The EU’s Interests in Central Asia: Integrating Energy, Security and Values Into Coherent Policy

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Abstract

The European Union (EU) and Central Asia are increasingly becoming neighbours. Through the EU Strategy for Central Asia that was established in 2007, Brussels has been stepping up engagement with Central Asia on many policy areas: security, energy, economic development, trade, transport routes, human rights, the rule of law and education. This paper seeks to give a brief overview of EU policy towards Central Asia with a specific focus on the link between energy, security and values. It concludes by arguing that the EU’s policy to Central Asia is overstretched and needs to be embedded further in the region by increasingly fostering local ownership. The EU assistance funds are too limited and the Central Asian regimes too restrictive to make it possible for the EU to have an impact in all policy areas. Choices need to be made in the key areas of values, security and energy. The EU should seek to integrate normative aspects of human rights, good governance and the rule of law in all aspects of its engagement. Stronger energy and security relations can only be stable and prosperous if Central Asia increasingly meets international human rights and governance commitments.
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1. **INTRODUCTION**

The European Union (EU) and Central Asia are increasingly becoming neighbours. Central Asia, a huge landmass consisting of five former Soviet republics caught between Russian and Chinese interests, is not part of the European Neighbourhood Policy (ENP) or the Eastern Partnership (EaP). Yet Brussels increasingly seeks to link its policy towards Central Asia to these agreements. Through the EU Strategy for Central Asia that was established in 2007, Brussels has been stepping up engagement with Central Asia on many policy areas: security, energy, economic development, trade, transport routes, human rights, the rule of law and education.

Talks between Europe and Central Asia regarding energy, security and human rights have intensified. Yet the increased presence of the EU and its member states in the region and regular high-level meetings with Central Asian republics have led to limited concrete achievements to date. The Strategy lacks local ownership by Central Asian regimes that are keen to build multi-vector foreign policies and be recognised by Europe, but without engaging wholeheartedly in European projects, especially those concerning democracy and human rights. Furthermore, in Central Asia there is little understanding of the EU, and civil society is weak and only involved ad hoc.

Kazakhstan has expressed its interest in building stronger relations with Europe through its ‘Path to Europe’ programme, but concerns remain over the country’s human rights abuses and the absence of noticeable progress in developing democratic structures. Kazakhstan has also taken up the Chairmanship of the OSCE this year, which has increased cooperation with European countries to a degree. Yet energy cooperation with Turkmenistan has not materialised and engagement with the authoritarian regime remains limited. The lifting of sanctions on Uzbekistan in 2009 has not resulted in a more structured and productive relationship with Tashkent either.

Kyrgyzstan and Tajikistan have shown increased interest in strengthening ties with Europe while the EU has reinforced its presence in both countries. The April revolution in Kyrgyzstan opened up the country to substantial change, but also called into question the adequacy of European policies, since the short-term stability of an increasingly corrupt regime was favoured over using leverage and conditionality to promote democracy. The ethnic violence in southern Kyrgyzstan in June further highlighted the need for increased engagement with the region. Instability could still easily spill-over to Uzbekistan and Tajikistan in the ethnically diverse Fergana Valley. Russia was hesitant to play a leading role and deploy forces; so too was the US, which has a military base in Kyrgyzstan. Other actors such as the EU felt powerless to act.

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1 This working paper is partly based on the work of the EU-Central Asia Monitoring (EUCAM) project co-chaired by the author. In particular, it draws on the EUCAM report ‘Into EurAsia. Monitoring the EU’s Central Asia Strategy’ by rapporteurs Michael Emerson and Jos Boonstra (February 2010) and the EUCAM working paper ‘EU Assistance to Central Asia. Back to the Drawing Board?’ by Jos Boonstra and Jacqueline Hale (January 2010), as well as the outcomes of the EDC2020 seminar ‘Energy Security and Democratic Development. The Case of Central Asia’, Bonn, 19 October 2010.
One of the main issues facing the EU and its member states is the conflicting interest between promoting democratic and human rights and pursuing energy interests. This is especially true of relations with the most authoritarian states of the region, Turkmenistan and Uzbekistan, the former of which sits on large reserves of natural gas and the latter of which is by far the most populous country in the region. Kazakhstan, Kyrgyzstan and Tajikistan are also lukewarm at best towards European values which they feel often interfere with national development, state building and domestic traditions. The background of national and regional instability in Central Asia adds a further complication. Alongside energy and the promotion of democracy and human rights, the EU’s other priority is security and stability. The EU’s Strategy for Central Asia focuses on security, but the three elements are intertwined in Brussels’ overall approach to the region.

