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Turkmenistan's President visits Beijing: Chinese gas diplomacy

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On 5–6 January 2023, Turkmenistan's president Serdar Berdimuhamedow paid a state visit to China. During his meeting with Xi Jinping, marking the 31st anniversary of the establishment of their countries' diplomatic relations, the two leaders announced their shared view on international affairs, including in the sphere of security. Several preliminary sectoral agreements were signed during the visit, the most important of which reiterates the two states' intention to boost the preparations for the construction of a fourth line (the so-called Line D) of the Central Asia–China Gas Pipeline connecting Turkmenistan with China via Uzbekistan, Tajikistan and Kyrgyzstan. This agreement was particularly strongly emphasised by the Chinese side.

Commentary

- For Turkmenistan, a poorly developed country pursuing an isolationist policy, China is its main economic and political partner. This is based on extensive gas cooperation between the two states, which has been ongoing since 2007. At present, China accounts for around 75% of Turkmenistan's exports, with over 75% of this volume being natural gas exports (around 31 bcm in 2021 and around 27.4 bcm in the first eleven months of 2022, according to media reports). Russia is the second biggest recipient of the former Soviet republic's gas (in 2019–21 the volume of gas exports from Turkmenistan to Russia rose to around 10 bcm). Turkmen gas is transmitted to China via the three currently operational lines of the Central Asia–China gas pipeline (Turkmenistan–Uzbekistan–Kazakhstan–China) with a total capacity of 55 bcm annually. Ashgabat intended to become economically independent of the Russian infrastructure and market thanks to its cooperation with Beijing, and it has managed to achieve this aim. However, as a result, Turkmenistan has become increasingly dependent on the asymmetric relationship it has with China. China views Turkmenistan as an important and stable source of gas (Turkmenistan ranks second after Australia, and accounts for more than half of China's gas imports obtained via gas pipelines) and as its most precious 'trophy' in its expansion in Central Asia. At the same time, Turkmenistan is a strong example of a unique Sino-Russian 'condominium', which provides Beijing with opportunities to increase its economic influence while accepting Moscow's political and security interests (these used to be fully convergent with China's interests, at least until the Russian invasion of Ukraine).

- The organisation and ceremonial setting of the visit emphasised its political importance. Berdimuhamedow is the second leader to be received in Beijing in 2023; his visit has enabled China to demonstrate its departure from the ‘zero COVID’ strategy and its return to normal diplomatic activity. At the same time, the Turkmen president’s visit to Beijing was his first trip since he was sworn into office in 2022 (while his father, Gurbanguly Berdimuhamedow, remains the country’s de facto leader), and has been interpreted as a gesture of China's acceptance of his role. The visit also served to legitimise China’s authority and ambitions in the region.
- In practical terms, the visit’s most important outcome was the announcement of the intention to expand gas cooperation and to build a fourth line of the gas pipeline connecting the two countries, as already envisaged in agreements signed back in 2007. It is planned to run from Turkmenistan’s Galkynysh gas field (one of the world’s largest gas fields) via Uzbekistan, Tajikistan and Kyrgyzstan to China. The line is expected to increase the system’s total capacity to 85 bcm annually. However, despite the firm declarations of intent to carry out the project, no binding agreement was signed during the visit. Turkmenistan is probably blocking the agreement’s conclusion because its cooperation with China has been very expensive to date. In 2018, the cost of servicing the loans China had granted for the project, combined with an unfavourable pricing formula, brought the country to the brink of economic collapse, and so Ashgabat intends to renegotiate the terms of this cooperation. Moreover, the scale of its current dependence on Beijing undermines any hopes of diversification related to it. In addition, no details have been revealed regarding China’s proposed wording of the contract. Other issues which need to be clarified include the terms of cooperation with the countries located along the route of the planned gas pipeline, the security of the pipeline, and most importantly, Beijing’s gas demand estimates and China’s political strategy.
- Despite all the doubts surrounding the construction of Line D, the publicity given to this project is a serious signal from Beijing to Russia and the West. The shift in Russia’s strategic relations with China (to Moscow’s disadvantage) has been one of the key consequences of its invasion of Ukraine. These relations concern gas cooperation, such as the construction of the Power of Siberia 2 gas pipeline running through Mongolia, which is strongly endorsed by Moscow; the pipeline will have a target capacity of 50 bcm annually). From China’s point of view, the negotiations with Turkmenistan are an important tool for putting pressure on Russia in this project (gas volumes, prices, the construction process). In this way, Beijing is expanding its room for manoeuvre in these negotiations regarding both gas and political issues, although the pressure it is putting on Moscow seems to relate to the specific terms of their cooperation, rather than its substance.