

THE EU STRATEGY IN CENTRAL ASIA: SUCCESSSES AND FAILURES

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The European Union, one of the world's most successful integration projects, is inevitably analyzed by every expert who probes deep into the international trends of our time.

The union of 27 countries, with a population of about 480 million who produce about 28% of the world's GDP, has certain interests in

Central Asia even though the EU's geopolitical status has not yet been fully developed. The EU wants to see stable and democratic regimes with market economies in Central Asia that are guided by Western values and standards. This will reduce the region's conflict potential and its criminological impact on the EU in the form of

drug trafficking and illegal migration and improve the conditions in which European companies are functioning in the local economies and the energy sector.

To achieve this, the European structures use various instruments ranging from the TACIS and TEMPUS programs of technical assistance designed to promote structural and institutional reforms in the economic and legislation spheres, as well as in state administration and education, to the TRACECA and INOGATE programs of transportation infrastructure modernization and political support of the human rights organizations.

Energy is the central issue of the EU's economic interests in the Central Asian countries for the simple reason that political instability in the Middle Eastern countries, so far the main suppliers of energy resources to Europe, will obviously persist, at least in the mid-term perspective, while Europe's oil reserves will be exhausted in the next 15 to 20 years. This will make the Caspian one of the key fuel suppliers; in fact, a developed network of main pipelines and transportation infrastructure, together with integration of the energy systems of the EU and Cen-

tral Asian countries, will improve the system of Eurasian communications.

Europe's stronger position in Central Asia could balance American and Russian political influence in the region and promote closer economic relations. The EU is one of the largest customers of the Central Asian countries outside the CIS, while unified energy systems will guarantee energy exporters a stable market in the mid-term perspective.

The EU's successful integration experience is another important instrument of its political and cultural impact on other countries and regions, which made its integration patterns highly attractive outside Europe. Africa, Latin America, and the APR followed the EU models of inter-state economic and political integration more or less successfully.

Many states remain interested in the integration initiatives: Kazakhstan, in particular, betrays a lot of interest in some of the conceptual ideas, with the aim of overcoming the still existing contradictions for the sake of closer economic cooperation with its Central Asian neighbors and within the EurAsEC.

Impact of Domestic Political Factors on Foreign Policy

Institutional Development Trends in the EU

The failure of the EU constitution in France and the Netherlands in May and June 2005 and the torturous process of budget discussions ended in a crisis. A split in the EU became obvious; the two camps have different ideas about the alliance's future:

- Britain, Northern Europe, the Netherlands, and Eastern Europe want to see the EU as an economic alliance based on shared liberal economic principles.
- France, Germany, and Luxembourg want a stronger political component, wider powers for the supranational structures, and large-scale centralized redistribution of resources in the form of subsidies designed to unify the economic contexts in different countries.¹

¹ See: F. Lukianov, "Evropa vydokhlas," *Vremia novostey*, 20 June, 2005 available at [<http://www.vremya.ru/2005/107/5/127868.html>].

Britain refused to conduct a referendum on the constitution, while France and Germany want the ratification process to go on.

The East European EU members cannot agree on the issue either: the Czech Republic is on the British side, while Latvia, Estonia, and Poland support France and Germany in the hope of becoming part of the European core.

There is the opinion that the crisis was caused by the fact that the alliance's eastward expansion cost the EU its global development aims, while the European politicians proved unable to offer other strategic landmarks either in the economic or in the political fields.²

The deepening crisis of the EU institutions might worsen the already existing contradictions and the already obvious split into two camps: the countries that regard Europe as a liberal economic alliance, on the one side, and the countries that regard Europe as a political project rooted in European values and traditions, on the other.

The budget crisis and the negative attitude of the European voters to the new members casts doubts on the EU's further expansion; however, Bulgaria and Rumania did join it in 2007 as planned.

Today, future expansion looks vague. It will take Turkey and the Balkan countries some 10 to 15 years to join the EU, while EU membership for Ukraine and Georgia is possible in the mid-term perspective. Charles Jenkins, Regional Director for Western Europe, Economist Intelligence Unit, has pointed out that rejection of the European constitution was mainly due to the negative image of the new members responsible for much stiffer competition on the labor and investment markets.

