

Will Tajik gas change the balance of power in Central Asia?

Aleksandra Jarosiewicz, Tadżycki gaz zmieni układ sił w Azji Centralnej?

Tethys Petroleum, a company reputed to be Canadian but registered in the Cayman Islands, signed a contract with China's CNPC and France's Total on 18 June. The contract grants both CNPC and Total a one-third share in the Tajik deposits which Tethys has on its books. The fact that global energy firms have committed themselves to this project serves as proof that they see Tajikistan as having the potential to become an important gas producer in the region. The launch of gas production in Tajikistan (possibly at a level of several billion m³ annually) will be of fundamental significance for the country and will change the balance of power which has thus far been in place in Central Asia. Uzbekistan in particular stands to suffer. Furthermore, Tajik gas could play a role in stabilising the region should supplies be made to Kyrgyzstan (and potentially to Afghanistan, assuming that it will have a gas market). There are two ways of viewing CNPC's foray into this project: it is both a further step taken in China's expansion into Central Asia's energy sector and also China stepping up to the plate as a guarantor of energy security in the region—gas from Tajik deposits is set to be exported to China along a newly planned route which will run through Kyrgyzstan.

A Tajik El Dorado?

The area covered by the contract is mutually known as Bokhtar and covers nearly 35,000 km² of Tajik territory in the south-west, close to the border with Afghanistan and Uzbekistan. The prospective (i.e. unproven) resources there are estimated to stand at 3.22 trillion m³ of gas (for comparison, Azerbaijan's proven resources are estimated to stand at 2 trillion m³ of gas) along with 8.5 billion barrels of oil. The deposits are in the same geographical area where Turkmenistan's enormous resources are found, e.g. Galkynysh (21.2 trillion m³) and Dauletabad (1.7 trillion m³). Since 2008 work in Tajikistan has been carried out by the Canadian company, Tethys Petroleum on the basis of a production sharing agreement (PSA) with the Tajik government for a period of 25 years. In part due to a desire to minimise its investment risk and to gain funds, Tethys has invited global energy players – Total and CNPC – offering them each a one-third share in the area covered by the contract. Tethys is not a large energy firm and defines itself as "the only independent oil and gas company" in Central Asia. The company has been present in the region since 2007. Besides Tajikistan, it has projects in Kazakhstan and Uzbekistan. Zalmay Khalizad – once a close collaborator of US president, George W. Bush and former US ambassador to i.a. Iraq and Afghanistan – is on the board of directors.

Bearing in mind the fact that gas consumption in Tajikistan is negligible, should just a small part of its reserves be proven, this will be significant for both the country and also for the balance of power in the region. According to Tethys, production can be initiated in three years, with exports to China beginning in 2020. It will be possible to export the gas either via the newly planned route running through Kyrgyzstan or through the existing route from Turkmenistan. The success of the project does not depend only on whether extraction is shown to be financially viable—the current level of stability in the region must also be retained. In the context of the reduction of the West's presence in neighbouring Afghanistan, this stability is far from being certain.

Tajik gas as a potential catalyst in the region

The possibility of gas production being undertaken in Tajikistan would have enormous economic significance since it is one of the poorest countries in the world and stays afloat due to foreign aid and remittances from its citizens working in Russia (economic migrants generate approximately half of Tajikistan's GDP). Gas extraction would provide hope for increased financial independence and energy security in Tajikistan. It could also, however, increase tensions within the elite due to the fight for a share in additional incomes.

In the regional dimension, Tajikistan's gas independence would spell a reduction in its dependence on its current supplier, Uzbekistan. Tashkent has traditionally used the gas supply issue to apply pressure on Dushanbe to abandon its plans to construct a hydro-electric power plant in the Amu-Darya basin. Tajikistan's water supplies are used by Uzbekistan for irrigation purposes. Were a gas pipeline to be built from Tajikistan, via Kyrgyzstan, to China, this would enable gas supplies to Kyrgyzstan (a connector would need to be built)—at present Kyrgyzstan is also in part (in the Fergana Valley) dependent on fuel supplies from Uzbekistan. The appearance of a new infrastructure would then mean the breaking up of old Soviet infrastructural schemes which had made Uzbekistan into the main regional gas distributor. Furthermore, the export of gas to China would further increase the already enormous dependence which Tajikistan has on this country (Beijing is the largest provider of loans to Dushanbe).

China – gaining the most and risking the most geopolitically

CNPC joining this project is the next step in China's economic expansion in Central Asia. Besides security issues, China is involved in the region for its raw materials and is prepared to invest enormous amounts of money to increase its energy security. The best proof of this is China's financing of the construction of a gas pipeline from Turkmenistan to China which was launched in 2009 and cost approximately US\$ 8 billion. With CNPC on the scene in Tajikistan, a further project for the export of gas from Turkmenistan becomes more likely to be implemented and this would feature Tajikistan in the role of transit country and gas

supplier. This route would diversify the options for gas imports to China from Central Asia and thus bring about an increase in China's energy security; from Beijing's perspective it would also serve to stabilise the region. China's presence in energy issues in Tajikistan increases its interest in the stability of the region and obliges it to be involved politically.

China's plans regarding gas in Tajikistan strengthen its role as a guarantor of energy security in Central Asia. The gas pipeline from Turkmenistan already in place enabled China to realise Turkmen gas supplies to Kazakhstan (southern Kazakhstan uses Uzbek gas) and to Kyrgyzstan when Uzbekistan halted supplies. China is also engaged in the construction of two small refineries in Kyrgyzstan and has declared its interest in a project of this kind in Tajikistan. These projects reduce the dependence of these countries on Russia—currently the main fuel supplier.

By entering into energy projects in Tajikistan, China will most likely be obliged to become involved in the security situation in the region in order to protect its own economic interests. This will be challenging in particular against the backdrop of the West's plan to reduce its presence in Afghanistan from 2014. It also puts China at risk of coming into conflict with Russia, since Moscow views 2014 as an opportunity to increase its own presence in Central Asia.

Map.

Gas pipeline network in Central Asia

