The EU strategy on Central Asia: Towards a new momentum?

SUMMARY

In 2019, the EU updated its strategy on Central Asia, to take account of new developments and opportunities for partnership and cooperation – both with the region as a whole and with its five individual countries (C5), taking into account the differences between them and their interests and requirements. The strategy aims to support sustainable development based on democracy, good governance and human rights and to boost trade and investment between the EU and Central Asia.

In 2022 and 2023, the Central Asian Heads of State and the President of the European Council held their first-ever high-level meetings, resulting in the preparation of a further joint roadmap for deepening ties between the EU and Central Asia. The first-ever EU–Central Asia leaders' summit is due to take place in 2024, formalising the C5 + EU cooperation at the highest political level, and will be an opportunity to match the EU’s political relevance in the region with its status of major donor and investor.

This intensification of high-level contacts reflects Central Asia's growing geostrategic importance in the light of further global developments. The changing geopolitical situation created after Russia’s full-scale invasion of Ukraine in 2022, as well as the security threats derived from the West's withdrawal from Afghanistan in 2021, have generated new challenges in the region, which have become, at the same time, opportunities for the Central Asian countries to emerge as regional political actors in their own right. The changes also provide further avenues for partnership and cooperation in areas such as energy, raw materials and connectivity, alongside a focus on human rights and democracy, where issues remain.

The European Parliament has welcomed the intensification of high-level relations between the EU and Central Asia. In view of the region’s growing geostrategic importance and common challenges, it strongly encourages the EU to step up its engagement and review the current strategy in order to update it in the light of recent geopolitical events.

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Introduction

The ancient Silk Roads gave Central Asia an important role as a crossroads for international trade and scientific and cultural exchanges between Asia and Europe. Today, the region's pivotal geographic location, bordered by Russia to the north, China to the east and Iran and Afghanistan to the south, gives it both geo-strategic and geo-economic importance. This has only increased in the wake of recent developments, including China's economic rise and expanding reach, the return of the Taliban regime in Afghanistan and Russia's war on Ukraine.

The European Union (EU) has been engaged in the region since the early 1990s. Over the past five years, it has stepped up this engagement, updating its strategy on Central Asia in 2019 to strengthen cooperation. Since the adoption of the strategy, diplomatic relations have further intensified. In October 2022 and June 2023, the Central Asian Heads of State and the President of the European Council held their first-ever high-level meetings, resulting in the preparation of a further joint roadmap for deepening ties between the EU and Central Asia. The first-ever summit between EU and Central Asian leaders is due to take place in Uzbekistan in 2024.

Background: The five Central Asian states

The five Central Asian countries (C5)– Kazakhstan, Kyrgyzstan, Tajikistan, Turkmenistan and Uzbekistan – emerged as independent states in 1991 following the dissolution of the Soviet Union. The current EU strategy on Central Asia (2019) recognises that their post-independence trajectories are marked by differences as well as convergences, which the EU needs to take into account in its overall approach to the region and its bilateral partnerships.

Economic and human development

The five countries share some common features: they are landlocked developing countries (LLDCs), their exports focus on raw materials, and they all face significant influence from neighbouring powers, namely Russia or China. Central Asian countries remain characterised by a low level of economic diversification and a high dependence on a relatively small number of trade partners. At the same time, they have healthy rates of gross domestic product (GDP) growth, all above 5% except Turkmenistan (3.8%), and reasonable unemployment rates, around 4%, except Tajikistan (7%). On the other hand, inflation is high (around 10%) in all countries, peaking at 14.52% in Kazakhstan, except in Tajikistan (3.9%).

Meanwhile, the five countries have different levels of socio-economic development (see Figure 1). The United Nations Development Programme (UNDP) Human Development Index, which ranks 193 countries on healthy life expectancy, education and standard of living, shows an upward trend in all five countries. However, they vary substantially, from Tajikistan, ranked 126th, with 'medium human development', to Kyrgyzstan, Uzbekistan and Turkmenistan, ranked 117th, 106th and 94th, with 'high human development', and Kazakhstan, ranked 67th, with 'very high human development'. Complementary UNDP data show that 20.1% of Tajikistan's population are vulnerable to multidimensional poverty, compared to 5.2% in Kyrgyzstan and 1.8% in Kazakhstan, while the level of gender equality varies across the region.