"Privileged partnership" is one of the possible solutions, which presupposes economic integration without political or economic rights of the full members (privileged partners will be excluded from decision-making, while labor migration will be limited). Many of the European experts believe that future candidates should be offered this status, Turkey among them.

At the same time, European politicians realize that there is no other force on nearby territory capable of shouldering comparable responsibility. This explains why the EU regards expansion of its sphere of influence as one of its foreign policy aims. Without a common army and with a still fairly ineffective common foreign policy, the EU relies on its economic and cultural attractiveness as foreign policy tools.

The Balkans present the most serious problem. The EU June 2003 summit in Thessaloniki promised EU membership to the local countries if they prove able to cope with their domestic troubles and fit the "Copenhagen criteria."

The Balkan countries need EU membership for economic and constitutional reasons. The Central European and Baltic countries that joined the union a year ago felt the benevolent influence of future membership in the juridical and state development spheres, to say nothing of the economy. The old EU members (especially those bordering on the new members) also profited to a certain extent. The positive impact, however, was too limited to affect the entire structure.

If the expansion process slows down, or if it is revised, the EU will prove unable to retain its important role in the security sphere. This will create a vacuum and add weight to the United States not only in the Balkans, but to an even greater extent in Turkey and Ukraine; its influence may spread to EU territory. The weak EU institutions might cause a lot of political trouble for the European countries and the United States as the EU's key partner. Instead of using the EU's resources when dealing with global problems, America will have to spend its own resources to sort out European problems.

² See: T. Bordachev, "Evrosioiuz: krizis doveria i razvitiia," Fond "Liberal'naia missia," available at [<http://www.liberal.ru/libcom.asp?Num=176>].

EU Ideas about the Security Threats

The European Security Strategy (ESS) adopted in December 2003 outlines the EU's new approaches to world security.³

The document points to America's decisive contribution to European security and describes U.S.-EU cooperation in this sphere as a guarantee of EU security.

European experts are convinced that large-scale military aggression against the EU is next to impossible; in the near future Europe will have to cope with several new security challenges:

- Dependence on energy resources delivered from the Gulf, Russia, and North Africa;
- Terrorism linked to violent religious extremism;
- Proliferation of WMD (biological weapons and missile technologies);
- Regional and domestic conflicts in all corners of the world; civil wars and collapse of state institutions in Somalia, Liberia, and Afghanistan;
- Organized crime and related threats: drug and weapon trafficking and illegal migration.

As distinct from the Cold War threats, none of the new threats is of a purely military nature; none of them can be eliminated by force of arms. They call for comprehensive political and economic pressure, as well as intelligence, police, and legal instruments.

Expansion adds security to the EU; by the same token, the alliance is brought closer to the crisis regions. This means that the EU needs a belt of democratic and prospering states in the East.

The European Union has concentrated on several key regional problems beyond its territory, but which are extremely important for its own security:

- Extended involvement in the Southern Caucasus;
- Settlement efforts in the Arab-Israeli conflict;
- More active relations with the Arab world.

The expert community has repeatedly pointed out that the EU should seek a greater role in world politics. With a common defense budget of 160 billion Euros, EU members can and should be ready to be involved in several synchronous operations. They should not so much tidy things up after a crisis as try to prevent crises in the first place. The EU leaders are convinced that crisis prevention may help to avoid conflicts.

Experts believe that the EU should build up its diplomatic potential and integrate the systems and resources of its members into the EU's common structures. The same should be done in relation to NATO. I have in mind the Berlin Plus agreement that allows the EU to draw on some of NATO's military assets in its peacekeeping operations. The two structures are obviously drifting closer, thus strengthening trans-Atlantic contacts.

Why It Is Hard to Achieve a Single Foreign Policy

- *The strongest EU members prefer to follow their own foreign policy lines; the European integration institutions are listened to, but not obeyed.*

³ See: European Security Strategy "A Secure Europe in a Better World," 12 December, 2003, available at [<http://ue.eu.int/uedocs/cmsUpload/78367.pdf>].

The deep disagreements over the U.S. and U.K. policies in Iraq (2003-2004) revealed that in the foreign policy sphere the EU had not yet become a single whole. The key EU foreign policy official, the High Representative of the EU for the Common Foreign & Security Policy (CFSP)—Secretary General of the EU Council—is a coordinator with essentially no power.

