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- Joint Progress Report by the Council and the European Commission to the European Council on the implementation of the EU Strategy for Central Asia
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Delegations will find attached the Joint Progress Report by the Council and the European Commission on the implementation of the EU Strategy for Central Asia as transmitted to the European Council.

**Joint Progress Report by the Council and the European Commission
to the European Council on the implementation of the EU Central Asia Strategy**

Introduction

The EU Strategy for a New Partnership with Central Asia, which was adopted by the European Council in June 2007, has enhanced a process of strengthening EU relations with the five Central Asia countries – Kazakhstan, Kyrgyzstan, Tajikistan, Turkmenistan and Uzbekistan.

The implementation of defined priorities in the Strategy has already made important advances over the past three years in the fields of education, economic development, trade and investment, energy and transport, environmental policies, and common threats and challenges. Important initiatives have also been put in place to promote human rights, rule of law, good governance and democratisation.

The adoption of the Strategy was a reflection of the realization by the EU of the growing importance of Central Asian countries for the EU, notably in terms of security, governance and energy, and in response to a growing interest on the part of Central Asian countries to strengthen relations with the EU.

Since the adoption of the Strategy the importance of Central Asia for the EU has only increased. This is particularly true given the strengthening of the relations of Central Asian countries with other major neighbouring partners and the growing significance of security issues. The shared challenge of developments in Afghanistan has led to an increased need for close cooperation, not only on Afghanistan as such but also on security issues more broadly, as well as in Central Asia itself, notably as the Central Asian countries (three of which are frontline states sharing long borders with Afghanistan) are most immediately affected by negative spillovers from developments in Afghanistan.

When the Strategy was adopted in June 2007 the European Council asked the Council and the Commission to regularly review progress in implementing the Strategy. A first progress report was submitted to the European Council in June 2008.

Now that three years have passed since its adoption, this review is intended to assess the implementation of the Strategy more broadly and to give first indications as to future orientations of priority areas for action, taking into account developments in and around the region that have had an impact on the context in which the Strategy is being implemented.

Overall assessment

Over the past two years, intensified engagement between the EU and the countries of Central Asia in the framework of the Strategy has raised the level of mutual understanding and trust. Contacts between governments and civil societies have visibly increased. The EU's rapid response to the crisis in Kyrgyzstan, in close concert with the UN and the OSCE, has proved the importance and effectiveness of this strengthened network. The decision by the EU, in November 2008, to extend the mandate of the European Investment Bank to Central Asia has opened a new avenue of direct financial support for key development projects in the region. Moreover, Kazakhstan's OSCE Chairmanship in office in 2010 has created an historical opportunity to bring Europe and Central Asia closer to each other through the commitments and values they share.

On the other hand, the experience of the last two years has also confirmed the magnitude of the challenges before both regions and the need for a continued endeavour on both sides in the long term. In particular, regional cooperation between the countries of Central Asia has made little progress. The EU will continue its efforts to encourage closer cooperation among Central Asian states since problems such as the management of cross-boundary water resources or border management pose a threat to regional security and need urgent solutions. Despite the initiation of regular human rights dialogues with all Central Asian countries and a limited number of reforms, there has not been a consistent and sustainable improvement in the human rights situation.

In this context, the EU's readiness for cooperation signalled by the end of the restrictive measures against Uzbekistan in November 2009 has yet to receive a substantial response. In the field of energy, there continues to be significant potential for progress. The Nabucco pipeline project remains of paramount importance for the diversification of energy supplies in both regions.

There has been a good level of implementation of the Strategy across the board, both in terms of increased regional activities and strengthened bilateral relations with the EU for all five countries. There is now an unprecedented level of engagement between the EU and Central Asia. In the priority areas of education, rule of law, the environment and water, the EU has become engaged in Central Asia by investing and sharing the experience of the EU and EU Member States, promoting good-neighbourly relations and the reform processes in the region. The bilateral frameworks for dialogue and cooperation will be reinforced by the entry into force of the Partnership and Cooperation Agreement (PCA) with Tajikistan and the Interim Agreement of the PCA with Turkmenistan, as well as by initial consideration of the next generation of contractual relations with Kazakhstan.

The EU has become more present in the region, with the opening of fully-fledged EU Delegations in Kyrgyzstan and Tajikistan and additional Member State embassies in several countries.

The increased interaction between the EU and Central Asia has confirmed a mutual interest in deepening ties especially in areas of common concern such as promoting economic development, including in global crisis conditions, poverty alleviation, and combating increasing levels of drug trafficking and developments in Afghanistan. The Central Asian countries made a substantial contribution to the elaboration of the Strategy itself and are playing an active role in its implementation.

EU assistance to the region has increased significantly, making the EU one of the leading donors in the region when combining European Commission assistance and EU Member States bilateral assistance. An additional and very positive new development is the increased engagement in the region of European development banks, including the EIB, EBRD, the German Development Bank

Group (KfW), and the French Development Agency (AFD), supporting the EU's growing role in Central Asia. Furthermore, Central Asian countries are invited to participate in regional programmes under the European Neighbourhood Policy in priority areas such as energy, transport, education, environment and water.

