

The EU and Kazakhstan in the latest geopolitical and geoeconomic conditions: New dimensions of partnership

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Abstract

In the article, the authors analyze the state of relations between the EU and Kazakhstan in recent times, taking into account the adjustments in global economic relations, transport, and logistics routes in Eurasia, resulting from the war in Ukraine. The difficulties in their partnership stem primarily from the lack of an alternative to the Northern route. The authors examine these challenges and the prospects of the Trans-Caspian International Transport Route (TITR) to provide that alternative. Special attention is paid to the EU's "Global Gateway" program, initiated at the end of 2022, representing a new milestone in the relations between the EU and the Central-Asian countries, especially Kazakhstan. This program is in direct competition with China's "Belt and Road" project, such that a comparison will reveal its opportunities. As will be discussed, one of the most important areas for such cooperation is Kazakhstan's energy sector, including the development of green hydrogen, by which the EU aims to diversify its suppliers. The article concludes that while the consequences of the war in Ukraine have challenged the economic partnership between Kazakhstan and the EU, they have opened up new areas for its strengthening. The European Union, for its part, is deepening its involvement in Kazakhstan and Central Asia, focusing on regionalization, the ecologization of economic systems and relations, and quality management.

Keywords

European union, Kazakhstan, global gateway, Trans-Caspian International Transport Route, Central Asia

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Introduction

The European Union is Kazakhstan's most important trade and investment partner, accounting for half of Kazakhstan's foreign trade turnover and attracted foreign capital in the economy. Since Kazakhstan's independence, the EU has been one of its leading political and economic partners, but in December 2015 they strengthened their ties, signing the Enhanced Partnership and Cooperation Agreement (EPCA). This is the first such agreement signed by the EU with a partner in Central Asia.

Before the war in Ukraine, Kazakhstan was the third largest supplier of oil to the EU after Russia and Norway, providing 6% of its demand. Europe was by far its largest market, consuming 70% of its oil exports. Kazakhstan is

also the largest supplier of nuclear energy to the EU, providing more than 21% of its uranium demand. In turn, European multinational companies are deeply involved in Kazakhstan's hydrocarbon production. Between them, oil and gas majors French, Total, British-Dutch Shell, and

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Italian Eni hold just over a 50% stake in the Kashagan Field at 16.81% a piece. Eni also has a 29.25% stake in the Karachaganak Field and Shell has 50% in Arman, etc. (LS, 2021).

The bulk of Kazakhstan's exports to the EU passed through Russia. So sanctions against it have severely curtailed opportunities for energy trade. Given the importance of the energy trade to their relationship, its disruption merits study on scientific and policy grounds. Specifically, the emergence of the Trans-Caspian International Route (TITR) as the lifeline, upon the closure of the northern route, demands special attention in its characteristics and potential. However, for Kazakhstan, the EU Global Gateway Project is the linchpin not only for transitioning to a green economy and sustainable development but also accelerating its drive towards strategic autonomy, which it has been striving for since independence.

There are many studies on Kazakh–EU energy relations, which differ in their goals, methods, and solutions. Naturally, studies published before the war in Ukraine differ from those given afterward. This applies not least of all to Kazakh researchers who did not have this issue on their radar, given that Russia and China were the focus of their multi-vector foreign policy. The lack of energy diversification was thus a blind spot until 2022, as they considered their circumstances, while lamentable, to be temporary. As a result, some important aspects of the relationship between the EU and Kazakhstan remained unexplored. The Trans-Caspian International Route, for example, was never seriously assessed as a viable alternative.

Russian aggression in Ukraine changed the views of many in the academic community. This dramatically shifted the foreign policy narratives and discourses, calling into question previous conceptions in foreign policy and economics. Our research process nevertheless consisted of a meta-analysis of previous studies on great power relations in Central Asia as well as content analysis of documents, especially the speeches of EU leaders. These studies included comparisons of the influence of the EU, Russia, and China in the Central Asian Republics and the implementation of the Chinese “One Belt, One Road” (OBOR) project in Central Asia.

Current obstacles in the EU–Kazakhstan energy cooperation

Ninety percent of all energy supplied to the EU by Kazakhstan is transported through the Russian Federation via the oil pipeline of the Caspian Pipeline Consortium (CPC) (Gov.kz 2019). In pre-war 2021, 53.1 million tons were shipped through the CPC, comprising more than 90% of Kazakhstan's oil exports, and 11 million tons through the Atyrau-Samara pipeline. Together, they account for 94.8%

of the total (Energy Analytics, 2022). The CPC oil pipeline was built in 2001 as the main export route for Tengiz and Karachaganak. It offers the shortest route to the Black Sea and requires a minimal number of operations for oil transportations, ensuring the highest export profitability. There is currently no full replacement for the CPC, as only about a third of the annual volume of 54 million tons can be shipped via alternative routes (Bukeeva, 2022). That is a serious limitation not only for the Kazakh–EU economic relations but also for the socioeconomic development of Kazakhstan.

