

Susann Heinecke, 6th July 2018

## France and Central Asia - Time for a new vision?

France is engaged in Central Asia in various fields and its engagement dates back to the early 1990s. Recently, President Macron expressed interest in participating in the Chinese 'One Belt One Road' (OBOR) initiative,<sup>1</sup> which would upgrade French engagement in Central Asia as an important element to getting involved in a strategic and economically promising project.<sup>2</sup> At the same time, the European Union aims at drawing up a new Central Asia Strategy by late 2019, envisaging a more focused and result-oriented programme. However, among France's foreign policy priorities, Central Asia is a marginal zone compared with the Mediterranean, the Middle East, Russia or (South) East Asia.

This paper reviews France's policy towards Central Asia and the current state of bilateral relations with the five Central Asian states, Kazakhstan, Kyrgyzstan, Tajikistan, Turkmenistan and Uzbekistan. It outlines answers to the following questions: What is the essence and outcome of France's engagement in Central Asia thus far? What are the prospects for further engagement, in particular with regards to the renewal of the EU's Central Asia Strategy and the potential engagement in the Chinese OBOR Initiative?

### **Political and security relations – between bilateral and multilateral formats**

France was one of the first countries to recognize the independence of the Central Asian states, establishing diplomatic relations in early 1992. Accompanied by mutual presidential visits, treaties on amity and cooperation were signed with Kazakhstan (1992), Uzbekistan (1993), Kyrgyzstan (1994) and Turkmenistan (1994). Subsequently, to foster dynamics of bilateral relations, a number of bilateral agreements on economic, cultural and other cooperation have been signed. Apart from these diplomatic efforts, French relations with the region were rather calm.

The relations were boosted when France joined the military engagement in Afghanistan in 2001, both in the ISAF operation under NATO command, and in

the US commanded operation Enduring Freedom. For the purpose of supporting the operations logistically, several agreements were signed. In December 2001, the deployment of French air force personnel and equipment on Dushanbe airport (Détair) was agreed upon. In 2009, a French-Kyrgyz agreement on the use of the Manas airbase of Bishkek's airport for the deployment of aircraft was signed, as well as a French-Kazakh agreement on the railway and air transit of military material and personnel through Kazakh territory. Finally, an additional Protocol gave France disposal of the aerodrome of Shymkent in South Kazakhstan in 2012 that has mainly been used for the withdrawal from the operations from 2012 until 2014. As a consequence, the logistical supportive actions in Central Asia were ceased and bilateral relations were substantially downscaled.

However, the insecure situation in Afghanistan facilitating international terrorism, drug and human trafficking remained a common security threat of France and Central Asia. With its mission in Afghanistan that included reconstruction and empowerment, France indirectly supported the fight against these menaces. Apart from that, bilateral military and security cooperation was limited: France conducted military cooperation with Tajikistan in return for the presence of Détair in Dushanbe and with Kazakhstan based on an agreement of 2009. Moreover, France participated in demining in Tajik regions affected by the civil war and has a police cooperation throughout the region (except Turkmenistan). Finally, it shall be mentioned that Central Asia is not an important recipient of French military equipment exports with a share of only 1.5% of France's military technology and equipment export authorizations granted.<sup>3</sup>

Considering the risks of instability in the region, France left most of the security cooperation with Central Asia to supranational bodies. For example, in the fight against drug trafficking, Paris supports the UN initiated Central Asia Regional Information and Coordination Centre (CARICC) by having an observer status and as a donor to the project, and Europe's Central Asia Drug Action Programme (CADAP). Concerning border security, the European

Border Management for Central Asia (BOMCA) has been in effect since 2003. Moreover, France and the Central Asian states are common OSCE members. Finally, all five Central Asian countries joined NATO's Partnership for Peace Program and therefore take part in a common military alliance.

Another policy field that France voluntarily relayed to a supranational level is democracy and human rights promotion. While France is concerned about political freedoms and pluralism in the region, these issues have not led to a bilateral dispute. France, among European countries, has a centrist position between the poles of a pragmatic and a value-driven approach.<sup>4</sup> Thus, after the Germany driven launch of the EU Central Asia Strategy in 2007, France made use of its EU Council Presidency in 2008 to come up with a number of multilateral instruments. Along with Germany, France launched the EU Rule of Law initiative for Central Asia and the first Human Rights Dialogues with Kyrgyzstan, Turkmenistan and Kazakhstan (until then, these dialogues had been conducted only with Turkmenistan and Uzbekistan). Moreover, the French EU presidency organised the first EU-Central Asia forum in September 2008, which enabled the first-ever gathering of foreign affairs ministers from European and Central Asian countries, the European Commissioner in charge of external relations and neighbourhood policy and the High Representative for Common Foreign and Security Policy.

