

ENERGY AND RESOURCE POLICY

ENERGY FLOWS IN CENTRAL ASIA: ISSUES AND OUTLOOK

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ABSTRACT

The development of new hydrocarbon reservoir fields in the countries of Central Asia in 2015-2016 and the changing approaches to cooperation with the Central Asian countries in the energy sector advocated by Russia, Iran and China

intensified the interest in discussing and implementing pipeline projects, which were developed in the 1990s. Given their geopolitical importance, they lead to the intensification of competition between the countries in the region and nonregional states. The new pipelines may not only create additional opportunities for the delivery of oil and natural gas from Central Asia to external markets, but also fundamentally change the balance of power in the region. This explains the increase of the role of the hydrocarbon resources in the external policy of the Central Asian countries and their closer attention to the pipeline method of transportation.

In the last twenty-five years, the countries of Central Asia have made considerable progress in the establishment of a new system of pipelines. The implementation of pipeline projects in the region was closely linked to the production of hydrocarbon raw materials, since the emergence of additional volumes of oil and gas in the Central Asian countries had raised the issue of delivery to external markets. This has become a key task of foreign policy of the countries of Central Asia rich in hydrocarbon resources.

As a result, the energy policy of the countries of the region have demonstrated that, despite the construction of new pipelines, which negated the monopoly of Russia's export of hydrocarbons to external markets, the Central Asian states were unable to reduce their dependence on the policy of the neighboring states, which act as transit countries or consumers of crude oil and natural gas. Moreover, the countries of Central Asia have been closely tied to the energy interests of China, Iran and Russia, which were able to exert their influence on the states of the region by pricing mechanisms and volumes of purchases of hydrocarbon resources.

The policies of the countries of Central Asia to diversify the pipeline routes have

come to depend on the rates of extracting crude oil and natural gas reserves. The current situation with filling the pipelines with the required volumes of energy resources, designated for export, has demonstrated that the ability of the countries of Central Asia to significantly expand volumes of extraction of hydrocarbon resources in the shortest possible time turned out to be limited. Numerous enthusiastic projections of oil and gas production, made in the 1990s, have subsequently been lowered. As a result, a large part of the Central Asian pipelines does not operate at full capacity. On the one hand, the reasons for this were caused by the decline in production of the old oil fields, while the development of the new fields required considerable investment and the application of new technologies, which the country did not have.

As a result, the lack of financial resources and equipment required a much longer time for construction of oil and gas exporting pipelines. On the other hand, the countries of Central Asia have become increasingly susceptible to geopolitical changes, fluctuations of prices in the world markets and changes in the policies of the neighboring states. Lifting sanctions on Iran and Iran's revision of its policy in the sphere of production and export of hydrocarbons, the unstable situation in Afghanistan, the reduction of interest on the part of Russia and China in obtaining additional volumes of hydrocarbon resources—all this had influenced the energy sector of the Central Asian countries.

In spite of the difficulties, the countries of the region have not abandoned the implementation of their projects for the construction of new pipelines, considering them to be additional opportunities for the export of hydrocarbon resources and the strengthening of their geopolitical positions.

KEYWORDS: *Central Asia, pipelines, crude oil, natural gas, energy policy, Russia, the U.S., EU, China.*

Introduction

The history of modern pipeline projects in Central Asia is the story of the search by the countries of the region for ways to lessen the dominance of transportation and communication infrastructure of Russia. After the disintegration of the U.S.S.R., Russia, because of its favorable geographical location, maintained the influence in the region, in fact, determining volumes of crude oil and natural gas exports from the former Soviet republics. This situation reflected the historically evolved system of pipelines, which, in the period of the Soviet Union, ran from Central Asia to Russia. For this reason, overcoming such dependence and diversifying pipeline routes have become an important task for the countries, located in the vast expanses of Central Asia. Oil and gas became commodities to be regarded, through the prism of approval by the Western states, as measures of independence and opportunities for expanding cooperation with the Western states, which paid increased attention to alternative export crude oil and natural gas routes.

