

CENTRAL ASIAN PIPELINE DILEMMAS: SECURITY, POLITICS AND ECONOMY

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This article assesses major oil and gas pipeline projects proposed to bring the natural resources from Central Asian republics (CARs) to the international market and focuses on various factors affecting realization of these projects. Also I examine the economic viability of the numerous transportation and pipeline projects. I argue that due to the landlocked location of the CARs and vulnerability of the oil and gas pipelines to various external and internal influences, the local policy makers and international corporations are searching for multiple routes from the region to the international market. In order to avoid dependence on a single international actor such as Russia or Iran, the CARs governments are attempting to involve new outside actors, including East Asian countries, into the regional affairs with whom they could co-operate in maintaining the security balance and stability.

This paper examines three major issues that are especially important for policy makers in the Central Asian republics: (1) security issues in the post-Soviet CAR; (2) economic issues; (3) political and regional issues and their impact on the perspectives of the realization of these projects. The author argues that realization of these projects will affect security regimes in and around the regions that create dilemmas for the Central Asian policy makers considering realization of various projects.

Opening of the Central Asian oil and gas deposits for international competitors in the beginning of the 1990s became one of the most fascinating and important events in the international energy market. Trans-national corporations (TNCs) enthusiastically received the news about these, huge even by the international standards, deposits of oil and gas, which could become a serious alternative to the Middle Eastern oil supply. Indeed, there are huge reserves of oil and gas in the Central Asian republics (CARs). For example, total amount of oil deposits in the CARs is significantly bigger than Europe's proven reserves and their value exceeds 4.0 trillion (4,000,000 million) US dollars.¹ Oil giants, like Chevron, BP, Mobil, UNOCAL and others, showed a serious interest in taking part in developing vast oil and gas reserves, which is the last 'Black Gold rush of the 20th century.' According to the estimates of 'The Economist', the region's potential ranges from conservative 70 barrels of oil to an optimistic 200 billion barrels and the Kazakhstan's officials believe that their country is second only after Saudi Arabia in terms of oil reserves.²

News about Central Asian oil reserves are important for East Asian countries for many reasons. Presently East Asian countries (EAC) — Japan, South Korea and — China are the world's biggest consumers of the energy and with further economic growth in China and Southeast Asian countries, there will be growing competition for

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energy supply in this region.³ In fact, in the beginning of 21st century only Central Asian oil might become a serious addition to the Middle East oil supply for EACs and it could diversify sources of energy for Japan and other East Asian countries as well. For example, for the last decades Japan has been overwhelmingly depended on the Middle East oil (in 1995, 78.6% of oil was imported from the Middle East and it is expected that in 2010 the figure could reach 90%)⁴. This makes the Japanese economy extremely vulnerable to political development in such unstable region as the Middle East. The news about Central Asian oil was timely for China as well, because the country became a net-importer of the oil since 1993 and has net external oil requirement of 600,000 barrels per day (bpd). And finally, the Central Asian republics (CARs), who desperately needed cash to finance restructuring their stagnant economies and to implement a wide spectrum of changes in their industrial and financial sectors, are expected to benefit from sale of oil, gas and other natural resources.

However, it appears that the reality is much more complex than it was expected.

The land-locked Central Asian region is as large as India, but with a relatively small population that is about 55 million (1995). The biggest part of the region is situated on a huge plateau. The plateau that smoothly changes into a spacious Russian plain on the north is blocked by the natural boundaries on the south and southeast, i.e. huge mountain ranges of the Pamirs, Tian Shan and Kopet Dag. The Caspian Sea is the region's natural western boundary. A distance of several thousand kilometres to the east and west separates Central Asia from commercially reliable, traditionally Russian, seaports that connect the region with the rest of the world. To the south, the nearest seaports of the Persian Gulf or Indian Ocean are still hundreds of kilometres away and not easily accessible because of the hostile mountainous terrain and underdeveloped and poorly maintained roads and railways in that part of the world not to mention that there are political troubles such as civil war in Afghanistan and tensions between some region's countries. Thus, only long-range pipelines through a few selected routes may bring oil and gas from the CARs to the World market. Although, the issue of the pipeline routes alone would be of no concern in many other parts of the world, in this region it makes a great difference. It is because the pipelines are very much dependent on the political development and numerous conflicts around the region. Control over the levers of the main Central Asian 'black gold' outflow gives control over economic prospects in the region that is pivotal for the Euro-Asian security.