- *The ineffective and complicated process of decision-making, which requires coordinating the opinions of 27 EU members.*

The EU is administered by a great number of supra-national institutions (the European Union, the EU Committee of Ministers, and the European Commission) with interests of their own, which in many respects differ from those of the largest and most influential members. On the one hand, the national governments prefer to act cautiously when transferring their foreign policy power to supra-national structures; while on the other, the countries disagree on many foreign policy issues and specific international problems.

While France and Germany, the countries that started European integration, are more concerned with closer cooperation in international relations, the U.K., Denmark, and the Netherlands are less enthusiastic. They, and the neutral members (Ireland, Austria, Sweden, and Finland), are even more cautious about the projects of relatively greater EU autonomy in the defense and security spheres. They are convinced that if realized they might cripple the EU alliance with the United States. The members drifted even further apart when, in 2004, the EU welcomed new members, which are even more willing to side with Washington rather than with Paris or Berlin when it comes to their security. In military matters, the Central and East European countries look to NATO rather than to the EU.⁴

- *To a great extent the EU's foreign policy potential is limited by contradictions between the members and the supranational institutions.*

They crop up in the foreign policy sphere as a reflection of national foreign policy stands and in the agenda related to changes inside the EU. Budget support of common foreign policy is another controversial issue.

According to certain experts, demographic dynamics in the European countries is a factor that interferes with foreign policy decision-making in the EU as a whole. The number of Muslim immigrants from the Middle East is growing at a fast pace: the West European states depend for their continued prosperity on cheap labor from the Islamic world, which means that the immigration laws cannot be tightened.

Muslim immigrants live in closely-knit communities in German, French, and British cities; those who have obtained European citizenship remain loyal to their homeland, with which they maintain close ties, and to the Islamic world as a whole. Over time, the communities that enjoy financial support from their wealthier members, who are integrated into the political and economic elite of the host countries, gain more weight. They are strong enough to influence election results and lobby their interests in the corridors of power. This explains the negative response of the more developed EU members to any threat of worsened relations with any Islamic country or organization.⁵

- *The EU countries are doing their best to play an important role in international relations; they prefer diplomatic tools and indirect methods, particularly registering human rights violations. Its leadership in the human rights sphere allows the EU to put pressure on other countries.*

⁴ See: M. Troitskiy, "Evropeyskiy soiuz v mirovoy politike," *Mezhdunarodnye protsessy*, available at [<http://www.intertrends.ru/five/004.htm>].

⁵ *Ibidem*.

The EU's successful integration experience is used as an effective tool of cultural and intellectual impact on other countries and regions. This added popularity to the European integration patterns outside Europe. Africa, Latin America, and the APR followed in the EU footsteps in the economic and partly political spheres with different degrees of effectiveness. The North American Free Trade Association was a response to mounting European competition.

Those countries that are interested in integration initiatives are attracted by the EU integration experience. Kazakhstan, in particular, found interesting some of the conceptual ideas about how to overcome contradictions in order to move forward toward closer integration with the EurAsEC and the Single Economic Expanse in particular.

The EU is fairly influential in the WTO; it is actively using its procedures to resolve trade disagreements within this organization and to protect its interests when dealing with the United States. The Europeans never miss a chance to oppose discriminatory measures, Washington's favorite tool, as contradicting the WTO norms and rules. As the world's largest trade bloc, the EU controls 27 votes within the WTO, which gives it huge advantages.

Despite its vast organizational potential and its size, the EU avoids using force and prefers other methods when it comes to regulating international relations.

This is explained by the fact that the EU is not a "full-fledged" entity of international policy. It is a large and influential actor on the world political scene, which has not yet become a super-state, but has every chance of becoming one.

The EU's military structures are too weak to allow it to realize its ambitions as an international leader outside its cooperation with the United States and NATO. In fact, the EU leadership's potential is crippled by the different strategic cultures of the U.S. and Western Europe. Protected by the United States, the EU developed a taste for peaceful settlement of international conflicts, the limited use of force in international relations, multisided diplomacy, international law, and economic influence.⁶

Energy and Oil-and-Gas Cooperation between the EU and Central Asian Countries

In the mid-term perspective, oil and petroleum products will obviously retain their dominant role in the world economy. Energy security and development of the centers of world economy are largely determined by the availability of reliable energy sources. It should be added that while the developed countries consume the largest volumes of oil, it is extracted in a relatively small group of developing countries and countries with transition economies.

