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The EU's Central Asia policy and its implications for China



Yuqun SHAO

Bonn 2008

Discussion Paper / Deutsches Institut für Entwicklungspolitik
ISSN 1860-0441

SHAO, Yuqun: The EU's Central Asia policy and its implications for China / Yuqun SHAO. – Bonn : DIE, 2008. – (Discussion Paper / Deutsches Institut für Entwicklungspolitik ; 9/2008)
ISBN 978-3-88985-399-8

Yuqun SHAO, Deputy Director of South Asia Studies in the Shanghai Institute for International Studies. Her research field is U.S. foreign policy in general and U.S. policy towards Central and South Asia in particular. She also does research on the Shanghai Cooperation Organization. The author spent several months in 2007 at the German Development Institute as visiting scholar.
E-mail: shaoyuqun@hotmail.com

© Deutsches Institut für Entwicklungspolitik gGmbH
Tulpenfeld 6, 53113 Bonn
 +49 (0)228 94927-0
 +49 (0)228 94927-130
E-Mail: die@die-gdi.de
<http://www.die-gdi.de>

Foreword

For many in Europe, Central Asia is a region of benign neglect. Among a smaller community of interested observers, experts, and travelers, however, the region, once part of the southern belt of the Soviet Union, evokes rather controversial sentiments and expectations. Positive features often referred to in connection with several or all of the five Central Asian countries include the great culture of the ancient Silk Road, moderate Islamic societies organized in secular states, governments that lend themselves as partners in the “global fight against terrorism” as well as for immediate tasks in neighboring Afghanistan, and the region’s mineral resource wealth. On the other hand, critics emphasize a deplorable human rights situation in almost all countries of the region, the despotic nature of at least some of the ruling regimes, corrupt bureaucracies, and inequitable economic growth that benefits a small elite while poverty and social injustice endure and investments in human development remain inadequate.

In 2007, under the German Presidency, the European Union (EU) stepped up its efforts to address the five countries of Central Asia in a comprehensive EU-wide external relations approach encompassing the fields of foreign, security, energy, and development policies. The challenge then and now has been to devise a policy that is both in line with the EU’s “European Neighbourhood Policy” (which extends to the borders of, but not into, Central Asia) and with the individual member states’ diverse economic, political and security interests in that still-near-by and yet so-far-away region. The result has been a new – and in its form, novel – common EU strategy, adopted by the European Council in June 2007. Some have hailed this document as an important step signaling Europe’s intention to become a serious geo-strategic player while others have criticized it for being a typical toothless European compromise.

From a development policy perspective, Central Asia is a difficult client – or rather: five difficult clients. While fast-growing, resource-rich Kazakhstan has slowly graduated out of many donors’ aid portfolios, Turkmenistan is only slowly re-emerging from President Niyazov’s isolationist policy since his death in December 2006. Longtime aid darling Kyrgyzstan has been puzzling the international community with continuous political infighting since its “Tulip Revolution” in March 2005, heavy-handedly ruled Uzbekistan has provoked international sanctions with the brutal suppression of protest in Andijon barely two months later, and Tajikistan appears to be falling back into a repressive dictatorship again after a peaceful post-civil war transition had been brokered by international mediators in 1997.

Neighboring Afghanistan and Iran, Central Asia has become one of the focal areas for security experts not only in Western capitals. Likewise, Russia and China, which both share common borders with the region, have kept a vigilant eye on developments inside Central Asia. In particular, external attempts to influence these developments are viewed with great attention in Moscow and Beijing.

This Discussion Paper, written by Dr. Shao Yuqun from the Shanghai Institute of International Studies, one of China’s leading foreign policy think tanks, provides a unique analysis of the EU Central Asia strategy by offering a Chinese perspective on Europe’s engagement in Central Asia. The author, who analyzed documents and conducted numerous interviews with experts and policy-makers in Brussels, Berlin, Bonn and other European cities during a

Friedrich Ebert Foundation Fellowship spent at the German Development Institute in autumn 2007, presents both a detailed – and somewhat sobering – analysis of the European strategy and a thought-provoking perspective on how China should come to view this engagement. The EU strategy, she argues, is still very much a German project and its prospects are unclear if it does not receive sufficient support from other member states. At the same time, implementation will also depend on an effective division of labor between the European Commission and the member states, an issue that has proven problematic in the past. Finally, the author warns that unless the EU establishes benchmarks on certain policies inside Central Asian countries, it risks drawing fire from powerful critics inside the Union for not being principled on issues such as human rights.

Addressing her own country, Shao Yuqun recommends that China take the opportunity and engage Europe on its Central Asia policy. In fact, she identifies several fields where Chinese and European interests in Central Asia converge. These include encouraging regional cooperation among Central Asian countries as well as promoting effective national and regional policies in areas such as water management, environmental protection, anti-drug trafficking, and economic development. By engaging the EU in these and other areas, China could diffuse fears that it would want to assume a dominant role in Central Asia while at the same time checking Russian dominance. In the same vein, the author emphasizes that China should differentiate between the European and American approaches towards Central Asia, which she considers to represent different philosophies of engagement.

However, Shao Yuqun also warns that differences of opinion between China and the EU exist and may not be easy to overcome. At the time of her writing, she referred to China's Xinjiang Autonomous Region as a testing ground for China to view European engagement in Central Asia. It was only after the manuscript had been finalized that another autonomous region, Tibet, came to receive renewed international attention, indicating that China and Europe may still have a long way to go to arrive at a common understanding on the relative weight of such fundamental principles of foreign policy as human rights, security, and national sovereignty that also inform their respective policies towards Central Asia.

This Discussion Paper complements past and current research conducted at the German Development Institute on German and European policies towards selected regions of the developing world, such as Central Asia, as well as on China's role in international politics with regard to both its global importance and its impact in its regional vicinity. A selection of recent DIE publications is listed at the end of the paper.

Bonn, Mai 2008

Jörn Grävingholt

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Abbreviations

AA	Auswärtiges Amt
BMZ	Bundesministerium für wirtschaftliche Zusammenarbeit und Entwicklung
CARICC	Central Asia Regional and Information Coordination Center
CIS	Commonwealth of Independent States
CSTO	Collective Security Treaty Organization
DAAD	Deutscher Akademischer Austauschdienst
DCI	Development Cooperation Instrument
DED	Deutscher Entwicklungsdienst
DG	Directorate General
DVV	Deutscher Volkshochschulverband
EC	European Commission
ENP	European Neighborhood Policy
EU	European Union
EUSR	EU Special Representative
FES	Friedrich-Ebert-Stiftung
GAERC	General Affairs and External Relations Council
GTZ	Deutsche Gesellschaft für Technische Zusammenarbeit
ISAF	International Security Assistance Force
KAS	Konrad-Adenauer-Stiftung
NATO	North Atlantic Treaty Organisation
NGO	Nongovernmental Organization
OSCE	Organization for Security and Cooperation in Europe
PCA	Partnership and Cooperation Agreement
SCO	Shanghai Cooperation Organization
SCP	South Caucasus Pipeline
SME	Small and Medium Enterprises
TACIS	Technical Assistance for the CIS
TRACECA	Transport Corridor Europe Caucasus Asia
WTO	World Trade Organization

Summary

The EU under the German Presidency published its first strategy paper on Central Asia in June 2007.¹ The document addresses a wide array of issues ranging from democracy and human rights to trade, energy cooperation, migration and inter-cultural dialogue. While Central Asia has been largely overlooked by the EU in the past, the new policy signals that the EU is no longer content to be left behind while other global powers become increasingly involved in the region. The EU will undoubtedly be a more visible presence in Central Asia in the coming years, but the question remains what kind of role the EU will play and the impact it will have on regional affairs. This paper analyzes the real motivations behind the new strategy, the role of Germany in its creation, the priorities it sets forth, as well as the characteristics and future challenges of the policy. Finally, the implications of the policy for China and the Shanghai Cooperation Organization (SCO) are discussed. The analysis is based on the research of scholars from various countries and interviews conducted by the author in Germany and Brussels.²

1 Council of the European Union (2007).

2 The author thanks the Friedrich-Ebert-Stiftung for its funding of the research.

1 Motivations

1.1 The neighbors of our neighbors

Though some major EU member states established diplomatic relations with the Central Asian states right after the collapse of the former Soviet Union, Central Asia has never been a priority of EU foreign relations. Instead, up to now, the EU has relied on two principal mechanisms in its dealings with the region.

