

## **Kazakstan Pushes for Asian Energy Club**

**Author:** [News Briefing Central Asia](#)

Kazakstan has put together a strategy for an Asian energy grouping, an idea which NBCentralAsia experts say has huge economic potential but could be derailed by inter-state competition to win production, refining and transit rights.

At last week's meeting of the "forum of experts" of the Shanghai Cooperation Organisation, SCO, in Almaty, Kazakstan presented a draft of its Asian Energy Strategy, to be discussed by all member states when the grouping holds its next summit in Bishkek this August.

Participants at the meeting noted that a balance could be achieved between energy producers or consumers, given that projected demand is roughly equivalent to estimated reserves and that supplies will not have to be transported through non-SCO countries.

The SCO was founded in 2001 by the "Shanghai Five" - Russia, China, Kazakstan, Kyrgyzstan and Tajikistan, later joined by Uzbekistan.

Pakistan, Iran, India and Mongolia hold observer status in the SCO, and Afghanistan is keen to be added to that list.

NBCentralAsia observers based in Kazakstan believe a common energy strategy for the SCO has great potential but say it should include mechanisms to defuse potentially damaging competition among producers, consumers and transit states.

Analyst Eduard Poletaev believes energy cooperation will become a major area for the SCO but he fears that competition to supply China with oil and gas could stand in its way.

"China lacks gas and oil, which the Central Asian states could supply and make a profit along the way, but Moscow wants to keep it [supply monopoly] for itself," Poletaev said. "There is also some risk that [Kazakstan] will compete with Russia."

NBCentralAsia expert Petr Svoik believes that Kazakstan's Asian Energy Strategy will concentrate on widening and strengthening the energy transport infrastructure.

The SCO has huge potential for implementing such a strategy given that it has both large-scale producers and major transit countries among its members.

"These states are interested in achieving self-sufficiency in the extraction, transportation and distribution of energy supplies, in creating commodity exchanges trading in oil, and in forming intra-regional markets," said Svoik.

Taken together, the SCO countries have over 20 per cent of the world's oil reserves and a third of its gas.

Experts note, however, that cashflow problems within the SCO make it difficult to promote economic projects of any kind, including energy. The organisation's has a limited budget of about three million US dollars a year, while for comparison the United Nations' budget is over 2.5 billion dollars.

(News Briefing Central Asia draws comment and analysis from a broad range of political observers across the region.)

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