Prospects for EU-India Cooperation in Central Asia

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Both the EU and India are viewed very favorably in Central Asia. As the region is now stabilizing, integrating and slowly opening to the outside world, it provides tremendous opportunities for the EU and India to increase their engagement further, both individually and possibly also jointly. This paper highlights the respective European and Indian strategies towards Central Asia and explores possible recommendations for convergences...

Introduction

Since the collapse of the Soviet Union, the five Central Asian countries - Kazakhstan, the Kyrgyz Republic, Tajikistan, Turkmenistan and Uzbekistan - are witnessing significant changes in their economic and political systems. Despite having a very complex legacy, they have made progress in economic and political transformation with varying degrees. The Soviet era leaders in more or less non-competitive regimes tried to pursue economic stability while securing their own dominance in the new political system. They also learnt a few lessons from the Chinese model of development. After a decade of recession and difficulties, these countries witnessed strong economic performance till 2014. During this
period, Central Asia’s trade and investment links with neighboring economic centers increased significantly. China, Russia, and the European Union (EU) became their main export destinations and sources of imports, FDI and remittances. Slowdown in all these markets and declining oil, gas and commodity prices have pushed Central Asia for diversification (Capannelli and Kanbur, 2019). Significant political changes are also taking place in two of the largest countries in the region Uzbekistan and Kazakhstan. Overall, the region has been relatively stable in recent years. Central Asia is also the main focus of engagement for both the Russian and Chinese integration and connectivity plans. Moreover, deteriorating security situation in Afghanistan has created security uncertainty in the region. In this context and compared to other major powers, both the EU and India are viewed very favorably in Central Asia. As the region is now stabilizing, integrating and slowly opening to the outside world, it provides tremendous opportunities for the EU and India to increase their engagement further, both individually and possibly also jointly. This paper highlights the respective European and Indian strategies towards Central Asia and explores possible recommendations for convergences within the EU-India Agenda for Action 2020, India’s Connect Central Asia policy, the EU’s new India strategy, the EU-Asia connectivity plans and the forthcoming new EU-Central Asia Strategy.

European policies and strategy towards Central Asia

The EU has steadily intensified economic and diplomatic relationships with the five Central Asian countries since 1991, especially through the negotiation of a range of Partnership and Cooperation Agreements (PCAs): since 1999 with Kazakhstan, Kyrgyzstan and Uzbekistan and since 2010 with Tajikistan. Although a similar PCA was signed with Turkmenistan in 1998, it is still pending ratification. These agreements have led to intensified exchanges over the years including annual cooperation councils and regular meetings in a range of areas such as justice and home affairs, trade and human rights. The nomination in 2005 of an EU special representative (EUSR) for Central Asia highlighted the growing presence of Europe alongside the diplomatic representation of its member states in the region. A significant step in the strengthening of EU-Central Asian ties was then met with the EU’s 2007 Central Asia strategy, which sets a reference framework for the priorities of the EU both in terms of diplomatic relations and development aid.

The region was further recognized of “strategic importance” by the 2016 EU Global Strategy calling for the strengthening of connectivity between Europe and Asia through Central Asia and for supporting greater regional integration. The 14th EU-Central Asia Ministerial Meeting, which took place on 23rd November 2018 also reaffirmed the increasing demand for new, diversified partnerships and the potential for more bilateral engagement. The meeting notably saw the announcement of a new set of European regional programs for Central Asia amounting to €124 million to support the private sector as well as investment in the region and the opening of an EU Delegation in Turkmenistan to step up political, economic and sectoral dialogue.

European policy makers have overall an increasing interest in Central Asia developing a more resilient and more closely interconnected economic and political space, notably in the context of the new EU Strategy for Connecting Europe and Asia, which was released in September 2018. This will go hand in hand with the forthcoming new EU Strategy for Central Asia due to be released by July 2019 to improve the existing framework adopted in 2007. Indeed, the current set-up encompasses the long-term commitment of the EU towards regional and bilateral cooperation with its Central Asian partners. So far it has laid the basis for more regular political dialogues at ministerial level and enhanced cooperation in key initiatives, in particular in education, environmental projects or water-related issues. The European Union also remains the number one donor in the region when compounding both EU and Member States’ level funding and the issues identified in the 2007 Central Asia strategy are still highly relevant today, in particular regarding promoting economic development, developing transport and energy links and ensuring environmental protection. Overall, the Development cooperation instrument grant funding for the current period running from 2014 to 2020 totaled over €1 billion, 60% up from the previous programming period, a proportion which could grow further in the forthcoming years.

