EXAMINING THE TAPI PIPELINE AND ITS IMPACT ON REGIONAL AND CROSS-REGIONAL RIVALRY

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Introduction

Before 1991, the states of Central Asia were marginal backwaters, republics of the Soviet Union that played neither a major role in the Cold War relations between the U.S.S.R. and the United States, nor in the Soviet Union's relations with the principal regional powers of Turkey, Iran, and China. But in the 1990s, the dissolution of the Soviet Union coincided with rediscovery of the energy resources of the Caspian Sea, attracting a wide range of international oil companies, including American majors, to the region. Eventually, the Caspian Basin became a point of tension in U.S.-Russian relations. In addition, Central Asia emerged as a zone of conflict between the regional and cross-regional powers. The events of 11 September, 2001 and the terrorist groups operating in Afghanistan brought Central Asia to the forefront of U.S. attention. The growing importance of natural gas imports to today's economies is compelling the world community to think anew about energy security.

The pipeline from Turkmenistan to Pakistan through Afghanistan was first proposed in the mid-1990s when America's Unocal-led energy consortium and Argentina's Brides Company vied to sign a deal with the Taliban government in power at that time in Kabul. However, security considerations combined with international condemnation of the Taliban human rights abuses prompted both companies to pull out, leaving the

project in the lurch.[1] After the end of the Taliban regime, the idea was revived, and the three countries (Afghanistan, Pakistan, and Turkmenistan) signed a new agreement at the end of 2002. The Asian Development Bank (ADB) conducted a feasibility study of the project and rendered a favorable verdict in 2005. Although a framework agreement on development of the project was signed by the heads of the three governments only in December 2002,[2] the Asian Development Bank remains committed to the idea of building a 1,600-km gas pipeline connecting Turkmenistan, Afghanistan, and Pakistan.

In April 2008, the three countries were joined by India to implement the same expanded project that became known as the Turkmenistan-Afghanistan-Pakistan-India (TAPI) gas pipeline. Finally, on 11 December, 2010, after nearly two years of intergovernmental deliberations, the Presidents of Turkmenistan, Afghanistan, and Pakistan, and India's Energy Minister signed a framework agreement at a summit in Ashghabad to build the 1,680-kilometer pipeline. It envisages constructing 1,680 km of pipeline with a total gas capacity of 90 million standard cubic meters per day (mscm/d). Some of this amount will be bought by Afghanistan. The TAPI project is expected to start in 2012 and should come on stream by 2016. The proposed pipeline will stretch from Turkmenistan's gas fields and travel 1,680 km through Turkmenistan (145 km), Afghanistan (735 km), and Pakistan (800 km), before culminating at the Indian border town of Fazilka in Punjab.[3]

Annually, the pipeline will carry roughly 33 billion cubic meter of natural gas to consumers. In addition to providing clean energy, it will generate huge amounts of revenue and create employment opportunities for the people of the region. TAPI is seen a convergence of interests, both of the great powers, as well as of the regional players. The United States, for example, is propounding the project as "magic glue" that will bind the warring factions and their regional proxies into an interdependent cooperative framework. The U.S. hopes that TAPI will in all likelihood wean India away from the Iran-Pakistan-India (IPI) gas pipeline that runs from Iran's South Pars gas complex in the Persian Gulf. In addition to further isolating Iran, the resultant interdependence and benefits of cooperation might act as a catalyst for peace between India and Pakistan.[4] Geopolitics of energy will ultimately become a significant and major policy topic as the increasing competition for access to limited resources alters the global economy.

[1] See: R.M. Cutler, "Turkmenistan-Afghanistan-Pakistan-India Gas Pipeline Gets Official Four-Way Go-Ahead," *Central Asia-Caucasus Institute,* 19 January, 2011, available at [http://www.cacianalyst. Org/? q=node/5479], 25 January, 2011.

[2] [http://www.adb.org].

[3] See: J. Foster, "Afghanistan, the TAPI Pipeline, and Energy Geopolitics," *Journal of Energy Security*, 23 March, 2010.

[4] See: Sh. Mariet D'Souza, "The TAPI Pipeline: A Recipe for Peace or Instability? *National University of Singapore (NUS)*, No. 194, 1 April, 2011, pp. 2-4.

Energy in Turkmenistan and Geopolitics of the Pipeline

When Turkmenistan became an independent country in December 1991, its President, Saparmurat Niyazov, was little prepared for the tasks he faced. Turkmenistan is a desert country with intensive agriculture in irrigated oases. However, the export of natural gas is the main driving force behind Turkmenistan's economy. Since the collapse of the Soviet Union, Russia has been a major consumer of Turkmen resources and the main routes of energy pipelines pass from Russia to the EU and other countries. China and Iran are the main countries that import gas from Turkmenistan, and

