

**NEW PHASE OF THE EUROPEAN UNION – CENTRAL
ASIA COOPERATION: TEMPORARY OR STRATEGIC
RAPPROCHEMENT?**

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ABSTRACT

The European Union (EU) is one of the key economic and political partners of the countries of Central Asia (CA). The EU adopted two strategies toward CA and acts through partnership and cooperation agreements. The recent geopolitical crisis in Eurasia improved bilateral relations between the regions. The EU reconsidered its CA strategy. The paper aims to analyze the current accelerated rapprochement between the EU and CA. Its main findings are as follows. First, bilateral trade between the regions became less diversified, increasing risks for Central Asia as trade became an important political tool. Second, the EU-CA strategic rapprochement will require institutional reforms in Central Asia, while for now, the EU pursues its geopolitical and economic goals in the region.

Keywords: Central Asia, European Union, International trade, Geopolitics, Energy cooperation.

INTRODUCTION

Countries of Central Asia (CA) consider cooperation with the European Union (EU-27) as one of the most important strategic directions. They intend to intensify trade with the EU countries and attract investments. New geopolitical realities caused substantial changes in Eurasian politics. Russia's invasion of Ukraine disrupted production, transportation and supply chains. As a result, many countries' trade links were put at risk. In these circumstances, the EU together with the United States adopted a tough policy against Russia by imposing sanctions and providing Ukraine with weapons. Russia responded by countersanctions. CA countries preferred to keep neutrality and not be affected by western sanctions. In these circumstances, many important issues in bilateral relations between the EU and CA appeared. These include the future of trade, transportation, energy, and institutional cooperation as the Northern corridor was closed, and pipeline transportation through Russia became uncertain. As a result, the EU has reconsidered its policy towards CA making it more resilient and based on economic and political interests rather than the promotion of norms and values. As a consequence, mutual relations intensified at both regional and bilateral levels. The EU started to conduct an aggressive policy openly expressing its goals to reduce Russian influence in the region and promote new areas of cooperation. Countries of Central Asia, deeply affected by Russia's policy, were interested in cooperation. Therefore, the paper aims to analyze the current accelerated rapprochement between the EU and CA, reveal its consequences, and assess its time limits. The methodology of the paper includes desk research and statistical analysis. The paper is organized as follows. The first section analyses the comprehensive policy of the EU towards CA by focusing on its CA strategies adopted in 2007 and 2019, Partnership and Cooperation Agreements. It shows that the EU pursues its political and economic goals by providing trade preferences. Section 2 analyzes the level of diversification of bilateral trade and finds that the CA countries became more dependent on the EU market and their exports mainly consist of mineral fuels. At the same time, it shows new cooperation areas for the EU and CA. Section 3 provides new developments in the EU-CA relations, explains reasons for the aggressive rhetoric of the EU, and further changes in its policy. It shows future risks for the countries of Central Asia and provides policy recommendations.

EU POLICY IN CENTRAL ASIA

Since the independence of Central Asian states, the European Union has been one of the key actors in the region promoting bilateral relations through the Partnership and Cooperation Agreements (PCA) and the Enhanced Partnership and Cooperation Agreements (EPCA). Later, the EU adopted two strategies towards Central Asia. The first one, adopted in 2007, focused on responding to security threats, protecting human rights, promoting economic development, transport and energy links, and ensuring environmental protection. The second Strategy of 2019 updates the previous one and pursues three priority areas for bilateral cooperation. These priority directions include partnering with CA for resilience, prosperity and supporting regional cooperation in Central Asia. Under cooperation for resilience, the EU promotes human rights and democracy, security, and environmental challenges. Cooperation for prosperity includes economic diversification and private sector development, and enhancement of

intra-regional trade. The EU also pays special attention to supporting integration processes in Central Asia. Thus, the new Strategy shows the importance of the Central Asian states for the EU. Besides being a key trade and investment partner, the EU also remains the number one donor in the region, the assistance of which reached €1.1 billion for the period 2014-2020. Moreover, the EU mobilized €123 million for Central Asia during the pandemic, adopted special assistance programs for Kazakhstan and Turkmenistan (with a €3 million budget), and delivered vaccines to Kyrgyzstan, Tajikistan and Uzbekistan (European External Action Service (EEAS), 2022).

Some experts are very skeptical about the EU's new strategy on CA blaming it for not offering new positions. As before, the CA's importance for the EU is in its strategic location, energy resources, market and regional security, promotion of democracy, and improvement of human rights. These wide varieties of areas also appeared in the 2007 version, but the CA states achieved almost no progress, especially in the development of democratic institutions and human rights. There are also critics of the EU approaches such as training opportunities on human rights and advocacy skills for civil society activists. According to experts, "the new EU Central Asia strategy is the old EU Central Asia strategy in a fresh PDF" with no changes in priorities and built on Uzbekistan-inspired optimism. However, European diplomats can and will influence regional politics, but the new strategy does not put forward any new ideas on how they plan to do so (Putz, 2019).