Moreover, most Central Asian states are now seeking closer cooperation with the EU with a view to diversify their partnerships particularly in the context of major developments happening in the region: on the one hand, the ongoing Chinese investments since 2013 to revive the Silk Road trade routes between China and Europe under the Belt and Road Initiative. Indeed, two of the six proposed Chinese overland corridors under BRI pass through Central Asia: the so-called New Eurasia Land Bridge (China-Kazakhstan-Russia-Belarus-Europe) and the China-Central Asia-West Asia Economic Corridor connecting China to Turkey and ultimately Europe via Central Asia. On the other hand, there have been significant political changes notably in Uzbekistan, as well as new attention given to the possibility of closer regional cooperation coupled with a renewed interest in Afghanistan, especially from Uzbekistan and Tajikistan.

The forthcoming EU strategy towards Central Asia will thus seek to provide a new framework in this very particular context by taking into account the range of security issues, rule of law, environmental challenges (in particular the management of water resources), mobility of people, at the same time as strengthening connectivity, regional cooperation and more sustainable investments. Significant steps have already been made in this direction. The new generation of Enhanced Partnership Cooperation Agreement (EPCA) has already been agreed on a provisory basis with Kazakhstan, awaiting ratification in a few European member states, notably Cyprus and the Netherlands. This new agreement will take into account wide-ranging cooperation including non-tariff barriers. A similar type of agreement is currently being negotiated with Kyrgyzstan and negotiations have been launched with Uzbekistan very recently. The objective for Europe is to help ensure that Central Asia is not just considered as an intermediary passage from China to Europe but also as a region which brings substantial value add including through fostering intra-regional

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5 The official launch of the so-called Silk Road Economic Belt by President Xi Jinping was made in September 2013 in Kazakhstan during a speech at Nazarbayev University.
trade. Overall, the EU remains Central Asia’s first economic partner amounting to 30.3% of the region’s total trade in goods, with trade and investment mostly concentrated in Kazakhstan especially in the oil sector (the EU accounts for 38.7% of the country’s total trade). However, the EU only comes in third position at country level with Turkmenistan, and Uzbekistan after China and Russia, and fifth with Kyrgyzstan and Tajikistan. There is here much room to seek to further support the opening of Central Asian markets for European investments particularly through supporting convergence with international and European economic norms and standards.

This will prove to be especially crucial in the context of Euro-Asian connectivity and European interests in the region. Whilst EU policies in Central Asia are not defined as such by geopolitical ambition, they are, however, tightly linked to ensuring security and stability as well as enhancing connections through a range of physical and digital infrastructures. Despite its strategic location at the crossroads of Europe and Asia, Central Asia has indeed long been one of the least connected regions in the world, partly because of the landlocked geographical position as well as high mountains and sparsely populated steppes. In this context, the new EU strategy for Central Asia should seek to support connectivity in all aspects, not just transport corridors, but also energy links, academic exchanges, people to people contacts, services and investments by promoting fiscally, socially, economically and environmentally sustainable links.

This forthcoming new strategy will provide the framework in which further concrete projects for connectivity may be identified in the longer run to the benefit of both Europe and Central Asia. It is worth noting that some of the Central Asian states are increasingly interested in supporting not just East-West connectivity but also North-South through Afghanistan. One suggestion for Europe could be in the mid-term to seek to work towards conceiving with the five Central Asian states a grid or master plan for infrastructures and enhanced connectivity corridors by identifying the needs and areas for concrete cooperation. There are of course, many challenges still pertaining for such an outcome, not least because of intra-regional competition (notably between Turkmenistan and Kazakhstan for Trans-Caspian connection) but it could provide a valuable objective for further regional cooperation in the long run.

As Central Asian states increasingly perceive the EU as a balancing power in the region and as a key partner for modernization, as well as a source of investments and potential export market, such a shared approach to connectivity could be made a priority for the EU after the launch of the new EU strategy for Central Asia. Strengthening communication or, even whenever possible, feasibility for cooperation with third partner countries, whether with China, Russia or India, would also be a valuable asset to increase complementarity wherever relevant.

Indian Objectives and Strategies

Most Indian policy makers and analysts believe that Central Asia is important because of its strategic location, old cultural and civilizational linkages with India, energy resources; and

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7 Tajikistan is just about 20 km from Greater Kashmir.
the trade and other economic opportunities they offer. The geopolitical salience of Central Asia for India was never in doubt. Developing political, economic, and energy partnerships dominated India’s “extended neighborhood” policy in the post-Soviet period. The Chinese and Afghanistan factors have increased its strategic significance considerably in the last two decades. These realities pushed Indian policy makers to expand and vigorously implement its ‘Connect Central Asia’ policy announced in 2012. Focusing on the region’s location, oil and gas reserves and competition for pipeline routes, many Indian analysts advanced the narrative of a New Great Game in the 1990s. Later, the competition for military bases in Central Asia, as well as regime change through color revolutions added a new dimension to this competition.