Oil accounts for one-third of Kazakhstan's budget and more than half of its total exports such that any potential problems with the CPC are a direct threat to the country's national security. Russia has not been shy about leveraging Kazakhstan's dependence to exact its interests. One might consider the following problems with the CPC to be coincidental, but they only emerged after followed foreign policy actions or statements by top officials of Kazakhstan that failed to meet its expectations. These included to damage to operating loading units (TLUs) in March 2022 following a storm, the discovery of anti-ship mines from World War II near the pipeline later in June, and three cases of suspension that summer for “technical reasons.” Kazakh oil exports to Europe have decreased significantly as a result (Serikapyev 2022).

It should be also noted that the Kazakh government has already attempted to diversify its routes. An alternative to the CPC was the Baku-Tbilisi-Ceyhan (BTC) pipeline, opened in June 2006, which Kazakhstan hoped would provide access to the Mediterranean Sea through Turkey. But the project has never been realized due to its capital intensity in comparison to the CPC; while the CPC tariff is about \$38 a ton, the BTC is more than double that at \$90 a ton. Such rates for BTC are related to the high costs of multimodal transportation (Bukeeva, 2022). Kazakhstan also showed interest in the Baku-Tbilisi Ceyhan (BTC) pipeline project but backed out. These prior attempts never got passed the proposal stage because though Kazakh leadership saw the need to diversify the country's energy export routes, they feared Russia's wrath (Kassenova, 2011).

Today, Kazakhstan still mainly uses the traditional route for transporting oil to EU countries but on a completely different basis. In March 2023, Kazakhstan sent its first oil shipment to Germany via Russia, Belarus, and Poland to the PCK refinery in Schwedt through the Druzhba pipeline system. The PCK refinery, which provides 90% of Berlin's fuel, used to rely on Russian oil. Although that oil is exempt from the EU sanctions announced last year (which target seaborne oil), Germany went one step further and decided to halt all oil imports from Russia preemptively. Kazakh oil subsequently proved one of the most practical and convenient alternatives. This rapid reorientation of Germany's energy portfolio has highlighted Kazakhstan's prominent

role in Europe's quest for greater energy security while underscoring its central paradox: Kazakhstan relies on its historical ties with Russia and Russian infrastructure to export its oil (Nakhle, 2023).

Kazakhstan struggles against the same problem for its gas exports. All of the raw gas (except the volumes re-injected into the reservoir) produced at Kazakhstan's only large gas condensate field is processed at a Russian plant in Orenburg. The volume of gas production at Karachaganak is determined by the interests of Gazprom, Russia's state-owned company, meaning these interests are synonymous with those of Russia itself. Practically, the country's domestic market and supplies to foreign markets are fully dependent on Gazprom. For more than thirty years of independent development, the Kazakhstani political and business elites proved unable (or unwilling) to develop their own gas processing plant.

The construction of a gas-processing plant, in the Atyrau region, for processing raw Kashagan gas only began in 2021. The planned capacity of the plant is 1 billion cubic meters (bcm) per year with plans for further expanding production to 6 bcm. Its construction has been stalled for financial and organizational reasons, however, leaving the national economy vulnerable to Russian economic pressure. For example, as recently as November 2022, the Orenburg gas processing plant restricted gas from the Karachaganak Field citing technical problems (Tasymov, 2022). The supply of Kazakh gas to European markets is completely monopolized by the Russian operator, which denies transit through Russian territory. Kazakhstan must then sell its gas to Russia, which in turn resells it for twice as much to European countries. As with oil and coal, the transportation of Kazakhstan gas remains at Russia's mercy. By subordinating Kazakhstan's natural resources and economy to its interests, Russia keeps Kazakhstan securely within its orbit.

Yet, Kazakhstani authorities were not particularly eager to diversify the routes for Kazakhstani gas transit. It is obvious that the country's leadership was amenable to the Russian demand not to participate in the unrealized project for the construction of an alternative route to transport Central Asian gas to Europe, "Nabucco." In February 2009, Czech Prime Minister Mirek Topolánek visited Astana to discuss the possibility of Kazakhstan entering a contract for the supply of gas for the "Nabucco" pipeline project. During his meeting with Prime Minister Karim Massimov, he said that "the European Union is interested in direct oil and gas supplies from Kazakhstan and other countries in Central Asia." Karim Massimov's answer was literally as follows: "Kazakhstan must take into account the interests of all parties involved, including Russia, which provides transit for a large part of Kazakh gas and oil." He indirectly rejected the EU's desire to receive Kazakh gas without intermediaries. "It is necessary to consider the interests of all parties," Massimov said, alluding to Kazakhstan's recent talks in Moscow (Amreev, 2010). But that did not stop then former

president Nazarbayev from criticizing the EU for inaction in promoting this project (Lovkis, 2010).