The EU also pays special attention to deepening bilateral relations with the countries of Central Asia. Kazakhstan is the EU's key partner in the region. In December 2015, the European Union and Kazakhstan signed the EPCA, which entered into force on March 1, 2020, and replaced the PCA of 1999. Kazakhstan became the first country to sign the EPCA from the CA region. One of the objectives of the EPCA is to strengthen cooperation by ensuring a better regulatory environment for EU and Kazakhstan's companies. The parties use the annual Cooperation Council of the EU and Kazakhstan, a high-level EU-Kazakhstan Business Platform, to deepen bilateral relations. The EU supported Kazakhstan's accession to the World Trade Organization and remains the country's first trade and investment partner representing 40% of its external trade and 48% of total foreign direct investment (FDI) flows. Energy products play a key role in bilateral relations between the EU and Kazakhstan. In 2006, the parties signed the Memorandum of Understanding on Energy Cooperation, which addresses energy security and investment, construction/upgrading of transportation infrastructure, and industrial cooperation. Kazakhstan exports more than 70% of its oil to the EU (6% of EU oil demand). Energy companies played a major role in Kazakhstan's oil industry with substantial investments. Kazakhstan ranks first in the world in terms of the production and export of raw uranium. It is the single largest supplier to the EU nuclear energy industry and meets more than 21% of the EU uranium demand. There are also several cooperation agreements in the field of nuclear energy (EEAS, 2021).

The EU and Kyrgyzstan signed the PCA in 1999 and initiated negotiations on the EPCA in July 2019. The EU granted Kyrgyzstan Generalized Scheme of Preferences plus (GSP+), which allows the country to export 6200 products to the EU without any tariffs. As a GSP+ beneficiary, Kyrgyzstan is responsible

for the ratification and implementation of the 27 conventions. The EU's efforts in development cooperation with Kyrgyzstan are significant. Over the period 2014-2020, the EU allocated €174 million to projects strengthening rule of law, and the development of education and rural areas (EEAS, 2021a).

In November 2019, Tajikistan requested to upgrade the current PCA of 1999 through the negotiation of the EPCA. Tajikistan remains the smallest trade partner of the EU in Central Asia and its exports to the EU are concentrated in two sectors, industrial products such as base metals and textiles. The EU plays an important role in development and technical cooperation. It implemented the Country strategy and multi-annual implementation program for 2014-2020, with an allocated bilateral financial envelope of €231 million. During the same period, the EU planned to provide Tajikistan €251 million as grants (EEAS, 2021b).

Energy-rich Turkmenistan is of high interest to the European Union. The country signed a Memorandum of Understanding on cooperation in the field of energy with the EU, which facilitates the information exchange on energy policies, and the diversification of transit routes. The Memorandum also promotes the development of renewables and energy efficiency. Bilateral relations between the EU and Turkmenistan are part of the Interim Trade Agreement, signed in 2010. The PCA between the parties is under ratification by the European Parliament. The EU also proposes its assistance through the Development Cooperation Instrument in implementing economic reforms and privatization, education and legal reforms, and education and vocational training (EEAS, 2021c).

Uzbekistan's new open economic policy improved its bilateral relations with the EU, which were based on the PCA of 1999. The EU supports ongoing reforms in Uzbekistan and provides financial assistance to Uzbekistan annually. During 2014-2020, the EU allocated €168 million in financial aid to Uzbekistan, a 124% increase over the 2007-2013 period. Key priority areas for assistance are rural development, sustainable management of water resources, irrigation, horticulture, and livestock. For 2021-2027, the EU will concentrate its efforts on effective governance and digital transformation, inclusive, digital and green growth, and development of the agri-food sector. The EU granted Uzbekistan the GSP+ status and in April 2021 started applying preferential tariffs for products imported from Uzbekistan. This arrangement is an opportunity for export growth and investment attraction (EEAS, 2021d). In July 2022, the European Union and Uzbekistan successfully concluded and initialed the new EPCA, the main areas of cooperation under which would include political and economic reforms, foreign and security policies, justice and freedom. The EPCA aims to improve trade relations, regulatory environments, partnerships in transport and energy sectors, and intellectual property rights. In addition to the signing ceremony, the EU and Uzbekistan held their 18th annual Cooperation Committee meeting, where the parties discussed trade and economic relations, including Uzbekistan's membership in the EU's GSP+ scheme, and the Russian invasion of Ukraine (EEAS, 2022a). The implementation of institutional reforms affects bilateral relations between the Central Asian states and the EU members. The EU granted Uzbekistan privileges of the GSP+ scheme due to positive economic and political reforms. The GSP+ will allow Uzbekistan to export more than 6200 commodity items to the EU countries without tariffs (UzReport, 2021a).

