iJRASET
International Journal For Research in Applied Science and Engineering Technology

INTERNATIONAL JOURNAL FOR RESEARCH

IN APPLIED SCIENCE & ENGINEERING TECHNOLOGY

Volume: 6 **Issue:** IV **Month of publication:** April 2018

DOI: http://doi.org/10.22214/ijraset.2018.4386

www.ijraset.com

Call: 08813907089 | E-mail ID: ijraset@gmail.com

International Journal for Research in Applied Science & Engineering Technology (IJRASET)
ISSN: 2321-9653; IC Value: 45.98; SJ Impact Factor: 6.887
Volume 6 Issue IV, April 2018- Available at www.ijraset.com

Geopolitics in Caspian Sea and Central Asian Region

Sakshi Jaiswal[1], Vipul Singh[2]
[1, 2]*Department of Defence & Strategic Studies, University of Allahabad*

Abstract: ***Several obstacles should be tackled first in order to maximize the energy extract of the region and its export to the world markets. Thus this region is not comparable with Persian Gulf but with the North Sea. To some percent 2 and to some other percent 3 to percent 4 of the world hydrocarbon reserve lies in the Caspian Sea- Central Asia. So there is enough oil and gas. This paper analyses the on-going geopolitical competition over pipelines in the Caspian Sea region. Pipeline politics in the region is getting intensified which is also a reflection of the geo-political competition prevailing in the region. Until recently, the Central Asian States was solely dependent on the Russian pipeline systems, a legacy of the soviet days. New alternatives routes have come up and many are in the pipeline***.
Keywords: Energy, Exploitation, Economic, Development, Cooperation

I. INTRODUCTION

According to an early optimistic estimate, proven or recoverable 200 billion barrels of oil were believed to lie under the Caspian Sea, though most geologists accepted the figure of 40 to 60 billion barrels as the ultimate reserve base of the Caspian region. Early differences and inaccurate geological assessment were due to geological and technical difficulties, insufficient scientific survey and exaggerations by some beneficiary institutes and states. To some analysts early "commercially meaningless" figures and axaggeration were "derived for political purpose and for the U.S. entry into the Trans- Caucasus and Central Asia". However, there is for sure a concord on adequate oil and gas reserve and hydrocarbon potential of the region. Among Caspian littoral states and in terms of oil reserves, Azerbaijan with proven 7 bbl of oil and Kazakhstan with proven 9-40 bbl oil are the richest. Though Iran (0.1 bbl) and Russia's (0.3 bbl) oil deposits are said to be negligible, one cannot comment on their Caspian Sea deposits with confidence as their parts of the sea have not been fully studied and explored. Till recent gas discovery in Azerbaijan's Shah Deniz field, Turkmenistan with proven 2.0 and possible 4.49 Tcm gas reserves were considered a leading country, a status which it still preserves. Uzbekistan's oil deposits is not considerable but as a gas-rich state its importance lies in its gas export potential and its geographical position on the way of energy export either toward China or South East Asia.

While multinational oil companies have initiated numerous large scale projects in Kazakhstan and Azerbaijan, Turkmenistan has achieved only smaller scale deals. Oil and gas development in the Russian sector have been similarly less important and in Iranian part of the Sea almost inexistent. Yet, despite the high cost of energy exploitation and transportation, legal and environmental problems and uncertainties of the surrounding governments, oil and gas companies are competing in the region to sign contracts, especially in Kazakhstan and Azerbaijan. Several complicated issues have prevented maximum hydrocarbon exploitation of the region. Difficulties and realities of technical, ethnical, economic, logistical, legal regime of the Caspian Sea, geopolitical, and social issues have lead to the exploitation of only few of the major oil fields and have forced some other key contracts and pipeline projects to remain on the paper.

II. ENERGY RESOURCES

The Caspian sea region includes Iran and four former Soviet republics (Azerbaijan, Kazakhstan, Turkmenistan and Russia). In recent times, large amounts of oil and gas discoveries has been made in the Caspian Sea states.. which include both offshore and onshore reserves. Kazakhstan and Turkmenistan have substantial energy to attract foreign attention, especially from fast developing economies that are dependent on energy imports. Europe has been a traditional market for Eurasian energy. There are newly emerging economic powers like China and India that would take global energy demand to a very high level. Thus, alternative sources like the Caspian and Central Asia are always beneficial. The United States, which is not a traditional customer of the region's hydrocarbons, has decided to push for the European orientation of the region's energy exports. This serves two purposes: profits for western companies through investments in exploration, supply contracts and building of new pipelines and denial for energy benefits to rivals like Russia, China and Iran. The geopolitical benefit is to lessen Europe's dependence on Russian energy and undercut Russia's regional clout by offering non Russian producers in Eurasia other access routes to European markets.