One important aspect, which in many ways is a novelty, is the direct role played by EU Member States in implementing the Strategy. France and Germany, with the support of the Commission, act as 'lead coordinators' for the Rule of Law Initiative, while Italy has taken on the same role for environment and water, supported by the Commission and Romania as Presidency of the Working Group on Eastern Europe, Caucasus and Central Asia for the EU Initiative for Water. In the area of education, where the Commission is the 'lead coordinator', Latvia has taken on the role of local coordinator in Tashkent, while Poland does the same in Ashgabat. The transition experience of those Member States having most recently joined the EU has proven to be of particular relevance for the Central Asian countries and the implementation of the EU Strategy.

Poverty remains a major challenge in the region, in some parts increasingly so in the light of the recent economic and financial crisis (via remittances), particularly in rural areas, and needs to be addressed with renewed vigour, also as a means to combat the dangers of radicalization.

In the fields of human rights, rule of law, good governance and democracy, reflection is needed on how to support positive trends and tangible results through our human rights dialogues and cooperation. Overall progress on the ground has been limited and in some instances regression can be observed. The situation in areas such as freedom of expression and of the media, freedom of assembly and association, fairness of the judicial systems, or adequate space for civil society and political participation have not improved significantly.

Against this background it is clear that while in some areas there has been significant progress, there is still much to do in order to see the full implementation of the Strategy. In particular, more work is needed:

- To further define key EU interests, means and constraints in the quickly evolving regional context as well as ensuing priorities and expectations;

- To increase the visibility of EU action and understanding of the EU;
- To further improve coordination within the EU on Central Asia (EU institutions and Member States), building on the improvements since 2007, as well as coordination with other international donors and organisations active in Central Asia.

While work in all areas of the Strategy remains important and will be pursued, it has become clear that reinforced efforts will be needed in the following key areas:

- Human rights, rule of law and democracy;
- Security broadly speaking;
- Water and energy;
- Afghanistan.

Political dialogue

The political dialogue between the EU and Central Asia has reached an unprecedented level, thereby confirming the central role of the political dialogue as defined in the Strategy and its common interest for all parties. Since 2007 there have been biannual Foreign Ministers' meetings that have led to very open and frank exchanges.

This high level dialogue offers a good and regular opportunity to assess the Strategy on an ongoing basis, to respond to new developments and to increase cooperation on security issues, notably Afghanistan and combating drug trafficking but also issues related to radicalization and terrorism.

As a novelty, a first ministerial EU-Central Asia Forum on security issues was held in Paris on 18 September 2008, focusing on terrorist threats and non-proliferation, the fight against human and drug trafficking, and energy and environmental security. The meeting included ministers from EU member and candidate countries, as well as the international and regional organisations and the investment and development banks concerned. Afghanistan attended as an observer country given its geographical proximity and the problems it shares with the Central Asian countries.

A Joint Declaration covering the five key subjects discussed during the Forum was adopted on this occasion. A follow-up EU-Central Asia Ministerial Conference focusing on the impact of the economic crisis as well as on security issues was held during the Swedish Presidency in Brussels in September 2009.

It has become clear that our already regular engagement at high level has resulted in increasingly frank and open discussions on issues that were previously very difficult to raise. On highly sensitive issues such as water/energy, the regularity of dialogue has contributed to increasingly open discussions that are helping to nourish a will for better mutual understanding among the Central Asian countries.

Regular visits to the region by the EU Special Representative for Central Asia have played an important role in maintaining dialogue with the countries on a regular basis. Furthermore, the intensified political contacts between Member states and the countries of Central Asia have had a positive impact on strengthening the political dimension of relations. In addition, reinforced dialogue with regional organisations forms an important part of the EU's increased engagement with the countries of the region and with organisations playing an important and active role there.

The political dialogue has so far been promising and offers a solid basis for further dialogue and cooperation.

Human rights, rule of law, good governance, and democratisation

Although some positive developments have taken place, such as the abolition of the death penalty in Uzbekistan and some judicial procedure reforms, the situation in the region remains worrying. Despite regional differences, reports on the use of torture remain frequent, severe restrictions on the freedom of expression and of the media continue, as do arbitrary restrictions to freedom of association and assembly. Little progress can be noted as regards judicial independence and fair trial rights.

The EU Strategy for Central Asia recognises that human rights, rule of law, good governance and democratisation underpin the long-term political stability and economic development of Central Asia. Human rights issues have been and will continue to be systematically raised in all political meetings with Central Asian states.

The EU has established structured human rights dialogues with all five Central Asian countries. Several rounds of dialogues have been carried out with all countries, complemented by civil society seminars where this has been possible. Given the sensitivities, discussions have not surprisingly been difficult at times but they have also proven to be open and frank, covering all issues of concern including individual cases. They have also allowed to convey European good practices, experience and policies in this field.

The expansion of dialogue among experts, professionals and NGO representatives has generated increased interest in exploring the scope for practical cooperation on sharing EU experiences in human rights and democratisation issues. Cooperation programmes and projects have and are being developed together with Central Asian states at national and regional level, though with varying success.

The EU supports, inter alia, reforms in the areas of judiciary and prison systems, human rights awareness, and many others. As called for in the Strategy, the implementation of ILO norms and conventions will be given further support.