Uzbekistan also became the first beneficiary of the United Kingdom's Extended Scheme of Generalized System of Preferences. Thus, more than 7800 types of goods produced in Uzbekistan will be imported into the UK at zero import duty (UzReport, 2021b).

The European Union and Central Asia use economic forums for the improvement of bilateral relations. In November 2021, the European Union – Central Asia Economic Forum took place in Kyrgyzstan with the participation of Prime Ministers of Central Asian countries as well as Ministers and high-level officials from more than 15 EU member states. The parties committed to strengthening bilateral cooperation to support the transformation of Central Asian economies into diversified and competitive private-sector-driven economies (European Commission, 2021). Talking at the Forum, the Prime Minister of Kazakhstan Askar Mamin noted that during the last decade, the EU members invested more than €105 billion or \$121.3 billion in Central Asian countries, which exceeded 40% of the total amount of FDI in the region. Mamin proposed to boost the EU investments in Central Asia using the Astana International Financial Centre as nearly 70 European companies were registered there. Additionally, he proposed to establish the European Union – Central Asia Business Council (Astana Times, 2021). In November 2021, the President of Kazakhstan Kassym-Jomart Tokayev had a meeting with the President of the European Council Charles Michel. While discussing a comprehensive partnership, President Tokayev mentioned that the EU was one of the largest investors in Kazakhstan's economy with a total amount of investments of \$160 billion (Kazinform, 2021).

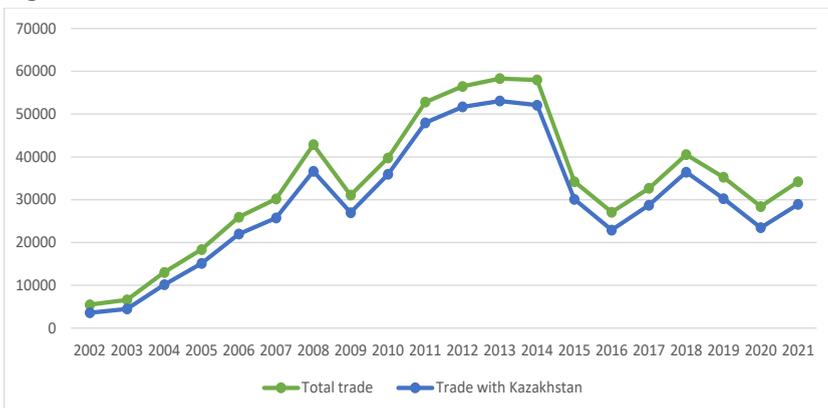
Thus, the European Union implements a comprehensive policy towards Central Asia, which includes both bilateral and regional agendas promoting its values and norms. The EU also supports CA in multilateral formats, for instance, in the accession of the regional countries to the World Trade Organization. It plays an important role in terms of trade, investments and financial assistance. It provides the countries of the region with trade preferences. Three of the five CA countries benefit from favorable access to the EU market through the GSP (Tajikistan) or GSP+ (Kyrgyzstan and Uzbekistan). It is worth noting that the EU has the largest trade network in the world, with 42 trade agreements fully in force or provisionally applied. The EU trade agreements cover Non-Trade Policy Objectives (NTPOs) of a political (human rights, democracy), security and peace (combating terrorism and corruption), and economic nature (environmental protection). The EU pursues political NTPOs in agreements with smaller countries, offering them preferential access to its market, in exchange for political concessions. In trade agreements with larger countries, the EU proposes economic NTPOs. The EU includes both political and economic NTPOs in the GSP programs. GSP preferences are granted on a unilateral basis. The EU can thus reward countries that fulfill conditions related to NTPOs by granting them better GSP preferences. At the same time, it can punish trading partners that do not fulfill these conditions (Borchert et al., 2021). Therefore, the GSPs should be considered as another political and economic tool of the EU's Central Asia policy. The countries of Central Asia, in turn, lack the EU policy and pursue country-based interests, including retaining markets, attracting investments and financial aid, and obtaining trade preferences.

DID THE EU-CA TRADE BECOME MORE DIVERSIFIED?

International trade plays an important role in establishing close economic ties between countries and regions. The impacts of trade are wide and positive. Foreign trade affects a country’s economic growth through its openness to international trade, its preferential trade agreements and its trade structure (Singh, 2010). Trade increases revenue and boosts productivity, contributing to poverty reduction (Frankel and Romer, 1999; Sapsford and Garikipati, 2006). Facilitating trade with reforms to improve customs procedures has a significant positive impact. It is worth noting that diversification is not necessarily a product of state support through industrial policy, but a natural result of trade intensification, including through integration (Dennis and Shepher, 2011). Trade’s positive impacts also include contributions to the development of infrastructure and political stability. These effects are important as the countries of Central Asia aim to diversify their export by trade intensification with the EU, which in turn, supports the region’s trade-related programs. Traditionally, the CA countries specialize in the production and export of raw materials such as crude oil, natural gas, cotton, and metals. Agricultural production is also an important source of revenue for the regional countries, but they still heavily depend on food imports.