Table 1

Turkmenistan's Key Natural Gas Consumers

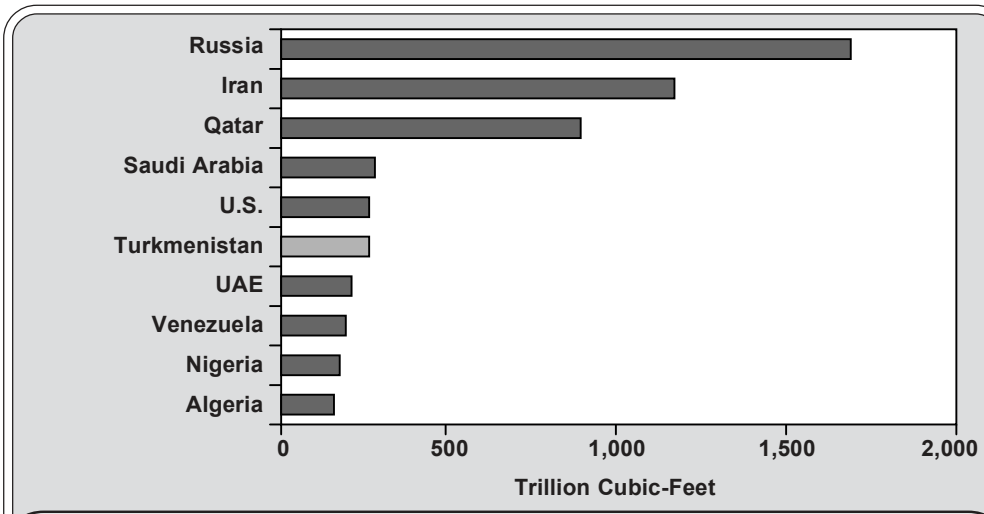
	Export Country/ Domestic Consumption	Contracted Gas Volume	Forward Gas Export Plans
1	Russia	Up to 11 bcm	back to 40 bcm?
2	China	5 bcm by the end of the year, rising up to 13 bcm by 2011	30 + 10 bcm
3	Iran	New—6 bcm—1st stage, 12 bcm—2nd stage Previously constructed 8 bcm pipeline pumps around 6 bcm	20 bcm total for both pipelines
	Domestic	About 20 bcm	40 bcm

the demand of these countries will significantly reduce Russia's dominance in the export of Turkmen gas (see Table 1).[5]

Turkmenistan currently ranks among the top six countries in terms of natural gas reserves and among the top 20 in terms of gas production. According to OGJ, in 2012, Turkmenistan's proven natural gas reserves amount to approximately 265 trillion cubic feet (tcf), a significant increase from the 94 tcf estimated in 2009 (see Fig. 1). Turkmenistan has several of the world's largest gas fields, including 10 with over

Figure 1

Top Global Natural Gas Reserves by Country, 1 January, 2012



Source: Oil and Gas Journal.

[5] [http://www.eiu.com].

3.5 tcf of reserves located primarily in the Amu Darya basin in the southeast, the Murgab Basin, and the South Caspian basin in the west. Recent major discoveries at South Yolotan in the prolific eastern part of the country are expected to offset most declines in other large mature gas fields and will likely add to the current proven reserve amounts. Turkmenistan has large amounts of natural gas reserves, but it is currently constrained by the lack of available natural gas transportation infrastructure.[6]

Natural Gas Pipeline Projects in Turkmenistan

1. Existing and Completed Pipelines

1.1. Central Asia-Center Gas Pipeline System to Russia

The gas pipeline runs via Turkmenistan, Uzbekistan, Kazakhstan, and Russia. It is some 5,000 kilometers long and its capacity is about 45-55 bcm with possible upgrading to 90 bcm. Once the first phase was constructed in 1967, CAC became the world's longest gas pipeline, stretching for nearly 3,000 kilometers. It connected Turkmenistan, Uzbekistan, and Kazakhstan with Russia's industrial centers. The Central Asia-Center pipeline system consists of four main export pipelines to Russia (CAC-1, 2, 4 and 5), running in parallel to join the Russian pipeline network at Alexandrov Gay. This is an important artery for export of gas from Central Asia, primarily from eastern Turkmenistan and southern Uzbekistan. The first of the lines, CAC-1, was commissioned in 1967, followed by CAC-2 in 1969, CAC-3 and CAC-4 in 1972, and CAC-5 in 1985. All are in need of investments; poor maintenance means that the actual current capacity is estimated at 45-55 bcm/yr,[7] as mentioned above.

1.2. The Turkmenistan-China Pipeline

The Turkmen government has long been discussing the construction of a 6,500 kilometer gas pipeline from Turkmenistan through Uzbekistan, Kazakhstan, and China to Japan. The initial annual capacity of this pipeline is 5 bcm, with a subsequent increase of up to 30 bcm/yr (and further expansion of up to 40 bcm/yr) and an approximate cost of about $7.31 billion. The construction project was due to be carried out in 10 years and was costly. Later the plans to extend the pipeline to Japan were dropped, leaving China as the terminal point of delivery. Following signing of the General Agreement on Gas Cooperation between China and Turkmenistan in April 2006, plans to build an eastern export route for Turkmenistan gas advanced rapidly in 2007-2008. In December 2009, a new 1,833 kilometer (1,139 mile) pipeline from Saman-Depe in eastern Turkmenistan to China's northwestern Xinjiang-Uighur Autonomous Region, via Uzbekistan and Kazakhstan, commenced operation and was expected to carry 5 billion cubic meters of gas in 2010, rising to 13 billion cubic meters in 2011, and 40 billion cubic meters by 2030 as new gas fields come on stream.[8]

[6] [http://www.eia.gov].

[7] See: M. Fredholm, "The Russian Energy Strategy & Energy Policy: Pipeline Diplomacy or Mutual Dependence?" *Conflict Studies Research Centre*, September 2005, pp. 37-39.

[8] [http://www.eiu.com].

