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A possible shift in the Great Power
Competition in favor of a Grand Bargain
with the EU?

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Introduction

Türkiye, Azerbaijan and the Organization of Turkic States (OTS) are increasingly positioning themselves as a bridge between Central Asia and the European continent. The Ukraine-Russia war has changed the geopolitical landscape in the region. For a long time within Russia's sphere of influence, the conflict in Ukraine has caused Central Asian governments to reconsider their position, starting to separate themselves from Moscow and turning to other regions. Is this a sign that Central Asia and EU are aligning in their respective geostrategic interests or is this just an alliance of convenience after the EU being forced to decouple from Russia?

Since the start of the war in Ukraine Central Asian nations negatively affected of the war as the sanctions against Kremlin raised challenges to Central Asian states. Central Asia's geostrategic significance is recently growing, and with it for sure its possibilities of choice. The region, that contains centuries-old Eurasian trade routes and an abundance of mineral resources, has recently regained historical significance, with the old Silk Road revival after the Belt and Road Initiative (BRI) of China¹. At the same time the EU is thinking more and more of connecting with Central Asia for the resources needed after the sanctions to Russia. The landlocked countries of Central Asia (Kazakhstan, Kyrgyzstan, Tajikistan, Turkmenistan, and Uzbekistan) until now sandwiched between Russia in the north, China in the East and Iran-Afghanistan to the South, see therefore a good momentum for opening a space to improve their partnership with the West. In addition, OTS is an important platform for Central Asian states to maintain stability and development. But in any way, their choice will be to decide which way to traverse. They have the choice of following the grand plans of China with its BRI or the European continent with the great market of the EU but also its democratic standards and human rights defense criteria. It is a long process that will take probably at least one generation, and Turkey and Azerbaijan, with their geographical and cultural ties to Central Asia, their economic ties to Europe, and their vocation to become a bridge

¹ The first globalization wave in history can be considered the Chinese westward expansion of Han Dynasty, which created trade networks connecting Eastern and Western markets, with Central Asia as the epicenter.

between the two regions, could play a pivotal role in pulling the Turkic-Asian area towards the West.

Economic interdependence: a mutually beneficial partnership

Europe is already partnering strongly with Türkiye, Azerbaijan and Central Asia for some time. The EU is Türkiye's largest import and export partner, as well as its main source of investments.² The EU is also **Azerbaijan's** main trading partner, accounting for around 36.7% of Azerbaijan's total trade³, and represents nearly a third of **Central Asia's** total external trade, making it the region's primary trading partner. Furthermore, even if the volume of trade between the EU and Central Asia as a whole is still relatively small,⁴ the EU is the biggest investor in Central Asia, as 40% of the investment in the region is done by EU firms⁵. But the partnership between EU, Türkiye, Azerbaijan, and Central Asia is increasing, as said, in particular in the energy sector. Touching upon EU-Azerbaijan partnership, it is worth noting that Azerbaijan has already proved itself as a reliable energy partner for EU. Azerbaijan has been exporting its natural gas to European energy markets via Trans Adriatic Pipeline (TAP) since 2020. The Southern Gas Corridor supports EU energy security and Europe's plans to decrease share of the Russian gas. The ongoing energy crisis in Europe has changed the traditional energy map of the continent, therefore, the diversification of gas supplies and routes will be crucial for European energy consumers. To this

² In 2020, 33.4% of Türkiye's imports came from the EU and 41.3% of the country's exports went to the EU. Total trade in goods between the EU and Türkiye in 2020 amounted to €132.4 billion. Turkey is also the EU's 6th biggest trade partner, representing 3.6% of the EU's total trade in goods with the world in 2020. Turkey is in fact strongly connected to European markets with the Custom Union, which entered into force since 1996. See: European Commission "EU trade relations with Türkiye. Facts, figures and latest developments"

https://policy.trade.ec.europa.eu/eu-trade-relationships-country-and-region/countries-and-regions/turkiye_en

³ The EU continues to be Azerbaijan's biggest export and second-biggest import market, with a 51% share of Azerbaijan's exports and a 16% share of Azerbaijan's imports. See: European Commission "EU trade relations with Azerbaijan. Facts, figures and latest developments" https://policy.trade.ec.europa.eu/eu-trade-relationships-country-and-region/countries-and-regions/azerbaijan_en