Times have changed. Kazakhstan is desperately looking for a way out of the transport impasse, using all possible routes for exporting its energy resources to the EU, which is just as eager to see them developed. During the "EU-Central Asia Economic Forum," which took place on May 2023, the Executive Vice President of the European Commission Valdis Dombrovskis especially emphasized the need for investment in the region in order to develop infrastructure and remove bottlenecks. Prime Minister of Kazakhstan Alikhan Smailov and the Executive Vice-President of the European Commission signed a financial agreement—"Instrument for cooperation between the Republic of Kazakhstan and the EU"—for such investment. This will provide €9 million for projects in the Republic to improve infrastructure and logistics (Tonkonog, 2023). Reluctance has thus given way to action as both Kazakhstan and the EU have been left with little choice but to pursue energy and strategic independence from Russia.

Trans-Caspian International Transport Route

Undoubtedly, Kazakhstan's energy exports are important for the European Union and the consequences of the war in Ukraine put on the agenda many issues related to the search for alternative ways to transport these resources. In this regard, the need to restructure trade relations, finding new partners and markets, and diversify trade routes is currently at the forefront for Kazakhstan and the EU. The Vice-President of the European Commission Josep Borrell highlighted this in his speech at the 1st European Union-Central Asia Sustainable Interconnection Conference in November 2022, calling for deeper ties with the region and for the development of its energy and transport infrastructure, namely, the so-called Middle Corridor or Trans-Caspian Corridor (EEAS Press Team, 2022a).

The exclusion of the northern corridor from the delivery networks due to sanctions has drawn attention to the middle corridor or more precisely the Trans-Caspian International Transport Route (TITR). New opportunities to diversify the supply routes for Kazakhstani exports to European markets primarily, the use of the transit potential of the TITR became one of the key topics of the talks held by President Tokayev and other key figures of Kazakhstan with a number of EU leaders during 2022. During his visit to Kazakhstan in October 2022, Charles Michel discussed the prospects of the TITR for further development and the role of other transport routes in the region with Kassym-Jomart Tokayev (Economic Research Institute, 2022).

Starting from China, the TITR passes through Kazakhstan, the Caspian Sea, Azerbaijan, Georgia, and

Turkey and then moves on to European countries such as Romania, Poland, and Ukraine (see [Figure 1](#)). In May 2022, Finland became another destination. The TITR includes 10 thousand kilometers of railroad networks, 10 seaports, and 70 thousand units of rolling stock. The Kazakistani part of the potential route is 10 million tons of cargo and up to 200 thousand containers per year ([Middle Corridor, 2022](#)).

The TITR currently has only about 5% of the throughput capacity of the northern route. Its small volume reflects the corridor's greatest liability—its multimodality, from which a number of other significant problems arise.

According to a report by the Asian Development Bank Institute the main problem is that after sending cargo through Kazakhstan's railroads, the TITR involves slow and expensive ferry crossings across the Caspian Sea, then across the Black Sea from Georgia to ports in Romania and Bulgaria, or using the rail route through Turkey currently under construction ([Shaku, 2022](#)).

High tariffs result from the lack of a customs union, joint tariff coordination, and transnational digital integration between TITR countries. There is also insufficient infrastructure to accommodate goods in accordance with the emerging demand ([Carafano, 2022](#)).

The low throughput capacity of the port of Aktau and the relatively smaller area than other TITR countries further depresses the throughput of the route (see [Table 1](#)). The projected increase in shipments through the Trans-Caspian route makes it critical to finish the construction to expand the area and capacity of the port of Aktau. Complications due to procedural issues cause further delays. The port of Aktau has mandatory customs controls with inspection for all cargo in containers bound for Eurasian Economic Union members, which increases downtime to 14 days, resulting in the disruption of cargo shipments.

In addition, it is worth noting the problems concerning the depth of the Caspian Sea that affect freight traffic. Shallowing of the sea considerably obstructs passability of cargo ships, so it is necessary to dredge them. Such problems have been recently encountered in the Kashagan project which is 80 km away from the shore. Experts note that each time the cost of dredging works is \$600 million ([Aliyeva, 2022](#)).