This paper seeks to give a brief overview of EU policy towards Central Asia with a specific focus on the link between energy, security and values. The first section sets out the basics of the Strategy for Central Asia and looks at both the June 2010 Commission and Council report on the Strategy and the new Indicative Programme for 2011-2013, which deals with EU assistance to the region. The second section focuses on democracy, the rule of law, good governance and human rights, here referred to as the ‘values policy’. The third section focuses on security and stability. The final section then looks at energy policies; it is divided into EU interests in fossil energy – primarily gas from Turkmenistan and oil from Kazakhstan – and the hydro-electric energy and water resources in Kyrgyzstan and Tajikistan that have led to increased regional tensions.

This paper will conclude by arguing that the EU’s policy towards Central Asia is overstretched and needs to be embedded further in the region by increasingly fostering local ownership. The EU assistance funds are too limited and the Central Asian regimes too restrictive to make it possible for the EU to have an impact in all policy areas. Choices need to be made in the key areas of values, security and energy. The EU’s normative aspects are increasingly separated from other policy areas such as energy and security. The EU should seek to integrate human rights, good governance and the rule of law in all aspects of its engagement. Stronger energy and security relations can only be stable and prosperous if Central Asia increasingly meets international human rights and governance commitments.
2. EU STRATEGY AND ASSISTANCE

The EU Strategy for a New Partnership\(^2\) takes security and stability as the main EU interests in the region and makes a distinction between regional initiatives and bilateral ties. It outlines seven priorities that jointly make up a framework of envisaged cooperation.\(^3\) The Strategy, established under the German EU Presidency, was initially welcomed by all; member states that previously did not take a particular interest became involved in the region and also built bilateral ties. But the initiative has remained primarily German-driven. Germany has embassies in every Central Asian country; it provides roughly half of the total EU institutional assistance to the region and has the most diplomatic and project management staff on the ground; it has a military base in Uzbekistan; and it has by far the largest economic ties with Central Asia compared to any other EU country.

The new policy towards Central Asia established structures for cooperation and an increased EU presence in the region. However, in practice, this has translated into few positive changes in the field of democracy, human rights, good governance and the rule of law. The regimes remain largely closed, with two possible exceptions: Kazakhstan, which has become an economic power and increasingly seeks to work with Europe on a bilateral basis; and Kyrgyzstan, which is in disarray but has traditionally been the most liberal country in the region. Little progress has been made with security or energy cooperation either.

To some extent, EU policy towards Central Asia has been overshadowed by other priorities. Firstly, the implementation of the Lisbon Treaty and the setting-up of the External Action Service (EAS): this process of reform detracted from EU external policy for a while and has been complicated by internal debates between member states about the set-up of EAS. Secondly, the economic crisis drew attention away from regions where the EU had begun to build new ties and develop policies. Thirdly, the war between Georgia and Russia over South-Ossetia made Europe realise that all is not well in its direct neighbourhood, thereby hampering its plans to link Central Asia to its policies in Eastern Europe and the South Caucasus. Fourthly, EU member states have focused their attention on Afghanistan – both the ISAF mission and development efforts – without taking into account the extent to which Central Asia is affected by the situation, both in terms of security, with the spill-over of militants into Tajikistan, and economically, since Central Asia has become increasingly isolated due to the war in Afghanistan.\(^4\)

\(^3\) Human rights, the rule of law, good governance and democratisation; youth and education; economic development, trade and investment; strengthening energy and transport links; environmental sustainability and water; combating common threats and challenges; and inter-cultural dialogue.
\(^4\) Similar points were expressed in a presentation by Jörn Grävingholt, Senior Researcher at the German Development Institute, at the seminar ‘Energy Security and Democratic Development. The Case of Central Asia’, Bonn, 19 October 2010.
Meanwhile, the EU’s Central Asia policy resulted in little concrete action when riots broke out in April in Kyrgyzstan and ousted the authoritarian regime, which was replaced by an interim government. The EU did little more than express statements of concern, recognising the temporary government and supporting the planned constitutional referendum. The ethnic violence that took place a few months later in June further showed that the EU does not have the capacity to take an active role through the Common Security and Defence Policy (CSDP), and EU member states are not interested in getting involved. The same can be said of Russia and the Collective Security Treaty Organisation (CSTO); the US, which has a military base in the country; and China. The main external actors in the region chose not to interfere; claims about the new ‘great game’ seem not so accurate after all.

At a high-level donors meeting in July, the EU pledged 118 million euros\(^5\) for Kyrgyzstan; but of this amount, 55 million was part of ongoing assistance and 51 million had already been agreed in the new Indicative Programme on EU assistance for Central Asia from 2011 onwards. The EU’s only real additional contribution consisted of 5 million for humanitarian assistance and 7 million through the Stability Instrument. EU post-crisis assistance to Kyrgyzstan is dwarfed by the 637 million dollars that the EU Commission pledged for Georgia after the war with Russia. This figure shows the importance Brussels attaches to its neighbourhood, which clearly does not include Central Asia. However, Kyrgyzstan’s capacity to absorb funds and put them to meaningful use is low so amounts in the order of what Georgia received would not make sense. Still, 12 million euros of additional support is almost insignificant given the extent of the destruction that took place in the south of the country and the number of internally displaced people.