Unfortunately the harassment of NGOs that criticise government continues. Civil society and media issues are important aspects of the EU's engagement. A developed, independent and active civil society and an independent media are vital for social and economic development. In some cases these issues are being addressed in the civil society seminars which complement the official dialogues. Nevertheless, it has generally proven difficult for the EU to engage with independent civil society, especially in the area of human rights. Further efforts by governments in the region are necessary to allow vocal non-state actors to play a full part in their countries' society, and to allow them to engage with the EU. The reports from civil society seminars will be given greater visibility

and will continue to feed into the official human rights dialogues. Regional conferences are also envisaged. As part of this engagement the EU will continue to offer further support for civil society organisations through its financial instruments, notably the European Instrument for Democracy and Human Rights (EIDHR) where this is feasible and accepted.

The “Rule of Law Initiative” was successfully launched at a first ever meeting of Justice Ministers from EU Member States and Central Asian countries in Brussels in November 2008. The Initiative is carried out under the active leadership of France and Germany with Commission support. Two regional seminars were subsequently held in Bishkek and Tashkent on legal training and penal procedures, with the participation of Central Asian and EU experts, reaching joint conclusions that will feed into the cooperation process. A new project with the Venice Commission of the Council of Europe, jointly financed by the Commission and by Germany, is being implemented in order to promote the role of the Council of Europe in supporting rule of law reforms in the region.

Moreover, the rule of law and reform of the judiciary is an agreed focal area in bilateral EU assistance to several of the Central Asian countries. Future activities will aim to include, inter alia, technical assistance for the legislative and constitutional amendments required for accession to and implementation of the Rome Statute. Germany has extended its programme “Supporting Law and Justice Reform in the Countries of Central Asia” (12 m. euros since 2002) in close coordination with the European Commission and other donor organisations.

In the area of democratisation, the EU has supported projects to prepare comprehensive constitutional reforms, civil society initiatives aimed at ensuring elections fulfilling democratic standards through reforms of electoral legislation and enhancement of election monitoring, as well as support to the democratisation of electoral processes through the involvement of trade unions and local self-government entities.

Through dialogue and joint projects the EU has also cooperated closely with the OSCE, the Council of Europe, the UN and the UN High Commissioner for Human Rights.

This part of the Strategy remains a major challenge. The need to make the human rights dialogues ever more results-oriented and inclusive has to be kept in mind in preparing for the next rounds, but this also requires a genuine commitment of the partner countries to engage in meaningful, effective reforms.

As a follow-up between annual dialogues, continuous tripartite local discussion forums could be held between the authorities, civil society and the EU to actively accompany reform processes. Also, exchanges of and between relevant professionals from both sides should be fostered more systematically. While there are areas in which reforms have already been initiated and where the EU is supporting ongoing efforts, there are others such as freedom of media, the fight against torture, the protection of human rights defenders and child labour where more intense efforts are needed. Overall, a medium to long-term perspective needs to be taken in expecting significant reforms to take hold; nevertheless, in the short term the EU will continue to react to developments on the ground. Ultimately, progress in this area is essential for stability, economic and social development.

The events in Kyrgyzstan 6-8 April 2010 illustrated the importance of respecting human rights, democratic values and the rule of law for the stability and prosperity of the region. These events confirmed that the decision of the EU to give added emphasis to its efforts in this area is timely and necessary. They provided an opportunity for the EU to contribute to the process of democratic reform.

Youth and education

One of the priorities of the EU's Strategy in Central Asia is to raise educational standards, since the majority of the population in this region is less than 25 years old, which represents a precious potential for the future development of the region. The Education Initiative under the Strategy is well on track with the EU and Member States increasingly engaged at various levels and areas via policy dialogue and specific cooperation programmes.

International donors have invested a lot in the education field, in particular in primary and secondary education. The EU has therefore decided to focus its efforts on higher education and vocational education and training, where it has extensive experience and expertise. Most Central Asian countries are aiming at aligning their higher education systems with the developments taking place in Europe and in particular the Bologna Process, to which Kazakhstan acceded on 12 March 2010.¹ It is noteworthy that Kazakhstan has become a member of the European Cultural Convention, which means that Kazakhstan is now a fully-fledged member of the Steering Committee for Education and of the Steering Committee for Higher Education and Research of the Council of Europe and that it can take part in all activities in the education field.

An academic mobility programme for Central Asian students and scholars has been established and expanded. Erasmus Mundus is the EU's worldwide cooperation and mobility programme to enhance quality in higher education and promote intercultural understanding.

The "Action 2" of Erasmus Mundus covers Central Asia, funding the mobility of students and academics who wish to study in the EU at all levels of higher education (Bachelor, Masters, Doctorate). The yearly budget for the participation of Central Asian countries in the Erasmus Mundus "action 2" programme has been doubled to €10 million.

The Tempus Programme supports the modernisation of higher education in partner countries. Central Asia has participated in Tempus since 1995. In the region Tempus has helped to train a new generation of academics and managers and to support the reforms necessary for the modernisation of higher education systems. 130 universities from all over Central Asia have participated in 230 projects over the past 15 years, involving several thousand scholars (an estimated 5,000 have been

¹ The Bologna Process aims at developing a common higher education area in Europe, with a system of comparable qualifications (short cycle, bachelor, master, doctorate), flexible, modernised curricula at all levels which correspond to the needs of the labour market, and trustworthy quality assurance systems. Kyrgyzstan has established a link with the Bologna process.

directly involved) and students from the EU and Central Asia. Through these projects, Tempus has supported the development of new curricula at Bachelors and Masters level in a wide range of disciplines – including a few joint degrees with EU universities – bringing modern teaching and learning methodologies in line with the principles of the Bologna process.