⁴ Three of the five Central Asian countries (Kyrgyzstan, Tajikistan and Uzbekistan) benefit from favourable access to the EU market, through the Generalised Scheme of Preferences. Two Central Asian countries are also members of the Eurasian Economic Union (EAEU): Kazakhstan since 2010 and Kyrgyzstan since 2015. Uzbekistan became an EAEU observer in 2020. See: European Commission "EU trade relations with Central Asia. Facts, figures and latest developments" https://policy.trade.ec.europa.eu/eu-trade-relationships-country-and-region/countries-and-regions/central-asia_en

⁵ Alexandra Brzozowski, "In Samarkand, EU vies to keep Central Asia close as region walks tightrope between Russia and China", EURACTIV, November 18, 2022, <https://www.euractiv.com/section/central-asia/news/in-samarkand-eu-vies-to-keep-central-asia-close-as-region-walks-tightrope-between-russia-and-china/>

end, the export of Azerbaijani natural gas to Europe via has become highly important for Europe's energy security.

In recent years, the EU and Azerbaijan have started intensive negotiations on increasing natural gas exports as well as developing green energy cooperation. In July 2022 for example, the EU and **Azerbaijan** signed a new Memorandum of Understanding on a Strategic Partnership in the Field of Energy that includes a commitment to double the capacity of the Southern Gas Corridor⁶ to deliver at least 20 billion cubic meters to the EU annually by 2027⁷. Additionally, they recently inaugurated a high-level working group on the EU's Economic Investment Plan, which aims to attract up to €2 billion of investment in Azerbaijan⁸. Finally, in February 2023⁹, the EU and Azerbaijan met for the first Ministerial Meeting of the Green Energy Advisory Council, a council that look to expanding cooperation on the green agenda, turning Azerbaijan into a green energy supplier for European markets. It opened up new opportunities for all involved partners to develop further green energy deals, and in fact, Azerbaijan initiated green platform between the South Caucasus and Europe.

Along with Azerbaijan, also with **Türkiye** the EU is increasing the partnership for energy and actually, Türkiye could become the energy hub for the EU as all of Central Asia and Azerbaijan's gas has to pass from Türkiye in one way or another. Becoming energy hub, Türkiye will strengthen its geopolitical significance as well as ensure its long-term energy security.

Furthermore, the process of green transition of the economy and energy launched by the EU will impact the future of EU energy relations with Türkiye and the region, as other scholars argue, because energy sustainability will require EU-Türkiye co-operation in the decarbonization

⁶ The "Southern Gas Corridor" is represented by the Trans Anatolian Natural Gas Pipeline (TANAP) that cross Turkey and the Trans Adriatic Pipeline (TAP) that cross Greece and Albania to Italy, connecting with Europe's pipeline network, that supplies Europe with Azerbaijani gas.

⁷ Ilham Karimli, "Azerbaijan, EU Sign New Energy Partnership Deal to Increase Gas Supplies to Europe", Caspian news, July 18, 2022, <https://caspiannews.com/news-detail/azerbaijan-eu-sign-new-energy-partnership-deal-to-increase-gas-supplies-to-europe-2022-7-18-0/>

⁸ EU Neighbours East, "EU and Azerbaijan step up cooperation to boost investment and create jobs", December 8, 2022, <https://euneighbourseast.eu/news/latest-news/eu-and-azerbaijan-step-up-cooperation-to-boost-investment-and-create-jobs/>

⁹ "The Southern Gas Corridor Advisory Council 9th Ministerial Meeting and the Green Energy Advisory Council 1st Ministerial Meeting", European Commission News, February 3, 2023, https://energy.ec.europa.eu/news/southern-gas-corridor-advisory-council-9th-ministerial-meeting-and-green-energy-advisory-council-1st-2023-02-03_en

process¹⁰. Nevertheless, it is evident that Türkiye is increasing energy ties with the EU and this sooner or later also lead to a “de facto” integration of Türkiye with the EU, at least at the economic level.

Regarding **Central Asia**, again the **Southern Corridor for gas** pipelines (that now should be called the “Central Corridor” given the fact that the North Corridor doesn’t exist anymore, with the stop to the Nord Stream 2 gas pipeline) is opening the way for gas trade of the Central Asian republics towards the EU, passing from Azerbaijan. Just to give the example of Kazakhstan, the country is among the top 10 oil exporters and also has rich gas and uranium reserves. While it exports oil to Europe through the Caspian Pipeline Consortium (CPC) pipeline passing through Russia, now Kazakhstan is thinking about the new pipeline, the BTC (Baku-Tbilisi-Ceyhan) to connect to the Southern Corridor.