1.1.1 The Partnership and Cooperation Agreements (PCAs)

PCAs have provided the legal framework for formalizing bilateral relations between the EU and the states of Central Asia. In 1999, PCAs signed with Kazakhstan, Kyrgyzstan and Uzbekistan entered into force. Meanwhile, some EU member states have yet to ratify the PCAs with Turkmenistan and Tajikistan. The purpose of the PCAs was to undergird the developing network of ties between the EU and Central Asia with a stronger political foundation. The PCAs concluded between the EU and its partners are intended to facilitate the development of free trade, and they can be seen as a road map for the introduction of economic and trade-related policies in the fields of goods, services, labor, current payments, and capital movement.³

1.1.2 Technical Assistance for the CIS (TACIS)

In 1991 the European Commission launched the TACIS program, which provided grant-financed technical assistance to 12 successor states of the Soviet Union (Armenia, Azerbaijan, Belarus, Georgia, Kazakhstan, Kyrgyzstan, Moldova, Russia, Tajikistan, Turkmenistan, Ukraine and Uzbekistan) and Mongolia. The main objective of the program was to support the transition process in these countries. The TACIS Indicative Program for Central Asia was included in the Regional Strategy Paper for Central Asia (2002–2006), which was intended to serve as a strategic framework for the provision of EC assistance. The TACIS program in Central Asia was based on annual Action Programs (APs), detailing areas of intervention and concrete project-related activities. In Central Asia the TACIS program promoted cooperation in the areas of the environment, telecommunications, energy, transportation, justice and domestic affairs. Certain cross-border issues were prioritized, including the activities of sub-regional cooperative bodies and initiatives. In January 2007, the European Commission proposed a new structure for delivering its external assistance and cooperation programs. Thus the TACIS has been replaced by the Development Cooperation Instrument (DCI), the EC's new principal instrument for the provision of assistance to Central Asia.⁴

As the EU has expanded – especially with the accession of ten countries on May 1, 2004 – it has become closer to Central Asia geographically, politically and economically. Aiming to avoid the emergence of new dividing lines between an enlarged EU and its neighbors, the

3 Burghart / Sabonis-Helf (eds) (2004).

4 European Commission (2006a).

EU has developed the European Neighborhood Policy (ENP), making the Central Asian states “the neighbors of our neighbors.” As Finnish Secretary of State Torstila put it: “*The region of Central Asia is no more a distant and meaningless part of the world for the European Union. It has started to matter.*”⁵ Having spent a decade focusing on its new member states, the EU is now ready to look outward again and pay more attention to Central Asia. The EU has found that the current policy instruments, like the PCAs and TACIS, are not robust enough to further its relations with the countries of the region or influence regional affairs. The implementation of these programs is simply too selective to be effective on a regional basis. In an effort to change the situation, an EU Special Representative was appointed to the region in 2005 to provide a high-level communication channel between the EU and the region. Ambassador Jan Kubis was the first to hold the position, followed by Ambassador Pierre Morel in 2006. However, the EU still lacked a coherent, comprehensive and visionary strategy for Central Asia, leaving its regional policies to be characterized as “moralistic and counter-productive.”⁶

1.2 Stability and security

Since Central Asia has become, from Europe’s perspective, “the neighbor of our neighbors,” its stability and security has become more important to the EU. Within the EU, many believe the risk of instability is high despite appearances of calm on the surface.⁷ Analysts point to a number of problems that could feed instability, including: Islamic radicalism (especially in the Ferghana Valley, which straddles the borders of Uzbekistan, Kyrgyzstan and Tajikistan); drug-trafficking; potential conflicts stemming from the spread of infectious diseases; environmental pollution; corrupt governance; and so on. The post-9/11 bombings that took place in London and Madrid served to remind the EU that the fight against terrorism should be at the top of its international agenda. This, as a result, has led to the new focus on Central Asia. The EU’s huge stake in the reconstruction of Afghanistan and its interest in access to energy markets in Central Asia are also compelling reasons to focus on the security situation in the region.

Although there is no question that stability and security in the region are very important to the EU, there is some debate about what is the biggest threat facing Central Asia. Some think it is radical Islamic groups, which have the potential to change the moderate and secular countries into radical Islamist ones. Others insist it is those Central Asian governments which use the war on terror to get support from Western countries to help them suppress their own people.⁸

5 Opening Statement by Secretary of State of Finland, Mr. Torstila at the EU Ambassadors’ Regional Conference in Kazakhstan, 9 October 2006.

6 Wegener (2007).

7 International Crisis Group (2006).

8 Interviews in Berlin and Hamburg, October 2007.

1.3 Democracy and human rights

Similar to its policy towards its eastern neighborhood, the EU considers promoting democracy and improving the human rights situation as key goals in its policy towards Central Asia. In Europe the governments of Central Asia are viewed as authoritarian and corrupt, and they often have bad human rights records. The EU was forced to rethink its policy of promoting democracy in Central Asia in light of Kyrgyzstan's "Tulip Revolution" and events in Andijan, Uzbekistan in 2005. Some EU countries were accused of having manipulated those events, but in reality, the EU was as surprised by them as anyone else.⁹ Following these events, the EU began to focus more on the state of democracy and the human rights situation in the region, especially in Uzbekistan. EU sanctions on Uzbekistan were first imposed in October 2005 in response to Tashkent's refusal to agree to an international commission of inquiry into the Andijan events in May 2005. The sanctions consisted of a partial suspension of the PCA, a visa ban on 12 officials the EU considered "*directly responsible for the indiscriminate and disproportionate use of force in Andijan,*" and an arms embargo.

While keeping sanctions on Uzbekistan, the EU has shown support for signs of democratic changes in Kazakhstan. Although the EU has criticized the Kazakh government on various occasions about its handling of elections, some EU member countries see Kazakhstan as a possible role model for other countries in the region and support its bid to chair the Organization for Security and Cooperation in Europe (OSCE) in 2009.

1.4 The experience of other powers

Russia's traditional political and cultural influence has been so strong in Central Asia that all the countries in the region consider Russia their most important strategic ally and cooperation with Russia is seen as imperative. In April 2003, Russia and five other countries of the Commonwealth of Independent States, including three Central Asian states (Kazakhstan, Kyrgyzstan and Tajikistan), formally created the Collective Security Treaty Organization (CSTO). The organization aims to provide a more efficient response to strategic problems confronting member states, especially terrorism and narcotics trafficking. The increased presence of the U.S. in the region beginning in 2001 and 2002 has arguably reduced Russia's influence. The CSTO, which is currently focused on Central Asia, can be viewed as an effort by Russia to regain its influence.