A. *Indian Geopolitical Interests in the Region*

Massive energy need for fast growing economy puts heavy weight on Indian energy security. To sustain high economic growth rate, India will need to increase its hydrocarbon energy import. One of the nearest potential region from which India can import energy is the Caspian Sea-Central Asian Region. To do so India needs to pursue a persuasive long-term energy relation with the Caspian sea region which India has not yet followed. Beside trade, and investment factors there could be three major motivations behind the Indian Caspian Sea Region Interests: 1). Energy Security 2). Regional Stability 3). Relation with the U.S. and balance of power between its two immediate neighbors- Powerful rival China and Traditional foe Pakistan.

Meanwhile the two main factors which are challenging Indian energy security and energy imports from the region are transportation limits and absence of a defined doctrine. Despite increasing interests and beside the lack of a strong and clear-cut doctrine towards the region as a whole, what handicaps India's poiltics in the region are the limitations of transportation of either goods or energy? Though India enjoys geographical proximity but unlike China, share no order with any Caspian republics. This limits Indian access to the region energy and hampers its import/export from the region.

Compared with China and Pakistan, with the exception of Afghanistan towards which India periodically and according to the geopolitical changes has defined a clear political approach, Indian diplomacy and especially its energy politics towards energy rich Caspian sea region has not been a continuous, competitive and a persuasive one. Apparently instability in Afghanistan and India's concerns and rivalry with Pakistan over Afghanistan's politics has engaged and diverted the Indian diplomacy which otherwise would have been diverted on the region as well.

B. *India-Pakistan Gas Pipelines*

The most controversial gas pipeline in the region, Iran-Pakistan-India (IPI), known also as 'Peace Pipeline' would run for 1100 km from Assaluyeh/giant South pars gas field of Iran in the Persian Gulf and crossing 1000 km. in Pakistan would continue for 600 km. within India eventually ending in Gujarat. With total length of 2,700 km. and US$ 7 billion being the cost, the IPI project would deliver 150 million cubic metres gas per day which will split between Pakistan (60 million cum) and India (90 million cum). IPI project will enjoy Russian support and giant Gasprom's participation. Two decades have passed since conceptualization of the Peace Pipeline by Dr. Pachauri but the U.S. opposition to the project and India's security concerns of the pipeline in Pakistani territory have so far prevented the realization of this gas pipeline.

The competitor to IPI is Turkmenistan-Afghanistan-Pakistan-India (TAPI) gas-pipeline which would run from Daulatabad/Turkmenistan. Crossing Heart and Kandhar of Afghanistan, it would reach Quetta and Multan in Pakistan from where it would touch Indian soil at Fazilka. This 1,680 km. long pipeline would require US$ 3.3-4 billion for its construction. It is planned to deliver 3.2 billion Cubic feet gas to be shared by both Pakistan and India. Being shorter and less costly in comparison with the IPI, enjoying the financial aid of Asian Development Bank and World Bank and the U.S. backing, this pipeline is politically easier to implement but has serious security problems.

C. *American Strategic Objectives in the Region*

The American objectives in the region have one key element- how to deny Russia the advantage inherited from Soviet Pipeline infrastructure. This would serve the umbilical cord that ties other energy producers in commonwealth of Independent states (CIS-alliance of 12 of former republics of the Soviet Republics formed in December 1991, including: Armenia, Azerbaijan, Belarus, Kazakhstan, Kyrgyzstan, Moldova, Russian Federation, Tajikistan, Turkmenistan, Ukraine and Uzbekistan) with Russia. Thus, building different pipelines was one of the main instruments to achieve American strategic objectives in Eurasia. The United states supports a southern corridor of Caspian gas export routes transiting Turkey to Europe. It helped the building of two pipelines from Azerbaijan that include the BTC pipeline and South Caucasus pipeline. It also endorsed a future pipeline across the Caspian to link Central Asia to Azerbaijan's pipeline system and onward to Europe. The Southern Corridor in the next ten years or so is expected to meet 10-12 percent of the EU's gas demands. Since the TCP project is not moving forward, the policymakers in America are getting impatient. A US Senate Foreign Relations Committee Minority Staff Report in December 2012 urged Turkmenistan to politically decide on the TCP. It is also called on major Western firms and International funding for the project. The significance of the Southern Gas Corridor was highlighted at the fourth meeting of the US-EU Energy Council at Brussels in early December 2012, where both parties stated that the corridor remains a pivotal opportunity to diversify supplies and allow new providers to participate in the EU energy markets. They also stressed the need to encourage Central Asian states to join the Southern Gas Corridor. The US Energy Information Administrative (EIA) has estimated that by the year 2035, the gas exports from Central Asia could account for as much as 11 percent of total global exports.