Trade with the countries of the European Union is of high interest to the CA states. For Kazakhstan, the EU’s market remains key for its major products such as crude oil. In the early 1990-s, European energy investments in the region (mainly in Kazakhstan) established early trade ties, which intensified following the 2000-s resource boom. Both higher prices and production brought Kazakhstan substantial revenues and allowed it to conduct modernization policies. Figure 1 shows the total trade between the regions. The indicator increased from almost \$5.5 billion in 2002 to more than \$34 billion in 2021. Mutual trade peaked in 2014 reaching nearly \$58 billion. Following the end of the ‘energy supercycle’, the figure dropped significantly. A key trade partner of the European Union in Central Asia is Kazakhstan, total trade with which increased from \$3.6 billion to almost \$29 billion for the reported period. A share of Kazakhstan in Central Asia’s total trade with the EU changed from 65% to 85% in the same period. During the peak periods, the share varied between 90-92%.

Figure 1. Total trade between Central Asia and the EU-27, million \$



Source: The Author’s compilation using the International Trade Centre (ITC, 2022) data.

Table 1 shows Central Asia’s exports to and imports from the EU countries. The region’s exports surged from nearly \$3 billion in 2002 to more than \$24 billion in 2021, increasing by eight times. During the same period, the imports of the countries of Central Asia changed from \$2.5 billion to more than \$10 billion, demonstrating four times growth. During the reported period, the share of Kazakhstan in total exports of the region increased from 67% to 96%. The shares of the rest of the countries of Central Asia experienced a significant reduction. For instance, the indicator of Uzbekistan decreased from 15% to a low 2%. However, the share of Kazakhstan in the region’s total imports decreased from 64% to 56% during the reported period. At the same time, Uzbekistan’s imports changed substantially, increasing from nearly \$0.5 billion to almost \$3.2 billion, demonstrating 6.4 times growth. As a result, the share of Uzbekistan grew from 19% to 31%. Turkmenistan’s share also experienced a reduction, Tajikistan’s share increased, while Kyrgyzstan’s indicator remained the same.

Product-based analysis of the bilateral trade flows (Tables 2-3) shows that Central Asia has a trade deficit in manufacturing and agricultural products, while raw materials provide a substantial trade surplus. For instance, in 2021, the top three products with substantial trade deficits included machinery (almost \$2.5 billion), pharmaceutical products (\$1.5 billion), and electrical machinery and equipment (\$0.9 billion). In the same period, mineral fuels (\$21.4 billion), inorganic chemicals (\$0.5 billion), and iron and steel (\$0.4 billion) provided a significant trade surplus.

Table 1. *Central Asian exports to and imports from the EU-27, million \$*

Exporters	2002	2005	2010	2015	2020	2021
Central Asian total exports	2984	13089	30337	24390	18247	24108
Kazakhstan	1999	11161	29423	23617	17650	23254
	67%	85%	97%	97%	97%	96%
Uzbekistan	452	637	378	282	206	388
	15%	5%	1%	1%	1%	2%
Turkmenistan	271	1110	392	415	276	302
	9%	8%	1%	2%	2%	1%
Tajikistan	237	155	74	28	65	117
	7,9%	1,2%	0,2%	0,1%	0,4%	0,5%
Kyrgyzstan	27	26	70	48	50	48
	0,9%	0,2%	0,2%	0,2%	0,3%	0,2%
Importers	2002	2005	2010	2015	2020	2021
Central Asian total imports	2505	5279	9455	9852	10169	10100
Kazakhstan	1592	3962	6531	6502	5814	5656
	64%	75%	69%	66%	57%	56%
Uzbekistan	485	718	1577	1647	3317	3168
	19%	14%	17%	17%	33%	31%
Turkmenistan	304	382	880	1183	565	676
	12%	7%	9%	12%	6%	7%
Tajikistan	37	99	185	212	214	315
	1%	2%	2%	2%	2%	3%
Kyrgyzstan	87	117	282	307	259	285
	3%	2%	3%	3%	3%	3%

Source: The Author’s calculations and compilation using the ITC (2022) data.

