

CHINESE STRATEGY TOWARD CENTRAL AND SOUTH ASIA: ENERGY INTERESTS AND ENERGY SECURITY

Dr. Thrassyvoulos (Thrassy) N. MARKETOS

A Jurist-Internationalist; specialized in Public International Law at the University of Aix-Marseille III (France); was nominated Doctor of International Relations by the Panteion University of Athens (Greece); works for the Hellenic Ministry of Foreign Affairs; serves as a lecturer of Eurasian geopolitics in the Athens branch of the Center for Diplomatic and Strategic Studies (C.E.D.S.—Paris) (Athens, Greece)

Introduction

As China's economy has grown and become integrated into the global market, both have become interdependent. Therefore China's long-term development goals will only be possible with increasing and stable access to foreign trade, resources, and energy. The latter has become a pressing issue as the country's dependence on international energy imports rapidly increases and might impose a limit on its growth if left unmet. This is especially important given supply shortages as a result of the recent events in Libya and given the future prospect of supply disruptions from the Middle East. In the case of oil, the International Energy Agency (IEA) forecast in 2010 that Chinese imports would grow from 4.3 million barrels a day (m/bd) in 2009 to 12.8 m/bd in 2035, thus rising from 53% to 84%

of the total demand. The issue of resource shortages will play an even more prominent role in international relations and will become an increasing source of conflict among major powers. Given the fact that some countries are more generously endowed with strategic resources, this opens up the possibility of using these tools for political gain. Historically, economic diplomacy has contributed to the shifting balance of power in the world. Nations have more often been inclined to employ economic measures in pursuit of foreign policy objectives when "the legitimacy of the power of existing structures of international cooperation decreases."¹ The result

¹ P. Bergeijk *et al.* "Economic Diplomacy," *The Hague Journal for Diplomacy*, Vol. 6, No. 1, 2011, pp. 1-6.

of the current realignment of geo-economic power will encourage nations to reassess the effectiveness of their energy, economic, and foreign policies.

In 2011, the U.S. Department of Defense Annual Report indicated that Beijing's regional energy strategy is geared to alleviate China's heavy dependence on sea lines of communication (SLOC) and in particular on the South China Sea and the Straits of Malacca and Hormuz. At present, it has a limited ability to control the flow of commodities over the Indian Ocean and through these straits. In response, China has invested heavily in bilateral relations and in developing infrastructure to support its fleet in Pakistan, Bangladesh, Sri Lanka, and Myanmar. Also China has multiple agreements to pipe oil and natural gas in from energy-rich Central Asian neighbors. The country is constructing a pipeline through Myanmar to bypass the Strait of Malacca. In spite of these developments, new land pipelines will only slightly alleviate the growing need in the future for maritime-based hydrocarbon transport. Also Central Asian oil can be too much of a good thing. On any given day, Russia is the world's first or second largest oil producer, second largest oil exporter, and second largest gas producer. As Anatol Lieven says, Russia has long assumed China would be forced to depend on it

for oil, yet China sought out resources from other sources. Russia has not become China's major energy provider, unlike Europe with its heavy dependence on Russian gas and oil.² The Stockholm International Peace Research Institute (SIPRI) recently analyzed Sino-Russian energy relations and stated that Russia is only China's fifth largest supplier of oil, behind Saudi Arabia, Angola, Iran, and Oman. Also there has been historically little meaningful natural gas cooperation between the two countries, primarily due to failure to come to terms on a gas pipeline. The report makes it clear that the country only supplies 4% of China's liquefied gas. Half of China's LNG imports come from Australia. Also Chinese analysts remain wary over a pricing conflict with Russia, problems in Chinese upstream investment, and doubts about the "willingness and ability" to make the necessary investments to guarantee supply increases. According to *Jane's Intelligence Review*, 95% of Chinese seaborne oil imports come from Africa and the Middle East. Therefore, if China's sea lanes become more vulnerable, the consequence will be a rise in Russian and Central Asian influence.

² See: H. Philippens, "Fueling China's Maritime Modernization: The Need to Guarantee Energy Security," *Journal of Energy Security*, IAGS, December 2011, p. 2.