Looking ahead, all five countries have young populations, with a share of 30% or more aged 0-14, 60% or more aged 15-65, and 8% or less aged 65+, which could be a spur for economic development if there is sufficient investment and capacity in education and jobs and new technologies. At the moment, unemployment and low pay are contributing to migration within the region and beyond, in particular to Russia but also to new destinations, in view of the current geopolitical situation. Remittances from migrants play a significant role in the economies of Uzbekistan, Kyrgyzstan and Tajikistan, representing 21%, 31%, and 51% of their GDPs in 2022, respectively. The main sources of GDP, including services, manufacturing, mining and agriculture, vary between the countries.
Figure 1 – The five Central Asian countries’ socio-economic profiles

Source: EPRS, based on population estimates from the United Nations Population Fund (2023) and the World Bank (2022), GDP data from the International Monetary Fund (2023) and the World Bank’s income classification (2024).

Political development

Following independence, the Central Asian countries have emerged as presidential republics or, in the case of Kyrgyzstan, a parliamentary republic where the president holds considerable authority, particularly following constitutional changes in 2021. All five countries rank low on international democracy and human rights indexes. While they have all introduced elections, multiparty systems and parliaments, they are characterised by centralised presidential rule, limited pluralism and space for civil society, and restrictions on democratic freedoms, including freedom of speech, freedom of association and media freedom. The 2024 Varieties of Democracy report classifies Kyrgyzstan as an ‘autocratising’ country, Kazakhstan and Tajikistan as electoral autocracies and Uzbekistan and Turkmenistan as closed autocracies. In Uzbekistan and Kazakhstan, where Soviet-era leaders continued as presidents for several decades, the current incumbents have launched processes of political reform, the latter following serious unrest in January 2022. The stated aim is to move towards more accountable, transparent, and decentralised systems of governance, anchored in respect for fundamental human rights and the rule of law. The Economist Intelligence Unit’s democracy index finds that these ‘yielded few results’ in 2023.

Human rights organisations are urging the EU and its Member States to use deepening ties with Central Asia to achieve specific advances for human rights, particularly in the light of increasing restrictions on civil society and media freedom across the region. Analysts caution that, despite reforms, in response to recent protests and unrest, governments have tended to take repressive action rather than fully engaging with the public and addressing underlying concerns. Monitoring finds that the most common violations of civic freedoms documented in 2023 were intimidation, detention of protesters and disruption of protests, censorship, and the passing of restrictive laws.
One example is the adoption of ‘foreign agents laws’, which raises human rights concerns. In Kyrgyzstan, legislation adopted in April 2024 will require local non-governmental organisations (NGOs) that receive foreign funding and engage in broadly defined ‘political activities’ to register as ‘foreign representatives’, entailing burdensome reporting obligations and inspections. The EU sees this as a worrying development in contravention of international norms that could threaten the ability of NGOs to operate freely and jeopardise EU assistance. The EU country reports on human rights and democracy in the word detail the action taken by the EU in 2023, for instance through human rights dialogues, support for civil society and implementation of the EU action plan on gender equality and women’s empowerment and the joint EU–UN spotlight initiative.

Relations between the EU and Central Asia

Policy frameworks

The EU established a framework for cooperation with the Central Asian states soon after they became independent, to support their ‘transition’ to market economy. The EU adopted its first strategy on Central Asia in 2007, to further develop a strategic partnership in areas relating to governance, energy, transport, environment and water, trade and economic relations and tackling common security challenges. In 2017, the Council of the EU asked the European Commission and the High Representative for Foreign Affairs and Security Policy/Vice-President of the Commission (HRVP) to prepare a new EU–Central Asia strategy to take account of several developments, including China’s Belt and Road initiative, reforms in Uzbekistan and the new vision for the EU’s foreign and security policy. The current strategy, ‘The EU and Central Asia: New opportunities for a stronger partnership’, was endorsed by the Council in 2019. Alongside a high level of continuity with the areas covered in the previous strategy, stronger emphasis is put on equal partnership as an objective in itself, on responding to the specificities of the five countries and on ‘principled pragmatism’.

The strategy has three main priorities: resilience (building capacity to anticipate and response to common challenges), prosperity (economic diversification and integration), and working better together (with the Central Asian partners and EU Member States, including national parliaments and civil society). To meet the common challenges facing the region as a whole, the strategy also identifies support for regional cooperation within Central Asia as a fourth, cross-cutting priority.

