

The EU – Kyrgyzstan Cooperation

General Framework

The [Partnership and Cooperation Agreement \(PCA\)](#) with the Kyrgyz Republic provides the legal framework for EU-Kyrgyz bilateral relations. The Partnership and Cooperation Agreement between the EU and the Kyrgyzstan entered into force in 1999. Since then, regular meetings have been held between the two partners in the format of bilateral Cooperation Councils at the level of ministers and Cooperation Committees at the level of senior civil servants. The 9th Cooperation Council was held in Brussels on 13 February 2007. At the meeting the Kyrgyz side declared that while being in the second phase of the implementation of the PCA, they were ready to move further. The Kyrgyz side also praised the assistance of the European Commission in border management, food security and the judiciary.

The Cooperation Committee will meet in Brussels on 19 December 2007. There is also an expert level subcommittee on Trade and Investment in place. It will hold its 9th meeting on 22 October 2007. At these meetings, issues of common interest are discussed, and plans are made for developing the EU's cooperation with Kyrgyzstan in the future, including cooperation in form of technical assistance.

EU Strategy in the Region

The Community's cooperation strategy towards the Central Asian region was set out in the Commission's Strategy Paper for Central Asia 2002-2006. A new European Community Regional Strategy Paper for Assistance to Central Asia for the period 2007-2013 is now in force. The Strategy Paper for Assistance to Central Asia was developed in close consultation with the authorities of the Central Asian countries. EU Member States, other donors and civil society organisations were also consulted during the drafting process. The new Strategy Paper for Assistance provides a comprehensive overview of future EC assistance priorities to Central Asian countries. It encompasses priorities both for the regional level, and for bilateral assistance at country level. More information on European Community assistance is provided below under the heading EU assistance. The European Union is however currently also working on a Political Strategy Paper towards Central Asia with the aim of strengthen and deepen the EU's relationship with the Central Asian countries. The political Strategy Paper will be finalised in June 2007.

The EU believes that effective regional cooperation between the countries of Central Asia is the best way of assuring stability, economic growth, security, peace and prosperity, as well as environmental sustainability. Consequently, the EU strongly supports Kyrgyzstan and its neighbours in their initiatives to cooperate in areas of mutual interest. The EU believes that the long term effect will be an improvement in living standards for ordinary citizens of the countries involved. The EU itself is a good example of a regional cooperation process. Within Central Asia, there are many bilateral and multilateral agreements on issues ranging from security to natural resources management. However, concrete results have so far been modest. The EU will continue to support Kyrgyzstan on its way to better regional cooperation.

EU-Kyrgyz Trade Relations

The EU-Kyrgyz Republic trade relations are limited at present. The Kyrgyz Republic is only on the 160th place among EU's trade partners. The EU is on the 5th place among Kyrgyzstan's main trade partners, with 5,8% share in its overall external trade in 2005. The turnover of the EU-Kyrgyz Republic bilateral trade amounted to 125 million euros in 2005. Apart from 2004, Kyrgyz exports to the EU have decreased year on year and amounted to only 16 million euros in 2005. Over the period from 2002 to 2005 Kyrgyzstan presented a growing deficit in the bilateral trade with the EU. Kyrgyz exports to the EU remain not only very low, but also insufficiently diversified. In 2005, more than a half of the export consisted of textiles and textile products, while in previous years they were heavily dominated by gold. The gold is now exported mainly to the United Arab Emirates. EU exports to Kyrgyzstan comprise mostly of machinery and transport equipment as well as a small amount of chemicals and food products. The only trade agreement between the EU and the Kyrgyz Republic was a Textiles Agreement that

expired on 31 December of 2004. The pattern and level of Kyrgyz exports to the EU also means that it gains limited benefit from the Generalised System of Preferences (GSP). The EU Generalised System of Preferences is the system of preferential trading arrangements through which the European Union extends preferential access to its markets to developing countries and economies in transition. The EU strongly encourages Kyrgyzstan to make better use of the EU GSP system.

The Kyrgyz Republic remains Central Asia's only WTO member. As a member of WTO, Kyrgyzstan can participate in global trade on equal terms.

EC Assistance to the Kyrgyz Republic

The main assistance instruments applied by the European Commission in the Kyrgyz Republic are: Development and Co-operation Instrument (DCI), Technical Assistance for the Commonwealth of Independent States (TACIS), the [Food Security Programme \(FSP\)](#) and the European Initiative for Democracy and Human Rights (EIDHR).