The presence of significant oil and gas reserves has led to many projections. Most of the estimates of potential oil and gas reserves and production levels were excessive. The skepticism, regarding the fantastic stocks of hydrocarbon reserves in the countries of Central Asia and the rates of production, was disregarded in the calculations. The exaggerated data on hydrocarbon stocks were used by the countries of the region to attract additional attention of the Western states and oil and gas companies. Such a policy had its results, since the states of Central Asia have been able to attract investment of foreign oil and gas companies and to increase production of hydrocarbons, as well as to implement some of the projects, involving the exporting pipelines. Increasing oil and gas exports provided the means to make possible stabilizing the situation in the socioeconomic sphere and strengthening governmental institutions. Meantime, the countries of the region did not reach the forecasted production of hydrocarbon resources. There was no steady demand for additional volumes of oil and gas, which the countries of the region planned to extract, exacerbated by the lack of the infrastructure necessary for their exports. This explains the fact that although many of the projects for the exporting pipelines for hydrocarbons from Central Asia appeared in the 1990s, they were not put to use until the beginning of the 2000s. This was induced by the changes in the prices in the world gas market. The increased needs for hydrocarbon resources in China were also a factor.

Of the greatest interest were projects for delivering oil and gas from the Central Asian countries to Europe (the western direction) and China and Japan (the eastern direction). The discussions of the feasibility studies of many of the projects were initiated by the Western countries. The implementation of pipeline projects, bypassing Russian territory, was considered instrumental in the lessening of Russia's influence in Central Asia. In turn, the new pipelines projects were of a great interest to the Central Asian countries, which saw in them a way to improve their autonomy in the energy sphere in order to access external markets. In the end, the "friendship" of the Central Asian countries with Russia was replaced with cooperation with the West and China.

The implementation of projects on production and export of hydrocarbon resources was helped by investments of the leading oil and gas companies that have played a key role in the development of the oil and gas reserves of the countries of Central Asia. Mainly, this concerned Kazakhstan and Turkmenistan, whose oil and gas deposits have been the focus of attention of many countries of the world.

In the change of exporting direction of oil and gas from the region the key role was played by China, consistently increasing its influence in the region. The Chinese had not only commercial but also geopolitical objectives as well, in order to prevent foreign policies reorientation of Astana and Ashgabat toward the West. In addition, China pursued a strategic task—that of reducing its energy

dependence on the Middle East suppliers of energy resources.¹ Accordingly, Beijing followed closely the dialog of the Central Asian countries with the EU and the U.S., which, in turn, intended, through the pipeline projects, to limit the impact of China in the region and to reorient future flows of the hydrocarbon resources of Central Asia.

Overall, the Chinese policy to promote sustainable gas routes from the region was *positively perceived by the Central Asian states, since Beijing represented the main source of funding for their infrastructure projects*. In addition, the countries of Central Asia strove to reduce their dependence on Russia and regarded diversifying supplies of hydrocarbons to external markets as the steps, designed to strengthen their sovereignty.

The increased attention of Turkmenistan and Kazakhstan was given to the development of relations with Iran, through whose territory the oil and gas of Central Asian countries could be transported in the southern direction. The Iranian direction was viewed by Ashgabat as the first step on the path of supplying the European gas market, bypassing Russia. Turkmenistan hatched ambitious plans for the construction of the super pipeline Turkmenistan-Iran-Turkey-Europe. However, the implementation of the project required considerable resources. In addition, an obstacle to the implementation of the plans for the delivery of the Turkmen gas to Europe was a complex relationship of Iran with the Western countries, as well as the absence of consumers for the Turkmen gas. These factors, ultimately, prevented the Turkmen gas from entering the European market. Nevertheless, Iran has played an important role in the diversification of natural gas and crude oil deliveries from the region. In 1997, Turkmenistan and Iran have expanded the energy cooperation by constructing the pipeline Korpjeje (Turkmenistan)-Kurt Kui (Iran).

Iran was of great interest for Kazakhstan, which hoped to construct a pipeline to export its oil through Iranian territory. Their discussion centered on the establishment of the maritime transportation of Kazakh oil and gas from Tengiz, Kalamkas and Kumkol oil fields, with subsequent unloading of equivalent volumes of Iranian oil from the southern terminals. In addition, an option was considered for laying the pipeline from the Western Kazakhstan to Iran and connecting it to the pipeline NEKA-Tehran. However, these ambitious projects were not realized. Kazakhstan, like Turkmenistan, did not wish to exacerbate relations with the West, which imposed sanctions on Iran, and oriented itself toward Russia and China.