At the time of the June crisis in Kyrgyzstan, the EU also completed a joint Commission and Council progress report on the Strategy.\(^6\) The report outlines moderate achievements in terms of setting up structures, increasing the EU’s presence and organising high-level meetings, but it also acknowledges the need for improvement. The EU’s key interests, means and constraints need to be further defined; its visibility and an understanding of how it works must be promoted; and coordination within the EU on Central Asia policy must be strengthened. The report specifies four areas that need increased attention: human rights, the rule of law and democracy; security in the broadest sense; water and energy; and improved links between Central Asian and Afghanistan policies. But no clear answers are offered to the shortcomings the report mentions. This shows the problems that Brussels and member states have in finding the right balance between promoting values, pursuing energy interests and improving the security situation in the region. Also, the report does not sufficiently link up with the assistance documents that were also reviewed this year, which are separate ventures from the political strategy.

EU assistance in general, and to Central Asia in particular, is complicated and many-sided. In 2007, a few months prior to the Council’s approval of the EU Strategy for Central Asia, the Commission also presented two documents: an overarching Regional Strategy Paper for assistance to Central Asia over the period 2007-13 and a more detailed and programme-orientated Central Asia Indicative Programme, from 2007 until 2010. Over a seven-year period, 719 million euros were to be set aside for assistance to the region through the new EU Development Cooperation Instrument (DCI). In addition, the EU has allocated more modest funds through global thematic instruments such as the European Instrument for Democracy and Human Rights (EIDHR) and the Instrument for Stability. Meanwhile, the European Bank for Reconstruction and Development (EBRD) and more recently the European Investment Bank (EIB) are stepping up their activity in Central Asia. Several member states also have their own assistance programmes (particularly Germany) that are likely to match the DCI amount.

The Regional Strategy Paper divides the available assistance into three priority objectives: promotion of Central Asian regional cooperation and good neighbourly relations (approximately 30-5 percent of the total assistance); poverty reduction and improving living standards (40-5 percent); and support for good governance and economic reform (20-5 percent). Recently, the Commission produced a new Indicative Programme that covers the period 2011-2013. The main change is the detail with which national priorities and programmes are outlined. It is now easier to distinguish regional programmes from bilateral ones. The funds of the national programmes are mostly used for projects, and also for budget support in the case of Kyrgyzstan and Tajikistan. This budget support helps to build capacity in the Central Asian administrations and builds institutional relations between the administrations and the EU. But it is difficult to manage and it is often not transparent. The EU would not have the capacity itself to spend these funds effectively. Yet it is difficult to ensure that the Central Asian countries spend the funds wisely and that they do not disappear as a result of widespread corruption. The new Indicative Programme divides 321 million euros between the regional priority and the two bilateral priorities as follows:

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Regional cooperation to Central Asia: 33% of total resources (2011-13)

<table>
<thead>
<tr>
<th>Focal sectors</th>
<th>Indicative budget (Euros)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sustainable regional development (energy / environment / business cooperation networks)</td>
<td>50 million</td>
</tr>
<tr>
<td>Education, Science and people-to-people activities</td>
<td>45 million</td>
</tr>
<tr>
<td>Rule of law, border management, customs and the fight against organised crime</td>
<td>10 million</td>
</tr>
</tbody>
</table>

**Total regional cooperation** 105 million

Bilateral cooperation to Central Asia: 67% of total resources (2011-13)

<table>
<thead>
<tr>
<th>National programmes</th>
<th>Indicative budget (Euros)</th>
<th>Of which:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Kazakhstan</td>
<td>30 million</td>
<td>14%</td>
</tr>
<tr>
<td>Kyrgyzstan</td>
<td>51 million</td>
<td>24%</td>
</tr>
<tr>
<td>Tajikistan</td>
<td>62 million</td>
<td>29%</td>
</tr>
<tr>
<td>Turkmenistan</td>
<td>31 million</td>
<td>14%</td>
</tr>
<tr>
<td>Uzbekistan</td>
<td>42 million</td>
<td>19%</td>
</tr>
</tbody>
</table>

**Total bilateral cooperation** 216 million 100%

The EU Strategy and the assistance through the DCI and other mechanisms often do not connect. The political strategy – which reads as a broad ‘assistance-plus-engagement’ exercise as opposed to that of a strategic vision – outlines seven priorities. The priorities are not directly reflected in the assistance documents, but the number of issues in which the EU invests funds remains considerable. Arguably, it will be impossible to design projects and programmes to have an impact on all seven fronts with little more than 719 million euros available over seven years. The EU will have to make tough choices about where to invest and avoid merely ‘ticking boxes’. Otherwise, it risks spreading its focus too widely and achieving very little.