Right after the attacks of September 11, the United States launched a global fight against terrorism. Because of its military action in Afghanistan, Central Asia was catapulted to the top of America's foreign policy agenda. The U.S. quickly set up military bases in Uzbekistan and Kyrgyzstan and established strategic partnerships with Uzbekistan and Kazakhstan. U.S. non-military aid to Central Asia rose to US\$ 130 million in 2004.¹⁰ Senior U.S. officials and lawmakers frequently visited the regional countries and there was an expectation that the process of democratic reform was about to begin. In addition, American Nongovernmental Organizations (NGOs) have been quite active in supporting local elec-

9 Interviews in Brussels, November 2007.

10 Blua (2004).

tions, training political parties, and so on. But America's policy towards Central Asia reached a turning point in 2005. After the "Tulip Revolution" and the Andijan events, the Americans were very frustrated with having to withdraw their troops from the K2 base in Uzbekistan as demanded by the SCO. Though it seems there are limits to U.S. influence in the region, nobody can deny it is an important player.

China has had long-standing relations with its neighboring Central Asian states. More recently, China has begun to focus on Central Asia because of its need to diversify its energy supply in order to sustain its rapid economic development. China also shares some common interests with the regional countries, such as counterterrorism, and stability and economic development for the region. On the basis of bilateral relations, China initiated the "Shanghai Five" mechanism in 1996 to strengthen efforts at confidence-building and disarmament in the border regions. In June 2001, the mechanism became known as the Shanghai Cooperation Organization, and it now includes China, Russia, Kazakhstan, Kyrgyzstan, Tajikistan and Uzbekistan. China has committed itself to the development of Central Asia politically and economically.

Other powers, like Japan, India and Iran, are also very proactive in their policies toward Central Asia. While it would be a misnomer to describe the current geo-strategic situation in Central Asia as a "new Great Game," outside players clearly are increasingly paying much more attention to the region for some obvious reasons. And, of course, the EU does not want to be left behind.

1.5 Energy supply and economic interests

The Central Asian countries are rich in oil and natural gas reserves, especially Kazakhstan and Turkmenistan. Kazakhstan is one of the world's leading countries in terms of oil reserves. The republic possesses 172 oil and 94 gas fields, with the explored and recoverable resources of oil and condensate amounting to 30 billion barrels, while its natural gas reserves are estimated at 65–70 trillion cubic feet (Tcf).¹¹ Turkmenistan has 546 million barrels in proven oil reserves, with possible reserves (mainly in the western part of the country and in undeveloped offshore areas in the Caspian Sea) of up to 1.7 billion barrels. And Turkmenistan has some of the world's largest deposits of natural gas, with proven natural gas reserves of approximately 101 Tcf.¹²

The Russia-Ukraine gas crisis at the end of 2005 was a "wake-up call" for the EU, which relies on Russia for 25 % of its gas and 30 % of its oil supplies. Some EU members, such as Slovakia and Finland, are totally reliant on Russian gas, while other states (e.g., Poland and Hungary) are heavily dependent on Russian gas, 90 % of which passes through Ukraine on its way to the EU.¹³ Diversification of its energy supply is seen as the key to greater energy security for the EU and is the cornerstone of its energy policy. Besides stepped-up efforts to improve energy efficiency and the expansion of other energy sources to reduce gas con-

11 Online: http://www.oilnews.com.cn/gb/misc/2002-07/17/content_113731.htm (accessed 26 March 2008).

12 Online: <http://www.unece.org/operact/opera/sppled/tur.htm> (accessed 26 March 2008).

13 European Parliament (2006).

sumption, the EU needs to increase imports from other countries and regions.¹⁴ With the oil and natural gas resources in the North Sea in decline, the Caspian Sea region has become a serious alternative supplier of energy. Research suggests the Caspian Sea region's reserves are crucial for meeting Europe's demand for oil. Without them, it is estimated oil exports from the Persian Gulf to Europe would have to increase by 0.5 million barrels per day (MMbbl/d) in 2010. However, if the Caspian Sea region fully participates in the export market, oil from the Persian Gulf to Europe will decrease by 1.5 MMbbl/d by 2010.¹⁵

The EU's trade with the Central Asian states has been quite limited. Kazakhstan is the EU's largest trade partner in the region, with the bilateral trade totaling EUR 5.8 billion in 2003. The EU imports are dominated by energy products (around 80 % of the total), while the EU's main exports are machinery, transport materials and chemical products.¹⁶ The EU's second and the third trading partners in the region are Uzbekistan and Turkmenistan, respectively. The EU believes economic relations with the outside world, especially with western countries, would help the countries of the region to gradually reduce their dependence on Russia and establish market economies. This, in turn, would be beneficial to the process of democratization and have a stabilizing effect on society. The EU believes that it is also very important for these economies not to depend too much on their energy sectors. To this end, a greater industrial base is needed, which in the long run will ensure healthy economic development.¹⁷

1.6 Afghanistan

The EU has a huge stake in the current reconstruction of Afghanistan. Almost all of the EU member states are contributing to the UN-mandated and NATO-commanded International Security Assistance Force (ISAF). As of April 2007, 25 EU member states were involved in and account for around half of ISAF's total deployment. Several member states are also contributing to the US-led Operation Enduring Freedom coalition conducting counter-insurgency and counterterrorism operations in Afghanistan. Many EU member states are also key donors to Afghanistan's reconstruction. The EU and its member states collectively accounted for about 30 % of the US\$ 12.5 billion in grants pledged by the international community for Afghan reconstruction at international conferences in Tokyo and Berlin. They pledged a further US\$ 2.4 billion at the London Conference in 2006.¹⁸ Central Asian states are crucial for the stabilization of Afghanistan and can provide significant support for the international efforts to bring about lasting peace in that country. The problems in Afghanistan these days, like counterterrorism, and drug-cultivation and drug trafficking, cannot be tackled without the help of the countries of Central Asia. Afghanistan is thus another reason why Central Asia has become strategically more important to the EU.

14 Riley / Umbach (2007).

15 Amineh (2004).

16 European Commission (2008a).

17 Interviews in Hamburg, October 2007.

18 European Commission (2008b).

2 Germany's role

Germany is the only country among the EU member states that has embassies in all the Central Asian states. In fact, Germany became involved in Central Asia very quickly after independence. Only six days after Mikhail Gorbachev resigned as President of the Soviet Union on Christmas Day in 1991, Germany recognized the five republics of the region as sovereign states.¹⁹ Within the EU, Germany is the largest bilateral donor in Central Asia. The Federal Ministry for Economic Cooperation and Development (Bundesministerium für wirtschaftliche Zusammenarbeit und Entwicklung – BMZ) has played an important role in projects to combat poverty, institute socially acceptable and environmentally friendly economic reforms, promote the rule of law, and more. The proactive activities by other organizations, such as the Deutsche Gesellschaft für Technische Zusammenarbeit (GTZ), the Deutscher Akademischer Austauschdienst (German Academic Exchange Service – DAAD), the Deutscher Volkshochschulverband (German Adult Education Association – DVV), the Deutscher Entwicklungsdienst (German Development Service – DED), the Welthungerhilfe (German Agro Action), the Goethe Institute, the Konrad-Adenauer-Stiftung (KAS) and the Friedrich-Ebert-Stiftung (FES), which are mainly funded by the BMZ, further attest to Germany's strong presence in Central Asia.