The heightened interest of the Central Asian countries was focused on projects of deliveries of hydrocarbons going east and south, namely to China, India and Japan, which implied constructing extensive pipelines. But, at the end of the 1990s, in a period of low prices for the hydrocarbon resources, these projects were not realized either. The policies of the Western countries, concerned to reorient additional volumes of crude oil and natural gas toward Europe and to influence the relations between Kazakhstan and China and between Turkmenistan and China, which began to progress at the turn of the century, began to be offered to be utilized.

However, a part of the proposed projects was completed. In addition to the gas pipelines Turkmenistan-Iran (1997, 2010), the pipelines Turkmenistan-China (2009) and Kazakhstan-China (2009) were built. Thus, Turkmenistan and Kazakhstan initiated the establishment of the new pipeline infrastructure that would allow them to diversify supplies of oil and gas to the external markets. The energy corridor was also made for supplying oil tankers going from Kazakhstan and Turkmenistan via the Caspian Sea to Azerbaijan. Although the volumes of oil did not exceed an average of 2 to 3 million tons a year, the ability for export to the west was highly regarded by the countries of Central Asia. In 2015, in Turkmenistan, the construction of the East-West pipeline was completed, which signified the first stage of the formation of the new pipeline architecture in Central Asia.

¹ See: Z.A. Dadabaeva, E.M. Kuzmina, *Protsessy regionalizatsii v Tsentralnoi Azii: problemy i protivorechia*, Institute of Economics, Russian Academy of Sciences, Moscow, 2014, p. 33.

New Balance of Power

Despite the positive results that have been reached by the countries of Central Asia in the implementation of pipeline construction projects, in the second decade of the twenty-first century, the situation in Central Asia began to change rapidly. One of the reasons for this was the revision by Russia, Iran and China of the nature of cooperation with the countries of Central Asia in the energy sphere that was associated with the decline in the requirements for hydrocarbon resources.

The relations between Turkmenistan and Russia were fraught with difficulties in the 1990s and after, although up to the middle of the first decade of the twenty-first century, the Turkmen gas was steadily conveyed through Russian territory. In 2008, Turkmenistan delivered to Russia up to 40 bcm of gas. But the world economic crisis and the change in the demand for gas in the European countries have influenced the Russian-Turkmenistan relations and, above all, in the energy sphere. In the end, Russia and Turkmenistan have not been able to reach an agreement on the price and volume of export of Turkmen gas. The lessening interest of Ashgabat in finding mechanisms of cooperation with Russia is explained by its reorientation toward China, which was rapidly increasing its presence in the fuel and energy sector of Turkmenistan. At that time, the pipeline Turkmenistan-China was being quickly built, to be finished and put in operation in 2009. For Ashgabat, this has opened new opportunities for the export of gas. Then the construction of the second and third threads of the Turkmenistan-China pipeline began (completed in 2015), which allowed China to get, potentially, the imported amount of gas of up to a maximum of 55 bcm a year. Of that volume, 10 bcm was to come from Uzbekistan and 10 bcm from Kazakhstan, through whose territories the pipeline Turkmenistan-China is run.

The Chinese affiliation enabled Turkmenistan to lighten its dependence on the Russian market as far as exports of hydrocarbon resources were concerned. Finally, beginning in the second decade of the twenty-first century, the delivery of gas from Turkmenistan to Russia dropped steadily, and as of January 2016, the exporting of gas through Russian territory was discontinued.

In recent years, the relations of Turkmenistan with the European countries have been undergoing some changes. The negotiations on the construction of the Transcaspian pipeline, designed to provide the means for transporting the Turkmen gas to the European market, yielded no results. The lack of a solution to the question of the status of the Caspian Sea in the five-sided negotiations has certainly played its role. Construction of the gas pipeline has been impeded by the vague forecasts on the production levels of gas in Turkmenistan, as well as the differences between the interests of Ashgabat and Baku, the latter's interests being to supply Europe with its own hydrocarbon resources.