This certainly holds true for the interconnected areas of energy, security and values. In the energy field, the EU only prioritised ‘sustainable energy development’ in Turkmenistan at the national level. Most of the EU’s assistance concerning energy is, rather, regionally-orientated. The EU must increasingly connect its programming to the Eastern Partnership and the ENP, thereby linking Central Asia to the South Caucasus and Eastern Europe.

Assistance that focuses on security matters is mostly confined to the Border Management in Central Asia (BOMCA) programme and the Central Asia
Drug Action Programme (CADAP), which are regional, fairly successful and reasonably low-cost. At the bilateral level there are few direct or ‘hard’ security programmes or projects. ‘Stability’ is the main aim, with security linked to development and good governance.

Funding for democracy, good governance, the rule of law and human rights is mostly channelled through bilateral programming, with the exception of the rule of law, for which a regional initiative was created. Good governance is not specifically addressed but it comes under several bilateral programmes. Human rights are raised in annual institutionalised dialogues between the EU and Central Asian republics. In addition, the EU increasingly tries to reach out to civil society organisations in the region, but this has proved difficult in Uzbekistan and impossible in Turkmenistan. Although democracy features as a priority in the political strategy, only lip service is paid to this and funding is barely allocated to projects specifically in this sphere.

3. PROMOTING VALUES

Democracy, good governance, the rule of law and human rights constitute one of the seven priorities of the political strategy. The few activities the EU has in the field of democratisation relate to constitutional reform, and support to civil society organisations in Kazakhstan, Kyrgyzstan and Tajikistan for projects on electoral legislation and monitoring and to develop trade unions. EU and Central Asian leaders have not regularly addressed the question of democratisation at a political level, with the exception of Kazakhstan, which set out to implement several democratic reforms ahead of its OSCE Chairmanship this year. But the results have been limited. As in other regions dominated by authoritarian regimes, the EU is not currently pursuing an active democracy promotion agenda. Rather, the emphasis is on human rights, aspects of governance and the rule of law.

Nonetheless, the ‘light on democracy and heavy on human rights’ approach does not need to apply to Kyrgyzstan. In its recent review of the Strategy, the EU argues that events in Kyrgyzstan have ‘illustrated the importance of respecting human rights, democratic values and the rule of law for the stability and prosperity of the region’. Moreover, the EU sees the revolutionary change in Kyrgyzstan in April as an opportunity to step up support for democratic reform, but this has not yet been backed up by additional resources.

Good governance is addressed through several civil society projects in Kazakhstan, Kyrgyzstan and Tajikistan and is supported through the EIDHR and the Non-State Actors/Local Authorities Development programme. Bilateral budget support to Kyrgyzstan and Tajikistan also covers several elements. However, good governance is not addressed through any specific

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approach or programme. It must, therefore, be taken into account when projects are devised that deal with specific areas of reform, such as in the energy or economic sectors.

Most attention so far has been devoted to human rights and the rule of law. The EU chooses to prioritise these over democratisation and good governance since the latter are not welcomed by Central Asian leaders. These leaders are not comfortable discussing human rights either, but they understand that they are a basic component of the EU’s normative approach and UN and OSCE frameworks. As for the rule of law, it is a less sensitive issue in Central Asia than democracy.

3.1 Human rights

One of the results of the Central Asia Strategy has been the establishment of a structured Human Rights Dialogue process. The annual official meetings are often accompanied by civil society seminars. The process has been underway for three years and there is a standard structure for such seminars, but it only really works for Kazakhstan, Kyrgyzstan and Tajikistan. Holding civil society seminars has proved impossible in Turkmenistan and difficult in Uzbekistan.

The EU and Central Asian partners meet to discuss recent developments regarding the human rights situation; key topics such as the judicial system, penal system, civil rights and freedoms; cooperation with relevant international organisations and cooperation projects supported by the EU; and lists of individual cases of concern. The EU representatives also meet with human rights activists the day before the official dialogue sessions when these are held in a Central Asian state. The work is funded through the EIDHR and is part of the EU’s wider normative approach, which also applies to many other countries.

In Kazakhstan, Kyrgyzstan and Tajikistan, civil society can engage in dialogue with officials in a largely constructive atmosphere prior to the official sessions, though they cannot attend the actual sessions. Their participation is limited to dialogue, not negotiation. The EU should investigate the possibility of benchmarking, which would help to measure progress (or decline).

Turkmenistan and Uzbekistan present a more difficult scenario. As two of the most repressed states in the world, they offer no space for civil society to work on human rights issues. The tone of the official Human Rights Dialogues with these two countries is strained. Turkmenistan seeks to downplay the process, keeping it strictly behind closed doors. But Uzbekistan has taken a more aggressive and pro-active approach, insisting that the dialogue be symmetrical, with a place on the agenda for discussion of the human rights situation in the EU. This has led for instance to criticism of the EU treatment of various minorities.

