



## Regional Factors Make TAPI More Likely

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Substantially breaking the barriers imposed by imperialist powers in the past for their own interests and dividing the people in the region, South Asia and Central Asia are set to reconnect for shared growth in the mutually enriching Asian Century by laying down a direct energy line on the lands having deep footprints of caravans crisscrossing the regions and contributing to its people's economic prosperity. The four-country Turkmenistan-Afghanistan-Pakistan-India (TAPI) natural gas pipeline is being constructed with the support of the Asian Development Bank, backed by Japan. The project is finally in its implementation phase and the 'ground breaking' ceremony was held in the Silk Road city of Mary in Turkmenistan on 13 December 2015, which was attended by its President Gurbanguly Berdimuhamedov, Vice President of India Hamid Ansari, Afghanistan President Ashraf Ghani and Pakistan Prime Minister Nawaz Sharif.

The estimated US\$ 10 billion natural gas pipeline has been termed as a 'key pillar' of economic engagement between India and Turkmenistan. The 1,814 km long and 56 inch diameter pipeline from Turkmenistan's giant Galkynysh gas field to the South Asian energy markets will help in meeting increasing energy requirements in India and Pakistan. Intended to become operational from December 2019, the pipeline will transfer 33 billion cubic metres (bcm) of gas annually, out of which Pakistan and India will share 42 per cent each and 16 per cent by Afghanistan. The pipeline faced delays in selecting the consortium

leader. Interested foreign energy giants wanted a stake in Turkmenistan's gas field to lead the consortium, which the Turkmen government did not accept. Finally, TAPI partners agreed on TurkmenGaz, the Turkmenistan government corporation, to lead the consortium to construct, finance, own and operate the pipeline connecting Central Asia's energy reserves to markets in South Asia.

In recent years, Turkmenistan has maintained its faster economic growth rate; averaging more than 10 per cent in 2012, 2013 and 2014. The country seems to have generated enough confidence to ahead with the project. Besides, TurkmenGaz claims to have over 50 years of experience in natural gas production, transportation and pipeline construction and feels confident enough to lead the project on its own without the involvement of any established multinational energy corporations.

China, Russia and Iran are the main buyers of Turkmen gas currently, but the government does not want to depend on select markets only, which can negatively affect Turkmen economy if the buying economy faces stress. Over the years, indeed Russia has reduced its purchase of gas from Turkmenistan, leaving China as the only major buyer (about 50 per cent) of Turkmen gas. Russia may also emerge as a competitor of Turkmenistan in future in supplying gas to China, with which it has signed a massive US\$ 400 billion natural gas deal. It is prudent for Turkmenistan to explore other potential big markets for its gas.

Following the Iranian nuclear agreement with the five UNSC members and Germany, sanctions on Iran, including on its energy resources, may be lifted. Iran holds the second largest natural gas reserves in the world, and post-sanctions, its energy resources are expected to arrive in the international energy markets. Turkmenistan does not want to lose the potential and emerging gas market to another regional energy producer and supplier and hence it is trying to diversify its export market by securing supplies to close by South Asia.

Recently, Japanese Prime Minister Shinzo Abe paid a significant visit to Central Asia meeting the leaders of all five countries of the region. He was accompanied with business leaders and US\$ 26 billion contracts were signed between Japan and five republics. A large part of it, i.e., US\$ 18 billion, is with Turkmenistan in energy and social development projects. The Japanese investments in Turkmenistan include development in Galkynysh gas field, which is the second largest gas field in the world and source to feed the natural gas to the TAPI pipeline. Turkmenistan has signed agreements with Japanese companies to develop this field.

Kazakhstan, another significant energy producer and the largest regional economy, has recently shown interest in joining the TAPI pipeline as a supplier of gas. Participating in the third Summit of Gas Exporting Countries Forum (GECF) in November 2015 in Tehran, Kazakh Foreign Minister Erlan Idrissov said that Kazakhstan wants to supply up to 3 billion cubic metres of natural gas annually to the TAPI pipeline. Joining of Kazakhstan will not only make the pipeline more feasible, the Central Asian countries can even explore the possibility of further exporting their gas through Indian ports, for example, to Japan, which is seeking to significantly enhance its relations with Central Asia.

The security situation in Afghanistan is considered a challenge for the implementation of TAPI. It may be noted that the US forces have slowed down their withdrawal from Afghanistan and the two countries have signed a long-term security agreement. Apart from supplying energy, TAPI will generate employment and revenues for Afghanistan and can help breaking the vicious cycle of poverty-militancy in the country. Pakistan is a stakeholder in the pipeline. The Power Minister of Pakistan has reportedly said that it will use its influence over Afghan Taliban to ensure TAPI's security.

Continued turmoil in West Asia, which has been an important source of energy and employment, can affect India's energy security and economy. Therefore, it is important to secure supplies of energy from alternative sources. TAPI can also boost energy supply to the upcoming Delhi-Mumbai industrial corridor, which is being developed with assistance

from Japan. TAPI is considered as a win-win deal for all stakeholders and it seems that the domestic, regional and global equations show that the appropriate time to implement the deal has arrived. Apart from significantly contributing to the objectives of India's 'Connect Central Asia' policy 2012, TAPI natural gas pipeline can emerge as a landmark in 25 years India-Central Asia relations.

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The Views expressed are that of the Researcher and not of the Council.*