All these problems raised a number of questions about dilemmas of the so-called 'pipeline geopolitics.' What are the possible routes for the future energy outflow from the Central Asian region? What is the prospectus for constructing major potential pipelines? And what is the possible role of international actors in resolving the CARs' pipelines issue and bringing the energy into the East Asian market?

This article assesses major pipeline projects and analyses the dilemmas of the pipeline's construction, existing problems and perspectives, and the potential role of Japan in assisting the Central Asian states in their efforts to bring their natural resources to the international market.

1. PIPELINE GEOPOLITICS

Unfortunately, Central Asia is situated far away from the major oil consumer markets such as West Europe and East Asia. Fortunately, the region lies just in between these two parts of the world that are also the biggest consumer markets of petroleum. However, only European market relatively secure for its energy supply, because of its geographic closeness to the Middle East, West African and Russian oil (not mentioned existence of its own oil and gas reserves in the Northern Europe). In this sense, the East Asian countries are in less favourite situation, since Japan, South Korea, and Taiwan have no own oil reserves and China is increasing its energy consumption. It is predicted that China's external requirement for oil will rise from current 600,000 bpd to 3 million bpd in 2010 and 7 million bpd in 2015.⁵

So it is not a coincidence that a number of projects to develop Central Asian pipeline network to the West or to the East have been discussed during the last decade. For instance, Kazakhstan considered at least twelve possible export pipeline options.⁶ Some experts argued that it would commercially be more viable for Kazakhstan, Turkmenistan and Azerbaijan to combine their efforts in building a single pipeline.⁷ However, the others pointed out that a single pipeline would be politically vulnerable, since it would be dependent on goodwill and political stability in all involved countries.⁸ The US government is also increasingly interested in a multiple pipeline strategy in order to bring energy from the region into the international market.

Reshaping communication networks, especially pipelines and railroads, has become the highest priority for the Central Asian governments during last few years. Selling their natural resources is the only way to bring sense of confidence to this once prosperous Soviet region, where presently poverty knocks at a door of every second person and wages fell by as much as 50 dollars a month. Oil and gas TNCs are also searching for new routes that would take the region's 'black gold' and gas to the world markets and are increasingly involved in 'pipeline geopolitics.' Leading politicians and entrepreneurs around the world have discussed a wide range of possibilities of numerous multibillion-dollar transportation projects.

Proposed pipelines, railroads and highways can be grouped into two major transport corridors, East-West and North-South (or Trans-Persian). In fact, each of the groups is a combination of several large separate infrastructure projects that require significant amounts of investment and technical expertise. A high level of inter-state co-operation is necessary to provide a securer environment and to overcome serious political obstacles and tensions between the prospective partners.

A. THE EAST-WEST TRANSPORT CORRIDOR

The East-West transport corridor is an ambitious super-project aimed at reviving the ancient 'Silk Road,' that connected China and Europe through Central Asia by land. It includes several projects for upgrading the existing railroad network to make it capable of carrying goods between Northeast Asia (and, prospectively, Southeast Asian countries) and Europe. They could compete with or even replace the Russia's

Trans-Siberian Railway that has been steadily declining as an international route in recent years (in 1996, for example, it transported only 22,000 international containers, comparing to 138,000 in 1981).⁹ There is also an idea of constructing oil and possibly gas pipelines from the Western Kazakhstan to Western Europe or to China's coastal regions, which has the major attraction of TNCs because it could bring the CARs' oil and gas to the world market.