The vessels used in the Caspian Sea are also of relatively old design and in need of modernization and re-design to take into account the low level of the sea. The Russian shipyard "Lotos," which constructs and repairs ships on the Caspian Sea, is under U.S. sanctions. This situation presents another problem ([Bureau of Global Public Affairs, 2022](#)).

Further development of the capacity of the TITR is closely linked to the level of relationships of the participants. Partnerships of Kazakhstan and Southeastern European countries can contribute to the expansion of the capacity of the TITR. The Romanian port of Constanta in the delivery of cargo to Central and Eastern Europe plays the key role in linking the participants. In this regard, the accession of the Romanian company "Grampet Group" to TITR is an important development in its evolution. "Grampet Group" is the largest private railway group and logistics operator in Southeastern Europe, uniting the railway companies of Austria, Bulgaria, Serbia, Hungary, and Croatia ([Grampet Group, 2019](#)).

The participating countries should take into account the experience of the Transport Corridor Europe-Caucasus-Asia (TRACECA) in building relationships around the TITR.

Despite the demand for this route and systematic efforts of the TITR Association members to establish adequate logistics, there has recently been a decline in the growth rate of traffic. This is due to high load and congestion at crossing points, whose obsolete equipment is reducing the efficiency of the route. Synchronizing, modernizing, and digitalizing

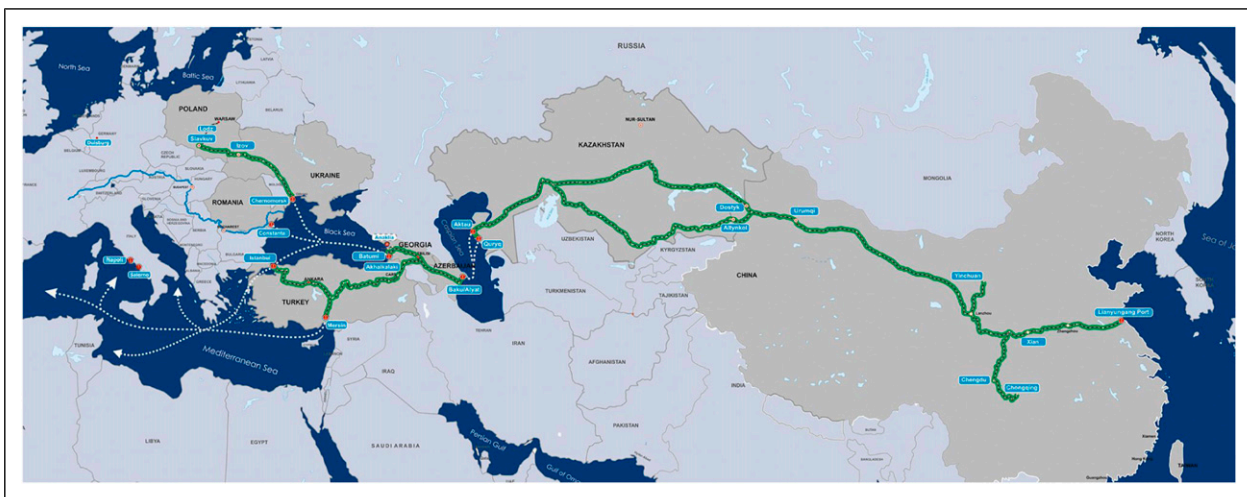


Figure 1. Trans-Caspian International Transport Route map ([Middle Corridor, 2022](#)).

Table 1. Trans-Caspian International Transport Route Ports (Data Collected by Authors, 2022).

Ports	Port of Batumi	Port of Poti	Port of Aktau	Port of Baku
Throughput	230 thousand TEUs	330 thousand TEUs	70 thousand TEUs	100 thousand TEUs
Square	14 hectares	49 hectares	22	400 hectares
Current work	No information	Work is underway to expand the area and increase throughput capacity to 1 million TEUs and 5 million tons of bulk cargo	Work is underway to create a container hub, increasing throughput capacity to 215 thousand TEUs and 12.5 million tons of oil berths	Work is underway to increase throughput capacity to 500 thousand TEUs and 25 million tons of cargo turnover

all the links could quadruple the capacity of the route within five years ([KazLogistics, 2022](#)).

Also, one of the problems facing the TITR is Russia's geopolitical influence. The key question is how tolerant Russia will be of creating an alternative transport corridor that competes with its own northern route. How will it retaliate if it decides to intervene and block the further expansion of the project?