The budget in 2010 for the participation of Central Asian countries in the Tempus programme has doubled to €10 million.¹

Bilateral Member State exchange programmes and other activities have also increased significantly. A comprehensive guidebook of scholarships provided by the EU and its Member States to Central Asian students – “Your Scholarship in Europe” – has been published to better publicize growing opportunities.

The EU has become more engaged in the area of vocational education and training, with the European Training Foundation (ETF) now active in all five countries. Particular focus is given to skills development as a tool to reduce poverty, but also to other policy initiatives such as the development of national qualification frameworks, improving school management and improving equity, quality and access to vocational education.

Another important project is the Central Asia Regional Education Network (CAREN) to set up high-speed internet links between European and Central Asian research institutions. The expectation is that all five countries will decide to participate.

¹ Under the Tempus IV Programme (2007-2013) a total of 19 projects were selected in Central Asia in the first two Calls (2008 and 2009). The selected Tempus IV projects deal mainly with issues such as curriculum development, teacher training, higher education modernization and university governance, quality assurance and accreditation, ICT, e-learning, and links between university and industry.

While the EU has a comparative advantage in higher education and an increased focus on vocational training, other areas are not being overlooked. Broader education reform is an agreed focal area in EU bilateral assistance to Kyrgyzstan and Turkmenistan. Some Member States are actively engaged in wider educational reforms, including primary education.

It should also be noted that the EU as the main sponsor of the Catalytic Fund¹ of the Education for All Fast Track Initiative (FTI) supports other educational areas in Kyrgyzstan and Tajikistan.

The EU remains committed to promoting understanding of the EU in Central Asia. The establishment of EU Studies Centres in the region is under preparation.

In the area of research, 34 organisations from Central Asian countries have successfully participated in 23 projects in the 7th Framework Programme for research (FP7), which runs from 2007 to 2013, receiving over €1.7 million of EU funding.

The exchange of students and scholars as part of their professional education contributes significantly to increased mutual and inter-cultural understanding between citizens in the EU and Central Asian countries. In order to reflect on future developments and inter-cultural relations, regular gatherings of EU and Central Asian academics and intellectuals could be organised.

¹ The Catalytic Fund is a multi-donor trust fund supporting the Education for All Fast Track Initiative managed by the World Bank. It provides assistance to help countries implement their FTI-approved sector programmes in education. 90% of the \$1.6bn committed to the fund (2003-13) comes from the EU and Member States.

Economic development, trade and investment

Central Asian countries have enjoyed impressive growth rates over the past decade but have, as other countries around the world including EU Member States, been affected by the recent global financial and economic crisis. All Central Asian countries felt the impact of weaker markets for their commodity exports, though to different degrees. However, the crisis affected particularly the poorest countries, Kyrgyzstan and Tajikistan that also suffered from lost remittances, and Kazakhstan that faces a crisis in its banking system. Turkmenistan and Uzbekistan have seen less of an impact, given that their economies still remain relatively closed and that the state still directs a significant part of economic activities, supporting these from the fiscal and external surpluses accumulated from gas and oil export revenues. Overall, the region has seen diminishing economic growth rates and increasing levels of poverty as a result of the crisis.

The EU remains a leading trade partner for the region and the main trade partner for its biggest economy, Kazakhstan. However it is clear that the growing role of China in general, and in Central Asia in particular, is also influencing the orientation of trade flows to and from the region. Nevertheless, there is still scope for strengthening EU-Central Asia trade and investment relations.

Important new technical assistance projects have come under implementation, including notably Central Asia Invest (CAI) for the economic development of Central Asian countries through the development of Small and Medium-sized Enterprises (SMEs).

To achieve this and to support the integration of Central Asian markets in the world economy, the CAI programme seeks to develop local Business Intermediary Organisations (BIOs) supporting SMEs, such as chambers of commerce, sector-specific trade, industrial and professional associations, regulatory bodies and agencies promoting trade, investment and commercial activities as well as sector-based agencies working with SMEs.

The first phase of the CAI Programme (€5.7 million) was launched in 2008 and 11 projects are currently under implementation (2 Multicountry projects, 9 Country specific projects). The second phase was launched in 2010 (€6.8 million).

In connection with the CAI Programme the EU has signed a Contribution Agreement with the OECD to support the joint "Eurasia Competitiveness Programme – Central Asia Initiative". The aim of the Initiative is to improve the business climate for small and medium-sized enterprises in all five Central Asian countries as well as Afghanistan and Mongolia and to encourage regional economic integration.

The improvement of the business climate, SME development and the legal framework remain crucial issues in promoting economic development and increasing trade with the EU. As a result these are also agreed priorities in EU bilateral assistance to Tajikistan and Uzbekistan and, to a lesser extent, Turkmenistan and Kazakhstan.