Background

Concerns about supply stability, cost, and resource distribution have led to a greater emphasis on resource diplomacy. Due to the interconnectedness of these issues, there has been a rise in their implementation as instruments of foreign policy. Also, as a result of the projected future rise in the global demand for energy resources, supply might become constrained. A meaningful example can be borrowed from China's strategic use of its rare earth elements (REEs). At the moment, China provides 97% of the world's rare earth elements. This creates the use of REEs as a diplomatic bargaining tool, much like Russia has used oil and gas supplies to pressure European countries. China has indicated it will not use REEs in such a manner, yet in 2011 it suspended exports to Japan after a territorial row regarding claims to the Senkaku Islands and accompanying exclusive economic zone (EEZ) in the East China Sea, which reached a climax in 2010 after a fishing boat collision. China might not have control over the sea lanes that provide its oil, gas, and resource supplies, but it can use its REEs as means of political leverage while it retains a monopoly over the market. REEs such as lanthanum and cerium are vital for the petroleum refining industry and are used as fluid catalytic cracking units.

If REE export quotas are reduced, this will impact on the price of gasoline production. Paradoxically, REEs are a fundamental component for many green technologies needed to break out of oil-cycle fuel dependence.³

It remains extremely unlikely that China will go to war over resource issues alone as hostilities would be a severe obstacle to the prosperity of the codependent economies of China, the U.S., and other countries across the region and the world. China further needs sustained economic growth to fuel its military buildup. A major threat for the Chinese Communist Party is the fear that regional and global powers may work to boycott or blunt China's economic success. Prosperity has somewhat elevated domestic unrest, making continued growth a necessity.⁴

Chinese academic Gong Jianhua said in 2011 that China's "territorial sovereignty, strategic resources, and trade routes comprise its core interests, and like any other country China will never compromise them." According to Chinese analysts, lack of resources and lack of trust can lead to future wars. Of these two causes, the access and control of resources will be the most fundamental. Yet in the case of energy security in the South China Sea (SCS), both trust and resource-access appear equally important. Trust is decidedly lacking in all the parties concerned. China will not rely on the U.S. Navy to patrol and police the high seas and mediate rivalries with other powers. It will therefore increasingly try to protect and assume control over its SLOC.⁵

On the other hand, Central Asia and Afghanistan—areas that are the predominant focus of interest of Beijing's inland energy security pattern (as will be explicitly referred to below)—are areas that could either function as a tool in a containment strategy by the West or Russia or as a window to Europe, Iran, and the coastal regions in the South. There is a real fear of containment among the Chinese elite, even if it is not necessarily seen as a likely outcome. This is not to say that China views Greater Central Asia (GCA) as its Lebensraum, but more importantly as a strategic region for trade and security in the long term.⁶ This has, however, resulted in China trying to create an irrevocable presence in the region, both through bilateral relations and through multilateral institutions and its strategy of multilateral diplomacy. China has been relatively successful in expanding its operations space within GCA, despite some noticeable drawbacks.

It is apparent that China has not gone very far in its establishment of multilateral structures in the region; it seems that China's intent is only to build structures that are sufficient for its political and economic interests. China is, however, the driving force behind the Shanghai Cooperation Organization (SCO) and hopes that this will be the preferred choice for the governments in the region. On the other hand, Russia is not very interested in limiting its own influence in the region and has propagated the Commonwealth of Independent States (CIS). The cleavage between China and Russia is reducing regional attempts at multilateralism, much to the joy of the regional governments that do not want to be dominated by either Russia or China. It is however undeniable that China and Russia are dominating the region, with China as the emerging power of influence and Russia as the older, and more influential, hegemon. There is very little leeway for the rest of the international community to infiltrate the region; this is due not to the appeal of China or Russia, but more to the lack of coordination and focus from other external actors. Major crises, such as political revolutions, create windows of opportunities for external actors to gain a foothold, hence the Russian and Chinese approaches in the case of Kyrgyzstan's political chaos in April 2010.⁷

³ See: P. Bergeijk *et al.*, *op. cit.*, p. 2.

⁴ See: H. Philippens, *op. cit.*, p. 3.

⁵ See: *Ibid.*, p. 4.

⁶ See: T.M. Ashraf, "China Seeks an Afghan Stepping-Stone," *Asia Times Online*, 16 May, 2008, available at [<http://www.atimes.com/atimes/China/JE16Ad03.html>].