Despite its rhetoric and sometime intentions, India itself was never really part of any competition for influence in the region. Some scholars even accused India of indulging in wishful thinking toward the region, rather than develop a coherent strategy. With no direct road transportation access, plus difficult market conditions, Central Asia did not become attractive to Indian private companies. In the 1990s, economic relationships with the region also declined considerably. Politically, Indian officials were more or less comfortable dealing with authoritarian leaders in the region. These leaders were part of the former Soviet elite, with whom India had dealt with for decades. They moreover appeared to provide stability and were committed to fight Islamist extremism and terrorism. Unlike the United States, the EU and many multilateral organizations seeking to spread democracy and market economics in the region, India has been focused primarily on ensuring political stability, since an unstable Central Asia is a serious threat for New Delhi.

India obviously would have welcomed a more democratic Central Asia, but it favored allowing democratization to happen at its own pace. For quite some time, New Delhi also remained convinced that Russia would retain a predominant political and economic influence in the region, and generally pursued cooperation with Moscow in Central Asia and the Caucasus.

Although many in India still believe in the continuation of Russia’s overwhelming influence in the region, many scholars have also started considering another possibility in which, over time, China would become a dominant player in the region while becoming increasingly friendly to Russia. As China increases its engagement in the region and creates a larger

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8 Marlène Laruelle and Sébastien Peyrouse (Eds), Mapping Central Asia: Indian Perceptions and Strategies (London: Ashgate Publishing, 2011)
9 India’s growing capacity and the will to project hard and soft power in sub-regions beyond South Asia, see David Scott, “India’s ‘Extended Neighborhood’ Concept: Power Projection for Rising Power”, India Review, Vol.8, No.2, 2009.
profile through trade, energy deals, military agreements, the Shanghai Cooperation Organization (SCO), and now the Belt and Road (BRI) initiative, India is watching carefully.\footnote{Gulshan Sachdeva, “India’s Attitude towards China’s Growing Influence in Central Asia” The China and Eurasia Forum Quarterly, Vol. 4, No.3 2006; Marlène Laruelle, Jean-François Huchet, Sébastien Peyrouse, and Bayram Balci ( Eds), China and India in Central Asia: A New Great Game? (Palgrave Macmillan, 2010)}

Despite many positive developments and fruitful diplomatic engagements, India is still very cautious in matters relating to China. Both New Delhi and Beijing are still very much concerned with basic balance of power considerations, although officially both deny this proposition. Persistent uncertainty in Afghanistan, particularly in the context of difficult India-Pakistan relations, have also added a new dimension to India’s approach to Central Asia. While the failure of the international project to stabilize Afghanistan poses common security challenges, any positive outcome will open tremendous economic opportunities to both India and Central Asia.\footnote{Gulshan Sachdeva "Regional Economic Linkages" in Nirmala Joshi (ed) Reconnecting India & Central Asia: Emerging Security & Economic Dimensions (Central Asia Caucasus Institute: Johns Hopkins University, 2010), pp. 115-179.}

Broadly, New Delhi’s approach to the region was laid out in the ‘Connect Central Asia’ initiative, first announced in 2012. This initiative seeks to strengthen India’s political, security, economic, and cultural connections with Central Asia. As outlined by the then Minister of State for External Affairs E Ahmed at the first India Central Asia Dialogue in Bishkek in June 2012, the policy comprised twelve points:\footnote{The aims of this policy were: (1) dealing with the region collectively in a much more proactive manner; (2) strengthening security and defense dialogues with the region, particularly in the context of U.S. drawdown from Afghanistan and declining interest in Central Asia (3) exploring possibilities for cooperative engagements with Russia, China, and Iran (both bilaterally and collectively) to safeguard and promote Indian interests; and (4) enlarging India’s development cooperation footprint in the region. India has also signed strategic partnerships with Kazakhstan (2009), Uzbekistan (2011), Afghanistan (2011) and Tajikistan (2012).}