Poverty alleviation and the achievement of the Millennium Development Goals still represent a serious challenge in the region, not least for sustainable economic development which will continue to be key area for EU assistance, including social sector reform and rural development.

Accession to the WTO, of which only Kyrgyzstan is currently a member, should remain a key objective for all Central Asian countries. The EU supports this objective as an important catalyst for economic reform and a basis for the further development of trade and economic relations.

Kazakhstan's accession negotiations were well advanced in 2009 but the establishment of a customs union between Belarus, Kazakhstan and Russia has created uncertainty as to its timing.

As Kazakhstan's largest trading partner, the EU takes a significant interest in seeing Kazakhstan join the WTO soon in order to have a shared framework for strengthening economic ties.

Overall the WTO accession processes are still moving too slowly and renewed efforts are needed to speed up work in this area and to further the global economic integration of Central Asian economies, which will help strengthen EU-Central Asia trade and investment relations and support the economic reform process in the region.

Energy

The EU is pursuing a comprehensive approach in developing cooperation with Central Asia in the area of energy and transport, regionally via the Baku Initiative¹ as well as bilaterally, including via bilateral Memoranda of Understanding.

The Baku Initiative promotes energy co-operation at the regional level in four areas identified in the 2006 Astana Conference Ministerial Declaration, which established a road map for reform in the energy sector. Activities under the Baku Initiative include technical assistance in the framework of the INOGATE² programme on the convergence of energy markets, energy security, sustainable energy and investment attraction.

Of particular value is the fact that the Central Asian countries participate in the Baku Initiative alongside Eastern Partnership (EaP) countries to the East of the EU. This allows an exchange of experiences with these countries and contributes to the construction of a Central Asian regional energy market based on the principles of the EU's regulatory model and promoting the development of the necessary cross-border infrastructure.

Moreover, Central Asian countries benefit from regional activities under the European Neighbourhood and Partnership Instrument (ENPI) East in the energy and transport sectors.

¹ Energy and Transport Co-operation between the EU, the Littoral States of the Black and Caspian Seas and their Neighbouring Countries, launched at the Energy and Transport Ministerial conferences held in Baku in November 2004.

² Interstate Oil and Gas Transport to Europe.

Recognising the common interest in strengthening energy security, energy MoUs have been signed with Kazakhstan and Turkmenistan, and negotiations are underway with Uzbekistan on a similar bilateral framework for energy. Cooperation between EU and Central Asia on energy issues is broad. In addition to diversification of energy supply and export routes, it includes promoting the sustainable development of energy resources, energy efficiency, the exchange of know-how, and the actual development and use of new energy sources, especially of renewable energies, which are important for all five Central Asian countries.

Some Central Asian countries are potentially important participants in the Southern Corridor, which would provide a direct energy supply route from the Caspian Sea region to the EU. This creates not only opportunities for diversification and new suppliers, but also benefits for competition. Their commitment is clear as demonstrated by the participation of senior representatives in the Southern Corridor Summit in Prague in May 2009. This Summit provided strong political support and concrete commitments for the development of the Southern Corridor, including a trans-Caspian link. It has also been followed by concrete steps, including the Intergovernmental Agreement on Nabucco signed in July 2009, which has now been ratified by all partner countries, and the ongoing study on the “Caspian Development Corporation” (CDC). This would provide a mechanism for the purchase of gas from new sources of supply at volumes which would make it worthwhile for the producing countries to make a strategic choice to supply Europe.

The CDC may substantially improve the business case for pipelines in the Southern Gas Corridor. At the same time the EU has stepped up efforts in the region, including high-level engagement such as Commissioner Oettinger's recent visit to Turkmenistan and Azerbaijan. In accordance with the declaration from the May 2009 Prague Summit, the EU will continue this high-level contact and work in close consultation with interested third countries in order to make the Southern Corridor a reality.

Transport

Cooperation also covers the area of transport, focusing on policy reform (air and maritime transport, safety issues) and one major corridor priority: the South East pan-European Corridor through the Caspian Sea. This cooperation is supported by the Transport Corridor Europe Caucasus Asia (TRACECA) programme. Central Asian countries are fully engaged within the TRACECA framework aiming to identify the list of priority infrastructure projects for the corridor by the end of 2010.

Although some Central Asian countries attach relatively more importance to north-bound transit routes, the maritime corridor across the Caspian supported by TRACECA remains of major importance. Cross-Caspian routes are rapidly gaining significance as greater quantities of oil become available for shipping. The expansion and modernization of the ports in Aktau and Turkmenbashi, supported by TRACECA, is therefore important. TRACECA also foresees further support to the existing structures of the so-called Tehran convention, which aims at the overall improvement of the maritime environment in the Caspian Sea. TRACECA cooperation has helped modernize and strengthen links between, for example, the ports of Baku, Turkmenbashi, and Aktau.

Members of the Central Asia Regional Economic programme (CAREC)¹ supported by the Asian Development Bank (ADB) have launched major transport projects in the region, promoting various corridors across the region, one of which matches the TRACECA corridor, thereby creating scope for closer cooperation and coordination with CAREC.

Air and maritime transport is becoming increasingly important and TRACECA is providing capacity building to civil aviation authorities in order to improve transport safety and develop regulatory frameworks in line with European safety and security regulations.

