Conference Report

Energy Security Issues in Central Asia and Beyond
Twenty-Five Years of Independence

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THIS REPORT OFFERS a summary of the main comments and conclusions of a workshop in Ashgabat 14–15 December 2016. This event was hosted by the Ministry of Foreign Affairs of Turkmenistan, with support from the NATO Liaison Officer in Central Asia, the British embassy in Ashgabat and RUSI. It brought together public sector officials from Turkmenistan, energy and security experts from NATO and RUSI, as well as research and academic institutions based in Bishkek, Tashkent, Kabul and Almaty.

General Security Threats Facing Central Asia

The first session discussed general security threats facing Central Asia. A key question from the expert speakers was whether greater regional cooperation among the five Central Asian states and Afghanistan could help to build stability. Many felt that there is too much focus on the support provided by outside powers, such as Russia and China. Part of the difficulty, however, is determining whether there is a common security outlook between each state. One expert mentioned that a new paradigm of common security was necessary, rather than one driven purely by national interest. They noted that the Fergana Valley was an example of a negative sub-regional security complex, given ethnic tensions and border disputes, whereas the Caspian Sea could be a positive security complex given that it would result in exploitation of new energy resources, if territorial disputes can be resolved and demarcation agreed.

Regional structures, such as the Collective Security Treaty Organization and Shanghai Cooperation Organisation, have received positive responses from some Central Asian states, but little actual security cooperation has come from either body. Outside powers, in particular China and Russia, have played a role, but their involvement causes complications for Central Asian states. Moreover, these powers are guided by national interest, such as China’s concern over potential radicalisation among the country’s Uighur population or Russia’s interest in maintaining Central Asia as a buffer between it and Afghanistan. Moscow claims its recent focus on Afghanistan is in the interest of Central Asian security. However, most at the workshop assumed that there is a distinct geopolitical reasoning behind this due to Russia’s own security concerns and its fears about NATO and the US. The US itself, another important player, has previously engaged with Central Asia, and continues to do so, but its interest has clearly hinged on its involvement in Afghanistan.

The EU was also mentioned as a player in Central Asia, but there was a perception among experts that its role is less significant and certainly not security focused. One expert from Central Asia said that the EU had to ‘ask itself an honest question – how important is Central Asia to the EU?’ They expressed the opinion that the EU’s strategy for Central Asia made it unclear what it wanted from its relationship with the region. A particular criticism of the strategy was that, previously, the EU had not balanced its engagement between regional and bilateral approaches. It was suggested that the EU should consider strengthening both pillars of its approach.

The EU’s values-based approach was admired, but some felt it was not practically communicated or implemented. One expert noted that ‘the EU is offering Central Asia what they really need, but other players are offering them what they want … what is more attractive in the short term?’
EU efforts, which advocate human rights and anti-corruption reform, would benefit economic resilience. However, the offer of rapid Chinese investment with no immediate political strings attached was often naturally considered more desirable among Central Asian states. The EU was clearly viewed as an important player, but one that is not communicating well enough with the Central Asian states.

As mentioned, however, experts emphasised that on security and stability, it is up to the Central Asian states themselves to do more. A multi-vector foreign policy constitutes a logical approach when surrounded by great powers, but it places too much emphasis on external actions. Instead, there needs to be more inter-regional cooperation. There are signs of a willingness to move more towards this, as demonstrated by the efforts of Uzbek President Shavkat Mirziyoyev, who took office in December. Mirziyoyev has taken measures to improve relations with neighbours on key security concerns, such as border disputes, which have reduced tensions. There has also been talk of other confidence-building measures, such as the restoration of direct flights between Tashkent and Dushanbe. The first direct flight from Tashkent landed in Dushanbe in April. Such cooperative efforts indicate that inter-regional security and stability could be enhanced if there is the political will. A more immediate measure would be to work towards improving regional resilience through cooperating on issues such as water or resource management. It was noted that the UN Regional Centre for Preventive Diplomacy for Central Asia facilitates partnerships between regional states and other international actors to prevent differences on such issues from escalating. Again, however, the Central Asian states need to take a greater and more active role in this organisation.