It may be pointed out that American energy diplomacy in the region is more than merely helping the Caspian states to benefit economically. In fact, the policy of using energy diplomacy to promote strategic goals in the CIS began with the decision to construct the BTC (Baku-Tbilisi-Ceyhan: this pipeline is a 1,769 km long crude oil pipeline from the Azeri-Chirag-Gunashli oil field in the Caspian sea to Mediterranean Sea) pipeline. United Sates and Turkey seriously looked at the possibility to finding a route that is politically most stable and reliable. They came with the option of an expensive and long distance BTC route that would bypass Russia and Iran. British Petroleum (BP) and other Western Companies originally proclaimed the BTC pipeline project as 'The Project of the Century'. The United States has also been encouraging other pipeline routes to Europe that would bypass Russia and Iran. When on 23 May 2012, Turkmenistan signed a purchase agreement with Pakistan and India to supply up to 1.2 trillion cubic feet of gas per year through the TAPI pipeline, The United States backed the project as a part of its Silk Road Initiative To counter Russia's growing energy clout, America moved ahead to polarize the geopolitics of the region through 'pivotal states' like Georgia and Azerbaijan.

D. Russia's Energy Diplomacy

All the republics of Central Asia were part of imperial Russia and Soviet Union. After the disintegration of the Soviet Union, Russia continues to shape the future of the region. Even if Russia has lost some influence in particular its economic leverage, it remains Central Asia's main security provider and important external player. Russian leadership knows that it has to share the arena with China and, to a lesser extent with U.S. and European countries, as well as regional powers like Turkey, Iran. The geopolitical clout is measured by Russia's capacity to shape the region's strategic orientation and limit American influence, orient region's economic development towards Eurasian integration to slow down the splitting up of the economic space as a result of China's economic penetration and soft power in the region. In the field of energy, Russia has lost its hegemonic status, it to longer depends on Central Asian hydrocarbons. Russia shifted the focus to its own reserves and exports. Russia's greatest loss in the region was Turkmen gas, a substantial part of which is now goes to China. In Central Asia, Kazakhstan possesses significant oil resources, Turkmenistan has remarkable gas reserves and Uzbekistan has modest gas reserves. Russia remains Kazakhstan's main partner in the civilian industry. It is the main investor in Central Asia's electricity market in terms of both grids and hydropower plants. It is developing joint strategies with Kazakhstan on the cereal markets and has invested in Uzbek chemical industry and Kyrgyz textile sectors. The main oil pipelines used in Central Asia are the existing Russian- built pipeline network. The Uzbek-Alyrau-Samara pipeline, with a capacity of 600,000 bbl/d, serves as one of the main transit routes for hydrocarbons from Kazakhstan and Uzbekistan. It uses Russia's transneft distribution system, which provides Central Asia with a connection to world markets via Black Sea. Similarly, Russian energy giant transneft as the main shareholder of the most important pipeline used by Central Asian region: The Caspian Pipeline Consortium (CPC). This energy transit route runs from Kazakh Tengiz oil field to the Russian Black Sea port of Novorossisk. Currently Russia controls the existing pipeline network. Gazprom controls the two branches of the Central Asia- Centre Gas pipeline (CAC) which delivers Uzbek and Turkmen gas through its eastern branch, originating from the Kazakh city of Beyneu, also feeds into the Russian pipeline system. The other Bukhara-Urals pipeline originates in Uzbekistan ensures the flow of about 770 MMcf/day of natural gas to Russia. The Beineu-Bozoi Akbulak pipeline proposes to connect Kazakhstan to Uzbekistan and eventually China.