The EU, as one of the largest energy consumers, needs to keep its economy going, which increases its dependence on energy resources.

Today, most of the energy resources consumed come from the Persian Gulf; the structure of the EU's energy imports cannot be described as diversified (Fig. 1): the bulk of energy resources consumed in the EU members comes from OPEC members, mainly those found in the politically unstable Persian Gulf; two of them—Iran and Libya—are accused of supporting international terrorism.

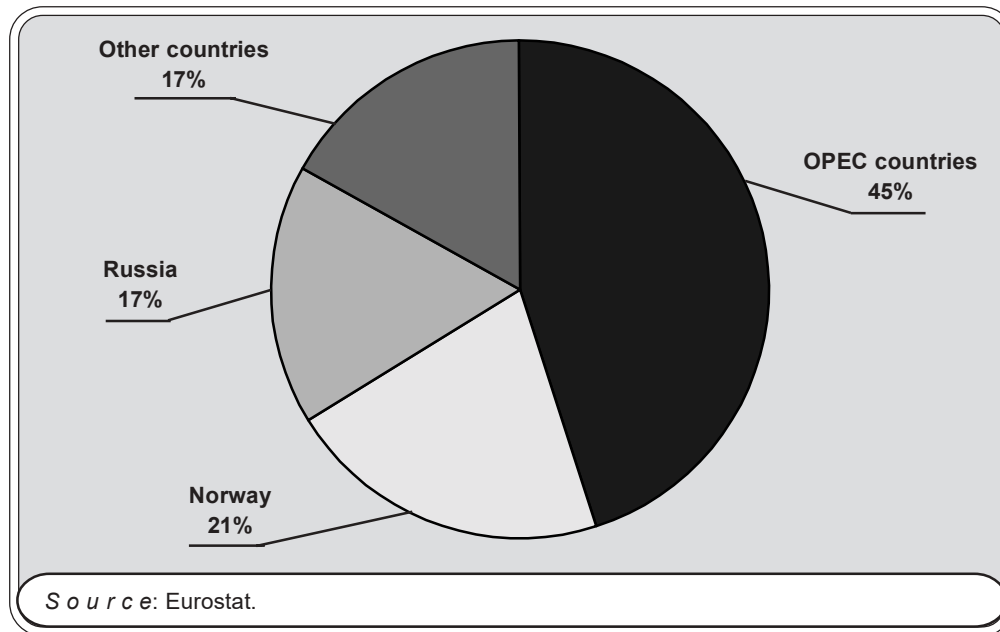
Each domestic or foreign policy crisis endangers the delivery of energy resources to the EU.

Being aware of this, the EU leaders are working toward diversifying its energy sources to avoid dependence on any region or group of countries. The Single Energy Policy program will extend cooperation among the EU members to the energy sphere.

⁶ See: M. Troitskiy, "Evropeyskiy soiz v mirovoy politike," *Mezhdunarodnye protsessy*, available at [<http://www.intertrends.ru/five/004.htm>].

Figure 1

Structure of EU Oil Import in 2005



The unbalanced structure of oil import is not the only EU headache: the North Sea oil fields (in Britain and Norway) are on the decline. Today they supply only 20% of energy resources used by the EU.

The Caspian energy resources cannot compete with the Gulf reserves and will not completely replace Gulf oil; yet the Caspian is one of the world's richest regions; its energy reserves are the largest among those discovered in the last few decades. Its geographic location will make it a possible answer to the diversification problem.

The high quality of Caspian oil and the relatively low cost of prospecting and extraction are increasing the interest in the region and its resources.