1.3. The Turkmenistan-Iran Gas Pipeline

The Turkmenistan-China gas pipeline was launched at almost the same time as the new Dauletabad-Sarakhs-Khangiran pipeline from the Dauletabad gas field in southeastern Turkmenistan to Iran, which opened on 6 January, 2010, and is about 200 km in length. The annual capacity of this pipeline is 6 bcm at the first stage and 12 bcm at the second stage. In October 1995, the National Iranian Oil Company decided to build the pipeline to supply the remote northern part of Iran.[9]

This pipeline complements the Korpeje-Kurt Kui line (first laid in 1997) that runs from southwestern Turkmenistan to Iran and supplies approximately 6-8 billion cubic meters annually even though Iran has the second largest gas reserves after Russia.[10]

Total annual gas exports to Iran via these pipelines are expected to reach 14 billion cubic meters. The gas price will be adjusted quarterly based on a formula pegged to international oil and gas prices. Discussions with Iran on increasing the total annual volume of Turkmen gas exports to 20 billion cubic meters, which would fully utilize the available pipeline capacity, are continuing.

2. Planned and Proposed Gas Pipeline Projects

Since all of the country's gas and companies are monopolized by the government, Turkmenistan has submitted various proposals for exporting gas reserves. Moreover, there are numerous proposals on the table for strengthening and expanding the existing pipelines; however here we will examine only the most important of them.

2.1. Nabucco

The Nabucco project represents a new gas pipeline connecting the Caspian region, Middle East, and Egypt via Turkey, Bulgaria, Rumania, and Hungary to Austria and on to the Central and Western European gas markets. The pipeline length is approximately 3,300 km, starting at the Georgian/Turkish and/or Iranian/Turkish border, respectively, and leading to Baumgarten in Austria. According to market analysis, the pipeline has been designed to transport a maximum volume of 31 bcm. Estimated investment costs, including financing costs to complete the new pipeline system, amount to approximately 7.9 billion Euros and.[11]

2.2. The Trans-Caspian Pipeline

Although there are disputes over energy security, the European Union has made clear its interest in Nabucco and the Trans-Caspian pipeline. In many ways, the two projects—Trans-Caspian and Nabucco—are interlinked. The Trans-Caspian route is to connect Turkmenistan to Azerbaijan, allow-

[9] See: D.G. Victor, A.M. Jaffe, M.H. Hayes, *Natural Gas and Geopolitics: From 1970 to 2040*, Cambridge University Press, 17 July, 2006, pp. 213-214.

[10] Ibidem.

[11] [http://www.nabucco-pipeline.com], 17 December, 2009.

ing Turkmen gas to be sent via the South Caucasus Pipeline (SCP) from Baku to Erzurum, Turkey, where it would then be carried by Nabucco to Austria (see Map 1). This pipeline is 500 km in length offshore and has an estimated cost of about $5 billion. The annual capacity of this pipeline is 30 bcm. The route would bypass both Russia and Iran. Major obstacles to the project include

(1) Russia, to which Turkmenistan remains more closely connected than to Europe;

(2) feasibility, since a trans-Caspian route would require considerable technical input;

(3) uncertainty regarding the legal status of the Caspian Sea; and

(4) unresolved issues between Turkmenistan and Azerbaijan.[12]

Map 1

The Trans-Caspian Route is an Extension of the Nabucco Pipeline

Source: [http://politicspeaksvalleys.files.wordpress.com/2009/04/transcaspian-pipeline-oilandglory.jpg].

[12] See: G.C. Bekieva, "Natural Gas Pipeline Projects in Turkmenistan and the Caspian Region," 10 February, 2011, p. 31.

2.3. The Turkmenistan-Afghanistan-Pakistan-India Pipeline (TAPI)

This route originates in Turkmenistan-Afghanistan-Pakistan and runs to India, its length amounting to about 1,680 km (1,000 miles). The annual capacity of this pipeline is 30 bcm/yr; the estimated cost is about $7.6 billion.

2.4. The East-West Pipeline

This route started from Shatlyk (Mary province) in the eastern part of Turkmenistan and runs to Belek (Balkan province) in the western part of Turkmenistan on the Caspian Sea. The annual capacity of this pipeline is 30 bcm/yr, it is about 750-900 km in length, the estimated cost is $2 billion, and the earliest completion date is 2015.

2.5. The Caspian Coastal Pipeline (CCP or Prikaspii)

This route begins in Turkmenistan-Kazakhstan and goes to Russia. The route is 1,700 km in length, 500 km of which pass through Turkmenistan and 1,200 km through Kazakhstan. It has an annual capacity of 20-30 bcm/yr and there is no information about its estimated cost.