The EU’s special representative for Central Asia (a post created in 2005) stresses that the strategy outlines many issues on which the EU and Central Asian countries ‘can work together at different speeds depending on the mutual interest and availability of funds’. In the conclusions endorsing the strategy, the Council states that ‘the scope of the EU’s relations is linked to the readiness of individual Central Asian countries to undertake reforms and strengthen democracy, human rights, the rule of law and the independence of the judiciary, as well as to modernise and diversify the economy’. The joint roadmap for deepening ties between the EU and Central Asia endorsed in October 2023 sets out further concrete measures to complement the strategy in five key areas: political dialogue; economic ties; climate, energy and connectivity; security; and people-to-people contacts and mobility. Both the strategy and the roadmap highlight the importance of partnership agreements for further developing bilateral relations.

Bilateral agreements

The political foundations for the EU’s bilateral partnerships with the Central Asian countries are set out in partnership and cooperation agreements (PCAs) and a new generation of enhanced agreements (EPCAs) (Table 1). Kazakhstan is the first Central Asian partner to conclude an EPCA, which envisages wide-ranging cooperation in areas such as trade and investment, energy, transport, environment and climate change, education, research, foreign policy, democracy and human rights.
Table 1 – EU agreements with Central Asian countries

<table>
<thead>
<tr>
<th>Country</th>
<th>PCA</th>
<th>EPCA</th>
<th>Current status</th>
</tr>
</thead>
<tbody>
<tr>
<td>Kazakhstan</td>
<td>In force since 1999</td>
<td>Signed in 2015, entered into force on 1 March 2020</td>
<td>EPCA applied since March 2020. Protocol on the protection of geographical indications (GIs) for agricultural products and foodstuffs, wines and spirits (Council negotiation mandate agreed in May 2023)</td>
</tr>
<tr>
<td>Kyrgyzstan</td>
<td>In force since 1999</td>
<td>Negotiations launched in December 2017; initialled in 2019, discussed in the Council in October 2023</td>
<td>PCA; ECPA expected to be signed soon</td>
</tr>
<tr>
<td>Tajikistan</td>
<td>In force since 2010</td>
<td>Negotiations launched in December 2022</td>
<td>PCA; ECPA negotiations ongoing</td>
</tr>
<tr>
<td>Turkmenistan</td>
<td>Signed in 1998 but not yet ratified</td>
<td></td>
<td>Interim trade agreement pending ratification of PCA</td>
</tr>
<tr>
<td>Uzbekistan</td>
<td>In force since 1999</td>
<td>Negotiations launched in November 2018, initialled in July 2022</td>
<td>PCA; ECPA being prepared for signature</td>
</tr>
</tbody>
</table>

Preparations for ECPAs are under way with Kyrgyzstan, Tajikistan and Uzbekistan. Turkmenistan is the only Central Asian country without a PCA in place. An agreement was negotiated in the 1990s, but the European Parliament withheld its consent because of human rights concerns. In 2019, Parliament reiterated that concrete benchmarks for progress on human rights need to be reached before it gives its consent to a PCA. However, with specific considerations, Parliament did give its consent to an interim agreement containing the PCA clauses relating to trade and trade-related measures, in force since 2010. The EU has had a fully fledged delegation in Turkmenistan since 2019.

Development cooperation

The EU and its Member States have been one of Central Asia’s main sources of development aid. Between 2014 and 2020, the EU provided €1.1 billion in grant funding, technical assistance, and direct budget support to the region under the EU’s development cooperation instrument. This represented a 62% increase from the previous programming period. Funding for EU external action has increased further under the new Neighbourhood, Development and International Cooperation Instrument – Global Europe (NDICI—Global Europe). From 2021 to 2027, EU grant funding for Central Asia is split between the regional programme and bilateral programmes tailored to each country’s priorities and needs (Table 2).

In line with the EU Central Asia strategy, the regional programme focuses on:

- Resilience: water and energy, environmental challenges, human and labour rights and gender and LGBTQI+ equality, rule of law and support to civil society, and regional peace and stability; and
- Prosperity: digital connectivity, support for intra-regional trade and human development, including a focus on ‘building back better’ after the COVID-19 pandemic.