- Further Strengthening political relations with the region
- Strengthening strategic and security cooperation (military training, joint research, counterterrorism cooperation, close consultations on Afghanistan)
- Stepping up multilateral engagement (SCO, Eurasian Economic Union)
- Partnership in energy and natural resources
- Strengthening cooperation in the medical field
- Establishing a new Central Asian University in Bishkek
- Setting up Central Asian e-network with its hub in India
- Strengthening private partnerships in sectors like construction and iron and steel
- Reactivating International North South Trade Corridor (INSTC)
- Strengthening cooperation in the banking sector
- Improvement in air connectivity
- Encouraging regular academic exchanges and civil society contacts

http://goo.gl/Ku3lIA
The perception of Central Asia’s growing strategic significance for India was reflected in Prime Minister Narendra Modi’s eight day visit to all five Central Asian States in July 2015. This was the first visit of any Indian prime minister to all the Central Asian countries simultaneously since they became independent in 1991. The visit also provided a new strategic direction to the ‘Connect Central Asia’ policy. Since 2015, India and the Eurasian Economic Union (EAEU) consisting of Armenia, Belarus, Kazakhstan, Kyrgyzstan, and Russia are also trying to explore possibilities of a Free Trade Agreement (FTA) between India and the EAEU.  

At the moment, however, major focus is on finalizing Preferential Trade Agreement (PTA) with the EAEU rather than FTA.  

India’s membership in the SCO since 2017 has also provided additional high-level institutional interactions with the Central Asian states in the areas of counter-terrorism, Afghanistan and connectivity.  

New Delhi’s growing attention to the region is in no small part a response to the changing dynamics of the major powers’ relations with Central Asia. Increased Chinese investment and diplomatic engagement, Russia’s economic downturn and the resulting decline in remittances to Central Asia, and the reduced U.S. military focus on Afghanistan have all pushed India to pay more attention to the region.  

Particularly important in this context is the increased involvement of China, a country India still regards as a strategic competitor. Since 2013, when President Xi Jinping made a 10-day visit to four Central Asian countries and signed an estimated $48 billion worth of investment and loan agreements in the areas of energy, trade and infrastructure, Chinese engagement in the region has improved further. Although Chinese BRI covers a large geography, major focus is on Central Asian republics, which provide Chinese linkages to Europe. The official Indian narrative on BRI has been largely negative due to geopolitics and China-Pakistan Economic Corridor. Still, many analysts in India argue for a selective engagement in the project, particularly in Central Asia.  

Both China and Russia have also made political statements of integrating EAEU and the OBOR.  

In these circumstances, many countries in Central Asia are also looking for enhanced strategic and economic engagement from India. Deepening ties with New Delhi also fits well with the ‘multi-vector’ foreign policies of most Central Asian states, which are trying to balance their dependence on Russia and China through enhanced engagement with other powers. Moreover, India is seen as a benign power that does not pose any ideological,

http://goo.gl/VZnMmJ  
17 While speaking at a seminar at Jawaharlal Nehru University on 18 March 2019, this point was clarified by Mr Manish Prabhat, Joint Secretary (Eurasia), Ministry of External Affairs, Government of India.  
18 Meena Singh Roy, The Shanghai Cooperation Organisation India Seeking New Role in the Eurasian Regional Mechanism, IDSA Monograph series No 34 (New Delhi: IDSA, 2014); Kanwal Sibal, “Why SCO is Important for India” DailyO 12 June 2018  
https://www.orfonline.org/expert-speak/india-prospects-china-dominated-sco/;  
21 “Russia, China Agree to Integrate Eurasian Union, Silk Road, Sign Deals” 8 May 2015,  
https://www.rt.com/business/256877-russia-china-deals-cooperation/
demographic or territorial threat to the countries in the region. In the last 15 years, Central Asia’s trade and investment links with neighboring economic centers have increased significantly. China, Russia, and the European Union (EU) have been main export destinations and sources of imports, FDI and remittances. Now when these economies are either stagnant or slowing down, India could emerge as an attractive market for Central Asia.

Recently, India also upgraded and expanded India Central Asia Dialogue in which all Central Asian foreign ministers along with Afghanistan participated. Although India has been active in the region, current efforts are in the direction of further institutionalization of dialogue process with the region. New Delhi has also proposed setting up of India-Central Asia Business Council as well as India Central Asia Development Group.

In addition, it seems India has outlined an aggressive strategy to expand further its soft power. It is proposed to set up a medical mission, international conference on cultural links, Central Asia dance festival in India and setting up commercial mechanisms for Indian films distribution. In addition, special training programs for Central Asian officials are planned in the areas of trade negotiations, remote sensing, high level IT courses, counter-narcotics, filmmaking, oil and gas sector, policy planning and public administration. Special training course are also planned for diplomats (8 from each country) from the region. Broadly, foreign ministers from Afghanistan, Central Asian states and India agreed to strengthen cooperation in trade, investment, connectivity as well as jointly work for innovations and technologies in “key spheres of industry, energy, information technologies, pharmaceuticals and agriculture, education and training”.

