

Event Report

**Reforms in Uzbekistan and New Dynamics of
Cooperation in Central Asia**

EIAS Briefing Seminar

24 September 2018

Since the beginning of the reign of President Shavkat Mirziyoyev, Central Asia and Uzbekistan in particular have been through several years of political democratization, economic liberalization and social modernization. Simultaneous to these changes, the European Union is becoming increasingly engaged in global geopolitics. A European geopolitical pivot towards the heartland of Eurasia is in the making, and an economically growing Central Asia has the prospect of playing an incremental role in this process.

At the same time, a rapidly modernizing Central Asia with ambitions of regional integration is increasingly looking to the European Union for assistance, both concerning investment and the processes of integration. In the coming years, the establishment of ties between these two regions is likely to be of great importance to the future of Eurasia.

Welcome speeches by

Mr Axel Goethals, CEO, European Institute for Asian Studies (EIAS)

Mr Axel Goethals opened the conference by addressing the rapid growth the Republic of Uzbekistan has been experiencing in recent years. Uzbekistan is one of the fastest growing countries in Central Asia and, along with the rest of the region, is moving fast towards a more sustainable and politically stable future. This growth has attracted new interest within the international community. Mr Goethals gave the two visits of the EU High Representative for Foreign Affairs and Security Policy Federica Mogherini to the region as an example of the growing interest between the European Union and Central Asia. Further Mr Goethals stressed the importance of trade and investment for trade partnerships and sustainable development of the region.

Panel discussion

H.E. Mr Dilyor Khakimov, Ambassador of Uzbekistan to the European Union and Belgium

His Excellency Mr Dilyor Khakimov opened his remarks by stressing the growing importance of the relationship between Uzbekistan and the European Union. His Excellency stated that we are currently at a turning point of the bilateral relationship between the European Union and Uzbekistan. As an example for this, His Excellency Ambassador Dilyor Khakimov mentioned the departure of new negotiations for a renewed relationship between the European Union and Uzbekistan.

H.E. Mr Vladimir Norov, Director, Institute for Strategic and Regional Studies under the President of Uzbekistan (ISRS)

His Excellency Mr Vladimir Norov opened his speech by stressing the consistency of reforms, transformation, development and rapid growth that Uzbekistan is going through under the leadership of President Shavkat Mirziyoyev. His Excellency said that the key goal of these reforms is to build a free, democratic state based on the rule of law, a responsible civil community, and a socially oriented market economy.

Uzbekistan has the largest population of all Central Asian countries. Therefore, His Excellency Mr Vladimir Norov noted that Uzbekistan has a profound role to play in ensuring stability and a sustainable development within the region. Uzbekistan has reached a new stage of development, modernization and liberalization and new steps have already been taken to ensure the transparency of government agencies. Several laws on corruption have been implemented, and in order to achieve more transparency and efficiency, the President has created a state agency to incentivise good state service. Ensuring the rule of law and encouraging the independence of the judiciary is another objective that the Uzbekistani government is currently pursuing. His Excellency Mr Vladimir Norov also mentioned how last year, 262 people have been acquitted in Uzbekistan and that child labour just as all forms of torture have been abolished, marking the modernisation of the judiciary system towards a more independent, human rights based structure. This has resulted in positive feedback from the European Union and United States of America.

In the economic sphere, His Excellency Mr Vladimir Norov mentioned how a course has been taken towards economic liberalisation, the development of freedom of entrepreneurship, and improvement of the country's investment climate. From September 2017 the Uzbekistan so'm has been made freely convertible. This evolution paved the way for radical changes to the attractiveness of the national economy. In his speech His Excellency Ambassador Mr Vladimir Norov pointed to the Strategy of Actions of the Uzbekistani foreign policy. One of the main directions of this strategy is the implementation of a balanced, mutually beneficial and constructive foreign policy approach, in which Uzbekistan strives to display openness and predictability of relations with all foreign partners. His Excellency Mr Vladimir Norov said that the main foreign policy priority of Uzbekistan is the achievement of friendly and constructive relations with the countries of Central Asia and emphasized that Uzbekistan's foreign policy consists of a peace loving and non-aligned foreign policy. In this vein Uzbekistan's President visited all countries from Central Asia, while at the same time visiting Russia, China and the United States and America. Over 400 international agreements have been signed amounting for 60 billion USD in trade and investment.

