



UZBEKISTAN'S PATH TO ENHANCED PARTNERSHIP WITH THE EUROPEAN UNION

In accordance with the 2019 European Union (EU) Strategy on Central Asia, the European Council initiated negotiations on the new-generation bilateral Enhanced Partnership and Cooperation Agreements (EPCAs) with the Central Asian states. The EPCA, aimed to be a cornerstone of the EU's engagement with the region, will be the major instrument of bilateral partnership. By promoting the EU norms with an emphasis on the values of democracy, human rights and the rule of law, the EU seeks to deepen its engagement with the Central Asian countries in a wide range of sectors. It is believed that through EPCAs, the EU will stimulate economic diversification in the region, as well as facilitate reciprocal market access and approximation of legislation.

At present, Kazakhstan is the first and only country in Central Asia with an active EPCA that came into force in March 2020. The signing of an EPCA with Kyrgyzstan, negotiations on which were launched in December 2017 and finalized in July 2019, is pending. Tajikistan requested the EU to start negotiations on an EPCA in November 2018 but they have not started yet. Uzbekistan that formally launched negotiations in November 2018 aspires to conclude them this year. A new agreement will replace the Partnership and Cooperation Agreement (PCA), which has been in force since July 1999.

In order to facilitate the EPCA process between the EU and Uzbekistan, the parties held five rounds of formal negotiations in February, June, September and December 2019 and March 2020. Negotiations were conducted in three working groups on the trade, political and sectoral issues. Although the ongoing pandemic changed the plans for further joint meetings and postponed a visit of President Mirziyoyev to Brussels, the parties continue to discuss the provisions of the agreements as agreed in the electronic format, hence the work on the agreement is actively proceeding.

The EPCA will benefit the EU-Uzbekistan relations in a number of ways. In particular, in accordance with the EU strategy to support regional connectivity and create a trade environment in line with the World Trade Organization (WTO) rules, the EU supports Uzbekistan's accession to the WTO and the EU's Generalized Scheme of Preferences Plus (GSP+). In order to accelerate Uzbekistan's WTO accession, a new project worth €5 million was launched for providing technical assistance to the process. In particular, the EU intends to raise awareness among the

state and private sectors on the WTO proceedings, fulfilling the WTO accession requirements, trade compliance, technical barriers, and other issues. The membership to the GSP+ will provide Uzbek enterprises with preferential access to the EU market with lower rates or duty-free depending on the commodity. According to Uzbekistan's Ministry of Investments and Foreign Trade, the GSP+ will allow the country to export about 6,200 goods duty-free to the EU. Currently, under the basic GSP system, Uzbekistan exports 3,000 commodity items duty-free and 3,200 commodity items at reduced rates. Taking into account that the EU is the fourth largest trade partner of Uzbekistan, the accession to the WTO and GSP+ will benefit Uzbekistan by enhancing its trade portfolio with the EU member states. The GSP+ will also assist in adjusting Uzbekistan's trade balance with the EU, since, as of 2019, the country's exports to the EU was only €412 million, which is seven-fold less than €2,823 million of the EU imports to Uzbekistan. Hence, through facilitating the country's accession to the WTO and GSP+, the EU aims to enhance intra-regional trade and investment activities in Uzbekistan, while promoting regulatory convergence and harmonization with the EU rules.

Apart from that, the EU encourages Uzbekistan's progress on protecting human rights and fundamental freedoms of all citizens, ensuring freedom of press, removing censorship, releasing political prisoners, and eradicating child and forced labor, to name but a few. Those and other issues related to the so-called EU norms are discussed during the EU-Uzbekistan Cooperation Council meetings and sectoral negotiations on the EPCA. The EU has also recognized ambitious reforms, market liberalization, and regional cooperation efforts undertaken by the present Uzbek government.

By and large, the EU attaches significance to the ongoing structural, administrative, and economic reforms of Uzbekistan, which is seen in the level of engagement between Brussels and Tashkent. It is noteworthy that the EU implements 25 economic and social development projects in Uzbekistan with a total budget of €103 million, in addition to 10 regional projects worth €33.5 million. In 2019 alone, the EU contributed €20.2 million to three projects: €10 million for skills development to improve employability in rural areas; €5.2 million for the Multi-Partner Human Security Trust Fund for the Aral Sea region; and €5 million for facilitating

Uzbekistan's WTO accession process. Besides, Uzbekistan participates in the Erasmus+ projects, the Border Management in Central Asia Program, and the Central Asia Drug Action Program. As part of the global response to the ongoing pandemic, the EU allocated €36 million to address its humanitarian, health, social and economic consequences in Uzbekistan.

