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Asian "Energy Players" and Their Role in the Balkan Energy Strategy

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ABSTRACT

The development of the political processes in the countries of Central Asia, the Caspian Sea and Caucasian regions have always been dynamic and difficult to predict. These processes have been characterized in the last 20 years by escalating dynamism, starting with the disintegration of the ex Soviet Union and formation of a number of sovereign countries. Therefore, an enormous in dimensions political geographical region was formed in time, including the lands from the Persian Gulf to the Ural and from the Caucasus to the Pamir Mountains, a region with a very large energy and geopolitical potential. Under conditions of constantly growing deficiency of energy resources, inevitably the attention and interests of the world-wide (USA, Russia, China) and regional players on the "Big chess-board" (Turkey, Iran) were concentrated here, as Zb. Brzezinski (1997) successfully called them.

1. INTRODUCTION

From geographical perspective the larger part of this territory is located in Central (Middle) Asia. It includes the five new Turcic language countries to the east of the Caspian Sea that appeared in the post-Soviet area: Kazakhstan, Kyrgyzstan, Tadjikistan, Turkmenistan and Uzbekistan, Afganistan, Mongolia, the Chinese province Inner Mongolia, Tibet and Uygur autonomous region as part of China. Therefore, it forms an enormous territorial geographical region, which is too vast from the perspective of the contemporary geopolitics and the dynamics of internal political, international and geostrategic processes. It does not satisfy the object of this research. Also, some of the territories such as Tibet, Mongolia and others do not fall within the modern energy and geopolitical interests. In a merely geographical aspect it includes the Caspian Sea region, together with the countries with access at the Caspian Sea. It also cannot be identified as an independent geopolitical region, as the

interest in its energy resources by far exceeds its geographic borders. It is also too small in range for the purposes of this research, and is rather a part of the larger examined region.

Zb. Brzezinski (1997) has stated a concept of unifying the countries in the region, which participate in the geopolitical processes. He defines this region as the "Eurasian Balkans", including the following nine countries: Kazakhstan, Kyrgyzstan, Tadjikistan, Turkmenistan, Uzbekistan, Azerbaydzhan, Armenia, Georgia and Afghanistan. According to him this space is a "power vacuum", in which the external political interference is decisive [1].

Obviously, with the concept of the "Eurasian Balkans", as this region is defined, the above quoted author is making the analogy to the restless "European Balkans", which, according to other authors, are the "powder-keg" of Europe.

However, in our opinion the analogy is only reduced to the existing political instability, the reasons for which are totally different.

From the point of view of its ethnic and confessional structure, the Balkans is one of the most heterogeneous zones. On a territory of 505,000 km² live together east orthodox Christians, Catholics, Muslims and people of other religions. Within the ex Balkan countries these ethnic groups were united by force within common borders after World War I (e.g. Yugoslavia). After the disintegration of ex Yugoslavia, now the new countries are in a way ethnically homogenous, but most of the conflicts are caused and appear even within the same religion. According to Huntington (1999), in the heat of the Yugoslavian conflict at the end of 1990s Moscow supported the Serbs (east Orthodox) politically and financially, while Washington supported the Croats (Catholics). Naturally, Turkey supports the Muslim community openly, and very often also through the USA.

The "Asian Balkans" are comparatively more homogeneous in religion, though Brzezinski himself defines them as heterogeneous in religion. The religious groups are clearly marked by the state boundaries: the

various ethnic groups - Uzbeks, Cossacks, Tadziks, Pashtuns, Persians, etc. are differentiated in their own countries. This gives relative stability to the region, different from the one on the Virtual Balkans, but the prevailing Muslim religion is rather a unifying and consolidating factor, triggering the ethnic tension to a large extent.

Ethnic conflicts are smouldering only in some regions of Armenia, Azerbaydzhan (Nagorno Karabach), Georgia and Russia (in Dagestan, part of the Russian Federation).