The issue of violent extremism was also discussed. Some experts noted that, although the threat is very real, it has also been exaggerated, particularly certain aspects such as the spillover of violence from Afghanistan. One participant noted that experts such as the University of Exeter’s John Heathershaw have rightly pointed out that the role of religion in particular as a driver has been over-estimated or potentially misunderstood. The region has not actually faced a specific threat from terrorism in some time. Rather, the threat has been consistently spoken about but there has been little evidence of it materialising. It was noted that more work needs to be done to analyse the drivers of radicalisation and violent extremism to determine the real threat.

Although violent extremism, radicalisation and terrorism are still key concerns, it was again noted that more attention should be paid to regional security risks, such as water management, particularly given that Kazakhstan, Turkmenistan and Uzbekistan are dependent on Kyrgyzstan and Tajikistan for water supply. Uzbekistan has consistently raised concerns over Tajikistan’s efforts to begin construction of the Rogun Dam, claiming that this will have an impact on its water supply. The tone may have changed slightly in Tashkent. Mirziyoyev has not criticised Tajikistan in the same way that his predecessor, Islam Karimov, did following the official launch of construction in October 2016. Instead, the Uzbek government has focused more on the Aral Sea, recently pledging $1.2 billion in development for nearby regions. It was noted that part of the problem is that projects such as Rogun have been heavily politicised and therefore have become issues of national pride. This means they are analysed subjectively as opposed to being evaluated dispassionately for their sustainability for energy supply or their impact on regional resource dynamics.
Energy Security in Central Asia

The second and third sessions of the workshop discussed energy security as a specific challenge to Central Asian states. Experts highlighted the difficulty with achieving independent energy security in Central Asia, particularly given the inter-connectedness between the five states as a result of the Soviet legacy. With a history of linked infrastructure, the end of the Cold War left Central Asia deeply inter-dependent when it came to energy. While the connected infrastructure has forcibly kept them together, their independent political environments have changed the balance. This has presented challenges in the past. For example, in the harsh winter of 2007–08, Uzbekistan was forced to curtail exports to other countries to redirect resources to meet domestic demand. As a result, Kyrgyzstan and Tajikistan suffered debilitating shortages. Moreover, as earlier discussions over Rogun have illustrated, the debate can be politicised, causing tension that damages energy security. One expert commented on the fact that energy can also be used as a weapon of influence, particularly by states such as Russia that can manipulate prices to their own advantage or force countries to accept political obligations in return for continued supplies of refined products. On the other hand, over-dependence can cause problems, with single-supplier relationships creating risks for overly reliant exporters or importers. The sustainability of current energy systems will become an increasingly important issue for the region.

After the breakdown of the Central Asia Power System, countries made an effort to develop independent domestic energy systems by identifying and exploiting their own resources and developing their own domestic electricity and gas infrastructure. However, there is still a challenge: energy exports often come at the expense of domestic consumption. Turkmenistan clearly has an advantage given its significant gas reserves; Uzbekistan and Kazakhstan are looking to renewable energy (as well as having substantial domestic resources); and Kyrgyzstan and Tajikistan are keen to develop hydropower potential to lower their dependence on imports. It was noted that Kazakhstan, Kyrgyzstan and Tajikistan have attempted to build a north–south transmission power line to lower their dependence on Uzbekistan. However, this also requires an increase in energy production capacity, which will take further investment and technological capability. Diversification is another key area. Given that Russia has said it will no longer purchase Central Asian gas, and Iran will want to develop its own infrastructure following the lifting of sanctions, Turkmenistan in particular runs the risk of being dependent on China as its only export market. This became a more urgent issue when Turkmenistan limited supplies to Iran from 1 January over payment disputes. In part, this has resulted in an enhanced focus on the Turkmenistan–Afghanistan–Pakistan–India (TAPI) pipeline, which seeks to help Turkmenistan diversify substantially, which was a major subject of conversation in Ashgabat.

Moreover, energy efficiency is a key barrier given the old and decaying systems that many Central Asian states are using. For example, one speaker noted that Kyrgyzstan loses 25% of electricity generated due to its outdated system. Another problem is a tendency for countries to subsidise energy supplies. In times of economic difficulty, as has been seen in the five Central Asian states, subsidies are often cut to aid budgetary savings. However, this can potentially have a negative impact on social stability as citizens are required to pay more, in turn causing
resentment. There is also a need to look at more sustainable energy as environmental questions rise in significance and have a direct impact on people’s lives through pollution. It was noted that 80% of electricity in Kazakhstan is generated by coal-powered plants, sparking increased investment in renewable energy, such as solar.