The fact that the Central Asian countries have only recently gained their sovereignty is an additional political constraint that needs to be borne in mind, as it has motivated attempts to become also economically independent, even if at considerable cost.[13]

Turkmenistan poses itself as a major global player magnificently dispensing its energy resources wisely and fairly, given the growing needs of European and other consumers in a world still dependent on fossil fuels. Given its geographic location between the East and the West, and its considerable resources now estimated by Britain's Gaffney, Cline & Associates to be as much as 26.2 billion cubic meters of gas, Turkmenistan finds it justified to augment its export potential and find the shortest routes to the markets.[14] As Russia tries to wrest control of the energy-abundant former Soviet Union republics, they are trying to break free from such control because the Central Asian states long were pressured by Russia to yield large portions of their energy resources to Russia.[15]

Turkmenistan in particular has been working to create an alternative pipeline system and lower its dependence on Russia for certain gas exports. In October 2010, Russia claimed that Turkmenistan had agreed to allow the Russian gas giant, Gazprom, to participate in the TAPI pipeline, only to be rebuffed by Turkmenistan. India advocated Gazprom's participation as a supplier for the pipeline along with Azerbaijan, Kazakhstan, and Uzbekistan. As for Pakistan, apart from fulfilling its energy requirements expected to reach 177 million toes (tons of oil equivalent) by 2020, TAPI will convert the country, for all practical purposes, into the U.S gateway to Central Asia. Alongside this enhanced status, America has committed to helping it develop its economy and buttress its security needs in the long term.[16]

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[13] See: W. Byrd, M. Raiser, *Economic Cooperation in the Wider Central Asia Region*, The World Bank, Washington, D.C., April 2006, pp. 2-6.

[14] [http://www.eurasianet.org].

[15] See: Ph. Hanson, "How Sustainable Is Russia's Energy Power?" *Russian Analytical Digest*, No. 38, 2008.

[16] See: M.K. Bhadrakumar, "U.S. Brings Silk Road to India," *The Hindu*, 24 December, 2010, available at [www.hindu.com/2010/12/24/stories/2010122464031600.htm].

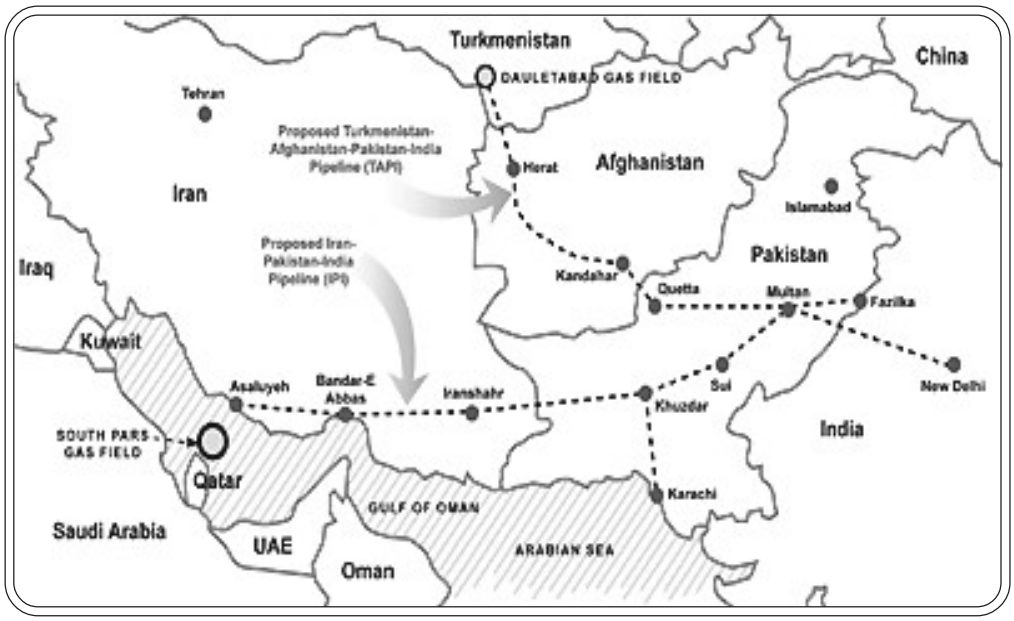
IPI or TAPI

The Iran-Pakistan gas pipeline project was conceived in 1993, with later proposals to extend it to India. Pakistan has conveyed its full support and assurance of security of deliveries to India.

A committee co-chaired by the secretary of MPNR along with the deputy minister of the Iran National Oil Company (NIOC) has been set up to review progress on the project. The committee is assisted by technical experts from both sides. The Iran-Pakistan gas pipeline is 1,650 km in length, 48 inches in diameter, and has a daily capacity of 3 billion cubic feet. This project, which originates from the South Pars field, will pass through Sui in Baluchistan and then go on to India from Multan if a deal struck between the countries involved in this cross border pipeline project (see Map 2).

Map 2

The Iran-Pakistan-India (IPI) Gas Pipeline



In January 2003 the Government of India signed a Memorandum of Understanding (MOU) with the Islamic Republic of Iran to establish joint ventures to invest in oil and gas projects in Iran and India. One of them is the Iran-India natural gas pipeline. There are three options to build this pipeline.

- First, it can be built over land crossing Pakistan and entering western Rajhastan covering a distance of roughly 2,600 km.
- Second, a pipeline can also be built adopting the offshore route outside the territorial waters of Pakistan. Under the Law of the Sea, confirmation for building such a pipeline is required from Pakistan, since it passes through the Exclusive Economic Zone of Pakistan, and permission is also required from Pakistan to conduct surveys in its waters. Moreover, the coast offshore of Iran and Pakistan exhibits seismic activity because of plate movement that raises technological hurdles.

- Third, while a pipeline can also be built through the deep waters of the Indian Ocean avoiding the Pakistan Economic Zone, this entails a much higher capital cost and also technical problems.

