



POTENTIAL ENERGY SUPPLY FROM CENTRAL ASIA TO PAKISTAN: RECENT DEVELOPMENTS

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Pakistan's relations with Central Asian states are based on centuries old historic, religious, political, cultural, and commercial ties. Lately, Pakistan has expanded its relations with Central Asia through some very proactive economic initiatives aimed at fulfilling its energy needs. These bilateral initiatives include: the Central Asia and South Asia-1000 (CASA-1000), and Turkmenistan-Afghanistan-Pakistan-India (TAPI). Development work on these projects is still in progress.

CASA 1000: Recent Developments

The Central Asia and South Asia-1000 (CASA-1000) project was inaugurated in May 2016 to transmit 1,000 MW of electricity to Pakistan via Afghanistan, providing 300 MW to Afghanistan in the process. The approximate cost of the project is USD 1.2 billion and it is expected to be completed by June 2020. CASA-1000 is in full swing and will be ready to transmit surplus hydroelectricity from Tajikistan and Kyrgyzstan to Pakistan and Afghanistan. The Central Development Working Party (CDWP) at the Ministry of Planning, Development and Reform in Pakistan in its meeting held on 25th July 2019 in Islamabad, gave approval of the 500 KV HVDC transmission system between Tajikistan and Pakistan for Central Asia-South Asia Transmission Interconnection (CASA-1000).¹

¹ CDWP clears Rs 46 billion project for Pak-Tajikistan energy transmission, *Daily Times*, July 25, 2019.

Afghanistan has assured security for the CASA-1000 transmission line within its borders, and the project will be ready to supply power to Afghanistan and Pakistan within the next two years.² According to a Tajik official, the Taliban have assured that they will not damage the CASA-1000 transmission line.³ The Tajik official also said that Tajikistan has proposed to expand public-private partnership to open new opportunities to attract additional investments in the water sector and infrastructure.



TAPI: Recent Developments

The Turkmenistan-Afghanistan-Pakistan-India (TAPI) was inaugurated on February 23, 2018, and earlier this year the pipeline was laid down between Turkmenistan and Afghanistan.⁴ The 1,814km pipeline will transport natural gas from Turkmenistan's Galkynysh gas field, which is one of the world's largest fields, to Afghanistan, Pakistan and India. The pipeline is expected to start pumping 33 billion cubic metres (bcm) of natural gas after its completion in 2022.⁵

However, progress on the TAPI project is directly linked to peace in Afghanistan. It is heartening to know that more than 1,600 people have been working on the project in Afghanistan and the bulk of work has been done, including the survey which is near completion, and which was carried out without any incidents.⁶ This is a positive indication of future success of the project. Once the pipeline has been laid out, however, ensuring the security of the completed project will also become very important.

² Fawad Yousafzai, "Work on CASA-1000 project in full swing", *The Nation*, July 19, 2018.

³ Ibid.

⁴ http://issi.org.pk/wp-content/uploads/2018/03/IB_Khetran_March_19_2018.pdf

⁵ <https://eurasianet.org/turkmenistan-tapi-deadline-pushed-back-to-2022>

⁶ Amanov, Implementation of TAPI pipeline, *The Institute of Strategic Studies, Islamabad*, December, 6 2018, http://issi.org.pk/wp-content/uploads/2018/12/Report_PT_Dec_6_2018.pdf

Mr. Amanov, Chief Executive officer of TAPI gas pipeline while addressing a seminar on December 6, 2018 at the Institute of Strategic Studies Islamabad regarding the developments, said that the TAPI pipeline is an essential energy project that is also vital for regional development and connectivity.⁷

The project will be implemented in two phases. During the first phase, the pipeline will be constructed, and the second phase includes construction of 6 compressors. Mr. Amanov explained the precise route of the pipeline and the timeline of the project as well, highlighting that the agreements between states have already been signed and survey works in Turkmenistan and Afghanistan have been completed, while in Pakistan, they survey in the final stages.

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.

According to Mr. Amanov, the Government of Turkmenistan would provide a sovereign guarantee for one hundred per cent of the debt, and that the Asian Development Bank and Islamic Corporation for the Insurance of Investment and the Export Credit (ICIEC) had also confirmed their interest in lending up to USD 500m and USD 300m respectively for the project which would play an instrumental role in the industrialization of the region. He said that the project was gaining interest from all quarters and in this regard, Euler Hermès, SACE, and Turk EXIM have submitted letters of support for German, Italian and Turkish bidders for the project, thus widening its scope. He said that phase one of the project would be achieved by using long-term debt sourced from a mixture of multilateral development agencies, export credit agencies and commercial banks.⁸

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.

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 Balochistan can also be reduced in case Pakistan and India find it convenient and are comfortable in working together on TAPI.

⁷ Ibid.

⁸ Ibid.

For all practical purposes, the project is a politically complex one, requiring cooperating governments. It is logistically challenging, as the pipeline would pass through areas of Afghanistan plagued by various Taliban off shoots, Daesh, as well as separatist insurgents. Baluchistan could be of some 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 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.⁹ 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.

⁹ '7000 strong Afghan security force to guard TAPI gas pipeline,' *Dawn News* , December 28, 2015, <http://www.dawn.com/news/1229154>