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

Introduction

This joint Progress Report takes stock of the progress made towards implementation of the EU Strategy for a New Partnership with Central Asia, which was adopted by the European Council on 21–22 June 2007 in recognition of the increasing importance of Central Asia for EU interests in terms of security, stability, governance and energy diversification.

The Strategy provides an overall framework for EU relations with Central Asia and builds on the results in the implementation of various agreements, EU assistance programmes and other initiatives taken by the EU to engage with countries of Central Asia.

The Strategy defines EU priorities for its cooperation with the region as a whole, including in the fields of human rights, rule of law, good governance and democracy, education, economic development, trade and investment, energy and transport, environmental policies, common threats and inter-cultural dialogue, but states that implementation of these should be tailored to the specific requirements and performance of each Central Asian country. The Strategy also calls for intensification of political dialogue with all five countries of Central Asia, including holding of regular meetings at Foreign Minister level and convening annual meetings of EU Heads of Mission in the region.

The European Council asked the Council and the Commission to regularly review progress in implementing this Strategy and to submit a first progress report to the European Council by the middle of 2008.

Overall Assessment

This progress report is not a routine exercise. It reflects an unprecedented approach. For the first time in the history of EU relations with Central Asia, an ambitious framework combining strategic political goals with a joint working programme is in place, transforming strategic aims into operational working tasks. Its sustainable and consistent implementation will be a key indicator for the EU's and Central Asia's political resolve to upgrade their relations. The EU is fully engaged in implementing the Strategy, building on a broad array of assistance programmes and other initiatives taken by the EU to engage with countries of Central Asia. The implementation of the Strategy is a long term endeavour that requires patience and sustained efforts by both the EU and Central Asian states.

Overall, progress on implementing the EU Central Asia Strategy has been encouraging. After the lapse of only a year, a new quality of cooperation has evolved between Central Asia and the EU. The EU – Central Asia new partnership for the 21st century is making a difference. On the side of the Central Asian countries there is a strongly increased interest in enhanced cooperation with the EU at all levels and in practically all areas.

Concrete actions have been mutually agreed upon and are being implemented or are under preparation, both bilaterally with the five Central Asian republics, and with all on key regional issues as education, Rule of Law, water and environment. All Central Asian states have agreed to engage in or continue a structured Human Rights Dialogue with the EU. National Coordinators for the Strategy have been appointed by all Central Asian states, demonstrating that Central Asian partners assume ownership and fully engage in cooperation. High-level political dialogue has visibly intensified. All actors, especially the Commission, the EU Special Representative for Central Asia, the German, Portuguese, Slovenian, and upcoming French Presidencies as well as Member States have contributed to keeping up the momentum of the EU Strategy. Among them, lead coordinators have been identified for the regional initiatives.

The EU remains committed to continue and strengthen its current efforts to implement visible and ambitious projects exercising a sustainable impact on key areas of cooperation.

Intensified political dialogue

In line with the Strategy, political dialogue with the countries of Central Asia has intensified significantly over the last year, which in turn has contributed positively to practical cooperation with these countries, especially as regards implementation of the Strategy on the ground.

A number of high-level meetings and visits took place in the course of the year, including those in the context of agreements between the EU and the countries of Central Asia and bilateral consultations in international fora. Two regional political dialogue meetings took place at Foreign Minister level between the EU Troika and the five countries of Central Asia: on 30 June 2007 in Berlin, at the close of the German Presidency, and on 9–10 April 2008 in Ashgabat, Turkmenistan, during the Slovenian Presidency. These meetings provided for high-level exchanges on international as well as regional issues of mutual concern, as well as Strategy implementation, which is indispensable to fostering the Strategy's ownership in the region and to encouraging its smooth implementation on the ground.

In order to foster political dialogue at the highest level, and to lend his support for the swift implementation of the Strategy, High Representative Javier Solana visited Turkmenistan, the Kyrgyz Republic and Kazakhstan on 8–10 October 2007.