⁷ See: N. Swanström, "China and Greater Central Asia: New Frontiers?," *Silk Road Paper*, Central Asia-Caucasus Institute, Silk Road Studies Program, December 2011, pp. 37-38.

Beijing itself has institutionalized bilateral relations with various powers and has signed a number of strategic and cooperative partnerships. Of these, the Sino-Russian strategic partnership (2002) stands out as being particularly important, both bilaterally and as a foundation for future multilateralism, since it brings together, as argued by Lowell Dittmer, “two large and precarious multiethnic continental empires to form a mutual help relationship that would be uniquely useful to them in the face of a relatively hostile international environment.”⁸

Russia has become pivotal in the creation of a multilateral energy policy. The international isolation of Iran, combined with the Sino-Iranian “cooperative partnership,” has also given Beijing leeway in exploiting Iranian energy resources, and China has actively attempted to tie Iran to the Chinese energy network. Both the Supreme Leader Ayatollah Ali Khamenei and former President Akbar Hashemi Rafsanjani have openly expressed their admiration of the “Chinese model” and have been anything but reluctant to work with China. China, together with Russia, has also been one of the more staunch supporters of Iran, even if there are indications that China has become more critical of the Iranian nuclear policy, something that was seen in China’s acceptance of the Security Council resolution against Iran.⁹

The Sino-Pakistani strategic partnership, in turn, has provided China with a reliable ally against India and access to the Arabian Sea. Pakistan, which has been a close ally of China, is now facing great problems and the integrity of the state itself is under discussion; there are deep concerns in Beijing about how Pakistan will manage this. What is striking in all this cooperation, with the possible exception of Pakistan, is that they are all open for interpretation. This has been a conscious strategy on the part of Beijing, since by keeping all of these agreements open-ended and leaving them intentionally vague, China has managed to keep relations with the United States, Russia, India, Pakistan, and Iran on a fairly good footing. This will continue to be the Chinese policy, but it will be increasingly hard as some issues, primarily Iran and Pakistan, are difficult to handle in a neutral way.¹⁰

Another effect of the Sino-Russian, Sino-Pakistani strategic partnerships, as well as the Sino-Iranian cooperative partnership, is that they have facilitated a strong Chinese presence in its counterparts’ spheres of influence. For example, the Kremlin has grudgingly accepted a Sino-Russian *modus vivendi* in Central Asia, while Pakistan has few public concerns over China’s emerging presence in Afghanistan.¹¹ Indeed, President Hamid Karzai of Afghanistan has publicly reiterated his ambitions to emulate “America’s democracy and China’s economic success,”¹² while a China-Afghanistan Comprehensive and Cooperative Partnership has also been signed, leading to much improved relations.¹³ This does not indicate that China is ready to surpass Russia in the Greater Middle East (GCA) in the short term; on the contrary, China finds Russia both more powerful in the GCA (excluding Pakistan) and more ready to act, as we have seen in Kyrgyzstan.

This being said, there are certainly also limits to China’s aspirations in the wider region, which trace back both to Beijing’s intrusion in the spheres of interest of other powers, as well as to local apprehensions about Chinese dominance. But compared with other regional powers, most notably Russia, China has demonstrated a greater willingness to respect local sovereignty in the region. For

⁸ L. Dittmer, “The Sino-Russian Strategic Partnership,” *Journal of Contemporary China*, Vol. 10, No. 28, 2001, p. 413.

⁹ See: “Real Clear World Video—China Agrees to Increase Pressure on Iran,” 15 April, 2010, available at [www.realclearworld.com/.../china_agrees_to_increase_pressure_on_iran_.htm].

¹⁰ See: N. Swanström, *op. cit.*, p. 76.

¹¹ See: N. Norling, “The Emerging China—Afghanistan Relationship,” *CACI Analyst*, 14 May, 2008, available at [<http://www.cacianalyst.org/?q=node/4858>], 11 March, 2011.

¹² “Karzai Says Afghanistan Wants to Copy American Democracy, China’s Economic Success,” *Voice of America*, 20 June, 2006, available at [<http://www.voanews.com/english/news/a-13-2006-06-20-voa6.html>].

¹³ See: “Hu Jintao Holds Talks with Afghan President Karzai,” Consulate General of the People’s Republic of China in San Francisco, 24 March, 2010, available at [<http://www.mfa.gov.cn/eng/wjb/zjg/yzs/gjlb/2757/2759/t675482.htm>].

example, while China has been more willing to accept the Central Asian states' right to organize and form groups without external powers, Russia has firmly opposed such institutions.