Aviation safety remains an issue of concern for carriers from some Central Asian countries. Further efforts are needed to ensure that operational restrictions on their access to EU airspace are lifted.

¹ Kazakhstan, Kyrgyzstan, Tajikistan, Uzbekistan, Afghanistan, Azerbaijan, China and Mongolia.

Restoring a sound legal basis for bilateral air services is essential to enhance aviation relations between the EU and Central Asia. Urgent progress in this respect is necessary in some cases. The signing of Horizontal Air Services Agreements would restore legal certainty and increase the scope for stronger relations in the field of air transport.

Environment and water

Central Asia faces major ecological challenges and is directly affected by climate change. Water availability is a key strategic issue. Fostering environmental protection and better management of water resources in the region has thus been one of the key objectives as Strategy implementation has proceeded.

Tensions between upstream countries, relying increasingly on hydro-power for energy during winter, and downstream countries, fearing a resulting lack of water during the summer periods for irrigation, present a major regional challenge and a challenge for the EU in terms of developing cooperation with and within the region. It requires the EU to intensify efforts to explore the best ways of promoting sustainable regional cooperation with all interested parties and organisations, seeking solutions that satisfy the needs of both upstream and downstream countries.

The Third EU-Central Asia High Level Conference on the environment in November 2009 in Rome agreed on a “Platform for Environment and Water Cooperation”, which should intensify cooperation on water in the existing working group and will set up a new group to tackle environmental integration and climate change. Italy is acting as ‘lead coordinator’ with Commission support and several Member States have stepped up their environmental activities with Central Asia. Romania, as chair of the Working Group for Eastern European, Caucasus and Central Asia (EECCA) under the EU Water Initiative, has further promoted the implementation this component in Central Asia. Germany allocated more than € 15 million to the "Berlin Process" on trans-boundary water management in Central Asia, which is implemented in close coordination with projects of the European Commission and other donor organisations.

Kyrgyzstan is the first Central Asian country to implement a National Water Policy Dialogue under the EU Water Initiative in order to promote the water-related Millennium Development Goals and the Integrated Water Resource Management (IWRM) network targets.

The National Policy Dialogues develop “Policy packages” with activities that pay particular attention to policy reforms towards sustainable water management and financing of water supply and sanitation infrastructure developments, including conservation of the environment, water as a polluted natural resource, strengthening regulatory services, and institutional frameworks.

Similar dialogues are under preparation with Tajikistan and Turkmenistan and the hope is that other countries in the region could benefit as well. The importance of dealing with water conservation issues, including through the modernization of irrigation methods, is increasingly well understood and offers scope for greater cooperation with the EU.

Other important EU regional environmental projects under implementation aim to encourage – and provide instruments and technical, legal, institutional advice for - an integrated approach to water resource management, and to promote trans-boundary dialogue on water management. These projects focus on water issues that build on consensus among the five Central Asia states, touching on water governance, trans-border water cooperation and forest conservation.

Central Asia is a region where the negative impact of climate change is potentially catastrophic. Climate change is a priority issue in EU external relations and has been agreed with Central Asian countries as a key area for cooperation over the years to come. One programme has been launched to facilitate the use of Kyoto Protocol-related investment schemes and support the formulation of climate change mitigation and adaptation strategies.

Under the DIPECHO programme¹ the European Commission is assisting the countries of the region to promote and build a culture of safety by better preparing local communities and authorities to deal with disasters. This is done in line with the UN Hyogo Framework for Action.

¹ Disaster Preparedness programme of DG ECHO (European Commission’s humanitarian aid department - ECHO).

The activation of the mandate of the European Investment Bank (EIB) covering Central Asia is of particular importance for environmental and water issues. The European Commission has set up a new investment facility for grant financing – the Investment Facility for Central Asia (IFCA) - in order to support the mobilization of financial resources from European development banks.

Common threats and challenges

Cooperation in the area of security is of growing importance in EU-Central Asia relations as underlined in the Joint Statement issued at the EU-Central Asia Forum on security in Paris in September 2008 and reconfirmed by the following Forum in Brussels in September 2009 under the Swedish EU Presidency.

Developments over the past years in Afghanistan and the wider region have confirmed the increased significance of security issues. The EU and Central Asian countries share a common interest in tackling these and the destabilizing effects they can have both in the EU and Central Asia. These challenges need to be addressed with renewed vigour, taking into account the broader context of EU-Central Asia relations.

The EU is heavily engaged in Central Asia as one of the leading donors in the area of border management and combating drug trafficking with its BOMCA programme (Border Management in Central Asia) and CADAP (Central Asia Drug Action Programme) to which more than €45 million have been committed so far. The implementation of these programmes has proceeded well and has made a significant contribution to building modern border infrastructure in order to help provide border security as well as to facilitate licit border traffic and thereby promote regional cooperation and trade. The introduction of European-style integrated border management practices remains a key objective. A consortium of EU Member States will implement the latest CADAP programme, an important new dimension making direct use EU Member State experience and giving increased EU visibility to the programme.