The relations between Turkmenistan and Iran were also uneasy. For many years, Turkmenistan delivered its gas to Iran, which bought it for the northeastern areas, remote from the main Iranian gas fields. For Iran, which, since the mid-1990s, was placed under sanctions by the Western countries, the construction of the gas pipelines from Turkmenistan addressed current economic challenges, related to the supply of gas to the northeastern areas of the country, and afforded the creation of alternate sources of gas. As a result, Turkmen gas could be exported to Iran by the two pipelines built in 1997 and in 2010. The maximum amount of supplies could have been brought up to 20 bcm. However, the optimal volume of so much gas had never been needed. Turkmenistan annually exported to Iran an average of about 8 bcm. In turn, the Iranian route was viewed by Ashgabat as a promising venue for exporting its hydrocarbon resources. Turkmenistan had expected to increase the supply of up to 14 bcm, and then build a gas pipeline to Europe.

At the end of 2016, the relations of the two countries deteriorated. Turkmenistan demanded that Iran pays its debt, amounting to \$1.8 billion, which resulted from the 2007 and 2008 imports of Turkmen gas. The Iranian side refused to comply with the requirement of Turkmenistan, which responded

by ceasing to supply gas to the northeastern areas of Iran in January 2017. However, this measure by Ashgabat did not change the position of Iran. In recent years, Iran has been exploring the field deposits of South Pars and creating the infrastructure for the supply of the northeastern area of the country with its own gas. For this purpose a pipeline was built and road and rail transport engaged. As a result, after the 2016, Iran was able to provide for its own needs that significantly reduced its interest in acquiring the Turkmen gas.

By terminating the gas deliveries to Iran and thereby worsening the bilateral relations, Turkmenistan negated its efforts of the past 20 years. In the end, the sole buyer of the Turkmen gas turned out to be China, relations with which also have their own peculiarities. After the installation of the gas pipeline Turkmenistan-China, Beijing expressed interest in expanding its throughput capacity. It was expected that by the year 2020, China will be able to obtain from Central Asia up to 65 bcm of gas.² The share of Uzbekistan and Kazakhstan was to constitute 10 bcm each. But by the middle of the second decade of the twenty-first century Beijing adjusted plans to increase the capacity of the pipe, because the existing three “threads” were not operating at full capacity.

Reduction of interest on the part of China to increase the procurement of Turkmen gas has led to the postponement of the construction of the fourth thread of the gas pipeline with the capacity of 30 bcm. The pipeline with the length of 210 km and the cost estimated at \$800 million was to connect the existing system in the territory of Uzbekistan with the Tajikistan gas pipeline section, which is under construction. In March 2017, the company Uzbekneftegaz and the Chinese National Oil and Gas Corporation postponed the implementation of the project for an indefinite period. The change in plans for increasing the throughput capacity of the pipeline is indicative of China adjusting its energy policy, as well as Beijing’s diminishing interests in importing gas from Turkmenistan.

The Pipeline Architecture: A New Stage

In 2015-2016, the countries of Central Asia and the neighboring states—China, Iran, Afghanistan, Pakistan, and India returned to the discussion of the plans for the pipelines, which have been proposed in the 1990s. The increased interest in their realization was determined by the interest of the Central Asian states in the diversification of supply of hydrocarbon resources, as well as a change in the relations of Turkmenistan with Iran and Russia in the energy sphere.

The greatest attention in recent years has been focused on the pipeline project Turkmenistan-Afghanistan-Pakistan-India (TAPI), which “got old,” i.e. was not built, but not forgotten entirely. The history of this project goes back to the beginning of the 1990s, when the production of hydrocarbon resources was the focus of many countries and energy companies. Because of a diverse number of reasons, it was not completed.

Then, in 2015, Turkmenistan intensified the negotiating process by attempting to attract participants for this project. This direction of exports was viewed by Turkmenistan as a supplement for the Iranian and Chinese routes of supplying hydrocarbon resources that developed over the past two decades. In addition, Turkmenistan counted on the establishment of an alternative route for supplying its natural gas to China, the more so that India, which is regarded as the end customer, was interested in receiving additional volumes of natural gas. Thus, by construction of the gas pipeline, Turkmenistan was planning to diversify the supply of natural gas to external markets.

