



TAPI: A RECIPE FOR GREATER REGIONAL COOPERATION

By
Mir Sherbaz Khetran
Research Fellow

Edited by
Najam Rafique

March 19, 2018

(Views expressed in the brief are those of the author, and do not represent those of ISSI)



On February 23, 2018, Turkmenistan's President Gurbanguly Berdimuhamedow, Afghanistan's President Ashraf Ghani, Pakistan's Prime Minister Shahid Khaqan Abbasi and India's Minister of State for External Affairs M.J. Akbar inaugurated the much awaited Turkmenistan, Afghanistan, Pakistan, India (TAPI) gas pipeline project. The ceremony was attended by the leaders of the four countries in Serhetabat, Turkmenistan, followed by another one in Herat, Afghanistan.

The inauguration was an exceptional show of regional cooperation among estranged neighbors, whereby the four countries have now agreed to complete the 1,840 km pipeline at the cost of US \$8 billion within two years. The pipeline is expected to start pumping 33 billion cubic metres (bcm) of natural gas from the Galkynysh gas field in Turkmenistan.¹ What is more encouraging is the fact that the Taliban have also vowed to protect the pipeline in areas under their control.²

The pipeline finds support both among China and the United States of America.

Turkmengaz being the consortium leader for TAPI project is to contribute up to 85 per cent of equity, and the rest of TAPI members namely Afghanistan, Pakistan and India would make 5 per cent each equity share in the project company. From the Galkynysh and adjacent gas fields in Turkmenistan, the gas will be imported to Afghanistan, Pakistan and India.

¹ <https://www.adb.org/projects/44463-013/main>

² Hasib Danish Alikzai, 'Taliban vows to protect TAPI gas pipeline project,' VOA News, February 24, 2018 <http://www.aopnews.com/taliban/taliban-vows-to-protect-tapi-gas-pipeline-project/>

Under the project, Pakistan and India will be provided 1.325 billion cubic feet per day (bcfd) gas each and Afghanistan will be getting a share of 0.5 bcfm gas under this mega project. Kabul would earn nearly \$500 million annually in transit duties.

TAPI is a mutually beneficial long term solution for regional cooperation, specifically between Pakistan, India and Afghanistan. Increased economic interdependency can lead to curtailing the hostility between these three countries. Indian involvement in Baluchistan can also be reduced in case Pakistan and India find it convenient and are comfortable in working together on TAPI. It will only be natural that such economic dependency on each other will cause India to desist from creating and supporting any covert law and order situation in Baluchistan, in order to get a smooth supply of gas. It may even lead the two countries to find a mutually acceptable solution for other contentious issues between them, including Kashmir.

With the opening up of new markets, landlocked Turkmenistan will be able to diversify its gas exports to the East where there is already a tremendous and growing demand for energy. Through TAPI, Afghanistan, Pakistan, and India will gain a steady supply of affordable gas to power their growing industries. TAPI will go through southern Afghanistan, providing job opportunities during construction and operation and an enabling environment for developing industrial capacities in the area.

Despite Turkmenistan's huge gas reserves, the sixth largest in the world, it only has access to the Russian, Iranian, and Chinese markets. Neighbouring gas scarce countries like Afghanistan, Pakistan and India would therefore be huge profitable markets. Afghanistan needs a secure energy source to increase both its capacity to generate electricity and the current electrification rate from 20 per cent to 33 per cent. Pakistan's power shortage is around 5000 megawatts.³ Frequent power disruptions are due to several factors, including depletion of the domestic gas supply increased competition for gas, and a lack of affordable and reliable alternative energy sources. India too is experiencing a power deficit. This project of regional cooperation will not only promote economic growth through increased investments and trade, but will also help alleviate energy shortfall in these countries. It will also help align the interests of the four countries, which will consequently be a big step towards bringing about regional stability and security. Increasing the use of natural gas to generate electricity will also reduce damage to the environment, as natural gas emits 43 per cent fewer carbon emissions than coal, commonly used in India, for each unit of energy delivered.

³ Khalid Hussain, 'Electricity shortfall soars to 5000 MW,' *Dawn News*, April 1, 2017

TAPI therefore, presents an opportunity for regional cooperation on an unprecedented scale, linking not only the interests, but also the economies of the four countries. The strategy for regional cooperation in the energy sector identifies TAPI as one link in the inter energy relationship among the Central Asia Regional Economic Cooperation (CAREC) countries. TAPI's aims are strategically aligned with CAREC's objectives of ensuring (i) energy security through balanced development of regional infrastructure and institutions, (ii) stronger integration of markets, and (iii) economic growth through enhanced energy trading. TAPI is a high priority flagship project in the energy sector under CAREC 2020. For India, the South Asia Regional Cooperation Strategy and Programs 2011-2015 also make the energy sector a priority.

Security Challenges

For all practical purposes, the project is a politically complex one, requiring cooperating governments. It is logically challenging, as the pipeline would pass through areas of Afghanistan and Pakistan plagued by various Taliban off shoots, Daesh, as well as separatist insurgents. Baluchistan could be the other major concern for the company because of law and order situation in that province. Afghanistan had already agreed in 2015 to raise a 7,000-member security force to guard the TAPI gas pipeline project,⁴ and the Afghan mines and petroleum Minister Daud Shah Saba had told the country's upper House of Parliament that the force will provide security during the implementation of the project and demining the route of the pipeline. Perhaps it is also time for Pakistan and India to identify and put in place their proposals for the safety and security of this pipeline.

TAPI gas pipeline will be a great step towards regional integration and economic development of developing countries. On an optimistic note, the pipeline can play an important role to mitigate the hostilities between India and Pakistan, and help secure a peaceful South Asia.

⁴ '7000 strong Afghan security force to guard TAPI gas pipeline,' *Dawn*, December 28 2015, <http://www.dawn.com/news/1229154>