It seems as if the Chinese are placing far more confidence on letting investments and economic bonds do the work for them, rather than relying on coercion and zero-sum thinking, but it also indicates that China realizes its own weakness and the danger of expanding too fast and too aggressively.

Other powers in the region have attempted to react to this "foreign" presence, especially the Chinese, whether they believe Beijing's words of a "peaceful rise" or not. It is apparent that China has increased its influence in the region and is expected to grow much stronger over time. Considering the impact of modern transport technologies, this influence is also bound to extend further and further into the Eurasian interiors and raise the stakes for passivity from other powers.

Today, Chinese railways operate at altitudes inconceivable only a decade ago, through the Kunlun and Tanggula mountain ranges, and perhaps even into Kyrgyzstan through Tian Shan; China's Huawei Company is supplying telephone switches to Afghanistan; and Chinese technology is the life-line of Iran's energy exploitation. It has become apparent that failure to understand the practical and political implications of China's engagement with Greater Central Asia will unavoidably lead to an inadequate understanding of both the opportunities that these investments open up and the challenges they present. China has not been silent about its intention to integrate the GCA region into its fold, but, on the other hand, it has not been explicit about it either. What needs to be understood are the silent but aggressive infrastructural investments in the region in collaboration with political cooperation and their impact.¹⁴

Implications

Beijing's efforts to integrate into the Greater Central Asian region are restrained by the all pervasive American presence in Afghanistan. Even so, it is evident that Kabul remains a vital part of Beijing's energy infrastructure, linking China with Pakistan, Iran, and the oil-rich Central Asian countries. So it came as no surprise when China secured the \$3.5 billion Aynak copper field project in the remote Logar province in May 2008. China also extended the Xinjiang railway as far as Kashgar (via the Karakoram highway) about 500 km from the China-Pakistan border and is involved in the construction of a rail line to link Gwadar with the Pakistan-Iran railroad.

China is taking advantage of its enormous cash reserves, buying up major energy assets in distressed countries like Afghanistan. It is also securing not only energy flows, but also key strategic advantages for years to come. Although most of its energy imports still come from the Middle East, Beijing is rapidly seeking to diversify its suppliers on a global basis: Venezuela, other Latin American countries, Africa, and Russia, as well as Central Asia. Furthermore, it has well-known strategic anxieties that the Strait of Malacca or other Indian Ocean waters may be closed to it during a time of crisis. Therefore, for geostrategic reasons, China seeks to avoid excessive dependence upon Middle Eastern and African producers. Most important, the geographic proximity of the greater Caspian basin states, many of which border on China, and the lack of a strong U.S. military presence in CA, especially one that can counter Beijing's massive land power, has made it an appealing source of energy in the eyes of Chinese planners. There would be no need for the energy to be transported across the ocean—where China's energy supplies would be vulnerable to potential maritime interdiction by the U.S. and Indian navies. In Beijing's eyes, Tehran is privileged for being able to ship gas and oil to it overland through

¹⁴ See: N. Swanström, *op. cit.*, p. 39.

the new pipelines that China has helped to build in Kazakhstan, Turkmenistan, and Uzbekistan and that could ultimately be connected to Iran. The Atasu-Alashankou oil pipeline from Kazakhstan to China was launched as early as December 2005, and in 2006 Beijing announced its plans to also build a natural gas pipeline parallel to it.¹⁵

Thus, Iran remains the most important Caspian producer for China. In the first quarter of 2006 alone, the gross volume of China's oil imports from Iran increased by 25%. Iran already supplies 15-17% of China's annual oil imports, and the interest in an overland pipeline from Iran to China makes it clear that Iran's role in China's energy policy will only continue to increase in the foreseeable future.¹⁶

One global power that is ready to pump legitimacy into Iranian President Ahmadinejad's regime and its geopolitical aspirations is China. Given its unquenchable thirst for energy and its mega-investments in Iran's energy sector, the PRC would never wish to see Tehran's strategic role and influence in CA diminished. This is because Beijing is very cognizant of the fact that an Iran in turmoil would translate into increased American influence in CA and an end to Iranian investments there, as well as destabilization of the region.