Table 2. Trade deficit between CA and the EU, by products, million \$

	2002	2005	2010	2015	2020	2021
All products	480	7810	20883	14538	8078	14009
Machinery	-790	-1596	-2427	-2485	-3131	-2488
Pharmaceutical products	-119	-336	-882	-1236	-1395	-1527
Electrical machinery and equipment	-233	-684	-1096	-988	-693	-927
Optical, photographic, and other equipment	-75	-148	-383	-373	-568	-605
Vehicles other than railway or tramway rolling stock	-178	-457	-450	-652	-586	-563
Aircraft, spacecraft	-22	-6	-592	-28	-251	-388
Miscellaneous chemical products	-73	-117	-179	-207	-323	-337
Essential oils and resinoids; perfumery	-47	-112	-215	-219	-212	-280
Articles of iron or steel	-144	-385	-508	-909	-336	-206
Plastics and articles thereof	-62	-134	-230	-196	-167	-192
Rubber and articles thereof	-29	-60	-103	-80	-160	-139
Paper and paperboard	-72	-131	-221	-104	-96	-131
Railway or tramway locomotives	-8	-40	-22	-70	-71	-128
Furniture	-74	-93	-390	-161	-139	-123
Live animals	-2	-3	-12	-41	-98	-110
Miscellaneous edible preparations	-9	-34	-64	-74	-98	-100
Tanning or dyeing extracts	-24	-38	-73	-73	-68	-82
Beverages, spirits and vinegar	-10	-19	-45	-60	-54	-79
Residues and waste from the food industries	-1	-5	-15	-15	-63	-74
Live trees and other plants	-2	-5	-30	-35	-57	-68
Toys, games and sports requisites	-5	-14	-11	-25	-19	-66
Soap, washing preparations	-12	-28	-58	-54	-59	-65
Dairy produce; birds' eggs; natural honey	-10	-19	-39	-72	-69	-59

Source: The Author's compilation using the ITC (2022) data.

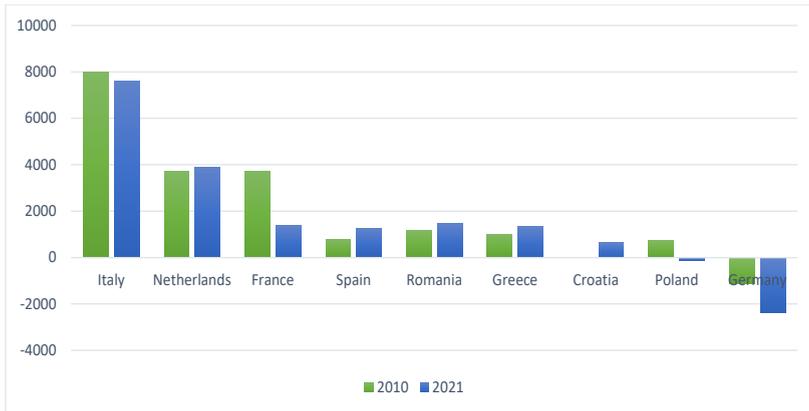
Top export partners of the Central Asian republics from the European Union include Italy, Netherlands, France, Spain, and Germany (Figure 2). Central Asia has a trade surplus with the majority of the EU countries. For instance, in 2021, the indicator amounted to \$7.6 billion with Italy, \$3.9 billion – with the Netherlands, and \$1.4 billion – with France. However, the region has a trade deficit with Germany, which in 2021 equaled almost \$2.4 billion. This deficit can be explained by the lower supply of raw materials to Germany than other EU countries. An analysis of individual countries' trade shows that all countries of Central Asia except Kazakhstan have trade deficits with their EU partners. For instance, in 2021, the trade deficit of Kyrgyzstan amounted to \$238 million, Tajikistan – \$198 million, Turkmenistan – \$373 million, and Uzbekistan – \$2.8 billion. Kazakhstan's trade surplus was equal to \$17.6 billion.

Table 3. Trade surplus between CA and the EU, by products, million \$

	2002	2005	2010	2015	2020	2021
Lead and articles thereof	5	38	69	135	38	68
Cereals	35	34	59	32	28	70
Fertilizers	0	-1	52	1	30	85
Copper and articles thereof	289	951	27	530	82	117
Other base metals; cermets;	30	43	36	85	80	136
Oil seeds and oleaginous fruits	-3	-9	6	89	85	136
Cotton	476	369	203	87	112	149
Aluminium and articles thereof	139	29	26	-3	107	218
Iron and steel	105	478	558	219	177	388
Inorganic chemicals	68	181	583	660	332	479
Mineral fuels	1502	10281	27700	21873	16259	21404

Source: The Author's compilation using the ITC (2022) data.

Figure 2. Trade balance of Central Asian states with individual countries of the EU, million \$



Source: The Author’s compilation using the ITC (2022) data.