The EU argues that building trust is important and that this takes time. Yet it also expressed disappointment in its Strategy implementation report in June that little progress had been made to improve human rights. The EU
should carefully expand the process by increasing civil society input and the level of transparency, while avoiding the risk of Central Asian states wanting to end the dialogues.

In October 2009, the EU ended the sanctions against Uzbekistan that had been imposed as a response to the suppression of the Adijion uprising in 2005. The effectiveness of the sanctions, and the process of lifting them, remains contested. Some argue that the sanctions served a purpose by inflicting damage to the regime’s international reputation, but that keeping lines of communication open and engaging with wrongdoers is more beneficial in the long-run. Others criticise the lifting of the sanctions on the grounds that the announced conditions for this were not met through tangible reforms or an international inquiry. The EU thereby sent a wrong signal to Tashkent. The EU must learn from this episode: either it should take the path of continuous engagement, or it should impose sanctions and review them strictly according to the established criteria.

3.2 Rule of law

The Rule of Law Initiative is one of the regional priority projects of the Central Asia Strategy. It is intended to ‘support ongoing modernisation of the legal sector, as part of a more comprehensive strategy to foster stability, prosperity and respect for human rights’. The initiative functions at two levels, with high-level political dialogue and specific technical assistance programmes. Work at the regional level seeks to address problems shared by the five states, while the state-specific activity is adapted to the different stages of development of each country’s legal system.

The Rule of Law Initiative is an example of two member states, France and Germany, co-funding and coordinating with the Commission to take on responsibility for executing a project that is part of the EU Strategy. This combining of forces is a positive development because both member states have embassies in all five countries and can now increasingly coordinate their bilateral programmes. The quest for synergies among the EU and its member states is important for the effectiveness and credibility of the EU’s external actions. Furthermore, since the EU institutions are generally overstretched with their operational commitments, the diplomatic capacity of member states is a welcome addition.

The Human Rights Dialogues and Rule of Law Initiative should be increasingly embedded in other EU programming not only on energy and security, but also economic development and trade. The EU has made progress in addressing these issues, though there is little sign of positive reforms in Central Asian countries. Therefore, the EU needs to be careful that it does not simply tick these boxes after implementing regional rule of law meetings and holding annual human rights dialogues. The EU interest in

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promoting values should be an integral part of all engagement with Central Asia rather than being regarded as a separate programme.

4. **Security and Stability**

Central Asia faces a range of transnational security challenges due to the region’s position at the crossroads between Russia, China, Afghanistan, Pakistan, Iran and the Caspian Sea. These issues include drug trafficking, human trafficking, organised crime and terrorism. Central Asia also encounters specific regional threats, including the 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, the impact of the economic crisis and ethnic tensions. This became clear in Kyrgyzstan.

The ousting of the Kyrgyz government in April and the ethnic violence in June should have served as a wake-up call for the EU and the broader international community, but their reaction has been slow and their active involvement limited. So far the OSCE has been the most involved by contributing a small monitoring mission. Kyrgyzstan has stabilised somewhat after the peaceful elections in October, but this is no guarantee for the future. Meanwhile, Tajikistan is unstable due to extremism, its border with Afghanistan, and the populous and multi-ethnic Fergana Valley that Kyrgyzstan, Tajikistan and Uzbekistan share.

In its Strategy, the EU argues that security and stability are its main interests. Much of the activity undertaken, from political dialogue to assistance programmes, forms part of the security objective, in most cases indirectly (good governance programmes, etc.) but sometimes 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 by the Swedish Presidency with a Ministerial Conference discussing regional security issues, water, energy and the impact of the economic crisis. This begins to establish a pattern of regular ministerial dialogue between the EU and Central Asian states on security issues. Meanwhile, EU Special Representative Pierre Morel maintains a continuous high-level dialogue with the region’s leaders. Much of his attention is focused on security and energy. The EU is right that a broad security and stability approach is necessary, but this should not exclude it from undertaking direct security-related programming.

The EU’s main operational activity in the security field has consisted of its two substantial projects concerning border management and drugs, respectively – BOMCA and CADAP. 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.
The BOMCA programme seeks to upgrade the capacity of border services with a view to combating cross-border crime and trafficking in drugs, arms and human beings, while also facilitating trade and transit. BOMCA’s achievements have included supplying modern equipment to border posts, building some large infrastructure projects at border points and providing training courses for hundreds of officials. The programme has also managed to engage with the region’s most closed states. BOMCA’s capacity and budget for training are limited, so expansion is needed.

The BOMCA programme seems a sound model for border control assistance, but the EU could do more to enhance it. For example, it needs to improve coordination with other border management assistance sponsors such as the OSCE. The new OSCE Border Management Staff College in Dushanbe, launched in May 2009, should become a partner. Furthermore, BOMCA should create synergies with members of the international community that are training the Afghan border police and border authorities. A good example of linking border control support in Afghanistan and Central Asia was the largely EU-funded Border Management Badakhshan Afghanistan (BOMBAF) programme, implemented by UNDP. This focused on building border crossing points on the Tajik-Afghan border, training Afghan border guards and providing equipment.