² See: Yu. Barsukov, M. Korostikov, “Kitai perekhodit na gaz,” *Kommersant*, 19 January, 2017, p. 7.

Following the elaboration of a feasibility study of the project, Ashgabat began the engineering works on the path of the future pipeline. The exploration was conducted from the oil and gas fields of Galkynysh extending to the border with Afghanistan. The capacity of the pipeline, whose length is 1,800 km, would be 33 bcm. At the end of 2015, Turkmenistan solemnly celebrated the beginning of construction of the TAPI pipeline, whose worth was estimated at \$10 billion. In the created consortium of the project, the shares are distributed as follows: 51% belongs to Turkmenistan, with the rest belonging to Afghanistan, Pakistan, India, and foreign investors. In the beginning of the construction, Turkmenistan was faced with the shortage of financial resources. Ashgabat, in addition to funding the construction of the TAPI gas pipeline, required additional funds for the development of the gas pipeline Galkynysh. The bulk of the gas from Galkynysh is regarded as the source of financing for the TAPI gas pipeline.

The pipeline has the potential to change the balance of power in the region. Its implementation is fraught with difficulties, however. The problems, associated with the security of the future pipeline, are yet to be resolved. A part of its route passes through an unstable territory of Afghanistan. In addition, the pipeline is in direct competition with the pipeline Central Asia-China. Especially, since Beijing is maintaining the course of diversifying the routes for the exporters of energy resources.³ China, by influencing the price of imported natural gas, has levers to influence the policy of Turkmenistan. As a result, the ambivalence of many of the issues has already had an impact on the pace of implementation of the project, which may not be completed before 2020.

The TAPI project is not in the interests of Iran, which is interested in the construction of its own pipeline, coming to India. The pipeline must pass the territory of Pakistan, bypassing the unstable Afghanistan. The Iran-Pakistan-India (IPI) pipeline is, therefore, a competitor to the TAPI project.

The lifting of sanctions, imposed on Iran by the Western countries in the 1990s, has led to adjustments in its energy policy, including the one concerning Central Asia. Iran intends to become a top supplier of natural gas to the West (Europe) and East (China). Its plans may affect the discussion and construction of new export routes.⁴ Therefore, by the year 2021, Iran intends to export up to 80 bcm of gas that will increase the competition with Azerbaijan and Turkmenistan. Especially, since Ashgabat is limited in the possibilities to increase the volumes of natural gas to Russia and Iran, and can focus only on the Chinese market.

In case of Iran's plans coming to fruition, the likelihood of the TAPI gas pipeline construction will become doubtful. Iran's geographical location is yet another benefit in its planned projects. Additionally, the proposed gas projects provide a secure venue for the export of hydrocarbon resources.

Along with the progress of the TAPI project, Ashgabat, until recently, has not refused negotiating with the EU, discussing the prospects for the export of its gas to the European market. In June 2015, based on the results of negotiations between Turkmenistan and Azerbaijan, Turkey, and the EU, the decision was adopted on establishing a permanent working group, which was to consider various options for the delivery of Turkmen gas to Europe. One of them was the construction of a Transcaspian pipeline on the seabed of the Caspian Sea.

The supply of gas to Europe was planned by the pipeline named "East-West". At the end of 2015, Turkmenistan concluded its construction, laying the pipe, with a length of 800 km and the ca-

³ See: *Strany SNG i Baltii v globalnoi politike Kitaia*, ed. by T.S. Guzenkova, T.M. Karpov, D.A. Alexandrov, Ya.A. Amelina, I.V. Ippolitov, V.B. Kashirin, A.I. Kucherenkov, D.S. Popov, A.N. Sytin, K.I. Tasits, S.V. Tikhonova, RISI, Moscow, 2013, p. 40.

