AVRASYA İNCELEMELERİ MERKEZİ
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EUSR'S KEYNOTE SPEECH AT EU-TÜRKİYE COOPERATION IN CENTRAL ASIA AND SOUTH CAUCASUS CONFERENCE BY KAS AND AVIM

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AVİM Note: *This is the keynote speech that was delivered by the EU Special Representative (EUSR) for Central Asia Ambassador Terhi Hakala at the conference titled EU-Türkiye Cooperation in Central Asia and South Caucasus: Towards Sustainable Engagement in Energy and Connectivity that was jointly organized by the Centre for Eurasian Studies (AVİM) and Konrad-Adenauer-Stiftung Türkiye (KAS Türkiye) on 22 February 2024 in Ankara.*

European Union External Action (22 February 2024)

Dear excellencies, dear friends,

It is a pleasure to join you this morning.

I would initially like to thank the Centre for Eurasian Studies AVIM and the Konrad-Adenauer-Stiftung for the organisation of todays event and for bringing us together in Ankara.

The EU is a strong, committed and reliable partner for the countries in Central Asia. We see a shared interest in the momentum of increased cooperation, with a long-term approach focused on producing results. We are committed to enhance regional cooperation, strengthen trade relations, and jointly pursue opportunities for sustainable investment.

An essential element of our partnership is to develop alternative connections and transport corridors for the benefit of all people and businesses the connectivity also recalled by the title of todays event. This is an important aspect not only for the EU and Central Asia, but also for - and including - our partners on the Trans-Caspian Transport Corridor a corridor that involves Türkiye and the Caucasus.

Looking at the relations between Central Asia and the EU: Last year we celebrated the 30th anniversaries of the establishment of diplomatic relations between the EU and the Central Asian republics and our cooperation has significantly expanded in the last years. Bilaterally, the EU has actively pursued engagement with countries in the region to further strengthen our relations, including as one of the largest trade and investment partners. We are achieving this by concluding Enhanced Partnership and Cooperation Agreements (EPCA). The EPCA with Kazakhstan is in force since 2020 and we are approaching the signature with Kyrgyzstan in the next months. With Uzbekistan, the EU initialled an EPCA on 6 July 2022 and we have also launched negotiations of an

EPCA with Tajikistan.

These agreements include important commitments by both parties on political, trade and sectoral cooperation issues and they are also reform incentivising instruments. EPCAs importantly provide additional momentum to the implementation of the EUs Strategy on Central Asia and help to stimulate political dialogue as well as our economic and trade cooperation.

Our Strategy on Central Asia, adopted in June 2019 and updating our first Strategy of 2007, frames our work with the region. The Strategy outlines three priority strands for EU engagement:

- partnering with Central Asian states and societies for resilience (human rights and democracy, security, environmental challenges);
- partnering for prosperity (supporting economic diversification and private sector development, promoting intra-regional trade and sustainable connectivity);
- as well as supporting regional cooperation in Central Asia.

It is obvious that our world has seen many developments since 2019, which have strongly influenced us all. This includes the Covid-19 pandemic, or Russias aggression against Ukraine. However, we consider our Central Asia Strategy to be a robust document, which covers relevant topics and can answer to new challenges flexibly. In our last annual Ministerial meeting that took place in Luxembourg in October, we commonly adopted the Joint Roadmap for Deepening Ties between the EU and Central Asia - a development on top of the 2019 strategy. The Roadmap focuses on 79 concrete actions that help to define and guide the implementation of our cooperation.

Additionally, the last two years have seen the first two meetings of the President of the European Council, Charles Michel, with the leaders of the Central Asian countries. The last such meeting took place in Cholpon-Ata, Kyrgyzstan, in June and the Leaders agreed to meet on a regular basis, aiming to hold their next meeting as a first Summit this year.

In addition, a number of specific meeting formats extends this engagement on the highest government level, including our yearly Civil Society Forum or our biannual Economic Forum. Our Economic Forum has been accompanied by specific engagements on the already mentioned topic of connectivity over the last years.

In November 2022, we organised the EU-Central Asia Connectivity Conference in Samarkand and the works started there have found their continuation not only in last years Economic Forum in Almaty, but especially at the Investors Forum for EU-Central Asia Transport Connectivity in Brussels at the end of January.

Connecting the EU and Central Asia is a key priority for the EU under the Global Gateway strategy. Global Gateway is the EUs offer to reduce the worldwide investment disparity and boost smart, clean and secure connections in digital, energy and transport sectors, and to strengthen health, education and research systems. The EU, in a Team Europe approach together with its Member States and European Financial Institutions, has the ambition through Global Gateway to connect people through sustainable investments and reliable partnerships by supporting transformative projects that combine public and private financing. We aim at jointly promoting the EU's values, principles, and vision of sustainable, rules-based and people-centred connectivity globally. In this way, Global Gateway provides the opportunity for improving connectivity within Central Asia as well as between Europe and Central Asia.