Commissioner Ferrero-Waldner paid a first official visit to Tajikistan on 8th April 2008 in order to emphasise EU solidarity with Tajikistan after the very harsh winter which led to a humanitarian crisis, to stress the necessity of reforms, and to visit an EC-funded border management training centre (BOMCA).

Dialogue has also been enhanced by the EU Senior Officials Troika visits to all countries, begun during the Portuguese Presidency in autumn 2007, and the regular visits to all countries in the region by the EU Special Representative for Central Asia, Ambassador Pierre Morel.

These consultations confirmed the readiness of the EU to contribute to the security of the Central Asian countries as well as to developing their energy potential, but also highlighted the growing problem of rational water management use in the region and the importance of engaging in structured human rights dialogues.

All Central Asian countries have nominated a National Coordinator for Strategy implementation. The Slovenian Presidency convened the first meeting between the EU Senior Officials Troika and the Central Asian National coordinators for Strategy implementation on 10 March in Brussels for discussions on Strategy implementation and devising priority activity areas for each country. The first meeting confirmed the usefulness of this format as the appropriate body for the joint EU–Central Asia follow–up on Strategy implementation.

As indicated by the Strategy, the EU will hold an annual meeting of its Heads of Mission in Central Asia in Tashkent in July 2008.

The EU continued close cooperation on Central Asia with international partners and organisations which are active in the region, in particular the UN and the OSCE, and pursued an open and constructive dialogue with regional organisations in Central Asia, including EURASEC, the SCO, CICA, CSTO, CAREC and CARICC. The efforts of the EUSR for Central Asia were particularly important in that regard. Beyond the regular consultations with the main actors in the region, the EUSR has also pursued exchanges on Central Asia with India, Pakistan, and South Korea.

Dual approach: bilateral and regional

Efforts have been undertaken over the past year to give concrete emphasis to bilateral and regional aspects of the Strategy. The EU Senior Officials Troika visited all five countries, beginning in autumn 2007 by the Portuguese Presidency and finishing in spring 2008 by the Slovenian Presidency, to discuss Strategy implementation. In addition to that, the meetings held with each country under the Partnership and Cooperation Agreements or the Trade and Cooperation Agreements were used to discuss bilateral priorities. These discussions paved the way for the elaboration of the five "bilateral priorities papers" which combine Commission and Member States' programmes, and will guide the implementation of bilateral aspects of the Strategy in particular.

As Central Asia is a region facing significant regional challenges which require cross-border cooperation, the need for a regional approach has been duly taken into account while implementing the Strategy in such areas as combating drug trafficking, modernising border management, dealing with environmental problems, including in particular water management, and fostering energy and transport links. In line with the Strategy, two regional initiatives are being developed: a European Education Initiative for Central Asia, and a European Rule of Law Initiative for Central Asia. Efforts are also underway in order to coordinate closer the EU activities in the region as regards the environment and water management.

The Strategy puts particular emphasis on the need for increased coordination between EC and Member State instruments and assistance. Part of the implementation effort over the past year has included two assistance coordination meetings organized by the Commission with Member States, in December 2007 and March 2008, to help further mobilisation and ensure synergy of EC and Member State assistance to Central Asia. These meetings contributed to elaboration of the bilateral priorities papers and allowed for a comprehensive overview of ongoing and planned assistance and policy dialogue initiatives. In addition, Germany and Italy organised high level meetings on EU-CA cooperation on economic cooperation (Rome, 10 September 2007; Berlin, 11 November 2007) and on water management (Berlin, 1 April 2008).

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

The Strategy recognises that human rights, rule of law, good governance and democratisation underpin long-term political stability and economic development of Central Asia.

The EU is working on establishing or upgrading Human Rights dialogues with all Central Asian countries. Human rights issues were systematically raised in all the political meetings, including the meeting of National Coordinators on 10 March in Brussels and the ministerial meeting in Ashgabat in April 2008.