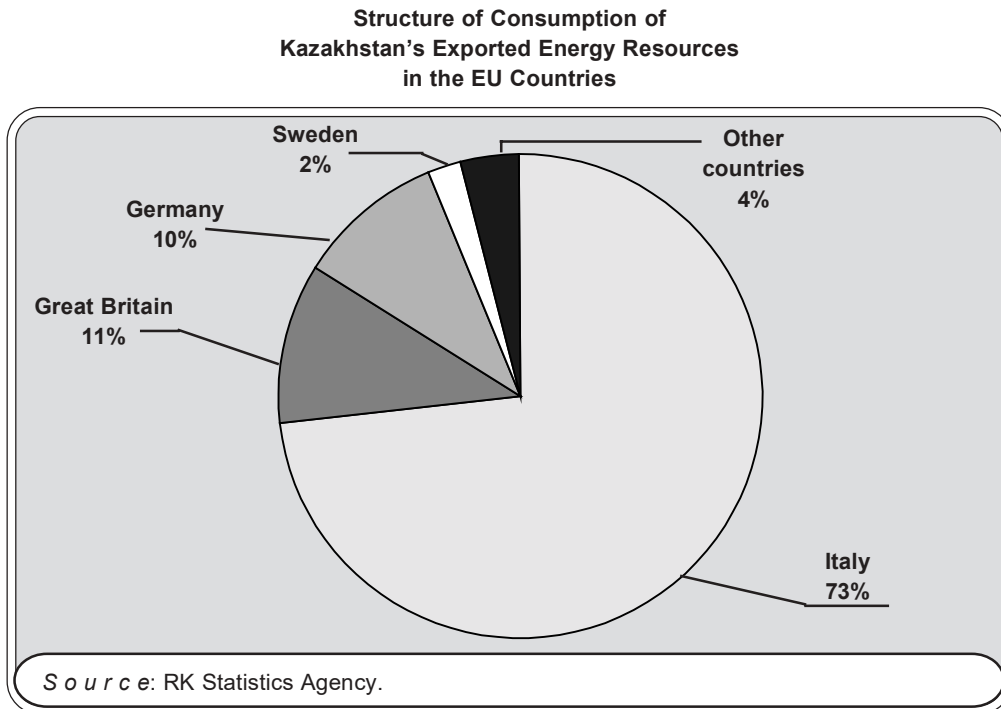
Under the already existing projects, oil will be transported through the functioning pipelines—the Druzhba oil pipeline to oil refineries in the Czech Republic and Germany. This network will be extended to bring more oil to Germany and Austria and to the German North Sea ports.

Today, practically all the largest European oil and gas companies are working in the Caspian—Shell (the Netherlands), TotalFinaElf and Schlumberger (France), ENI and Agip (Italy), British Petroleum and Lasmo (Britain), REPSOL (Spain), Wintershall (Germany), Petrom (Rumania), and Statoil (Norway). According to different sources, they control up to 60% of oil production because only Western corporations are rich enough to invest in the production and transportation infrastructure in the first place.

Italy is the main consumer of Kazakhstan's energy resources among the EU members: it consumes about 70% of the total volume of export to the EU (Fig. 2).

The EU should obviously try to diversify its oil imports; today it buys about 20% of the oil and gas produced in Kazakhstan. European oil companies are involved in all the largest projects in the Republic of Kazakhstan, such as Karachaganak, KPC, and the development of energy resources in the northern Caspian.

Figure 2



The European Union is involved in energy projects in other Central Asian countries: the development of gas fields in Turkmenistan in particular: Lasmo of Britain works on the Burun gas field; TotalFinaElf, British Petroleum, Shell, and Statoil are involved in developing large fields (Gunashli, Chirag-Azeri, Shakh Deniz, and Serdar (Kiapaz) in the Azeri and Turkmenian sectors of the Caspian.

Trade and Investments

The EU is one of the largest trade partners of the Republic of Kazakhstan. According to the preliminary estimates for 2006, the EU's share in the republic's trade turnover was 26% of export and 17.9% of import. In 2004, the EU was the main importer of Kazakhstan's products; its share (26%) was higher than Russia's (14.7%) (Fig. 3).