Germany has clearly played a leading role in the release of the new Central Asia Strategy, though this role should not be exaggerated. German leadership on this issue is driven by several factors, both historic and realist in nature. First, approximately one million German-Russians lived in the Central Asian region. After the beginning of the Second World War in 1941, they were deported from the area where they had settled along the Volga river to Central Asia. Beginning with Adenauer's Chancellorship, the federal government of Germany has been deeply concerned with their plight. When the states in the south of the former Soviet Union gained independence, the desire to immigrate to Germany was awakened in these German-Russians, and over two-thirds have since made the move.²⁰

Second, Germany has been an active North Atlantic Treaty Organisations (NATO) participant in Afghanistan since 2001. Germany has kept as many as 3,500 troops and six Tornado reconnaissance jets in Afghanistan, part of a larger NATO force of roughly 41,000 in the country. Almost all of the German contingent is based in Kabul and other parts of northern Afghanistan, close to the German military base in Termez, Uzbekistan. The Termez base is favorable because of its comparatively better infrastructure and relative security. As long as Germany keeps its position in the International Security and Assistance Force (ISAF) in Afghanistan, it will be a priority to maintain good relations with the Uzbek government to ensure the continued use of the Termez base.

Third, among the EU member states, Germany is the Central Asian countries' chief trading partner, especially Uzbekistan, Kazakhstan and Turkmenistan. Poverty and the size of the market of Kyrgyzstan²¹ and Tajikistan make them less important. Germany is Uzbekistan's fifth most important supplier of goods, after Russia, China, South Korea and the United States. After a number of difficult years, trade with Germany has picked up again since

19 Ibid.

20 Krumm (2007).

21 AA (2008a).

2001, reaching approx. US\$ 300 million in 2006 (an increase of 9 % over the previous year).²² German crude oil imports from Kazakhstan for the period August 2005 – July 2006 amounted to 7.458 million tonnes (August 2004 – July 2005: 7.659 million tons). As such, Kazakhstan ranks fifth among Germany's sources of oil (total imports for the period August 2005 – July 2006: 111,565 million tons).²³ Germany is Turkmenistan's second most important foreign trading partner within the European Union.²⁴

Besides all these reasons, it should be noted that Berlin is frustrated by what it perceives as the EU's failure to address developments in the eastern part of the European continent in a proper way.²⁵ The focus on the "northern dimension" by the Scandinavian EU states has failed to incorporate Russia and former Soviet Republics into a broader European context. It seems Germany feels compelled to take up the role of an advocate for Europe's eastern neighbors.²⁶

3 The priorities of EU policy towards Central Asia

3.1 Human rights, the rule of law, good governance and democratization

The new strategy paper clearly states what the EU's policy priorities for Central Asia are to be in the future. First and foremost is an emphasis on "**human rights, the rule of law, good governance and democratization.**" The document declares: "*The development of a stable political framework and of functioning economic structures are dependent on respect for the rule of law, human rights, good governance and the development of transparent, democratic political structures.*"²⁷ Conversely, deficits in these areas are seen as increasing the potential for instability in the region. To achieve its goals, the EU strategy calls for human rights dialogues, a Rule of Law Initiative, and enhanced exchanges in civil society.

This approach reflects the EU's review of its policy towards Central Asia up to now, which concluded human rights and the rule of law were not prominent enough on the agendas of the respective projects. Economic cooperation with the regional countries was not linked to dialogues on human rights and promoting the establishment of institutions supporting the rule of law. Rather, the promotion of human rights was left in the main to the Organization for Security and Cooperation in Europe (OSCE).

It is interesting to note the difference of opinion within the EU with regard to its human rights policy towards the Central Asian states. A good example is the debate over whether the EU should firmly maintain its sanctions against Uzbekistan. The partial suspension of the PCA was lifted in November 2006, while in May 2007 four officials were taken off the visa ban list. In October 2007, during the monthly General Affairs and External Relations Council (GAERC) meetings of EU foreign ministers, the visa ban was suspended for 6

22 AA (2008b).

23 AA (2008c).

24 AA (2008d).

25 Rahr (2007).

26 Ibid.

27 European Commission (2007).

months in order to secure continued dialogue with the Uzbek government. While the action is supported by Germany and some other countries, it is opposed by Denmark, Ireland, the Netherlands, Sweden, the U.K. and human rights groups, who believe the suspension represents a further weakening of the sanctions.

There was a similar split over where to place the issue of human rights within the new strategy paper. Some scholars think placing it at the beginning of the document is a meaningless gesture that only serves to rankle the countries of the region and nudge them closer to Russia and China.²⁸ Others insist the strategy “should contain clear goals, criteria or benchmarks, and the will to incorporate human rights concerns at the political level, including, when necessary, through public statements.”²⁹

Though there is a consensus within the EU regarding the importance of “human rights, rule of law, good governance and democratization” for shaping its policy towards Central Asia, these examples show there are still disputes as to the specific nature of the EU’s approach. Given its need for energy, the European countries currently need their Central Asian counterparts more than the other way around. Thus, they are very realistic in terms of the extent to which they insist on the adoption of their standards for human rights and democratic principles. Moreover, the different interests of the EU member states in the region, mean the debates above are likely to continue for a long time to come.

However, other powers and the Central Asian countries should not underestimate the importance of issues of “human rights, rule of law, good governance and democratization” for the EU’s agenda. These normative issues are of real concern to the EU, and the EU is not going to abandon them simply to fulfill their energy and security demands.³⁰ As the need for political compromise arises, the prioritization of the issues on the EU’s agenda may change under subsequent EU Presidencies, but this does not mean the EU cares more about energy and security than human rights and democracy.

3.2 Promotion of economic development, trade and investment

A second priority set forth in the strategy paper is the *promotion of economic development, trade and investment*. Since it believes economic development will help the Central Asian states undergo a stable transition from being weak, post-communist countries to becoming secular, democratic states, the EU consistently supports the diversification of the economy and regional economic integration. The EU has a three-pronged approach for achieving these goals. First, the EU continues to support World Trade Organization (WTO) accession for the four Central Asian states which are not yet members. The consensus is WTO membership would not only provide the regional countries greater access to markets and a rules-based system under which to trade, but also improve governance, enhance inter-enterprise competition, and facilitate trade. Kyrgyzstan joined the WTO in 1998. Cur-

28 Interviews in Berlin, October 2007.

29 Human Rights Watch (2007).

30 Interviews in Bonn, October 2007.

rently, Kazakhstan, Uzbekistan and Tajikistan are at various stages of the WTO accession process, while Turkmenistan has not applied for membership yet. Second, the EU supports the development and expansion of the regional infrastructure in the fields of transportation, energy and trade under the framework of INOGATE (Baku Initiative) and Transport Corridor Europe Caucasus Asia (TRACECA). Third, the EU promotes the development of market economy structures in Central Asia. Programs like "Central Asia Invest" have been launched to promote the sustainable economic development of Central Asian countries by encouraging the development of small and medium enterprises (SMEs) and integration of Central Asian markets into the world economy.

3.3 Energy and transport links

Improving *energy and transport links* is a third priority of the new strategy. Though scholars still debate whether seeking to ensure energy supplies is the most important goal of the EU's Central Asia policy, all of them agree energy is a key factor defining the EU's policy in the region. The debate in academic circles arises from different assessments of the capacity of Central Asian states to provide oil and natural gas to the EU.