Uzbekistan is interested in expanding and deepening its partnership with the European Union through the establishment of a new Partnership and Cooperation Agreement, the creation of the Uzbek-European Council for Foreign Investments, and the attaining of European tariff preferences within the Generalized System of Preferences plus. His Excellency Vladimir Norov said that many countries in the region are looking to the EU as an inclusive, international actor which is able to balance other external powers. This act of balancing should not be based on contention conflict, His Excellency stated, but on cooperation and development. His Excellency Mr Vladimir Norov pointed to the trade between Central Asian and EU-countries which amounted to a total of 2.5 billion USD last year. With a total population of more than 100 million and a GDP of 280 billion USD, His Excellency Mr Norov argued that the region has the prospect of becoming an interesting trading partner for the EU.

Furthermore, His Excellency Mr Vladimir Norov mentioned that Central Asia needs Europe for the implementation of social and economically significant development projects. As Uzbekistan is facing a lot of problems concerning radical Islam, His Excellency Mr Vladimir Norov suggested that in order to address the roots of the radicalization the problem, there needs to be a greater focus on the education of the country's young population. His Excellency Mr Vladimir Norov claimed that through this approach 76 per cent of terrorism has been reduced. In order to counter the narrative of a radical Islam, His Excellency Vladimir Norov argued that Uzbekistan has to pursue the path of enlightened Islam along the lines of the ancient Muslim scholar Avicenna.

At the end of his speech, His Excellency Vladimir Norov repeated the importance the developing partnership between Uzbekistan and the EU by signing a Memorandum of Understanding with the European Institute for Asian Studies as a symbol for the mutual respect between Uzbekistan and the European Union.

Mr Frédéric Carlier, Senior Associate, European Institute for Asian Studies (EIAS)

Mr Frédéric Carlier opened his remarks by underlining the transformation Uzbekistan underwent during the presidency of Shavkat Mirziyoyev. Impacts of these reforms have

been three-fold. Firstly, Mr Carlier noted that Uzbekistan's image has been improved. Secondly, in terms of diplomacy, Mr Carlier stressed how President Shavkat Mirziyoyev has improved relations with Uzbekistan's neighbouring countries, paving the way for further and deeper trade and cultural exchange in Central Asia. The third positive impact of reforms raised by Mr Carlier was the economic development. President Miziyoyev has already taken actions to make the most of Uzbekistan's yet unlocked economic potential by introducing currency convertibility and lowering or removing several barriers of trade and investment. This policy, according to Mr Frédéric Carlier, resulted in an increase in trade between Central Asian countries and set an example for the region. Nevertheless, Mr Frédéric Carlier noted, the further transformation of Uzbekistan has to be grounded in a cooperative environment in Central Asia. In spite of its entrenched and historic rivalries, Central Asia has become one of the most dynamic and fast-changing regions over the past decades. Mr Frédéric Carlier believes an integrated Central Asia is a key stepping stone to a well-connected Eurasia.

The historic meeting of Central Asian leaders in Astana in 2017 has opened up a new environment of trust and cooperation. However, Mr Carlier remarked, for Central Asia to fully achieve its sustainable development goals, priorities in trade, infrastructure building, security, water demarcation, tourism, agriculture and water resources also need to be addressed. In conclusion Mr Frédéric Carlier noted that it is only through cooperation and integration that Central Asian countries will reap the benefits of trade and investment flows towards Eurasia and become truly integrated in global supply chains.

H.E. Mr Luc Devigne, Deputy Managing director for Europe and Central Asia, European External Action Service

His Excellency Mr Luc Devigne opened his remarks by underlining the progress that has already been made within Central Asia and between Central Asian countries and the European Union. His Excellency Mr Luc Devigne expressed his full support for the reforms President Merziyoyev in terms of human rights, the elimination of torture, introducing the rule of law, improving the business climate, freeing up of the currency convertibility, lifting the barriers to investments, and the positive steps towards regional integration previously mentioned by His Excellency Mr Vladimir Norov.

In line with the Tashkent Summit, the European Union wants to lay the focus on sustainability in terms of environment policy, fiscal policy and social policy. This sustainability aligns itself to the interests of the European Union and the Central Asian countries. As business opportunities are improving dramatically in Uzbekistan the EU is becoming more interested in investing in the Central Asian region.

Currently there is a bilateral negotiation going on between the EU and the Central Asian countries Kazakhstan, Kyrgyzstan, Azerbaijan and Uzbekistan. In reference to these negotiations; democratization, transparency and international standards have to be the heart of any final agreement. A particular focus on the latter will send a strong signal to international investors and could eventually bring further WTO accession of Uzbekistan on the agenda.