Its reaction to Western sanctions is instructive. Despite the negative impact on its own economy, Russia continues to limit gas supplies to Europe provoking an energy crisis in the EU. In addition, Russia may attempt to use the TITR as a route to circumvent sanctions. This, in turn, can put the TITR project at risk of sanctions.

Such a risk in no way lessens the paramount importance Kazakhstan places on increasing joint projects with the EU for the development of economic and trade relations.

Concrete actions towards and financial support of the TITR will indicate whether the EU has decided to position itself as a key player in the diversification of the Central Economies ([Herman, 2022](#)). The EU's initiation of the "Global Gateway" project for Central Asia at the end of 2022 promised to be the aegis and new impetus for all ongoing and planned infrastructure and logistics projects in the region, including Kazakhstan. Moreover, the full functioning of the TITR would be beneficial for the EU itself, which is trying to diversify sources of energy resources as much as possible in order to finally break free of its dependence on Russian oil and gas.

Current EU programs in Central Asia: Impact on Kazakhstan

In 2019, the European Union adopted a "Green Deal" plan for the transition to renewable energy. The plan includes a range of policies and subsidies to increase research and investment in clean technologies.

The program involves a structural transformation of the EU energy system. According to EU projections, by

2030 conventional fuels will still provide about half of the countries' energy needs. There is talk of a significant reduction in the use of coal as the most polluting element. Between 2030 and 2050, the EU expects to completely phase out oil and to reduce gas consumption down to a mere tenth of its energy needs.

By 2030, the EU is expected to reduce imports of coal by 71–77%, oil by 23–25%, and natural gas by 13–19%. The reduction of European market demand for oil and gas will naturally affect its suppliers, including the Central-Asian region and Kazakhstan. Investments in infrastructure that use fossil fuel may be significantly reduced. Nevertheless, under the new energy system, the European Union will become more dependent on imports of rare earth metals for clean energy production. The transition from coal to gas will lead to an increase in its imports. In addition, the EU may become the largest importer of "green" hydrogen ([European Commission, 2022a](#)).

Kazakhstan has already reached agreements with the EU on supplies of "green" hydrogen. A plant for the production of "green" hydrogen by the German-Swedish company "SVE-VIND" will be built in the Mangystau region. It is designed to produce 2 million tons of "green" hydrogen per year, which equals one-fifth of the declared EU import target for 2030. The project is estimated at \$50 billion and should become one of the largest in the world. It is notable that the wind and solar power plants that will power the industrial park are favorably located where there is no shortage of solar and wind energy in the Caspian territories ([Bulatkulova, 2022](#)). Thus, Kazakhstan has taken a prominent place in the implementation of EU hydrogen diplomacy.

It must be kept in mind that "green" hydrogen is still an extremely complex, problematic source of energy that requires more research and development. Hence, it is much more expensive than traditional, natural gas-based "gray" hydrogen, calling its viability into question.

That is the case without taking into account the issue of storage and transit of hydrogen, as traditional pipelines are not suitable for transporting it.

So in addition to requiring infrastructure, the project is highly dependent on the creation of new technologies. Though the project may receive additional subsidies over the course of its development, the abovementioned issues make the project extremely expensive and high-risk.

The Russian–Ukrainian conflict was the catalyst for the EU to adopt the “RePowerEU” plan to accelerate the withdrawal of energy supplies from Russia until 2027. In general, the document does not specify the exact time frame for implementing the goals. It proposed to ban Russian oil and reduce Russian gas supplies threefold by the end of that period.

So, from 155 bcm of gas, bought from Russia in 2021, 60 will be purchased from other suppliers: 10 bcm of pipeline gas and 50 bcm of liquefied gas.

Despite the ambitions of the “Green Deal,” geopolitical realities have tended to cause the EU to backslide on its positions in the “REPowerEU.” The EU plans to extend the terms of operation of nuclear power plants and coal-fired power plants to replace gas. In this vein, Kazakhstan now has the opportunity to significantly increase coal and uranium supplies to Europe (European Commission, 2022d).

Though the EU needs to break its dependence on Russia as urgently as does Kazakhstan, it has taken a more expansive approach than a mere quid pro quo exchange of investment for energy access. The EU has instead implemented several programs to increase “sustainability and prosperity” as part of its soft power strategy in Central Asia ultimately aimed at improving intra-regional dialogue and cooperation.

Under the “Team Europe” initiative, the EU has intensified its efforts with 700 million euros budgeted for infrastructure projects in water, sanitation, waste management, and hydropower.

The focus will be on developing an integrated regional electricity market, managing transboundary waters, and incorporating climate change issues into the regional political dialogue.

This technical assistance is designed to help Central-Asian countries share their limited water and energy resources. To that end, the initiative will support the reform of the International Fund for Saving the Aral Sea and the exploration of innovative solutions to improve the management of the water-energy nexus.