Several factors could have an impact on that capacity. The Central Asian states are interested in having a diversified market for their energy products and want to attract investment and cooperation from various actors. Thus, they certainly welcome the EU as a potential huge consumer of their energy products, particularly natural gas. EU access to the Central Asian energy market, however, remains an issue.

One possibility is the Nabucco gas pipeline, which received EU backing in 2006. Extending for 3,300 kilometers, the pipeline would link Turkey and Austria, via Bulgaria, Romania and Hungary, and expand EU access to Persian Gulf and Caspian Basin supplies. The potential capacity of the line is 30 billion cubic meters (bcm) per year by 2020 and it is scheduled for construction from 2008 to 2011. Andris Piebalgs, the European Commissioner for Energy, said once that for the EU, "*Nabucco is more than just a pipeline, it's the embodiment of the existence of a common European energy policy.*"³¹ However, the pipeline has been plagued by setbacks. The main sources of natural gas for Nabucco would be the Caspian region and the Middle East. Of these, for now, the only realistic source is the South Caucasus Pipeline (SCP). Ultimate throughput capacity in SCP will be 20 bcm a year and any excess, once Turkish needs are met, would be available for onward transportation. Theoretically, Turkey's neighbors, particularly Russia (through the under-utilized Blue Stream pipeline), Kazakhstan, Turkmenistan, Iran, Syria and Iraq, could be another source for Nabucco. But there is no direct infrastructure to tie gas from Kazakhstan and Turkmenistan into Nabucco, and there are doubts about how much gas Turkmenistan can provide.³² The future of Nabucco is further complicated by the South Stream pipeline, a joint venture between Russia's Gazprom and Italy's Eni. This line, which will run from Russia to Europe across the Black Sea floor, will enable Gazprom to compete with any new pipelines not controlled by Russia that threaten to bring gas from Central Asia or the Middle East into

31 Cooks (2007).

32 Nicholls (2006).

Europe via Turkey.³³ At this point, from an economic and political standpoint the South Stream pipeline seems to have a brighter future than Nabucco.

Besides the pipeline, Russia's energy policy towards the Caspian Sea region and Central Asia significantly affects whether the EU could successfully adopt its policy of diversification of energy supplies and gain access to the Central Asian market. In May 2007, the Presidents of Russia, Turkmenistan and Kazakhstan agreed to build a new pipeline along the Caspian Sea coast to transport Turkmen natural gas to western markets. The construction of the pipeline will start in the second half of 2008, and it is expected to have an annual capacity of 10 bcm by 2010. Gazprom has also signed long-term contracts with Kazakhstan, Turkmenistan and Uzbekistan for the rights to a large portion of their gas reserves. This necessarily reduces the share of their gas reserves that the Central Asian countries can sell to other consumers. Furthermore, "*Russia has been extraordinarily successful in picking off the major gas distribution companies in Europe, which has limited the EU's ability to diversify its gas supplies.*"³⁴ Since the EU is still at the early stage of formalizing its very complicated common external energy policy, it is not easy for the EU to get the upper hand over Russia in efforts to diversify its gas supply with imports from Central Asia.

However, some scholars argue, given that the amount of energy reserves in Central Asia is still unclear, it is too early to conclude the EU will be unable to get as much energy from that region as it would like. In addition, the new leadership in Turkmenistan has shown interest in following Kazakhstan's lead in adopting a reform policy that might lead to the diversification of Turkmenistan's export of natural gas in the future. These are opportunities for the EU that should not be squandered, and the EU should pursue energy cooperation with the regional countries more aggressively.³⁵

3.4 Non-conventional security threats and challenges

Non-conventional security threats and challenges are the fourth area of focus in the EU's new Central Asia strategy. This category includes environmental protection, water management, border management, migration, drug and human trafficking, Islamist radicalism and organized crime. Because of the weak governance capabilities of the region's governments, the EU views these non-conventional security threats as likely sources of instability in the region, which makes them a security threat to Europe, too. Given that the EU has cooperated for years with the countries of the region on the above issues, it is highly probable it will continue its cooperation through existing mechanisms and programs.

3.5 Education and inter-cultural dialogue

Finally, the new strategy is concerned with *education and inter-cultural dialogue*. Here the EU emphasizes the use of its "soft power" to attract younger generations and promote a

33 Wood (2007).

34 Ibid.

35 Interviews in Berlin, October 2007.

multi-ethnic and multi-cultural society in the region. This is indicative of the long-term perspective of the new strategy.

4 Characteristics of the EU's policy towards Central Asia

When the EU's new strategy towards Central Asia is compared with that of other powers, especially the U.S., its particular characteristics are thrown into relief.

4.1 Eager to raise its visibility

First, the EU is eager to raise its visibility in Central Asia. From the very beginning of the EU's relationship with the Central Asian states, its focus has been on development assistance, not immediate political and security considerations. As a result, the EU has not had a very visible and substantial presence in the region. Some critics argue the EU's approach has been too narrow and technical.³⁶ They note that, outside of a small circle of elites, the ordinary population is not aware of the EU's actions.³⁷ Some efforts have been made to increase the EU's visibility in the past. The problem of visibility, for example, was addressed in the Central Asia Regional Strategy Paper for 2002–2006. According to the paper, past assistance efforts demonstrated that TACIS cooperation with Central Asia needed to be more focused in order to improve coherence and that a longer-term perspective was required to ensure continuity and to increase the impact and visibility of EC assistance.³⁸ In 2004, Chris Patten, the then EU's External Relations Commissioner, took a rare trip to four of the regional countries, omitting only Turkmenistan. One of the goals of his trip was to increase the visibility of the EU in the region. Furthermore, one of the responsibilities of the EU Special Representative (EUSR) for Central Asia is “*enhancing EU effectiveness and visibility in the region.*”³⁹

After many years of development assistance, the EU is frustrated by being seen only as an aid donor. The view from Brussels is that its influence is not proportionate to its economic contribution and strategic weight. The EU aspires to being an outside player on par with the likes of Russia, China and the United States. The release of the new strategy paper has certainly raised Europe's visibility to some extent. It is unclear, however, what resources the EU could draw on in order to raise its visibility in Central Asia in the future. Russia has political, historical and cultural links that help it to maintain its huge influence in the region. And the markets of the region are awash in Chinese commodities, evidence of China's significant presence. Moreover, these two countries have the geographic advantage of being direct neighbors. As for America, its military bases in the region and involvement in Afghanistan clearly show it will stay in Central Asia for a long time to come. What leverage does the EU have? So far, it has not given a direct answer to that question, leaving it unclear how the EU will reach out to ordinary people.

36 Conflict Prevention Partnership (2006).

37 Fumagalli (2007).

38 European Commission (2002).

39 European Commission (2006b).

The other problem regarding visibility is how to establish an image for the EU that is distinct from its member states, some of which have already been quite visible in the region. How will the EU deal with the relationship between itself and its member states, especially those that have huge stakes in Central Asia, in terms of implementation of the strategy? If the EU cannot successfully coordinate with the member states, the regional countries will be left with images of some European countries, but not of the EU as a whole.

4.2 Accepted as a positive force

Second, the EU's presence in the region has been accepted as a positive force by the Central Asian states. There are several reasons for this.