These trade data shows that bilateral trade flows between the EU and CA became less diversified with the increasing dependence of the CA countries on raw materials exports, which provide a significant trade surplus for Kazakhstan. Other countries have trade deficits. This trade pattern puts countries of CA at risk. First, price fluctuations may substantially reduce CA exports in value terms making its imports from the EU complicated. Second, the EU’s green policy and its aim to reduce dependence on fossil fuels is an important challenge for CA countries. However, this policy can become an opportunity for the CA states as the EU is desperately looking for new energy suppliers, preferably green ones. Bilateral cooperation between Kazakhstan and the EU is deepening in rare earth metals and green hydrogen. On the sidelines of the COP27 climate change conference in Egypt, the European Commission signed an agreement with Kazakhstan’s government to develop supplies of green hydrogen and raw materials to manufacture equipment such as wind turbines and batteries for electric cars. The parties expect that the deal will boost the green and digital transformation of both sides’ economies. The agreement focuses on three areas, such as economic and industrial integration in the strategic value chains of raw materials, batteries and renewable hydrogen, cooperation on capacity building, skills development and research and innovation, and increasing the resilience of raw material, battery and renewable hydrogen supply chains. The particular interests of the EU include rare earth magnates for wind turbines, lithium and cobalt for batteries, and polysilicon for semiconductors. Kazakhstan has some 50,000 metric tons in deposits (Lillis, 2022a). Svevind, the company behind Europe’s largest wind farm in Sweden, is running a green hydrogen project called HyrAsia One in the Mangystau Region of Kazakhstan. According to the company’s CEO Wolfgang Kropp, the project can transform Kazakhstan into a reliable supplier of green energy in the form of hydrogen and ammonia for the global markets. The company also sees significant potential for export to Europe, and the plant’s production capacity is estimated at one-fifth of the amount the EU will import in 2030. The project’s preliminary cost ranges from €40 billion to €50 billion. It will contribute to the development potential of the region by creating new high-level and long-term jobs (Satubaldina, 2022). For the countries of Central Asia, it is important not to substitute one dependence

(oil and gas) for another (rare earth metals). Cooperation in new areas should be complemented by the development of manufacturing projects to achieve diversification. Third, transportation of fossil fuels remains complicated due to the geopolitical situation putting CA exports at additional risk. Finally, political dependence on the EU may increase given the size of the EU in Kazakhstan's mineral fuel exports. The EU also may reconsider the CA policy putting more pressure on the countries of the region to reach its political and economic goals. For instance, the EU institutions and multinationals (MNCs) in the energy sector have different understandings of how to achieve the objective of energy security. While the EU was losing interest in Central Asian energy resources, its MNCs' consistent search for profit jeopardized its general Strategy in the region. The initial European strategy to achieve energy security in cooperation with the governments of Central Asia was not entirely pertinent, while China proved to be a faster and more convincing partner, often overpaying for projects to secure gas and oil supplies to satisfy its growing internal energy demand. The EU progressively changed its strategy on how to achieve energy security by greater involvement of the EU members defending the positions of the European MNCs against Central Asian governments' policies seeking compensation or attempting to increase their shares in different project consortia. This policy of the EU contrasts the EU strategies, which aimed at strengthening human rights and the rule of law in the region (Moisé and Sorbello, 2022). High dependence of the region on the European market, low diversification of its exports, and new areas of cooperation in the development of raw materials are important factors in the EU's new policy towards Central Asia.

GEOPOLITICAL CRISIS AND THE FUTURE OF THE EU-CA COOPERATION

The current EU foreign policy is applicable to a rules-based international order. The EU started its new era with the Russian invasion of Ukraine. The Union's policy against Russia is recognized as a "birth of a geopolitical Europe." Because of geopolitical changes, many EU policies, including trade, investment, competition, and research and technology, will take into consideration power politics and become both tougher and more flexible. The EU enhances resilience by reducing asymmetric dependencies, building capacity in strategic sectors, and protecting the EU from external coercion (Lehne, 2022).

After the war in Ukraine, the EU politicians reconsidered the role of Central Asia in the Union's foreign policy. The organization increased its efforts in engaging with Central Asia using different formats. In October 2022, President of the European Council Charles Michel paid his first official visit to Kazakhstan's capital and held a Summit with the Presidents of the CA states. According to Michel, the regions are coming closer together and the summit was more than just a dialogue. In the new obstacles of the geopolitical crisis in Eurasia, the EU pursues geopolitical, geoeconomic, and security objectives. The European Union has the ambition to adjust its status as a secondary actor in the CA region, which historically is of strategic importance for Russia, China, and the United States. Russia's comprehensive policy includes regional cooperation through key organizations such as the Collective Security Treaty Organization and Eurasian Economic Union. China implements the Belt and Road Initiative, which has both economic and political goals. The US promotes

institutional reforms. To compete with the rivals, the EU's foreign policy took into consideration the differences between the states in the region. The EU politicians openly announce their goal to reduce Central Asia's dependence on Russia and China. In terms of geoeconomics, the EU is interested in energy and transport cooperation. Regarding security, the EU members are concerned about the situation in Afghanistan (Komilov, 2022).