Looking a bit closer at the Investors Forum we most recently organised in Brussels, let me first recall that the forum built on the study on sustainable transport connections between Europe and Central Asia, which the EU worked on with the European Bank for Reconstruction and Development. The study concluded that the Trans-Caspian Transport Corridor, which stretches 11,000 kilometres from Asia to Europe, has the potential to handle more land-based trade between the two regions.

Further development of the Corridor will boost trade between countries, thereby fostering economic growth, prosperity and stability in the region.

The study identified 33 hard infrastructure investment needs across the region (related to modernisation/reconstruction of existing railways/roads, additional rail/road links, fleet expansion, port capacity expansion, rolling stock, logistics centres, warehousing, etc.), as well as 7 coordinated actions on soft connectivity measures (trade facilitation, regulatory measures, digitalisation, harmonisation of tariffs, customs procedures, border controls, interoperability, market liberalisation, etc.). These are all specific, concrete, implementable and realistic actions that can contribute to the competitiveness, economic attractiveness and operational efficiency of the trans-Caspian transport connections and offer opportunities for all the five Central Asian countries to maximise their sustainable economic development by linking up better with each other – and with Europe.

And the recent Investors Forum was an important first, collective step to take these projects forward, further developing the Trans-Caspian Corridor, aiming to link Europe and Central Asia within 15 days. And it is clear that in order to achieve this; we need to coordinate our resources with partners like Türkiye, with international financial institutions, as well as with private investors and companies - both in Europe and Central Asia. Understanding this, the Forum included a panel on Türkiye and the South Caucasus, and another on the Caspian Sea. We were grateful to see many countries, financial institutions and companies responding to our call and joining us in Brussels, including Türkiye as an important corridor country.

Im also happy to share that the EU announced an overall package of 10 billion euro, that was committed to sustainable connectivity of Central Asia. The EU also announced that we will create a Coordination Platform to ensure the best collective effect of everyones efforts, monitoring progress, and enhancing cooperation in the development of the Trans-Caspian Transport Corridor. The aim is to progress further by our next Investors Forum, as this cannot be a one-off event; its the start of a long-term endeavour.

To look beyond connectivity, we further implement Global Gateway in Central Asia via two so called Team Europe Initiatives, where we work together with our Member States and Financial Institutions:

The Team Europe Initiative on Digital Connectivity pursues a double objective: enabling investment in hard infrastructure, while promoting good governance in the digital sphere. It aims to provide satellite connectivity in the region creating new opportunities for improving connectivity as well as potentially increasing the capacity of existing broadband infrastructure.

The Team Europe Initiative on Water, Energy, and Climate Change is built on the common ambition of the Central Asian countries and the EU to promote a sustainable and just blue and green transition. This TEI focuses on supporting Central Asias regional power market, greening of its energy mix and transboundary water governance initiatives - particularly the International Fund for Saving the Aral Sea, and the regional policy dialogue in mainstreaming of climate change in the water, energy, and environment sectors. About 40% of the initial EUR 700 million of funding under this initiative is dedicated to investments in hard infrastructures. This amount will increase through blending and budgetary guarantee projects that will be financed through the European Fund for Sustainable Development Plus (EFSD+). This year we will launch a Coordination Mechanism for the TEI and it will include for the first time in our cooperation, energy as a main pillar, together with water management and climate resilience. In particular, the EFSD+ financial package will allow us to deploy budgetary guarantees supporting private sector operations in Central Asia for the first time.

Four programmes implemented by the European Bank for Reconstruction and Development (EBRD) and supported by an EFSD+ budgetary guarantee have been approved as well. These will support private sector operations in Central Asia including on new climate technologies and critical raw materials, a topic we are also working on bilaterally, for example through a MoU we are implementing with Kazakhstan. The European Commission is also working with other financial institutions to ensure that countries in Central Asia can benefit from additional private-sector oriented programmes focussed on the transitioning to renewable energy generation and increased energy access, support to SMEs, development of value chains and development of green bonds markets.

As you can see, the last years have seen a steady increase in both political engagement and concrete projects between the EU and Central Asia in the two areas mentioned for the event today.

Thanks again to AVIM and KAS for the organisation and I look forward to the further inputs and the panel discussions during the event.

https://www.eeas.europa.eu/eeas/eusr%E2%80%99s-keynote-speech-eu-%E2%80%93-t%C3%BCrkiye-cooperation-central-asia-and-south-caucasus-conference-kas-and_en

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