- The EU is humble in its dealings with the regional countries. The best example of this is the consultation process between the EU and the regional countries that took place before the release of the new strategy paper. In March 2007, the EU Troika met at the foreign minister level with their Central Asian counterparts for a regional dialogue, during which they consulted about the draft of the new strategy paper. Even before that, from 30 October to 4 November 2006, as Germany was preparing to assume EU Presidency, German Foreign Minister Steinmeier traveled to the region, becoming the first German foreign minister to visit all five countries in Central Asia. During his trip, Steinmeier also talked to his counterparts about the new strategy and listened to their opinions. These actions, which show the EU's respect, were well received by the regional countries.
- While the EU calls for improvements in the human rights situation and democratic reform in Central Asia, its approach so far has been practical and moderate. Even after the Andijan events in 2005, although the EU was quite disturbed by the situation in Uzbekistan, its policy was more sophisticated and careful compared with America's, which resulted in the forced withdrawal of its troops from its military base in Uzbekistan. In contrast with American NGOs, European NGOs' have been cautious and assumed a low profile. They seldom get directly involved in elections in the region and they refrain from supporting particular political parties, actions which could lead to disputes with Central Asian governments. Instead, as the Friedrich-Ebert-Stiftung (FES) puts it, they try to "*establish a new political culture*"⁴⁰ through such measures as political education, media training, and so on. The most important thing is that these NGOs are willing to cooperate with government institutions. Thus, when the Soros Foundation was forced by the Uzbek government to shut down in 2004, the European NGOs were able to continue their activities in the region.
- The EU's focus is basically on development assistance which is not closely and restrictively tied to any preconditions. Though one can argue this focus is too narrow and technical and makes the EU a weak player in the region, in fact, there is strength in this alleged weakness since the regional countries view the EU as an outside power without a hidden agenda.

40 Friedrich-Ebert-Stiftung (2008).

4.3 A disputed regional approach

Third, the EU is still struggling with its regional approach towards Central Asia. From its own historical experience, the EU recognizes the importance of regional development and integration and hopes its experience is translatable to the context of Central Asia. For many years, the EU member states have followed the often difficult path of economic and political integration and as a result, the EU has become the largest economy in the world. It is argued that many EU policies involved in this process could be successfully adapted by the Central Asian countries.⁴¹ In fact, Central Asia urgently needs to cooperate on a regional level to tackle many of the problems it currently faces, such as drug-trafficking, water management, migration, environmental protection and so on. Overcoming the problems of small markets and a disproportionate distribution of natural wealth (oil, gas, water and minerals) also requires a regional approach towards the development of Central Asia.⁴²

The EU's regional approach has received praise and warm support from various actors in Central Asia. The Ismaili spiritual leader Aga Khan, who has been engaged in development projects in many parts of Central Asia, endorses the EU's "regional diagnosis" of Central Asia. At a recent conference in Berlin on EU-Central Asia relations he argued that "approaches to development there [Central Asia] must be sensitive to divergent requirements," but, at the same time, each of the countries "*can only optimize their development through a regional approach.*"⁴³ The Friedrich-Ebert-Stiftung has also declared it was important for Germany and the EU to point out the advantages of regional cooperation.⁴⁴ Even policy-makers in the region have gradually accepted that Central Asia could be seen as a regional entity, though, so far, national identities are still stronger than a regional identity. It is important to note some scholars in Uzbekistan and Kazakhstan have criticized the EU's previous lack of a regional strategy toward Central Asia. Such criticism was very rare until recently.⁴⁵

However, the EU's regional approach has run into a lot of criticism, and some even think "*regional initiatives backed by the EU have, by and large, failed.*"⁴⁶ There are four main reasons for this critical view of EU policy:

1. The countries of Central Asia lack the political will to work as a regional entity. Many of them are still seeking to forge their own political and cultural identities and jealously guard their national interests, and relations between the countries are often poor.⁴⁷
2. The five countries have different paths to development based on different needs. The EU, it follows, should develop strategies based on the specific needs of the individual countries.

41 AA (2007).

42 Ibid.

43 Speech by Aga Khan at the conference on Central Asia and Europe: A New Economic Partnership for the 21st Century, 13 November 2007; online: <http://pakistan.rsfblog.org/archive/2007/11/14/central-asia-and-europe-new-economic-partnership-for-the-twe.html> (accessed 26 March 2008).

44 Krumm (2007).

45 Interviews in Bonn, October 2007.

46 International Crisis Group (2006).

47 Ibid.

3. The assumption of the EU that the Central Asian countries can successfully cooperate on a regional basis and present a united front in international fora like the Baltic states do is wrong.⁴⁸
4. Uzbekistan is the main obstacle to a regional approach. It has borders with all the other regional countries. Instead of cooperating with others, it has become the source of trouble, making regional cooperation impossible.⁴⁹

Several EU officials have offered responses to these criticisms. According to Robin Liddell, then Deputy Head of Unit for Southern Caucasus and Central Asia at the Directorate General (DG) External Relations of the EC, there is a misconception of the EU's regional approach towards Central Asia. Regional engagement, he says, is the framework, but policies are implemented in each country according to its specificity.⁵⁰ Javier Solana, the EU High Representative for the Common Foreign and Security Policy, said in October 2007: "*Realizing that each of the Central Asian countries is specific in nature and legitimately anxious to assert its independence, the European Union plans to carry out three quarters of its projects by way of bilateral cooperation. The remainder will involve regional operations for which a collective effort is essential, in particular on combating trafficking, on transport and on environment.*"⁵¹

The proponents and critics of the regional approach appear to be emphasizing different characteristics of the region and its five independent countries. The debate is a reflection of the EU's ongoing uncertainty over the basic question of whether Central Asia can be seen as a region. The new strategy paper proposes "*a balanced bilateral and regional approach,*"⁵² but so far it is still not clear whether the EU can successfully convince those skeptical of its regional approach.

5 Future challenges to EU policy

5.1 Consensus among the member states

The EU is not a unitary actor when it comes to foreign policy and major joint decisions need unanimity among 27 member states. With regard to the EU's policy towards Central Asia, one wonders whether Central Asia as a region will continue to garner attention from the EU. France, for example, while attentive to the region, is primarily interested in getting EU foreign policy to focus on the Mediterranean. Germany, on the other hand, is determined to develop the EU's relations with its eastern neighbors. Fashioning a new "Ostpolitik," Germany wants the EU to have a coherent and comprehensive set of policies for the former Soviet Union, including the Central Asian countries. Ambassador Pierre Morel, the EUSR, has emphasized the long-term commitment of the European approach, thereby ensuring that EU Presidencies under Portugal, Slovenia and France will continue to follow the new

48 Matveeva (2007).

49 Interviews with scholars from International Crisis Groups, Brussels, November 2007.

50 Conflict Prevention Partnership (2006).

51 Solana (2007).

52 European Commission (2007).

strategy. Nevertheless, the question remains whether Germany will get sufficient support from other member states, providing enough momentum to push the implementation of the new strategy forward.

Another question is whether the member states can reach a consensus on making a favorable human rights record a precondition for development assistance. In fact, during the 1990's, the EU did link some assistance programs with human rights records in some countries in the region, but the link was not very strong. With the urgent need for an alternative supplier of energy, it is very unlikely the EU would want to further strengthen such conditionality. According to some reports, EU officials privately concede it is unlikely current human rights concerns will affect the EU's pursuit of energy in the region.⁵³ In fact, the EU is quietly reviewing the premises of its foreign policy posture and is currently involved in a "period of reflection" on the usefulness of sanctions against countries such as Uzbekistan.⁵⁴ This kind of message was sent out during a high-level conference on EU-Central Asian economic cooperation in November 2007 in Berlin, which could be interpreted as the first step of the implementation of the new strategy. However, with criticism from human rights groups and some other NGOs on the rise, governments of some member states will be under pressure to change their positions on the EU's policy in the region. This will make reaching a consensus within the EU even more difficult.

