bilateral, regional, and international levels—a capacity the EU has invested in and is proud of. It has succeeded in setting up a connectivity partnership with Japan. In 2018, they signed a Strategic Partnership

Agreement (SPA) and in 2019 [agreed to focus](#) on sustainable connectivity and quality infrastructure in third countries as a priority of their cooperation under the SPA. This resulted in the signing of the separate [Sustainable Connectivity Partnership](#) agreement in September 2019. Importantly for digital connectivity, the EU and Japan agreed to intensify their cooperation on privacy and security of data. As of January 2019, the EU and Japan have a [free flow](#) of personal data on the basis of strong protection guarantees.

The EU is also working on developing a connectivity partnership with China. As stated in an official memo [explaining](#) the approach, the EU and China “share an interest in making sure that our respective initiatives work well together, despite the differences in approach and implementation.” In 2015, the two sides created the bilateral connectivity platform, and in 2018 decided to carry out a [joint study](#) on the sustainable railway-based comprehensive transport corridors between China and the EU, identifying and prioritizing the missing links and bottlenecks, and improving the capacity of the hubs as well as the quality of transport services. The terms of reference of the joint study were adopted in 2019. It remains to be seen what will come out of this joint effort to define and assess sustainability.

Thus, the EU connectivity strategy is not simply a revamped set of 1990s technical assistance programs aimed at fostering regional connectivity, such as TRACECA and INOGATE, but an ambitious undertaking with high geopolitical and geo-economic stakes.

The Central Asian Angle of the Connectivity Strategy

For Central Asia, the EU’s “sustainable connectivity” drive is a welcome development. It promises a deeper and more forward-looking engagement of the EU in the region than the generic “security and prosperity” approach enlisted in the 2007 EU Strategy for Central Asia, as well as a more concrete set of “shared common interests” such as border management, migration, the fight against organized crime and international terrorism, etc. The “sustainable connectivity” partnership between the EU and Central Asian countries, if it takes off, would create a sense of affinity and a joint frame of co-development that has been missing in the absence of an even hypothetical possibility of Central Asian states joining the EU. China’s BRI seems to create some mental and psychological connectivity between the EU and Central Asia even before the physical infrastructure is properly in place.

It is not surprising that Central Asian governments [voiced their support](#) and agreed to work together to promote sustainable connectivity at the last EU-Central Asia Ministerial Meeting in Bishkek in July 2019. They want more European investments in infrastructure and also a counterbalance to China’s growing influence. However, the gap between the sustainable connectivity ideal outlined in the EU strategy and reality on

the ground in Central Asian countries is so considerable that such partnerships will be difficult to pull off.

Central Asian states have systemic problems with all of the facets of good governance/sustainability defined in the strategy. The economic and financial sustainability of connectivity projects are often questionable. The recent report [Enhancing Connectivity and Freight in Central Asia](#), published as part of the joint OECD-International Transport Forum project, states in a polite but clear manner that Central Asian states lack institutional capacity to develop and implement transport policies: plans and strategies often miss measurable objectives or budgets; processes of their development are not sufficiently transparent and consistent; impact assessments are rare; performance assessments are carried out irregularly; and consistent risk and uncertainty analysis frameworks are missing.

The financial sustainability problem is particularly acute in the two poorer countries of Central Asia: Tajikistan and Kyrgyzstan. Tajikistan is [categorized](#) by the IMF as being at “high risk of debt distress.” It [borrowed](#) \$1.2 billion (64% of all its bilateral credits) from China’s EXIM Bank for various infrastructure projects. Kyrgyzstan is at “moderate risk of debt distress,” [owing](#) \$1.7 billion (or 57% of its total external debt) to China’s EXIM Bank as well.

Poor organization and capacity shortage are serious deficiencies in their own right. In Central Asia, they are aggravated by systemic corruption and the preponderance of narrow interests. The latter is linked to the feature of low transparency, another characteristic of connectivity projects in Central Asia. Lack of transparency throughout the process of project development sometimes results in public scandals, as in the case of the [power plant](#) renovation in Bishkek, Kyrgyzstan, or the [light rail transport](#) project in Nur-Sultan (formerly Astana), Kazakhstan.

Apart from transparency, another social sustainability standard—inclusiveness and giving voice to affected communities—fares poorly in the region. In all states, except for Kyrgyzstan, freedom of assembly and freedom of expression are rigidly limited. More public action is allowed in Kyrgyzstan, but the institutional weakness of the state limits the benefits of such activism.

Environmental protection standards are also low. The Environmental Performance Index 2018, [calculated](#) by the Yale University Center for Environmental Law, grades and compares 180 countries on their performance in protecting environmental health and managing natural resources. It ranks Turkmenistan at 38, Kyrgyzstan at 99, Kazakhstan at 101, Tajikistan at 129, and Uzbekistan at 136, which is very low compared to Switzerland, which is ranked number 1 as the most environmentally sustainable.

Last but not least, the EU has been at the forefront of good governance standards in digital connectivity, particularly in the area of personal data protection. Central Asian governments have been making consistent attempts to develop “sovereign Internets” following the examples of China and Russia. Only Kyrgyzstan is assessed as “partly free” in the 2018 Freedom House Freedom [report](#) on the world wide web. Central Asian governments are either sloppy about private data protection or neglect the right of citizens to privacy of their data.

Given the situation with governance on the ground in Central Asia and the complexity of the region’s international setting, the successful implementation of the EU connectivity strategy can be compared to a Herculean labor. Difficulties are immense, but EU strengths should not be underestimated. It possesses regulatory power and has shown the capacity to develop effective regulations and make them relevant for others.

Among its strengths is also the capacity to foster broader support inside partner countries. The EU has consistently worked with civil societies in Central Asia and has developed relations with civil society groups and business communities. It remains to be seen how successful it will be in drawing on these powers and capacities. Another deciding factor is what financial resources it can allocate to support its efforts and make proposed packages attractive to partner states in Central Asia.

The stakes are high for both the EU and Central Asian countries. The EU is testing its capacity to influence developments in Eurasia and practicing its role as a shaper of good global governance. Central Asians are facing a difficult choice on what strategic direction to take and what model to aspire to. The failure to live up to the challenge of more demanding governance standards can result in an aggravation of social and political tensions, as we already witness in Kazakhstan and Kyrgyzstan, and in futile investments and accumulation of debt, creating stronger dependence on China. On the other hand, if Central Asian countries succeed at improving their governance of infrastructure projects, they will have a chance to connect to the emerging upgrade of global governance exemplified by the EU-Japan strategic partnership.