From the outset, the focus of EU development assistance has varied between countries, with a greater focus on poverty reduction in Kyrgyzstan and Tajikistan. In contrast, Kazakhstan and Turkmenistan became upper middle-income countries in 2014 and 2017 respectively, taking them out of eligibility for EU development aid. Indeed, Kazakhstan is itself now a donor within Central Asia. However, both countries still participate in the EU regional programme and both benefited from the EU’s €3 million Central Asia COVID-19 crisis response solidarity programme.
### Table 2 – Funding for the Central Asia region and countries under NDICI – Global Europe

<table>
<thead>
<tr>
<th>Country</th>
<th>Total allocation</th>
<th>Funding priorities</th>
</tr>
</thead>
<tbody>
<tr>
<td>Central Asia</td>
<td>€140 million for 2021-2027</td>
<td>Regional integration and cooperation represents 30% of the total envelope, of which 5.9% is earmarked for Central Asia</td>
</tr>
<tr>
<td>Kyrgyzstan</td>
<td>€62 million for 2021-2024*</td>
<td>Governance and digital transformation – 7 million (11%)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Human development – 32 million (57%)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Climate/economy – 18 million (29%)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Support measures – 2 million (3%)</td>
</tr>
<tr>
<td>Uzbekistan</td>
<td>€76 million for 2021-2024*</td>
<td>Governance and digital transformation – 13 million (17%)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Inclusive, digital, green growth – 30.4 million (40%)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Smart, eco-friendly agri-food sector – 27 million (36%)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Support measures – 5.6 million (7%)</td>
</tr>
<tr>
<td>Tajikistan</td>
<td>€91 million for 2021-2024*</td>
<td>Inclusive green and digital economy – 27 million (30%)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Human development – 22 million (25%)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Natural resource management, resilience – 39 million (43%)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Support measures – 1.8 million (2%)</td>
</tr>
<tr>
<td>Kazakhstan</td>
<td>€16 million for 2021-2027</td>
<td>Cooperation Facility: funding implementation of the ECPA</td>
</tr>
<tr>
<td>Turkmenistan</td>
<td>€18 million for 2021-2027</td>
<td>Cooperation Facility</td>
</tr>
</tbody>
</table>

* Total funding for 2025-2027 will be decided after an implementation review and dialogue with national authorities and stakeholders

Source: 2021-2027 multi-annual indicative programmes for Asia and the Pacific, Kazakhstan, Turkmenistan, Kyrgyzstan, Tajikistan and Uzbekistan.

The EU has made increasing use of ‘blending’ to leverage additional public and private funding in support of sustainable development. The Investment Facility for Central Asia, launched in 2010, has mobilised additional investment in energy, environment, the private sector and social infrastructure, for example to strengthen the water and sanitation infrastructure in Tajikistan and Kyrgyzstan and boost the growth of micro-, small and medium-sized enterprises across the region.

Central Asia is a key partner in the EU’s Global Gateway strategy, launched in 2021, which aims to promote investment in infrastructure, in a broad sense, including transport, energy and digital but also areas such as education and health. One of the strategy’s key features is the ‘Team Europe’ approach, which seeks to coordinate the efforts of the EU, the European Investment Bank (EIB), the European Bank for Reconstruction and Development (EBRD) and the EU Member States. In Tajikistan and Turkmenistan, implementation of the Team Europe approach is hampered by the fact that the EU Member States do not have significant bilateral cooperation programmes or presence on the ground. However, two regional Team Europe initiatives – on water, energy and climate change and on digital connectivity – are being implemented as Global Gateway flagship initiatives.

### Trade

The EU has been and continues to be the region’s most important trading partner (Figure 2). However, while in 2007, Russia was the second and China was the third, a reversal has taken place over the years, with China taking second place and the EU having only a narrow advantage. Similarly, while Turkey, South Korea, India and Japan have strengthened their trading positions in the period, Switzerland, Ukraine, Iran and the United Kingdom have reduced their trade with countries in the region.

EU trade with Central Asia is mainly focused on goods, while trade in services is more subdued. Imports of goods from the Central Asian countries have varied over the years, while exports have been less significant; however, since 2020, both imports and exports have grown. The EU’s bilateral trade relations with Kazakhstan, Kyrgyzstan, Tajikistan and Uzbekistan are covered by the PCAs and EPCAs mentioned above. For Turkmenistan, bilateral relations are based on the 2010 interim agreement on trade and trade-related matters.
Three of the five Central Asian countries (Kyrgyzstan, Tajikistan and Uzbekistan) are lower-middle income countries and as such benefit from favourable access to the EU market, through the Generalised Scheme of Preferences (GSP) or GSP+. The EU is also the biggest foreign investor in Central Asia. By the end of 2022, the EU accounted for more than 42% of the total foreign direct investment stock in Central Asia, compared to 14.2% for the US, 6% for Russia and 3.7% for China.

