

Panel: Regionalism in Central Asia and the Politics of Energy (Lilac/Tulip)

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Organizing Institution: Institute of World Economy and International Relations(IMEMO)

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Central Asia is emerging as a rising energy region. The development of energy sector in five countries of post-Soviet Central Asia and Azerbaijan is defined by two main factors. On the one hand, a number of countries the region - Azerbaijan, Kazakhstan and Turkmenistan - have large commercial reserves of oil and gas. Uzbekistan and Kazakhstan in particular also have large reserves of natural uranium. Drawing on the rich energy resources, these countries became serious energy exporters.

The International Energy Agency¹⁵ estimates that the Caspian region (including Azerbaijan) contains 3.5 per cent of the world's proven oil reserves¹⁶, while remaining recoverable reserves¹⁷ are closer to 5 per cent. The bulk of these reserves are in Kazakhstan, with smaller volumes in Azerbaijan and Turkmenistan. The region's share of global proven (and recoverable) natural gas reserves is around 7 per cent, mostly concentrated in Turkmenistan. Since the Caspian region is as yet relatively unexplored, these estimates could be revised upwards significantly in the future.

Kazakhstan, Turkmenistan and to a much lesser extent Uzbekistan are net exporters of energy. Although Uzbekistan is estimated to have considerable gas resources, it is not a sizeable exporter. It uses most of its gas to satisfy the fast growing demand of its 28 million populations. The report refers in some places to developments in Azerbaijan, which, although geographically not in Central Asia, is an integral part of the energy balance of the Caspian region.

The IEA predicts that Caspian oil production will rise from 2.9 million b/d in 2009 to a peak of 5.4 million b/d in the later half of the 2020s. Most of that oil will be exported to international markets so the Caspian's share of global oil exports will rise to 9 per cent – approximately the same as Latin America's. The projected expansion of natural gas output is equally impressive, with production forecast to almost double from around 160 bcm in 2009 (a year when production was artificially depressed) to 315 bcm by 2035. Around 130 bcm of this gas will be available for export, which will give the Caspian an 11 per cent share in global gas sales.

The smaller Central Asian republics, Kyrgyzstan and Tajikistan, which, although posing challenges of their own to regional stability, are not energy players, unless hydropower. In Kyrgyzstan and Tajikistan, 43% and 41% of the demand for energy resources respectively is covered by imports. A substantial part of Kyrgyzstan imported oil and petroleum products are re-exported to China.

* The views expressed herein do not necessarily reflect the views of the Asan Institute for Policy Studies.