In a joint declaration, the participants of the EU-CA summit stressed the crucial importance of developing a regional vision of and cooperation in building sustainable connectivity. They also mentioned the key role of transport and transit development within the EU Global Gateway strategy and national strategies of the countries of Central Asia. Presidents of Central Asia highly appreciated the EU's contribution to intensifying economic development after the pandemic and the importance of the creation of a favorable business environment to boost investments and trade in the region. Kazakhstan plays an important role in bilateral cooperation between the EU and CA. Following the Russian invasion of Ukraine, Astana tries to diversify export routes for oil, around three-quarters of which transit Russia. President of Kazakhstan Kassym-Jomart Tokayev pledged greater energy cooperation with the EU, proposed cooperation in areas such as the transportation of critical raw materials and green energy, developing international transport routes to secure global supply chains. It is worth noting that Tokayev and Michel discussed how to avoid an "unintended negative impact on Kazakhstan's economy" of EU sanctions against Russia and relocating to Kazakhstan European manufacturing companies (Brzozowski, 2022). According to Michel, Kazakhstan is a bridge between Europe and Asia, and Central Asia is an increasingly important region in its own right. Integration processes in Central Asia will make the region stronger. European politicians are always concerned about democracy and human rights. However, the situation in these areas in Central Asia is not a serious concern for Europe for now. Europe would win no friends in Astana if it came with overly critical remarks about Kazakhstan's internal politics, or those of any other Central Asian state. Discussing these issues will alienate the regions and will restrict their strategic interaction. It is important to note that the joint communiqué after the EU-Central Asia Leaders' Meeting did not mention Ukraine directly, which was a sign of Central Asia's desire for neutrality on the matter (Putz, 2022).

On November 17-18, 2022 the EU's top diplomat Josep Borrell visited Central Asia (Kazakhstan and Uzbekistan) to meet Central Asian foreign ministers at the EU-Central Asia Connectivity Conference. Borrell promoted new links between the regions and talked about excessive dependencies, which come at a cost. According to Borrell, the EU respects and endorses the desire of Central Asia to reject dependency on any single international partner, regardless of history or geography. He called for wider networks and emphasized that EU-CA connectivity would not be at the expense of other connections. It is important to note that the EU has allocated €300 million in funding for the region over the next four years (Lillis, 2022).

At the invitation of President of France Emmanuel Macron, President of Kazakhstan Kassym-Jomart Tokayev paid an official visit to France on November 29-30, 2022. Emmanuel Macron confirmed his support for the deep ongoing reforms in Kazakhstan aimed at strengthening the rule of law, fundamental

freedoms and social justice. France and Kazakhstan expressed concern about the situation around Ukraine, its humanitarian consequences and its impact on the global economy, and the food security of the most vulnerable countries. The Presidents welcomed the major transport initiatives in Central Asia, in particular, those related to the development of the Trans-Caspian international transport route (Middle Corridor). They expressed support for the implementation of the European Union's Global Gateway project (Akorda, 2022).

In November 2022, the President of Uzbekistan Shavkat Mirziyoyev paid a two-day official visit to France, where he had meetings with his French counterpart and business circles of this country. In total, 14 agreements were signed aimed at further expansion of Uzbek-French relations, including bilateral economic agreements worth more than €6 billion and documents on the fight against corruption and advanced training of judges (KUN.UZ, 2022). According to the EU delegation in Uzbekistan, all areas of the EU cooperation with Central Asia, varying from water resources to digitalization will be aimed at reducing the region's dependence on Russia. The EU Ambassador to Uzbekistan Charlotte Adrian explained that the EU did not want the exclusivity of the relationship between the regions. It aims to ensure freedom of choice. The EU Ambassador mentioned that Uzbekistan remained a driver of regional integration in Central Asia and the EU allocated €83 million to finance the Multi-Year Indicative Program for 2021-2027, including €7 million to support the development of civil society and human rights. Priority areas for bilateral cooperation include digital and green growth and the development of a smart and environmentally friendly agricultural sector (Gazeta.uz, 2022).

The countries of Central Asia are of high interest in maintaining trade with the European Union. The situation in Ukraine disrupted transport routes due to the closure of the Northern corridors through Russia. In these circumstances, the Middle Corridor, which goes through Central Asia and the Caspian Sea and the Caucasus towards Türkiye and Europe, became an alternative. The states of Central Asia have already used the route to start exporting products to the European market. For instance, Uzbekistan for the first time sent a train loaded with copper to Europe through the Middle Corridor. The train delivered 46 rail cars and 91 units of 20-foot containers of copper concentrate from the Almalıy Mining and Metallurgical Combine over 4,000 km to Bulgaria. The EU supports the promotion of the Middle Corridor and the European Bank for Reconstruction and Development announced that it was ready to invest in the development of cargo routes between the regions that bypass Russia (Reuters, 2022).