Due to this reason we think that it is more correct to use the definition "Asian Balkans", as it gives the specificity of the region, which is different from the one of the virtual European Balkans. As regarding the political and geographic scope and contents, the region of the Asian Balkans should include: Kazakhstan, Turkmenistan, Kirgizstan, Uzbekistan, Tadzhiestan, Azerbaydzhan, Georgia, Armenia, Iran, Afganistan and Turkey (fig. 1).



Fig. 1. Countries of the "Asian Balkans" region.

These countries are mutually bound by a common fate (e.g. the ex Soviet republics), similar profile of the energy resources supply, favourable for the transport geographic location (Turkey, Armenia, Georgia, Azerbaydzhan, Afganistan). These features also determine the increased interest of the Great Powers.

2. ENERGY AND GEOPOLITICAL POTENTIAL OF THE REGION

The "Asian Balkans" region is enormous both in population and area. Over 253 million people live there on an area of 7.2 million km². Besides being a crossroad, it is important mostly for the availability of

an enormous energy resource potential. It is exactly this that is interesting to the subject of this paper. The Asian Balkans have enormous hydrocarbon resources (table 1). The total oil reserves are over 160 billion barrels, and the ones of natural gas - over 50 trillion m³. Two of the countries from this group are sharply distinguished from the rest by their raw oil reserves - these are Iran (139 billion barrels) and Kazakhstan (30 billion barrels). A number of countries have large reserves of natural gas. In this respect Iran is not only the regional,

but also the world leader with a reserve of 28 trillion m³. This country has the biggest natural gas reservoir in the world. This is the South Pars field in the waters of the Persian Gulf on the border to Qatar, with estimated reserves of 14 trillion m³. Second in significance for its natural gas reserves is Turkmenistan, followed by Kazakhstan, Azerbaydzhan, Uzbekistan, etc. Table 1 shows the countries that are able to deliver these energy resources to the world-wide energy market.

Table 1. Reserves, yield and consumption of raw oil and natural gas in the Asian Balkans region countries (2009).

Country	Area thousand km ²	Population million	Raw oil			Natural gas		
			Reserves, billion barrels*	Yield, thousand barrels* per day	Consumption thousand barrels* per day	Reserves billion m ³ /year	Yield billion m ³ /year	Consumption billion m ³ /year
Kazakhstan	2,725	15.6	30	1,500	239	2,400	35.6	33.6
Kirgizstan	199	5.5	0.04	0.001	15	5.7	0.003	0.8
Tadzhikistan	143	6.9	0.01	0.001	36	5.6	0.2	0.3
Uzbekistan	447	27.5	0.6	83.8	148	1,800	67.6	52.6
Turkmenistan	488	5.1	0.7	192	153	7,900	34	20
Azerbaydzhan	87	8.8	7	1,000	126	2,000	23	10
Armenia	30	3.1	0	0	48	0	0	1.9
Georgia	69	4.3	0.03	0.001	14	8.5	0.04	1.7
Afghanistan	652	28.1	0	0	5	50	0.03	0.003
Iran	1,633	74.2	136	4,000	1,700	28,000	116	119
Turkey	774.8	74.8	0.3	43	631	6.8	1	32

Columns 1 & 2 - Images Economiques du Monde, 2010 [6]

Columns 3, 4, 5, 6, 7, 8 – www.cia.gov [8]

* 1 barrel = 159 l

Another significant index for differentiating the countries in the region is the difference between yield and internal consumption of the above energy resources. The big difference between the yield and the internal consumption is indicative for the export possibilities of the respective country. That makes it additionally geopolitically "interesting" for the Great Powers.

Table 1 clearly defines these countries. In respect of raw oil, such a country is Kazakhstan. Its yield is over 6 times greater than the internal consumption. Obviously, the difference goes to the international market. A similar country is Iran, though politically isolated to a large extent. Its yield is almost 2.5 times greater than the consumption. Turkmenistan also has possibilities for export. In respect of the natural gas the differences are smaller, but some countries like Turkmenistan, Azerbaydzhan and Uzbekistan are outstanding. Of course, the large reserve of resources is always a precondition for increase of the yield, keeping the internal consumption on the same level. This is accounted for at the analysis of the geostrategic condition of the Asian Balkans countries. Large potential for additional yield has Turkmenistan, as well as Iran under specific political and geopolitical conditions. The basic energy vector with regards to the raw oil at this moment is directed to Kazakhstan and Iran. Each of these countries is differently attractive to the great "players" Russia, USA and China.