So the most feasible option is the overland route. The Government of Iran wants the $3 billion pipeline to be completed in two phases. Under Phase I the gas pipeline would be completed from Iran to Pakistan and then under Phase II from Pakistan to India, if India is willing.[17] India, with its rapidly expanding economy, is anxious to conclude an agreement with Iran for assured gas supplies through an overland pipeline through Pakistan. The idea of this gas pipeline originated in Iran for both political and commercial reasons. The main reasons for this strategy go back to U.S. policy against the Iranian government. Both India and Pakistan responded positively to the Iranian idea; indeed Pakistan showed keenness to join the project, hoping for the transit fees it could charge. The Indians seem to have rejected America's dislike for this project on the grounds of their burgeoning energy needs that require a secure source of supplies. Pakistan, which was originally enthusiastic about this project, became gradually cool toward it.[18] However, in 2011, Iran also offered to sell 1,100 MWh of subsidized electricity to Pakistan and reported that 1,000 of the 1,100 km of the IPI pipeline on Iranian soil had now been completed.[19]

America has excellent relations with both India and Pakistan, both countries expanded their relations with the U.S. after September 2001. First, the latter promised to help make India a great global power, especially in South Asia, and, second, a good alliance can be formed in the region for competing with China and Russia, the U.S.'s greatest rivals throughout the world.

But Pak-American relations include Pakistan GDP growth mainly obtained by U.S. aid, goodwill, and help in sharply reducing the debt-servicing burden, while America heavily depends on Pakistan for conducting the war on terror, fighting al-Qa'eda, and establishing peace in Afghanistan. Significantly, the TAPI pipeline will also challenge the rival project involving Iran. That proposed pipeline, which would run from Iran to India via Pakistan and thus is known as IPI, was stalled due to security issues and strong opposition from the U.S. because of Iran's nuclear program.

The Turkmenistan-Afghanistan-Pakistan-India pipeline, or TAPI, is seen as a potential alternative to the Iranian supply line.[20]

According to the points mentioned above, it is obvious which of these pipelines both countries prefer.

Pakistan as an Energy Corridor for IPI and TAPI

Pakistan can be of geopolitical and geo-economic significance in South, West, and Central Asia in that it is qualified to be an energy corridor for the regional states and beyond. One of the main factors in Pakistan's geopolitics is that this county connects West Asia with South Asia, Central Asia with South Asia, and South Asia with East Asia. Furthermore, the energy-starved economies of China and India need oil and gas to achieve a sustained level of economic growth. The transit revenues and industrialized projects accompanying the implementation of pipeline projects will allow countries like Afghanistan and Pakistan to develop an indigenous economic base and not be ever dependent on for-

[17] See: N. Ul Haq, A. Hasan, *Gas Pipeline Projects in South Asia*, 9 August, 2005, pp. 9-19.
[18] See: Ibid., p. 19.
[19] [http://www.tribune.com].
[20] [http://web.ebscohost.com].

eign aid. Pakistan is expected to act as an energy corridor for the region since it is situated in an important strategic location on the borders of the Arabian Sea, India, China, Iran, and Afghanistan. To retain this position Pakistan will have to strive for energy self-sufficiency. Its energy supplies are too low to meet the demand.[21]

The TAPI pipeline will pass through the territory of these countries, which will ultimately help to promote regional development; it may also help to improve relations between such historical rivals as India and Pakistan and Pakistan and Afghanistan by reducing tension, particularly at the borders.

In 2010, a final framework agreement on the TAPI pipeline project was concluded by the four countries, and Iran and Pakistan finalized the details of their own gas pipeline project. The Gwadar port is a testament of Pakistan's potential as a trade and energy corridor for China, with many proposals to use it to meet China's future burgeoning energy needs. In this connection Pakistan's Gwadar deep sea port has bright prospects for emerging as a regional trade and energy transportation hub.[22] Gwadar is strategically located between three increasingly important regions of the world: oil-rich Western Asia, heavily populated South Asia, and economically emerging and resource-rich Central Asia. Pakistan, thus, remains in the center of the energy-centric geo-economic activity in the region, which has enormous potential for enriching the regional states, big or small, and enabling their people in billions to live in perpetual peace.[23]

But important peer factors in the region related to ending the war in Afghanistan, Pakistan's rivalry with India, and the tension in U.S.-Iranian ties can be cited as three major obstacles that have so far impeded the emergence of this energy corridor. This country actually adopted the policy of welcoming all schemes for transporting oil through pipelines. Moreover, Afghanistan occupies a strategic location by linking landlocked Central Asia to South Asia and the Middle East. With better security and an improved infrastructure, Afghanistan could transport natural gas and electricity from Central Asia to South Asia, export mineral resources to China, and serve as an international hub for overland trade from ports in Iran and Pakistan.

Russia's and China's Attitude toward TAPI

Turkmenistan has the fourth-largest proven gas reserves in the world and used to sell most of its gas to Russia. Russia continues to have a monopoly on gas exports from Turkmenistan and others republics of the former Soviet Union, such as Kazakhstan. This could change, however, as a result of the recent discovery of vast new gas deposits in Turkmenistan. Moreover, in light of the rising oil revenues, Moscow began implementing a new program designed to regain Russia's prominence in the world as an energy superpower. Moscow significantly reduced its purchases in 2009 following a pipeline explosion and subsequent price dispute with Turkmenistan. So Turkmenistan decided to redirect shipment of gas from the Dauletabad field, which used to go to Russia, toward the south.