The ongoing Russia-Ukraine war also impacted negatively traditional connectivity. As a result, the **Middle Corridor** instead, which is a corridor for goods exchange and connectivity, that also can be called the “Central Corridor”, as does the Northern Corridors (both the Eurasian Land Bridge and New Eurasian Land Bridge) passes through Russian and Belarusian territory that are now and probably for a long time heavily sanctioned, could become the backbone of a new regional economic zone comprising Central Asia, the Caucasus, and Turkey, towards Europe. In November 2022 actually, the EU and all Central Asian foreign ministers held the “EU-Central Asia Ministerial meeting” and the “EU-Central Asia Connectivity Conference”¹¹ in Samarkand, Uzbekistan. On that occasion the EU launched five flagship initiatives (on satellite technology, water & energy, sustainable transport connections, skills development, sustainable energy connectivity) of its **“Global Gateway”** showing interest to expand its partnership. The Global Gateway is actually an EU project aiming to mobilize up to 300 billion Euros (one third of BRI)¹² in investments between 2021 and 2027 to support the global recovery after Covid, and has become an alternative to the

¹⁰ Kadri Tastan, “Decarbonising EU-Turkey Energy Cooperation: Challenges and Prospects”, Stiftung Wissenschaft und Politik, German Institute for International and Security Affairs, March 29, 2022, <https://www.swp-berlin.org/10.18449/2022C23/>

¹¹ EU External Action, “The Samarkand EU-Central Asia Connectivity Conference: Global Gateway”, November 18, 2022, https://www.eeas.europa.eu/eeas/samarkand-eu-central-asia-connectivity-conference-global-gateway_0_en

¹² European Commission, “Global Gateway: up to €300 billion for the EU’s strategy to boost sustainable links around the world”, December 1, 2021 https://ec.europa.eu/commission/presscorner/detail/en/ip_21_6433

BRI in the continents of Asia, Africa and Latin America. As Borrel said after that occasion “it is obvious that the region is looking to diversify its relationships and that the EU is seen as a partner of choice”¹³.

Therefore, it seems that the energy-resources security nexus, currently shifting after the Russian invasion of Ukraine, is really pushing the EU towards an increased partnership with Türkiye, Azerbaijan and Central Asia and vice-versa. Will this be able to shift the Great Power Competition in general in favor of the EU? The path still seems long, looking at some geopolitical and domestic elements.

Geopolitical shifts: from the Great Game to a Grand Bargain?

The “Great Game” described the rivalry between the British and Russian Empires over Central Asia in the 19th century¹⁴. Today the current revisionist empires, Russia and China, want to either maintain or increase their own spheres of influence, with Russian old Soviet connections (from the language to economic ties) or with the Chinese BRI, in order to challenge the current world order dominated by the democratic and liberal West, as declared in their manifesto in February 2022¹⁵.

Russia¹⁶ nevertheless seems to be gradually losing its grip in the region, in particular after the invasion of Ukraine, even if it still retains its old Soviet influence (see the role it had last year in Kazakhstan when the Russian military stepped in as a “peacekeeping force”, or the role in the Armenian conflict with Azerbaijan). After the invasion of Ukraine, Central Asian nations are actually trying to rely less on Russia at connectivity level¹⁷, but already for some time Russia failed to integrate the countries into the Commonwealth of Independent States (CIS) and they started to impose a de-Russification policy at cultural level. Just as an example, the Central Asia

¹³ EU External Action, “Central Asia’s growing importance globally and for the EU”, November, 20, 2022, https://www.eeas.europa.eu/eeas/central-asia%E2%80%99s-growing-importance-globally-and-eu_en

¹⁴ Hopkirk, Peter, “The Great Game: On Secret Service in High Asia”, London: John Murray, 1990.