Emerging challenges and opportunities

The region itself shows both risks of volatility and signs of further cooperation. For EU–Central Asia relations, since the adoption of the EU’s current Central Asia strategy, the seismic shift in the geopolitical landscape has presented not only challenges but also opportunities for increased cooperation in foreign policy and areas such as energy, raw materials and connectivity.

Internal stability

Although largely peaceful, the region faces threats to its stability. Within countries, tensions between growing discontent over inequality and the cost of living are a destabilising factor, as illustrated in the 'Bloody January' events in Kazakhstan in 2022 and the rise of populism in Kyrgyzstan. Poverty and lack of employment prospects may also make some populations vulnerable to more extremist forms of Islam, increasing the risk of terrorism. From this perspective, the return of the Taliban regime in Afghanistan is a source of instability for the region as a whole, but particularly for neighbouring Tajikistan. In recent years, tensions over regional autonomy have led to protests and violent crackdowns in Uzbekistan’s Karakalpakstan region and Tajikistan’s Gorno-Badakhshan Oblast. Potential sources of conflict between the Central Asian countries include resource scarcity and climate change. Climate risk profiles for Kazakhstan, Kyrgyzstan, Tajikistan, Turkmenistan and Uzbekistan show that the region is projected to experience temperature rises significantly above the global average. The impacts are likely to include more frequent droughts, as well as land degradation and reduced water security, posing major threats particularly to the lives and livelihoods of the poorest and most marginalised communities. Cross-border water cooperation is re-emerging as a key constraint on Central Asia’s future development. In 2021, a long-standing border dispute between Kyrgyzstan and Tajikistan reignited over the issue of irrigation, leading to violent clashes that recurred in 2022. Against this backdrop, the fact that Central Asian leaders are holding annual consultative meetings is seen with cautious optimism as a sign of pragmatic cooperation.
Geopolitical challenges

Since their independence, the Central Asian countries have been aiming to conduct a ‘multi-vector’ foreign policy, trying to advance their interests in the complex web of entangled regional agendas, as illustrated in the proliferation of overlapping regional organisations (Table 3). Russia’s overwhelming influence in the region has been partially balanced by an increasing economic and political presence of the other heavyweight in the region, China, while other regional powers are also vying for influence, although focusing on different angles. Türkiye concentrates on economic and security cooperation, India on countering violent extremism coming from the Afghan–Pakistani region, while Iran nurtures the ambition of becoming a major player in the region, recently boosted by its inclusion as full member of the Shanghai Cooperation Organisation (SCO).

Table 3 – Membership of Central Asian countries in regional organisations

<table>
<thead>
<tr>
<th>Regional organisation / Total members</th>
<th>Regional power</th>
<th>KZ</th>
<th>KR</th>
<th>TJ</th>
<th>UZ</th>
<th>TM</th>
</tr>
</thead>
<tbody>
<tr>
<td>Shanghai Cooperation Organisation (SCO) / 9</td>
<td>China, India, Russia, Pakistan</td>
<td>Member</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Collective Security Treaty Organization (CSTO) / 6</td>
<td>Russia</td>
<td>Member (*)</td>
<td>Member (*)</td>
<td>Member (*)</td>
<td>Left in 2012</td>
<td></td>
</tr>
<tr>
<td>Eurasian Economic Union (EAEU) / 5</td>
<td>Russia</td>
<td>Member</td>
<td>Member</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Organization of Turkish States (OTS) / 5 (**)</td>
<td>Türkiye</td>
<td>Member</td>
<td>Member</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Economic Cooperation Organization (ECO) / 10</td>
<td>Iran–Pakistan</td>
<td>Member</td>
<td>Member</td>
<td>Member</td>
<td>Member</td>
<td></td>
</tr>
<tr>
<td>Organization for Security and Co-operation in Europe (OSCE) / 57</td>
<td>Multi-lateral</td>
<td>Member</td>
<td>Member</td>
<td>Member</td>
<td>Member</td>
<td>Member</td>
</tr>
</tbody>
</table>

(*) Presence of Russian military base(s).
(**) In addition to its five members, the OTS counts four observers, including Hungary, the internationally non-recognised territory of Northern Cyprus, and ECO.

Several significant recent events have generated new challenges in the region, which have become, at the same time, opportunities for the Central Asian countries to emerge as regional political actors in their own right.

