

Oil and gas resources are one of the important factors of geopolitics in Central Asia

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Abstract This article tells about the place of strategic raw – oil and gas – in the country's economic development, problems and significance of gas export diversification, political and juridical basis of transportation, and advantages of a balanced foreign policy in the energy geopolitics.

Keywords: energy geopolitics, energy sources, particularly oil, gas resources

Introduction Energy sources, particularly oil and gas resources, are an important factor that has a significant impact on various policy areas in the international arena. Oil has been a priority component of world industrial development for nearly a century.

In the medium and long term, hydrocarbons cannot be completely abandoned. *"By 2035, global consumption volume of natural gas will be equal to oil consumption."*¹

Despite the geopolitical problems in the international arena and increase of production capacity of renewable energy, Exxon Mobil estimates that "demand for crude oil will increase by at least 1 percent annually until 2030."² Gas demand will increase by 1.6%.

In this process, the Central Asian region has a special place not only in the Eurasian, but also in the global energy security system. Today, the major competitors for the region's oil and gas reserves are the global power centers - China, Russia, the European Union and the United States.

In particular, gas imports of **China** with a fast growing economy in the world will reach 120 billion cubic meters in 2020 and 270 billion cubic meters by 2030, which is partly covered by natural gas supplies from Central Asian states, and currently the design phase of the fourth ("D") pipeline laying is completed.

*"The region also has great oil reserves. In Kazakhstan alone, the volume of oil production was 25.8 million tons in 1992, 90.4 million tons (export - 72.5 million tons) in 2018, and it will increase to 104 million tons in 2025."*³

Russia, represented by its giant companies, has created a holistic chain in the region starting with geological exploration to the sale of the product to third countries through its pipeline systems, and has been strengthening its leading position in energy geopolitics of the Central Asia.

While acquiring a position as a key player in the region's energy space and the comprehensive promotion of energy cooperation is a major part of Washington's foreign policy, it lags far behind Russia and China, and even the EU in this regard.

Although Francis R. Fanon, Assistant Secretary of the US Department for Energy Resources emphasizes that *"his government depends on energy supply routes only to sellers and buyers, companies and countries"*,⁴ it seeks to continuously monitor and define these global activities in various ways. This will ensure its energy security, reduce consumption costs and curb the development of international competitors.

On the other hand, the US's strong desire to deploy abundant energy resources in Central Asia can be attributed to its intention to stimulate regional cooperation, to create an integral new store in the international energy market, and to weaken China and Russia's growing political and economic influence in this strategically important region.

The US remains committed to the pursuit of a common energy policy in Central Asia to significantly reduce geopolitical influence of Russia (with total trade turnover with countries in the region at 25.9 billion US dollars in 2018) and China (28.4 billion US dollars) in the region as their competitors.

In this context, it is worth noting the assessment of **Richard Hougland**, a former US Ambassador to Tajikistan (2003-2006) and Kazakhstan (2008-2011), a member of the Board of Trustees of the Vocational Policy Center, of the importance of the second consultation meeting of Heads of Central Asian countries held in Tashkent on November 29 of this year: *"Not individual efforts of each country, but the cooperation of the five Asian countries in all aspects will enhance the well-being and security of this strategic region."*⁵

However, in the past, regional policy concepts, modalities of cooperation, particularly the energy strategy of neither the US (New Silk Road, C5 + 1) nor the European Union (the "Central Asia Strategy", the "EU-Central Asia") did not work as expected. In particular, *the US trade turnover with countries of the region in 2018 was 2.8 billion US dollars*,⁶ which does not absolutely correspond to the potential and opportunities of partnership of the parties.

But leading experts are very optimistic about the **EU's new strategy for Central Asia**. The volume of mutual trade turnover between the 28 states of the Union and the countries of Central Asia increased by 24.4% in 2018 to 41.7 billion US dollars. In this sense, economic partnership can be a good support for the European Union to play a key political role in this strategically important region.

At present, it would be the right path not giving a clear priority only Russia and China, but also to pursue an equal and balanced policy with their competitors, the European Union and the United States in the energy cooperation of the countries of the region, whether it is in terms of ownership of energy resources, production and export diversification.

First, Uzbekistan produced 59.8 billion cubic meters of gas in 2018. The bulk of it is channeled to the domestic market.