⁴ At the end of July 2011, Iran, Iraq, and Syria signed a memorandum on construction of gas pipeline, going from the largest Iranian South Pars natural gas deposit to Europe. The pipeline was dubbed the "Islamic Pipeline," with the intended capacity of about 40 bcm of gas per year and the cost estimated at \$10 billion. The pipeline, with the length of 5,000 km, was designed to supply the Iranian natural gas to European countries across the Mediterranean Sea.

capacity of 30 bcm a year. Turkmenistan has been able to ensure the delivery of its gas, located in the eastern regions of the country, to the coast of the Caspian Sea and to link together its major deposit fields. Thus, Turkmenistan has created opportunities for the export of hydrocarbon resources to any location. However, the plans of Turkmenistan to export its natural gas to Europe in the coming years are unlikely to be realized. Iran is interested in exporting its own resources and will not consent for the Turkmen gas to be conveyed across its territory. The construction of the Transcaspian pipeline, which project is opposed by Russia and Iran, will also not be implemented.

The Countries of Central Asia are Competing for Volumes of Production

One of the key factors affecting the promotion of pipeline projects by the Central Asian countries is the extracted and projected volumes of oil and natural gas. The efforts of the countries of the region, mainly Kazakhstan and Turkmenistan, are being directed to finding a solution to this issue.

For Kazakhstan, which has significant stocks of oil reserves, for a long time, the main task was the launch of the oil field Kashagan. The increased interest in the development of this project was determined by the absence of conditions to increase production from the existing fields, many of which have peaked their volumes of production. In recent years, the oil production in Kazakhstan has stabilized at 81-82 million tons of oil. In 2013, Kazakhstan has extracted 81.8 million tons, in 2014—80.1 million tons, in 2015, 79.5 million tons, in 2016—78 million tons.

The constant delays in oil production at this promising facility were caused by the lack of the necessary technology that would enable the crude oil extraction in the region of the Caspian Sea against the background of a high plate tectonic pressure and amid poor climatic conditions. The difficulties experienced by Kazakhstan in developing the Kashagan oil field have led to the revision of the forecast indicators on the production and export of hydrocarbon resources. Obviously, this fact obviated the need for the construction of new export pipelines for the supply of Kazakhstan hydrocarbons to external markets.

At the end of 2016, Kazakhstan began to extract crude oil from the Kashagan oil field on an industrial scale. The expected volume of production, in the year 2017, will reach from 6 to 7 million tons,⁵ and in subsequent years, the volume of production will increase to up to 13 million tons of crude oil per year and up to 9 bcm of natural gas. This will allow Kazakhstan to build up its exports through the Western Kazakhstan-China pipeline.⁶ At the same time, the total production may remain at the previous level, since the crude oil from Kashagan will compensate for the drop in the volumes from the older oil fields.

Simultaneously, with the growth of its oil production, Kazakhstan expects to increase its production and exports of natural gas. For the realization of this task, Kazakhstan built the gas pipeline Beineu-Bozoy-Shymkent with the length of 1,475 km. In 2016, the exported volume to China reached 2 bcm. In 2017, Kazakhstan will obtain 48.1 bcm, of which around 10 bcm will be sent to China.

⁵ See: S. Bimanov, "Nevygodny Kashagan," *Kursiv* (Kazakhstan), 1 December, 2016.

⁶ See: D. Bolekbaeva, I.F. Selivanova, "Osnovnye napravleniia vneshnei politiki Kazakhstana (1991-2015)," in: *Vneshniaia politika novykh nezavisimykh gosudarstv*, A collection, ed. by B.A. Shmelev, IE RAS, Moscow, 2015, p. 230.

A more stable situation seems to be with the extraction of gas in Turkmenistan. However, there are difficulties, which may impede the pace of its development. Despite the availability of the huge stocks of natural gas, the Galkynysh oil field is behind schedule in its exploration and production. The oil field was put into operation in 2013, and by 2020, it should have produced only 20 bcm. Therefore, the dramatic increase in the gas production in Turkmenistan is not about to happen. In addition, Turkmenistan will be obliged to take into account the difficulties with the export of gas to China, as well as the changes in the energy policy of Iran, which is becoming an Ashgabat's competitor in the gas market.

Limited opportunities to increase the volumes of gas supplies to China and the cessation of exports to Iran have increased the interest of Turkmenistan in resuming cooperation with Russia. At the end of 2016, Ashgabat proposed to revert to the project of the Caspian gas pipeline, which should have transported the Turkmen natural gas via Kazakhstan to Russia. However, Russia did not support the proposal of Turkmenistan, since the draft was previously linked to the participation of Russia in the construction of the East-West pipeline, while obtaining access to the Turkmenistan's gas deposits. Besides, Russia is not interested in the Turkmenistan's natural gas reserves.