The PRC's evolving energy policy is based on transporting hydrocarbons by pipeline to the coast of the Arabian Sea and onward by tanker to China. This grand strategic surge will be consolidated in a few years time once the U.S. completes its withdrawal from Afghanistan. Then there are plans to establish a PRC-sponsored Iranian-Pakistani condominium in Afghanistan in order to transport the hydrocarbons to the main ports in Gwadar and Chah-Bahar. This is because a potential Pakistan-CA-China (Xinjiang) energy corridor would contribute significantly to enhancing Chinese energy security and reducing China's dependence on maritime traffic transiting the Strait of Malacca. The security of sea lines of communication is a particular concern for Chinese military strategy, especially due to the PRC's naval inferiority vis-à-vis the United States and to the increasing maritime competition/rivalry in Northeast Asia. It is promoting an increased interest in developing a sufficient naval capacity for defending extended sea lines of communication, particularly keeping in mind that 85% of Chinese oil imports transit the Strait of Malacca.¹⁷

In the above context, a discernible shift in Chinese strategy, that is the projection of military power into the region in order to secure critical energy supplies, is evident. This imperative is also an important component of the PRC's evolving maritime strategy. Although landlocked, CA has a complementary and supporting role in Chinese maritime strategy based on three principal factors. First, China is dependent on maritime trade for its economic development; its naval capabilities are limited. Therefore, China does not have sufficient naval capacity to defend its sea lines of communication. Second, the U.S. is a potential adversary, so the PRC's vulnerability with respect to a U.S. naval campaign against its maritime trade, especially energy imports, must be kept in mind. In this case, land-based oil and gas pipelines provide a means of mitigating China's vulnerability to U.S. naval interdiction. Growing from the globalization of Chinese economic interests is the realization of the requirement for globally-capable armed forces, in particular naval forces to protect sea lines of communication (SLOC). In addition, since 95% of China's seaborne oil imports are from the Middle East and Africa and these shipments have to cross the Indian Ocean en route to China, the PRC needs to be able to maintain a presence in the Indian Ocean region. Indeed, Beijing is developing a presence there via

¹⁵ See: B. Stephen, "China's Emerging Energy Nexus with Central Asia," Jamestown Foundation, *China Brief*, Vol. 6, Issue 15, 19 July, 2006.

¹⁶ See: *Ibidem*.

¹⁷ See: A. Homayoun, Gr. Compey, V. Bodansky, "Iran Gains Strategic Momentum Balancing Russia, the PRC and the West," *Defense and Foreign Affairs*, Special Analysis, 10 December, 2009 (for further reading on this subject, see: Th.N. Marketos, "China's Energy Geopolitics: The Shanghai Cooperation Organization and Central Asia," *Routledge Contemporary China Series*, 2009).

a network of friendly ports—the “string of pearls,” and its naval deployment in the Gulf of Aden, where it has expressed an interest in establishing a naval base. This provides the basis for the third factor linking CA and Chinese maritime strategy, namely, the Sino-Indian rivalry.

Thus the need for China to reduce the volume of energy imports transiting the Indian Ocean makes it necessary for Beijing to reduce its vulnerability to Indian naval interdiction. This, however, makes it all the more important to develop the Gwadar Port Energy Zone in Pakistan, which is also vulnerable to Indian action, thereby necessitating an increased Chinese presence in the western Indian Ocean Region and support for Pakistan. This would further exacerbate India’s concerns. The role of Central Asia in this nexus of Sino-Indian rivalry, Chinese maritime strategy, and energy security is therefore twofold. Firstly, in order to reduce vulnerability to Indian naval interdiction, land-based oil and gas pipelines linking Central Asian hydrocarbons to the Chinese market will have to provide a supplemental source of supply; Central Asian energy infrastructure is also intended to provide the link between Middle Eastern and African sources of supply via the planned Pakistan-Afghanistan-Turkmenistan corridor or the so-called TAPI pipeline schedule. Second, due to China’s dependence on the Indian Ocean Region as a critical transit area for its energy supplies—either by sea or the projected Gwadar terminal, a Chinese military presence in the region, and thus an Indian response, is necessary. In this regard, China’s increasing presence in Central Asia provides Beijing with a northern component of a potential “containment strategy” vis-à-vis Delhi.¹⁸