On their part, Central Asian countries are also establishing relatively liberal visa regimes towards Indian citizens. There are suggestions to create a consortium with all Central Asian countries to connect the Kazakhstan-Turkmenistan-Iran and as well as Kazakhstan-Uzbekistan-Turkmenistan-Iran rail routes with Chabahar port built by India in Iran. This may help improve connectivity between India and Central Asia.

Possible Convergences

The geopolitical environment within and around the Central Asian region is changing significantly. These developments may lead to greater regional cooperation and connectivity. Although both the EU and India had previously supported the US New Silk Road (NSR) project - an initiative to link Central Asia with South Asia through Afghanistan, the NSR, as then proposed by the US, never really took off. Due to its disengagement in

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22 Rajiv Sikri, Challenge and Strategy: Rethinking India’s Foreign Policy (New Delhi: Sage, 2009) p. 165.
24 Statement by External Affairs Minister at the First Session of the India-Central Asia Dialogue, Samarkand, 13 January 2019. https://www.mea.gov.in/Speeches-Statements.htm?dtl/30905/Statement_by_External_Affairs_Minister_At_the_First_Session_of_the_IndiaCentral_Asia_Dialogue
Afghanistan, the US focus on Central Asia is also likely to decline over the coming years. At the same time, the Russian influence in the region is still significant and the Chinese profile is expanding fast. Since, in the five Central Asian countries, European and Indian activities are mainly in the field of development and capacity building, they are less likely to be seen through a geopolitical angle. Central Asians may not feel threatened by EU-India further engagement through joint efforts, nor should other strategic players in the region such as Russia and China. India has worked closely with Russia and is now also a member of the SCO.

Central Asia is in fact part of both the EU’s and India’s extended neighbourhood. The EU’s new India strategy clearly highlights that Indian and European interests converge in the security and stability of the region. Intensifying dialogue on Afghanistan and Central Asia has also been proposed as one of the key possible actions under the current strategy. Both India and the EU do share the principles of sustainable development based on effective multilateralism and a rules-based order. In addition, they believe that enhanced security, regional cooperation and connectivity will help Central Asia and its bilateral engagement with each of them. The EU has also confirmed its interests in working with India in third countries to help consolidating democratic processes and support transitioning regimes though capacity building for electoral and parliamentary institutions. This could be thought as a sharing of experiences to benefit the resilience and long-term stability of countries and societies, a common objective also of Central Asian states. Moreover, Europe and India increasingly share approaches to connectivity as a sustainable, comprehensive, and rules-based framework. These shared principles could be a basis for closer dialogue between India and the EU to support a prosperous and stable development in Central Asia to the benefit of all.

Moving from these broad generalisations to specific areas of cooperation in Central Asia is however not simple. Major powers like Russia, the US and China are, as we have seen, active in the region and have their own understanding about European and Indian engagement. The Afghanistan situation is still unfolding. The main positive factor in favour of EU-India cooperation is their positive image in Central Asia and Afghanistan. Overall, EU-India cooperation in Central Asia should not be comprehended as a geopolitical game but rather as an attempt to increase synergies for regional dialogue and promote sustainable development. If India and EU are convinced that they are useful partners in Central Asia, they could increase their exchanges through each other’s dialogues.

The following recommendations are offered to EU and Indian policy makers:

1. Explore the possibility of joint implementation of some new development cooperation projects in the areas of capacity building, renewable energy and agriculture, identifying the shortfall of what is already there;
2. Foster trilateral cooperation on democracy by developing EU-India joint training and technical assistance in strengthening institutions of democracy (elections, media, civil society) in Central Asia;
3. Bolster EU-India-Central Asia track 1.5 dialogue on Afghanistan;

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26 Interview with Ambassador Peter Burian, EU Special Representative for Central Asia, on 5th of March 2019.
4. Consider adding a connectivity stream to the EU-India-Central Asia track 1.5 dialogue, with the aim to explore potentialities, and limits, of joint work on connectivity;
5. Set up a EU-India task group mandated to explore in which fields and in what countries there is potential for EU-India technical assistance projects supporting private sector, capacity building and innovation for small and medium enterprises;
6. Consider creating EU-India joint mobility programmes for Central Asian students and teachers to cover a wider spectrum of educational levels and field of studies;
7. Establish a regular dialogue between the EU and India Ambassadors in Central Asian capitals so as to boost EU-India-Central Asia cooperation;
8. Consider inviting each other to individual dialogues with Central Asian countries. India could invite the EU as a guest of the chair to the next India-Central Asia Ministerial Meeting. The EU could do the same to India with regard to Brussels’ dialogue with Central Asia.

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