Russia's regional involvement as an important and reliable energy supplier in the TAPI pipeline could contribute substantially to multilateral cooperation in South and Central Asia. Vladimir Putin

[21] See: S.S. Amjid, M.Q. Bilal *et al*., "Biogas, Renewable Energy Resource for Pakistan," *Renewable and Sustainable Energy Reviews*, No. 15, 20 February, 2011, p. 2834.

[22] See: Z. Anwar, "Gwadar Deep Sea Port's Emergence as Regional Trade and Transportation Hub: Prospects and Problems," *Journal of Political Studies*, Vol. 1, Issue 2, 2009, p. 98.

[23] See: I. Ahmad, "Pakistan's Future Role as Regional Energy Corridor," S*outh Asia Strategic Stability (SASS)*, London, 1 November, 2010, pp. 3-5.

introduced NEP, which is based on the following principles: diversification of the energy supply market; sustaining sovereign control over strategic decisions on oil and gas exploration and transit routes; signing long-term contracts with foreigners to develop Russian natural resources; and regulating foreign access to these resources. According to NEP, Russia would only agree to invest in energy infrastructure projects if consumer states sign 20- to 30-year contracts.[24] Russian companies (Gazprom is the largest of Russia's oil and gas company) want access to the global markets and have a monopoly on or are participating in oil and gas projects such as the TAPI pipeline. While preserving control over its gas and oil pipelines is the main strategy of Russia's dominance on pipelines that pass from Turkmenistan to the EU or other regions, due to the disparity between lower domestic and higher foreign prices, Moscow will maintain its monopoly over oil and gas transit. The TAPI pipeline has the potential power to undermine Russia's dominance or monopoly on energy, on the one hand, while Turkmenistan wants to reduce its dependence on Russia and diversify its energy exports, on the other.

So Russia seems to have found a single solution for its multiple objectives: first, to maintain political influence over the Central Asian regimes through control of resources; second, to continue to collect considerable transit revenues from these landlocked countries; third, to slow down the emergence of competing export routes to China, Iran, Afghanistan, and Turkey; and finally, to meet the West's growing energy demands.[25]

Central Asia is important for China and a number of other states in terms of energy security and the combating of terrorism and fundamentalism. In addition, it is evident that China's influence in the region has increased dramatically since 1991, and China has emerged as one of the most important players in the region.[26]

Many believe that economic concerns, especially energy resources, are the main motivation for Beijing's presence today in Central Asia. The energy resources of the Central Asian countries are important sources of diversification for Beijing's energy needs. There has been a drive from China for alternative energy supplies, but also diversification of energy corridors bypassing the Malacca Straits. On the one hand, Afghanistan is very important for China because, without economic development in Afghanistan, there will be no security on China's southwestern borders. Furthermore, Afghanistan has rich natural resources and Russia sees China as a partner and not as a competitor in the region. And on the other hand, the Chinese authorities have encouraged reinforcement of Russian activities in the region and the dynamism that came with Putin's power politics, since this consolidates their own objectives.[27]

U.S Policy and the Priority of TAPI

The U.S. has established a permanent military presence in the Asian region, coinciding with the oil axis of the 1970s. In 2001, the Pentagon's Quadrennial Defense Review identified Asia as a region

[24] See: S. Sevastyanov, "The More Assertive and Pragmatic New Energy Policy in Putin's Russia: Security Implications for Northeast Asia," *East Asia: An International Quarterly*, Durham University, UK, 28 March, 2008, pp. 36.

[25] See: M. Laruelle, S. Peyrouse, *China as a Neighbor: Central Asian Perspectives and Strategies*, Johns Hopkins University-SAIS, Central Asia-Caucasus Institute & Silk Road Studies Program, A Joint Transatlantic Research and Policy Center, Washington, D.C., 2009, pp. 14-62.

[26] See: N. Swanström, "China's Role in Central Asia: Soft and Hard Power," *Global Dialogue*, Vol. 9, No. 1-2, Winter/Spring 2007.

[27] See: M. Laruelle, S. Peyrouse, op. cit., pp. 14.

of world resources, susceptible to large-scale military competition with a volatile mix of rising and declining regional powers that necessitated more U.S. bases there. Following 11 September, a new global defense posture along with a new basing policy arose. The U.S. has now decided to close down 35 percent of the Cold War era bases and shift troops to small bases in West and Central Asia with minimum permanent facilities.[28] The U.S. apparently wants to be more ?exible and peripatetic in the Central Asia region to deal with resources as well as terrorism more efficiently. Analytically, the massacre of 11 September was the starting point for re-launching the second version of the New World Order.[29]

The imperial expansion to strategic resource locations now was planned to go beyond a localized and time-bound framework, to become truly expansive in both space and time.[30] The theory of "radical geopolitics" is directly concerned with identifying the roots of U.S. foreign policy from a critical political economic perspective, seeking to determine the relative importance of political factors and economic forces in shaping foreign policy. Post-World War II U.S. foreign policy has largely followed the geo-economic logic, but has also been oriented (in sometimes divergent directions) by the geopolitical logic. For instance, American interest in control of Iranian energy resources (a geo-economic logic) and American officials' need to reaffirm U.S. credibility in the face of Iranian defiance of U.S hegemony in the Middle East (a geopolitical logic). Moreover, the American state officials realized the need to enact sanctions to maintain credibility in the face of Iranian defiance.[31]