Nevertheless, to guide and uphold bilateral cooperation France maintains its own diplomatic network with its Central Asian partners through meetings of various formats. Besides occasional presidential visits, structured political dialogues are conducted with Kazakhstan (since 2011), Kyrgyzstan (since 2014), Tajikistan (since 2016) and Turkmenistan (since 2011). With Uzbekistan, the strengthening of the political dialogue since 2001 has only been temporarily interrupted by a short period of slowing down due to the European sanctions from 2005 until 2009 following the Andijan unrest in 2005. In addition to the high-level political dialogue, a number of mutual visits, meetings and technical working groups on a ministerial, parliamentary, or administrative level connect French and Central Asian decision-makers. In addition, France has an Embassy in every Central Asian capital and a General Consulate in Almaty. Reciprocally, all five Central Asian countries have opened embassies in Paris.<sup>5</sup>

### **Cultural and educational projects in a difficult surrounding**

Following the high popularity of the French language in Soviet times, France maintains a network of cultural and educational institutions and projects in Central Asia. It consists of four Alliance Française offices in Kazakhstan, Kyrgyzstan, and Uzbekistan, a cultural centre in Tajikistan and an Institut Français in Turkmenistan. Four Campus France offices in Kazakhstan, Tajikistan and Uzbekistan are promoting international mobility in higher education. The French Institute for Central Asian Studies (IFEAC) in Bishkek, founded in 1993, aims at intensifying academic cooperation in social sciences and archaeology.

Additionally, some joint French–Kazakh higher education projects have been launched such as the “Centre de formation et de recherche géo-énergies” (2009), the Schneider Electric Centre KazFETS (2011), and the Sorbonne-Kazakhstan Institute (2014) - mainly with a technical focus oriented towards fruitful areas of economic cooperation. Additionally, some French universities cooperate with Kazakh and Uzbek universities in the framework of the EU's Erasmus+ programme. Last but not least, a number of French–Central Asian school and university partnerships were established, and there are some French schools in the region.

However, budgets and outreach of these projects are modest. Generally, Central Asia is not regarded as a francophone region, and the French language is on retreat due to the higher attractiveness of English or other European, Asian or Turk languages. Consequently, the number of Central Asian students visiting French higher education institutions is limited to some hundreds per academic year.<sup>6</sup>

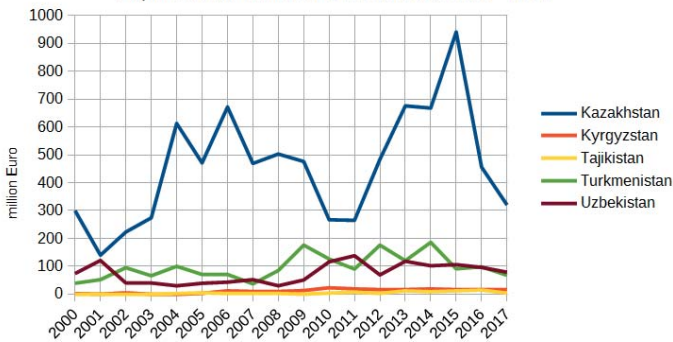
### **High economic potentials, but...**

Considering the potentials and dynamics of the young Central Asian market economies, is business the main driver of France's relations with the region? Yes and no.

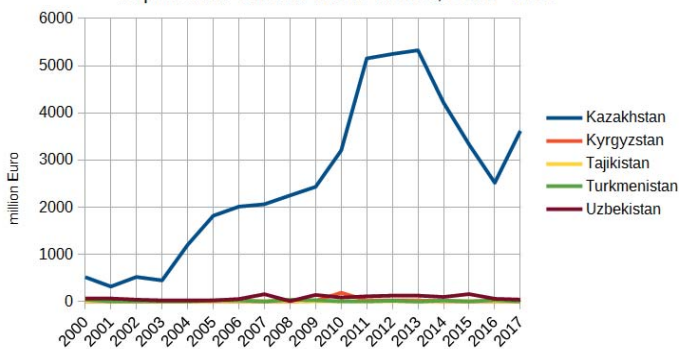
Economic relations between France and Central Asia have gained pace only in recent years, and are heavily dominated by Kazakhstan. With a trade volume of 4bn Euro in 2017, the country is France's first trade partner in Central Asia. Imports - strongly dominated by hydrocarbons and uranium -

distinctly surmount exports that consist mainly of transport material, industrial products and electronics. France is Kazakhstan's 5th most important client and 6th most important import partner. However, Kazakhstan only ranks as the 20th most important supplier for France and 57th most important customer of French products.<sup>7</sup>