*"Exports of natural gas in 2018 increased by 45.4 percent to 14.83 billion cubic meters, and exports amounted to 2.42 billion US dollars, giving one-fifth of budget revenues."*⁷

It is necessary to **implement national programs aimed to attract foreign direct investment in the sector widely** to increase the development and sales of value-added, competitive products instead of raw materials, to **enhance innovative cooperation** with leading world companies to develop technological solutions in the oil and gas sector, to **introduce modern technologies actively** to maximize the cost of each molecule produced in Uzbekistan, to **use energy resources efficiently**.

Second, the President of the Republic of Uzbekistan, Shavkat Mirziyoev, has been able to intensify relations with all neighboring countries in the region, based on the principles of mutual respect, openness and equality over the past three years. This political climate creates favorable conditions for deepening multilateral cooperation.

In the international arena, it is very important that the countries of the region pursue a unified foreign energy policy, which is agreed upon with each other and serves the common interests of our peoples. It is advisable to set up the **Energy Council**, with a permanent headquarters in Tashkent, to coordinate energy cooperation, which is one of the most vital factors for integration within the framework of Consultative Meetings of Heads of the Central Asian countries.

Third, *"Oil production volume in Uzbekistan has been steadily declining over the last decade, and it was 467,200 tonnes (-6.5%) in the first 8 months of 2019."*⁸

The demand for electricity will increase from the current 64 billion kWh to 121 billion kWh by 2030 due to the demographic situation and industrial growth.

It is necessary to accelerate the development of the **"Energy Security Strategy of the Republic of Uzbekistan for 2020-2050"** which fully covers activities on production of Green Energy - promising solar energy (at least 300 days a year with a clear sun in Uzbekistan), wind energy and nuclear energy and aimed to cover at least 50% of the total energy balance from renewable energy.

Fourth, according to experts from the International Institute for Applied System Analysis (Austria), *"if there were 72 million people in Central Asia in 2018, by 2050, they will reach nearly 100 million. Energy will be the key to the development of these five nations."*⁹

It is worth noting that there is still no separate think tank in Uzbekistan for research and study of energy as a geopolitical instrument.

It is proposed to establish an **Analysis Center on Energy Geopolitics at the University of World Economy and Diplomacy** in collaboration with the Ministry of Energy in order to effectively organize research in this area and further strengthen international and inter-regional cooperation in the field of research.

Fifth, the energy is the cornerstone of maintaining peace and stability and reviving the economy in neighboring Afghanistan, which has been in conflict over the past 40 years and which the Government of Uzbekistan considers as an integral part of Central Asia. The fact that Afghanistan remains as a long-term "test ground" of the "chessboard" does not meet the interests of this Asian macro-region.

That is why it is important that the efforts of Turkmenistan to build natural gas pipeline to South Asia (TAPI project) are **fully funded by** the international community, primarily the **European Union, USA, India, Japan and the Asian Development Bank**. Gas transit will bring significant revenues to the budget of

Afghanistan, creating about 30,000 jobs for the real economy, and new industrial enterprises. Until the economic foundation of development in Afghanistan is not built, it will remain the most problematic point of global security.

In order to implement the TAPI strategic project fully, it is necessary to create a **"Turkmenistan-Uzbekistan-Kazakhstan plus Afghanistan-Pakistan-India Energy Dialogue"**. In addition to enhancing cooperation between Central Asia and South Asia regions, it is also able to begin a positive warming period in the interstate relations between Pakistan and India, which are members of the Shanghai Cooperation Organization, but a strong contradiction remains between them.

Sixth, it is advisable that the EU, which is striving for energy diversification, actively supports Turkmenistan's long-term and promising plan to supply natural gas to Europe via the Caspian Sea bypassing the Russian gas pipeline system diplomatically and politically, as well financially and economically.

The recent adoption of the Convention on the Legal Status of the Caspian Sea and the completion of the Southern Gas Corridor by 2020 could be a good basis for that. *"The last segment of the corridor - Trans Adriatic Pipeline (TAP) - was completed by almost 90 percent."*¹⁰.

Turkmenistan has already done much to accelerate the process. Officials in Ashgabat completed the 733-kilometer East-West gas pipeline in 2015 to connect the rich gas fields in the southeast of the country with the Trans-Caspian gas pipeline.

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