5.2 Implementation of the policy

Following the release of the new strategy paper, the big challenge facing the EU now is how to implement it. Some scholars think that the strategy is too general and ambiguous to be implemented.⁵⁵ Whether the EU intentionally omitted instruments of implementation in the strategy paper is not clear, but if the EU wants to avoid seeing the strategy fail it should be clearer about its various steps to translate this strategy into concrete policies. Others complain that without a mechanism for the coordination between the European Commission and the member states, this ongoing problem of coordination will become even more serious. Development programs in Central Asia is one area where a lack of coordination between the EU and the member states has been evident. Theoretically, there should be a division of labor between the EC and the member states, but, in fact, there is no clear division. Thus, the most important step for the EU now is to be clear about who does what.

Next, the EU should set certain criteria and benchmarks for various policies. For example, if the EU tries to pursue a policy of engagement towards Uzbekistan, it should set benchmarks on the human rights issue. Otherwise, the EU will come under fire from human rights groups and some member states. Finally, the EU should establish a review process for its policy in the region.

53 Lobjakas (2007).

54 Ibid.

55 Interviews in Hamburg, October 2007.

5.3 Meaningful dialogue with other powers

The new strategy paper proposes the EU engage in dialogue with other outside powers and international and regional organizations. The EU's basic goal in pushing for dialogue would be to avoid being perceived as an opponent of the other key players (Russia, China and the U.S.).⁵⁶ If this can be achieved, it will open up opportunities between the EU and the other powers.

The EU needs to assure Russia, China and the regional countries that it is mindful of existing alliances, respects the sovereignty of every country, and wishes to avoid interfering in the domestic affairs of other states. Otherwise, the states of Central Asia may lose all confidence in the sincerity of the EU's offer of equitable cooperation.⁵⁷ In addition, Russia and China would view the EU as a competitor seeking to join the U.S. in an effort to dominate the region. The EU should also make it clear to Russia and China that its policy goals are different from America's. The EU should convince Russia that its energy cooperation with the regional countries does not necessarily challenge Russia's interests in the region.

As for the Shanghai Cooperation Organization, so far there are no formal mechanisms for dialogue between it and the EU, not even track two dialogues. Though the EU has recognized the necessity of talking with the SCO, there are still some constraints on the EU's side. Some EU policymakers and analysts, like some Americans, are still dismissive of or even hostile to the SCO. The organization has been portrayed as an anti-western alliance and criticized for opposing democratic reform in Central Asia.⁵⁸

6 Implications for China

6.1 China's policy towards Central Asia

The countries of Central Asia are China's immediate neighbors, and China has a huge interest in the stability and prosperity of the region. China's current policy towards Central Asia is part of its larger "Good Neighbor Policy" of treating its neighbors as friends and partners. This strategy is the Chinese government's response to new challenges globally and regionally and represents its efforts to create an external environment conducive to development and the promotion of regional peace and prosperity. Basically, China's strategic interests in Central Asia are informed by two key factors.

First, Central Asia has historically had a significant influence on the stability of the northwestern provinces of China due to its geographic proximity and the existence of trans-boundary ethnic groups. Any turbulence in the regional countries, especially Kazakhstan and Kyrgyzstan, would have a direct negative impact on China's northwestern region. China and the regional countries have the same interests in fighting terrorism, separatism and extremism. China also hopes the regional countries will be reliable

56 Wegener (2007).

57 Nizamov (2007).

58 Antonenko (2007).

neighbors and try to contain separatist forces in their territories which are trying to destabilize China.

Second, China needs to diversify its energy supply and Central Asia is a logical potential source. With the rapid development of the Chinese economy, China has become a net energy importer. In order to ensure its energy supply, China looks at Central Asia as a practical alternative to the Middle East and Africa. Beijing is a key participant in the fierce competition among many players for access to Central Asian energy supplies. Besides energy, China also hopes to expand its economic and trade relations with the regional countries. In 2006, bilateral trade between China and the regional countries (not including Kyrgyzstan) was in excess of US\$ 10 billion.⁵⁹ China supports the regional countries' accession to the WTO and deeper integration of Central Asia into the world trade and economic system.

China's policy towards Central Asia, at both the bilateral and regional levels, has been quite successful. However, there are still some problems. At the bilateral level, there are still issues of trans-boundary ethnic groups, ethnic separatism, and water management. At the regional level, there is a sense that China's political strength and economic influence represents a threat to the region. The Shanghai Cooperation Organization, the first regional cooperation mechanism initiated by China, has been described in western countries as an anti-western bloc. This perception harms the further development of the organization and China's policy towards Central Asia.

China has been adamantly opposed to American and NATO policies towards Central Asia. From China's perspective, the American policy of promoting democracy in the region is a major cause of instability in Kyrgyzstan and Uzbekistan. Moreover, its military presence in Central Asia is, to some extent, a threat to China. Though China has not publicly expressed its dissatisfaction with the participation of the Central Asian states in NATO's Partnership for Peace, Beijing does have some concerns.

- The entry of NATO, as a military bloc, into Central Asia would lead to an arms race in the region.
- Military cooperation between NATO and Central Asian states is unsuited to solving the region's "hot issues." On the contrary, it has raised the threat of military confrontation.
- NATO military exercises in the region have made China wary of the western alliance.
- Some NATO member states secretly support or tolerate the activities of separatist forces in Xinjiang Autonomous Region. These groups pose a threat to the stability and security of western China.⁶⁰

59 People's Republic of China (2007).

60 Xin (2005).

6.2 How should China view the EU's Central Asia policy?

First, China should take the opportunity to engage the EU as its unified policy towards Central Asia is just now taking shape. Having just released the new strategy paper, it is still unclear whether the EU can successfully implement it. As such, it is too early to say what role the EU will play in the region in the future. Thus far, the EU's approach has been moderate and practical. This has laid the foundation for cooperation between China and EU. Why should China actively engage the EU?

- China wants to prevent Russia from treating the region as its “backyard.” Beijing, therefore, welcomes the involvement of outside players who have a positive influence on the region and serve as a balance of power.
- China shares the EU's policy of encouraging regional cooperation.
- China and the EU also have the same interests in a number of areas, including water management, environmental protection, counter-narcotics trafficking, economic development, and infrastructure building. They can be partners in tackling these issues.
- By engaging and cooperating with the EU in Central Asia, China would signal disinterest in dominating the region. This would help to reduce suspicion of China by both the regional countries and the other outside players.
- The EU has no geo-strategic ambitions in Central Asia, thus it does not threaten China's core interest in the region.
- China and the EU are both net importers of energy. Though they may eventually compete over energy supply routes from the region, they have the same interests in developing the region's energy industry and helping the region break Russia's monopoly of their energy markets.
- European criticism of China's policy towards Central Asia is similar, to some extent, to its criticism of China's policy towards Africa. It is argued China's activities in Central Asia are solely aimed at satisfying its own economic interests. According to such critics, this explains why China provides loans to the regional countries without any preconditions.⁶¹ Clearly, China needs to do a better job at helping the EU understand its policy.