a. Turkmenistan-Turkey Gas Pipeline

This is a project for a 1200-km gas pipeline from Turkmenistan to Erzurum in Turkey through Caspian Sea, at an estimated cost of US\$ 2.4 billion. The projected annual capacity of the pipeline is 350 billion cubic feet a year, and it is expected that construction could be completed within three years. It is reported that consortium composed of Amoco corporation and a new joint venture owned by affiliates of GE Capital and Bechtel Enterprises (both the USA) recently completed feasibility studies.¹⁰

b. Caspian region - Europe Oil Pipeline (by-passing Russia)

This is a project for oil pipeline from Caspian region to Europe. The project includes a 388 kilometre oil pipeline through Georgia to the seaport Batumi, which would by-pass Russia and could be completed by the end of 1998.¹¹ Later, it can also be extended to Turkey's Mediterranean port Ceyhan at the cost of US \$ 1.4 billion, according to the estimation of Greg Rich, the executive vice-president of the main international oil consortium in Azerbaijan.¹² That makes total cost of oil pipeline from Baku to Ceyhan (Turkey) US \$ 2.9 billion.¹³

c. Aktyubinsk (Kazakhstan)-Tumin (China) Oil Pipeline

This is a 3200-km oil pipeline from what is possibly Kazakhstan's second largest oil deposit to the Western province of China. Its estimated cost is US\$ 3.5 billion and it is going to be completed within five years.¹⁴ According to other sources, the deal signed by Kazakhstan officials with *China National Petroleum Corporation* (CNPC) in September 1997 is estimated at US\$ 9.5 billion.¹⁵ According to some analysts, the commercial ground of this pipeline project is quite questionable, but China may proceed with construction of the pipeline because of her strategic interests.¹⁶

d. Tengiz (Central Asia)-China-Japan Oil Pipeline

This is a project for a 6000-km oil pipeline from Western Kazakhstan to East China's seaports at a cost of up to US\$ 20 billion. It is an extended version of previous project and it is still at its very initial stage of elaboration. It was reported in the late 1997 that two major US oil corporations (Chevron and Mobil) and a number of Japanese companies were about to start a feasibility study. The Tengiz oilfield, jointly developed by *Chevron* (45 %), *Mobil* (25 %), Kazakhstan oil companies (25 %) and *Lukareo* (5 %),

is one of the world's ten largest oil deposits, with an estimated life of forty years, and estimated capacity of 700,000 barrels a day.¹⁷

e. Turkmenistan-Pacific Gas Pipeline

This is a 7000-km gas pipeline from Turkmenistan to the Pacific coastal provinces of China, which has an estimated cost of US\$ 12 billion.¹⁸ It is a joint venture project in which US Exxon, Chinese CNPC and Japanese Mitsubishi Corporation could take part. This is one of the most recent and most hypothetical projects, and it has not passed a feasibility study stage.¹⁹ We could consider this project as the President of Turkmenbashi lifetime dream; however, it has increasing chances to be built because of Chinese commitment to build a gas pipeline from Western Kazakhstan to China.

f. Central Asia-Europe Oil Pipeline (through Russia)

This is a 1500-km oil pipeline project with an annual capacity of 28 million tons of oil, to connect Kazakhstan to the Russian seaport of Novorossiisk,²⁰ and to be constructed by formed in 1992 Caspian Pipeline Consortium (CPC). According to the latest reports, the CPC signed the final agreement in 1997,²¹ but the pipeline funding is still not established.²² The project is being promoted mainly by Russia's companies (who own 24% of the stake in the CPC²³) with a view to adding new pipelines to the existing Russian network, which would enable it to carry Central Asian oil and gas to European and world market.²⁴ There is also a variation of the project of a 3,000-km gas and oil pipeline from Central Asia to Western Europe through the Russian Federation and Balkans to one of the seaports in Greece.