¹⁵ Tony Munroe, Andrew Osborn and Humeyra Pamuk, “China, Russia partner up against West at Olympics summit”, Reuters, February 5, 2022 <https://www.reuters.com/world/europe/russia-china-tell-nato-stop-expansion-moscow-backs-beijing-taiwan-2022-02-04/>

¹⁶ Temur Umarov, “Russia and Central Asia: Never Closer, or Drifting Apart?”, Carnegie Politika, December 23, 2022, <https://carnegieendowment.org/politika/88698>

¹⁷ Bruce Pannier, “Russia’s War in Ukraine Shifts Central Asia’s Connectivity”, ENC Analysis, January, 2023, <https://encouncil.org/2023/01/11/enc-analysis-russias-war-in-ukraine-shifts-central-asias-connectivity/>

republics have a decades-long trend of moving away from the Russian language towards their own indigenous languages and decided to change their alphabet from Cyrillic to Latin, to move closer to the West¹⁸. It should be specifically underlined that Central Asia is very important region for Moscow during the Western sanctions. Kremlin wants to deepen economic ties by implementing joint projects in the fields of transport, energy, industry etc. In brief, the possibility of supporting Central Asian states of Russian import substitution programs is highly important for Kremlin. Russia tries to retain power in the region as much as it can but it seems quite difficult, which is why is also trying to expand its alliances with other countries, like the recent agreements with Iran¹⁹.

China, on the other side, seems in a better position, able to retain its economic and political influence, in particular being still the biggest player in the region, due to its obvious geographical and historical ties. China also has the advantage of the principle of non-interference in domestic affairs, that makes autocracies happy, and therefore has in recent years increased its cooperation with its neighbors in Central Asia, particularly in the areas of energy and regional security²⁰. The Chinese alternative to Russia and its Turkic influence in Central Asia, is the Shanghai Cooperation Organization/SCO, which is a China-led Eurasian intergovernmental political, economic, and security organization²¹. This organization could be a complement to the BRI economic initiative, and might become the major competitor to the Western multilateral system but is still not clear what is the real engagement the members want to give to it in the long run.

On the other hand, Western governments have been traditionally absent, underestimating Central Asia for long time, and often emphasizing the discourse of democracy and liberal reforms over economic cooperation. But while Western countries lag behind in economic and strategic engagements, they are having a new momentum, because of the Russian mad invasion of a

¹⁸ Uzbekistan and Turkmenistan were the first after independence, Kazakhstan will switch to the Latin alphabet by 2025, and recently also Kyrgyzstan decided to do it.

¹⁹ Nicholas Larsen, "Russia and Iran: a Budding Friendship of Convenience", International Banker, October 26, 2022, <https://internationalbanker.com/news/russia-and-iran-a-budding-friendship-of-convenience/>

²⁰ Yang Jiang, "China leading the race for influence in Central Asia. The West needs to catch up", Danish Institute for International Studies, October 10, 2022 <https://www.diis.dk/en/research/china-leading-the-race-influence-in-central-asia>

²¹ The members of the SCO are Russia, India, Pakistan, Iran, but also Central Asia republics of Kyrgyzstan, Tajikistan, Kazakhstan and Uzbekistan.

sovereign country, and a Grand Bargain could be on the horizon for Central Asia and the EU. Brussels is trying to take advantage of this moment and see if can gain some position in the Great Powers' competition in Central Asia and maybe propose new agreements as a pragmatic approach. But again, the economy is its power, while its politics can be a limitation.

The biggest issue for Europe to do a Grand Bargain with the Central Asia republics is actually its democratic element that the EU needs to take into account when considering partnerships. Central Asia Republics are still far from European standards and certain efforts are required for them to approach European standards. Also, another issue, even if of smaller importance, is the Caucasus situation with the conflict between Azerbaijan and Armenia. Europe recently stepped up in order to try to solve the conflict, as Russia has an important role there²². As the Ukrainian war reshapes the geopolitical landscape in Europe, France and the USA are refusing to cooperate with Russia, and this means that the Minsk Group format cannot be useful to solve any problems between Baku and Yerevan. Now, the two South Caucasus countries will use mainly European platforms for future negotiations. The EU has therefore intensified its efforts to achieve a long-term and durable peace between Armenia and Azerbaijan.