E. China's Entry into the Energy Geopolitics

The other major player in the Central Asian energy sector is China. In terms of energy diplomacy, the economies of Central Asian republics and China are mutually complimentary. While Central Asia has natural resources, China has market, capital and technology. Turkmenistan and Kazakhstan are the main focus of China, which is particularly interested in gaining access to their resources and ensuring its own future energy security. Central Asian republics also realize that increased cooperation with China will linkl their economies with the Asia Pacific economic boom. China started its energy diplomacy in Kazakhstan with a stake of 35 percent in Buzachi oil field in 2003. The next important move was the acquisition of Canada based company PetroKazakhstan for $4.1 billion in 2005 by CNPC (China National Petroleum Cooperation) after overcoming strong competition from India's state owned oil company ONGC Videsh. The pipeline from Atasu to Alashanou was completed in 2009. The first pipeline covers 2,238 km and is jointly built by CNPC a and KazMunayGaz at a cost of $700 million. The second pipeline is 792 km long. In April 2012, China has announced that it would invest $15 billion for oil and gas exploration in Uzbekistan. China has used formal as well as informal instruments in its energy diplomacy. China has outperformed its rival in the region. Added to its robust economic capacity, such method would make it difficult for China's regional rivals to gain access to Central Asian energy. China acquired Petrokazakhstan Company in 2005, paying a higher price than that offered by India. China again outmanoeuvred India in acquiring

American oil giant Conocophillips's 8.4 percent equity stakes in the Kashagan oil fields in Kazakhstan. Kazakhstan is a very large oil field with reserves estimated at 35 billion barrels. China has been biggest beneficiary of reduced Russian and European demands for Turkmen gas. The gas pipeline from Turkmenistan to China through Uzbekistan and Kazakhstan was completed in 2009 State owned companies of all the four countries are participants- CNPC, KazMunayGaz, Turkmengaz and Uzbekneftgaz. This 1833 km pipeline has originally a capacity of 50 bcf. China has thus used energy diplomacy to lure Central Asian states to China's other projects, including the Silk Road project. Even the SCO has started its energy club.