Previously, it was claimed that the EU has been making progress in learning about Central Asia, but it did not adopt a more country-specific approach and continues its practice of seeing and framing the CA countries as a fairly homogenous region and trying to artificially reshape this region by linking it with Afghanistan. As it was mentioned above, the 2019 EU–Central Asia Strategy did not significantly differ from the previous one. Despite the improvements in the learning practices, the main lens through which the EU looks at the region remains geopolitical, and this determines the limits of EU learning from the start. EU officials recognize a small number of imports from Central Asia, which makes the EU pursue solely geopolitical goals such as securing borders between the CA region and Afghanistan for the best outcomes for the EU. It is worth noting that the EU

wants to learn more about Central Asia to find a better approach to win over local actors in this region, and it does so by creating an impression of congruence of interests (Korneev and Kluczevska, 2022). Its institution-building and human rights policy in Central Asia kept the Union out of geopolitical competition with China and Russia in the region. As a result, the EU started reformulating its policy towards CA recognizing that geography continues to shape geopolitics in Central Asia, putting more emphasis on state resilience rather than democratization in Central Asia, and engaging with other actors in the wider region. During the pandemic, the EU's policy was determined by pragmatism and help for the states of the region to become more resilient (Winn and Gänzle, 2022). To promote its goals, the EU acts together with other international organizations such as the OCSE, maximizing EU attractiveness to Central Asian governments. The EU tries to shape the arena of competition to its strengths in education, legality, and environmental protection and seeks to be more responsive to local needs, implying a contrast with others (Fawn, 2022). In Kazakhstan and Kyrgyzstan, the EU is mainly perceived positively. However, depending on a particular issue area, the EU's image may change from that of an opportunity to a threat. Compared to other actors such as the United States, China and Russia, the EU is more trusted and provokes less suspicion. The EU's positive image is an advantage for the implementation of the regional policy. The EU needs to invest in preserving and strengthening its positive image and soft power (Arynov, 2022).

Thus, the EU's approach changed substantially. The Union is involved in the regional game using all its comparative advantages and taking into consideration country-specific features. Announcements of the EU politicians to reduce the Russian or other influences in the region show the vulnerability of Central Asia to external pressure and its weakening positions. To achieve its geopolitical goals, the EU will need to compete with other actors such as Russia and China, who have a long-lasting economic and political impact on the region. To gain importance, the EU needs to substantially increase investments in the region to assist diversification of Central Asian economies. It is important for the EU to implement joint projects. For the countries of Central Asia, it is important not to become a side of geopolitical conflicts and they need to pursue their economic goals by implementing structural reforms. By engaging with the EU, states of Central Asia need to increase the freedom of choice, not substituting one dependence for another. Countries of the region should remember that trade and other economic dependencies became important political tools the EU can use to promote its norms and values demanding corresponding changes from its partners. It is important to note that the geopolitical crisis caused the current rapprochement and each side tries to find solutions to the war-induced challenges such as energy crisis or transportation disruptions. The EU-CA strategic rapprochement, in turn, will depend on the ability of the Central Asian states to implement gradual institutional reforms.

CONCLUSION

The European Union remains a key economic and political partner of the Central Asian republics. The EU conducts a comprehensive policy towards Central Asia at both bilateral and regional agendas providing support at the multilateral level. For instance, Kazakhstan and Uzbekistan signed EPCAs, while other members requested updating the existing PCAs. Within the CA strategies, the EU calls

for institutional changes and grants trade preferences for effective reforms. Kyrgyzstan and Uzbekistan are beneficiaries of the GSP+ status, which is an opportunity for the intensification of bilateral trade. At the same time, the EU can use the GSP+ status as a tool to achieve its political and economic goals. The Union allocates financial assistance to the CA countries. Central Asia, in turn, lacks regional or country-specific policies toward the EU.

The EU is a major export market for the products exported by CA. Analysis of bilateral trade shows that CA exports became less diversified and mainly rely on mineral fuels with Kazakhstan playing a key role. All countries of the region excluding Kazakhstan have a trade deficit with the EU, which increases economic and political risks for Central Asia. The parties discuss new areas of trade cooperation such as the development of rare earth metals and green energy. Transportation through the Middle Corridor is another priority area for interregional cooperation. The countries of Central Asia should use these opportunities for diversification and not for substituting existing energy dependencies for new ones.

The Russian invasion of Ukraine caused substantial shocks in the global economy, which negatively affected both regions and accelerated their rapprochement. Consequently, the EU reconsidered its CA policy and its regional engagement increased. Using its positive image, the EU tries to compete with other regional actors and gain geopolitical importance. It clearly announces its goals to reduce Russia's influence in the region, which shows the vulnerability of Central Asia to external pressures. The EU currently pursues geopolitical and economic goals. However, this does not mean that the Union gives up its norm and value promotion strategy. Rather, the EU postponed this policy. Thus, Central Asia needs to attract more investment from the EU and develop joint projects aiming at diversification. At the same time, it should remember the importance of institutional development and its role as a political tool. The strategic rapprochement between the regions will require gradual institutional reforms in Central Asia.

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