The Central Asian region is very rich in energy resources, mostly still untapped, and primarily located in Kazakhstan, Turkmenistan and Uzbekistan. Energy cooperation is of strategic importance for both sides and therefore a key element of the EU Central Asia Strategy.

The EU has been involved in this policy area since the 1990’s in parallel to the increasing presence of European investors in the region. With energy security rising to the top of the political agenda of the EU, the importance of the region has further increased. In the conclusions of the European Council meeting in March 2007 the EU’s Heads of State and Government called for the intensification of relations with Central Asia to underpin EU efforts at energy diversification.

Cooperation between EU and Central Asia on energy issues is broad and ranges from promoting sustainable development of energy resources, diversification of energy supply routes, exchange of know-how, to the actual development and use of new energy sources, especially of renewable energies.

Policy objectives
The EU's principal objectives in relation to Central Asia are:

- the convergence of energy markets through the harmonisation of the relevant legislative and regulatory frameworks;
- enhancing the energy security of the Central Asian countries and the EU through closer cooperation;
- supporting sustainable energy development, including the development of energy efficiency and renewable energy sources;
- attracting investment for energy projects of common and regional interest.

Secure and sustainable energy supplies
The EU and its partners in Central Asia, Eastern Europe and the Southern Caucasus have a mutual interest, as consumers, producers and transit States, in ensuring a stable and predictable framework for the flow of energy, including the modernisation of existing energy infrastructures and the establishment of new ones.

The EU focuses in particular on the establishment of the ‘Southern Corridor’ for energy, including a trans-Caspian link. The importance of this corridor was underlined in the Commission’s Second Strategic Energy Review of November 2008 which was endorsed by the European Council of March 2009. It was also given strong political support at the Prague Southern Corridor summit in May 2009 which brought the EU together with the delegate nations: Azerbaijan, Egypt, Georgia, Kazakhstan, Turkey, Turkmenistan and Uzbekistan.

At the same time, as foreseen in the Second Strategic Energy Review, the European Commission, the European Investment Bank and the World Bank are investigating the feasibility and possible structure of a mechanism for the purchase of Caspian gas, a “Caspian Development Corporation” (CDC).

Regional energy markets
To ensure energy security in all of the Central Asian countries, the EU supports the development of a regional energy market and further development of Central Asia’s energy potential. In this context, the priorities for enhanced cooperation are not only the further development of hydrocarbon resources, but also the promotion of renewable energy, energy efficiency and energy saving as well as energy infrastructure development.
Energy cooperation framework

The EU has a twin-track approach to co-operation in the energy sector. One track has a regional focus through a regional energy dialogue.

The EU has been involved in Central Asia in this manner since 1995. More recently, in the framework of the Baku Initiative, the 2nd Energy Ministerial Conference in 2006 agreed on an Energy Road Map which sets out short, medium and long-term objectives for enhanced energy cooperation between the EU and its partners in the Black Sea and Caspian region.

The Baku Initiative is supported by INOGATE, a cooperation programme which brings together the EU and 12 partner countries in the Black and Caspian Sea region with a view to improving international energy cooperation.

Projects in the framework of INOGATE address:
- energy market integration;
- the harmonisation of technical standards and practices relating to gas and electricity;
- the promotion of renewable energies and energy efficiency measures;
- capacity building for energy regulators;
- technologies and methodologies for reducing gas losses within the Central Asian gas transit system;
- the enhancement of environmental protection measures in the Central Asia gas/oil industry;
- the preparation of investment projects for developing energy supplies and interstate transportation.

Work on sustainable energy will be further increased through a new programme to be implemented in Central Asia from 2010 with the main focus on leveraging investment for the energy sector, energy efficiency and renewable energy sources.

The second track for cooperation is bilateral. Cooperation in the framework of Memoranda of Understanding (MoUs) on energy cooperation opens up the possibility to develop strategic energy partnerships with a special focus on energy security and industrial cooperation, the development of the energy sector and improvement of the investment climate. Such MoUs have been signed with Kazakhstan in December 2006 and with Turkmenistan in May 2008.

Finally, the mandate of the European Investment Bank (EiB) was extended to the five Central Asian countries in November 2008. EiB activities in Central Asia focus on the energy sector and on environment. The priority areas are: sustainable energy (efficient electricity transmission/distribution, energy efficiency and renewable energy) and municipal utilities (district heating water supply, waste disposal).