European investments in Central Asia in both hard and soft infrastructure are growing increasingly. As the EU is the most experienced region in the world in terms regional

integration for the benefit of the citizens, His Excellency Mr Luc Devigne stated that the EU would be happy to share this experience with Central Asia and Uzbekistan in particular. His Excellency Mr Luc Devigne concluded his remarks by stressing that the EU is investing in the region for the long term and for the benefit of the people and there is no hidden agenda.

Mr Eldor Aripov, Director, Information and Analytical Center for International Relations

Mr Eldor Aripov opened his remarks by underlining the importance of making the voice of Uzbekistanis heard with regards to the ongoing reforms. Uzbekistan's foreign policy priority lies within Central Asia, as the region is heavily interconnected by common interests like water resource management, transport and security. Despite this, the level of political trust until recently was very low throughout Central Asian countries, this situation however, is witnessing changed. According to Mr Eldor Aripov, this increase in trust is due to several developments.

Firstly, agreements have been signed with regards to border concerns. Whereas previously there were around fifteen border incidents annually, now this has reduced to zero in 2017. This improvement is due to the establishment of dozens of checkpoints and a revisiting of the visa system whereby Central Asian people can now visit other Central Asian countries without visas.

The second development Mr Eldor Aripov touched upon was the progress within the managing of the water resources through a series of agreements within the region.

The third development is the promotion of trade relations between Central Asian countries – which are currently booming. As trade relations have improved, this development was mirrored by an intensifying job market and an enhancement of cross-border industrial cooperation.

Fourthly, intra-regional transport has been increased through a series of railway projects between Central Asian countries. Through all these developments Central Asia has been able to find a solution for several acute problems the region was facing for a long time. These solutions are all built upon an understanding of a common home and common interest of all Central Asian nations, Mr Arimov argued.

The embodiment of this regional integration of Central Asia has been the Samarkand Conference of 2017. With the slogan "one past, common future" all participants of the conference expressed their will to deepen Central Asian cooperation and integration. In the same vein the Astana Summit was established this year. At this summit Central Asian leaders came together to tackle the most pressing regional issues they are facing without the help of foreign countries.

Another symbol of the new regionalism in Central Asia was the UN resolution on Central Asia which was adopted in June 2018. In this document all countries of Central Asia showed their consolidated position on a wide range of issues, Mr Eldor Aripov mentioned. Right now Central Asia is looking to Russia, China and the EU to cosponsor this resolution as a way to unite the great powers for the common good of Central Asia. In order to continue this momentum a new conference in Tashkent will be organized in February. Mr Eldor

Aripov sees this conference as a great opportunity for the other countries to share their experience of modernization and democratization thus far.

Another big issue for Central Asia is the issue of Afghanistan. As Central Asian countries are starting to see Afghanistan as one of their own, a new form of regional cooperation has evolved through the years. Mr Aripov stated that Afghanistan offers great opportunities for the Central Asian region. As the country is geographically positioned between Central Asia and the Persian Gulf, it holds a strategically important position for the region. The realisation of its geographic and economic value for the region has changed the stance of the Central Asian countries who now want to be more actively involved within the management of the stabilisation of the country. Mr Eldor Aripov mentioned that a significant amount of progress has already been made with regards to Afghanistan. A big part of this progress, according to Mr Eldor Aripov, is due to the Tashkent Conference on Afghanistan of March 2018. The declaration that followed this conference mentioned that a consensus on a global level was needed to start direct negotiations between the government and the Taliban.

In conclusion Mr Eldor Aripov proposed four ways to strengthen the new trend of regionalism in Central Asia. Firstly, he called for a further enhancement of economic integration. In order to attain this economic integration, trade barriers need to be removed. Secondly, Mr Eldor Aripov proposed further cooperation in the area of transport. The China-Kyrgyzstan-Uzbekistan railway and the Mazar-i-Sharif-Herat railway are two transport projects that Mr Eldor Aripov has put great confidence in. Thirdly, he emphasized the importance of cooperation in the ecological sphere. As an example of this, Mr Aripov raised the Aral Sea Summit of August 2018 where Central Asian leaders agreed upon a regional environmental development plan concerning the Aral Sea. Mr Aripov's fourth proposal was the promotion of socio-economic development within the region, with a special focus on Afghanistan.

