

Central Asia's Path to Energy Independence

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In the past weeks, we have seen recent developments for international oil companies in Central Asia with two major oil and gas projects. As Central Asia becomes more independent from Transneft and Gazprom pipeline assets, the states both individually and jointly will be able to pursue a more independent and profitable international energy diplomacy.

Kazakhstan's Caspian Sea Kashagan oil field is the largest proven field outside of the Middle East and the fifth globally. Though operating at a lower capacity since beginning production Sept. 9, it is slated to provide 110,000 barrels per day in 2013. However, the field is assessed to provide more than 1 million bpd by 2020.

Over 90 percent of Kazakh heating and electricity comes from coal-based combined heat and power plants with limited domestic oil use in the transit sector as well. This means that Kazakhstan's limited domestic consumption of oil could potentially double their export

capacity. A range of Western companies will operate Kashagan, with China's CNPC snapping up 8.33 percent earlier this year.

This field is one of Kazakhstan's biggest hopes for continued 7 percent growth rates in a business environment that ranks in the bottom tiers for new construction and cross border trade. The newly added export capacity will help provide liquidity to further develop the infrastructural connectivity within Kazakhstan to deliver energy without Russian pipelines and also increase Kazakh expertise through technology transfers. The less Kazakhstan depends on China and Russia, the more flexible and independent its energy diplomacy policy will be in the international arena.

While oil might be old news in Kazakhstan, Tajikistan has never been considered a producer and must import virtually all energy resources.

Gazprom has historically handled prospecting in the Bokhtar gas field, an area where France's Total and CNPC have each recently been given a third of the shares. This field is expected to increase Tajik outputs by about 1,000 percent, something that says more about pitiful current outputs than anything else. It is not revolutionary because of its capacity contributions but because of the diversification and importance it gives to Central Asian players on the regional gas market.

Once this field is brought online and planned pipelines into China are completed, this will undoubtedly bring much needed liquidity and energy independence into the Tajik economy. What remains to be seen, however, is whether this money will be put into ending energy dependency or go towards a nice yacht.

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