The Human Rights dialogue with Uzbekistan was the first to be formally agreed, as indicated in the GAERC conclusions of 16 November 2006, and is held in the framework of the Sub-Committee on Justice and Home Affairs, Human Rights and related issues under the Partnership and Cooperation

Agreement. A second round is planned for June 2008. An ad hoc Human Rights dialogue with Turkmenistan has been held since 2005 in the margins of the Joint Committee meeting under the Trade and Cooperation Agreement in force; it was agreed to expand this dialogue with the first such expanded meeting taking place in June 2008. The EU – Central Asia Ministerial in Ashgabat in April marked an agreement to begin such dialogues with Kazakhstan, Tajikistan and the Kyrgyz Republic by the end of this year.

In the context of the Strategy, a specific initiative – the EU Rule of Law Initiative for Central Asia – is being developed to support reforms and the sharing of experiences between the EU and Central Asia in the area of legal and judicial reforms, which is recognised by Central Asian countries as particularly needed. France and Germany are the lead coordinators on the EU side in developing this Initiative and a first concept paper was agreed within the EU and shared with Central Asian partners at the Ministerial meeting in Ashgabat. The Initiative includes intensified policy dialogue at all levels and more resources for judicial reform programmes by the EC and EU Member States. A Ministerial level meeting during the forthcoming French Presidency will launch the initiative.

Cooperation in the areas of human rights, rule of law, good governance, and democratisation is supported by assistance projects, both those of the EC and Member States, which aim to promote reform efforts. EC assistance includes projects under thematic budget lines such as the European Initiative for Democracy and Human Rights (EIDHR), the Non–State Actors Programme, as well as the Institution Building Partnership Programme (IBPP), which also support civil society development, so crucial for ensuring citizen participation in transformation and reform efforts. Bilateral EC and Member State assistance programmes are also devised to give emphasis to this area.

Youth and education

Education is a key priority for all five Central Asian countries – 2008 has been designated the "Year of Youth in Uzbekistan" – and it is an area where they see many potential benefits from cooperation with the EU. EC programmes, such as Tempus, and bilateral exchange programmes by Member States are well–established in the region.

As indicated in the Strategy, a specific initiative – the European Educational Initiative for Central Asia – is being developed in this area to respond to Central Asian requests. It was agreed that the EC would take the lead in coordinating the elaboration of this Education Initiative and a first concept paper was agreed within the EU and shared with Central Asian partners at the Ministerial meeting in Ashgabat in April. The proposals include increased education policy dialogues, at all levels, increased resources for exchange programmes, and increased awareness-raising in Central Asia of study and education exchange opportunities in the EU.

Concrete steps have already been taken to strengthen EU engagement in the area of education. The first regional meeting with the Central Asia partners took place on 8 May in Cairo, in a side meeting to the Tempus conference on quality in higher education. Academic and ministerial representatives from all 5 countries proposed and discussed priority themes on higher education, vocational educational training and education sector development. These themes will be further developed by regional working groups, with technical support from the EC, the European Training Foundation and interested EU Member States.

The EC is also taking the necessary steps to increase resources which will allow the doubling of the number of available scholarships for Central Asian students and teachers. The Commission's Directorate-General for Education and Culture undertook visits to all five Central Asian countries in autumn 2007 and spring 2008 to inform of EC education programmes, an effort that will be followed by the publication of a compendium of EC and Member States education and exchange programmes this summer. In the margins of the next Tempus Ministerial meeting, to be held in Brussels, a special meeting with Central Asian partners will be set up to discuss cooperation activities.