These border management activities are intertwined with counter-narcotic programmes. Drug trafficking networks distribute Afghan opiates across the region to markets in Russia and Europe. Counter-narcotics assistance is the task of the 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 offices and often work on both programmes’ action plans. CADAP has provided airports and border crossings with drug detection equipment, legal assistance and training to Central Asian drug enforcement agencies, as well as training drug-scenting dogs.

Beyond border control, the EU has barely been engaged in Security Sector Reform (SSR) 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 Kazakhstan, do come under SSR, though they may not be presented in this way in Brussels. The BOMCA model should be transferred 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 terms of political freedoms and participation, and 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 EU
national government funding, should be taken up. Another option would be increased support to the OSCE field offices through funds for specific projects. This would enable the EU to get involved in SSR through a joint effort of OSCE member states, using OSCE knowledge of the ground. In Turkmenistan and Uzbekistan there is little prospect of EU involvement in SSR and governance support for now. Nonetheless, the EU should liaise closely 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 public discussion sessions.

5. **ENERGY INTERESTS**

The energy relationship between the EU and Central Asia should be split into two different topics. The first is the EU’s interest in fossil energy, primarily from Turkmenistan and Kazakhstan and to a lesser extent from Uzbekistan. The second issue concerns water management. Kyrgyzstan and Tajikistan suffer from energy shortages and plan to expand their capacity in generating hydro-electric power using their substantial water resources. Kazakhstan, Turkmenistan and especially Uzbekistan, which rely on water from Kyrgyzstan and Tajikistan, fear that new large-scale hydro-electric generating structures will make them dependent on these two countries, especially for water used for irrigation. Tensions between Tajikistan and Uzbekistan have risen in recent years over water management.

5.1 **Fossil energy**

The 2004 Baku Initiative placed the EU’s energy policy initiatives on the map. This Initiative brings together states of the Black Sea, Caucasus and Caspian regions in a multilateral policy dialogue. Specifically in Central Asia, the EU has initiated energy policy dialogues with Kazakhstan and Turkmenistan. So far most initiatives have barely gone beyond limited technical projects and general policy dialogue.

The Kazakh oil sector is growing steadily, with various EU companies becoming investors. The agenda of the energy policy dialogue is wide-ranging. Topics for discussion include infrastructures, renewable energy supplies, energy efficiency, and taking 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 primarily by pipeline (to the Mediterranean by the Baku-Tbilisi-Ceyhan pipeline or to the Georgian Black Sea coast). These supplies are of growing importance, but there is no big policy issue here for the EU. Kazakhstan diversifies its
exports as an economic priority linked to its multi-vector foreign policy, and oil is a freely distributed world market commodity.

In contrast, gas supplies from Turkmenistan do pose a policy choice for the EU, since these supplies could become a major component of the proposed Southern Corridor, including the planned Nabucco pipeline. In April 2008, the European Commission and the Turkmen government signed a Memorandum of Understanding on a Strategic Energy Partnership. Ashgabat indicated a willingness to reserve 10 bcm of gas for Europe each year. This amount could increase substantially if transport networks are put in place.

The European engagement falls short in many respects. The European Investment Bank (EIB) is taking a keen interest in the Nabucco pipeline, but has not yet engaged directly with Turkmenistan. The European Bank for Reconstruction and Development (EBRD) has limited involvement with Turkmenistan due to the country’s poor human rights record and lack of transparency and accountability. Turkmenistan is not yet a member of the Extractive Industries Transparency Initiative (EITI), which is becoming a global standard for transparency in the extractive industries. Here the EU could engage with Turkmenistan on energy and governance by making a case for the EITI and pressing for Turkmenistan’s membership.

Meanwhile, a Partnership and Cooperation Agreement (PCA), which constitutes the basis of EU engagement with partner countries and sets out cooperation in political, trade, economic and many other areas, has not yet been concluded with Ashgabat. While PCAs are in place with Kazakhstan, Kyrgyzstan and Uzbekistan, the European Parliament has blocked the enforcement of the PCA with Turkmenistan over the country’s failure to meet human rights standards. Following intense debates in April 2009, an Interim Trade Agreement was agreed in order partially to bridge the gap in contractual relations.

Aside from the development of a contractual basis and high-level diplomacy, there is still much to do before Turkmen gas can be brought to Europe. The June 2010 Strategy progress report admits as much. The report argues that increased investment in the Southern Corridor is required in order to bring Central Asian gas to Europe. The EU also acknowledges that it must better define its interests, priorities and even constraints in its dealings with the region.