EU and Central Asian Foreign Ministers agreed on an update of the EU-Central Asia Drug Action Plan at the Ministerial meeting in Dushanbe in May 2009. This provides the overall framework for cooperation in the fight against drug trafficking and the prevention of drug use. The plan updates the policy orientations that are at the core of the reform processes in the region and the EU-Central Asia cooperation agenda, and is supported by the various technical assistance programmes under implementation. Given that the region remains a significant corridor for drug trafficking, the prevention of drug use in Central Asian countries has become an increasingly important aspect of EU assistance programmes while the increased production of drugs in the region has made the issue of precursor trafficking a crucial one to address.

The importance of close coordination and cooperation between the various actors active in the area of border management and combating drug trafficking in Central Asia has been underlined regularly and was given particular emphasis at the ministerial conference in Dushanbe on 22 October 2008. This meeting, jointly organized by the EU, OSCE and UNODC benefited also from US, Russian, Chinese, Japanese and Iranian participation, focusing on integrated border management. The final document, which remains so far the best reference point in the region on the subject, confirmed that the Central Asia Border Security Initiative (CABSI) should be the main framework for coordination. The successful CABSI meeting held in Tashkent in autumn 2009 confirmed these orientations. The National Border Strategy and Implementation Plan adopted by Tajikistan on 29 April 2010 provides a useful point of reference for future cooperation and coordination.

An important development in the region has been the establishment of the Central Asia Regional Information and Coordination Centre (CARICC) for combating the illicit trafficking of narcotic drugs, psychotropic substances and their precursors. It has become operational with the support of several EU Member States and EU efforts to establish secure links with Interpol. EU support for CARICC will continue as the centre takes on a more operational role.

Further to these regional activities, the EU, under the Instrument for Stability, is supporting trans-regional cooperation against organized crime on heroin routes by contributing notably to reinforcing the Drugs Control Coordination Unit (DCCU) under the Economic Cooperation Organisation (ECO) and cross border cooperation between the ten ECO member States.

However, threats related to illicit trafficking in the region are not limited to drugs or human beings and the EU has therefore also become engaged in strengthening bio-safety and bio-security capabilities in Central Asian countries through the International Science and Technology Centre (ISTC) with a € 4.5 million project under implementation. Similarly the EU, under the Instrument for Stability, is working with countries in the region to combat illicit trafficking of nuclear and radioactive materials across borders with Afghanistan.

Together with the International Atomic Energy Agency (IAEA), the EU is discussing with the Central Asian countries the scope of co-operation with their nuclear safety authorities in the framework of the Instrument on Nuclear Safety Co-operation, and has prepared an assessment of the uranium tailing hazards in order to mobilize EU and international support for remediation.

Problems posed by landmines and explosive remnants generally remain to be addressed within the Central Asian region. Contamination tends to have a disproportionate impact in rural and remote areas, presents an obstacle to agricultural and infrastructure development, and continues to pose major risks to the civilian population. Moreover, minefield contamination in border areas creates a persistent threat to the stability and security of the region.

The fragile situation in Afghanistan, including notably in the northern part of the country bordering three of the five Central Asian countries, has increased the potential spillover of extremism from Afghanistan into Central Asia. Cooperation on combating terrorism and extremism has thus gained renewed importance. As part of this effort the EU will engage with the newly established UN Preventive Diplomacy Centre based in Ashgabat on the implementation of the four pillars of the UN Global Counter-Terrorism Strategy in Central Asia.

It bears repeating that the prevention of extremism and radicalization necessitates economic and social opportunities for those who are potentially radicalized. Poverty alleviation programmes therefore remain key tools notably as the global economic and financial crisis has taken its toll as contributing preventive measures, and the EU is committed to continued substantive support in this area.

Kazakhstan's Chairmanship of the OSCE in 2010 has provided an opportunity to draw to the attention of the wider international community the security challenges in Central Asia and the wider region, such as transnational threats, combating terrorism and trafficking of various sorts, as well as border security and management.

Intercultural dialogue

The Strategy includes the important subject of intercultural dialogue, rooted in a long history, as a great potential for nurturing the long-term partnership between the EU and Central Asia. The first three years of Strategy implementation have demonstrated the importance of this aspect and contributed to promoting better mutual understanding through the various cooperation activities and the regional initiatives, especially in the areas of education, rule of law and the environment. Further reflection is needed on how to develop our engagement on this cross-cutting issue in all areas of the Strategy.

Strategic outlook and next steps in implementation

The EU Central Asia Strategy has led to increased activities and intensified relations between the European Union and Central Asia. Nevertheless, the review has also shown that there is still a long way to go in order to see the full implementation of the strategy. More work is needed on the definition of our interests and priorities, the visibility of EU activities, and the coordination within the EU as well as with other actors.

Definition of interests and priorities

- It is necessary to develop further the definition of the key EU interests, means and constraints in the quickly evolving regional context as well as ensuing priorities and expectations.

Visibility

- The visibility of EU actions in Central Asia as well as the understanding of the EU as such in the region is unfortunately still limited. This is due, in part, to the continued absence of EU Delegations in all five countries and the need to develop a real EU communication strategy for the region. High level visits by EU and Member State officials to the countries of the region play an important role in contributing to increased visibility for the EU and its relations with the region.