Therefore, Beijing is discussing its potential participation in the projected Iran-Afghanistan-Pakistan-India pipeline, or so-called Peace Pipeline. Likewise, if the projected Turkmenistan-Afghanistan-Pakistan-India pipeline (TAPI) is implemented, it too will likely attract Chinese participation. Were an energy relationship between Pakistan and China to materialize, it would only heighten the existing nexus of energy, security, and maritime power projection exemplified by China’s support for the construction of a major deep-sea port in Gwadar, Pakistan. Islamabad’s role as an energy provider for China would certainly intensify Chinese efforts to help Pakistan remain secure, stable, and non-fundamentalist. It is worth mentioning here that, according to a contract signed in May 2009, Iran will start exporting 21.5 million cu m of gas a day to Pakistan. It is also important to note that both Tehran and Islamabad are cognizant that in return for their cooperation in and facilitation of the PRC energy policy, they will be provided with a PRC strategic umbrella against both the U.S. and regional foes (India, Israel, and even Russia). This grand strategy is the key to the growing PRC influence in Tehran.

Tehran itself is betting on the total “interdependence of Asia and Persian Gulf geo-economic policies.” In this context, Tehran has proposed the Asian Energy Security Grid and the \$7.6 billion Iran-Pakistan-India pipeline (IPI), both good examples of Iranian regionalization efforts, but doomed under great pressure from other actors, primarily the U.S.

In the meantime, Russia’s and Iran’s desire to oppose Washington’s position to keep them away from Caspian energy transportation projects, the Iranian-American confrontation, and Tehran’s doubts that Russian-American cooperation is viable, are forcing the country’s leaders to demonstrate more flexibility in regional policy and remain loyal to their alliance with Russia in the interests of their own security and as a possible counterweight to America’s Central Asian policy. In the context of the bitter geopolitical and geo-economic rivalry with Washington in CA and the Middle East, Moscow itself finds cooperation with Tehran to be its only solution, even at the expense of a compromise in the Caspian Sea delimitation process or in Iran’s nuclear program. So, Iran and Russia are joining forces to pull the Central Asian states onto their side by implementing such regional projects as the international transport North-South corridor, the North-South fiber optic communication line, and others, which in

¹⁸ See: J. Bospotinis, “Sustaining the Dragon, Dodging the Eagle and Barrin,” *The China and Eurasia Forum Quarterly*, Vol. 8, No. 1, Spring 2010, p. 76.

the future might promote the economic integration of these states. Moscow is surely refund by acting as an intermediary between Iran and the West and by Tehran's consent to Russia's intention to join the Islamic Council Organization (OIC) as a counterweight to America's influence in the Islamic world in general and in the Muslim oil and gas exporters in particular.

The same scheme applies to China, another of Moscow's rivals in Eurasia. In fact, since the mid-1990s Russia and China have been talking about building, together with Iran, the so-called pan-Asian continental oil bridge, a network of pipelines that will connect the Russian and Central Asian fuel energy producers with Chinese, and possibly also Korean and Japanese, customers. This idea has the potential of being realized, provided Tehran joins the Shanghai Cooperation Organization (SCO) in an energy security project binding actual SCO members (Russia, China, and the Central Asian states) with Iran.

As for the European Union (EU), it is inclined to involve Russia and China in its Iranian projects, a tendency which contradicts U.S. interests in the region.¹⁹ It should be kept in mind that Iran is already an energy exporter to Europe through Turkey, funneling through Turkmenistan's gas and swapping oil with Kazakhstan and Azerbaijan. Iran, Russia, and India have also conceived new areas of cooperation that connect northern Europe to the Indian Ocean via Iran and the Russian Federation. In that sense, the 25-year supply agreement, worth up to \$42 billion, signed between Iran and Switzerland, is only the prelude of what might follow if America does not find a more comprehensive way of dealing with Iran.²⁰

The EU is also in favor of Iranian participation in projects such as Nabucco, White Stream, and Iranian-Turkish gas pipelines, with the possible inclusion of Arab gas originating from Egypt or Syria.²¹ These Iranian endeavors can reorient Central Asian energy routes through its territory and form a kind of gas cartel along with Russia and the CA countries, an idea put on the table recently by the Persian Gulf Council on Cooperation and approved by Tehran. Of course, any thought about Tehran's possible inclusion in the Nabucco project produces strong American opposition, but both the EU and U.S. are maneuvering new incentives for Iran to scrap its uranium enrichment program.²²