Russia’s full-scale invasion of Ukraine in February 2022, and the subsequent global polarisation, have further shaken the regional geopolitical landscape, severely affecting the economies of the Central Asian countries and creating political dilemmas for them. Their response has been a carefully balanced diplomatic strategy, trying to distance themselves from Russia’s aggressive policies while avoiding an overt condemnation, in order to maintain vital economic ties with both Russia and the West. All five countries abstained or were absent during the votes on UN resolutions (2022 and 2023) condemning Russia’s aggression. At the same time, none of them recognised the annexation of Crimea in 2014, or the self-proclaimed independence of the Ukrainian separatist territories of DPR / LPR in 2022. Moreover, the three Central Asian countries belonging to the CSTO have actively resisted attempts by Russia and Belarus to draw CSTO material or even diplomatic support to Russia’s war on Ukraine, adding a further layer of tension in an already dysfunctional alliance. While none of the Central Asian countries have adopted sanctions against Russia, they have formally declared their intention to ensure compliance and collaborate with the West in avoiding sanctions circumvention.

Already back in 2021, after the chaotic departure by Western countries from Afghanistan and the subsequent political, social and economic turmoil in the country, the level of security threats in the
region, with three of its countries bordering with Afghanistan, had risen significantly. The contention of security threats and spill-over effects has been the main rationale behind an increasing Chinese presence in the Central Asian security sphere, beyond its traditional role as an exclusively economic partner, including the establishment of two paramilitary police bases along the Tajik–Afghan border and the deployment of Chinese private security companies in Kyrgyzstan. The recent terror attacks in Iran (January 2024) and Moscow (March 2024), for which ISIS has claimed responsibility and which experts relate specifically to the Islamic State of Khorasan Province (ISKP – the ISIS regional branch active in southern Central Asia), have dramatically underlined this region’s perilous significance from a security point of view, also for Western countries.

As a result of these shifting geopolitical factors and re-emerging security threats, Central Asia has found itself in the diplomatic spotlight, being courted by China, the US and the EU in C5 + 1 formats, through which they can further diversify their foreign policy options. The summit of Central Asian countries with the Chinese president (Xi’an, May 2023) was the first held in person since the C5 + China format was introduced in 2020, and the choreography demonstrated the event’s renewed importance. The C5 summit with the US President (New York, September 2023) – the first of its kind – was considered ‘historic’. The first-ever EU–Central Asia summit, scheduled in 2024 in Uzbekistan, will aim to formalise the C5 + EU cooperation at the highest political level, deepen the avenues for cooperation identified in the joint roadmap, and match the EU’s political relevance in the region with its status of major donor and investor.

Energy cooperation

After the invasion of Ukraine and the adoption of western sanctions in response, Russia has intensified its cooperation with the Central Asian countries in the energy sector. Its main reasons for expanding regional ties in this sector were, first, to urgently find an alternative to lost European energy markets and, second, to strengthen its political influence in the former Soviet space by increasing those countries’ energy dependence on Russia. In this context, Russia has engaged in a two-pronged strategy: it has tried, on one hand, to increase energy purchases by Central Asian countries, and, on the other, to increase their role as transit countries for its hydrocarbons towards China. In July 2023, Gazprom signed a contract with Kazakhstan for the provision of services for Russian gas transit through its territory to Uzbekistan, and supplies began in October of that year. Similarly, Russia has been increasing its supply of petroleum products to Central Asia. Oil transit arrangements with Kazakhstan are important for rerouting Russian exports, including increasing oil exports to China. In return, it provided countries in Central Asia with the opportunity to overcome the electricity sector crisis they faced through electricity imports, power plant modernisation, and the construction of new thermal, hydro, and nuclear plants.

The EU has signed memoranda of understanding (MoUs) on energy cooperation with Kazakhstan (2006), Turkmenistan (2008), and Uzbekistan (2011). The MoUs provided for cooperation on infrastructure and industry, and for enhancing energy security. In the current EU–Central Asia strategy, the Commission notes that it will encourage Central Asia’s energy sector reforms to build on the region’s potential in solar, wind and hydro-electric energy. To that end, it will make available EU technology and expertise in renewable energy and energy efficiency, and provide advice on regulatory reforms. The EU also cooperates with 11 partner countries from eastern Europe, Central Asia and the Caucasus in the EU4Energy regional energy programme. The programme, which continues the work of the former INOGATE programme, aims to help all partners reduce their dependence on fossil fuels and improve their security of supply.