B. THE NORTH-SOUTH OR TRANS-PERSIAN TRANSPORT CORRIDOR

The North-South or Trans-Persian Transport Corridor is the other ambitious super-project, which aims to give Russia and the FSU an access to the Persian Gulf and Indian subcontinent. It includes construction of oil and gas pipelines from Kazakhstan and Turkmenistan to Iran, Pakistan and probably India. Connection of the existing FSU and Iranian Railway network and building new railways would facilitate the transportation of industrial and other production from the CIS manufacturing plants to Iran and the Indian subcontinent by land rather than a round-about way by sea.

a. Trans-Afghanistan Pipeline

This is a 1,500-km gas pipeline (of which 760-km goes through Afghanistan) originated in Turkmen city Daletabad. Its projected annual capacity is 20 billion cubic metres.²⁵ It is a joint project of the USA company UNOCAL, South Arabia's Delta, Russia's Gazprom, Korea's Hyundai, Japan's Cicko and Itochu Co, Pakistan's Crescent Group and Indonesia's Petroleum. Construction is planned to be completed within 2-3 years.²⁶

b. Central Asia-Persian Gulf Railway Project (Trans-Iranian Railway)

This project proposes to connect the Central Asian and Iranian railway networks in order to reach the Iranian ports of Bandar-Abbas and Chach-Bakar.²⁷ In 1997, the presidents of Iran and Turkmenistan inaugurated the railway section, which connected the Central Asian and Iranian railway networks. However, it will take time to prepare the project for commercial use. Iranian railway and ports should be upgraded so that they would be able to carry and handle increased amount of goods from Central Asia. The CARs railway system, especially its management and security, has to be upgraded up to modern standards as well.

c. Kyrgyz 'North-South' Railroad

This project envisages a 430-km railway from the North Kyrgyz city Balykchi to the southern provincial centres Jalal Abad and Osh. Its estimated cost is US\$ 2.0-2.5 billion and it could be completed within five-six years. The first part of the project started with international assistance in 1997. Updating the Kyrgyz railroad system is strategically and commercially important because the republic is geographically close to Kara Korum Mountain road from China to South Asia and Kyrgyzstan is the only shortest way for Uzbekistan and Tajikistan to the trade with China.

d. Central Asian Oil-Gas Pipeline (CAOGP) Project

This is one of the UNOCAL's projects, which aims to upgrade the existing Uzbekistan pipeline network and possibly to connect the country's network with the Trans-Afghanistan pipeline. There is also a US\$ 1.3 billion joint venture project between Uzbekistan's Uzneftegas and US-based Enron, which may bring gas to the international market from a gas deposit of 60 trillion cubic feet.²⁸

e. Trans-Iranian Gas Pipeline

This is a 1,200-km pipeline project to transport Turkmen gas to the Persian Gulf. The French Sofregas was expected to complete a feasibility study for the project by the beginning of 1998.²⁹ A part of this project is 200-km Korpedzhe-Kurd-Kui gas pipeline with a projected annual capacity of 8 billion cubic metres, which was inaugurated by the Presidents of Iran and Turkmenistan in December 1997.³⁰ Iran has agreed to buy gas from Turkmenistan for a period of 25 years.³¹

It is important to note that despite all political complications and enormous difficulties, none of the pipeline projects were dropped off. On the contrary, the TNCs and local governments searching for new routes to transport the oil and gas from the region to the world market and they add new options practically every year. But on the other hand, there is a number of constituent factors, which will determine prospectus for the CARs oil and gas flow.

2. PROBLEMS AND PROSPECTS

Central Asian pipeline and other communication programmes are huge projects although at this stage some of them appear as highly hypothetical options. Technically, all of them are quite possible and it is obvious that their completion will assist to meet the rise of the world's oil consumption in a long-term perspective. The need for the Central Asian oil and gas as a cheap alternative to the Gulf energy supply is becoming increasingly important because of the continuous crises in the Gulf (recent escalation of Iraq crisis is the best example of instability there). Realization of any of those projects would also radically change the geoeconomic situation in Central Asia. It will help stabilise economic situation in the CARs and will provide an economic and financial basis for further development of a stable and sound democratic political system in the CARs. At this stage, the CARs' leaders are ready to consider any direction for the pipelines because of their worsening economic and social environment, rising poverty and deteriorating standards of living.