Multilateral initiatives to help improve regional connectivity on energy issues are in progress. However, more work needs to be done to implement them and ensure their security and viability. Although the infrastructure may need upgrading, one benefit of the legacy of inter-dependence is that they have complementary systems, so this can help to build some regional energy cooperation. Turkmenistan could be a driver for this given its huge gas reserves, which could be used to provide energy security to the region.

Beyond the immediate region, inter-connectivity between Central and South Asia is also desirable but challenging. TAPI or the Central Asia–South Asia Electricity Transmission and Trade Project (CASA-1000) are both aimed at changing this dynamic. They connect energy-rich parts of Central Asia – Tajikistan and Kyrgyzstan – with energy-poor parts of South Asia (Afghanistan and Pakistan). While there has been some progress on CASA-1000, TAPI still remains under development, constrained by political and security difficulties. Recently, it appears to have broken ground, but there are not only commercial challenges. Political difficulties between Pakistan, India and Afghanistan will make it a challenging long-term project.

Regionally, a key project to improve Central Asian–Caucasus development would be a Trans–Caspian pipeline, although this remains difficult given the legal issues over the Caspian Sea. One expert noted that the best option would be to pursue TUTAP, a power transmission system between Turkmenistan, Uzbekistan, Tajikistan, Afghanistan and Pakistan. However, this is in itself challenging. There have been disagreements within Afghanistan about the proposed project’s route. It may also cause friction between Turkmenistan and Uzbekistan, as well as affect border disputes between Pakistan and Afghanistan. Turkmenistan would use gas to generate electricity for export to Afghanistan in winter, but Uzbekistan is currently the biggest supplier of electricity to Afghanistan, so this could cause friction. The Iran–Pakistan–India pipeline is another potential project, but there is a lack of progress on construction in Pakistan and India. The overarching point remains, however, that there is clearly room for more cooperation between Central and South Asia on energy. Scholars, experts and practitioners should discuss the practicalities of such projects in greater detail.

Part of the difficulty is determining where infrastructure projects may trigger or exacerbate conflicts. This can happen at multiple levels – from immediate security threats, to the larger consequences on societies, as well as long-standing political disputes between states. There can be an impact on energy security by threats at each level, and this will require careful attention by regional authorities.

Security threats from terrorism or opposition groups are always a concern. However, this can be mitigated not only by hard protective security measures, but also through community engagement and policing. One expert mentioned the risk of ‘islandisation’ of security, namely
the investment in security around energy project centres alone without considering the broader social picture in surrounding areas. Corporate Social Responsibility can help to gain the buy-in from local communities to support projects. It is also particularly important that local actors and communities see the profit from infrastructure projects being invested back into relevant and useful local initiatives, as well as producing employment. The benefits of the projects must be distributed properly between higher-level stakeholders and the population. On the larger, regional scale, one expert also highlighted how, when handled properly and with a measure of strong diplomacy, energy infrastructure can be a driver of stability and peace. Turkmenistan is using this as a tool to promote cooperation with neighbours.

The final session of the workshop highlighted the role that NATO can play in assisting with energy security. Although NATO is often perceived as a purely military organisation, it focuses on energy security through its Centre of Excellence in Vilnius. There it studies energy security through the multiple lenses of military, industry and academia to devise ways to build resilience into energy systems. It conducts scenario-planning exercises to test certain threats to energy systems, such as terrorism, cyber attacks, sabotage and strategic communication-based threats. Examining critical infrastructure to avoid its use in political leverage is also a focus. It can then advise on measures to mitigate the resulting risks through identifying vulnerabilities in energy systems. Subsequently, NATO can then devise ways to increase energy security, resilience and better manage crises while avoiding the militarisation of market-driven issues or duplicating the work of other national, international or private sector stakeholders. It seeks to also define ways in which inter-dependence can increase security.

The workshop provided excellent expert analysis on the security challenges, particularly in energy, that Central Asia is facing. It also offered ways the region might address these challenges. It was unique, in that it brought experts from Turkmenistan, Kyrgyzstan, Uzbekistan, Kazakhstan, Afghanistan, the UK and NATO to have a constructive dialogue on how to meet these challenges.

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