Coordination

- When it comes to EU activity in Central Asia, coordination within the EU (EU institutions - Member States and between the EU institutions), has improved, notably in key areas such as education, the rule of law and the environment, but there is a need to step up coordination across the board to cover all areas of the strategy in a comprehensive manner. This should include sharing experiences and lessons learned from projects implemented in the region.
- The EU also needs to pay attention to the continued scope for improvement of coordination with international organisations, avoiding duplication of efforts and targeting limited resources better. Throughout 2008-2010 encouraging steps have been taken to deepen coordination with international organisations active in Central Asia. In order to guarantee sustainability and efficiency, coordination should continue on a regular basis from the political level in headquarters to the implementing structures on the ground.

The Strategy defined seven key areas of engagement and led to the establishment of three regional initiatives. All areas of the strategy remain important but greater emphasis is needed in key areas that have emerged as major challenges:

Human rights, rule of law, and democracy

- The human rights dialogues have become established and will need to be consolidated further. Greater attention will need to be paid to the promotion, protection and implementation of human rights across the board as part of the broader reform process undertaken in the region and to promote stability, development and future growth potentials. Given the recent events in Kyrgyzstan, ensuring rule of law in the process of transition to a new legitimate government and ensuring the development of a new constitution are tasks the EU is ready to support, in close coordination with other international actors such as the Venice Commission of the Council of Europe.

Security

- Security aspects have become more important and cooperation should be intensified and deepened, building on the results of the EU-Central Asia Forum on security in Paris and the EU-Central Asia ministerial meetings. The shift of power in Kyrgyzstan is yet to reveal the full scope of its impact on Central Asian security. It will be necessary to expand the concept of security to include major international and regional challenges such as human security, combating drug trafficking and trafficking in human beings, precursors, nuclear and radioactive materials, uranium tailings, border management, bio-safety, bio-security, combating terrorism and preventing radicalization and extremism, including via a continued emphasis on poverty alleviation. Combating corruption is an important element in countering many of these security challenges. EU mine action engagement needs to be pursued with a view to promoting the UN Conventions on humanitarian disarmament, supporting national capacity and regional initiatives, and providing assistance to victims and affected communities.

Water and Energy Security

- The political dialogue on the water/energy nexus is evolving well, backed-up by practical cooperation projects. However, tensions between upstream and downstream countries over the construction of new hydropower facilities continue. EU involvement has been requested. Therefore, there is need but also scope for considering next steps for the EU to contribute to medium and long-term agreements between the countries in this area. The joint document agreed at the High Level Meeting in Rome in November 2009 shows the commitment of both Central Asian countries and the EU to step up cooperation on these issues and provides the basis for further engagement.
- To enhance the mutual energy security of Central Asia and the EU, there is a need to give an additional political impetus and firm support to the projects designed to enable the export of Central Asian gas through the Southern Corridor. This may require additional financial support. Regular visits by Commissioners as well as high-level energy representatives from the EU Member States to the region should be promoted. At the same time, practical cooperation in the fields of energy efficiency and renewable energy should be further developed to promote the EU's industrial and technological capacity in the region. The exchange of knowhow and regulatory capacity building based on the EU's experience should also be pursued.

Afghanistan

- Afghanistan is a security issue of particular common concern and there is scope for more focused dialogue and cooperation between Central Asian countries and the EU in support of international efforts to promote stabilization and eventual economic and social development, including via regional cooperation. There is a need to integrate the growing link between Central Asia and the wider region into EU-Central Asian cooperation. The prevention of extremism and counter-terrorism cooperation are important elements in this respect. Areas that impact on the security of the region, such as water management, cross-border trade and transport, can also be taken into consideration.

As the impact of the economic and financial crisis has shown, with the return of workers and the resulting loss of remittances, migration is a key challenge for the region. The EU has experience to share, building on current cooperation projects implemented in the region and elsewhere.

Strengthening EU engagement in these fields and full implementation of the EU-Central Asia Strategy requires increased and stable funding. This calls for increased financial commitments by Member States and European financial institutions.

Conclusion

There have been generally positive developments in terms of Strategy implementation. The EU is engaged in Central Asia as never before. But it will be essential to keep up momentum and to give greater impact and greater visibility to EU actions in the region, including through further direct involvement of EU Member States. The early active involvement of several Member States has set a good example.

The opening of additional EU Delegations in Kyrgyzstan and Tajikistan is a positive development and will help increase the visibility and impact of EU cooperation activities in these countries. It is essential now to ensure the opening of Delegations in Uzbekistan and Turkmenistan as soon as possible. Moreover, and notably as the European External Action Service is established and EU Delegations take on additional functions, it is absolutely necessary to ensure that Delegations in the region are sufficiently staffed to carry out all responsibilities in full.

The improved coordination between EU Member States and the Commission established during the Strategy's implementation is a positive aspect and needs to be maintained, but more work is required to ensure continuous improvement, including also with and between national agencies responsible for development assistance.

The assistance of EU Member States and the European Commission support the overall objectives of the Strategy for Central Asia. A mid-term review of the Commission's assistance to Central Asia was completed early 2010 and confirmed the priority orientations while at the same time sharpening the programmes at bilateral and regional level in line with the request of Central Asian partners.

In order to ensure the strategy's continued successful implementation, the EU will step up its efforts to increase visibility and coordination and strengthen its bilateral and regional engagement in priority areas. It will continue to redefine and adapt its strategies and means to the changing situation in each Central Asian country and in the region as a whole.