Finally, at security level, the relationship between the EU and Central Asia is also something to take into consideration. While the EU is in NATO, Central Asia is in the SCO and this has to be taken into consideration when we talk about economic interdependence, otherwise the EU will risk again to be entangled economically with a region that could result soon in a systemic rivalry. **Türkiye** could be the crucial actor here, the connector, as it is the geographical and cultural bridge between East and West and specifically between Europe and Central Asia and is also the leader of the Organization of Turkic States. Recently, at another Samarkand Summit, for example not only did **Türkiye** change the name of the organization from Turkic Council to Organization of Turkic States, showing a stronger integration inside the OTS²³ (while the trade inside the

²² The two former Soviet Republics have been in conflict since 1991, the year of the first NK war. In the second war in 2020, during 44 days of clashes, Azerbaijan liberated several areas around the region of NK, that had been occupied by Armenian forces. With the Russian brokered recent peace agreement, a Russian peacekeeping force has been deployed in the region but still there is potential for new clashes.

²³ Fuad Shahbazov, "After Samarkand Summit, the OTS Charts a More Independent Course", Jamestown Foundation, November 17, 2022 <https://jamestown.org/program/after-samarkand-summit-the-ots-charts-a-more-independent-course/>

organization is still limited because of lack of infrastructure connections, there is a good potential of growth) but proposed to create a stronger partnership with Europe through Türkiye itself. Actually, while the EU is the biggest economic power in Eurasia Türkiye is the country that could benefit more from the connection between EU and Central Asia²⁴. But again, besides the economy there is the security element (dimension). While Türkiye is in NATO, it is also in stable relationship with Russia and China, so it can balance between the two world poles, but only up to a certain point. Recently for example, following the summit of the SCO Türkiye declared that it intends to become a full member of the SCO²⁵, even if we don't know if this would be possible without withdrawing from NATO.

Finally, due to its strategic geographic location, **Azerbaijan** is a pivotal country in the region. Türkiye, and therefore Europe, cannot go to Central Asia without passing from (through) Azerbaijan, as the other passages via Iranian and Russian territories are closed. In addition, rich hydrocarbon reserves of Azerbaijan supports both Türkiye's and Europe's energy security. Therefore, Azerbaijan can exert influence on Türkiye and the EU with a great bargaining power.

Conclusions and possible ways forward

The expanding partnership between the EU, Türkiye, Azerbaijan and Central Asia, with the recent energy agreements, the trade boosting and the increased connectivity plans, is providing a new channel to connect this region to the European continent. The best way for the EU to increase its economic development, survive possible future recessions²⁶ and improve its strategic power, seems to be by cooperating with Türkiye and Azerbaijan to gain access to Central Asia. Also, the geopolitical situation in Central Asia is shifting and this movement of alliances will probably continue along this century, until some form of real integration will be done. In the meantime, we will see if the EU or China (Russia seems the less strong among the candidates) can become the first partner of the important region of Central Asia. The region could gradually move towards

²⁴ EURACTIV, "Turkey seeks Central Asia inroads with Russia distracted", November 11, 2022

<https://www.euractiv.com/section/central-asia/news/turkey-seeks-central-asia-inroads-with-russia-distracted/>

²⁵ Genevieve Donnellon-May, "Turkey's Growing Influence in Central Asia", The Diplomat, October 13, 2022,

<https://thediplomat.com/2022/10/turkeys-growing-influence-in-central-asia>

²⁶ Recently the IMF and the WB announced that the risk of a global recession in 2023 is rapidly rising, because of hiking interest rates in response to current high inflation.

a Grand Bargain with the West, first with Türkiye and then with the EU, but this will require a visionary political will by all parties and it will not be easy as Europe has different political systems in respect to the Central Asia republics.

The **EU** therefore should focus on energy, trade and transport, at least in the short-medium term, in its partnership with Central Asia, without forgetting the other elements of politics and culture in the medium-long term. The first should be based on supporting the political integration of the Central Asian region to become stronger against risk of external invasions, but also at domestic level with the opening to future democratic gradual paths. The second should support cultural integration, media opening, strengthening civil society, academic freedom etc. This will be also be related to security because the EU doesn't want to commit the same mistake/error to become too much economically entangled or dependent on non-EU countries that could change their perspective and for allies become rivals.

If **Türkiye** is able to become the leader of Turkic States in this generation, meaning the next two decades, and create a Union of Turkic states in the future, this would be a great achievement, not only for Türkiye but probably also for Europe, as the EU could benefit from this regional integration for an inter-regional partnership between Central Asia, the Caucasus, Türkiye and the EU, and also from the Turkish system of a democracy that could represent some form of gradual model for the Central Asian Republics.

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