
Afghanistan: The Route to Riches

BY ANDY ROWELL

As the war in Afghanistan unfolds, there is frantic diplomatic activity to ensure that any post-Taliban government will be both democratic and pro-West. Hidden in this explosive geo-political equation is the sensitive issue of securing control and export of the region's vast oil and gas reserves. The Soviets estimated Afghanistan's proven and probable natural gas reserves at 5 trillion cubic feet — enough for the United Kingdom's requirement for two years — but this remains largely untapped because of the country's civil war and poor pipeline infrastructure.

More importantly, according to the U.S. government, "Afghanistan's significance from an energy standpoint stems from its geographical position as a potential transit route for oil and natural gas exports from central Asia to the Arabian Sea."

To the north of Afghanistan lies the Caspian and central Asian region, one of the world's last great frontiers for the oil industry due to its tremendous untapped reserves. The U.S. government believes that total oil reserves could be 270 billion barrels. Total gas reserves could be 576 trillion cubic feet.

The presence of these oil reserves and the possibility of their export raises new strategic concerns for the U.S. and other Western industrial powers. "As oil companies build oil pipelines from the Caucasus and central Asia to supply Japan and the West, these strategic concerns gain military implications," argued an article in the *Military Review*, the journal of the U.S. Army, earlier in the year.

Host governments and Western oil companies have been rushing to get in on the act. Kazakhstan, it is believed, could

earn \$700 billion from offshore oil and gas fields over the next 40 years. Both American and British oil companies have struck black gold. In April 1993, Chevron concluded a \$20 billion joint venture to develop the Tengiz oil field, with 6 to 9 billion barrels of estimated oil reserves in Kazakhstan alone. The following year, in what was described as "the deal of the century," AIOC, an international consortium of companies led by British Petroleum, signed an \$8 billion deal to exploit reserves estimated at 3-5 billion barrels in Azerbaijan.

The oil industry has long been trying to find a way to bring the oil and gas to market. This frustration was evident in the submission by oil company Unocal's vice-president John Maresca, before the U.S. House of Representatives in 1998: "Central Asia is isolated. Their natural resources are landlocked, both geographically and politically. Each of the countries in the Caucasus and central Asia faces difficult political challenges. Some have unsettled wars or latent conflicts."

The industry has been looking at different routes. The Caspian Pipeline Consortium (CPC) route is 1,000 miles west from Tengiz in Kazakhstan to the Russian Black Sea port of Novorossiisk and came on stream in October. Oil will go by tanker through the Bosphorus to the Mediterranean. Another route being considered by AIOC goes from Baku through Tbilisi in Georgia to Ceyhan in Turkey. However, parts of the route are seen as politically unstable as it goes through the Kurdistan region of Turkey and its \$3 billion price tag is prohibitively expensive.

But even if these pipelines are built, they would not be enough to exploit the

region's vast oil and gas reserves. Nor crucially would they have the capacity to move oil to where it is really needed, the growing markets of Asia. Other export pipelines must therefore be built. One option is to go east across China, but at 3,000 kilometers it is seen as too long. Another option is through Iran, but U.S. companies are banned due to U.S. sanctions. The only other possible route is through Afghanistan to Pakistan. This is seen as being advantageous as it is close to the Asian markets.

Unocal, the U.S. company with a controversial history of investment in Burma, has been trying to secure the Afghan route. To be viable Unocal has made it clear that "construction of the pipeline cannot begin until a recognized government is in place in Kabul that has the confidence of governments, lenders, and our company." ■

The above was condensed from an Oct. 24 article in The Guardian newspaper in Britain. Reprinted by permission of the author and The Guardian. © Andy Rowell. For the complete text, go to www.guardian.co.uk.