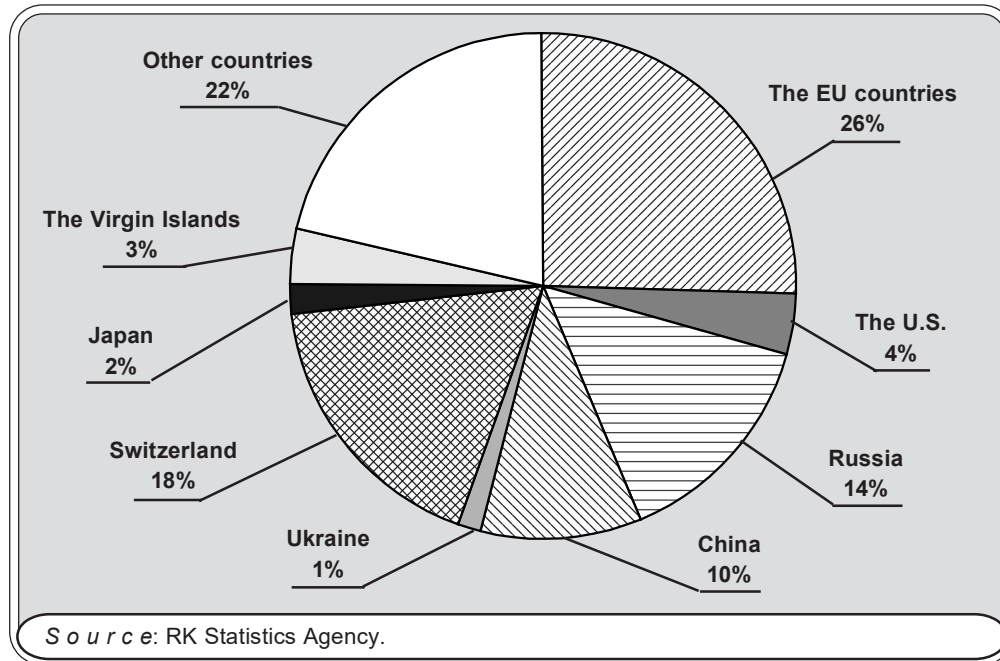
The EU countries export raw materials (oil and oil products, ferrous and non-ferrous metals) from Kazakhstan, which account for about 90% of Kazakhstan's export to the EU.

Access to the European steel market and revision of the EU protectionist measures in relation to the steel produced in Kazakhstan are still pending issues.

Kazakhstan imports processed and high tech goods: machinery, equipment, and transportation means. Kazakhstan's import is much more diversified than its export; the volume of import from the EU countries is increasing.

Figure 3

Kazakhstan's Export Structure in 2004



EU Political Interests in Central Asia

As a structure politically involved in Central Asia, the EU is extending its political influence in the region.

The Strategy Paper 2002-2006 for Central Asia⁷ outlines the EU's main political aims in the region. The document describes the EU as one among several players on the regional scene with the strong interest in promoting the region's peaceful and sustainable development; it is prepared to assist the Central Asian countries in their pursuit of sustainable economic development and poverty reduction.

The document points out that close economic integration among the local countries, or removal of trade barriers in relations with the world centers, would take time and require the concerted efforts of several countries.

The EU and Central Asia: Strategy Paper 2002-2006 describes several tasks, the fulfillment of which will extend EU political influence in Central Asia:

■ To Promote Security and Conflict Prevention

The EU has a strong interest in preventing Central Asia from becoming a zone of conflict, a haven for terrorism or a major provider of terrorist financing.

⁷ EU Strategy Paper 2002-2006 & Indicative Program 2002-2004 for Central Asia, available at [http://ec.europa.eu/comm/external_relations/ceeca/rsp2/02_06_en.pdf].

Central Asia is the main transit route to Europe for drugs produced in Afghanistan, and a major source of trafficking in small arms and human beings. Nuclear safety and environmental security are also of concern.

The EU will also provide assistance to the region in accordance with its decision to assist third countries to implement U.N. Security Council Resolution 1373 against terrorism.

■ **To Eliminate Sources of Political and Social Tension**

The European experts are convinced that promoting democracy, human rights and reducing poverty are the only means to ensure long-term stability in the region. In view of the above, the EU will support reforms aimed at establishing good governance, the rule of law, functioning civil societies, respect for fundamental freedoms and other OSCE values.

At the same time, the EU will work to reduce poverty in the framework of national Poverty Reduction Program and social inequality, targeting the most vulnerable, improve access to education, health services and to establish adequate social safety nets.

■ **To Improve the Climate for Trade and Investment**

The creation of open, rule-based market economies, attracting revenue from trade and FDI is a precondition for economic growth and improved standards of living in Central Asia.