The EU has created a number of programs to aid the sustainable development of Central Asia. Increased investment for the green transition will come from the European Fund for Sustainable Development Plus (EFSD+), which will provide funding in partnership with a number of development finance institutions. The EU is also planning a coordinated approach to food security, jobs, growth, and sustainable development in the region.

In addition, the “SECCA” project was launched to promote a more sustainable energy mix in Central Asia in

line with EU best practices. The total budget of the program is 6.8 million euros with an implementation period of 2022–2026. The project aims to strengthen national policies for the transition to sustainable energy. The program aims to increase investment and capacity in the field of solar, wind, and hydroelectric power in Central Asia. It is designed to be a catalyst in removing barriers to underutilization of sustainable energy and increasing renewable energy production. The project also plans to promote gender issues in the field (The European External Action Service 2022).

“Switch-Asia” is the largest sustainable production program. The program funds more than 130 projects in Asia and Central Asia with a budget of nearly 300 million euros, implementing grant projects aimed at business structures. In the framework of “Switch-Asia” the EU finances the project “SUSTOUKA” in Kazakhstan, the total budget of which is about 1.5 million euros with an implementation period of 36 months ending in 2023 (SWITCH-Asia, 2022).

The EFSD + program also plans to expand access of Central-Asian businesses and citizens to “safe” Internet via satellite communications. Thus, ground stations with integrated Internet exchange points and “green” data centers will be deployed in Kazakhstan, Kyrgyzstan, Tajikistan, and Uzbekistan, which will be connected to the existing broadband infrastructure. This initiative aims to reduce the digital divide in the region and promote inclusive digital services. Along with investments in infrastructure, the EU plans to promote reforms in digital governance, including in the telecommunications sector, personal data protection, cybersecurity, and respect for human rights. Through its Digital Diplomacy program, the EU plans to inculcate its high standards and best practices in the region, even integrating Central Asia into programs and initiatives developed for EU members. This will be the first concrete implementation of the “Digital4Development Hub” for the Asia-Pacific region (European Commission, 2022c).

The European Union alone among Kazakhstan’s international partners focuses on environmental issues. It provides aid not only towards protection in general and towards the establishment of a green economy in particular but also towards improving resource conservation in the Republic and in the region. In turn, if Europe’s energy policy is to reduce dependence on Russia, the renewable energy policies of Central-Asian carbon-centered energy producers, in particular, Kazakhstan, can aid in their acceleration (Gu Ho, 2022).

“Global Gateway” for Central Asia and Kazakhstan

The European Union fully supports Kazakhstan’s policy to develop TITR, as it aligns with its new “Global Gateway” program launched at the end of 2021 (see Figure 2). This

program envisages the allocation of 300 billion euros to develop links in the digital, energy, and transport sectors in more than 60 countries in Central Asia, Europe, and Africa by 2027. In terms of overcoming the energy crisis in the EU as a result of the war in Ukraine and diversifying energy supply routes to avoid Russian gas in the future, the “Global Gateway” is a visionary, far-reaching program. “Global Gateway” is seen as a real alternative to the Chinese project, “One Belt, One Road,” creating new opportunities for developing countries to be qualitatively, sustainably, and ecologically integrated into the global information, transport and logistics, trade, and economic networks. Its implementation also provides practical benefits for the EU itself, in terms of forming a sustainable set of multilateral and interchangeable ways to obtain energy resources and further promote the EU’s soft power around the world.

The head of the European Commission, Ursula von der Leyen, clearly explained the nature of the program in those terms: “Global Gateway is above all a geopolitical project, which seeks to position Europe in a competitive international marketplace. It is a critical tool because infrastructure investments are at the heart of today’s geopolitics, and Europe is an attractive partner. The first year of implementation shows the demand for sustainable investments that put the strategic autonomy of our partners at the heart of our offer” (European Commission, 2022b).

The program records a number of concepts indicating the opposition of the “Global Gateway” to China’s “One Belt, One Road” initiative. The key concept of the program is “strategic autonomy,” which states that “the EU must be able to do and say what it wants without being constrained by other powers.” It makes a point of systematically screening out “abnormally low tenders” and “foreign subsidies” that provide unequal conditions. It also proposed to explore the possibility of creating a European export credit fund to support European enterprises in order to facilitate their competition with firms backed by the Chinese government. Simultaneously it has been assumed that the EU attaches more importance to grants and concessional loans than “One Belt, One Road,” which requires significant loans. This nature of the program certainly demonstrates its advantages and makes it attractive to most countries (see Table 2). The president of the European Commission explained why developing countries would prefer to cooperate with Europe. “They know we are transparent. They know we will provide good cash flow management. They know that we will not allow the accumulation of unsustainable levels of deb.” Ursula von der Leyen said, “Local communities will benefit greatly from the added value of infrastructure investments. We will attract the private sector to work with us. And the right private sector does not exist in China. So this is a real alternative” (Liboreiro, 2021).