However, there are some objective factors, which could largely affect the development and construction of the pipelines. Among others, we may highlight the following major problems: a security issue, an issue of sustainable economic development and an issue of stable political transition from the ideologically dominated political system to the liberal democracy. Some of the current changes in post-Soviet Central Asia have had a positive influence on a potential decision on the oil and gas pipelines' construction, but some other changes contributed in an opposite manner.

A. SECURITY ISSUE

It has been generally accepted since the nineteenth century that Central Asia lies in the area of Russia's strategic interests. Therefore, the region was politically, economically and technologically tied to Russia and could communicate with the outside world only through Russia. After 1991, the Kremlin leaders became increasingly engaged in internal political turmoil, military adventures, devastating economic crisis and growing corruption and mismanagement. It became clear that Moscow failed to promote peace and stability in Central Asia and to assist sustainable economic and political reforms in this, impoverished by the Soviet Union's collapse, region. Political and economic instability in the Russian Federation caused the failure of an idealistic model of the post-Soviet security and development and forced leaders of the CARs to search for possible alternatives.

Therefore, there is a serious security concern for all of these multibillion projects. Unless the TNCs and the world's financial institutions are satisfied with security arrangements, all those projects would remain on paper. The main problem is that Russia failed not only in leading the CARs on the way to political and economic transition, but also she failed to provide an adequate security in the region. Thus, a new stable security regime cannot rely on security guaranties of the Russian Federation alone.

In this sense, three integration processes, namely the Commonwealth of Independent States (CIS), Economic Co-operation Organisation (ECO) and Central Asian Union (CAU) have provided some frameworks for co-operation, but could not form a basis for the post-Cold war security system in the CARs. The activities of these organisations provided the CARs' leaders with excellent opportunities to check ambitions and plans of some of the members, to ease transition to independence, but failed to create a sound system of political and military security in the region.

The Central Asian leaders have felt that there is a need to rethink the security arrangements in the post-Soviet Central Asian region. For the CARs' elite, who for a long time associated their identities in the international arena with the Eastern Europe, but not the Third World countries, entering the Middle Eastern security system is quite unacceptable option. After all, no one wants to make the CARs, who are the new players in the oil market, to be vulnerable to the Middle East politics, which is fully packed with recent complications at the Strait of Hormuz. Also, the model of the South Asian security system is questionable until a stable and working government is established in Afghanistan.

The CARs' leaders have several options in their minds. One is a development of a multilateral security system³² that would reflect a multilateral nature of Central Asia's co-operation with the OSCE, NATO's Partnership for Peace and the USA. The 1997 military exercise, involving the military from the USA, Turkey and the CARs, with participation of Russia, may be the first step towards creation of such a system, pointing a way to future development of security and military co-operation in Central Asia. The second option is East Asian security system where China could play a greater role, although the CARs are quite suspicious about ambitions of their eastern neighbour. However, if China, in co-operation with Japan and South Korea, proceeds with building those oil and gas pipelines, it could assist the CARs in their transition (some CARs' leaders already called it 'Chinese model of transition and development'). All partners in this so-called 'Energy Silk Route' may set up a new security arrangement, which can take into consideration interests of the Russian Federation or replace Russia as an anchor of the regional security, if Russia's political development goes out of control.

B. ECONOMIC ISSUE

Almost seven years of independence have introduced some changes in the geopolitical and geoeconomic foundation of the post-Soviet Central Asian development. The region's economic and financial dependence on the Russian Federation has been significantly reduced but has not been totally overcome. Until now, the CARs have had uneasy relations with Moscow, which have been full of controversies and difficulties. Political instability, economic crisis and economic decline in Russia have negatively affected all investment projects in the post-Soviet space. On the other hand, the Russia's government has never hesitated to take an advantage of their monopoly on the transportation infrastructure to prevent their Central Asian competitors from accessing the European market. Russia's recent refusal to allow use of its pipeline network to transport Kazakhstan's oil and Turkmenistan's gas is a good example of such an attitude. Within

last 5 years Turkmenistan lost US\$ 3 billion of revenue since it was no longer able to sell its gas to European countries through Russia's pipeline network.