Export from France to Central Asia, 2000 - 2017



Import from Central Asia to France, 2000 - 2017



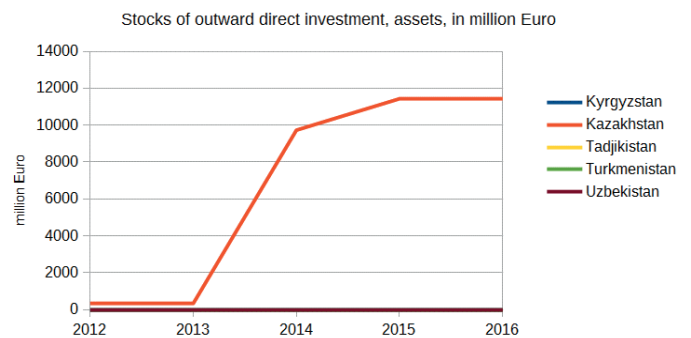
Source of data: Institut national de la statistique et des études économiques (INSEE)

Note: Including all merchandising trade except military equipment, which is excluded in the INSEE country related statistics

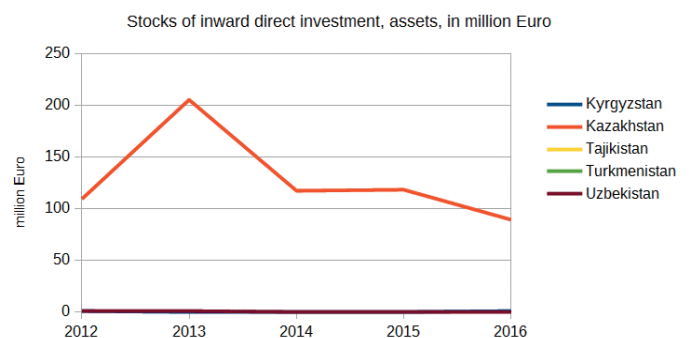
Trade with Uzbekistan has had an average annual volume of about 200m Euro since 2009 but, nonetheless, has shown a slight trend downwards since 2016. With a trade volume of 71m Euro in 2017, Turkmenistan is not a significant trade partner for France so far, while France is Turkmenistan's 9th most important supplier.<sup>8</sup> Finally, Tajikistan and Kyrgyzstan are even more marginal trade partners for France with trade volumes of 17m (Kyrgyzstan) and 7m Euro (Tajikistan) in 2017 that show no upwards tendencies thus far. It should be noted that France has a distinct positive trade balance with Kyrgyzstan, Tajikistan and Turkmenistan, while its trade balance with Kazakhstan is negative due to the structure of merchandise movement. With Uzbekistan, the trade balance is more or less equated over the years.

Regarding investments, France signed agreements on mutual promotion and protection with Uzbekistan (1993), Turkmenistan (1994) and Kazakhstan (1998). Appreciable French direct investment in Central Asia is recorded only in Kazakhstan, where it has considerably increased since 2013 and reached a stock of 11.4bn Euro in 2016.<sup>9</sup> With a share of about 10%, France is Kazakhstan's 3rd most important investor after the Netherlands and the United States. Besides the energy sector, French companies mainly invested in the Kazakh transport and various industrial sectors such as automobile, metallurgy, and agro-food. Investments to Kyrgyzstan, Turkmenistan and Uzbekistan are very limited (stagnating stocks of 1-2 million Euro). For Tajikistan, no reliable figures were available; however, France sees a real potential in tourism, the agro-food and environmental sectors. In Turkmenistan, France is concentrating on a few, strategic branches: construction, energy and space technology.

French direct investment in Central Asia, 2012 - 2016



Central Asian direct investment in France, 2012 - 2016



Source of data: Bank of France

Investments in Central Asia are dominated by global players such as Total and Areva in the energy sector, Alstom, Airbus and Thalès in transport, construction and space technology, Danone in the agro-food sector, and L'Oréal, Michelin and Yves Rocher in consumer goods sector. A number of French medium-size companies are engaged with engineer consulting and other services around the

implementation of major projects such as Total's involvement in gas and oil exploitation in Kazakhstan and Turkmenistan, the uranium mining in Kazakhstan through Areva's<sup>10</sup> participation, or the construction of telecommunication satellites for Kazakhstan and Turkmenistan by the Thalès group.