Figure 2. Global Gateway projects: green mark, regional initiatives; blue mark, country initiatives (European Commission 2023).

Following Africa, Southeast Asia, the EU “Global Gateway” expanded to Central Asia at the end of 2022. “Global Gateway” for Central Asia was presented by the EU leadership represented by the Vice-President of the European Commission and the EU High Representative for Foreign Affairs Josep Borrell during the “EU-Central Asia Connectivity Conference: Global Gateway” held in November 2022 in the Uzbek city of Samarkand. During the event, Borrell highlighted the relevance of the main refrain of the conference—connectivity—for the Central-Asian countries and the EU, noting the importance of the strategic autonomy in energy security for both regions (EEAS Press Team, 2022b).

At the conference, the EU delegation presented a new €40 million project for the region to strengthen digital connectivity in Central Asia to be implemented jointly with the European Bank for Reconstruction and Development (EBRD) and The European Investment Bank (EIB) under the “Team Europe” initiative which is the main approach in the implementation of “Global Gateway” projects. The initiative on water, energy, and climate change in Central Asia was presented along the same lines. It envisages the integration of ongoing and new projects of the EU and its member states in the region (with a total budget of around EUR 700 million), implemented jointly with the EBRD and the EIB (EEAS Press Team, 2022c). The first project will help provide high-speed fiber-optic broadband connectivity in Central Asia, without which modern economic connectivity is unthinkable. And “the initiative on water, energy and climate change will contribute to the sustainable management of water and energy resources, as well as to addressing environmental and climate change issues in Central Asia” (Delegation of the European Union to Uzbekistan, 2022).

All EU-funded programs in the CAR will henceforth be implemented under the umbrella of the “Global Gateway.” The EU’s approach to the implementation of the program

and the experience of its launch in Africa (EU–African Union) suggest that the regional approach, which is a key principle of the 2019 EU Strategy for the CAR, will be further pursued and developed. Today, the regional approach is most relevant for the Central-Asian countries and it is likely that the implementation of the EU program will encourage them to expand their cooperation and strive for rationalization.

For Central-Asian countries, the EU “Global Gateway” opens up new opportunities for modernizing their economic systems in terms of environmental standards, resources, and the use of advanced technology and management. The countries of Central-Asian region are aware of the advantages the European program has to offer in comparison to China’s OBOR, having experienced both its benefits and its costs. Not only does China invest much more money, it offers loans with far fewer conditions. China does not base loans on principles such as democracy, the rule of law, human rights, environmental protection, or sustainable development. Because of these lax criteria, the Chinese project has already been blamed for exacerbating numerous environmental problems, such as increasing dependence on coal, excessive use of natural resources, and the destruction of ecosystems. Also, there are reports of human rights violations, such as forced labor, during the implementation of the OBOR projects (O’Callaghan, 2022).

The involvement of the Central-Asian countries in China’s One Belt, One Road initiative Chinese project raises many questions, given its disadvantages and large amount of debt they owe to China. It has already become a challenge to their economic sovereignty. Further participation could very likely aggravate this problem, the infrastructure and logistics projects along the Silk Road through Central Asia and neighboring regions will require more and more financial injections to complete China’s grand vision. China’s unwillingness to give grants or free financial and technical assistance simply exacerbates this issue; Beijing is only

Table 2. Comparative Analysis of the “Global Gateway” and “One Belt, One Road” Projects (Data Collected by Authors, 2022).

	“Global Gateway”	“One Belt, One Road”
The interaction between the participants	Multilateral	Bilateral
Geopolitical approach	Regional approach with an emphasis on the development of intra-regional ties	National approach
Nature of agreements and contracts	Transparency	The hidden, often secret nature of agreements
Target groups	Aimed at official bodies and civil society and private sector	State bodies and quasi-state entities
Funding areas	Ecology, resource conservation, resource management, healthcare, education, IT, and digitalization	Extraction of natural resources, infrastructure, and logistics facilities
Financial support	Grants and soft loans	Loans
The end result for recipients	“Strategic autonomy”	Debt dependence and the risk of losing part of economic sovereignty

ready to lend to these projects then strictly demand timely repayment of debts. It is well-known that one of the Central Asian republics, Tajikistan, provided China with mountainous areas rich in minerals for long-term use in exchange for debt repayments which were impossible for the republic.

