



and Central Asia



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External Relations

EU Trade with Central Asia

Central Asia is of great geostrategic importance to the EU as a bridge to China, Afghanistan and the Middle East. The region also has significant potential in oil and gas supplies.

The political and trading relations of the five Central Asian countries with the EU continue to grow.

Trade growth

Over the last five years EU trade with Central Asia has increased steadily. Indeed the EU is now the region's main trading partner accounting for almost a third of its overall external trade (29.1% in 2007).

Central Asian exports to the EU are mainly comprised of commodities such as crude oil, gas, metals and cotton. In 2007, total Central Asian exports to the EU stood at €15.4 billion rising to €19.8 billion in 2008.

EU exports to the region are dominated by machinery and transport equipment. In 2007 and 2008, total EU exports to Central Asia stood at some €7.5 billion.

In volume terms, however, the EU's trade with Central Asia remains modest. Even Kazakhstan – by far the EU's largest Central Asian trading partner accounting for almost 85% of the EU's overall trade with the region – represents only 0.7% of the EU's overall trade with the world.

WTO target

The growing importance of Central Asia for the EU has been reflected in the *EU Central Asia Strategy* adopted by the European Council in June 2007. The Strategy aims to enhance the EU's relations with the region as a whole as well as with each of its individual countries.

Cooperation in trade and investment is one of the key targets of the *EU Central Asia Strategy* and a key priority is to secure the accession of the entire Central Asian region to the World Trade Organisation (WTO).

WTO accession can open the way for the countries of the region to integrate into the world economy by accepting and applying the international rules and norms in trade which are likely to result in more intensive trade and investment relations. WTO membership of the Central Asian countries can also provide the basis for further development in our bilateral relations.

Of the five countries in the region only the Kyrgyz Republic is a member of the WTO. Kazakhstan's WTO accession negotiations are at an advanced stage; Uzbekistan and Tajikistan have applied for membership but little progress has been made so far; and Turkmenistan has not yet applied for WTO membership.

GSP

The *EU Central Asia Strategy* also aims at helping Central Asian countries take greater advantage of the EU's Generalised System of Preferences (GSP). This system provides for preferential tariff rates when exporting to EU markets. All five Central Asian countries are beneficiaries of the GSP.



Bilateral Agreements

Bilateral relations between the EU and **Kazakhstan**, **the Kyrgyz Republic** and **Uzbekistan** are based on a Partnership and Cooperation Agreement (PCA) with each individual country.

These agreements provide for non-preferential trade agreements under which the parties grant each other 'most-favoured nation' (MFN) treatment with respect to tariffs whilst quantitative restrictions are prohibited in bilateral trade.

The agreements also foresee progressive regulatory harmonisation of national legislation and practices with EU trade-related standards, including technical regulations, sanitary and phytosanitary requirements, protection of intellectual property rights, and customs issues. The result should be better access to EU markets for goods originating in the respective countries.

With **Tajikistan**, a Partnership and Cooperation Agreement has been concluded and is expected to come into force soon. Meanwhile, the EU-Tajik trade relations are regulated by an Interim Agreement on trade and trade-related matters.

Whilst a Partnership and Cooperation Agreement with **Turkmenistan** was concluded in 1998, it has not yet been ratified by the EU due to the political situation in Turkmenistan. Bilateral trade relations thus remain based on the 1989 Trade and Cooperation Agreement signed with the Soviet Union.