In the past few years, Uzbekistan has been active in its foreign policy both regionally and globally. With regard to the EU, in November 2017, Uzbekistan hosted the EU-Central Asia meeting of foreign ministers in Samarkand, where the EU was represented by Federica Mogherini, the then EU High Representative for Foreign Affairs and Security Policy and Vice-President of the European Commission. She also attended the conference on Afghanistan entitled "Peace Process, Security Cooperation and Regional Connectivity" hosted by Tashkent in March 2018. It is worth noting here that Uzbekistan's efforts in the peace-making process in Afghanistan are emphasized at various levels, and stakeholders acknowledge that Uzbekistan's support contributes to promoting stability and security of the region. On January 28, 2020, during his working visit to Berlin, Uzbek Foreign Minister Abdulaziz Kamilov met with Josep Borrell, who replaced Federica Mogherini. Frequent high-level interaction between Brussels and Tashkent demonstrates a strong focus of both sides on enhancing existing ties and promoting the upgraded level of bilateral partnership.

By initiating the EPCAs with the Central Asian states, the EU has been answering the major critique of the 2019 EU Strategy on Central Asia, where the instrumental approach was not vividly formulated. The EPCAs will enable the EU's engagement with the region by transforming the intentions into practice. The agreement that contains political, social, economic and security cooperation frameworks will reinforce bilateral partnership and facilitate trade relations. For Uzbekistan, the EPCA will contribute to positioning the new image of the country that has been implementing comprehensive reforms in the past several years. It will also help to increase Uzbekistan's investment potential and opportunities for economic growth. Therefore, it is expected that with the implementation of the EPCA, reciprocity between the EU and Uzbekistan will be deepened and diversified at all levels of cooperation.

Politics, Foreign Affairs, and Security

- The Council of the Parliamentary Assembly of the Collective Security Treaty Organization (CSTO) held a meeting via videoconference, during which CSTO Secretary General Stanislav Zas reported on the situation in the organization's area of responsibility. According to Zas, the CSTO plans to conduct seven joint exercises this year. The council considered a draft program of the assembly's work on harmonizing the national legislations of the CSTO member states for 2021-2025 (CSTO, 15.06.2020).
- The Council of the European Union (EU) decided to renew the sanctions introduced in response to the illegal annexation of Crimea and Sevastopol by Russia until June 23, 2021. The restrictions include prohibitions on infrastructural and financial investments, tourism services, and imports of products originating in Crimea into the EU. Exports of certain goods and technologies to Crimea in the transport, telecommunications and energy sectors are also subject to EU sanctions (Council of the EU, 18.06.2020).
- Following the talks in Minsk, foreign ministers of Belarus and Russia Vladimir Makei and Sergey Lavrov signed an agreement on mutual recognition of visas and other issues related to the entry of foreign nationals and stateless persons to the territories of the two states. Under the agreement, foreign citizens who have Belarusian visas will be able to enter Russia and, vice versa, holders of Russian visas will be allowed to enter Belarus (BelTA, 19.06.2020).
- Foreign ministers and ministerial-level officials from 25 countries, Director-General of the World Health Organization (WHO) Tedros Adhanom Ghebreyesus and UN Under-Secretary-General Achim Steiner attended the high-level video conference on international cooperation under the Belt and Road Initiative (BRI). The participants emphasized the importance of multilateralism and solidarity in the global fight against COVID-19 and noted the BRI's role as an important platform for concerted efforts against the pandemic and for economic recovery (MFA of China, 19.06.2020).
- The EU and Turkmenistan held the twelfth round of their annual Human Rights Dialogue by videoconference between Brussels and Ashgabat. The parties discussed a wide range of issues, with a particular focus on the repercussions of the pandemic on human rights, and exchanged views on the legal framework for the protection of human rights in Turkmenistan. The EU welcomed the country's decision to receive an advisory team of the WHO (EU External Action, 19.06.2020).
- President of Kyrgyzstan Sooronbai Jeenbekov signed the law ratifying the protocol that amends the agreement on the Russian military airbase in Kant. The protocol increases the airbase's official leased area from 866.2 hectares to 924.52 hectares actually used by the Russian side, as revealed by a topographic survey. Russia will reimburse Kyrgyzstan for the difference in the rental payment. The document also provides for the deployment of unmanned aerial vehicles and the reconstruction of the runway at the expense of the Russian side (Kabar, 22.06.2020).