Despite the fact that the financial resources of the EU program are many times smaller than the Chinese project, “strategic autonomy” which is the key concept of the “Global Gateway” promises developing countries in the region more profits than easy loans and quick dividends. “Strategic autonomy” is what Kazakhstan, also other countries in the region, has been striving for all the years of independent development and what is so difficult to achieve having such neighbors as China and Russia. In the absence of full-fledged access to world markets due to the Ukrainian war, the importance of “strategic autonomy” has significantly increased for Kazakhstan. The country, rich in natural resources but lacking in ways to access foreign markets, suffers from its economic, transit dependence on Russia. Successful implementation of the European program would bring Kazakhstan closer to achieving greater economic independence, as its network of ties grows with the world community. Also, the principles and goals declared by the program “Global Gateway” of the EU are consonant with the ideological construction of “New Kazakhstan,” aimed at the formation of a renewed society, free from corruption, autocracy, and lawlessness.

Along with understanding the positive economic results of the “Global Gateway”, regional authorities may be wary of the transparency required by the EU in its implementation. “The EU’s main advantage is greater transparency and higher environmental standards than China’s, but this may not work for many potential partners, as the leaders of these countries may prefer the less transparent deals offered by China” (Muyzhniyeks, 2021). By and large, the promotion and implementation of the OBOR contributes to the preservation of the former’s opaque schemes of interaction and non-democratic institutions in the recipient countries, while the “Global Gateway” encourages and supports the movement towards the creation of open, civil societies. Therefore, we hope that political reforms, further democratization, and the fight against corruption taking place in Kazakhstan today will open the way to achieving the objectives of the EU program “Global Gateway” at the national and regional levels.

Conclusion

With the outbreak of the Russian–Ukrainian conflict, the European Union’s interest in Central Asia has increased with its stake in the region’s energy, as it has largely been cut off from Russia’s energy. The EU has thus markedly intensified its presence in the region in order to secure its interests and to prevent a further increase in the influence of Russia and China. This has reoriented EU–Central Asia relations, emphasizing the importance of “connectivity”

between the regions and opening up new spaces for dialogue and cooperation in a host of areas beyond energy. This has spawned new opportunities for economic modernization and increased economic independence in the face of new challenges for the countries of Central Asia.

The European direction of Kazakhstan’s foreign policy has always been important due to the necessity of maintaining the balance of power between its two powerful neighbors, the Russian Federation and the People’s Republic of China. Kazakhstan, in turn, continues to be perceived by European countries as the focal point of its interactions with the region because it is the most developed economy with the most extensive ties to Europe, in addition to possessing the largest energy reserves. With Kazakhstan’s need for alternative energy transport routes, and the EU’s need for alternative energy suppliers, strengthening their relations has thus become a top priority for them both. The TITR and the European Union’s “Global Gateway” program have become the primary vehicles to satisfy these interests, though the EU has implemented a number of investment programs (“Green deal,” “Ready4Trade,” “SECCA,” “Switch-Asia,” and others) to further support Central Asia’s political and economic development.

Kazakhstan is currently laying the groundwork necessary to increase the transit potential of the TITR. Further, the creation of an integration association of TITR countries should simplify the processes of tariff coordination and management of traffic flows, as well as digital integration. In that vein, it is important to continue negotiations between the participating countries to develop a road map for the development of TITR, which will be aimed at eliminating the “bottlenecks” of the corridor, administrative barriers.

The “Global Gateway” investment program for Central Asia opens a new page in its relationship with the EU. Based on a regional approach, it will contribute to better mutual understanding and close cooperation in the CAR and the development of intra-regional ties. For Kazakhstan, this program is of great significance because it will be possible to receive assistance from the EU in diversifying transit routes within its framework. Also, “Global Gateway” provides an opportunity for Central-Asian countries to improve their environmental management, to engage in resource-saving, to develop modern communication technologies in all spheres, and to be included in global networks of trade and transportation of energy resources. Most importantly, this program offers an alternative to the Chinese “One Belt, One Road” initiative. This is crucial for the region to maintain its autonomy.

Out of crisis can arise opportunity. The active involvement of the region in EU programs and the increase in their number indicate the desire of the European Union to be present in the region and expand its influence. The Central-Asian states should take advantage of this chance to move up the value-added chain from mere commodity-based economies. But to

unlock this potential, they must deepen their cooperation to work out their agenda for the development of the region. As the regional leader, Kazakhstan, with the support of the European Union, can initiate and develop regional integration on the basis of mutual understanding and trust among the Central-Asian states.

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