Energy has been an important driver of U.S. policy in the wider Central Asia region. The United States has pursued several objectives in the energy field in this region. One has been to help America's European allies and the countries in the region diversify their supply of oil and natural gas, while America also wants to reduce Russian dominance on energy monopoly and isolate Iran and China in the Central and South Asia region. In addition, U.S. energy companies have invested in oil and natural gas development in Kazakhstan and Turkmenistan. Generally, U.S. policy goals regarding energy resources in the Central Asian and South Caucasian states have included supporting their sovereignty and ties to the West, supporting U.S. private investment, promoting Western energy security through diversified suppliers, assisting its alliance in Central and South Asia and opposing the building of pipelines that transit "energy competitor" Iran or otherwise give it undue influence over the region. The encouragement of regional electricity, oil, and gas exports to South Asia and security for Caspian region pipelines and energy resources also have been recent interests.[32]

The U.S strongly supported the TAPI pipeline because transit fees would provide an important source of income for Afghanistan and Pakistan if the TAPI pipeline ran through these regions. However, the U.S unofficially objected to construction of the IPI pipeline. The U.S. has been trying to isolate Iran, this enmity going back to the Iran revolution of 1979, while during Bush's presidency, Iran was called a member of the Axis of Evil. In addition, the Iranian government has been pursuing an independent policy in such areas as energy export and pipeline diplomacy, but Washington wanted to play a significant role in energy reserves and their export. Recently, Iran's peaceful nuclear program has

[28] See: "Why the United States Promotes India's Great Power Ambitions," *Monthly Review*, Vol. 57, Issue 10, 2006, pp. 16-33.

[29] See: J. Petras, "One Year of Empire-Building," *Economic and Political Weekly*, No. 373504, 11 September, 2002, p. 14.

[30] See: S.-B. Guha, "Post-September 11 Indo-U.S. Strategic Ties: Locating Power and Hegemony," *The Geographical Journal*, Vol. 177, No. 3, September 2011, pp. 223-227.

[31] See: J. Mercille, A. Jones, *Practicing Radical Geopolitics: Logics of Power and the Iranian Nuclear Crisis*, School of Geography, Planning and Environmental Policy, University College Dublin, Published by Taylor & Francis, LLC, July 2009, pp. 857-860.

[32] See: J. Nichol, "Central Asia: Regional Developments and Implications for U.S. Interests," *CRS Report for Congress*, 12 October, 2011, p. 48.

been the main reason for these objections. On the other hand, the Iranian government has been voicing its disapproval of the U.S. troops remaining in both Afghanistan and Iraq and the continued existence of their bases in the Central Asia and Middle East region. In short, the U.S protests against the IPI pipeline basically boil down to political issues. However, Iran is seeking to expand its role in Central and South Asia and to export gas from the South Pars field to Pakistan and India via the IPI pipeline, which will have a tangible impact on U.S. and Iranian competition.

The Main Obstacles and Problems of TAPI Compared to IPI

There is no denying that Afghanistan, Pakistan, and India directly need more energy resources, and imported gas is one of the key elements in these countries' future. However, the main obstacle is the need to ensure energy security because the TAPI pipeline route will pass through sensitive areas of Afghanistan and Pakistan.[33] The central issue facing TAPI is security, which is needed for construction of the pipeline and ensuring a sustained supply of gas through it upon completion. Only 100 km of the 1,680 km will pass through Turkmen and Indian territory. The rest will have to pass through troubled terrain of Afghanistan considered to be the stronghold of the Taliban where some of the worst violence has taken place in recent years (the provinces of Herat, Helmand, and Kandahar, the last two being the hub of the Taliban-led insurgency stronghold) and Pakistan (the restive regions of Baluchistan and south Punjab).

Afghanistan and Pakistan have had disputes over their territorial borders; however Afghanistan's borders with Iran and Central Asia are relatively peaceful.[34] Civil discord in Afghanistan has distracted the Pashtun people from reuniting with Pashtuns living in adjacent areas of Pakistan. Pashtuns constitute 14 percent of Pakistan's population and they do not recognize the border established by the Durand line; nor does Afghanistan with its large Pashtun population. The Pashtun's desire for their own nation-state could lead to a lengthy conflict between Pakistan and Afghanistan. Pakistan's protectionist policies have led Afghanistan to lean toward cooperation with its western neighbor, Iran. Nevertheless, Baluchistan is common territory that it is divided between Iran and Pakistan. The two countries also collaborated on suppressing Baloch nationalism, which both Tehran and Islamabad perceived to be a threat to regional stability and territorial integrity.[35] There is concern that the lack of energy supplies to the major energy-importing countries in the region will constrain the social and economic development of other countries there as well, and there is a growing consensus in favor of a multilateral cooperative approach to energy security (see Fig. 2).[36]

The TAPI pipeline is to pass from Afghanistan's mountainous areas, where it is very difficult and expensive to build pipelines, to the Central Asia region where powers such as Russia, China and Iran do not have a positive attitude toward the TAPI pipeline.