The EU is also investing in energy projects in Central Asia. A recent example is the EIB Central Asia South Asia Electricity Transmission and Trade Project, which seeks to enable Kyrgyzstan and Tajikistan to sell electricity surplus to Afghanistan and Pakistan. Another is the Central Asia Water Energy Programme, which aims to promote energy security and water security at the national and regional levels in Central Asia. Other projects focus on renewable resources and technologies, including the Hydro4U project promoting systems to develop small-scale hydropower potential in
the region; the ‘sustainable energy connectivity in Central Asia’ project, and the ‘sustainable hydrogen technology as affordable and clean energy’ project (in cooperation with Japan).

The Central Asian countries’ energy profiles

Despite their proximity, the Central Asian countries do not share the same energy profile. Kazakhstan is a significant producer of crude oil, coal and natural gas, and a major energy exporter. Renewable sources of energy are a small but growing share of Kazakhstan’s electricity generation. In Kyrgyzstan, the energy sector represents 4% of GDP and 16% of industrial production, with hydropower accounting for two thirds of energy production. Similarly, with its rivers, lakes and glaciers, Tajikistan is almost exclusively reliant on hydro for electricity generation. Turkmenistan relies mainly on natural gas (75%) and oil (25%) for its energy supply. Uzbekistan’s subsoil is rich in oil, gas, coal and uranium.

As a result of their diverging energy sources, the countries face different immediate challenges (e.g. extending pipelines for Kazakhstan or alleviating annual winter shortages by hydro for Kyrgyzstan and Tajikistan). At the same time, roughly 75% of the power generation in Central Asia comes from fossil fuel power plants. In many cases, the generation capacities and grids, built during the Soviet era, have deteriorated. In turn, deteriorating power assets and the increase in energy consumption, associated with rapid population growth, can cause outages. In addition to intermittent electricity supplies, the region is also affected by chronic fuel shortage – even though some countries are major energy exporters.

Raw materials

In a recent paper, Roman Vakulchuk and Indra Overland note that Central Asia holds 38.6% of global manganese ore reserves, 30.07% of chromium, 20% of lead, 12.6% of zinc, 8.7% of titanium, 5.8% of aluminium, 5.3% of copper, 5.3% of cobalt, and 5.2% of molybdenum reserves. In terms of individual countries, Kazakhstan has rich reserves in chromium and zinc as well as in copper, cadmium and bauxite. Uzbekistan has large copper reserves, as well as silver, molybdenum, selenium, cadmium and lithium deposits. Tajikistan has large zinc, as well as aluminium, silver, copper and lead reserves.

In the context of its long-term strategy to source and produce critical raw materials, China’s footprint in the region has been steadily increasing. Through initiatives such as Belt and Road, China has increased its role in Central Asian infrastructure, business and employment. Conversely, it is steadily increasing its imports of commodities: while to date, south-east Asia, west Africa, and Australia remain China’s largest suppliers of critical materials, Central Asia’s share has grown rapidly in the past decade. Although the current EU Central Asia strategy does not mention critical raw materials as an area of joint work, the 2023 joint roadmap included it as one of the potential actions under the Global Gateway strategy, reflecting meetings held in May 2023. On 5 April 2024, Uzbekistan and the EU signed an MoU on cooperation in this area.

Connectivity

In the UN, Central Asian countries are categorised as landlocked developing countries (LLDCs). In view of this, improving infrastructure connectivity is a critical step towards achieving sustainable development in Asian LLDCs, since it can decrease trade costs and increase the efficiency and competitiveness of business operations.

The EU and its Member States are taking part in various infrastructure projects in the region. A long-standing transport infrastructure initiative is the border management programme in Central Asia, which aims to facilitate the movement of people and goods, harmonise customs procedures and help tackle illegal trafficking and organised crime. Another example is the trans-Caspian international transport route (see below). Apart from transport infrastructure, EU initiatives also cover digital infrastructure. These include the development of an electronic geoportal for a single cadastre system in Uzbekistan, the digitalisation of schools in Kyrgyzstan, and the strengthening of cybersecurity cooperation between the EU and the Central Asian countries. Funding is provided in
The most important connectivity project in Central Asia is the ‘middle corridor’, a multimodal land and sea transportation corridor including around 4,250 kilometres of railways and 500 kilometres of waterways, crossing Kazakhstan, Uzbekistan, Turkmenistan, the Caspian Sea, the South Caucasus and Türkiye, before reaching the EU (Figure 4). The middle corridor’s distance is shorter than the northern corridor’s, which travels through Russia, and as such can provide an alternative. However, on account of ports operating below capacity, poor railway infrastructure and unpredictable weather conditions, transport in the corridor can vary significantly (from 14 days to 45 days, and up to 60 days). Moreover, its capacity to date stands at 5.8 million tonnes annually, i.e. significantly smaller than the northern corridor’s. These elements have reduced the corridor’s appeal until 2022.