One of the priorities under the new strategy is the setting up of an electronic highway for distance learning and life long and e-learning. The EC co-funded network would complement the currently running Virtual Silk Highway. Preparations for this project are well under way but for implementation to go ahead successfully the political commitment of the Central Asian countries is needed, including the nomination of one focal organisation that would represent the research and education community of their country in the project and the readiness to consider co-financing of

the project in order to secure the longer-term viability of the project. The regional network will be implemented gradually, based on the preparedness of each country to join. A Senior Officials Meeting on the Central Asian Research and Education Network was held in Brussels on 9–10 June with participants from all Central Asian countries to continue preparations of the project.

Economic development, trade and investment

The EU is already one of the major trading partners for Central Asia, but there is still much scope for further intensifying trade and economic ties. The EU supports, including through assistance programmes, WTO membership of all Central Asian countries (currently only Kyrgyzstan is a WTO member), as WTO membership is the main way for a country to achieve a better and deeper integration into the international trade and economic system. The EU expects that ongoing bilateral negotiations with Kazakhstan will conclude soon and will continue to support also other Central Asia countries in their efforts to join the WTO.

The EU has over the past year continued to encourage Central Asian partners to make better use of the EU Generalised System of Preferences (GSP) and to increase and diversify their economic production and exports. The gradual approximation of the countries' legislation and practices to the main EU trade related acquis as foreseen in the Partnership and Cooperation Agreements should support this process and the EU is ready to continue providing the partners with its technical assistance in this respect. EU assistance programmes have put specific emphasis on supporting reform efforts in the area of improving the investment climate in Central Asia, as it is essential for attracting more investments into the region.

The Central Asia Invest programme was launched by the EC in November 2007 with the aim to promote the development of SMEs in Central Asia, including by institution building actions for business intermediary organizations.

Energy and transport

Enhancing energy security is an important shared interest between the EU and Central Asia and there is a common interest in diversifying export routes, demand and supply structures and energy sources. Regional dialogue is intensifying in the framework of the Baku Initiative¹; at the bilateral level, cooperation is strengthening via bilateral Memoranda of Understanding, already in place with Kazakhstan and recently signed with Turkmenistan. The INOGATE programme remains the main tool in continuing to support cooperation on energy projects of mutual interest and in collaboration with international lending institutions. The next Energy Ministerial Conference of the Baku Initiative will be held in November 2008.

Work on exploring the possibilities for a trans-Caspian energy corridor intensified over the past year, technical studies on practical options were finalised and the results are being discussed with partners. A high-level meeting is expected to be held later in 2008 to discuss best ways forward.

The EU remains committed to the success of the Nabucco project and welcomes the progress achieved in the last six months. The EU supports the further steps needed in order to implement the project as scheduled. An intergovernmental agreement between the concerned States should be completed as soon as possible.

In the field of energy, issues related to energy efficiency, energy saving and renewables remain of key importance. Hydro-energy is high on the agenda as well. A number of EU projects are under way in these areas. During the Ashgabat Foreign Ministers Meeting, the European Union showed readiness to study the upstream and downstream impact of planned hydropower stations on an objective basis in order to facilitate cooperation between Central Asian countries.

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

Transport is a long-established area of cooperation between the EU and the Central Asia countries, as the extension of the trans-European transport networks and the approximation of transport regulations would facilitate transport and trade flows between the EU and the Central Asia countries. Moreover, Central Asia has a potential to eventually become a transit region for the increasing traffic flows between the EU and Far East.

Regional cooperation on transport has been established under the "Baku Initiative" and the TRACECA programme on the implementation of a transport corridor.

In December 2007 the 6th Annual meeting of the TRACECA Intergovernmental Commission (IGC) was held in Astana, and the first 2-year Action plan was approved to implement the Strategy for the corridor. It was also agreed for the TRACECA Summit to take place in Baku by the end of 2008 on the occasion of the 10th Anniversary of the TRACECA Multilateral Agreement.

Environment and water

A joint report by High Representative Solana and Commissioner Ferrero-Waldner on the impact of climate change and international security submitted to the March 2008 European Council highlighted Central Asia as a region significantly affected by climate change.