Second, China should carefully differentiate between the EU's policy toward the region and those of the U. S. and NATO. It is common in China to lump the EU, NATO and the United States together and label them “the western community”. There is some truth to this characterization, but as far as their Central Asia policies are concerned, it is important to recognize the differences between the three players. There are at least two major differences between the policies of the EU and the U.S. First, their stance towards Russia is quite different. American policy has aimed at helping the Central Asian countries become more independent from Russia and decreasing Russia's influence in the region. The EU's policy, on the other hand, recognizes Russia's influence in the region and does not try to bypass Russia. In terms of its external relations, Russia is more important to the EU than the Central

⁶¹ Nehls (2007).

Asian countries. Second, the U.S. has no interest in promoting regional cooperation and it has focused solely on bilateral relations with the individual countries of the region. In contrast, the EU has long pushed for intra-regional dialogue, and this policy is bound to continue for the foreseeable future. Another critical difference between the EU and the U.S. is that the EU supports a pipeline between Central Asia and the European continent, while the U.S. prefers a southern route to connect Central Asia with South Asia. Thus, in terms of diversification of energy exports from Central Asia, the EU and the U.S. back different routes.

Many in Europe are critical and suspicious of America's policy in the region. For example, America's policy towards Uzbekistan has been labelled unpredictable.⁶² The Bush Administration was Uzbekistan's strongest supporter from 2002 to 2004 because of U.S. geo-strategic interest in that country. They put a lot of pressure on the British government to tell the British Ambassador to back off on his criticism of Uzbekistan's human rights record. After the Andijan events in May 2005, however, the U.S. government found its policy was no longer tenable. After changing its position, the U.S. then turned around and started to criticize EU policy towards Uzbekistan. This sort of 180 degree shift makes Europe very suspicious of U.S. policy.

Europe is also wary of America's "Greater Central Asia" initiative. Some scholars dismiss the initiative as an academic pipe dream and it has been thoroughly ignored in Europe. There are not enough experts within the U.S. government with knowledge of both Central Asia and South Asia. Moreover, America cannot realistically ignore Russia in the region. Others point to the incoherence in the way responsibilities for the region are distributed within America's foreign policy bureaucracy as evidence of a lack of consensus in Washington about the initiative. For example, Ambassador Richard Boucher, Assistant Secretary of State for South and Central Asia, is responsible for Central Asian affairs, while Ambassador Steve Mann is Senior Advisor for Caspian Basin energy diplomacy, and energy policy issues in the Caspian region and Central Asia fall under the remit of Matthew J. Bryza, Deputy Assistant Secretary of State for European and Eurasian affairs.⁶³ It is possible that the policy of linking Central Asia and South Asia together will change under the next administration.

Many Europeans have criticized America's policy of promoting democracy in Central Asia as naïve.⁶⁴ Compared with the U.S. and NATO, the EU's agenda in Central Asia is more transparent and much more development-oriented. Though the EU is also concerned about human rights and democracy in the region, a concern that may even increase in the future, its approach is comparatively moderate.

Third, China can start to have a dialogue with and to cooperate with the EU on some "soft" issues in the region, such as counter-narcotics trafficking and the facilitation of trade. These issues are key concerns of China and the EU, and they are essentially apolitical. China has already cooperated with some EU member countries on these issues within programs run by the United Nations, the Asian Development Bank and other international organizations.

62 Interviews in Bonn, October 2007.

63 Interviews in Brussels, November 2007.

64 Interviews in Germany and Brussels, October and November 2007.

This makes it easier to expand the cooperation to the EU level. One possibility is to establish a model of trilateral cooperation involving China, the EU and one of the regional countries as participants. Under current circumstances, Kazakhstan would probably be the best choice as the third party. Kazakhstan is the most open economy in Central Asia and the political situation is relatively stable. The leadership of the country pursues a balanced foreign policy. The EU supports Kazakhstan's bid to serve as the Chair of the OSCE in 2009. China sees Kazakhstan as the key partner country in the region. Moreover, both of them have quite good bilateral relations with Kazakhstan. The success of cooperation on "soft" issues could serve as regional confidence building measures, and it might also convince the regional countries that these two players' involvement in Central Asia is not only out of self-interest.

Differences between China and the EU will, however, undoubtedly have an impact on the nature of any future cooperation between the two in the region. As one analyst notes:

*"While both embrace economic pluralism, the EU sees itself as a bloc of 27 democracies with a commitment to human rights and the rule of law, quite distinct from China, with its one-party state and communist ideology. But a more subtle difference is China's emphasis on the integrity and sovereignty of the nation state, which contrasts with the pride that many EU member states take in having diluted their own sovereignty in favor of European reconciliation and cooperation after the past century's two world wars."*⁶⁵

Central Asia is likely to be another test for how China and the EU handle their different perspectives on issues like the relationship between stability and democracy and aid conditionality. And it is also important to note that until the EU changes its policy with regard to China's Xinjiang Autonomous Region,⁶⁶ it will be difficult for China to accept the EU as a partner in Central Asia.

Fourth, China can push for dialogue and cooperation between the EU and the Shanghai Cooperation Organization. When the SCO was initially established, the EU had expressed a willingness to build a relationship with the new inter-governmental organization for two reasons, namely the SCO's status as a regional cooperation organization and the fact that it was initiated by China. But unfortunately the EU has yet to receive a response to its overtures.⁶⁷ The EU is currently very eager to cooperate with the SCO on two issues. The economy, especially the transportation sector, is one area of interest. With land transportation cheaper and safer than the sea transportation for the first time in the history, the land-locked countries of Central Asia should grasp the opportunity and start to cooperate. The EU is also very interested in cooperation as a means of improving regional stability, especially cooperative counter-narcotics efforts. Afghanistan is currently the world's leading source of illicit drugs. In 2007, 193,000 hectares of opium poppies were cultivated in Afghanistan, an increase of 17 % over last year, and it has become the exclusive supplier of the world's deadliest drug (93 % of the global opiates market).⁶⁸ Counter-narcotics measures in the region have, according to Brussels, thus far been too weak, especially

65 Barber (2007).

66 Gosset (2007).

67 Interview with Ambassador Morel, EUSR, in Brussels in November 2007.

68 UNODC (2007).

China's. In an effort to step-up efforts, the EU has established the Central Asia Regional and Information Coordination Center (CARICC) in Almaty, which includes the EU and Russia. The SCO could cooperate with this organization and China could play a bigger role in fighting the drug trade.⁶⁹ Dialogue and cooperation with the EU would help the SCO improve its image within the Western community, which could only help this nascent regional organization.

The Shanghai Cooperation Organization is still very young. The SCO Secretariat and the regional anti-terrorism center in Tashkent were only established in 2004. So far, the organization has put much of its emphasis on the implementation of various policy initiatives and agreements and thus has not paid much attention to its external relations. The Secretariat is still small and does not have the capacity to take on the organization's increasing tasks. That could partly explain why SCO failed to respond to the EU's invitations to establish relations. SCO's focus should be on strengthening its institutional capacity and on policy implementation, otherwise it runs the risk of being perceived as merely a "talking shop." At the same time, however, SCO should recognize a favorable outside environment is also essential for its future development. It should grasp every opportunity to develop relations with outside players, such as the EU, and strive to become a truly inclusive regional organization.

69 Interview with Ambassador Morel, EUSR, in Brussels in November 2007.

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