Economy, Finance, and Energy

- According to Minister of Digital Development, Innovations and Aerospace Development of Kazakhstan Askar Zhumagaliyev, in the past two years, the country's digitization efforts generated 800 billion tenge (\$1.97 billion), created 120,000 jobs and attracted 32.8 billion tenge (\$80.7 million) of investment into the country. The electronic government website currently has 10.9 million users and provides more than 800 services, 82% percent of which are automated, and the wait time is three times shorter than before (The Astana Times, 18.06.2020).
- The International Development Association will provide \$31.7 million for a rural electrification project in Tajikistan. As a result, over 11,600 residents of 61 villages in the Gorno-Badakhshan autonomous region and more than 31,400 residents of 74 villages in the Khatlon region will gain access to electricity by 2025. In addition to power lines and related infrastructure, the project provides for the construction of small hydropower plants and the installation of wind generators and solar panels (Avesta, 16.06.2020).
- Turkmen officials and representatives of the World Bank held online talks on Turkmenistan's possible participation in the bank's "Doing Business" project which currently covers more than 180 countries. The Turkmen side underlined the significance of the project for creating a favorable business climate in the country. The parties also discussed prospects for expanding cooperation in the context of economic reforms implemented in Turkmenistan (Turkmenistan Today, 19.06.2020).
- As reported by the Kyrgyz Temir Zholu state enterprise, the railway administrations and ministries of transport of Kyrgyzstan, China, Uzbekistan and Russia continue negotiations on the China-Kyrgyzstan-Uzbekistan railway project. The parties discuss such technical issues as the route of the railway, the gauge size and the location of a reloading station. According to the company, the parties plan to hold a series of negotiations to coordinate their positions (24.kg, 20.06.2020).
- The national coordinators of the Central Asia Regional Economic Cooperation (CAREC) program of the Asian Development Bank (ADB) held an online consultative meeting. The main objective of the event was to discuss the economic impact of the COVID-19 pandemic on the CAREC countries. In addition to the response measures taken by the ADB, the participants reviewed progress in implementing projects in the fields of trade, transport, energy, tourism, and economic corridor development (CAREC, 16.06.2020).
- High-ranking EU officials and prime ministers of the Eastern Partnership member states, Armenia, Azerbaijan, Belarus, Georgia, Moldova, and Ukraine, held a meeting via videoconference. The parties discussed the response to COVID-19, the consequences of the crisis, and the future of their strategic partnership. They also discussed the preparations for a physical summit to take place in Brussels in March 2021 during which they will endorse five policy priorities (Council of the EU, 18.06.2020).

Society and Culture

- The World Bank's board of directors approved additional financing for the Enhancing Resilience in the Kyrgyz Republic project in the amount of \$55 million. Of this amount, \$27.5 million is allocated in the form of a grant, which requires no repayment, while the other \$27.5 million is a credit with a 0.75% interest rate. The funds will be used to modernize the country's firefighting system and improve safety and functionality of school infrastructure (Kabar, 15.06.2020).
- Officials and experts from Central Asia, the EU and the Italian Ministry for the Environment, Land and Sea participated in the first meeting of the Coordination Committee of the EU-Central Asia Working Group on Environment and Climate Change held in an online mode. The parties discussed further cooperation and coordination of efforts on environmental issues, as well as opportunities for the capacity building of Central Asian national experts (WECOOP, 15.06.2020).
- Russia announced a contribution of \$11.2 million to the UN World Food Program to implement the third and final phase of the project aimed at developing a sustainable national school feeding program in Tajikistan. The project focuses on the renovation of school canteens, training staff and promoting healthy diets. Russia will also provide \$10 million to purchase food commodities that will be used to meet needs of Tajik schoolchildren in 2020-2021 (WFP, 16.06.2020).
- Minister of Ecology of Kazakhstan Magzum Mirzagaliyev held a videoconference call with Minister of Water Resources of Uzbekistan Shavkat Hamraev. The parties agreed on a draft roadmap for cooperation in the field of transboundary water management. They also discussed the issue of conducting a technical audit of the Sardoba reservoir with the involvement of international and Kazakhstani experts (Ministry of Ecology, Geology and Natural Resources of Kazakhstan, 16.06.2020).
- The Turkish company Magdenli Yer Hizmetleri ve Tasima, which has been investing in Kazakhstan since the 1990s, provided humanitarian assistance to the Atyrau region. The Turkish investor sent a 650-kg cargo containing medical glasses, latex gloves, masks and overalls. As stated by Kazakhstan's Ambassador to Turkey Abzal Saparbekuly, investors from Turkey provide comprehensive support to Kazakhstan in the fight against COVID-19, which is a clear evidence of strategic partnership and brotherhood between the Kazakh and Turkish peoples (MFA of Kazakhstan, 15.06.2020).
- Uzbekistan plans to introduce a new immigration visa called "Uzbekistan – my second home" to be developed in two months. According to the State Committee on Tourism Development, the main purpose of the visa is to attract people with high income, good academic knowledge, rich life experience and skills to Uzbekistan. Visa holders will be able to live in the country both on their own and with family members (Kun.uz, 20.06.2020).