The most important environmental challenges in Central Asia, notably water supply and management, water sanitation and climate change, are regional, and regional cooperation is therefore essential to tackle them efficiently. Water management is the most sensitive environmental issue in Central Asia, which, if not addressed, could develop into a serious security threat for the entire region in the medium term. EU – Central Asia consultations have confirmed the need to modernise the approach to water management in the region, to address closer the growing tension between the upstream and downstream countries and to strengthen the assistance coordination among the international actors. Central Asian countries are confronted with the urgent need to combine energy efficiency with water efficiency.

Italy has offered to be the lead coordinator on the EU side in the field of the environment and water management and a first coordination meeting was held in Rome on 30 May 2008.

Cooperation between the EU and Central Asian countries in the field of environment has intensified. The EC and Member States implement various regional and bilateral environmental projects, including support for water governance, the Central Asia Regional Environmental Centre, and implementation of the Kyoto protocol and Aarhus Convention.

The EU–Central Asia Environmental Dialogue and the EU–Central Asia Working Group on Water, based on EU Water Initiative principles, were established to address water–related issues in Central Asia and specific cooperation proposals in that area, notably integrated water resources management systems at regional level. As a consequence, in January 2008, it was agreed to launch National Water Policy Dialogues in Central Asia, beginning with Kyrgyzstan in 2008. These dialogues will support capacity building in the area of water management. This activity is being carried out in parallel to the continued EU Water Initiative EECCA (Eastern Europe, Caucasus, Central Asia) process, including the annual EECCA Component Working Group, held on 12–13 May in Bucharest under the new Chairmanship of Romania.

Working as appropriate with international and regional organisations engaged in this area, the EU will continue to support a political process engaging both upstream and downstream countries as a key factor in tackling the increasing economic, environmental and security challenges of this issue. The EU welcomes the conference organised by UNECE on integrated water resource management in Central Asia, to be held in November 2008, which will build on the water management conference organised by Germany in Berlin on 1 April 2008.

Common threats and challenges

The EU and Central Asian states are attributing increasing importance to "common threats and challenges" as a cornerstone of intensified relations. In order to consolidate the shared awareness of common threats and challenges, the incoming French Presidency will launch a periodic EU–Central

Asia Ministerial Forum on Security Challenges in Paris on 18 September 2008, which will address political and military threats, border management and fight against trafficking, as well as energy and environmental security.

Increased drug trafficking and drug use in Central Asian countries as well as lack of efficient border management remain key challenges in the region. The introduction of modern border management practices, creating open but at the same time secure borders would facilitate trade and economic exchanges in the region and help combat drug trafficking. BOMCA (Border Management in Central Asia) and CADAP (Central Asia Drug Action Programme) are two main EU programmes in that area and their implementation has continued successfully. A number of border crossing points (BCPs) were or are currently being modernized with BOMCA assistance. About 20 additional BCPs received equipment, while a number of border outposts (BOs) along the "green border" between BCPs were or are soon to be upgraded. In addition, BOMCA supported the refurbishment of training centres for border guards and the more effective use of sniffer dog capacities, as well as the upgrading of the infrastructure of canine centres in Central Asian countries. Numerous training sessions on Integrated Border Management for approx. 1500 Central Asian border guards and customs officers have been carried out.

CADAP has increasingly focused on demand reduction measures and activities, which logically complement BOMCA in the area of drug prevention. Operations include support to the adoption of annual drug reports by the governments, introduction of modern drug treatment methodologies in one pilot prison in each country and an awareness raising campaign on the danger of using drugs. Furthermore, support will continue to the setting up of Drug Profiling Units (DPU) at Central Asian airports and railway stations with a particular focus on providing training on precursor detection skills.