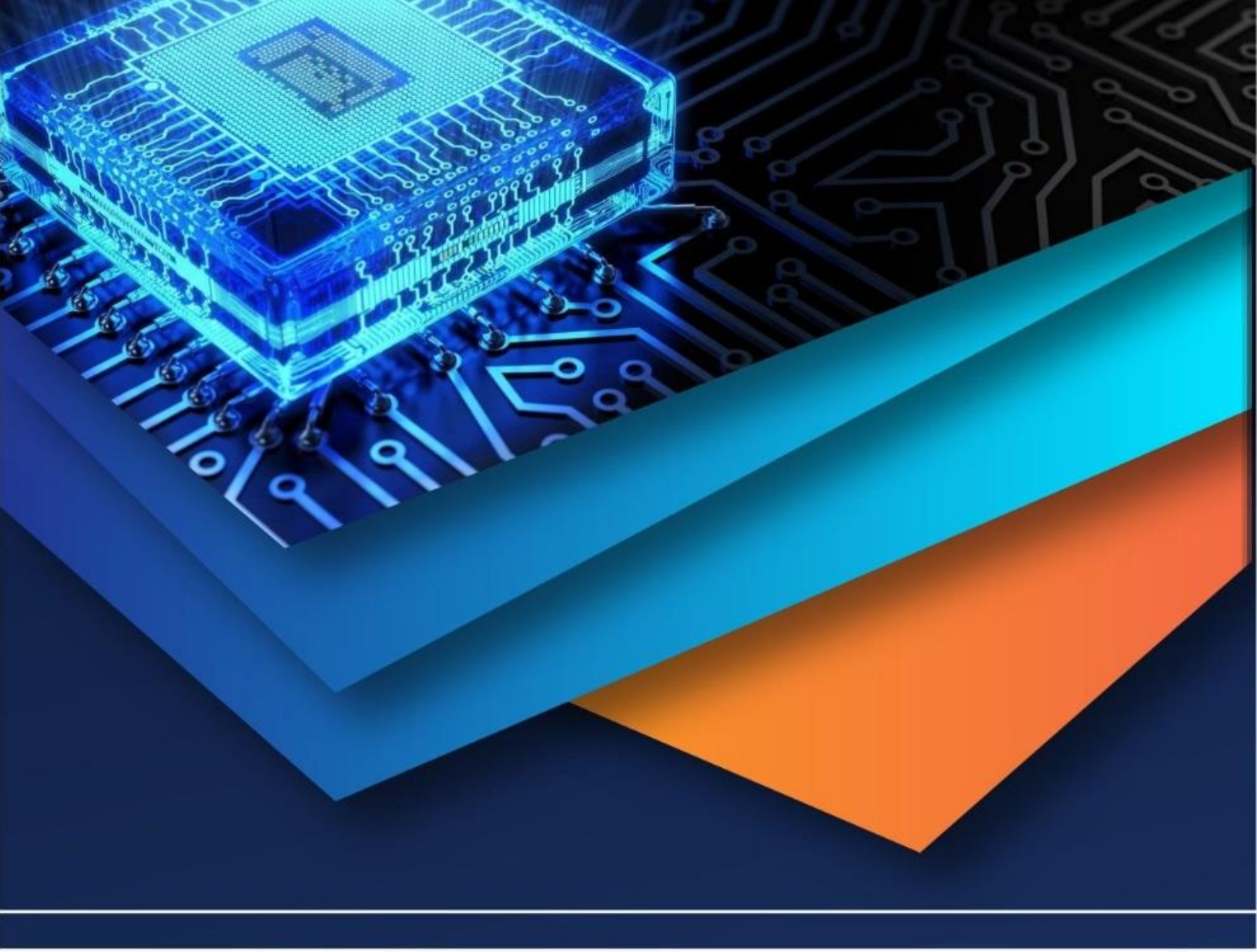
III. CONCLUSION

Energy has emerged as one of the most important factors that shape the geopolitics of the Region. The significance of energy is not just for its value as a commodity in short supply in most parts of the world, but due to its role as an instrument to advance the strategic goals of global and regional powers in Eurasian space. Such has been the competition that those who cannot play in its strategic terms and look to the region as merely as a source of oil and gas are bound to become marginal beneficiaries.

The new geopolitical role of the Caspian Sea region- Central Asian countries as against the former one is determined by the fact that they are very active participants in modern international relations. In the past, the state formations in the region that lost their independence as a result of expansion of the Russian Empire were more the objects than the subjects of the historical process. The diplomacy of the Central Asian countries cooperating with experienced Russian and Chinese diplomatics with old traditions that have geopolitical interest in the region.

REFERENCES

[1] Koolaee, Elaheh (2005), The New Great in Central Asia, Tehran: IPIS
[2] Sharma, R.R. (2007), "Regional order and Security: Role of External Powers in Central Asia and Caspian Sea Region". Quoted in Anuradha M., and Patnaik, Ajay (eds.) Commonwealth of Independent States: Energy, Security and Development, New Delhi, KW Publishers Pvt. Ltd.
[3] Baru, Sanjaya (2005), 'Some Issues for Indian Policy', quoted in: Kapil Kak, "India's Strategic and Security Interests in Central Asia", in: V. Nagendra Rao, and Mohammad Monir Alam, Central Asia: Present Challenges and Future Prospects, New Delhi, Knowledge World
[4] Crandall, Maureen S. (2006), Energy, Economics and Politics in the Caspian region, Dreams and Hopes, USA, Praeger Security International
[5] Dwivedi, R. L. (2004), Fundamentals of Political Geography, Allahabad (India), Chaitanya Publishing House
[6] Nichol, "Central Asia: Regional Developments and Implications for U.S. Interests"
[7] Aldabek, N. and Gabdulin, k (2012)., "Oil and Gas Factor in the Foreign Policy of Kazakhstan", in Patnaik, Ajay and Tulsiram (eds.), Post Soviet States. Two Decades of Transition and Transformation, New Delhi, KW Publishers
[8] Blank, Stephen (2003), ' The United States and Central Asia', Journal of International Affairs, Spring
[9] Rasizade Alec (April, 2005), 'The Great Game of Caspian Energy: Ambitions and Realities', Journal of Southern Europe and the Balkans
[10] O'Lear, Shannon (2004), 'Resources and the Conflict in the Caspian Sea', Geopolitics.



10.22214/IJRASET

45.98

IMPACT FACTOR: 7.129

IMPACT FACTOR: 7.429

INTERNATIONAL JOURNAL FOR RESEARCH

IN APPLIED SCIENCE & ENGINEERING TECHNOLOGY