All these oil and gas pipeline projects require huge investments and a number of costly feasibility studies.³³ However, western investors have demonstrated a growing concern about the inadequate infrastructure, continuously changing policies, legal uncertainties, ethnic unrest and other problems in the region.³⁴ International financial institutions will hardly lend huge amounts of money to the shaky economic institutions of the Newly Independent states of Central Asia, unless the CARs demonstrate a sound sense of economic and financial discipline and willingness to go ahead with economic reforms. Meanwhile, significant changes in the CARs' economic performance are possible only with further economic reforms and diversification of their external economic relations. Obviously, Russia's economic recovery is another important factor for sustainable growth in the region, because the CARs still seriously dependent on the Russia's market. Thus, although a number of talks have taken place over the past five-six years and many agreements have been signed, none of these projects is near to completion, and most of them have not been even started. However, it seems that economic stabilisation of 1997 and 1998 could bring some positive prospectus in the CARs' development. Nevertheless, it is clear that full economic recovery is possible only with success of the various investment projects with international corporations and further restructuring and reforming the Central Asian economies.

C. POLITICAL ISSUE

No doubt that political obstacles hinder these projects. Afghanistan is still in the state of the civil war, with no government or political faction capable of bringing the entire country under control and guaranteeing the security of oil and gas pipelines. The Civil war in Tajikistan (1992-1997) had also brought fears to leading international actors and especially to Transnational corporations that the civil unrest and interethnic tensions could easily spread out to the neighbouring republics and could go out of control. Iran is still facing the US sanctions under the Iran - Libya Sanctions Act (ILSA), which undermines the viability of oil and gas pipelines through Iranian territory.³⁵ It is unlikely that these sanctions would be lifted until the next presidential elections in the USA, because nobody in Washington wants to disturb the powerful political lobby that stays behind this tough policy towards Iran. It is also unlikely, that under the present leadership Russia would change her attitudes and policy and start playing a positive role in the region.

In this environment it is important that international players will perform more active role in assisting the CARs to undergo current economic and political transition successfully. In this sense, we could see that the USA actively promoting their 'multiple pipelines strategy.' Also we could see that China is trying to implement the so-called the 'Energy Silk Route.' Some Japanese companies expressed an interest to take part in some of the Central Asian pipeline projects, but a final decision has not been made yet. The importance of the promoting the development in Central Asia lies in the in fact that the region occupies a strategic location on the crossroad of the security system of Russia, the Middle East and East Asia. Therefore, it holds a key to

the energy security in a number of neighbouring countries. Potentially it may have a positive return, because the East Asian and even South East Asian countries may benefit from the CARs' energy.

3. CONCLUSION: CENTRAL ASIAN STATES AND ROLE OF EAST ASIAN COUNTRIES

During the 1990s, the international community discovered that the CARs have considerable reserves of natural resources, especially oil and gas. After Russia lost its monopoly control over the CARs natural resources, various outside actors showed their increasing attention to the region. They, however, brought their own interests, which often conflicted with interests of others. These interests clashed seriously over the issue of the direction of the pipeline routes.

The main problem is that due to landlocked location of the region, the only possible ways to send these natural resources out of the region are land routes. The main obstacle to bringing these resources to the international market is the rudimentary nature of the regional transportation infrastructure, especially the oil and gas pipelines. The CARs and international politicians, economists and business people discussed and considered numerous multibillion-dollar pipeline projects. After almost seven years of intensive negotiations, research, multiple tenders and numerous signed memorandums, all actors came to more or less clear consensus over the issue of the pipeline geopolitics. Yet, for various reasons, none of the projects gained firm ground and started to send the CARs' oil and gas, in commercially sufficient volumes, into the international market.