Countries like Tadzhikistan, Kirgizstan, Armenia and Georgia have small hydrocarbon reserves. Their role in the Asian Balkans geopolitical region is rather related to their favourability for the transport geographical location. Through them pass the basic energy ways east-west and north-south. They are part of territorial specificity of the reviewed region and its integral part.

Turkey. The role of Turkey in the region under review is quite interesting. According to us, it is part of this region because of several reasons. One of the reasons is economic. For its own consumption Turkey needs daily quantities of raw oil that exceed the yield nearly 15 times (table 1). The same applies to the natural gas. In 2009 Turkey has extracted only 1 billion m³ while it has consumed 32 billion m³. The other important reason is of political character. The processes and disposition in the European Union regarding the future role of Turkey in it are prevailingly negative. The nearly closed door of the EU makes Turkey look for realization of its geopolitical interests to the east; moreover the countries in Central Asia are closer to its civilization and religion. These two reasons make Turkey the most important regional "player" in the discussed geopolitical space.

Having realized its importance as transit corridor for energy resources from Central Asia and the Caspian Sea region to Europe, Turkey has significantly changed its energetic and geopolitical orientation. Its

geopolitical vector is already pointing to Russia. As a member of NATO and conducting the interests of the USA in the region, it cannot fully use its geopolitical and transport potential. The increased influence of Russia in the Asian Balkans region also dips the weighs in favour of new collaboration with the Russian political elite. The oil pipeline "Baku-Dzheyhan" and the gas pipeline "Baku-Erzurum" are the more important energy ways, supported by the USA. The power interference of Russia in Georgia and the political instability in the Caucasian region do not help to the full-value functioning of these lines. On the other hand, the "Nabuco" project has an unclear future after the new political margin of Russia in Turkmenistan and Kazakhstan and the decision for building a new Caspian gas pipeline. That is why Turkey turned to increasing its commodity exchange with Russia up to 5 million dollars in the near 5 years and fast building of the "Samsun- Dzheyhan" oil pipeline and the gas pipelines "Blue Stream-2" and "South Stream". Turkey aims to take the role of energy distribution centre on the Balkans, and the role of Bulgaria in these processes needs to be seriously re-estimated. Together with Romania, as main defenders of the American energy interests on the Balkans, our country is about to remain isolated from the important energy projects. On the other hand, Turkey signed an agreement with Iran also for transit deliveries of Turkmenian gas on the already functioning pipe Tabriz - Ankara. Therefore the opinion of most authors (Todorov, 2010) on the "multi-vector" policy of Ankara is rightfully prevailing.

Russia. Its role in the Asian Balkans region may be defined as offensive, often ahead of the American intentions and actions, and regarding the Russian geopolitical interests - also logical. The most important geopolitical victory of Russia is maybe making the Nabuco gas project senseless. Upon signing the agreement for building a Caspian pipeline, the vast natural gas potential of Turkmenistan will be directed through Russia via the "East-West" pipeline between both countries. This also blocks the USA desire to build a Transcaspian gas line to Europe. The "Nabuco" project (project length 3300 km) may not rely on gas from Azerbaydzhan, again due to the intervention of Russia. In January 2010 Russia signed an agreement with Azerbaydzhan for buying-up most of export gas. So "Nabuco" does not have secured quantity to fill its project annual capacity of 35 billion m³. What is more, the designed gas line "East-West" unifies all Turkmenian deposits and the final objective is to flow gas to Russia, Iran and China at any time. Practically, this blocks the attempts of the USA to be a real figure in the region and to influence countries like China and Iran.