The Development and Co-operation Instrument (DCI) is the instrument which replaces TACIS as the main community assistance instrument to the Central Asia as of beginning of 2007. The main objective of cooperation under the DCI instrument is the eradication of poverty in partner countries and regions in the context of sustainable development, including pursuit of the Millennium Development Goals, as well as the promotion of democracy, good governance and respect for human rights and for the rule of law. The Commission's new regional strategy for assistance to Central Asia 2007-2013 provides the basis for the implementation of the DCI instrument in the Kyrgyz Republic during the coming six years. As all funds under TACIS 2004, TACIS 2005 and TACIS 2006 budgets have not yet been committed, neither has all projects financed under the above-mentioned budgets yet started. Therefore the projects financed under DCI and TACIS instruments will run in parallel for the coming few years.

Technical Assistance in the Commonwealth of Independent States (TACIS) is a European Union initiative which supports the process of transition to market economies and democratic societies in CIS countries. A dialogue-driven approach to programming addresses the different needs and priorities of the partner countries. In line with this approach, National Coordinating Units (NCU) has been established in the partner countries to participate more effectively into the programming of the EC technical assistance. In Kyrgyz Republic, the definition of TACIS priorities has taken into account EU/EC's cooperation objectives and the country's own policy agenda, including those set in the Comprehensive Development Framework (CDF) and the National Development Strategy. The following priority areas of cooperation have been identified: (1) Support for institutional, legal and administrative reform; (2) Support in addressing the social consequences of transition; and (3) Development of infrastructure networks. During 1991 – 2006 the European Commission has provided grant assistance to Kyrgyzstan via TACIS instrument for an amount of approx. EUR 107,95 million.

[Food Security Programme \(FSP\)](#) promotes long-term food security, by improving agricultural productivity and competitiveness, while alleviating the impact of transition and reforms. The FSP focuses on the poorest of the population through budget support combined with technical assistance to the Ministries of Agriculture and the Ministry of Social Protection of the Kyrgyz Republic. The budgetary support amounts approximately to EUR 8,5 million annually.

[The European Initiative for Democracy and Human Rights \(EIDHR\)](#) is a programme which aim at promoting human rights, support penal reform and prisoner's rights, democracy and good governance, media freedom, rule of law and security structures (police/armed forces), as well as conflict prevention. The Regionalised Delegation of the European Commission in Bishkek regularly launches calls for proposals where it seeks non-profit making non-governmental local organisations to implement the projects under the defined theme(s).

Other Assistance

Certain measures, in particular in the area of security, conflict prevention and crisis management and

resolution may also be supported under the future Instrument for Stability (IFS). Nuclear Safety will be covered under a specialised instrument. EC assistance to the Kyrgyz Republic 2001-2006: Main instruments (in Mio €)

	TACIS			Food Security Programme (Kyrgyz Republic)	EIDHR		DIPECHO-Central Asia (Disaster Preparedness)	Total bilateral Kyrgyz Republic
	Track I Central Asia regional	Track II PCA/Tempus Kyrgyz Republic	Track III Poverty reduction Kyrgyz Republic (Pilot schemes-Southern Ferghana)		Micro-projects Kyrgyz Republic	Regional Central Asia		
2001	n.a.	9,1		10	0,545	0,500**		19,645
2002	11,0	4,3	3,0	10	0,50	0,520	0,8	17,8
2003	15,0	4,3	3,0	10	0,20			17,5
2004	14,0	4,3	3,0	10	0,350	1,00	0,5	17,65
2005	15,0	5	4,5	9	0,570	n.d.		19,07
2006	15,0	3	4,5	9	0,500	0,100	1,2	33,3
Total	60,0	30	18,0	49	2,665	2,12	2,5	124,965

** OSCE/ODIHR From 2007 onwards, the EU assistance will be based on the Strategy Paper 2007-2013 and the Indicative Programme 2007-2010. The areas of priorities at the national level will be the following: Promotion of Central Asia regional cooperation and good neighbourly relations; poverty reduction and increased living standards and support for good governance and economic reform.

At the regional level, the projects will focus on: Energy, transport networks and market integration; environment; border and migration management; the fight against organised crime and customs and education, science and people to people activities.