Conclusion

The hydrocarbon resources of Central Asia continue to remain in the center of attention of the states of the region. It is with their development and exporting to external markets that the Central Asian countries identify further development of their economies and the strengthening of political institutions. The ongoing efforts and the significant financial investment on the part of the Western oil and gas companies have enabled the countries of the region to increase the production of oil and gas. At the same time, the infusion of the Central Asian hydrocarbon resources into the external market has not happened. This was affected by technological difficulties, faced by the countries of Central Asia in the development of promising new fields, as well as the geographical remoteness of the countries of the region from the external markets. In spite of this, Kazakhstan and Turkmenistan, which possess the largest stockpiles of hydrocarbons in Central Asia, continue to give high priority to this issue, not leaving the attempts to expand the scope of export routes.

In recent years the influence of neighboring states on the countries of Central Asia has increased. The policy of Russia, Iran, and China affected the pace of production of oil and gas, as well as the volume of export of hydrocarbon resources. The key role in this matter belongs to China, for which the transportation of hydrocarbon resources from the region remains one of the priorities.⁷ At the same time, China views energy cooperation with the countries of the region through the prism of its own economic development and the long-term interests in the Eurasian space. So, in 2016, Turkmenistan exported to China about 30 bcm of gas, and this volume suits the Chinese side, which actually became a monopoly consumer of the Turkmen hydrocarbons. Accordingly, Beijing is not interested in increasing the volume of Turkmen gas imports, while export growth is of key importance for Ashgabat.

Laying the pipeline from Turkmenistan, China had violated the monopoly of Russia on the export of natural gas. It took a key position, acting as one of the major sources of investment, the service provider and the major buyer of hydrocarbon resources. In addition to establishing new infra-

⁷ See: *Transportnye koridory Evrazii: novye puti sotrudnichestva*, Documents of the International Conference (20 April, 2015), ed. by E.T. Karin, KISI under the president of the Republic of Kazakhstan, Astana, 2015, p. 95.

structure of pipelines, China secured its geopolitical status in Central Asia by limiting the influence of Russia and the Western countries.

In the meantime, the projected gas pipelines, going from Turkmenistan and Iran can be considered only conditionally, since many problems remain. Turkmenistan may face the issue of the depletion of its major gas fields, which in the last decade provide the bulk of its natural gas. In addition, Turkmenistan will be forced to compete with Iran, which developed plans to increase exports of gas to Europe and China. Finally, in the coming years, Kazakhstan expects to increase gas deliveries to China.⁸ In the end, it can be expected that the countries of Central Asia will pursue the competition for the right to deliver their hydrocarbons, needed by China and India.

The first phase of the geopolitical rivalry for the access to the hydrocarbon resources of Central Asia and the choice of transportation routes for providing additional volumes of crude oil and natural gas, obtained by the countries of the region, has been completed. The choice was made in favor of the East—in the direction of China, while the European and American pipeline projects have not been completed.

In 2017-2018, the interest in the hydrocarbon resources of Central Asia will continue and the countries of the region and their neighbors will be involved in the discussion of new projects to export hydrocarbon resources. So far, a final decision on many of the projects has not been reached, since the last word has not yet been said on their financing. In addition, there is no clarity with regard to the reliability and security for the supply of hydrocarbon resources from the Central Asian countries, and moreover, the Western states play a major role in the region. Finally, the projections of the volume of oil and gas, which are planned to be obtained by the countries of Central Asia, are still politicized. On the basis of the dynamics of the production of the crude oil and natural gas in the countries of the region in the last decade and bearing in mind the objective difficulties, faced by the countries of the region, it is expected that most of the planned pipelines may not be constructed before 2020. By then, the volume of hydrocarbon resources extracted by the countries of Central Asia will become apparent and it will be clear whether these volumes will be sufficient for filling the existing and planned export pipelines.

⁸ See: M. Elemesov, "Kazakhstan s 2017 goda planiruet eksportirovat gaz v Kitai," *Liter* (Kazakhstan), 20 February, 2017.