Nonetheless, following Russia's invasion of Ukraine and the Western sanctions adopted in this context, the middle corridor experienced a remarkable increase in cargo transit volume. In the first nine months of 2023, transit rose to 1.9 million tonnes (a 89% year-on-year increase from the same period in 2022). In addition, the corridor was widely discussed in many high-level platforms, such as the China–Central Asia summit, the G7 summit, and the World Economic Forum.

In a June 2023 study, the European Bank for Reconstruction identified 33 hard infrastructure needs and seven soft connectivity key actions that would enhance the corridor’s operational efficiency and economic attractiveness. The study further highlighted key priority infrastructure investment needs (€18.5 billion) to improve the network significantly. It also noted the importance of private and public partnerships to achieve the hard and soft actions.

On 29-30 January 2024, the Global Gateway Investors Forum for EU–Central Asia transport connectivity, held in Brussels, gathered some 600 government and private sector representatives from Central Asia and the EU Member States, as well as from international financial institutions. During the Forum, the Commission announced several initiatives, including an EU-funded regional transport programme for technical assistance and a prosperity programme geared towards trade facilitation along the corridor. Furthermore, the EIB signed MoUs totalling €1.47 billion with the governments of Kazakhstan, Kyrgyzstan, Uzbekistan and the Development Bank of Kazakhstan. Lastly, the EBRD signed an MoU with Kazakhstan, covering an investment pipeline worth €1.5 billion,
with projects for the overall development of transport connectivity in the Central Asian region already in preparation.

### European Parliament position

Parliament issued recommendations for the current EU strategy on Central Asia in 2016, calling in particular for a more tailored approach and conditionality for EU funding. On 17 January 2024, Parliament adopted a resolution reviewing the implementation of the strategy, based on an own-initiative report from its Committee on Foreign Affairs (AFET) (rapporteur: Karsten Lucke, S&D, Germany). Parliament stresses the renewed geostrategic importance and opportunities for partnership between the EU and Central Asia in view of the developments that have taken place since the adoption of the strategy in 2019, in particular Russia’s illegal war of aggression against Ukraine, the Taliban take-over of Afghanistan, and China’s increasingly assertive foreign policy. Through an economic lens, connectivity, security, climate change, energy and critical materials are all areas where interests can be aligned, and where enhancing partnership and cooperation agreements can play a key role. In line with its positions on upholding human rights and democracy in the region, Parliament also stresses that respect for human rights and compliance with international obligations are important for the EU’s relations with Central Asia. In this regard, it points in particular to the importance of ensuring accountability for rights violations; making elections more transparent, open and fair; promoting independent media to fight disinformation; and protecting the rights of women, LGBTIQ+ people and ethnic minorities. Parliament strongly encourages the EU to intensify its engagement with Central Asia, and calls for a review of the EU-Central Asia strategy in order to update it in the light of recent geopolitical events. Parliament is also ready to promote parliamentary cooperation with Central Asia, which is one of the elements of the current strategy.

### ENDNOTES

1 Neighbouring countries range from the Russian Federation (56th), to China (75th), to Iran (78th) and Afghanistan (182nd). EU Member States range from Denmark and Sweden in joint 5th place to Bulgaria in 70th place.

2 The United States adopted its first strategy in 2015 and updated it for 2019-2025.

3 As middle-income countries, Kazakhstan and Turkmenistan can no longer benefit from this scheme. Kyrgyzstan and Uzbekistan are beneficiaries of the GSP+ regime. In April 2023, Tajikistan also applied to join GSP+. The latest monitoring report and country annexes cover the 2020-2022 period.

4 With the 13th package of sanctions, adopted in February 2024, the EU for the first time imposed trade restrictions on a Kazakhstan-based company – the Elem Group, involved in the dual-use components trade with Russia.

5 Investments include rail and road network rehabilitation and modernisation; port capacity enhancements; multimodal logistics centres and auxiliary network connections across participating countries.

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