Turkmenistan remains a closed and isolated country. Human rights violations are rampant due to the persecution of dissidents and civic activists, the practice of collective punishment of family members of prisoners and forced prison labour in dire conditions. The EU has sought to initiate a dialogue with Turkmenistan on human rights questions and has succeeded in holding three meetings so far. The Human Rights Dialogues should form part of an improved coordination process within EU institutions, ranging from the Parliament to the Commission, and from the member states to European businesses that plan to invest in Turkmenistan.

The EU should endeavour to increase its visibility in Turkmenistan. It should do so by pushing the Turkmen authorities harder to open a fully-fledged EU
representation under the new External Action Service. The existing Europa House exercises some of the functions of an official representation, but it does so on a small scale, without diplomatic accreditation, and it is staffed by contracted consultants. If the current set-up prevails, the EU will remain an abstract idea for Turkmen citizens. An enhanced presence would also enable the streamlining of energy and development policies, as well as creating a working relationship with Turkmenistan’s rulers and business communities.

5.2 Water

A serious security concern is the tension and potential conflict between the upstream states Kyrgyzstan and Tajikistan, and the downstream states, especially Uzbekistan, over water management. The upstream states plan to expand their hydro-electric capacity, while the downstream states fear they will lose summer water supplies for agriculture. Tajikistan is seeking to complete the Rogun dam, which would be the highest in the world. Kyrgyzstan is building the Kambarata II dam with Russian financing and would like to follow it with an even bigger dam. The water sector faces many complex issues, including the need for modern water use and management policies and for the repair of old irrigation infrastructures.

Upstream hydro capacity clearly needs to be expanded due to the severe energy shortages in Kyrgyzstan and Tajikistan. Most hydro structures are in major river basins which flow into the Syr Darya and Amu Darya rivers in Kyrgyzstan and Tajikistan respectively. The objective of new structures should be to make sure downstream states in summer have water flows for irrigation and the upstream states can use the water for winter power generation. However, this would give increased control of water flows to the two upstream countries, which are considering selling water as a commodity (just as they sell oil and gas). Large new infrastructures would also make it possible to provide other countries with water resources, such as Afghanistan or even India. The Central Asian downstream countries resist these developments and want to avoid dependence on their currently poor southern neighbours. In particular, cotton agriculture is still an important part of Uzbekistan’s economy, and it depends on water for irrigation.

The EU will find it difficult to take a position on this matter, especially in the case of Tajikistan. Support for new structures such as the Rogun dam will alienate Uzbekistan from the EU unless Tashkent get guarantees on free access to water. In this scenario, the EU could perhaps play the role of a broker. Whatever the future of the new hydro-electric structures may be, both Kyrgyzstan and Tajikistan are in need of additional sources of energy. Therefore, the EU could also explore options for solar and wind energy, which could help local communities in the countryside on a small scale.

The EU’s current activity regarding the water issue is conducted at two levels. Firstly, the political level consists of dialogue sessions coordinated by Italy, which has taken the lead on the regional EU Environment and Water initiative (one of the three regional initiatives, alongside the rule of law and education). Regular high-level meetings are organised and steps have been taken to create structures such as a Joint Platform for Water Cooperation.
that met last October for the first time. The EU will struggle to get concrete results from such mechanisms due to the tense relations among Central Asian states, which have hardly any regional fora themselves. The EU is regarded in Central Asia as a fairly neutral player which makes it suited to a facilitating role, though on a technical level Uzbekistan and Turkmenistan have barely participated so far.

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, the Asian Development bank, Germany and Switzerland, which are key actors in support of water management projects together with the EU. The experts employed by these various organisations meet together in working groups to ensure that they at least share information and expertise, with a view to a rational division of labour.

The EU understands that water management is a security issue that cannot be confined to the five Central Asian states alone. There is a strong case for including Afghanistan in the EU’s regional initiative, given the water resources of the Amu Darya River and the similar shortage and mismanagement problems. In 2008, Afghanistan participated as an observer in the Security Forum between the EU and Central Asia, which included a session on water. In June 2010, the strategy implementation report argued for increased links in programming between Afghanistan and Central Asia and stressed the need to focus on the security question. Unfortunately, so far this has not gone beyond mere declarations. This is mainly because support for Afghanistan is disconnected from the assistance provided to Central Asia. EU bureaucracy impedes changes in the medium term. However, this is a complicated but necessary issue, which the Commission must address.

The water sector is an obvious example of where the EU’s interests in energy, security and values meet. Tensions over water management have become a regional threat to security. The EU should make full use of its Environment and Water Initiative both to bring Central Asian countries around the table and to work on concrete projects with other international partners. The ‘values’ dimension can also be incorporated by including good governance elements in several projects. The water governance project is a good start in this sense.

6. Conclusion

The Strategy for Central Asia is an innovative document which aims to step up EU cooperation with the region and begin to formulate the Union’s main interests. In addition, taking a regional approach has been a trademark of the Union, hence it can profit from previous experiences in the Balkans and current initiatives such as the Eastern Partnership. However, the EU wants to do a lot with insufficient resources, and so far its results have been
limited. There are no substantial gas imports from Central Asia; the region has become increasingly unstable and insecure; and human rights obligations are not met. Nonetheless, in recent years the regional approach has helped the EU formulate bilateral priorities with regard to the five states. These are reflected in the new Indicative Programme.