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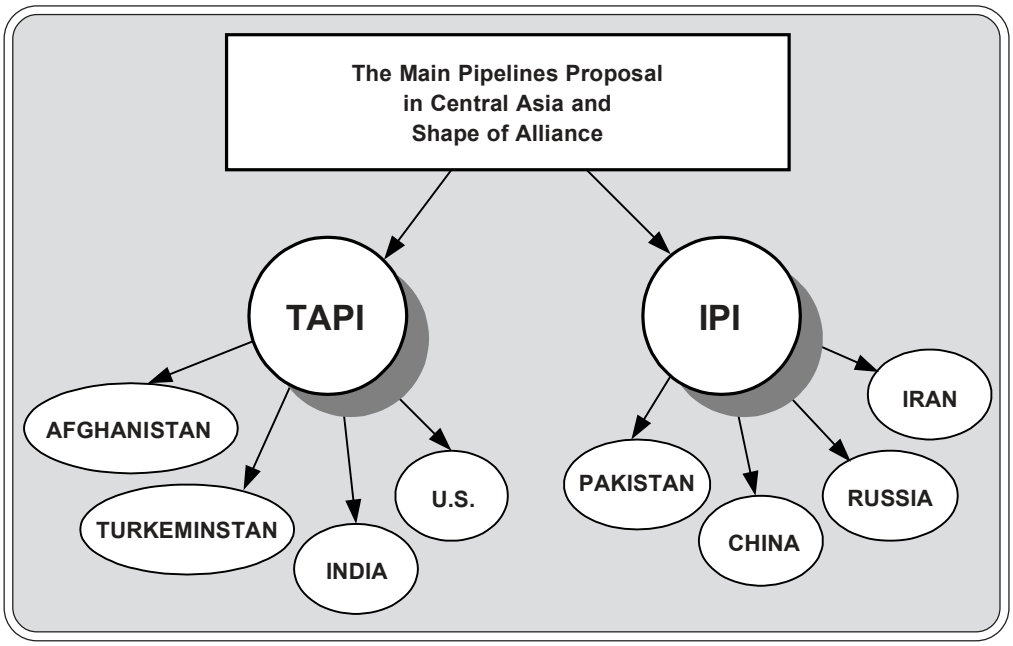
[33] [htt://www.brecorder.com].

[34] See: *Afghanistan's Other Neighbors: Iran, Central Asia, and China*, Conference Report, Organized by the American Institute of Afghanistan Studies and the Hollings Center for International Dialog, Istanbul, Turkey, 24-26 July, 2008. Released February 2009, p. iii.

[35] See: Ch. Zambelis, "Violence and Rebellion in Iranian Balochistan," Jamestown Foundation, 29 June, 2006, available at [http://www.jamestown.org/programs/gta/single/?tx_ttnews[tt_news]=821&tx_ttnews[backPid]=181&no_cache=1].

[36] See: *Baseline Study for Energy Cooperation in Northeast Asia*, Korea Energy Economic Institute, Seoul, 2007, pp. 3-143.

Figure 2



Conclusion

Central Asia has great energy potential and is strategically important, but it is landlocked. Consequently, the transit of reserves is very important for countries that have resources, especially gas, since it must primarily be transported through pipelines, unlike oil. Recently, South Asia and China have been experiencing faster economic growth and energy demand than other parts of the world. Economic and social development, population growth, high dependence on oil and gas, and limited energy reserves are the main factors promoting an increase in these demands. Geopolitics of energy is very important for countries that need energy resources, on the one hand, and for countries that transit energy through their territory, on the other, since this provides them with political and economic dividends. In order to transit energy from Central Asia to South Asia, two opposing alternatives exist (TAPI and IPI). The regional and cross-regional powers have different attitudes toward these proposals, which has led to a Great Game unfolding between them over energy and its transit. Russia, China, and Iran, which are major and powerful countries in Eurasia, oppose the TAPI pipeline officially and unofficially.

All three states share an interest in removing U.S. influence from Eurasia. Russia wants to preserve its dominance on energy exports and their price, but building pipelines such as TAPI and Nabucco will eliminate its monopoly on energy exports. Nevertheless, Russia has officially declared Gazprom's willingness to participate in the TAPI pipeline. However, one of the main goals of the U.S. presence in the Central and South Asian countries is to lure these countries away from Russia's orbit, while Gazprom's participation in the TAPI pipeline project is far from an established fact. Moreover, Russia and Iran have strategic relations and Russia (like China) has a positive attitude toward construction of the IPI pipeline. China's rapid economic growth has boosted competition over natural resourc-

es, especially energy, throughout Central Asia. China hopes to expand the IPI pipeline to China's west border through Pakistan.

The antagonistic relationship between Iran and the United States prevents construction of the IPI pipeline. Nevertheless, the Iranian route is more beneficial for Pakistan and India economically. Moreover, security of this pipeline in Iran's Baluchistan is higher than that of the TAPI pipeline, which is to pass through the troubled and insurgent provinces of Afghanistan and Baluchistan in Pakistan.

Recently, the growing tension between the U.S and Pakistan has led to increasing rivalry between the U.S and Iran. On the other hand, Iran and Pakistan took several steps toward improving relations in 2010 and 2011 as U.S relations with Pakistan deteriorated.

Undoubtedly, Iran needs a regional market for exporting its energy resources, while the unresolved issues regarding Iran's nuclear program undermine its foreign policy position. Nevertheless, Iran should be given an opportunity to find its place in implementing the Greater Central Asia (GCA) project.

An improvement in U.S.-Iranian relations would contribute significantly to the delivery of energy resources to the South Asian countries (Pakistan and India) and on to East Asian countries such as China.