As for Turkey, in an effort to become the main energy corridor to Europe through the Trans-Caspian gas pipeline, it is not excluding the possibility of Iran's involvement. In fact, it is actively involved in the project for moving Iranian and Turkmenian gas to Europe across Turkey, which, it is convinced, will allow Europe to become independent of alternative gas suppliers. Provided that Washington's relations with Tehran improve, these geo-economic trends might come to the fore in the U.S.'s Central Asian strategy. Such thoughts sounded more realistic when the Bush administration stopped regarding Turkey as a reliable and acceptable partner for transporting energy resources to Europe.

The prospects for the development of an alternative petroleum route from both the Caucasus and Central Asia to the Persian Gulf via Iran would be a wise foreign policy initiative in "realpolitik" terms. Iran has the potential to become an international petroleum port pumping station for its own petroleum resources, as well as those of oil-rich Central Asian republics and the Caucasus. This would minimize Russia's influence and Europe's reliance on Russian energy and pipeline routes, while providing a greater sense of energy security for the industrialized world.

Iran clearly has the capacity for a Kazakhstan-Turkmenistan-Iran pipeline. The project, estimated to cost around \$1.2 billion, is currently being considered and may develop into a viable strategy and solution, pumping 1 million bbl oil per day from Kazakhstan and Turkmenistan to the Persian

¹⁹ See: Sh. Repsol, "Wary of Iran Deal: Report," *Payvand News*, 3 May, 2008.

²⁰ See: "US Fearful of Iran-Europe Gas Deals," *Payvand News*, 3 May, 2008.

²¹ See: D. Gollust, "Major Powers Make New Incentives Offer to Iran," VOA, London, 3 May, 2008.

²² See: *Ibidem*.

Gulf island of Kharg. Tehran is also supporting a projected Iran-Turkmenistan-Turkey-Europe gas pipeline, which, covering a distance of 3,900 km, was scheduled to supply up to 30 billion cu m of gas by 2010.²³

Cooperation between Europe and Iran could include, apart from Iran's contribution of gas for the Nabucco pipeline project, the use of the Iranian grid for the transportation of natural gas from Caucasian and Central Asian producer states to the European market, as well as European investments in the Iranian energy sector.²⁴ Paradoxically, Washington will not be able to reduce Europe's dependence on Russian gas without Iran's participation. Keeping this in mind, the United States under the Obama administration changed its priorities in the Eurasian geopolitical battlefield. Russia is no longer the primary objective of the U.S. regional policy. The higher priority is to win over Turkey and Iran for a host of political reasons, first and foremost gaining Tehran's support for and assistance in expediting the U.S.'s withdrawal from Iraq and Afghanistan. In addition, Washington's primary objective is a "new" Nabucco fed by Iranian and Turkmenian gas (the latter shipped via Iran). To get around the existing embargo and the threat of new sanctions, the U.S. envisages a gas pipeline going from Iran to Armenia and then to Turkey. Hence the U.S. pressure on Turkey to sign the open border protocols with Armenia and violate long-standing agreements with Azerbaijan over linkage between resolution of the Nagorno-Karabakh conflict and normalization of relations with Armenia. The U.S. is supporting Erevan regarding the possible independence of Nagorno-Karabakh on the basis of the Kosovo precedent in the negotiations sponsored by the OSCE's Minsk Group.

However, both Turkey and Iran are most apprehensive about Washington's policies, despite the seeming benefits for themselves. While not turning their back on the U.S. initiatives, they gravitate toward Moscow and recognize Russia's strategic dominance in the Greater Black Sea Basin.

Conclusions

As some analysts point out, it is up to Tehran to decide whether to gain access to the Western market through participation in the Nabucco project or to join Russia, China, India, Pakistan, and some countries of CA in implementing the "Energy of Asia" scheme. They also suggest that cooperation within the SCO appears to be the most convenient form of integration among Russia, the Central Asian states, and Iran.²⁵ Indeed, Iran is characterized as a geostrategic pivot. The entire geopolitical equation in Eurasia will change on the basis of Iran's political orbit. Should Iran ally with the United States and become hostile to Beijing and Moscow, it could seriously destabilize Russia and China and wreak havoc on both nations. This would be due to its ethnocultural, linguistic, economic, religious, and geopolitical links to the Caucasus and Central Asia.²⁶

Iran is a target of U.S. hostility not only because of its vast energy reserves and natural resources, but also for major geostrategic considerations that make it a strategic springboard against Russia

²³ See: R. Molavi, M. Shareef, "Iran's Energy Mix and Europe's Energy Strategy," Durham University Centre for Iranian Studies, *Policy Brief*, 2008.