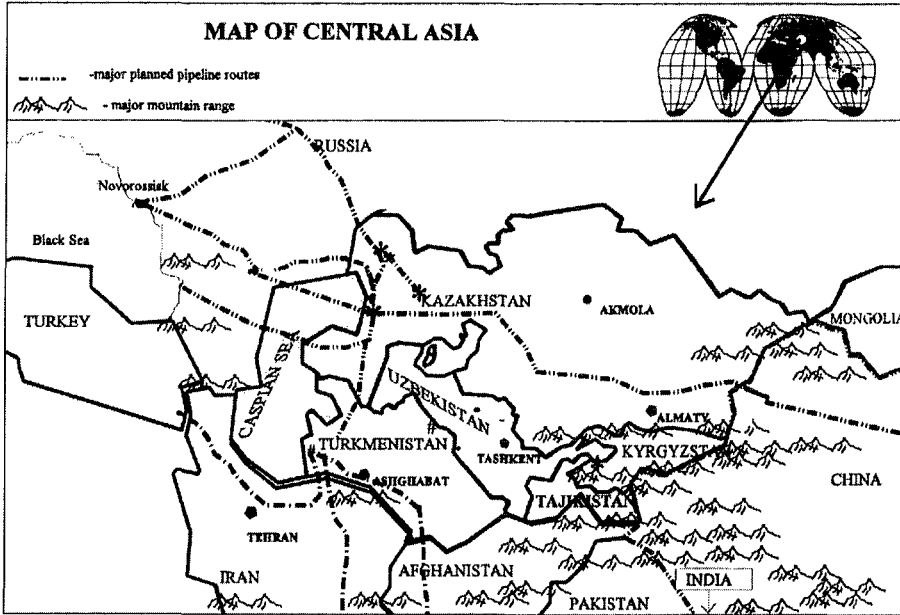
There are several policy implications, which have to be carefully addressed before making final decision on building oil and gas pipelines. The first is the issue of security. After several years of uncertainty and 'political power vacuum', the policy makers are taking into consideration various alternate options. Every option has advantages and disadvantages. Depending on what direction the pipeline will go, the geopolitical balance in the region and the CARs geopolitical orientation would change tremendously. If the pipeline goes through Iran and Turkey, the CARs would move into the orbit of the Middle Eastern security system. If the pipeline goes through Russia and Eastern Europe, the CARs would remain in the East European security system and possibly in the orbit of the Russia's military presence. If the pipeline goes through China to the Asia Pacific region, the CARs would shift into the East Asian security system.

The second is an issue of economic development. The Central Asian countries have undergone a stage of radical changes in their economic, financial and administrative systems. The former USSR left an unwieldy and insufficient system of state administration and management. The efficiency of this system is undermined further by growing corruption and incompetence of those who are responsible for the implementation of market oriented reforms. Transition from the centralised command economy to a market oriented economic system has turned out to be more difficult, complex and longer-lasting than was expected. As a result of current low oil prices in the international market, the TNCs are less willing to risk their investments in economically vulnerable regions such as the CARs. Only if the CARs leaders will take appropriate measures, the CARs will be able to reverse current economic decline and to attract sustainable

foreign investments into their economy. These measures include development of positive business environment, introduction of the transparency and sustainable realization of changes in the field of economy.

The third is an issue of political development. The CARs have yet to demonstrate their commitment to liberalize their political life, introduce basic democratic freedoms and to honour human rights. Until now, their efforts in these areas have been inconsistent. Therefore, there are some doubts in the perspective of the political stability in the region. Obviously, any international investors will take into consideration the political risk involved. Their strategic decision about building pipelines rests on the careful calculation of the many factors, including possible political unrest, before they will mobilize the huge financial resources. Therefore, it is an important task for policy makers inside and outside the region to promote political reforms and political stability in Central Asia.

It is clear that the CARs still need to go a long way in reforming the political, economic and social aspects of life in order to be sound, sustainable international players. In this sense, the Central Asian leaders expect that Japan and the EACs will make its own contribution in assisting the newly independent states of Central Asia. One of the important roles for Japan and the EACs is to support the CARs in their efforts not only to bring their natural resources into the international market, but also to undergo successful political, economic and social transition. Construction of the oil and gas pipelines to East Asia will serve the mutual interests of the CARs and East Asian countries. It will create a positive prospectus for the transforming the CARs, economies and political systems and for their sustainable development. Also it will positively contribute to the development of the East Asian countries by resolving energy crisis in East Asia and by creating stable and secure environment in their neighbourhood.



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