As a large provider of investments, services and equipment, the EU already has sizeable economic interests in Central Asia. The EU will therefore work to promote further legal, institutional, administrative and structural reforms, aimed at supporting sustainable economic transition, which is a prerequisite for poverty reduction.

Late in March 2007, the EU Troika met in Astana and negotiated with the foreign ministers of the Central Asian countries. It was decided that the next meeting would discuss the EU's new regional strategy for the short-term perspective.

The European political community is convinced that stable democratic secular regimes in Central Asia and the Southern Caucasus will help to create a security belt of sorts to protect Europe against the unstable Islamic regions. There is apprehension in the EU expert community that radical Islam, as well as clandestine Islamic religious organizations are infiltrating Europe through numerous Arab, Turkish, and other Muslim diasporas in the EU countries.

In their research papers and recommendations, European experts insist that the deliberations about the rivalry in Central Asia are exaggerated to some extent. The Western world, they state, wants nothing more than to help the local countries oppose the security threats. At the same time, the expert community is talking about more active European involvement in the Caucasus, the Caspian, and Central Asia.

There is the widely accepted opinion that Europe should strengthen the Central Asian states, while insisting on further democratization and protection of human rights. The EU will probably extend its assistance to Central Asia in the form of educational programs and support of human rights groups.

On the whole, there is no uniform opinion in Europe about whether Central Asia is important for the EU. It has its own interests there, particularly in the energy sphere. It is actively supporting its energy companies engaged in developing Central Asian energy resources to ensure stable oil and gas supplies.

The EU regards Central Asia as part of a much wider geostrategic complex that includes Russia and South Asia and as part of the problem of terrorism, WMD proliferation, international crime, and drugs.

- **In Kazakhstan**, the EU is resolved to assist the economic reforms, encourage wider involvement of the public in the political process, and achieve increased transparency of power structures at the national and local levels.

- The “Strategy” describes **Kyrgyzstan** as a source of the region’s water resources and points out that the country is plagued by economic problems, a high poverty level, ethnic distinctions, and a porous border with Tajikistan. These are described as potential security threats. Its water resources allow Kyrgyzstan to put pressure on its water-hungry neighbors, who need water for agricultural purposes. There is the threat of proliferation of radical Islamic ideas from Afghanistan and Tajikistan. European experts point out that the measures the country’s leaders are using to combat Islamic extremism should not be used to squash the political opposition.
- **Tajikistan** is one of the world’s poorest countries and the only Central Asian country in which ethnic, regional, and ideological contradictions led to a civil war. The EU is resolved to help Tajikistan implement macroeconomic reforms to reduce poverty and ensure stability. The European experts are convinced that if the reforms in this country fail, the situation in the region will inevitably worsen.
- Potentially **Turkmenistan** is a big player on the world energy market; so far it is a neo-Stalinist dictatorship that keeps all external actors at a distance. The first steps of the new president suggest that the regime might become more liberal. The European structures in Turkmenistan work in the agricultural and oil-and-gas sectors. On the whole, EU program documents indicate that the alliance is determined to become more actively involved in the upcoming changes.
- According to EU experts, **Uzbekistan** is the key to Central Asian security for demographic and social reasons. Its static political and economic system spells a threat to stability, while the state’s repressive policy in relation to the political opposition and high poverty level may trigger a serious social crisis. The EU should obviously encourage civil initiatives and till the soil for future economic and social changes.

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The above has demonstrated that the EU remains dedicated to the idea of stable democratic regimes, the market economy, and Western values and behavior patterns in Central Asia. This is expected to lower the region’s conflict potential and reduce its criminal pressure on the EU in the form of drug trafficking and illegal migration. By the same token, the EU companies working in the region will acquire better conditions in all spheres, particularly the energy sector.

Today, three main factors are present in EU-Central Asia relations: EU eastward expansion, the fact that its influence is expanding to the post-Soviet expanse in Eastern Europe and a single European foreign and security policy. Most EU experts are predicting more active European policies in the Caucasus, the Caspian, and Central Asia.

In practical terms, the EU badly needs more diversified oil-and-gas imports, which can be achieved by integrating the Central Asian and Caspian energy resources into the European energy system. The EU also intends to block the drug trafficking routes that start in Afghanistan and cross Central Asia, as well as stem organized crime and international terrorism.