An important new project to combat drug trafficking in the region has been launched in the framework of the Instrument for Stability to support combating drugs and precursors trafficking and organized crime, and includes the setting up of a secured network of national intelligence units in the countries members of CARICC (Central Asia Regional Intelligence and Coordination Centre) and cross border cooperation with Afghanistan, Iran and Pakistan.

The increasing activities of a substantial number of stakeholders in this field, most notably the OSCE, are raising the necessity of coordination, including at political level. In addition to existing coordination mechanisms on operational matters of assistance provided, notably to Tajikistan, France as EU Presidency, the European Commission with UNDP through BOMCA, Finland as OSCE Chairman, and Germany, will co-sponsor an international conference on border management and drug control organised by the OSCE and UNODC in Dushanbe in October 2008.

Conclusion: the way forward

Implementation of the Central Asia Strategy is well under way. The past year has seen a significant intensification of political dialogue and practical cooperation between the EU and Central Asia in all the priority areas indicated in the Strategy. With high expectations in Central Asia and increasing relevance of Strategy priority areas such as energy diversification, the fight against drugs, or the impact of climate change on the environment, it is crucial that the current pace of implementation be maintained. New EU Member States have an important potential to contribute to EU–Central Asia relations given their own transformation experiences, like in the field of Rule of Law.

The EC is doubling its assistance to the region with 750 M€2007–2013 under the Development Cooperation Instrument (DCI), when compared with the previous period. A number of Member States are also actively engaging and are providing significant levels of assistance for the countries of Central Asia. Nevertheless, to support the realization of larger-scale projects of interest to the EU and Central Asia, increasing the scope of financing of International Financial Institutions (IFIs) is important. Engagement with IFIs on Central Asia should therefore continue to develop. In that context and in line with the Strategy, the European Commission adopted the proposal for a Council decision to expand the mandate of the European Investment Bank to cover Central Asia.

Strengthening relations between the EU and Central Asia requires an active EU presence in the region. EUSR Morel is travelling to the region regularly. Beyond official meetings, he extends his contacts with civil society and the media. In line with the indications given in the Strategy, the European Commission is proceeding with the opening and upgrading of EC Delegations in the

Central Asian countries while the Member States are expanding their network of embassies in Central Asia. In April, Commissioner Ferrero–Waldner opened the Europa House in Ashgabat. Preparations have also been launched with Uzbekistan for the opening of a Delegation in Tashkent in 2008. Preparations will then begin for the upgrading of the regionalised Delegations in Bishkek, Kyrgyzstan, and Dushanbe, Tajikistan. The opening of a Delegation in Ashgabat will also be considered.

The most important challenge in the years to come will be maintaining the political momentum created over the last year, namely through reinforced coordination between the EU institutions and Member States, greater EU visibility in the region, increased financial resources and active involvement as well as contributions from Central Asian countries that are all essential for delivering on the ambitious goals of the Strategy.

The EU is aiming to make further substantial progress in all priority areas of the Strategy. A greater effort should be made to promote human rights and democratisation and to ensure active involvement of civil society, Parliaments, local authorities and other actors in the monitoring and implementation of the Strategy. The EU will continue work on establishing or upgrading Human Rights dialogues with all Central Asian countries. In the field of education, the Central Asia Research and Education Network (E–Silk–Highway) should get underway, a regular political dialogue should be maintained, supported by a broad exchange between European and Central Asian educational institutions. In the field of Rule of Law, solid cooperation should be established addressing key areas of legislation and the judicial system. In the field of environment and water, the EU should be supporting a dynamic political process with the aim of putting an integrated regional resource management system in place. In the field of common challenges, the EU should continue to play an active role in stakeholder coordination on drugs and borders and contribute to reaching tangible results on reducing drug trafficking and enhancing border management in Central Asia.

Finally, the EU will also have to develop further the dialogue started with other regional organisations active in the region, with an aim for its part to engage in concrete cooperation on Central Asia, especially in the fields of border and water management, as well as the fight against drug trafficking and trans–border crime.