Central Asian direct investment in France is dominated by Kazakhstan as well, accumulating around 90m Euro of investment stock. Kyrgyzstan and Uzbekistan had an investment stock of 1m Euro each (in 2016) - on Tajikistan and Turkmenistan no reliable figures could be found. Due to the tiny sums, all Central Asian countries must be considered as negligible investors in France.

To support a favorable business climate, the dialogue on economic relations was enhanced. Mixed French-Kazakh and French-Turkmen (since 2010) Commissions for economic cooperation serve as political platforms, whereas the Council for Franco-Kazakh affairs (since 2008) and the Tajik-French Business Council (created 2015) bring together interested businesspeople. These structures certainly back French business projects in the Central Asian countries with their challenging and risky political and economic conditions.

In addition to that, a number of agreements have been signed: on the prevention of double taxation, fiscal escape and fraud (with Uzbekistan 1996 and Kazakhstan 1998), on the combat of corruption and crime (with Kazakhstan 2009), and on economic development and innovation (with Kazakhstan 2009). Furthermore, French-Kazakh agreements on space technology and cooperation and the exploration of outer space (2009) and on aeronautics and civil nuclear energy use (2011) were signed, potentially promoting cooperation in these branches.

On the whole, Central Asia is still not a significant economic partner for France. In terms of trade volume, in 2017, all five Central Asian countries together had a share of 0.4 % of France's total trade volume - a 0.7 % share for its imports, and only a 0.1 % share of France's worldwide exports.<sup>11</sup> At the time being, Kazakhstan is the only noteworthy economic partner of France in the region. Despite enhanced efforts, an unfavorable business climate and partially limited market opportunities are serious obstacles to the deployment of economic relations with the region. Energy cooperation is the core of French-Central Asian economic relations, while

branches such as construction, space technology and transport are increasingly deployed.

### **Promising opportunities in a region in transition**

It seems that, after the first enthusiasm following the Central Asian states' independence, France's engagement in the region declined. It was temporarily boosted during the military interventions in Afghanistan, but remained at a low level in almost all areas of cooperation that had been kicked off in the 1990s, including economic relations, and lacked direction and vision. Characteristically, France delegated substantial parts of its Central Asia policy to the multilateral level, namely security issues and the promotion of democratic values and human rights.

The substance of French-Central Asian relations is a broad network of political channels and institutions of cultural promotion and - to a minor extent - educational cooperation and economic relations with a potential far from being fully exploited. Kazakhstan is the only country in the region with which France has developed a widespread bilateral cooperation in various fields as well as noteworthy economic relations. France emphasizes energy, natural resources and space technology, as well as Central Asia's role as corridor between Europe and Asia. Hence, it already took the right path and focused on those areas and partners that are promising for substantial cooperation. It should continue doing so and await to see where this radiates to. The Chinese 'One Belt One Road' initiative is an opportunity for French business that should be taken as French involvement in these projects can foster French-Central Asian cooperation as long as Central Asian partners are invited to participate. Opening doors and opportunities for French business in the framework of this project would also give new impulses for France's domestic economic dynamics.

Central Asia has not become a focal region of French foreign policy attention and in the light of European labour division, does not have to. However, France could enrich the EU's policy towards the region by contributing its projects and ties established in the past two and a half decades, in particular in the area of culture, education, and diplomacy. Democratic transition is probably supported much more effectively in a multilateral frame anyway.

For now, economy is the driver of French-Central Asian relations, but there are still many obstacles

that restrict its full elaboration such as political and economic imponderabilities, instability in the region (Afghanistan, ethnic conflicts), and an unreliable legal environment. Political dialogue shall be utilized to further improve the environment for private actors willing to cooperate with Central Asian partners, both on the bilateral and EU level. Strengthening their engagement can also contribute to further liberalization and intraregional approximation in Central Asia, and thus indirectly support the region's stability and development.

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9. The remarks on investment are based on data of OECD, the French Ministry for Europe and Foreign Affairs, and the respective French Embassies in Central Asia.
10. Meanwhile split in two companies, Orano and Framatome.
11. All data excluding trade with military equipment. Own calculation on the base of INSEE data.

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