Mr Atabek Khasanov, Dean, Academy of Public Administration under the President of Uzbekistan

Mr Atabek Khasanov opened his remarks by applauding the reforms by President Mirziyoyev that promote transparency, accountability, judicial reform, economic liberalization, social development, an open and constructive foreign policy and freedom of speech. New ways of direct consultation with the Uzbek population by the Uzbekistani government have been created. It was emphasized by Mr Atabek Khasanov that right now every governmental decision is taken after direct consultation with the Uzbek nation. This idea – that the government has to serve the people – has become the leading principle of every state agency. The year 2017 was declared as the year of support of dialogue with the people and human interests. Mr Atabek Khasanov assured that the priority of all reforms is the implementation of this principle.

Another important field of reforms has been within the judiciary. Judicial independence and the implementation of human rights have become an important task for the judicial system. The judicial system has been revised; a supreme court has been established and a new system for judicial nominations has been implemented.

One of the most important sets of reforms has been concerning the liberalization of the economic system of Uzbekistan. Efforts have been made to cut red tape, fight corruption and reform the financial system. Mr Atabek Khasanov assured that the economic reforms will be implemented with great care for the social protection of the Uzbek people.

Mr Atabek Khasanov concluded his remarks by stating that a lot of progress has been made within Uzbekistan within the fields of academia and the training of government officials.

Mr Pierre-Emmanuel Thomann, Director, Eurocontinent

Mr Pierre-Emmanuel Thomann opened his speech by defining the French concept of geopolitics, whereby geopolitics is a part of geography. Forming a geopolitical strategy for the future, he continued, will always need to anticipate space and time. Addressing the future of Central Asia, he explained that the region is a pivot area which is geographically connected to the Great European Plain. This explains how in the future the destiny of Central Asia will be interconnected with the future of Europe. During the era of the silk road, Eurasia was the central axis of geopolitics. Through the years - particularly during the Cold War - the silk road has been cut in half and Europe re-oriented itself more towards trans-Atlantic relations.

However, times have changed. As Central Asia is now composed of independent states, the time has come, according to Mr Pierre-Emmanuel Thomann, to reconnect Eurasia. The new center of gravity will therefore be Eurasia again. This is why Central Asia and Europe need to increase their levels of cooperation. With the One Belt One Road project coming from China, a tremendous opportunity has arisen for Central Asia to establish itself at the center of geopolitics once again. Mr Thomann stated that difficulties with regards to this new paradigm will be inevitable as several great powers have conflicting interests within Eurasia. In order to manage these rivalries between the great powers properly, a geopolitical analysis has to be made.

Mr Pierre-Emmanuel Thomann continued by comparing two speeches from both sides of the Atlantic Ocean. In one speech the United States of America's Assistant Secretary of State for European and Eurasian Affairs, Aaron Wess Mitchell, described the future of the world as one of growing rivalries whereby Europe has to play the role of intermediating rimland - describing Europe as a containing rimland against the great powers Russia and China. In another speech by French President Emmanuel Macron, the French President stated that Europe should connect to the Chinese One Belt One Road project, however not as a one-way project. As this view is shared by the Merkel government, this, Mr Pierre-Emmanuel Thomann noticed, shows that European leaders are starting to realize that opportunities on the east will have an incremental influence on the future of the European project.

Mr Pierre-Emmanuel Thomann stated that there is proportionally too much emphasis on the economy within the European Union and more efforts have to be made to think in terms of balance of power with a new Eurasian geopolitical architecture.

What we have seen until now, Mr Pierre-Emmanuel Thomann noted, is that two different alliances are arising: NATO in the West and SCO in the East. As a rivalry is arising between

the United States of America and China, it is important for Europe as well as for Central Asia to not be forced to choose between these two alliances.

As Russia and China see themselves increasingly encircled, this is where the importance of the One Belt One Road Initiative comes in as a counter-encirclement initiative. In order to avoid a confrontation or condominium between China and the United States of America, it is an important challenge for the European Union and Central Asia to connect with this initiative without making the rivalries stronger.

In conclusion Mr Pierre-Emmanuel repeated his call to rethink Europe's geostrategic position towards the great powers as a way to improve the European project.

Q&A

During the Q&A a critical question was raised regarding the democratization of Uzbekistan. His Excellency Mr Vladimir Norov answered this question by stating that the government of Uzbekistan is currently working on the implementation of laws that will increase the power of political parties and the parliament and he assured that by the next parliamentary elections more competition between parties will arise.

Report prepared by Victor De Decker