²⁴ See: I. Grigoriadou, "Evropaiki Energiaki Asfaleia—Ellhno-Tourkiki Synergasia" (European Energy Security—Greek-Turkish Cooperation), ELIAMEP, *Policy Brief*, No. 12, December 2008 (see also: Yu. Vladimir, "Iran and Russia: New Start after 30-year Pause," *Strategic Culture Foundation*, 27 January, 2009, available at [<http://en.fondsk.ru/print.php?id=1877>]).

²⁵ See: M.D. Nazemroaya, "The Eurasian Triple Entente: Touch Iran in a War, You Will Hear Russia and China," *Strategic Culture Foundation*, 22 January, 2012, p. 2.

²⁶ See: H. Philippens, op. cit., p. 4.

and China. The roads to Moscow and Beijing also pass through Tehran, just as the road to Tehran passes through Damascus, Baghdad, and Beirut. Nor does the U.S. want to merely control Iranian oil and natural gas for consumption or economic reasons. Washington wants to put a muzzle on China by controlling Chinese energy security and wants Iranian energy exports to be traded in U.S. dollars to ensure the continued use of the U.S. dollar in international transactions.²⁷

Realizing this, in November 2011, Iran and Russia signed a strategic cooperation and partnership agreement between their highest security bodies on the economy, politics, security, intelligence ties, and coordination. As for Syria, it is being used as a tool to alienate and attack Iran. Apart from a secure port for stationing its war vessels in the Mediterranean, Russia does not want to see Syria used to reroute the energy coordinators in the Caspian Basin and the Mediterranean Basin. If Syria should fall, these routes would be resynchronized to reflect a new geopolitical reality. At the expense of Iran, energy from the Persian Gulf could also be rerouted to the Mediterranean through both Lebanon and Syria in the Levant.

In his book *The European Dream: How Europe's Vision of the Future is Quietly Eclipsing the American Dream* (Polity Press, Cambridge, 2004), Jeremy Rifkin astutely observes "fossil fuels, coal, oil and natural gas require a significant military investment to secure their access and continual geopolitical management to assure their availability. They also require centralized, top-down command and control systems and massive concentrations of capital (to move them from underground to end users)," and again one of the end-user communities is the military that secures them. China will have to face an inconvenient truth about its current economic and military growth rate. As fossil fuel production peaks during the middle of the 21st century, this will coincide with the projected completion of China's full-scale blue water naval capability. Indeed, the protection of China's SLOC will remain the driving force behind naval modernization. Carriers will be needed to secure offshore defense and out-of-area missions, especially in the Indian Ocean where land-based aviation, even with advances in aerial refueling, will be insufficient.

Thus, it is obvious that China is making the transition from a continental to sea power by increasingly shifting its focus toward naval modernization in an effort to balance and diversify access to a multitude of resources. Asia is seeing a rise in "zero-sum competition" over access to and control of resources, which is being accompanied by so-called energy nationalism. China is opting to secure supply lines of energy and other commodities through the SLOC in the Greater Indian Ocean, which at present it has little control over. The latter, although it became something of a backwater during the Cold War, is emerging with its maritime domain as the global system's center of gravity. As R.D. Kaplan says, it is here that the 21st century's "global dynamics will be revealed."²⁸ China does not trust the U.S. to secure the global commons. At present, China has little ability to influence the South China Sea region and is unable to respond to any large-scale threats. Due to its assertive posture vis-à-vis other countries in the region, China has created a sense of insecurity, fueling an atmosphere of distrust, animosity, and resource nationalism in the Asia Pacific Region. These developments have in turn contributed to a sense of insecurity for China and have inevitably legitimized calls to modernize and expand the capabilities of the People's Liberation Army Navy (PLAN).

²⁷ See: H. Philippens, op. cit.

²⁸ R.D. Kaplan, "The Indian Ocean and the Future of American Power," Random House, 2010.