The regional approach, which was the EU’s starting point, now needs to be rethought. Diversification is key. The regional approach needs to be streamlined with the EU’s relationships with China and Russia, which are the main economic (and, to a lesser extent, security) actors in the region. Specifically on fossil energy, the regional approach should be increasingly linked to EU programming in the Caucasus and Black Sea region as well as with Turkey. The regional initiatives on water would do well to increasingly include Afghanistan. Regional security thinking should also connect to Afghanistan because the failure to stabilise the latter is a threat to Central Asia, especially to Tajikistan. With the ISAF mission slowly winding down over the coming years, the risk of spill-over will increase. Development programming needs to be linked to border control management efforts, but also to other development sectors where the EU is currently active in Afghanistan and Central Asia separately.

In the human rights field, a structured process has been set up at both official and civil society levels. But this needs to be upgraded. Without new and more pressing elements it risks becoming little more than a token routine of political convenience for both sides. The interaction between the official dialogues and civil society seminars could be strengthened and a system of monitoring progress through benchmarks could be formulated (possibly with the involvement of civil society actors).

The Rule of Law Initiative needs to be further developed. Objectives could be formulated to evaluate progress and to clarify what the EU hopes to achieve. The full development of this initiative is important as a values-driven commitment to the region, especially given the absence of an explicit democratisation and good governance agenda.

The main contribution to combating common security threats has been the regional programmes for border management (BOMCA) and hard drugs (CADAP). These programmes could be further developed, with some management changes. The BOMCA model should be applied to other parts of the security sector in Central Asia to enhance the effectiveness and good governance of the 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. Increased involvement in SSR would be a valuable contribution, possibly in coordination with the OSCE and NATO.

In the field of energy policy, the EU is conducting energy dialogues with Kazakhstan and Turkmenistan. The EU has a Memorandum of Understanding with Turkmenistan that envisages the purchasing 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. This would show that good governance aspects are being integrated into the EU’s energy programming.

The EU is engaging in multiple initiatives regarding the water issue, ranging from the technical to political dialogue. Since the EU is a new actor in Central Asia and is regarded as relatively neutral, it should expand its efforts to bring Central Asian republics around the table. It should also help coordinate efforts between the main donors. Again, good governance must take priority in EU-funded national projects.

Over the coming years the Strategy needs to be developed further to establish the EU’s interests, means and constraints, as the review report also argues. The EU should consider outlining its key interests under each of the seven priorities, taking into account the assistance already available. It may turn out that elements of the seven priorities are not backed up at all through funding or diplomatic efforts. Such a process could help limit the number of areas in which the EU wishes to be active. It could then focus increasingly on the key priorities of energy (including water), security and values, plus possibly economic development, trade and education.

The EU will need to further integrate its values policy into security and energy matters. Most crucially, the EU will need to reach out to the people of Central Asia and thus move beyond high-level meetings with presidents and ministers. Many new projects have been set up in recent years that could help civil societies become involved and take on part of the local ownership. The Strategy’s seventh and final priority focuses on intercultural dialogue and people-to-people contacts. So far, this theme has not been explored through substantial meetings or projects. Regular meetings of civil societies with EU support could bring Europeans and Central Asians together. Costs would be limited if this were managed well. This offers an opportunity to make full use of the Strategy and to reach out to Central Asia over the coming years.

The EU is at risk of losing momentum in its policy towards Central Asia. Now that most structures are in place and attention is warranted on other global issues, the implementation of the Strategy might be relegated to a secondary plane. This would prevent Europe from capitalising on its investment of the last three years. The EU must keep focused to ensure continuous progress with its political strategy and assistance.
Over the next decade, Europe’s development policies will have to act on a combination of old and new domestic issues and substantial changes in the global landscape. Change in Europe’s internal architecture – with implications for development policy – takes place in times of wide-ranging global shifts, and at a time when questions of European identity loom large in national debates. A key question is: How will the EU, how will “Brussels” and the member states be working together on common problems? Global challenges include three issues increasingly facing EU’s development policy agenda:

- The emergence of new substantial actors in international development,
- The linkage between energy security, democracy and development and
- The impact of climate change on development.

Public and policy-making debates need to be informed about future options and their likely effects; and decisions need to be based on good research and sound evidence. EDC2020 seeks “to improve EU policy-makers’ and other societal actors’ shared understanding of the above named emerging challenges facing EU development policy and external action.” EDC2020 will contribute to this shared understanding by promoting interaction across research and policy-making, aiming at establishing links to share perspectives across different arenas, and mutual learning. To this aim, EDC2020 will provide policy-oriented publications, a shared project website and high-level European policy forums.

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