Iran. This country is a serious "player", defining very important energetic and geopolitical vectors in the region. Being aware that it is the main

leader in energy resources, the country may be a serious competitor to Russia. This is the only country capable to fill the capacity of "Nabuco". However, considering the deteriorated relations with Washington, this would be hardly possible in the near future. On the other hand, Russia quickly accepted the offer of Iran for a mutual energy campaign. This would soften the probable competition between both countries. Another sign for close relations with Russia is the start of the "Dovletabad - Sarakhs - Khargiran" gas pipeline, connecting North Iran with the enormous gas deposit in Turkmenistan. As it became clear, Turkmenistan is almost dependant on Russia regarding the export of natural gas. The realization of the above pipeline from Iran to Turkey started on 5 April 2010. Turkey envisages deriving 20.4 billion m³ natural gas annually from the Iranian gas deposit "South Pars". It already uses one pipeline to import 28 million m³ daily. For the time being the idea is for this pipeline after Turkey to pass through Greece to Italy, Bulgaria not being included in the project. Iran demonstrated independent regarding energy policy with the decision to build a gas pipeline from South Pars to South Balochistan (Pakistan) in March 2010, despite the discontent of the USA. The first flow of gas to Pakistan is planned to start in 2015. This is a new attack on the energy expansion of the USA, who considers Pakistan to be their loyal ally. Its inclusion in the Asian Balkans region is determined by close religious, political and economic relations with the republics in Central Asia, the traditional economic partnership with Russia, the joint energy projects with Turkey, etc.

China. Its role in the region increased during the last 10-15 years, considering the increasing "energy shortage" for its rapidly developing economy. A number of decisions of the Chinese politicians lead the country to closer relations with Russia and the Central Asia countries than the USA. The Shanghai Cooperation Organization (SCO) is an economic alliance between China, Russia and the central Asian post-Soviet republics (Kazakhstan, Kirgizstan, Tadjikistan and Uzbekistan), where Iran has the statute of observer. The organization of the Contract for collective security, which plays a key geopolitical role for the energy and transport corridors, maintains close contacts with SCO. Members of the organization are Armenia, Byelorussia, Kazakhstan, Russia, Tadjikistan and Uzbekistan. It is of special importance that since 2006 the SCO-member countries conduct joint military drills and actively cooperate with Iran. Real expression of this cooperation is the start on December 14, 2009 of the longest functioning gas pipeline in the world, delivering gas from Turkmenistan through Kazakhstan and Uzbekistan to China. Its length is 1833 km and it ends in Sindzan, in the Uigur region in China. Righteously all political analysts are already talking about a global energy axis Russia - China - Iran. The Russian energy vector to China is obvious.

USA. The rich in petrol and natural gas region of the Caspian sea is not by chance known as the "second Near East". The purpose of the active engagement of the USA with the central Asia problems is to guarantee its energy security in the future of energy carriers. It is known that it has a chronic shortage of energy resources. Its own yield only covers 1/3 of them [7]. Irrespective of where the transit pipelines pass, the necessities of the importing countries fully coincide with the USA's wishes and that in its desire to weaken Russia it tries to place the rich in energy resources regions from the post-Soviet space under control, encouraging within their possibilities the building of pipelines along all possible routes, evading the Russian territory [4]. At this stage they seem to be behind the energy solutions of Russia. Anyway, American companies are exploiting the biggest oil deposits in Kazakhstan - Tengiz and Kashagan. Dergachev (2004) considers that the only possible scenario for USA, considering its detached geographic location, is to create a situation where none of the countries will be dominating the reviewed geopolitical area [2]. On the other hand, according to Brzezinski the USA should offer biggest geopolitical support to Uzbekistan, and Kazakhstan should be turned into a "shield" against the Russian influence [1]. At this stage it seems that none of these scenarios is coming true.

We must not forget that apart from the energy carriers, the central Asia countries have also other precious resources, many of which are strategic raw materials for the American economy.

Also a significant part of these have still not been assimilated, so in the 21st century Asia will be an exceptional perspective, both in view of the development of the energy deposits and of resources such as gold, cotton, etc., which is of enormous significance to the world markets. Considering the vast resources of strategic raw materials and the large number of consumers in Central Asia, the USA is ready to do anything to master the gigantic potential of this market.

Indeed, currently, the share of the Central Asian petrol in the American import is only 1-2% (Junhun, 2010), but for sure Washington will exceptionally rely on it in the further future.

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